

LEVIATHAN BOND LTD.
(the “Issuer”)

Date: August 20th, 2023

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

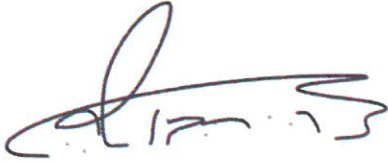
We, Yossi Abu and Haim Tzach Habusha, Directors of the Issuer refer to the indenture, dated 18 August 2020 (the “**Indenture**”) between the Issuer and the Trustee.

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

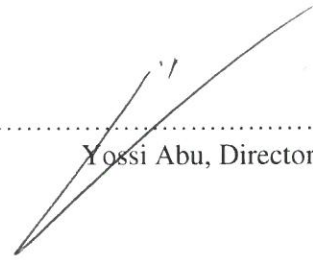
WE CERTIFY THAT:

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 JUNE 30, 2023

EXPRESSED IN US\$ THOUSANDS

UNAUDITED

LEVIATHAN BOND LTD

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 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 June 30, 2023 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 20, 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)

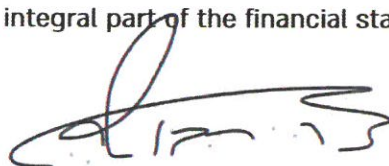
	30.06.2023	30.06.2022	31.12.2022
	Unaudited		Audited
Assets:			
Current Assets:			
Short term Bank deposits	141	100,304	253,279
Loans to shareholders	-	499,433	499,603
Related parties	99,859	*	*
	<u>100,000</u>	<u>599,737</u>	<u>752,882</u>
Noncurrent Assets:			
Loans to shareholders	1,748,486	1,749,043	1,749,625
Long term bank deposits	-	-	-
	<u>1,748,486</u>	<u>1,749,043</u>	<u>1,749,625</u>
	<u>1,848,486</u>	<u>2,348,780</u>	<u>2,502,507</u>
Liabilities and Equity:			
Current Liabilities:			
Bonds	-	500,000	500,000
Related parties	-	304	153,279
	<u>-</u>	<u>500,304</u>	<u>653,279</u>
Noncurrent Liabilities:			
Bonds	1,750,000	1,750,000	1,750,000
Loans from shareholders	100,000	100,000	100,000
	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>
Equity (Deficit)	(1,514)	(1,524)	(772)
	<u>1,848,486</u>	<u>2,348,780</u>	<u>2,502,507</u>

* Less than \$1,000

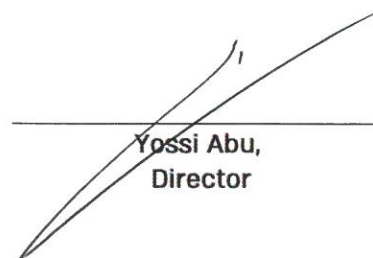
The accompanying notes are an integral part of the financial statements.

August 20, 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 the Six Month Ended		For the Three Month Ended		For Year Ended
	30.6.2023	30.6.2022	30.6.2023	30.6.2022	31.12.2022
	Unaudited				Audited
Financial expenses	74,624	71,123	35,661	35,667	146,252
Financial income	(73,882)	(71,517)	(34,958)	(35,949)	(147,398)
Total comprehensive loss (income)	742	(394)	703	(282)	(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 (Deficit)	Total
	Unaudited		
Changes for the six months period ended June 30, 2023:			
Balance as of December 31, 2022 (audited)	*	(772)	(772)
Total comprehensive loss	-	(742)	(742)
Balance as of June 30, 2023	*	(1,514)	(1,514)

	The Company equity	Retained earnings (Deficit)	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 (Deficit)	Total
	Unaudited		
Changes for the three months period ended June 30, 2023:			
Balance as of March 31, 2023	*	(811)	(811)
Total comprehensive loss	-	703	703
Balance as of June 30, 2023	*	(1,514)	(1,514)

	The Company equity	Retained earnings (Deficit)	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)

Leviathan Bond Limited.

