

LEVIATHAN BOND LTD.
(the “Issuer”)

Date: May 22nd, 2022

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

We, Yossi Abu and Haim Tzach Habusha, 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 audited 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]

Tzachi Habusha

.....
Haim Tzach Habusha, 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, 2022

EXPRESSED IN US\$ THOUSANDS

UNAUDITED

LEVIATHAN BOND LTD

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2022
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, 2022 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 Performed 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 22, 2022

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

ZIV HAFT
Ziv Haft
Certified Public Accountants
(Israel)

Leviathan Bond LtdCondensed Interim Statements of Financial Position (Expressed in US\$ Thousands)

	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>31.12.2021</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Assets:			
Current Assets:			
Short term Bank deposits	4	40	5
Related parties	-	-	*
Interest receivable	35,406	35,406	-
	<u>35,410</u>	<u>35,446</u>	<u>5</u>
Noncurrent Assets:			
Loans to shareholders	2,248,194	2,248,282	2,248,082
Long term bank deposits	100,190	100,000	100,160
	<u>2,348,384</u>	<u>2,348,282</u>	<u>2,348,242</u>
	<u>2,383,794</u>	<u>2,383,728</u>	<u>2,348,247</u>
Liabilities and Equity:			
Current Liabilities:			
Related parties	194	40	165
Interest payable	35,406	35,406	-
	<u>35,600</u>	<u>35,446</u>	<u>165</u>
Noncurrent Liabilities:			
Bonds	2,250,000	2,250,000	2,250,000
Loans from shareholders	100,000	100,000	100,000
	<u>2,350,000</u>	<u>2,350,000</u>	<u>2,350,000</u>
Equity (Deficit)	<u>(1,806)</u>	<u>(1,718)</u>	<u>(1,918)</u>
	<u>2,383,794</u>	<u>2,383,728</u>	<u>2,348,247</u>

* Less than \$1,000

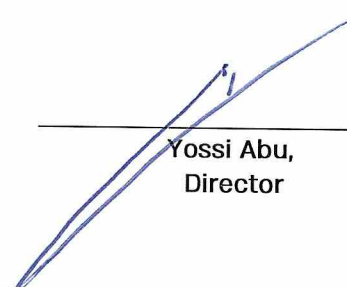
The accompanying notes are an integral part of the financial statements.

May 22, 2022

Date of Financial Statement
Approval



Tzachi Habusha,
Director



Yossi Abu,
Director

Leviathan Bond Ltd

Condensed Interim Statements of Comprehensive Income (Expressed in US\$ Thousands)

	For the Period Ended 31.3.2022	For the Period Ended 31.3.2021	For Year Ended 31.12.2021
	Unaudited		Audited
Financial expenses	35,456	35,430	141,872
Financial income	(35,568)	(36,101)	(142,343)
Total comprehensive income	(112)	(671)	(471)

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, 2022:			
Balance as of December 31, 2021 (audited)	*	(1,918)	(1,918)
Total comprehensive income	-	112	112
Balance as of March 31, 2022	*	1,806	1,806

	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
	Audited		
Changes for the year ended December 31, 2021:			
Balance as of December 31, 2020	*	(2,389)	(2,389)
Total comprehensive Income	-	471	471
Balance as of December 31, 2021	*	(1,918)	(1,918)

* 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, 2022 (Expressed in US \$ Thousands)

Note 1 - General:

- A. NewMed Energy – Limited Partnership (the “**NewMed**” or “**Partnership**”)¹, incorporated Leviathan Bond Limited (“**the Company**”) on July 15, 2020. NewMed 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 NewMed (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.
- C. As of March 31st, 2022 the partnership had Approx. \$125.2 Million U.S Dollars in the Revenue account.
- D. On February 24, 2022, the Russian army invaded Ukraine as part of an initiated campaign which included mobilizing ground forces, alongside air and artillery assaults. As a result, the United States and the member states of the European Union imposed a series of economic punitive measures against Russia, which included, among others, sanctions on trade with Russia and Russian seniors, a decision to suspend the completion of the Nord Stream 2 project, which is intended to double the volume of gas exported from Russia to Germany, discontinuation of some collaboration with Russian entities by international companies, including significant companies in the fields of natural gas and oil production, and more. Following the above and in light of Russia's status as a major global supplier of natural gas and oil, the concern of a long-term shortage of natural gas and oil has arisen, leading to a further rise in energy prices.

