

**LEVIATHAN BOND LTD.
(the “Issuer”)**

Date: August 17th, 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.

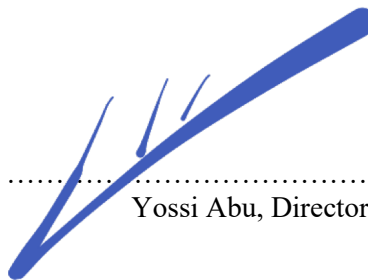
WE CERTIFY THAT:

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]



.....
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 JUNE 30, 2022

EXPRESSED IN US\$ THOUSANDS

UNAUDITED

LEVIATHAN BOND LTD

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 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 June 30, 2022 and the related condensed statements of comprehensive income, changes in equity for the six-month and three-month periods 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, August 17, 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)

	30.06.2022	30.06.2021	31.12.2021
	Unaudited	Unaudited	Audited
Assets:			
Current Assets:			
Short term Bank deposits	100,304	2	5
Related parties	*	*	*
Loans to shareholders	499,433	-	-
	<u>599,737</u>	<u>2</u>	<u>5</u>
Noncurrent Assets:			
Loans to shareholders	1,749,043	2,248,005	2,248,082
Long term bank deposits	-	100,115	100,160
	<u>1,749,043</u>	<u>2,348,120</u>	<u>2,348,242</u>
	<u>2,348,780</u>	<u>2,348,122</u>	<u>2,348,247</u>
Liabilities and Equity:			
Current Liabilities:			
Related parties	304	117	165
Bonds	500,000	-	-
Interest payable	-	-	-
	<u>500,304</u>	<u>117</u>	<u>165</u>
Noncurrent Liabilities:			
Bonds	1,750,000	2,250,000	2,250,000
Loans from shareholders	100,000	100,000	100,000
	<u>1,850,000</u>	<u>2,350,000</u>	<u>2,350,000</u>
Equity (Deficit)	<u>(1,524)</u>	<u>(1,995)</u>	<u>(1,918)</u>
	<u>2,348,780</u>	<u>2,348,122</u>	<u>2,348,247</u>

* Less than \$1,000

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

August 17, 2022

Date of Financial Statement
ApprovalYossi Abu
DirectorTzachi Habusha
Director

Leviathan Bond Ltd**Condensed Interim Statements of Comprehensive Income (Expressed in US\$ Thousands)**

	For the Six Month Ended	For the Six Month Ended	For the Three Month Ended	For the Three Month Ended	For Year Ended
	30.6.2022	30.6.2021	30.6.2022	30.6.2021	31.12.2021
	Unaudited				Audited
Financial expenses	71,123	70,968	35,667	35,538	141,872
Financial income	(71,517)	(71,362)	(35,949)	(35,261)	(142,343)
Total comprehensive income	(394)	(394)	(282)	277	(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 six months period ended June 30, 2022:			
Balance as of December 31, 2021 (audited)	*	(1,918)	(1,918)
Total comprehensive income	-	394	394
Balance as of June 30, 2022	*	(1,524)	(1,524)

	The Company equity	Retained earnings	Total
	Unaudited		
Changes for the six months period ended June 30, 2021:			
Balance as of December 31, 2020 (audited)	*	(2,389)	(2,389)
Total comprehensive income	-	394	394
Balance as of June 30, 2021	*	(1,995)	(1,995)

	The Company equity	Retained earnings	Total
	Unaudited		
Changes for the three months period ended June 30, 2022:			
Balance as of March 31, 2022	*	(1,806)	(1,806)
Total comprehensive income	-	282	282
Balance as of June 30, 2022	*	(1,524)	(1,524)

	The Company equity	Retained earnings	Total
	Unaudited		
Changes for the three months period ended June 30, 2021:			
Balance as of March 31, 2021	*	(1,718)	(1,718)
Total comprehensive income	-	(277)	(277)
Balance as of June 30, 2021	*	(1,995)	(1,995)

* Less than \$1,000

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
	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.