Condensed Interim Statements of Changes in Equity (Deficit) (Expressed in US\$ thousands)

	The Company equity	Retained earnings (Deficit)	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 June 30, 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 June 30th, 2023 the partnership had Approx. \$6.2 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 GP’s board 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 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. The aforesaid buybacks were made from the first Leviathan Bond bond series, which has been fully repaid as detailed in Section H below.
- B. Further to Note 3 to the Annual Financial Statements in connection with the Leviathan Bond bonds, on June 30, 2023, the first bond series of Leviathan Bond was fully and finally repaid, following a partial prepayment on May 1, 2023 of \$280 million plus accrued interest of approx. \$4.5 million, out of a total series amount of \$500 million. According to the terms of the bonds, the payment of the first series during the quarter preceding the original maturity date was not subject to prepayment fees to the bondholders.

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

A. Developments in investments in oil and gas assets:

1. Further to Note 4B to the Annual Financial Statements regarding the drilling of the development and production well "Leviathan-8" in the area of lease 1/14 Leviathan South (in this section: the "**Well**"), and regarding the completion of the completion works at the Well, in June 2023, the Well has been connected to the Leviathan project's existing subsea production system and production from the Well has begun, according to the timetables and on budget. The cost of the drilling as of the date of the financial statements amounted to approx. \$187.5 million (100%, the Partnership's share - approx. \$85.0 million).
2. Further to Note 4C to the Annual Financial Statements regarding a project which mainly involves laying a third subsea transmission pipeline from the production wells in the Leviathan field to the platform (the "**Third Pipeline Project**"), which will make it possible to increase the maximum capacity for gas supply from the Leviathan project to the INGL transmission system, on June 29, 2023, the partners in the Leviathan project adopted an FID (Final investment Decision) to perform the Third Pipeline Project with a total budget of approx. \$568 million (100%, the Partnership's share – approx. \$258 million).
3. Further to Note 4C to the Annual Financial Statements regarding Phase I – Second Stage of the Leviathan project development plan, on June 21, 2023, the partners in the Leviathan project submitted to the Petroleum Commissioner an application for approval of the export of natural gas from the Leviathan project via an existing and future regional pipeline and via a floating liquefied natural gas (FLNG) facility, which is in initial planning stages, while also increasing the natural gas volumes that will be transmitted from the Leviathan project to the domestic market (the "**Application**"). As of the date of approval of the financial statements, no response to the Application has yet been received from the Ministry of Energy and Infrastructures, and there is no certainty that the Application will be granted, and if it is granted, under what terms and conditions.

B. Legal proceedings.

1. 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 on July 8, 2023 and July 18, 2023, the court denied the motions filed by the parties with respect to the preliminary proceedings, and also scheduled the last pretrial hearing for January 21, 2024. Furthermore, on June 21, 2023, the court dismissed the motion for summary dismissal of the counterclaim filed by Haifa Port, and charged it with costs.
2. Further to Note 4P3 to the the Annual Financial Statements, regarding a class certification motion which was filed by a resident of the Dor Beach area on behalf of "anyone who was exposed to the air, marine and coastal pollution due to prohibited emissions from the gas platform which is operated by the respondents in the sea, located offshore Dor Beach, and treats the Leviathan natural gas reservoir, in the period from commencement of the platform's activity in December 2019 until a judgment is issued in the claim" (in this section: the "**Petitioner**"), on July 7, 2023, the Petitioner filed the closing statements on his behalf, and according to the court's decision, Chevron is required to file the closing statements on its behalf by October 31, 2023.

C. Environmental Regulation.

1. Further to the hearing that was held for Chevron before the MoEP on January 6, 2022, on August 2, 2023 Chevron received a notice from the MoEP of its intention to impose a financial penalty in the sum of approx. ILS 2.9 million (approx. \$0.8 million) (100%, the Partnership's share – approx. ILS 1.3 million (approx. \$0.4 million)), for an alleged violation of the Leviathan project's sea discharge permit, and pursuant to the Prevention of Sea Pollution from Land-Based Sources Law, 5748-1988 (the "**Sea Pollution Prevention Law**"). Chevron is required to submit its response to such notice within 30 days from receipt thereof.
2. On August 6, 2023, Chevron received a letter of notice and summons to a hearing before the MoEP for alleged violations of the Leviathan project's sea discharge permit and toxins permit, and pursuant to the Sea Pollution Prevention Law and the Hazardous Substances Law, 5753-1993. The hearing was scheduled for September 26, 2023.