As of the date of approval of the financial statements, the Partnership cannot estimate how the aforesaid crisis will develop and what long-term effect it will have on the energy market and the Partnership's operations in particular. However, in 2021 Russia supplied approx. 150 BCM of natural gas to European countries - approx. %40 of the total European gas consumption. However, many European countries are apparently seeking to diversify their natural gas resources in order to decrease dependence on natural gas from Russia, which may lead to additional significant demand for natural gas from areas with the possibility to connect to a natural gas pipeline to Europe and additional demand for LNG. The Partnership, together with its partners in the Leviathan and Aphrodite projects, is examining the effect of the said factors on the possibilities for development and/or expansion of its assets.

- E. At the end of 2019 and during Q1/2020, the Coronavirus (Covid-19) began to spread all over the world, when in March 2020 it was defined by the World Health Organization as a global pandemic (the “Covid Crisis”). During the H1/2020, extremely sharp declines were recorded in the international markets in oil and natural gas prices, that are attributed to the Covid Crisis, as well as to other causes and reasons which affect the supply and demand of energy products. However, towards the end of 2020 and in 2021, a steep recovery was felt in the prices of energy products worldwide, including oil and LNG prices, and especially the natural gas prices in the international natural gas hubs, to price levels significantly higher than pre-Covid prices. As of the date of approval of the financial statements, it is difficult to estimate how the Covid Crisis will continue to develop in the coming years, what will be the extent of the impact of the Covid Crisis on the global and domestic economy and what its impact will be on the demand and prices of the natural gas and the rest of the energy products.

¹ The Partnership's previous name was Delek Drilling – Limited Partnership. On February 21, 2022, the Partnership's name was changed to its current name.

Notes to the Condensed Interim Financial Statements as at March 31, 2022 (Expressed in US \$ Thousands)

Note 1 – General (Cont.):

F. (Cont.):

It is noted that even though the Covid Crisis continued, an increase in demand for natural gas was recorded.

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. The Company's Condensed Interim Financial Statements should be read together with the financial statements as of December 31, 2021 (the "**Annual Financial Statements**"). Accordingly, notes regarding insignificant updates with respect to information already reported in the notes to the Annual Financial Statements were not included in these Financial Statements.

C. 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. Further to Note 4B6 to the Annual Financial Statements regarding the decision to drill the development and production well "**Leviathan-8**" in the area of lease I/14 Leviathan South, it is stated that the performance of such drilling is progressing as planned, and in accordance with the timetables and budget, and is expected to be completed in the coming weeks. According to the development plan, the well will be connected to the existing subsea production system of the Leviathan reservoir during Q1/2023, after completion activities are carried out therein.

B. Further to Note 4M to the Annual Financial Statements regarding examination by the Leviathan partners, together with Energy Infrastructures Ltd. ("**PEI**"), of the possibility of piping condensate from the Leviathan reservoir, it is noted that on April 26, 2022, a memorandum of understanding was signed between Chevron and PEI, that regulates, subject to the signing of a binding agreement, an alternative mechanism for the piping of condensate through the existing PEI systems. As of the date of approval of the report, the parties are working to sign such binding agreement.

C. Further to Note 4T5 to the Annual Financial Statements regarding the engagement with Israel Natural Gas Lines Ltd. ("**INGL**") for the construction of the Ashdod-Ashkelon transmission system segment, in May 2022 Chevron informed the Partnership that INGL informed Chevron that although the time window in which the gas flow in the Ashdod-Ashkelon offshore transmission system segment was extended by a period of up to 6 months, the forecast for commencement of flow remains unchanged, i.e., April 2023.

Notes to the Condensed Interim Financial Statements as at March 31, 2022 (Expressed in US \$ Thousands)

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

D. In April 2022, the Petroleum Commissioner informed Chevron that from June 1, 2022 until September 15, 2023, the Leviathan partners are required to ensure the supply of natural gas to the domestic market in an amount exceeding the daily amount that the Leviathan partners undertook to supply the domestic market according to the gas supply agreements in which they engaged. In the Partnership's estimation, such announcement is not expected to materially affect the results of the Partnership's operations for 2022.

Note 4 - Contingent Liabilities:

A. Further to Note 4S1 to the Annual Financial Statements, regarding a motion for class certification (in this section: the "**Certification Motion**") which was filed with the Tel Aviv District Court by a consumer of the IEC (in this section: the "**Petitioner**") against the Partnership and Chevron (in this section: the "**Respondents**") and against the other holders of the Tamar Project and the Leviathan Project (as litigants against whom no relief is sought), in connection with the competitive process for the supply of natural gas conducted by the IEC and with a possible amendment to the agreement for gas supply from the Tamar Project to the IEC, as agreed by Isramco Negev 2 – Limited Partnership, Tamar Petroleum, Dor Gas Exploration – Limited Partnership and Everest Infrastructure – Limited Partnership, without the involvement of the Respondents, it is noted that, on April 24, 2022, as part of a pre-trial hearing, the court ordered as follows: (1) The legal opinion attached to the Certification Motion will be withdrawn, and the Petitioner will bear the expenses of the Respondents in the motion in this matter; (2) By May 24, 2022, the Petitioner will be given an opportunity to file a motion for the amendment of the Certification Motion; (3) Until such date, the parties will be given the opportunity to file with the court a list of questions to be addressed to the relevant regulator of the Certification Motion; and (4) On May 25, 2022, or shortly thereafter, the court will allow the Respondents to respond to the motion for amendment of the Certification Motion, insofar as such motion is filed, or alternatively forward the court the pleadings, together with the questions submitted by the parties, for reference by the regulator.