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 June 30, 2022 the partnership had Approx. \$72.6 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 (EU) 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, a global energy crisis has begun to emerge which is expressed, *inter alia*, in excess demand for natural gas and for other fuels relative to the available supply in the international market, concerns of a long-term shortage of natural gas and oil, rises in the natural gas and oil prices in the global markets, and volatile trade therein. As of the date of approval of the financial statements, the Partnership estimates that the global energy crisis is expected to continue for the foreseeable future. However, the Partnership cannot estimate the long-term effect of the crisis on the energy markets and particularly on the Partnership's operations. In this context, it is noted that in 2021, Russia supplied approx. 150 BCM of natural gas to European countries, approx. 40% of the total European gas consumption. At present, in view of the events specified above, both the EU as a whole, and governments in Europe are seeking to diversify their natural gas sources with the aim of permanently ending the dependence on natural gas imported from Russia.

This target may lead to additional significant demand for natural gas (via a pipeline or liquefaction and transportation) from other sources. 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.

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.

Note 1 – General (Cont.):

- E. Further to Note 1H to the Annual Financial Statements regarding the Covid crisis, it is noted that during 2022, the recovery continued in the prices of energy products worldwide, and especially in the natural gas prices in the international natural gas trading 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 will the extent of its impact be on the demand and prices of the natural gas and the rest of the energy products. 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 ended in June 2022, in accordance with the timetables and below the planned budget. The cost of the drilling as of the date of the financial statements amounted to approx. \$119.6 million (100%, the Partnership's share being a total of approx. \$54.2 million). According to the work plan, the well will be completed and connected to the existing subsea production system of the Leviathan project during Q1/2023, after completion activities are carried out therein.
- B. Further to Note 4M to the Annual Financial Statements Further to Note 12E 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 through the existing PEI systems, it is noted that on April 26, 2022, an MOU 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 financial statements, the parties are working to sign such binding agreement.

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

- 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 August 2022 Chevron informed the Partnership that INGL informed Chevron that the forecast for commencement of flow is May 2023.
- D.** In April 2022, the 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 its 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.

It is noted that on May 25, 2022, the parties filed a list of questions to be forwarded to the regulator and on May 31, 2022, the court ordered the transfer of the pleadings in the case to the Office of the Tel Aviv District Attorney (Civil) in order to receive the regulator's position on the dispute contemplated in the Certification Motion. According to the court's decision, the regulator is to file its position with the court by January 1, 2023. A pretrial is scheduled for February 26, 2023.

Note 4 - Contingent Liabilities (Cont.):

- 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 region 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" (in this section: the "**Petitioner**"), 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 a response to the motion for a discovery order within 30 days and in its decision of June 26, 2022, the court denied the main part of the discovery motion and granted a small part thereof, ruling that Chevron must discover the decisions of the Ministry of Environmental Protection regarding the imposition of penalties and transcripts of hearings held towards the imposition of penalties. Chevron has submitted the relevant documents for inspection by the court, together with a submission arguing and moving for various details to be protected by privilege. On August 7, 2022, a response to Chevron's argument was filed on behalf of the Petitioner, in which response Chevron was asked, *inter alia*, to disclose the transcript of a hearing held at the Ministry of Environmental Protection. In its decision of August 8, 2022, the court ordered Chevron to file several clarifications by August 18, 2022.
- C.** Further to Note 4T1(a) to the Annual Financial Statements regarding a hearing held before the Ministry of Environmental Protection due to noncompliance with the conditions of the marine discharge permit issued to the Leviathan platform, and violation of the Prevention of the Sea Pollution from Land-Based Sources Law, 5748-1988 (the "**Prevention of Sea Pollution Law**"), in the context of which it is claimed that Chevron deviated from the criteria determined for discharge into the sea from the open system, it is noted that on June 28, 2022, Chevron received a letter demanding details on the annual sales turnover pursuant to Section 5(c)(b)(2) of the Prevention of Sea Pollution Law. According to the letter, the information is required for the purpose of determining the amount of the financial penalty the Ministry of Environmental Protection intends to impose on Chevron due to violation of the conditions of the marine wastewater discharge permit (gas production) numbered 24/2021, in connection with the discharge of wastewater that deviate from the marine discharge criteria. Chevron has submitted the required documents to the Ministry of Environmental Protection. As of the date of approval of the financial statements, it is impossible to assess the amount of and for what violations the financial penalty, if any, will be imposed.
- D.** Further to Note 4T6 to the Annual Financial Statements regarding a petition filed by the Partnership together with the other Tamar partners and Leviathan partners against the Natural Gas Council and Ministry of Energy regarding the Natural Gas Commission's decision with respect to regulation of standards and tariffs for the operation of the transmission system in a control flow regime, it is noted that the hearing of the petition is scheduled for November 16, 2022.

