Tamar Petroleum Ltd.

Financial Statements
as of June 30, 2019

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This report is a translation of Tamar Petroleum Ltd.'s Hebrew-language Update to the Description of the Company's Business, and is prepared solely for convenience purposes. Please note that the Hebrew version constitutes the binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

Tamar Petroleum Ltd. ("the Company")[1]
Update to Chapter A - Description of the Company's Business
To the 2018 Annual Report

1. **Section 1 to the Annual Report – description of the general development of the Company's business**

   On June 26, 2019, the Company was notified that following its application, the ISA decided to extend the timeframe for offering securities based on the Company's shelf prospectus of July 4, 2017 (TASE reference: 2017-01-056551) to July 3, 2020.

2. **Sections 7.2.5 and 7.15.5 to the Annual Report – actual and expected work plan for the Tamar project and the Dalit Lease, environmental risks and their management – environmental costs and investments**

   On June 27, 2019, Noble informed the Tamar partners that the installation and test run of designated air emission reduction systems at the Tamar platform had ended according to the planned budget.

3. **Section 7.2.9 to the Annual Report – commercial regulation of operation and production of Yam Tethys project and Tamar project**

   Effective from May 2019, the Tamar partners exclusively supply natural gas to customers of the Yam Tethys project based on the principles governing the commercial regulation of the operation and production of the projects, as specified in section 7.2.9 to the Annual Report.

[1] The update includes material changes or developments which occurred in the Company's business affairs from the date of publication of the interim report for the first quarter of 2019 on May 21, 2019 (TASE reference: 2019-01-042942) ("**the Q1 Report**") through the date of this Report regarding all matters that require disclosure in an annual report. The update refers to the numbers of the items as they are presented in Chapter A (Description of the Company's Business) in the Annual Report for 2018 published on March 22, 2019 (TASE reference: 2019-01-023940) ("**the Annual Report**").

4. **<u>Section 7.2.15(a) to the Annual Report - production reserves in the Tamar project</u>**

The following table presents the Tamar project's natural gas and condensate production inputs in Q1 and Q2 2019[2]:

		Natural gas		Condensate	
		Q1	**Q2**	**Q1**	**Q2**
Total production (attributed to equity holders of the Company) in the period (in MMCF of natural gas and thousands of barrels of condensate)		15,608	14,359	20.12	18.73
Average price per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)		5.61	5.58	58.24	58.59
Average royalties (each payment derived from the producing asset's production, including gross revenue from the oil asset) paid per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)	The State	0.62	0.61	6.44	6.37
	Third parties	0.05	0.05	0.57	0.56
	Interested parties	0.22	0.20	2.26	2.11
Average production costs per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)		0.48	0.54	2.66	2.96
Average net receipts per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)		4.24	4.18	46.31	46.59

5. **<u>Section 7.4.4(d) to the Annual Report - natural gas supply agreements - natural gas supply agreement between Tamar partners and the IEC</u>**

Following paragraph 6 to the update to Chapter A – Description of the Company's Business for the Annual Report for 2018 in the Q1 Report regarding the non-selection of the Tamar partners by the IEC as the winner of the RFP published by the IEC for the supply of natural gas ("**the RFP**") and the administrative petition filed with the Tel-Aviv District Court by some of the Tamar partners against the IEC and the Leviathan partners in connection with the RFP, it should be noted that on July 7, 2019, the Tel-Aviv District Court rendered its verdict which dismisses the administrative petition. The Company is contemplating its next steps.

6. **<u>Section 7.4.5(b) to the Annual Report – additional information of natural gas export agreements – Tamar project natural gas supply agreement with Dolphinus Holding Limited ("the Dolphinus agreement")</u>**

It should be noted that as of the date of approval of the Report, the parties continue to hold negotiations for amending the Dolphinus agreement in connection with the allocation of the EMG pipeline's capacity (as defined in paragraph 7 below) and an additional infrastructure.

Furthermore, there is no certainty that the sale of the gas according to the Dolphinus agreement will be executed, among others to a failure of the negotiations for amending the agreement as above and/or due to the nonfulfillment of the suspending conditions underlying the Dolphinus agreement, in whole or in part.

2 The percentage attributed to the Company's equity holders at the average price per production unit, in royalties, production costs and net receipts, rounded up to two digits after the decimal point.

7. **<u>Section 7.5.2(c)(2) to the Annual Report – marketing and distribution - export</u>**

To the best of the Company's knowledge, on May 28, 2019, an agreement was signed between Israel Natural Gas Lines Ltd. ("**INGL**") and Noble Energy Mediterranean Ltd. ("**Noble**" or "**the Operator**") for the supply of interruptible gas transmission services ("**the INGL agreement**") in connection with the transmission of natural gas from the Tamar Reservoir and Leviathan Reservoir to the reception point of East Mediterranean Gas Limited ("**EMG**") pipeline ("**the EMG pipeline**") in Ashkelon. From this reception point, the gas will be transmitted to Egypt through the EMG pipeline. This agreement was one of the suspending conditions underlying the Dolphinus agreement. The payment according to the agreement is based on actual gas quantities supplied by INGL's transmission system, subject to a take-or-pay clause whereby Noble is committed to purchase minimum gas quantities as specified in the INGL agreement. INGL's commitment to transmit the gas will not apply under certain circumstances as determined in the INGL agreement, mainly regarding absence of available outputs in the transmission system. The INGL agreement is in effect from the date of signing through January 1, 2023.

On July 1, 2019, Delek Drilling announced that the engineering due diligence test of the EMG pipeline was successfully concluded and that the due diligence findings indicate that the EMG pipeline is in good working condition and adequate for transmitting natural gas at the planned capacity of 7BCM per annum. Delek Drilling also announced that the EMG pipeline had received adequacy certification from an engineering company specializing in natural gas pipeline certifications in this industry. As of the date of approval of the Report, the Director General of the Antitrust Authority issued a resolution which permits the acquisition of the EMG pipeline interests. In addition, the Tamar partners were informed by Delek Drilling and Noble that the parties to the EMG transaction continue to take steps to meet the other suspending conditions underlying the closing of the transaction by August 31, 2019.

8. **<u>Section 7.10 to the Annual Report - human capital</u>**

See details of the renewal of the Company's officers' liability insurance policy in an immediate report of June 12, 2019 (TASE reference: 2019-01-049992), hereby included by reference.

See details of a Board committee established for adopting a policy on the mix and composition of the Company's Board and for identifying candidates for serving as directors in the Company, with emphasis on an oil and gas expert director, in Part Three to the Board of Directors' Report for the period of six months ended June 30, 2019 hereby attached.

9. **<u>Section 7.13.5 to the Annual Report - financing - financial covenants</u>**

For details of the financial covenants which the Company has undertaken to meet in the context of the issue of bonds (Series A and B), see Part Five to the Board of Directors' Report for the period of six months ended June 30, 2019 hereby attached.

10. **<u>Section 7.15.6 to the Annual Report – environmental risks and their management – significant legal or administrative proceedings in connection with environmental protection</u>**

As for an administrative petition filed in February 2019 by Zalul Association ("**the petitioner**") against the Director of the Air Quality and Climate Change Department at the Ministry of Environmental Protection and against the operator, on July 7, 2019, a preliminary hearing of the petition was held following which the Court decided to strike the petition in view of the announcement of the Ministry of Environmental Protection that the Tamar rig emission permit would be issued by the end of 2019 and at the petitioner's request.

11. **<u>Section 7.19.2(d)-(e) to the Annual Report - royalties to interested parties and third parties in respect of the interests transferred to the Company by Delek Drilling - the Delek Group royalties</u>**

11.1 see details of a mediation and arbitration agreement signed with the Delek Group Ltd. ("**the Delek Group**"), Delek Energy Systems Ltd. ("**Delek Energy**") and Delek Royalties (2012) Ltd. ("**Delek Royalties**") (collectively – "**the royalty owners**") in Note 4b to the condensed interim financial statements hereby attached.