B. Further to Note 4S5 to the Annual Financial Statements regarding a motion for class certification which was filed by a resident of Dor Beach on behalf of "anyone who was exposed to the air, sea and coastal environment pollution, due to prohibited emissions from the gas platform operated by the respondents in the sea, which is located opposite Dor Beach, and treats the natural gas reservoir, Leviathan, in the period from the commencement of the platform's activity in December 2019 until a judgment is issued in the claim", against Chevron, it is noted that on May 16, 2022, a pretrial was conducted, at the end of which the court ordered Chevron to file, within 30 days, a response to the motion for a discovery order.

Note 4 - Additional Information:

A. On May 22, 2002, the board of directors of the General Partner of the partnership approved a plan to purchase the bonds issued by Leviathan Bond Ltd., a wholly owned subsidiary of the Partnership, in a cumulative amount of up to \$100 million for a period of two years.

Notes to the Condensed Interim Financial Statements as at March 31, 2022 (Expressed in US \$ Thousands)

Note 5 - Subsequent Events:

- A. 1. See Note 4A for details regarding the approval of the board of directors of the General Partner of the Partnership, of a plan for the purchase of bonds of Leviathan Bond.

FORM OF SPONSOR FINANCIAL DATA REPORT

		Quarter Ended
		31.03.2022
	<u>Item</u>	<u>Quantity/Actual Amount (in USD\$,000)</u>
A.	Total Offtake (BCM)	¹ 2.7
B.	Leviathan Revenues (100%)	² 544,550
C.	Loss Proceeds, if any, paid to Revenue Account	-
D.	Sponsor Deposits, if any, into Revenue Account	-
E.	Gross Revenues (before Royalties)	223,133
F.	Overriding Royalties	
	(a) Statutory Royalties	(26,464)
	(b) Third Party Royalties	(10,496)
G.	Net Revenues	186,173
H.	<u>Costs and Expenses:</u>	
	(a) Fees Under the Financing Documents (Interest Income)	24
	(b) Taxes	-
	(c) Operation and Maintenance Expenses	(30,715)
	(d) Capital Expenditures	(30,805)
	(e) Insurance (income)	-
I.	Total Costs and Expenses (sum of Items H(a), (b), (c), (d) and (e))	(61,496)
J.	Total Cash Flows Available for Debt Service (Item G <i>minus</i> Item H)	124,677
K.	Total Cash Flow from operation (Item G minus Items H(c) and H(e))	155,458
L.	Total Debt Service	-
M.	Total Distribution to the Sponsor	100,000

¹ Gas sales from January 1st 2022 until March 31st 2022 for 100% of the Leviathan partners on an accrual basis.

² Gas sales from January 1st 2022 until March 31st 2022 for 100% of the Leviathan partners on an accrual basis.

NEWMED ENERGY LIMITED PARTNERSHIP
(the “Partnership”)

Date: May 22nd, 2022

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

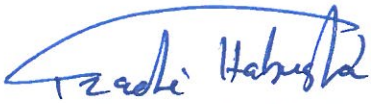
We, Haim Tzach Habusha and Yossi Abu, CFO and CEO (respectively) of the General Partner of the Partnership refer to the indenture, dated 18 August 2020 (the "**Indenture**") between Leviathan Bond Ltd. and the Trustee.

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

WE CERTIFY THAT:

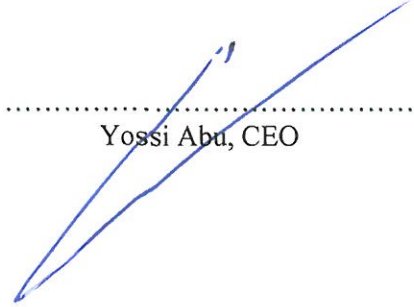
1. We are authorised by the Partnership to give this certificate on behalf of the Partnership; and
2. No Sponsor Loan Default or Sponsor Loan Event of Default has occurred and is continuing.

[Signatures appear on next Page]



.....
Haim Tzach Habusha, CFO

on behalf of
NEWMED ENERGY LIMITED PARTNERSHIP



.....
Yossi Abu, CEO