



**Leviathan Bond**

LEVIATHAN BOND LTD

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2024

EXPRESSED IN US\$ THOUSANDS

UNAUDITED

**LEVIATHAN BOND LTD**

**FINANCIAL STATEMENTS AS OF SEPTEMBER 30 2024, EXPRESSED IN US\$ THOUSANDS**

**UNAUDITED**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Auditors' review Report	1
Condensed Interim Statement of Financial Position	2
Condensed Interim Statements of Comprehensive Income	3
Condensed Interim Statements of Changes in Equity	4
Notes to the Condensed Interim Financial Statement	5-13



## 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 September 30, 2024 and the related condensed statements of comprehensive income, changes in equity for the nine-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 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, November 19, 2024

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

Ziv Haft  
Certified Public Accountants  
(Israel)

Leviathan Bond Ltd

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

	<u>30.09.2024</u>	<u>30.09.2023</u>	<u>31.12.2023</u>
	Unaudited		Audited
<b>Assets:</b>			
<b>Current Assets:</b>			
Short term Bank deposits	180,349	33	33
Loans to shareholders	599,163	-	-
Interest Receivable	28,219	28,219	-
Related parties	*	*	*
	<u>807,731</u>	<u>28,252</u>	<u>33</u>
<b>Noncurrent Assets:</b>			
Loans to shareholders	1,148,857	1,748,814	1,749,034
Long term bank deposits	-	100,177	101,411
	<u>1,148,857</u>	<u>1,848,991</u>	<u>1,850,445</u>
	<u>1,956,588</u>	<u>1,877,243</u>	<u>1,850,478</u>
<b>Liabilities and Equity:</b>			
<b>Current Liabilities:</b>			
Bonds	600,000	-	-
Interest payable	28,219	28,219	-
Related parties	80,348	210	1,444
	<u>708,567</u>	<u>28,429</u>	<u>1,444</u>
<b>Noncurrent Liabilities:</b>			
Bonds	1,150,000	1,750,000	1,750,000
Loans from shareholders	100,000	100,000	100,000
	<u>1,250,000</u>	<u>1,850,000</u>	<u>1,850,000</u>
Equity (Deficit)	(1,979)	(1,186)	(966)
	<u>1,956,588</u>	<u>1,877,243</u>	<u>1,850,478</u>

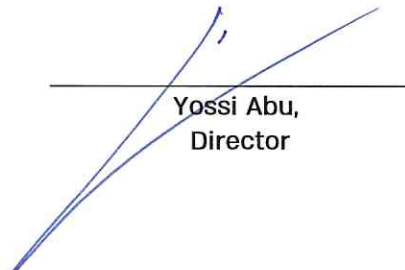
\* Less than \$1,000

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

November 19, 2024

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 Nine Month Ended		For the Three Month Ended		For Year Ended
	30.9.2024	30.9.2023	30.9.2024	30.9.2023	31.12.2023
	Unaudited				Audited
Financial expenses	92,964	103,507	30,866	28,883	134,437
Financial income	(91,951)	(103,093)	(31,048)	(29,211)	(134,243)
Total comprehensive loss (income)	<b>1,013</b>	<b>414</b>	<b>(182)</b>	<b>(328)</b>	<b>194</b>

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	Deficit	Total
	Unaudited		
<u>Changes for the nine months period ended September 30, 2024:</u>			
<b>Balance as of December 31, 2023 (audited)</b>	*	(966)	(966)
Total comprehensive loss	-	(1,013)	(1,013)
<b>Balance as of September 30, 2024</b>	*	(1,979)	(1,979)
<u>Changes for the nine months period ended September 30, 2023:</u>			
<b>Balance as of December 31, 2022 (audited)</b>	*	(772)	(772)
Total comprehensive loss	-	(414)	(414)
<b>Balance as of September 30, 2023</b>	*	(1,186)	(1,186)
<u>Changes for the three months period ended September 30, 2024:</u>			
<b>Balance as of June 30, 2024</b>	*	(2,161)	(2,161)
Total comprehensive income	-	182	182
<b>Balance as of September 30, 2024</b>	*	(1,979)	(1,979)
<u>Changes for the three months period ended September 30, 2023:</u>			
<b>Balance as of June 30, 2023</b>	*	(1,514)	(1,514)
Total comprehensive income	-	328	328
<b>Balance as of September 30, 2023</b>	*	(1,186)	(1,186)
	The Company equity	Deficit	Total
	Audited		
<b>Changes for the year ended December 31, 2023:</b>			
<b>Balance as of December 31, 2022</b>	*	(772)	(772)
Total comprehensive loss	-	(194)	(194)
<b>Balance as of December 31, 2023</b>	*	(966)	(966)