Leviathan Bond Ltd

Notes to the Condensed Interim Financial Statements as of June 30, 2022 (Expressed in US \$ Thousands)

Note 5 - Additional Information:

- A.** On May 22, 2002, the board of directors of the General Partner 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. Up to the date of approval of the Financial Statements, the Partnership made buy-backs of approx. \$33 million par value of bonds of Leviathan Bond in exchange for approx. \$33 million, which includes the interest accrued as of the buy-back date.
- B.** Further to Note 4T3 to the Annual Financial Statements regarding the directives on the method of calculation of the royalty value at the wellhead, on July 24, 2022, the Director of Natural Resources at the Ministry of Energy released specific directives regarding the method of calculation of the royalty value at the wellhead in the Leviathan project (the "**Specific Directives**"), in which the rate of deductible expenses was determined in the calculation of the royalty value at the wellhead in the Leviathan reservoir. Based on the estimates and appraisals of the Leviathan partners, there are no material differences between the amounts recorded in the Statement of Comprehensive Income in the report period as royalty expenses and the royalty expenses as would have been calculated in accordance with the Specific Directives. The difference between the royalties actually paid to the State and to the overriding royalty interest owners and the effective royalty rate used by the Partnership in its financial statements in the Leviathan project totaled approx. \$12 million and approx. \$4.4 million, respectively, and was included in the 'other long-term assets' item.

Note 6 - Subsequent Events:

- A.** See Note 5B for details regarding the publication of Specific Directives with respect to the method of calculation of the royalty value at the wellhead in the Leviathan project.

FORM OF SPONSOR FINANCIAL DATA REPORT

		Quarter Ended
		30.06.2022
	<u>Item</u>	<u>Quantity/Actual Amount (in USD\$,000)</u>
A.	Total Offtake (BCM)	¹ 2.8
B.	Leviathan Revenues (100%)	² 641,879
C.	Loss Proceeds, if any, paid to Revenue Account	-
D.	Sponsor Deposits, if any, into Revenue Account	-
E.	Gross Revenues (before Royalties)	237,453
F.	Overriding Royalties	
	(a) Statutory Royalties	(31,210)
	(b) Third Party Royalties	(12,379)
G.	Net Revenues	193,864
H.	<u>Costs and Expenses:</u>	
	(a) Fees Under the Financing Documents (Interest Income)	147
	(b) Taxes	-
	(c) Operation and Maintenance Expenses	(38,815)
	(d) Capital Expenditures	(38,586)
	(e) Insurance (income)	(6,455)
I.	Total Costs and Expenses (sum of Items H(a), (b), (c), (d) and (e))	(83,709)
J.	Total Cash Flows Available for Debt Service (Item G <u>minus</u> Item H)	110,155
K.	Total Cash Flow from operation (Item G minus Items H(c) and H(e))	148,594
L.	Total Debt Service	³ 73,677
M.	Total Distribution to the Sponsor	89,000

¹ Gas sales from April 1st 2022 until June 30st 2022 for 100% of the Leviathan partners on an accrual basis.

² Gas sales from April 1st 2022 until June 30st 2022 for 100% of the Leviathan partners on an accrual basis.

³ Including bond purchase by the sponsor of approximately 2.9 Million dollars.

NEWMED ENERGY LIMITED PARTNERSHIP
(the “Partnership”)

Date: August 17th, 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.

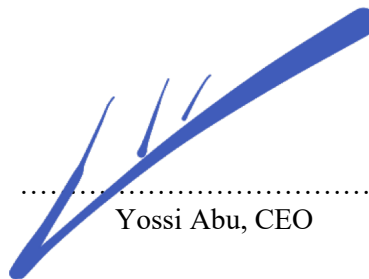
WE CERTIFY THAT:

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



.....
Yossi Abu, CEO

on behalf of
NEWMED ENERGY LIMITED PARTNERSHIP