11.2 Following section 7.19.2(e) to the Annual Report regarding an interim calculation report of the return of investment date produced to the Delek Group and to Delek Energy according to which the date of return of the investment is February 25, 2018 and in connection with the start date of the mandatory payment of an overriding royalty at a rate of 6.5% (instead of 1.5%), on July 29, 2019, the Company applied to the Delek Group and Delek Energy in a demand for reimbursement of a surcharge of approximately $ 170 thousand paid to them due to the deferral of the date of return of the investment from February 25, 2018 to March 5, 2018 following an arbitration award issued in an international arbitration proceeding held between Delek Drilling, Noble, Isramco Negev 2 L.P. ("**Isramco**") and Dor Gas Exploration L.P. ("**Dor Gas**") as one party and OPC Mishor Rotem Ltd. as the counterparty due to a dispute between the parties regarding the indexation of the price gas of gas quantities supplied before the Company began operating[3]. In letters dated July 31, 2019, the Delek Group and Delek Energy announced that they object to the Company's demand as described above and refute its right to be reimbursed for said royalties. Moreover, on the same date, the Company informed the royalty owners of an offset of the above amount from the royalties paid by the Company to the royalty owners on that date based on the right conferred to it. Following said offset, Delek Royalties informed the Company that it objects to the Company's demand and refutes its right to make such offset.

11.3 Following section 7.19.2(e) to the Annual Report, as updated in the Q1 Report, regarding the legal proceedings being held by Delek Drilling with respect to the determination of the date of return of the investment in Tamar project, on June 23, 2019, a hearing was held in the petition filed by Delek Drilling and Delek Drilling's GP for suspending all procedures in the Commissioner's claim on behalf of the holders of participation units in Delek Drilling due to the existence of a binding arbitration mandate in the rights transfer agreement signed between Delek Drilling and the royalty owners on August 2, 1993. The petition was dismissed on June 24, 2019 and accordingly, the claim will continue to be heard before the Court without arbitrator.

12. **<u>Section 7.21 to the Annual Report - legal proceedings</u>**

12.1 Following section 7.21.1 to the Annual Report regarding a claim and a motion for class action certification filed with the Tel-Aviv District Court by an IEC consumer against the Tamar partners on June 18, 2014, it should be noted that on July 25, 2019, Delek Drilling, Noble, Isramco and Dor Gas all submitted their summations. The Attorney General is expected to submit his summations by August 15, 2019. The Company is required to submit its summations by August 20, 2019 and the petitioner is required to submit its response to the summations by October 6, 2019.

[3] See a clarification of the arbitration award in an immediate report of July 21, 2019 whose information is hereby presented by reference.

12.2 Following section 7.21.2 to the Annual Report regarding a petition filed in accordance with Article 198A to the Companies Law, 5759-1999 for disclosure and review of documents in connection with the payment of royalties to the royalty owners, on August 7, 2019, the Company submitted an update notice to the Court mainly pertaining to the developments in the negotiations between the Company and the royalty owners and the signing of a mediation and arbitration agreement, as described in Note 4b to the condensed interim financial statements hereby attached. On August 8, 2019, the Court ordered the parties to submit an update notice regarding any development in the proceedings with the royalty owners or in corresponding proceedings by November 3, 2019.

12.3 Following section 7.21.3 to the Annual Report regarding a claim and motion for class action certification filed with the Tel-Aviv District Court (the Economic Department) by a shareholder in the Company and the Public Representatives Association ("**the petitioners**") against the Company, Delek Drilling, the CEO of the general partner in Delek Drilling (the former Chairman of the Company's Board), the Company's CEO, the Company's CFO and Leader Issues (1993) Ltd. (collectively - "**the respondents**") in connection with a share offering of the Company in July 2017, on August 12, 2019, the respondents submitted their responses to the motion. In their responses, the respondents refute the entire arguments raised by the petitioners for various reasons, including, among others: absence of cause of action and absence of competition; existence of factual and economic misrepresentations in the expert opinion submitted by the petitioners which effectively nullify their arguments; absence of damage and absence of an obligation to distribute dividends as argued by the petitioners. According to the Court's decision, the petitioners must submit their counter responses to the respondents' arguments by December 15, 2019.

12.4 See details of a petition filed with the Tel-Aviv District Court (the Economic Department) against the Company, Isramco, Alon Natural Gas Exploration Ltd. and Dor Gas (collectively – "**the respondents**") for disclosure and review of documents in accordance with Article 198A to the Companies Law, 5759-1999, in connection with an RFP process, see Note 4e to the condensed interim financial statements hereby attached.

Date: August 14, 2019

Tamar Petroleum Ltd.
By: Mr. Ran Efrati, Chairman of the Board
Mr. Liami Vaisman, CEO

This report is a translation of Tamar Petroleum Ltd.'s Hebrew-language Board of Directors' Report, prepared solely for convenience purposes. Please note that the Hebrew version is the binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

Tamar Petroleum Ltd.

Board of Directors' Report
For the period ended June 30, 2019

The Board of Directors of Tamar Petroleum Ltd. ("**the Company**") is hereby pleased to present the Board of Directors' Report for the periods of six and three months ended June 30, 2019 ("**the Reporting Period**").

Part One – Board of Directors' Explanations on the State of the Corporation's Affairs

1. General

The Company is engaged in the sale of natural gas produced from the Tamar reservoir, which is located in the area of the I/12 Tamar Lease ("**Tamar Lease**" and "**Tamar project**," respectively) to various customers, primarily to the Israel Electric Corporation Ltd. ("**the IEC**"), as well as to industrial customers, IPPs and natural gas marketing companies. The Company is also engaged in the sale of condensate produced from the Tamar project and in the promotion of the expansion of the Tamar project production system.

As of the reporting date, the Company holds 16.75% of the rights in the Tamar Lease and the I/13 Dalit Lease (collectively - "**the Leases**").

2. Operating results

Analysis of statements of comprehensive income

Below are main figures from the Company's statements of comprehensive income, in U.S. Dollars in thousands:

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2019	2018 *	2019	2018	2018 *
	Unaudited				Audited
Revenues from sale of gas and condensate	170,052	135,105	81,241	84,569	311,273
Less - royalties	26,667	22,258	12,532	12,762	49,691
Net revenues	**143,385**	**112,847**	**68,709**	**71,807**	**261,582**
Costs and expenses:					
Cost of production of natural gas and condensate	15,454	9,029	7,815	5,308	21,897
Depreciation, depletion and amortization expenses	23,970	19,189	11,555	13,812	44,466
General and administrative expenses	1,766	1,295	783	565	2,661
Total costs and expenses	41,190	29,513	20,153	19,685	69,024
Operating income	**102,195**	**83,334**	**48,556**	**52,122**	**192,558**
Finance expenses	(30,636)	(25,714)	(15,239)	(16,199)	(58,293)
Finance income	1,717	415	740	236	1,832
Finance expenses, net	(28,919)	(25,299)	(14,499)	(15,963)	(56,461)
Income before taxes on income	**73,276**	**58,035**	**34,057**	**36,159**	**136,097**
Taxes on income	(12,338)	(18,711)	(5,840)	(12,249)	(37,279)
Total comprehensive income for the period	**60,938**	**39,324**	**28,217**	**23,910**	**98,818**
Gas sales in BCM[1]	5.1	5.0	2.4	2.6	10.3
Condensate sales in thousands of barrels[2]	232	227	112	119	477

* The annual results of 2018 and the results of the six months ended June 30, 2018 include the operating results attributed to the 7.5% (of 100%) working interests of the Leases acquired by the Company from Noble ("**the rights acquired from Noble**") effective from March 14, 2018.

1 The data relate to natural gas sales (100%) from the Tamar project, rounded up to the nearest BCM tenth.
2 The data relate to condensate sales (100%) from the Tamar project, rounded up to thousands of barrels.

Net revenues in the Reporting Period amounted to approximately $ 143.4 million, compared with approximately $ 112.8 million in the corresponding period of last year, an increase of about 27.1%. The increase in net revenues in the Reporting Period compared to the corresponding period of last year mainly arises from an increase of approximately $ 28.3 million in revenues less royalties originating from the increase in working interests owing to the rights acquired from Noble.

Revenues net of royalties in Q2 2019 amounted to approximately $ 68.7 million, compared with approximately $ 71.8 million in Q2 2018, a decrease of about 4.3% arising from the reduction in natural gas and condensate quantities sold as a result of prescheduled maintenance work performed in April 2019 and also as a result of the temporary suspension of natural gas transmission from the Tamar Reservoir in keeping with the decision made by the Minister of Energy in view of security issues that arose in May 2019.

The cost of production of natural gas and condensate mainly includes management and operating expenses of the Tamar project, which comprise, inter alia, expenses of shipping and transportation, payroll, consulting, maintenance and insurance. The cost of natural gas and condensate production in the Reporting Period amounted to approximately $ 15.5 million compared with approximately $ 9 million in the corresponding period of last year. The growth is mainly a result of an increase of approximately $ 2.7 million owing to the rights acquired from Noble and an increase of approximately $ 3.8 million, which is mainly a result of increased maintenance expenses.