\* 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 September 30, 2024 (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 at September 30st, 2024 the partnership had Approx. \$95.2 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.
- D. The Partnership's main petroleum asset, as of the date of approval of the Condensed Interim Financial Statements, is holdings of 45.34% (out of 100%) of the Leviathan reservoir, and the piping of gas from which commenced in December 2019 and the partners in which, as of the date of approval of the Condensed Interim Financial Statements, are the Partnership, Chevron Mediterranean Ltd (the operator in the Leviathan project, “**Chevron**”) and Ratio Energies – Limited Partnership (jointly: the “**Leviathan Partners**”). The Leviathan reservoir currently supplies natural gas to several customers in the Israeli and regional market, and among its prominent customers are, *inter alia*, Blue Ocean Energy in Egypt (“**Blue Ocean**”) and the Jordanian national electricity company.
- E. **The Iron Swords war and its impact on the Partnership's business:**
- Further to Note 1B the Annual Financial Statements as of December 31, 2023 (the “**Annual Financial Statements**”) regarding the Iron Swords war (the “**War**”), and its possible ramifications on the Partnership, note that in the report period there has been a significant escalation in the fighting against the terrorist organization Hezbollah, and on 30 September 2024 Israel launched a ground maneuver in southern Lebanon. In addition, in October 2024, a significant escalation occurred on the front with Iran, which launched a large-scale rocket attack on Israeli territory on 1 October 2024. As of the date of approval of the Condensed Interim Financial Statements, it is impossible to predict how the War will develop, and any further significant escalation may have a material adverse effect on the State of Israel and the countries of the region, as well as on the Partnership, its business and its assets. In addition, the prolongation of the War continues to limit the availability of the equipment and contractors required for the performance of planned works in connection with the Leviathan project's work plans and leads to price increase of the insurance premiums and the costs of foreign contractors, in a manner which, *inter alia*, affects and delays the planned timetables. Due to the escalation of the War, the project of laying a third subsea transmission pipeline from the Leviathan field to the platform was suspended, and the Chevron estimates that completion of this project is expected to be delayed. See Note 3C below. Further to the escalation of the War as aforesaid, in October 2024, Chevron sent notices to customers of the occurrence of “force majeure” which exempts the Leviathan Partners of their obligations under the gas agreements due to non-supply of gas because of the state of war.

**Note 1 - General:**

**D. (Cont):**

Following the above-mentioned security developments and depending, among other factors, on operational and technical considerations of the production system of the Leviathan project, Chevron periodically conducts, in accordance with the platform's operating instructions and safety procedures, planned shutdowns of production from the Leviathan reservoir for certain periods of time. As of the date of approval of the Condensed Interim Financial Statements, the decrease in production volume due to the aforementioned production shutdowns was not significant in relation to the annual production volume. To emphasize, other than the aforesaid, by the date of approval of the Condensed Interim Financial Statements, the War did not have a material adverse effect on the Partnership's business, including on the volumes of the sale of natural gas to the customers and its financial results. However, at this stage it is impossible to estimate the full scope of impact of the War on the Partnership's business.

