

LEVIATHAN BOND LTD.
(the “Issuer”)

Date: May 18th, 2021

To: HSBC Bank USA, National Association (the “**Trustee**”).

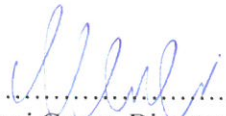
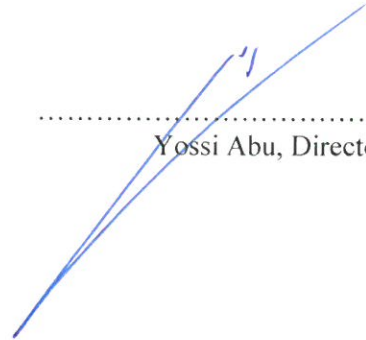
We, Yossi Abu and Yossi Gvura, Directors of the Issuer refer to the indenture, dated 18 August 2020 (the “**Indenture**”) between the Issuer and the Trustee.

Terms defined in the Indenture have, unless otherwise defined in this certificate, the same meaning when used in this certificate.

WE CERTIFY THAT:

1. We are authorised by the Issuer to give this certificate on behalf of the Issuer;
2. The Unaudited Financial Statements, attached hereto as **Annex A**, fairly, in all material respects, presents the financial position, results of operations and cash flows of the Issuer on the dates and for the periods indicated in accordance with IFRS; and
3. No Indenture Default or Indenture Event of Default has occurred and is continuing.

[Signatures appear on next page]


.....
Yossi Gvura, Director
.....
Yossi Abu, Director

on behalf of
LEVIATHAN BOND LTD.

Annex A
Unaudited Financial Statements of Issuer



Leviathan Bond

LEVIATHAN BOND LTD

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2021

EXPRESSED IN US\$ THOUSANDS

UNAUDITED

LEVIATHAN BOND LTD
CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2021
EXPRESSED IN US\$ THOUSANDS

UNAUDITED

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Auditors' Review Report to the Shareholders of Leviathan Bond Ltd

Introduction

We have reviewed the accompanying financial information of Leviathan Bond Ltd ("**Company**"), which comprises the condensed interim statements of financial position as of March 31, 2021 and the related condensed statements of comprehensive income, changes in equity for the three-month period then ended. The Company's Board of Directors' and management are responsible for the preparation and presentation of Interim financial information this interim periods, in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("**IAS 34**"). Our responsibility is to express a conclusion on this Interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410, issued by the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Preformed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel, and consequently accordingly does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with IAS 34

Tel Aviv, May 18, 2021

Kost Forer Gabbay and Kasierer
**Kost, Forer, Gabbay &
Kasierer
Certified Public
Accountants
(Israel)**

ZIV HAFT
**Ziv Haft
Certified Public
Accountants
(Israel)**

Leviathan Bond Ltd

Condensed Interim Statements of Financial Position (Expressed in US\$ Thousands)

	<u>31.03.2021</u>	<u>31.12.2020</u>
	<u>Unaudited</u>	<u>Audited</u>
Assets:		
Current Assets:		
Short term Bank deposits	40	15
Related parties	-	**
Interest receivable	35,406	
	<u>35,446</u>	<u>15</u>
Noncurrent Assets:		
Loans to shareholders	2,248,282	2,247,611
Long term bank deposits	100,000	100,000
	<u>2,348,282</u>	<u>2,347,611</u>
	<u>2,383,728</u>	<u>2,347,626</u>
Liabilities and Equity:		
Current Liabilities:		
Related parties	40	15
Interest payable	35,406	-
	<u>35,446</u>	<u>15</u>
Noncurrent Liabilities:		
Bonds	2,250,000	2,250,000
Loans from shareholders	100,000	100,000
	<u>2,350,000</u>	<u>2,350,000</u>
Equity (Deficit)	<u>(1,718)</u>	<u>(2,389)</u>
	<u>2,383,728</u>	<u>2,347,626</u>

* Date of incorporation

** Less than \$1,000

The accompanying notes are an integral part of the financial statements.