The cost of natural gas and condensate production in Q2 2019 amounted to approximately $ 7.8 million compared with approximately $ 5.3 million in Q2 2018. The main increase derives from the increase in maintenance expenses.

Depreciation, depletion and amortization expenses in the Reporting Period amounted to approximately $ 24 million, compared with approximately $ 19.2 million in the corresponding period of 2018. The main change arises from an increase of approximately $ 6.4 million in depreciation expenses on the rights acquired from Noble, which was partly offset by the amortizations in the corresponding period of last year.

Depreciation, depletion and amortization expenses in Q2 2019 amounted to approximately $ 11.6 million, compared with approximately $ 13.8 million in Q2 2018. The decrease is mainly a result of the amortizations in the corresponding period of last year.

General and administrative expenses in the Reporting Period amounted to approximately $ 1.8 million, compared with approximately $ 1.3 million in the corresponding period of 2018, consisting mainly of expenses in respect of professional services, payroll and general expenses. The increase is mainly a result of the increase in expenses in respect of professional services.

General and administrative expenses in Q2 2019 amounted to approximately $ 0.8 million, compared with approximately $ 0.6 million in Q2 2018. The increase is mainly a result of the increase in expenses in respect of professional services.

Net finance expenses in the Reporting Period amounted to approximately $ 28.9 million, compared with approximately $ 25.3 million in the corresponding period of last year. The increase in net finance expenses in the Reporting Period mainly arises from an increase of approximately $ 5.4 million in finance expenses in respect of bonds (Series B) issued in March 2018, partly offset by the decrease of approximately $ 0.7 million in finance expenses in respect of bonds (Series A) and an increase in interest income in a total of approximately $ 1.1 million.

Net finance expenses in Q2 2019 amounted to approximately $ 14.5 million, compared with approximately $ 16 million in Q2 2018. The decrease in net finance expenses in Q2 2019 mainly arises from a decrease of approximately $ 1 million in finance expenses in respect of bonds (Series A and B) and an increase in interest income in a total of approximately $ 0.4 million.

Taxes on income in the Reporting Period amounted to approximately $ 12.3 million, compared with approximately $ 18.7 million in the corresponding period of 2018. The tax expenses in the Reporting Period are net of the offsetting effect of a reduction of approximately $ 4.3 million in tax expenses arising from the difference between the measurement basis of revenues as reported for tax purposes (in NIS) and the measurement basis as reported in the financial statements (in USD). In the corresponding period of last year, the difference between the measurement basis of revenues as reported for tax purposes and the measurement basis as reported in the financial statements increased tax expenses by approximately $ 5.4 million.

Taxes on income in Q2 2019 amounted to approximately $ 5.8 million, compared with approximately $ 12.2 million in Q2 2018. The tax expenses in Q2 2019 are net of the offsetting effect of a reduction of approximately $ 1.9 million in tax expenses arising from the difference between the measurement basis of revenues as reported for tax purposes (in NIS) and the measurement basis as reported in the financial statements (in USD). In Q2 2018, the difference between the measurement basis of revenues as reported for tax purposes and the measurement basis as reported in the financial statements increased tax expenses by approximately $ 3.9 million.

3. Financial position, liquidity and financial resources

a. Financial position

Following are details of the main changes in the items of the statement of financial position as of June 30, 2019 compared with the statement of financial position as of December 31, 2018:

Total statement of financial position as of June 30, 2019 amounted to approximately $ 1,307 million compared with a total of approximately $ 1,317 million as of December 31, 2018.

Current assets as of June 30, 2019 amounted to approximately $ 124.6 million compared with approximately $ 130.1 million as of December 31, 2018. The change is mainly attributable to the following factors:

(1) **Cash and cash equivalents** as of June 30, 2019 amounted to approximately $ 57.3 million compared with approximately $ 86.9 million as of December 31, 2018. The decrease in mainly a result of the payment of principal and interest on bonds (Series A and B) totaling approximately $ 79.1 million, the payment of a dividend of approximately $ 30 million and the investment of approximately $ 20 million in a restricted deposit, as explained in paragraph (2) below, which were partly offset by the increase of approximately $ 103.1 million in cash flows from operating activities in the Reporting Period.

(2) **Restricted deposits** as of June 30, 2019 amounted to approximately $ 20.1 million, arising from the Company's Board's decision of April 2019 to earmark funds totaling approximately $ 20 million that are expected to be expensed as construction or operation costs of the Tamar project and place them in a special purpose restricted expense account, as defined in Section 5.10.2 to the indentures of bonds (Series A and B).

(3) **Trade receivables** as of June 30, 2019 amounted to approximately $ 38.2 million compared with approximately $ 33.4 million as of December 31, 2018.

(4) **Other accounts receivable** as of June 30, 2019 amounted to approximately $ 9.1 million compared with approximately $ 9.8 million as of December 31, 2018. The Decrease is mainly due to the decrease in a debit balance with the Israeli income tax authorities in a total of approximately $ 7.1 million, partly offset by an increase of approximately $ 5 million in a balance with a joint venture operator as well as an increase of approximately $ 1.3 million in prepaid expenses and other receivables.

Non-current assets amounted to approximately $ 1,182.3 million as of June 30, 2019, compared to approximately $ 1,186.6 million as of December 31, 2018. The change is mainly attributable to the following factors:

(1) **Investments in oil and gas assets** as of June 30, 2019 amounted to approximately $ 1,025.4 million compared with approximately $ 1,040.6 million as of December 31, 2018. The decrease mainly arises from depreciation, depletion and amortization expenses from the Tamar project totaling approximately $ 24 million, partly offset by the increase of approximately $ 8.8 million in investments.

(2) **Deferred taxes** as of June 30, 2019 amounted to approximately $ 107.8 million compared with approximately $ 98.4 million as of December 31, 2018. The increase is a result of deferred tax income in the Reporting Period totaling approximately $ 9.4 million, mainly caused by the effect of the exchange rate on the difference between the measurement basis of oil and gas assets in the books (USD) and their measurement basis for tax purposes (NIS).

Current liabilities as of June 30, 2019 amounted to approximately $ 129 million compared with approximately $ 124.4 million as of December 31, 2018. The change is mainly attributable to the following factors:

(1) **Other accounts payable** amounted to approximately $ 29.9 million as of June 30, 2019 compared with approximately $ 29.2 million as of December 31, 2018. The increase is mainly a result of an increase in royalties payable totaling approximately $ 0.9 million and an increase in the Company's share of a joint venture's liabilities in connection with the Tamar Reservoir amounting to approximately $ 0.9 million, partly offset by a decrease in accrued interest payable to holders of bonds (Series A and B) totaling approximately $ 1 million.

(2) **Income taxes payable** - as of June 30, 2019 totaled approximately $ 3 million. As of December 31, 2018, the Company had no income taxes payable.

Non-current liabilities as of June 30, 2019 amounted to approximately $ 1,007.6 million compared with approximately $ 1,052.9 million as of December 31, 2018. The change is mainly attributable to bonds, less current maturities, as detailed below:

Bonds less current maturities amounted to approximately $ 983.3 million as of June 30, 2019 compared with approximately $ 1,032.3 million as of December 31, 2018. The decrease stems from the repayment of bond principal (Series A and B) in a total of approximately $ 51.5 million and an increase of approximately $ 0.8 million in current maturities, partly offset by the discount and reduction of issue expenses in the amount of approximately $ 3.3 million.

The Company's equity as of June 30, 2019 amounted to approximately $ 170.4 million compared to approximately $ 139.4 million as of December 31, 2018. The increase derives from the comprehensive income in the Reporting Period totaling approximately $ 60.9 million, offset by a dividend of approximately $ 30 million paid in the Reporting Period.

b. **<u>Cash flows</u>**

Net cash flows provided by operating activities in the Reporting Period amounted to approximately $ 103.1 million, compared with approximately $ 72.6 million in the corresponding period of last year. The increase is mainly a result of operating activities originating from the rights acquired from Noble.

Net cash flows used in investing activities in the Reporting Period amounted to approximately $ 23.6 million, compared with approximately $ 497.3 million in the corresponding period of last year. The decrease is mainly a result of the cost of the rights acquired from Noble in a total of approximately $ 475.2 million paid in cash.