**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 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. Disclosure to new IFRS standards in the period before implementation thereof**

International Financial Reporting Standard 18 - Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB) published International Financial Reporting Standard 18 (IFRS 18) - Presentation and Disclosure in Financial Statements (the "**New Standard**") which replaces International Accounting Standard 1 (IAS 1) - Presentation of Financial Statements ("**IAS 1**"). The purpose of the New Standard is to improve comparability and transparency in financial statements. The New Standard will include existing requirements of IAS 1 and new requirements for presentation in the statement of profit or loss, including the presentation of amounts and subtotals that are required in accordance with the New Standard, disclosure of management-defined performance measures and new requirements for the aggregation and disaggregation of financial information. The New Standard does not change the provisions for the recognition and measurement of items in the financial statements. However, since items in the statement of profit or loss will need to be classified into one of five categories (operating, investing, financing, income taxes and discontinued operations) it may change the entity's operating profit. Also, the publication of the New Standard makes minor amendments to other accounting standards, among them IAS 7 - Statement of Cash flows and IAS 34 – Interim Financial Reporting. The New Standard will be retroactively implemented to annual periods commencing on or after 1 January 2027. Early implementation is possible with disclosure. The Company is examining the effect of the New Standard, including the effect of the amendments to other accounting standards as a result of the New Standard, on the financial statements.



**Notes to the Condensed Interim Financial Statements as at September 30, 2024 (Expressed in US \$ Thousands)**

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

- A. Further to Note 4C4 to the Annual Financial Statements regarding preparation for front-end engineering design (FEED) for expansion of the Leviathan reservoir's production system, for advancement of Phase 1B of the Leviathan reservoir's development plan ("Phase 1B"), the purpose of which is to increase the system's total gas production capacity up to -21 BCM per year, and further to the provisions of Section B below regarding a letter received by the Leviathan Partners from the Petroleum Commissioner at the Ministry of Energy (the "**Commissioner**"), in connection with the possibility to increase the export quantities of natural gas to be produced in Phase 1B, in addition to approval of budgets in total sum of approx. \$75 million (100%, the Partnership's share – approx. \$34 million) for the purpose of such preparation, on 31 July 2024, the Leviathan Partners adopted a decision on the performance of FEED (Front-End Engineering Design) and prepurchase of long lead items with an additional budget in the amount of approx. \$429 million (100%, the Partnership's share – approx. \$194.5 million). The Leviathan Partners are also examining the possibility of laying a fourth subsea transmission pipeline from the field to the platform, which will enable a maximum daily production capacity of 2,350 MMCF. The Leviathan Partners intend to complete the FEED and move forward with the purchase of the long lead items, with the aim of adopting a final investment decision (FID) for the development of Phase 1B during H1/2025. To this end, the Leviathan Partners are advancing, inter alia, negotiations in various stages with potential customers, in both the domestic and export markets, for the signing of agreements for the sale of natural gas in the framework of Phase 1B. Insofar as an FID is adopted in such timeframe, the expected date for the beginning of production of natural gas in Phase 1B is between mid-2028 and mid-2029. The Leviathan Partners are continuing to examine further possibilities for the construction of an FLNG facility, inter alia, in view of the possibility of the expansion of production as aforesaid
- B. Further to Note 4C3 to the Annual Financial Statements regarding in-principle requests delivered by the Leviathan Partners to the Commissioner to approve an increase of the export quantities of natural gas to be produced in Phase 1B of the development plan of the Leviathan project, over and above the current export quantities in the export permits issued in the past, and in accordance with the Government's decisions on the export of natural gas, and without derogating from future requests in connection with natural gas export from the Leviathan project, if any, on 25 June 2024 the Commissioner's response to such requests was received, whereby the position of the professional functions at the Ministry of Energy currently allows additional natural gas export from the Leviathan reservoir in a total quantity of up to 118 BCM, which may increase up to 145 BCM under certain conditions (the "**Commissioner's Letter**"). The Commissioner's Letter further stated that starting from 2044 the export of natural gas from the Leviathan reservoir may only be made on an interruptible basis, subject to assuring the supply to the domestic market, and that export on a firm basis starting from such year will be made possible only after reevaluation of the needs of the domestic market. The Commissioner's Letter clarified, inter alia, that such professional position is in accordance with the forecast of supply and demand in the market, according to the current assessment of the professional functions, and is not an export permit or a commitment to grant an export permit which, if granted, is expected to include additional restrictions and conditions, and that the content to the Commissioner's Letter will not bind the Commissioner in the making of future decisions on the matter.