May 18, 2021
Date of Financial Statement
Approval


Yossi Gvura,
Director


Yossi Abu,
Director

Delek and Avner (Tamar Bond) Limited**Condensed Interim Statements of Comprehensive Income (Expressed in US\$ Thousands)**

	For the Period Ended 31.3.2021	For the Period Ended 31.12.2020
	Unaudited	Unaudited
Financial expenses	35,430	54,427
Financial income	(36,101)	(52,038)
Total comprehensive expenses (income)	(671)	2,389

The accompanying notes are an integral part of the financial statements.

Leviathan Bond Limited.**Condensed Interim Statements of Changes in Equity (Deficit) (Expressed in US\$ thousands)**

	The Company equity	Retained earnings	Total
	Unaudited		
Changes for the year ended March 31, 2021:			
Balance as of January 1, 2021 (audited)	*	(2,389)	(2,389)
Total comprehensive income	-	671	671
Balance as of March 31, 2021	*	(1,718)	(1,718)

	The Company equity	Retained earnings	Total
	Unaudited		
Changes for the year ended December 31, 2020:			
Balance as of July 15, 2020 (audited)**	*	-	*
Total comprehensive income	-	(2,389)	(2,389)
Balance as of December 31, 2020	*	(2,389)	(2,389)

* Less than \$1,000

The accompanying notes are an integral part of the financial statements.

Leviathan Bond Ltd

Notes to the Condensed Interim Financial Statements as at March 31, 2021 (Expressed in US \$ Thousands)

Note 1 - General:

- A. Delek Drilling-Limited Partnership ("**Delek Drilling**"/"**The Partnership**"), incorporated Leviathan Bond Limited ("**the Company**") on July 15, 2020. Delek Drilling holds 100% of the shares of the Company. The sole purpose of the Company is to issue bonds under Rule 144A to qualified investors and to provide the funds raised as loans, under the same conditions ("back-to-back"), to Delek Drilling (see also note 3 to the annual financial statements).
- B. The Statements of Cash Flow have not been presented, as such those statements do not add any significant information.

Note 2 – Significant Accounting Principles:

A. Declaration of Compliance with International Accounting Standards:

These condensed interim financial statements comply with provisions of IAS 34.

B. Principles of Preparation of the Financial Statements:

The financial statements are in accordance with the Company's presentation currency, that is, in US Dollars. All values are rounded to the nearest thousand, unless otherwise stated. The financial statements were prepared while applying the cost principle.

Note 3 - Other Information regarding Ratio Yam Joint Venture ("Leviathan**" Leaseholds):**

- A. Considering the volume of production from the Leviathan reservoir during Q1/2021 and in order to improve the redundancy in the production system, the operator, Noble Energy Mediterranean Ltd. ("**Noble**"), recommended that the partners bring forward the drilling of another production well, which was planned to be drilled in later years, to early 2022. As of the date of approval of the Financial Statements, the Leviathan partners have approved a budget for the purchase of preliminary equipment in the sum of approx. \$14 million (100%, the Partnership's share is approx. \$6.3 million).
- B. Further to Note L4 to the Annual Financial Statements regarding an appeal that was filed with the Supreme Court by several local and regional councils against the Head of the Air Quality Division at the Ministry of Environmental Protection and against Noble in connection with the emission permit for the Leviathan platform, it is noted that on April 5, 2021, a hearing was held on the appeal and no judgment has yet been issued on the matter.
- C. Further to Note 4M1c to the Annual Financial Statements regarding a caution and a summons to a hearing received by Noble from the Ministry of Environmental Protection (in this section: the "**Ministry**") with respect to an ostensible violation of the sea discharge permit that was issued for the Leviathan platform with respect to the standards for open system emissions determined in the permit, it is noted that on March 22, 2021, a hearing was held on the matter, and on March 24, 2021, a summary of the hearing on behalf of the Ministry was received, which stated that the Ministry will not recommend a punitive sanction for the alleged deviations, but in the event of additional deviations, it will consider exercising all of its powers by law. It was further determined that Chevron is required to prepare procedures and to complete actions for the cleaning and identification of sources of oils.