Net cash flows used in financing activities in the Reporting Period amounted to approximately $ 109.1 million, including approximately $ 51.5 million from the repayment of bonds (Series A and B), approximately $ 27.6 million from payment of interest on bonds (Series A and B) and approximately $ 30 million from payment of a dividend. Net cash flows provided by financing activities in the corresponding period of 2018 amounted to approximately $ 459.7 million and mostly consisted of net proceeds of approximately $ 512.2 million from the issue of bonds against approximately $ 32 million from the payment of a dividend and approximately $ 19.5 million from the payment of interest.

The balance of cash and cash equivalents as of June 30, 2019 amounted to approximately $ 57.3 million.

c. **<u>Working capital deficiency</u>**

As of June 30, 2019, the Company has a working capital deficiency of approximately $ 4.4 million. Based on the Company's Board's examination of the facts underlying the deficiency, the above deficiency is not indicative of any liquidity difficulty in view of the Company's estimated cash flow forecast for the period of 12 months from July 1, 2019.

Part Two – Disclosure in Connection with the Company's Financial Reporting

Events after the date of the condensed interim statement of financial position

a. See derails of the court verdict rendered in an administrative petition filed by the Company and other partners in the Tamar project against the IEC, Delek Drilling, Noble and Ratio in connection with the resolution of the IEC's tenders committee in Note 3a to the condensed interim financial statements hereby attached.

b. See details of a petition filed with the Tel-Aviv District Court (Economic Department) against the Company, Isramco Negev 2 L.P., Alon Natural Gas Exploration Ltd. and Dor Gas Exploration L.P. for the disclosure and review of documents pursuant to Article 198A to the Israeli Companies Law, 1999 in connection with an RFP for the supply of natural gas addressed by the IEC to the Tamar partners and to the Leviathan partners in Note 4e to the condensed interim financial statements hereby attached.

c. See details of an agreement signed with Delek Energy Systems Ltd./Delek Royalties (2012) Ltd. and the Delek Group Ltd. for settling the dispute between the parties regarding the issue of return of the investment in the context of a mediation proceeding, which will be assigned to arbitration if unsuccessful, in Note 4b to the condensed interim financial statements hereby attached.

Part Three – Corporate Governance Aspects

In furtherance to the engagement with Entropy Corporate Governance Consulting Ltd. ("**Entropy**"), as discussed in the Board of Directors' Report for the year ended December 31, 2018, Entropy performed an analysis of the current mix and composition of the Company's Board of Directors and its adequacy in responding to the Company's various needs, occupations and risk profile and submitted its recommendations report to the Company. On June 24, 2019, the Board appointed a committee consisting of three members (two external directors and one independent director) that will offer recommendations to the Board on policies to be adopted regarding the composition and mix of the Company's Board and will identify candidates for serving as directors on the Board, with emphasis on including a gas and oil expert among the candidates. On August 12, 2019, the committee submitted its recommendations to the Board in a summary report. Based on said report, on August 14, 2019, the Board adopted a special policy regarding the mix of directors on the Board aimed at incorporating and reinforcing professional considerations while retaining the level of the public of investors' trust in the Company, also addressing, among others, the directors' required expertise, their availability and the skills, experience and availability required from the COB. The Company's Board plans to appoint an additional director with oil and gas/energy expertise in the near future.

Part Four – Details of the Status of the Company's Liabilities

Simultaneously with the publication of this interim report, the Company publishes an immediate report on the status of its liabilities based on their amortization schedule.

Part Five – Details of Bonds Issued by the Company (NIS in thousands)

Details	**Series A**	**Series B**
Is the series material?	Yes	Yes
Par value on issuance date	2,315,668	1,940,113
Issuance date	July 9, 2017	March 13, 2018
Par value as of June 30, 2019	2,154,552	1,784,692
Linked par value as of June 30, 2019	2,181,468	1,839,899
Carrying amount in the Company's books as of June 30, 2019	2,156,178	1,692,898
Quoted market price as of June 30, 2019	2,051,564	1,714,375
Amount of accrued interest as of June 30, 2019	34,197	28,843
Annual fixed interest rate	4.69%	4.69%
Principal payment dates	See **Annex A** to this Report	See **Annex B** to this Report
Interest payment dates	Semiannual payments, on February 28 and August 30 of each of the years 2018 to 2028, from February 28, 2018 to August 30, 2028 (inclusive)	Semiannual payments, on February 28 and August 30 of each of the years 2018 to 2028, from August 30, 2018 to August 30, 2028 (inclusive)
Linkage basis, base rate (principal and interest)	Linked to the USD; base rate – $ 1=NIS 3.522	Linked to the USD; base rate – $ 1=NIS 3.459
Conversion right	None	None
Early repayment right	• Regarding early redemption of the bonds initiated by the Stock Exchange, see Section 9.1 of the indenture attached as Annex A to the supplementary notice released on July 6, 2017 (TASE reference: 2017-01-057724) ("**the Series A Indenture**"). • Regarding the right for full or partial early redemption of the bonds initiated by the Company, see Section 9.2 of the Series A Indenture. • Regarding the obligation for early redemption of the bonds, see Section 9.3 of the Series A Indenture.	• Regarding early redemption of the bonds initiated by the Stock Exchange, see Section 9.1 of the indenture attached as Annex A to the shelf offering report dated March 12, 2018 (TASE reference: 2018-01-019125) ("**the Series B Indenture**"). • Regarding the right for full or partial early redemption of the bonds initiated by the Company, see Section 9.2 of the Series B Indenture. • Regarding the obligation for early redemption of the bonds, see Section 9.3 of the Series B Indenture.

Details	**Series A**	**Series B**
Guarantee for payment of the liability	None	None
Name of trustee	Strauss Lazer, Trust Company (1992) Ltd.[3]	Strauss Lazer, Trust Company (1992) Ltd.
Name of responsible person at the trust company	Ori Lazer, CPA and Adv.	Ori Lazer, CPA and Adv.
Address and email of the trustee	NIP Tower, 17 Yitzhak Sadeh St., Tel Aviv 677775 ori@slcpa.co.il	NIP Tower, 17 Yitzhak Sadeh St., Tel Aviv 677775 ori@slcpa.co.il
Name of company rating the bonds	Midroog Ltd.	Midroog Ltd.
Rating as of the issuance date	A1.il	A1.il
Ratings from the issuance date and rating as of the report date[4]	A1.il	A1.il
Has the Company complied with all the conditions and obligations under the Indenture throughout the Reporting Period until June 30, 2019	Yes	Yes
Have conditions establishing grounds for acceleration of the bonds or enforcement of collateral given to secure the payment to the bondholders been fulfilled	No	No

3 On July 18, 2019, the meeting of folders of bonds (Series A) decided to ratify the appointment of the trustee as the trustee of the holders of bonds until the final and full repayment of the bonds.

4 The bonds (Series A) were rated on June 25, 2017, July 2, 2017, July 5, 2017, July 12, 2017, February 20, 2018, March 12, 2018 and March 13, 2019; the bonds (Series B) were rated on February 20, 2018, March 12, 2018 and March 13, 2019. For details see the Company's immediate report dated March 13, 2019 (TASE reference: 2019-01-020919), the contents of which are included herein by reference.

Bonds	Series A	Series B
Pledges for securing the bonds	See Part Five to the Board of Directors' Report as of December 31, 2018	See Part Five to the Board of Directors' Report as of December 31, 2018
Financial covenants as of June 30, 2019	• Equity (including minority interests) net of capital reserve and with the addition of loans subordinated to the rights of the bondholders (as specified in Section 5.10.1 of the Series A Indenture) – about $ 879 million[5] • Expected debt service coverage ratio for the examination period (as defined in Section 5.10.2 of the Series A Indenture) (for the 12 months beginning October 1, 2019) – 1.56[6] • Historic coverage ratio for the examination period (as defined in Section 5.10.2 of the Series A Indenture) – 1.58[7] • Economic equity (as defined in Section 5.10.3 of the Series A Indenture) – about $ 909 million[8]	• Equity (including minority interests) net of capital reserve and with the addition of loans subordinated to the rights of the bondholders (as specified in Section 5.10.1 of the Series B Indenture) – about $ 879 million[9] • Expected debt service coverage ratio for the examination period (as defined in Section 5.10.2 of the Series B Indenture) (for the 12 months beginning October 1, 2019) – 1.56[10] • Historic coverage ratio for the examination period (as defined in Section 5.10.2 of the Series B Indenture) – 1.58[11] • Economic equity (as defined in Section 5.10.3 of the Series B Indenture) – about $ 909 million[12]

5 According to the terms of the Series A Indenture, said equity may be no less than $ 250 million.

6 According to the terms of the Series A Indenture, said ratio will be not lower than 1.05 and not lower than 1.2 for a dividend distribution. See details in Note 4i(1) to the condensed interim financial statements hereby attached.