**Notes to the Condensed Interim Financial Statements as at September 30, 2024 (Expressed in US \$ Thousands)**

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

- C. Further to Note 4C2 to the Annual Financial Statements regarding a project for the laying a third subsea transmission pipeline from the Leviathan field to the platform (the "Third Pipeline Project"), the purpose of which is to enable the increase of the maximum capacity for gas supply from the Leviathan project to the transmission system of Israel Natural Gas Lines Ltd. ("INGL") from ~1.2 BCF to ~1.4 BCM per day, on 6 October 2024 Chevron gave notice that due to the escalation in the security situation as aforesaid in Note 1E, the works of laying of the subsea pipeline in the framework of the Third Pipeline Project have been postponed until April 2025 or around that time, depending on the contractor's schedule and order backlog, as well as of the security situation prevailing in the area at the time. Therefore, Chevron estimates that a delay of at least 6 months is expected for the completion of this project, namely until the end of 2025.
- D. Further to Note 5M4 to the Annual Financial Statements regarding the Ramat Hovav-Nitzana transmission pipeline (the "**Nitzana Project**"), which includes a pipeline and the construction of a compressor station, in its letters of 16 July 2024 and 7 October 2024 the Natural Gas Commission announced the Leviathan Partners that because by 15 July 2024 and 6 October 2024, respectively, no exporter had signed a transmission agreement, each of the exporters will receive a re-allocation that will allow them to sign a transmission agreement by a new date to be determined, all as set forth in the Natural Gas Commission's decision no. 3/2023 regarding financing and allocation of capacity in all of the export pipelines (the "**Natural Gas Commission's Decision**"). On 6 August 2024 and 5 November 2024, the Leviathan Partners received additional letters from the Natural Gas Commission, whereby the allocation for the Leviathan Partners in the Nitzana Project remained one third of such pipeline's capacity, and such new date was scheduled for 5 January 2025. Such letters provide that exporters that will not sign a transmission agreement will be deemed to have waived their capacity in this line, such that the capacity vacated will be offered to the other exporters. In November 2024, the Leviathan Partners approved an additional preliminary budget for the Nitzana Project, in the amount of approx. \$1.3 million (100%), such that by the date of the approval of the Condensed Interim Financial Statements a preliminary budget was approved in the total sum of approx. \$20 million (100%, the Partnership's share – approx. \$9.1 million), before undertaking to participate in the project financing, in accordance with the Natural Gas Commission's Decision, and before adopting an FID, if any. As of the date of approval of the Condensed Interim Financial Statements, the Leviathan Partners are negotiating with INGL for the purpose of signing an agreement that put in writing all the commercial terms and conditions in the Nitzana Project, on the basis of which they are expected to make a decision in relation to their participation in this project. According to updated estimates of Chevron and INGL, the total cost of the Nitzana Project is estimated at approx. \$545 million (100%, the Leviathan Partners' share – approx. \$182 million (33% of the project), the Partnership's share – approx. \$83 million). In addition, the Leviathan Partners have begun an initial examination of an alternative transmission-for-export project and/or in connection with the construction of a compressor station required therefor. It is clarified that there is no certainty regarding the participation of the Leviathan Partners in the Nitzana Project or in the aforesaid alternative project.