**Note 3 - Other Information regarding Ratio Yam Joint Venture ("Leviathan" Leaseholds)
(Continued):**

- D.** Further to Note 4L1 to the Annual Financial Statements regarding the filing of a class action and a motion for class certification which was filed with the Tel Aviv District Court by an electricity consumer (in this section: the "**Petitioner**") against the Partnership and Noble and against the other holders of the Tamar project and the Leviathan project (as parties against which no remedy is sought), in connection with the competitive process for the supply of natural gas conducted by the IEC and in connection with a possible amendment to the agreement for the supply of gas from the Tamar project to the IEC, as agreed by Isramco, Tamar Petroleum, Dor and Everest, with no involvement on the part of the Partnership and Noble, it is noted that on May 5, 2021, the court ordered that a hearing of the dismissal motion will be held on September 14, 2021.
- E.** Further to Note 4H1b to the Annual Financial Statements in connection with the settlement agreements that were signed on January 30, 2021 between the Tamar partners and Israel Electric Corp. Ltd. (the "**IEC**") and between the Leviathan partners and the IEC, on May 2, 2021, the parties to the settlement agreement in Tamar agreed to an extension of the timeframe for fulfillment of the condition precedent pertaining to the taking effect of an agreed order between Noble Energy Mediterranean Ltd. and the Competition Authority pursuant to Section 50B of the Economic Competition Law, 5748-1988, until May 31, 2021, and the parties to the settlement agreement in Leviathan agreed to an extension of the timeframe for fulfillment of the conditions precedent until such date.
- F.** Further to Note 4L6 to the Annual Financial Statements regarding a class action that was filed by a resident of the Dor Beach area, it is noted that on May 5, 2021, the court referred the parties to negotiate with the aim of reaching a stipulation that will obviate the need for litigation, and ordered that an update on the negotiations be provided by June 20, 2021.
- G.** On April 7, 2021, the Partnership together with the other Tamar partners and Leviathan partners, filed a petition against the Natural Gas Council and the Ministry of Energy (in this section: the "**Respondents**"). The petition moves to nullify decision no. 5/2020 dated December 29, 2020 of the Natural Gas Sector Council (in this section, the "**Council**") – amendment of Council decision no. 8/2019 – standards and rates regarding the operation of the transmission system in a flow control regime (Amendment No. 2) which was published on January 3, 2021 (in this section: the "**Decision**"). The Decision stipulates that the natural gas suppliers shall bear the cost of one half of the "reasonable measurement gap", defined in the Decision as a difference of up to 0.5% between the quantity of gas measured by the meter at the entrance to the national natural gas transmission system and the quantity measured by the meter at the exit therefrom. In the petition it was claimed that this Decision was issued without any legal authority and is tainted by extreme unreasonableness. On April 8, 2021, the court ordered the Respondents to file responses to the petition by June 8, 2021.

Leviathan Bond Ltd.

Notes to the Condensed Interim Financial Statements as at March 31, 2021 (Expressed in US \$ Thousands)

**Note 3 - Other Information regarding Ratio Yam Joint Venture ("Leviathan" Leaseholds)
(Continued):**

- H.** On May 12, 2021, the Partnership announced that the operator in the Tamar project received notice on May 11, 2021 from the competent authorities that in view of the geopolitical situation it is required to halt natural gas production from the Tamar reservoir, and natural gas production from the Tamar reservoir was halted accordingly. As of the date of approval of the Financial Statements, production from the Tamar project has not yet been resumed. Therefore, natural gas for Tamar reservoir's customers in the domestic market is being supplied from the Leviathan reservoir, which is close to reaching its full daily production capacity. It is noted that in view of the geopolitical situation, the flow of gas to Egypt has been temporarily halted, and is expected to be resumed when stability is restored.