7 According to the terms of the Series A Indenture, the historic coverage ratio for a dividend distribution will not be lower than 1.20 during at least one of two consecutive examination dates.

8 According to the terms of the Series A Indenture, said economic equity may be no less than $ 250 million during two consecutive quarters.

9 According to the terms of the Series B Indenture, said equity may be no less than $ 350 million.

10 According to the terms of the Series B Indenture, said ratio will be not lower than 1.05 and not lower than 1.2 for a dividend distribution. See details in Note 4i(1) to the condensed interim financial statements hereby attached.

11 According to the terms of the Series A Indenture, the historic coverage ratio for a dividend distribution will not be lower than 1.20 during at least one of two consecutive examination dates

12 According to the terms of the Series B Indenture, said economic equity may be no less than $ 350 million during two consecutive quarters.

Additional Information

The Board of Directors expresses its appreciation to the Company's Management and personnel for their dedicated work and significant contribution to the advancement of the Company's business.

Sincerely,

Ran Efrati	**Liami Vaisman**
Chairman of the Board	CEO

Tamar Petroleum Ltd.

Annex A
Amortization Schedule of Bonds (Series A

Payment Date	Percentage of Principal Paid
30/08/2018	1.932%
28/02/2019	3.954%
30/08/2019	3.992%
28/02/2020	4.130%
30/08/2020	3.940%
28/02/2021	4.053%
30/08/2021	3.019%
28/02/2022	3.142%
30/08/2022	2.018%
28/02/2023	2.111%
30/08/2023	2.532%
28/02/2024	2.636%
30/08/2024	2.432%
28/02/2025	2.520%
30/08/2025	2.828%
28/02/2026	2.944%
30/08/2026	2.984%
28/02/2027	3.106%
30/08/2027	3.175%
28/02/2028	3.304%
30/08/2028	39.248%
Total	**100.00%**

Annex B
Amortization Schedule of Bonds (Series B)

Payment Date	Percentage of Principal Paid
30/08/2018	3.256%
28/02/2019	4.609%
30/08/2019	4.349%
28/02/2020	4.513%
30/08/2020	2.845%
28/02/2021	1.611%
30/08/2021	4.328%
28/02/2022	1.289%
30/08/2022	3.040%
28/02/2023	2.692%
30/08/2023	2.389%
28/02/2024	2.167%
30/08/2024	2.502%
28/02/2025	2.410%
30/08/2025	2.473%
28/02/2026	1.998%
30/08/2026	1.901%
28/02/2027	1.651%
30/08/2027	1.834%
28/02/2028	1.764%
30/08/2028	46.379%
Total	**100.00%**

TAMAR PETROLEUM LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2019

UNAUDITED

IN U.S. DOLLARS IN THOUSANDS

This report is a translation of Tamar Petroleum Ltd.'s Hebrew-language Financial Statements, and is prepared solely for convenience purposes. Please note that the Hebrew version constitutes the binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

TAMAR PETROLEUM LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2019

UNAUDITED

IN U.S. DOLLARS IN THOUSANDS

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Auditors' review report to the shareholders of Tamar Petroleum Ltd.

Introduction

We have reviewed the accompanying financial information of Tamar Petroleum Ltd. ("**the Company**"), which comprises the condensed statement of financial position as of June 30, 2019 and the related condensed statements of comprehensive income, changes in equity and cash flows for the periods of six and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. 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 1 of 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 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 accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Kost Forer Gabbay & Kasierer Certified Public Accountants	Ziv Haft Certified Public Accountants

Tel-Aviv, August 14, 2019

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

In U.S. Dollars in thousands

	June 30, 2019	June 30, 2018	December 31, 2018
	Unaudited	Unaudited	Audited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	57,312	63,276	86,928
Restricted deposits, see Note 4h	20,075	-	-
Trade receivables	38,159	38,427	33,429
Other accounts receivable	9,080	4,456	9,774
	124,626	106,159	130,131
NON-CURRENT ASSETS:			
Investments in oil and gas assets	1,025,436	1,061,333	1,040,550
Deferred taxes	107,794	116,765	98,389
Restricted deposits	42,800	31,507	42,228
Other long-term assets	6,295	4,578	5,406
	1,182,325	1,214,183	1,186,573
	1,306,951	1,320,342	1,316,704
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities of bonds	96,106	75,489	95,246
Other accounts payable	29,862	28,186	29,163
Income taxes payable	3,037	-	-
	129,005	103,675	124,409
NON-CURRENT LIABILITIES:			
Bonds net of current maturities	983,276	1,079,382	1,032,323
Other long-term liabilities	24,289	18,113	20,580
	1,007,565	1,097,495	1,052,903
Total liabilities	1,136,570	1,201,170	1,177,312
EQUITY:			
Ordinary share capital	2,517	2,517	2,517
Share premium	784,495	784,495	784,495
Retained earnings	90,432	39,324	59,494
	877,444	826,336	846,506
Capital reserves	(707,063)	(707,164)	(707,114)
	170,381	119,172	139,392
	1,306,951	1,320,342	1,316,704

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

August 14, 2019			
Date of approval of the financial statements	Ran Efrati Chairman of the Board	Liami Vaisman CEO	Yuval Raikin CFO

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

In U.S. Dollars in thousands

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2019	2018 *	2019	2018	2018 *
	Unaudited				Audited
Revenues from sale of gas and condensate	170,052	135,105	81,241	84,569	311,273
Less - royalties	26,667	22,258	12,532	12,762	49,691
Net revenues	143,385	112,847	68,709	71,807	261,582
Costs and expenses:					
Cost of production of natural gas and condensate	15,454	9,029	7,815	5,308	21,897
Depreciation, depletion and amortization expenses	23,970	19,189	11,555	13,812	44,466
General and administrative expenses	1,766	1,295	783	565	2,661
Total costs and expenses	41,190	29,513	20,153	19,685	69,024
Operating income	102,195	83,334	48,556	52,122	192,558
Finance expenses	(30,636)	(25,714)	(15,239)	(16,199)	(58,293)
Finance income	1,717	415	740	236	1,832
Finance expenses, net	(28,919)	(25,299)	(14,499)	(15,963)	(56,461)
Income before taxes on income	73,276	58,035	34,057	36,159	136,097
Taxes on income	(12,338)	(18,711)	(5,840)	(12,249)	(37,279)
Total comprehensive income for the period	60,938	39,324	28,217	23,910	98,818
Basic and diluted net earnings per share (in USD)	0.69	0.54	0.32	0.27	1.22
Weighted number of shares used in the above computation	88,495,576	73,182,419	88,495,576	88,495,576	80,901,928

* The annual results for 2018 and the results for the six months ended June 30, 2018 include the results attributable to 7.5% (of 100%) of the working interests in Tamar and Dalit Leases acquired by the Company from Noble Energy Mediterranean Ltd. from March 14, 2018 (see Note 1c below).

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

In U.S. Dollars in thousands

	Ordinary share capital	Share premium	Capital reserves	Retained earnings	Total
			Unaudited		
For the period of six months ended June 30, 2019:					
Balance at January 1, 2019 (audited)	2,517	784,495	(707,114)	59,494	139,392
Total comprehensive income for the period	-	-	-	60,938	60,938
Dividend paid	-	-	-	(30,000)	(30,000)
Share-based payment	-	-	51	-	51
Balance at June 30, 2019	2,517	784,495	(707,063)	90,432	170,381

	Ordinary share capital	Share premium	Capital reserves	Retained earnings	Total
			Unaudited		
For the period of six months ended June 30, 2018:					
Balance at January 1, 2018 (audited)	1,399	570,648	(707,206)	32,023	(103,136)
Total comprehensive income for the period	-	-	-	39,324	39,324
Issue of shares	1,118	213,847	-	-	214,965
Dividend paid	-	-	-	(32,023)	(32,023)
Share-based payment	-	-	42	-	42
Balance at June 30, 2018	2,517	784,495	(707,164)	39,324	119,172

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

In U.S. Dollars in thousands

	Ordinary share capital	Share premium	Capital reserves	Retained earnings	Total
			Unaudited		
For the period of three months ended June 30, 2019:					
Balance at April 1, 2019	2,517	784,495	(707,087)	92,215	172,140
Total comprehensive income for the period	-	-	-	28,217	28,217
Dividend paid	-	-	-	(30,000)	(30,000)
Share-based payment	-	-	24	-	24
Balance at June 30, 2019	2,517	784,495	(707,063)	90,432	170,381