**Notes to the Condensed Interim Financial Statements as at September 30, 2024 (Expressed in US \$ Thousands)**

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

- E. Further to Note 5M1 to the Annual Financial Statements regarding the agreement to provide transmission services on a firm basis signed between Chevron and INGL, for the purpose of transport of natural gas from the Leviathan and Tamar reservoirs to EMG's terminal in Ashkelon and for its transmission to Egypt (the "**Transmission Agreement**"), and further to the ongoing delays in the performance of the work in the combined section project (the Ashdod-Ashkelon marine transmission system, in this section: the "**Project**") according to the Transmission Agreement, as of the date of approval of the Condensed Interim Financial Statements, discussions are in progress with the contractor in connection with its resumption of the work on the Project. The updated estimation for completion of the work is, as aforesaid, at the end of 2025. On 4 August 2024, Chevron and INGL signed an amendment to the Transmission Agreement whereby, *inter alia*, Chevron shall bear, for the share of the partners in the Leviathan and Tamar projects, the amount equal to 56.5% of the additional costs entailed by returning the foreign contractor to Israel and resuming the construction work of the Project, according to an updated timetable.
- F. Further to Note 5M1(d) to the Annual Financial Statements regarding a dispute that arose between Chevron and INGL on the Date of Commencement of Transmission according to the Transmission Agreement (as defined in Note 5M1(d) to the Annual Financial Statements), as of the date of approval of the Condensed Interim Financial Statements, the parties reached in-principle agreements on the terms and condition of an arbitration agreement, under which arbitrators will be appointed by consent to resolve the dispute. The parties further agreed to hold a mediation concurrently, to commence at the end of December 2024.
- G. Further to Note 5L2 to the Annual Financial Statements regarding a lawsuit filed by Haifa Port Ltd. ("**Haifa Port**") against Chevron, Coral Maritime Services Ltd. and Gold-Line Shipping Ltd. in connection with the payment of handling fees to the port, on 4 June 2024, a pre-trial hearing was held in which various motions filed by the parties were heard, other than Haifa Port's motion to call a customs representative to give the testimony scheduled for 8 October 2024. On 28 July 2024, the court rejected the motions filed by Haifa Port and granted the motion filed by Chevron to call witnesses whom it does not control, and on 13 October 2024, Haifa Port filed a motion for leave to appeal from the court's decision to deny the motions filed thereby, and a motion to postpone the date for filing the responding affidavits. The court granted the postponement motion and ruled that the responding affidavits shall be filed thirty (30) days after the ruling in the motion for leave to appeal. In addition, the date of the hearing of Haifa Port's motion to call the customs representative to give testimony was postponed to 13 January 2025.

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

- H. Further to Note 5M2 to the Annual Financial Statements regarding approval of preliminary budgets by the Leviathan Partners for the purpose of construction of a compression station and other related works in the regional transmission system, as detailed below –
- 1) On 19 September 2024, Chevron announced that it signed an agreement, whereby Chevron undertook to participate in the financing of construction of a compression station in the transmission system outside of Israel for the local transmission company (the "**Participation in Financing Agreement**", the "**Project**", the "**Transmission System**" and the "**Transmission Company**", as applicable), the highlights of which are as follows:
    - i. The amount of participation in the financing of the Project was limited to approx. \$331 million (100%, off the project). It was further agreed that a technical engineering survey of the Transmission System would first be carried out (the "**Engineering Survey**"), and if, according to its findings, Chevron would be required to make additional investments, or the Project would be significantly delayed, Chevron would have the right to terminate the Participation in Financing Agreement under the conditions stipulated. It was further determined that the Transmission Company shall be responsible for the construction and operation of the Project, and that Chevron shall pay the Transmission Company an annual sum for operating and maintaining the compression station, and for licensing fees.
    - ii. Chevron shall be entitled to receive annual reimbursement payments from the Transmission Company for the participation in the financing, and additional reimbursements for part of the operating and maintenance fees of the compression station, depending on the quantities of gas that shall flow through the Transmission System, including by third parties, over and above a specific amount and according to a mechanism and for a period determined in the Participation in Financing Agreement.
    - iii. The taking effect of the Participation in Financing Agreement is subject to conditions precedent, including the taking effect of the Additional Transmission Agreement defined in Section 3 below, between a company of the Chevron Group and the Transmission Company, and the signing of an agreement between the Transmission Company and the main contractor of the Project. To the extent that the above conditions precedent are not met within 60 days of the signing of the agreement (unless one or both parties waived them in accordance with the provisions of the agreement), each of the parties shall have the right to terminate the Participation in Financing Agreement. On 19 November 2024 Chevron and the Transmission Company agreed to postpone the last date for the fulfilment of the closing conditions set in the Participation in Financing Agreement to 31 December 2024.
  - 2) Concurrently with Chevron's engagement in the Participation in Financing Agreement, the Leviathan Partners and the interest holders in the Tamar project (the "**Tamar Partners**") engaged in an agreement with Chevron, on a 'back-to-back' basis to the Participation in Financing Agreement, whereby the Leviathan Partners and the Tamar Partners shall bear, in equal shares, the amount of the participation in the financing together with the Project's management costs by Chevron, in a total amount not to exceed approx. \$343 million (100% of the Project, the Partnership's share is up to approx. \$78 million). Chevron shall exercise the rights, authorities, and discretion granted thereto under the Participation in Financing Agreement, in accordance with the decision-making mechanisms established in the said agreement. The Leviathan Partners and the Tamar Partners shall be entitled to receive the reimbursements mentioned above in equal shares, irrespective of the share of each of them

