

LEVIATHAN BOND LTD.
(the “Issuer”)

Date: May 10th, 2023

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.

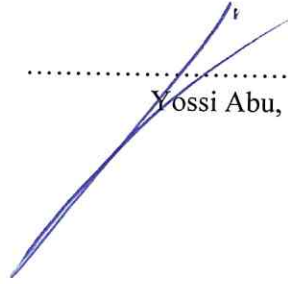
WE CERTIFY THAT:

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 MARCH 31, 2023

EXPRESSED IN US\$ THOUSANDS

UNAUDITED

LEVIATHAN BOND LTD

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2023
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, 2023 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 period, 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 10, 2023

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)

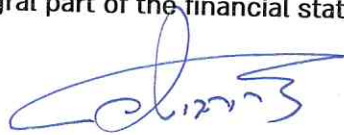
	<u>31.03.2023</u>	<u>31.03.2022</u>	<u>31.12.2022</u>
	<u>Unaudited</u>		<u>Audited</u>
Assets:			
Current Assets:			
Short term Bank deposits	255,958	4	253,279
Loans to shareholders	499,789	-	499,603
Interest receivable	35,406	35,406	-
Related parties	*	*	*
	<u>791,153</u>	<u>35,410</u>	<u>752,882</u>
Noncurrent Assets:			
Loans to shareholders	1,749,400	2,248,194	1,749,625
Long term bank deposits	-	100,190	-
	<u>1,749,400</u>	<u>2,348,384</u>	<u>1,749,625</u>
	<u>2,540,553</u>	<u>2,383,794</u>	<u>2,502,507</u>
Liabilities and Equity:			
Current Liabilities:			
Bonds	500,000	194	500,000
Related parties	191,364	35,406	153,279
	<u>691,364</u>	<u>35,600</u>	<u>653,279</u>
Noncurrent Liabilities:			
Bonds	1,750,000	2,250,000	1,750,000
Loans from shareholders	100,000	100,000	100,000
	<u>1,850,000</u>	<u>2,350,000</u>	<u>1,850,000</u>
Equity (Deficit)	(811)	(1,806)	(772)
	<u>2,540,553</u>	<u>2,383,794</u>	<u>2,502,507</u>

* Less than \$1,000

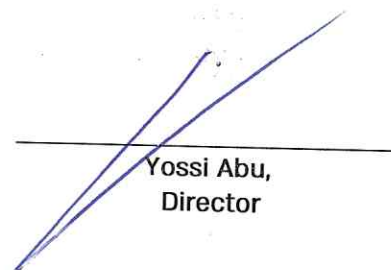
The accompanying notes are an integral part of the financial statements.

May 10, 2023

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 three months the Period Ended		For Year Ended
	31.3.2023	31.3.2022	31.12.2022
	Unaudited		Audited
Financial expenses	38,963	35,456	146,252
Financial income	(38,924)	(35,568)	(147,398)
Total comprehensive expenses (income)	39	(112)	(1,146)

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, 2023:			
Balance as of December 31, 2022 (audited)	*	(772)	(772)
Total comprehensive expense	-	39	39
Balance as of March 31, 2023	*	(811)	(811)

	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
	Audited		
Changes for the year ended December 31, 2022:			
Balance as of December 31, 2021	*	(1,918)	(1,918)
Total comprehensive Income	-	1,146	1,146
Balance as of December 31, 2022	*	(772)	(772)

* 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, 2023 (Expressed in US \$ Thousands)

Note 1 - General:

- A.** NewMed Energy – Limited Partnership (the “**NewMed**” or “**Partnership**”), 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, 2023 the partnership had Approx. \$131.1 Million U.S Dollars in the “Revenue accounts”, Short-term bank deposits, which are used for debt service and for current payments as part of the bonds issue.

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, 2022 (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.

Note 3 – Bonds

- A.** On May 22, 2022, the board of directors of the GP approved a plan to purchase the bonds of Leviathan Bond, in an aggregate amount of up to \$100 million for a period of two years. The Partnership made buybacks pursuant to said buyback plan in the sum of approx. \$100 million. Further thereto, on January 22, 2023, the board of directors of the Partnership’s GP, authorized to adopt an additional plan to purchase the bonds of Leviathan Bond, in an aggregate amount of up to \$100 million, by way of an off-exchange, TACT-Institutional or any other purchase method (the “**Additional Buyback Plan**”). The Additional Buyback Plan took effect on January 23, 2023 and shall end after two years, i.e., on January 23, 2025. As of the date of approval of the financial statements, the Partnership made buybacks pursuant to the Additional Buyback Plan in the sum of approx. \$9 million.
- B.** Further to Note 10B to the Annual Financial Statements, in connection with the Leviathan Bond bonds, on April 10, 2023, the subsidiary, Leviathan Bond Ltd., informed the holders of the bonds issued thereby to foreign and Israeli accredited investors, which are listed on the TACT-Institutional system of TASE, of the partial prepayment of the first series of the bonds, whose original maturity date was June 30, 2023, according to the provisions of the indenture for the bonds (the “**Prepayment Notice**”). According to the Prepayment Notice, the first series was partially paid on May 1, 2023 in the sum of \$280 million (the “**Principal Amount**”) out of a total series amount of \$500 million, in lieu of the original maturity date, as aforesaid. The partial prepayment amount includes the Principal Amount plus accrued interest in the sum of approx. \$4.5 million. According to the terms of the bonds, the payment of the first series during the quarter preceding the original maturity date is not subject to prepayment fees to the bondholders.