	Ordinary share capital	Share premium	Capital reserves	Retained earnings	Total
			Unaudited		
For the period of three months ended June 30, 2018:					
Balance at April 1, 2018	2,517	784,495	(707,189)	15,414	95,237
Total comprehensive income for the period	-	-	-	23,910	23,910
Share-based payment	-	-	25	-	25
Balance at June 30, 2018	2,517	784,495	(707,164)	39,324	119,172

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

In U.S. Dollars in thousands

	Ordinary share capital	Share premium	Capital reserves	Retained earnings	Total
			Audited		
For the year ended December 31, 2018:					
Balance at January 1, 2018	1,399	570,648	(707,206)	32,023	(103,136)
Total comprehensive income for the year	-	-	-	98,818	98,818
Issue of shares	1,118	213,847	-	-	214,965
Dividend paid	-	-	-	(71,347)	(71,347)
Share-based payment	-	-	92	-	92
Balance at December 31, 2018	2,517	784,495	(707,114)	59,494	139,392

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

In U.S. Dollars in thousands

	Six months ended June 30, 2019	Six months ended June 30, 2018	Three months ended June 30, 2019	Three months ended June 30, 2018	Year ended December 31, 2018
	Unaudited				Audited
Cash flows from operating activities:					
Net income for the period	60,938	39,324	28,217	23,910	98,818
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, depletion and amortization	23,970	19,189	11,555	13,812	44,466
Taxes on income	883	13,394	(773)	8,986	26,373
Amortization of bond discount and issue expenses	3,324	* 2,412	1,648	* 1,828	5,902
Finance expenses, net	25,537	* 23,287	12,824	* 14,415	50,757
Share-based payment	51	42	24	25	92
Changes in asset and liability items:					
Increase in trade receivables	(4,730)	(20,131)	(6)	(15,448)	(15,133)
Increase in other accounts receivable	(2,706)	(2,403)	(2,777)	(1,835)	(3,778)
Change in balance with joint venture operator	(6,533)	(4,127)	(4,147)	(826)	(1,807)
Increase (decrease) in other accounts payable	2,353	1,600*	615	* (2,276)	2,769
Net cash provided by operating activities	103,087	72,587	47,180	42,591	208,459
Cash flows from investing activities:					
Acquisition of additional working interests in Tamar and Dalit Leases (see Annex C)	-	(475,199)	-	15,991	(475,199)
Investment in restricted deposits	(20,000)	(21,357)	(20,000)	(7,427)	(31,567)
Investments in oil and gas assets	(5,122)	(1,462)	(2,038)	(831)	(7,231)
Investment in other long-term assets	(231)	-	(79)	-	-
Interest received	1,313	440	495	289	1,424
Receipts in connection with other long-term assets	471	322	236	235	792
Net cash provided by (used in) investing activities	(23,569)	(497,256)	(21,386)	8,257	(511,781)
Cash flows from financing activities:					
Proceeds from a bond issue, net	-	512,239	-	(2,072)	512,239
Repayment of bonds	(51,511)	-	-	-	(30,791)
Payment of share issue costs	-	(204)	-	(204)	(204)
Repurchase of bonds	-	(840)	-	-	(840)
Dividend paid	(30,000)	(32,023)	(30,000)	(32,023)	(71,347)
Interest paid	(27,611)	(19,461)	(23)	-	(46,978)
Net cash provided by (used in) financing activities	(109,122)	459,711	(30,023)	(34,299)	362,079
Exchange rate losses on cash and cash equivalents	(12)	(205)	(5)	(205)	(268)
Increase (decrease) in cash and cash equivalents	(29,616)	34,837	(4,234)	16,344	58,489
Cash and cash equivalents at beginning of period	86,928	28,439	61,546	46,932	28,439
Cash and cash equivalents at end of period	57,312	63,276	57,312	63,276	86,928

* Reclassified.

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

In U.S. Dollars in thousands

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
Annex A - non-cash investing and financing activities:					
Issue of shares as consideration for purchase of working interests in Tamar and Dalit Leases	-	215,169	-	-	215,169
Investments in oil and gas assets against payables	1,965	2,193	1,965	2,193	1,120
Asset retirement obligation against oil and gas assets	2,870	-	2,870	-	1,795
Annex B - additional cash flow information:					
Income taxes paid	11,455	5,317	6,613	3,263	10,906
Annex C - acquisition of additional working interests in Tamar and Dalit Leases:					
Including the following identifiable assets and liabilities:					
Working capital, net	-	(1,092)	-	15,991	(1,092)
Oil and gas assets	-	697,288	-	-	697,288
Other long-term assets	-	1,440	-	-	1,440
Deferred taxes	-	778	-	-	778
Asset retirement obligation	-	(8,046)	-	-	(8,046)
Issue of share capital and premium	-	(215,169)	-	-	(215,169)
	-	475,199	-	15,991	475,199

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

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

In U.S. Dollars in thousands (except share and per share data)

NOTE 1:- GENERAL

a. Tamar Petroleum Ltd. ("the Company") is engaged in the sale of natural gas produced from the Tamar reservoir within the area of the I/12 Tamar Lease ("the Tamar Lease" and "the Tamar project," respectively) to various customers, and primarily to the Israel Electric Corp. Ltd. ("the IEC"), industrial customers, independent power producers ("IPPs") and natural gas marketing companies. Likewise, the Company is engaged in the sale of condensate produced from the Tamar project to Paz Ashdod Oil Refinery, as well as in promoting the expansion of the Tamar project's production system.

The Company's revenues from gas sales are mainly affected by the scope of consumption of natural gas by the IEC (see Note 3a below).

The Company's articles of association provide that the Company shall only perform operations of exploration, development, production and transmission of to the target markets in connection with the I/12 Tamar and I/13 Dalit Leases (jointly referred to as: "the Leases" or "Tamar and Dalit Leases" and/or "the Joint Venture"), in which the Company holds, as of the date of the financial statements, 16.75% of the interests (see paragraphs b and c below). The Company is an Israeli resident public company incorporated in Israel on November 4, 2015 under its previous name Karish Tanin Management Ltd. Trading in the Company's securities on the Tel Aviv Stock Exchange Ltd. ("the TASE") commenced in July 2017.

The address of the Company's head office is 11 Galgalei Haplada St., Herzliya.

b. The Company commenced operations on July 1, 2017, following fulfillment of the conditions precedent in the sale agreement signed with Delek Drilling – Limited Partnership ("Delek Drilling" or the "Partnership"), in which framework the Company acquired 9.25% (out of 100%) of the working interests in the Tamar and Dalit Leases and a proportionate share (9.25%) of the permits, rights and obligations under associated agreements in return for a cash amount of approximately $ 845 million, financed by raising debt and capital from the public and using proceeds from the sale of Company shares (see Note 4a to the Company's annual financial statements as of December 31, 2018, "annual financial statements"). Prior to the acquisition of said interests, the Company was inactive and was wholly owned and controlled by Delek Drilling.

c. On March 14, 2018, upon the fulfillment of the conditions precedent in the sale agreement of January 29, 2018, signed with Noble Energy Mediterranean Ltd. ("Noble" or "the Operator"), the Company acquired, with effect from January 1, 2018, an additional 7.5% (out of 100%) of the working interests in the Leases and a proportionate share (7.5%) of the permits, rights and obligations under associated agreements for approximately $ 690 million. The acquisition was made for a cash consideration of $ 475 million (financed through the issuance of Series B bonds) and for the allocation of shares of the Company (see Note 4b to the annual financial statements).

NOTE 1:- GENERAL (Cont.)

d. As of the approval date of these condensed interim financial statements, to the best of the Company's knowledge, there is no controlling shareholder in the Company (within the meaning of a "controlling party" in the Securities Law, 5728-1968). Following completion of the acquisition of the rights as described in paragraph c above, Delek Drilling holds about 22.6% of the Company's shares. As for the voting rights attached to the shares held by Delek Drilling, see Note 13d to the Company's annual financial statements.

e. The Company's condensed interim financial statements should be read in conjunction with the Company's annual financial statements. Accordingly, these condensed interim financial statements do not include notes on any developments that are insignificant compared to the information disclosed in the notes to the annual financial statements.

f. The condensed interim financial statements have been prepared in accordance with the provisions of IAS 34, "Interim Financial Reporting".

g. The condensed interim financial statements have been prepared in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

NOTE 2:- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements, except as described below:

As detailed in Note 3t(1) to the annual financial statements regarding the initial adoption of IFRS 16, "Leases" ("the Standard"), the Company applies the provisions of the Standard as of January 1, 2019 using the modified retrospective approach (without restatement of comparative figures).