**Notes to the Condensed Interim Financial Statements as at September 30, 2024 (Expressed in US \$ Thousands)**

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

**H. (Cont.):**

**2) (Cont.):**

in the gas flow in the Transmission System. In the event that an interest holder in one of the reservoirs fails to pay the payment applicable thereto by virtue of the Participation in Financing Agreement, the other interest holders in such reservoir shall be required to bear the breaching party's share, and the breaching party shall be liable for interest and compensation (agreed upon in such agreement) to the other interest holders who paid. Notwithstanding the aforementioned, if according to the findings of the Engineering Survey, Chevron would be required to make additional investments, or if the Project is significantly delayed, each of the partners of each reservoir (Leviathan or Tamar, as applicable) shall have the right to withdraw from the agreement referred to in this section, all in accordance with the decision-making mechanisms established between the Leviathan Partners among themselves and between the Tamar Partners among themselves.

3) Concurrently with the signing of the Participation in Financing Agreement, an affiliate of Chevron (the "**Affiliate**") and the Transmission Company signed an agreement for the supply of transmission services for the additional capacity (the "**Additional Transmission Agreement**"). Payment of the transmission fees according to the Additional Transmission Agreement shall be made based on the actual quantity of gas that will flow through the Transmission System. The taking effect of the Additional Transmission Agreement is conditional on the fulfillment of conditions precedent, including the approval of the Affiliate that the necessary arrangements have been made to obtain access to the Transmission System in Egypt, and the taking effect of a transmission agreement between the Affiliate and INGL with respect to the additional capacity (the "**Transmission Agreement with INGL**"), where the Affiliate may waive any one of the conditions in accordance with the provisions of the agreement. To the extent that the above conditions precedent are not met within 270 days of the signing of the agreement (unless the Affiliate waived them), each of the parties shall have the right to terminate the Additional Transmission Agreement. The Additional Transmission Agreement is in effect until 25 January 2034, unless it comes to an end earlier in accordance with the provisions set forth therein.

4) Concurrently with the Affiliate's engagement in the Additional Transmission Agreement, the Affiliate, Chevron and the other partners in Leviathan and Tamar signed an amendment to the existing services agreement (the "**Amendment to the Services Agreement**"), which provides, *inter alia*, that the Affiliate's engagement in the Additional Transmission Agreement is made for and on behalf of the Leviathan Partners and the Tamar Partners on a 'back-to-back' basis, as if they were a party to such agreement. It was further determined, *inter alia*, that the additional capacity shall be allocated to the Leviathan Partners and the Tamar Partners in equal shares. Chevron shall exercise the rights, authorities and discretion granted thereto in the Additional Transmission Agreement in accordance with the decision-making mechanisms established in the Amendment to the Services Agreement. As of the date of approval of the Condensed Interim Financial Statements, the Project is expected to be completed during H2/2026.