D. Agreements for the sale of natural gas from the Leviathan project.

Further to Note 4H2 to the Annual Financial Statements, regarding an agreement for the sale of natural gas to the National Electric Power Company of Jordan ("**NEPCO**"), on July 3, 2023, the parties agreed on an increase in the natural gas quantities to be supplied to NEPCO on a firm basis, temporarily, in relation to several months in 2023-2024, and that the minimum annual quantity that NEPCO undertook to take or pay for (Take or Pay) during 2023-2024 will increase accordingly. For the avoidance of doubt, it is clarified that the aforesaid does not change the total supply volume under the said export agreement (approx. 45 BCM).

E. Projects for export through the national transmission system

Further to Notes 4Q2 and 4R13 to the Annual Financial Statements, regarding the Leviathan partners' consideration of further possibilities for increasing the natural gas export quantities, in July 2023 the Leviathan partners approved preliminary budgets for technical design and reservation of supply dates, prior to making final investments decisions (FID), if adopted, as detailed below:

- 1) The sum of approx. \$3.5 million (100%, the Partnership's share – approx. \$1.6 million) in connection with the construction of a new onshore connection between the Israeli transmission system and the Egyptian transmission system in the area of Nitzana, which is expected to increase the total capacity for export of natural gas to Egypt by approx. 6 BCM more (the "**Nitzana Pipeline**"). The Nitzana Pipeline will be built and operated by Israel Natural Gas Lines Ltd. ("**INGL**") and will include, *inter alia*, the construction of a compressor station in the Ramat Hovav area.
- 2) The sum of approx. \$10.2 million (100%, the Partnership's share – approx. \$4.6 million) in connection with the construction of a compressor station and further related work in the Jordanian transmission system, that is operated by FAJR and is used for the piping of natural gas to Jordan, and to Egypt via Jordan, which is expected to increase the natural gas transmission capacity from approx. 6.5 BCM to approx. 10.5 BCM.

Leviathan Bond Ltd

Notes to the Condensed Interim Financial Statements as at June 30, 2023 (Expressed in US \$ Thousands)

A. On May 2, 2023, the Ministry of Energy published for public comment 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 outline 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.

The Leviathan partners transferred their comments on the Draft Policy Document to the Ministry of Energy. 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 4A2 for details regarding the Leviathan partners' FID on the third pipeline project.

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 2.5
B.	Leviathan Revenues (100%)	² 553,411
C.	Loss Proceeds, if any, paid to Revenue Account	-
D.	Sponsor Deposits, if any, into Revenue Account	97,200
E.	Gross Revenues (before Royalties)	³ 262,072
F.	Overriding Royalties	
	(a) Statutory Royalties	(28,413)
	(b) Third Party Royalties	(11,269)
G.	Net Revenues	222,390
H.	<u>Costs and Expenses:</u>	
	(a) Fees Under the Financing Documents (Interest Income)	8,035
	(b) Taxes	-
	(c) Operation and Maintenance Expenses	(24,334)
	(d) Capital Expenditures	(15,023)
	(e) Insurance (income)	(31)
I.	Total Costs and Expenses (sum of Items H(a), (b), (c), (d) and (e))	(31,353)
J.	Total Cash Flows Available for Debt Service (Item G <i>minus</i> Item H)	191,037
K.	Total Cash Flow from operation (Item G minus Items H(c) and H(e))	198,025
L.	Total Debt Service	⁴ (390,519)
M.	Total Distribution to the Sponsor	95,000

¹ Gas sales from 1.4.2023 until 30.6.2023 for 100% of the Leviathan partners on an accrual basis.

² Gas sales from 1.4.2023 until 30.6.2023 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 Excluding buyback of bonds by the sponsor of approximately 109 Million dollars from previous periods.

NEWMED ENERGY LIMITED PARTNERSHIP
(the “Partnership”)

Date: August 20th, 2023

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

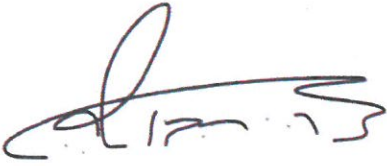
We, Haim Tzach Habusha and Yossi Abu, CFO and CEO (respectively) of the General Partner of the Partnership refer to the indenture, dated 18 August 2020 (the "**Indenture**") between Leviathan Bond Ltd. and the Trustee.

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