Below are the principal provisions of the Standard:

- According to the Standard, lessees are required to recognize an asset against a liability in respect of all leases in the statement of financial position (excluding certain exceptions, see below). Lessees will recognize a liability for lease payments with a corresponding right-of-use asset. Lessees will also recognize interest expense and depreciation expense separately.

- Variable lease payments that are not dependent on changes in the CPI or interest rates, but are based on performance or usage are recognized as an expense by the lessees as incurred.

NOTE 2:- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- In the event of changes in variable lease payments that are CPI-linked, lessees are required to remeasure the lease liability and record the effect of the remeasurement as an adjustment to the carrying amount of the right-of-use asset.

- The Standard includes two exceptions which allow lessees to account for leases based on the accounting treatment for operating leases - leases for which the underlying asset is of low financial value and short-term leases (up to one year).

The initial adoption of the Standard did not have a material effect on the financial statements.

NOTE 3:- NATURAL GAS SUPPLY AGREEMENTS

a. In keeping with the matters discussed in Note 11c(9) to the annual financial statements regarding the IEC's application to the Company, the other Tamar partners and the Leviathan partners for an RFP for the supply of natural gas in excess of the IEC's consumption under its present agreement with the Tamar partners ("the RFP"), on April 4, 2019, the Tamar partners were notified by the IEC that their offer had not been accepted by the IEC.

On April 18, 2019, the Company and other partners in the Tamar project (collectively - "the petitioners") filed with the Tel-Aviv District Court an administrative petition against the IEC and the Leviathan partners (collectively - "the respondents") in which the Court is asked to disqualify and reverse the decision made by the IEC's tenders committee ("the Committee") on April 4, 2019 to award the tender to the Leviathan partners on the grounds that said decision is illegal, inequitable and undermines basic principles underlying tender laws. Alternatively, the petitioners are asking the Court to order the Committee to reexamine the decision and consider other options as detailed in the petition. Also alternatively, the Court is asked to order the cancellation of the tender due to a serious flaw in the tender process.

Concurrently with the filing of the petition, a motion for interim order was filed with the Court to prohibit the respondents from taking any action for promoting or executing the tender results until the Court renders a decision in the petition. On July 7, 2019 (after the condensed interim statement of financial position date), the Tel-Aviv District Court rendered its verdict which dismisses the administrative petition. The Company is considering its response.

NOTE 3:- NATURAL GAS SUPPLY AGREEMENTS (Cont.)

b. In keeping with the matters discussed in Note 11c(10) to the annual financial statements regarding the amendment to the agreement signed with the IEC, it should be noted that as of the date of approval of the condensed interim financial statements, all the approvals required for signing the amendment have not been received, including, among others, the IEC's approval. The Company estimates that there is significant uncertainty involving the signing of the amendment, also in view of the prolongation of the proceeding and the failure to obtain the required approvals as discussed above. Accordingly, the Company's operating results in the reporting period do not take into account the amendment to the agreement, whose effect on the Company's net income in the six months ended June 30, 2019 is a decrease of approximately $ 1.7 million.

c. In keeping with the matters discussed in Note 11b(4) to the annual financial statements regarding the amendment to the agreement signed with Dalia Energy Ltd. ("Dalia Energy"), as of the date of approval of the condensed interim financial statements, all the conditions precedent underlying the coming into effect of the amendment have been met.

d. In April 2019, the Tamar partners signed an amendment to the agreement with Dorad Energy Ltd. ("Dorad") in which Dorad committed to purchase from Tamar project the entire natural gas quantities consumed in its facilities during the period from the date of transmission of the gas from the Leviathan reservoir through the earlier of the date of exercise of the reduced purchased quantity option by Dorad (if exercised) or December 31, 2020. It was also agreed that to calculate the reduced purchased quantity in respect of Dorad's option, the calculation for the period from the beginning of transmission of gas from the Leviathan reservoir will be based on the minimum quota (according to the mechanism set forth in the amendment to the agreement) and not based on the quantity actually purchased by Dorad. As of the date of approval of the condensed interim financial statements, all the suspending conditions underlying the execution of the amendment to the agreement have been met.

e. In April 2019, the Tamar partners signed an agreement with Oil Refiners Ltd. ("ORL") for the supply of natural gas at an estimated capacity of about 0.5 BCM for a period of six months from July 1, 2020. The agreement can be extended by ORL for additional six-month periods each until the beginning of transmission of gas from the Karish reservoir, but not more than a cumulative period of eight years. If the agreement for the purchase of natural gas from the Karish reservoir signed between ORL and Energean is cancelled, the Company's agreement with ORL will be extended by 12 months (assuming the cancellation occurs before the end of 2020) or will be extended by 18 months (assuming the cancellation occurs after the end of 2020). As of the date of approval of the condensed interim financial statements, all the suspending conditions underlying the execution of the agreement have been met.

NOTE 4:- ADDITIONAL INFORMATION

a. In keeping with the matters discussed in Note 11j(3) to the annual financial statements regarding a claim and motion to approve the claim as a class action filed with the Tel-Aviv District Court in February 2019 against the Company, Delek Drilling, the CEO of the general partner in Delek Drilling who served as Chairman of the Company's Board until January 17, 2019 and as a director in the Company until March 6, 2019, the Company's CEO, the Company's CFO and Leader Issues (1993) Ltd. in connection with the issue of the Company's shares in July 2017. On August 12, 2019, the Company and the other respondents submitted their response to the motion. According to the Court's decision, the petitioners can submit their counter responses by December 15, 2019. It should be noted that the legal proceeding is in very early stages; however, based on its legal counsel, the Company estimates that at this stage it is more likely than not that the motion for approval of a class action will be rejected.

b. In keeping with the matters discussed in Note 15d to the annual financial statements regarding the Company's obligation to pay royalties at a rate of 6.5% (instead of 1.5%) to Delek Energy Systems Ltd./Delek Royalties (2012) Ltd. and Delek Group Ltd. ("**the royalty owners**"), on August 4, 2019 (after the condensed interim statement of financial position date), the Company and the royalty owners signed an agreement ("the mediation and arbitration agreement") whereby they agreed to attempt to settle their dispute regarding the determination of the date of return of the investment, as defined in the rights transfer agreement, in a mediation proceeding before the Honorable Supreme Court Justice (ret.) Yoram Danziger. The parties agreed that insofar as the mediation proceeding is terminated without reaching a settlement, they will apply to arbitration based on the dispute resolution mechanism stipulated in the agreement.

As discussed in Note 15d to the annual financial statements, the Company has proper arguments for the inclusion of the windfall profits tax pursuant to the Natural Resources Windfall Profits Tax Law, 2011 ("the Sheshinski levy") in the determination of the date of return of the investment which will lead to the deferral of the date of return of the investment. In contrast, the royalty owners informed the Company that they have serious arguments in favor of advancing the date of return of the investment to apply much earlier. Based on its legal counsel, the Company believes that it is more likely than not that the arguments of the royalty owners for advancing the date of return of the investment will not be accepted.

It should be noted that on the date of signing the above agreement, Delek Energy Systems Ltd. signed a letter of liability whereby it will pay the Company any amount awarded in an arbitration proceeding against Delek Royalties (2012) Ltd. or anyone on its behalf as a result of the arbitrator's decision to include the Sheshinski levy and the amounts payable to the State in its respect in the determination of the date of return of the investment. Furthermore, insofar as the Company chooses to exercise its offset right towards the royalty owners in respect of the Sheshinski levy, said letter of liability will become null and void and expire from the offset date.

NOTE 4:- ADDITIONAL INFORMATION (Cont.)

c. In keeping with the matters discussed in Note 11j(2) to the annual financial statements regarding the petition submitted against the Company for disclosure and inspection of documents to be used by the petitioner for filing a motion for approval of a derivative claim against officers in the Company, on March 21, 2019, the petitioner submitted its response to the motion for dismissal in limine filed by the Company based on the letters of quittance granted by the Company to its officers. In its response, the petitioner argues, *inter alia*, that the Company's quittance argument requires making a factual inquiry and therefore is inappropriate for this stage of the legal proceeding. Also, in view of other grounds for the claim stated in the motion, even if the quittance argument is accepted, it will not render the hearing of the petition for disclosure of documents as a whole irrelevant. On April 11, 2019, the petitioner responded to the Company's response to the petition for disclosure of documents and on April 16, 2019 the Company submitted its counter response to the petitioner's response to the motion for dismissal in limine.