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

- I. Further to Note 5C to the Annual Financial Statements regarding engagements for the supply of natural gas from the Leviathan project, on 23 May 2024, the Leviathan Partners engaged with Eshkol Power Energies Ltd. (the "**Buyer**") in an agreement for the supply of natural gas (the "**Agreement**") for the production units at the Eshkol site in Ashdod, which the Buyer intends to purchase from the Israel Electric Corporation Ltd. (the "**IEC**"), according to a sale agreement signed thereby with the IEC. According to the Agreement, the Leviathan Partners undertook to supply to the Buyer, on a firm basis, daily quantities of gas with an aggregate annual volume of ~0.5 BCM, which will be used for the two production units in a combined cycle at the Eshkol site (the "**CCGTs**"), starting from the commencement of supply in June 2024, with the transfer of ownership of the power plant from the IEC to the Buyer, until expiration of the agreement on 31 December 2031.
  
- J. The Buyer undertook to take or pay for certain quantities of gas calculated as a percentage of the adjusted annual contract quantity (Adjusted ACQ), subject to circumstances of force majeure and other standard terms and conditions. The parties further agreed that the Leviathan Partners will supply to the Buyer, on an interruptible basis, additional quantities of gas that will be used for the four steam production units at the Eshkol site (the "**Steam Units**"), which will operate mainly during hours when the electricity reserves in the market are low, starting from the aforesaid date of commencement of supply, throughout their period of operation (currently expected to continue until 31 December 2026). The Buyer undertook to take or pay for certain quantities of gas for the Steam Units, subject to their actual operation time, the availability of gas and other standard terms and conditions. The sale prices stipulated in the Agreement are linked to the electricity prices for CCGTs, and to the Brent oil price per barrel in relation to the Steam Units, in accordance with the mechanisms and periods as detailed in the Agreement. The said sale prices are stated in dollars and are subject to minimum prices. The Agreement sets forth additional provisions, as is customary in agreements of this type, including on force majeure, breach events and indemnification, taxation and fiscal changes, early termination, etc. In June 2024 supply of natural gas to the Buyer has begun according to the Agreement.

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

- K. Further to Note 3 to the Annual Financial Statements regarding a plan for buyback of the bonds issued by Leviathan Bond Ltd. ("**Leviathan Bond**"), a wholly-owned subsidiary of the Partnership (the "**Leviathan Bond Bonds**") as approved by the GP's board out of the Leviathan Bond Bonds series maturing on 30 June 2025 and/or out of the bond series maturing on 30 June 2027, up to the date of approval of the Condensed Interim Financial Statements, the Partnership has performed buybacks in the sum of approx. \$91 million par value (approx. \$46 million and \$38 million for the nine- and three-month periods ended on 30 September 2024, respectively) out of the Leviathan Bond Bonds series maturing on 30 June 2025 in consideration for approx. \$90 million (approx. \$45 million and \$37 million for the nine- and three-month periods ended on 30 September 2024, respectively), which includes the aggregated interest as of the buyback date.

On 15 October 2024, the board of the Partnership's GP approved the adoption of an additional buyback plan of Leviathan Bond Bonds, according to which the Partnership and/or Leviathan Bond may, from time to time, at the discretion of the Partnership's management and according to the details of the additional buyback plan, perform buybacks of Leviathan Bond Bonds in an aggregate sum of up to \$100 million, by way of an off-exchange acquisition, an acquisition on the TACT-Institutional system on TASE or by other methods, which took effect on 15 October 2024 and expire two years later, namely on 15 October 2026. As of the date of approval of the Condensed Interim Financial Statements, the Partnership has not made any buybacks under the additional buyback plan.

- L. On 9 September 2024, the Partnership engaged with Airovation Technologies, a private Israeli technology company (which is not an interested party of the Partnership) in a series of agreements whereby the Partnership undertook, *inter alia*, to make an investment in several stages, in the sum total of up to \$3 million. The said investment is designated for a project to explore the feasibility (a pilot project) of using technology developed by this company for carbon dioxide fixation. If and when the technology is proven to be efficient and commercially viable, it may, under certain conditions, constitute, *inter alia*, part of the process of production of clean blue hydrogen from the natural gas produced from the Leviathan project.

**Note 4 – Material Subsequent Events**

- a) See Note 3H for details regarding an update to the closing conditions in the agreement for participation in financing of the system for transmission to Egypt.
- b) See Note 3J for details regarding the approval of the GP's board to adopt an additional plan for the buyback of Leviathan Bond Bonds.