FORM OF SPONSOR FINANCIAL DATA REPORT

		Period Ended
		31.03.2021
	<u>Item</u>	<u>Quantity/Actual Amount (in USD\$,000)</u>
A.	Total Offtake (BCM)	2.7 ¹
B.	Leviathan Revenues (100%)	477,873 ²
C.	Loss Proceeds, if any, paid to Revenue Account	-
D.	Sponsor Deposits, if any, into Revenue Account	-
E.	Gross Revenues (before Royalties)	196,695
F.	Overriding Royalties	
	(a) Statutory Royalties	(21,914)
	(b) Third Party Royalties	(8,692)
G.	Net Revenues	166,089 ³
H.	<u>Costs and Expenses:</u>	
	(a) Fees Under the Financing Documents (Interest Income)	24
	(b) Taxes	-
	(c) Operation and Maintenance Expenses	8,231 ⁴
	(d) Capital Expenditures	1,481 ⁵
	(e) Insurance (income)	-
I.	Total Costs and Expenses (sum of Items H(a), (b), (c), (d) and (e))	9,670
J.	Total Cash Flows Available for Debt Service (Item G <i>minus</i> Item H)	156,419
K.	Total Cash Flow from operation (Item G minus Items H(c) and H(e))	157,876
L.	Total Debt Service	-
M.	Total Distribution to the Sponsor	130,000

¹ Gas sales from January 1st 2021 until March 31st 2021 for 100% of the Leviathan partners on an accrual basis.

² Gas sales from January 1st 2021 until March 31st 2021 for 100% of the Leviathan partners on an accrual basis.

³ Sections C-M are based on Delek Drilling Share in Leviathan (45.34%) and on actual cash flow of the Sponsor Accounts as part of the Leviathan Bond indenture from January 1st 2021 until March 31st 2021.

⁴ As of January 1st 2021 until March 31st 2021 a sum of 7,345\$ USD Thousands was paid by the Sponsor from its own sources.

⁵ As of January 1st 2021 until March 31st 2021, 2020 a sum of 24,078\$ USD Thousands was paid by the Sponsor from its own sources.

DELEK DRILLING LIMITED PARTNERSHIP
(the “Partnership”)

Date: May 18th, 2021

To: HSBC Bank USA, National Association (the “**Trustee**”).

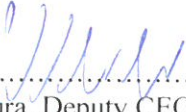
We, Yossi Gvura and Yossi Abu, Deputy CEO and CEO (respectively) of the General Partner of the Partnership refer to the indenture, dated 18 August 2020 (the “**Indenture**”) between Leviathan Bond Ltd. and the Trustee.

Terms defined in the Indenture have, unless otherwise defined in this certificate, the same meaning when used in this certificate.

WE CERTIFY THAT:

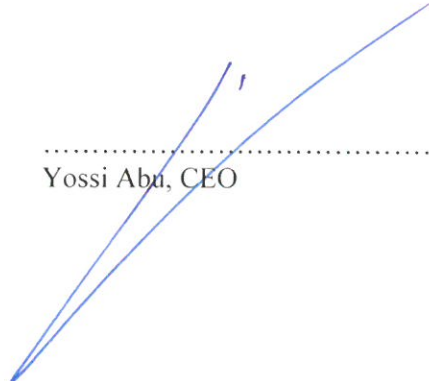
1. We are authorised by the Partnership to give this certificate on behalf of the Partnership; and
2. No Sponsor Loan Default or Sponsor Loan Event of Default has occurred and is continuing.

[Signatures appear on next Page]



.....
Yossi Gvura, Deputy CEO

on behalf of
DELEK DRILLING LIMITED PARTNERSHIP



.....
Yossi Abu, CEO