Leviathan Bond Ltd

Notes to the Condensed Interim Financial Statements as at March 31, 2023 (Expressed in US \$ Thousands)

Note 4 - Other Information regarding Ratio Yam Joint Venture ("Leviathan" Leaseholds):

A. Developments in investments in oil and gas assets:

Further to Note 4B to the Annual Financial Statements regarding the development and production of "Leviathan-8" well in the area of lease I/14 Leviathan South, as of the date of approval of the financial statements, completion operations at the well were completed according to the work plan, and its connection to the existing subsea production system of the Leviathan project is expected to take place during Q2/2023. The cost of the drilling as of the date of the financial statements amounted to approx. \$180.7 million (100%, the Partnership's share being a total of approx. \$82.0 million).

B. Legal proceedings.

Further to Note 4P2 to the Annual Financial Statements, regarding a claim filed by Haifa Port Company Ltd. ("**Haifa Port**") against Chevron, Coral Maritime Services Ltd. and Gold-Line Shipping Ltd., and regarding a counterclaim filed by Chevron against Haifa Port, note that the parties are required to respond by June 1, 2023 to the mutual motions regarding the preliminary proceedings, which will be heard during the pretrial scheduled for June 11, 2023. Furthermore, on April 3, 2023, Haifa Port filed a motion for summary dismissal of the counterclaim on grounds of lack of privity with Chevron, since the invoices and the mooring fees were paid by an agent. Chevron is required to respond to such motion by May 15, 2023.

C. On May 2, 2023, the Ministry of Energy published for public comment – by May 28, 2023 – a draft policy document on decommissioning of offshore oil and natural gas exploration and production infrastructures (the "**Draft Policy Document**"). The purpose of the Draft Policy Document is to offer an outline for the general principles with regard to decommissioning of offshore oil and natural gas exploration and production infrastructures, without derogating from the provisions of the law applicable in this regard and the provisions of the lease deeds and operation permits. The Draft Policy Document offers, among other things, rules, standards and time frames for the decommissioning of drilling and production facilities as well as the abandonment of subsea infrastructures and pipelines that are no longer in use, according to, *inter alia*, the location of said facilities in the deep sea or on the bottom of or below the seabed.

According to a preliminary assessment by the Partnership, approval of the strict requirements in the Draft Policy Document is expected to increase the decommissioning costs for the Partnership's assets. As of the date of approval of the financial statements, the Partnership is still examining the provisions of the Draft Policy Document and its implications on the increase of the decommissioning costs as aforesaid, if applied, and will consider its actions on the matter accordingly.

Note 5 – Subsequent Events

1. See Note 3A for details regarding the partial prepayment of Leviathan Bond bonds in the sum of approx. \$280 million.
2. See Note 4C for details regarding the publication for public comment by the Ministry of Energy of a policy document on decommissioning of offshore oil and natural gas exploration and production infrastructures.

FORM OF SPONSOR FINANCIAL DATA REPORT

		Quarter Ended
		31.03.2023
	<u>Item</u>	<u>Quantity/Actual Amount (in USD\$,000)</u>
A.	Total Offtake (BCM)	¹ 2.8
B.	Leviathan Revenues (100%)	² 619,966
C.	Loss Proceeds, if any, paid to Revenue Account	-
D.	Sponsor Deposits, if any, into Revenue Account	-
E.	Gross Revenues (before Royalties)	267,705 ³
F.	Overriding Royalties	
	(a) Statutory Royalties	(32,537)
	(b) Third Party Royalties	(12,905)
G.	Net Revenues	222,263
H.	<u>Costs and Expenses:</u>	
	(a) Fees Under the Financing Documents (Interest Income)	878
	(b) Taxes	-
	(c) Operation and Maintenance Expenses	(33,978)
	(d) Capital Expenditures	(16,873)
	(e) Insurance (income)	(8,073)
I.	Total Costs and Expenses (sum of Items H(a), (b), (c), (d) and (e))	(58,046)
J.	Total Cash Flows Available for Debt Service (Item G <i>minus</i> Item H)	164,217
K.	Total Cash Flow from operation (Item G minus Items H(c) and H(e))	180,212
L.	Total Debt Service	(34,082) ⁴
M.	Total Distribution to the Sponsor	130,000

¹ Gas sales from January 1st 2023 until March 31th 2023 for 100% of the Leviathan partners on an accrual basis.

² Gas sales from January 1st 2023 until March 31th 2023 for 100% of the Leviathan partners on an accrual basis.

³ Section C-M are based on NewMed Energy Share in Leviathan (45.34%) and on actual cash flow of the Sponsor Accounts as part of the Leviathan Bond indenture from January 1st 2023 until March 31th 2023.

⁴ Including buyback of bonds by the sponsor of approximately 34 Million dollars

NEWMED ENERGY LIMITED PARTNERSHIP
(the "Partnership")

Date: May 10th, 2023

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