On May 2, 2019, a hearing was held at the District Court in which the Company informed the Court that it had contacted the holders of the royalty for investigating the issue of the levy imposed by virtue of the Windfall Profits Tax, 5771-2011 in an arbitration proceeding, as prescribed in the rights transfer agreement (See Note 15d to the annual financial statements). Accordingly, it was decided that at this stage the hearing will be postponed and the Company will submit an updated notice of the developments in the arbitration proceeding ("the update notice"). The Company submitted the update notice on its behalf on August 7, 2019, mainly pertaining to the developments in the negotiations between the Company and the royalty owners and the signing of a mediation and arbitration agreement, as described in paragraph b above. On August 8, 2019, the Court ordered the parties to submit an update notice regarding any development in the proceedings with the royalty owners or in corresponding proceedings by November 3, 2019. Based on its legal counsel, the Company estimates that it is more likely than not that the petition for disclosure of documents will be rejected.

d. In keeping with the matters discussed in Note 15b to the annual financial statements regarding the hearing held between the Tamar partners and the Petroleum Commissioner regarding the measurement of the market value at the wellhead of the royalties payable to the State from the Tamar project, on March 28, 2019, a letter was received from the Ministry of Energy whereby effective from 2019 until further notice, the effective royalty rate payable for the Tamar Lease is 11.3%. It was clarified that this rate solely represents an advance.

NOTE 4:- ADDITIONAL INFORMATION (Cont.)

e. On July 9, 2019 (after the condensed interim statement of financial position date), a petition was filed with the Tel-Aviv District Court (Economic Department) against the Company, Isramco Negev 2 L.P., Alon Natural Gas Exploration Ltd. and Dor Gas Exploration L.P. (collectively - "the respondents") for the disclosure and review of documents pursuant to Article 198A to the Israeli Companies Law, 1999 ("the petition") whose aim is to obligate the respondents to disclose various documents, as detailed in the petition, in connection with the RFP (see Note 3a above), to allow the petitioner to review a derivative action motion filed against officers and key management personnel whose illegal and uncompetitive conduct allegedly caused damages to the respondents as a result of Tamar partners' failure to win the RFP. At this preliminary stage, the Company cannot assess the chances of the petition to be accepted.

f. In keeping with the matters discussed in Note 6f to the annual financial statements regarding the Eran license mediation proceeding, in April 2019, a court verdict status was granted to the mediation agreement signed between the Eran license partners prior to its expiration and the State whereby the Tamar SW reservoir will be divided between the Tamar Lease area (78%) and the Eran license area (22%) (after obtaining the consent of Tamar partners) and the Eran license rights will be divided between the State (76%) and the holder of the Eran license (24%). As of the date of approval of the condensed interim financial statements, the Tamar partners, the State and the Eran license partners are holding negotiations for reaching understanding needed to implement the mediation agreement specified above. It should be noted that on March 25, 2019, the Tamar partners notified the Minister of Energy that they are withdrawing the appeal to the Commissioner of Petroleum's decision on the approval of the Tamar SW reservoir development plan.

g. Dividend:

On April 7, 2019, the Company's Board approved the distribution of a dividend of approximately $ 30,000 thousand ($ 0.34 per share) to the Company's shareholders. The dividend was distributed on May 2, 2019.

h. In April 2019, the Company's Board decided to earmark funds totaling approximately $ 20 million that are expected to be expensed as construction or operation costs of the Tamar project and place them in a special purpose restricted expense account, as defined in Section 5.10.2 to the indentures of bonds (Series A and B). This amount is presented in the condensed interim statement of financial position as of June 30, 2019 under current assets in the item "restricted deposits".

NOTE 4:- ADDITIONAL INFORMATION (Cont.)

i. Information of certain financial covenants underlying the bonds (Series A and B):

Following are details of certain financial covenants determined in the trust deed of the bonds (Series A and B):

1. Expected debt service coverage ratio (as defined in the trust deed) of no less than 1:1.05 (during two consecutive quarters) and of no less than 1:1.20 for a dividend distribution. It should be noted that before the date of the annual financial statements, the Company did not include in the calculation of the expected debt service coverage ratio the effect of the finance expenses paid by the Company in respect of the bonds on its tax liability ("the tax shield"), which are included in these condensed interim financial statements. The inclusion of the tax shield increased the expected debt service coverage ratio the expected debt service ratio for the 12-month period beginning on October 1, 2019 by about 0.1 to 1.56.

   It should be noted that according to the bond indentures, given that more than 120 days have elapsed from the date of publication of the discounted cash flow, the Company is required to confirm to the trustee that no material adverse changes, as defined in the bond indentures, have occurred in the parameters underlying the coverage ratio which are likely to change the coverage ratio in a manner that will not allow distribution and/or will represent breach of the bond indentures (namely, a ration below 1:1.20 and 1:1.05, respectively). According to the Company's estimates as of the date of approval of the condensed interim financial statements, the changes in the parameters underlying the discounted cash flow do not represent material adverse changes as discussed above.

2. Minimum economic equity (as defined in the trust deeds) of no less than $ 250 million (during two consecutive quarters) for the bonds (Series A) and of no less than $ 350 million (during two consecutive quarters) for the bonds (Series B) - the economic equity as of June 30, 2019 is approximately $ 909 million.

3. For the purpose of dividend distribution, the historic debt coverage ratio (as defined in bond indentures) will not be lower than 1:1.20 on two consecutive examination dates (the historic ratio is examined semiannually from the date of the annual financial statements as of December 31, 2018). The historic debt coverage ratio for the 12-month period ended June 30, 2019 is 1.58.

As of the date of the condensed interim statement of financial position, the Company is in compliance with the financial covenants determined in the trust deeds of the bonds (Series A and B).

NOTE 4:- ADDITIONAL INFORMATION (Cont.)

j. Fair value of financial instruments:

The fair value of the financial instruments presented in the financial statements matches or approximates their carrying amount, except for issued bonds (Level 1) whose fair value as of June 30, 2019 is approximately $ 1,056 million (December 31, 2018 - approximately $ 1,084 million, June 30, 2018 - approximately $ 1,136 million) and whose carrying amount, including accrued interest, as of that date approximates $ 1,097 million (December 31, 2018 - approximately $ 1,146 million, June 30, 2018 - approximately $ 1,173 million).

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August 14, 2019

To
The Board of Directors of
Tamar Petroleum Ltd. ("the Company")
11 Galgalei Haplada St.
Herzliya Pituach 4672211, Israel

Dear Sirs/Mesdames,

Re: Consent Letter Given Simultaneously with the Publication of a Periodic Report on a Shelf Prospectus of the Company ("the Offering Document")

This is to notify you that we consent to the inclusion (including by reference) in the above-referenced Offering Document of our reports listed below:

Independent auditors' review report dated August 14, 2019 on the Company's condensed financial information as of June 30, 2019 and for the periods of six and three months then ended.

Kost Forer Gabbay & Kasierer	**Ziv Haft**
Certified Public Accountants	**Certified Public Accountants**

This report is a translation of Tamar Petroleum Ltd.'s Hebrew-language Report on the Effectiveness of the Internal Control over Financial Reporting and Disclosure, and is prepared solely for convenience purposes. Please note that the Hebrew version constitutes the binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

Tamar Petroleum Ltd.

Report Concerning the Effectiveness of the Internal Control over Financial Reporting and Disclosure

Quarterly Report Concerning the Effectiveness of the Internal Control over Financial Reporting and Disclosure under Regulation 38C(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 for the Second Quarter of 2019

The Management of Tamar Petroleum Ltd. ("**the Company**"), under the supervision of its Board of Directors, is responsible for designing and maintaining proper internal control over financial reporting and disclosure within the Company.

For this purpose, the members of Management are:

1. Liami Vaisman, CEO
2. Yuval Raikin, CFO
3. Efrat Hozeh-Azrad, General Counsel and VP

Internal control over financial reporting and disclosure consists of existing controls and procedures within the Company that were designed by, or under the supervision of, the CEO and the CFO, or persons performing similar functions, under the supervision of the Board of Directors, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, and to ensure that information required to be disclosed by the Company in the reports it issues under the provisions of the law is collected, processed, summarized and reported within the time and in the form prescribed in the law.

Internal control includes, inter alia, controls and procedures designed to ensure that information required to be disclosed by the Company as aforesaid, is accumulated and communicated to the Company's Management, including the CEO and the CFO, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Owing to its structural limitations, internal control over financial reporting and disclosure is not intended to provide complete assurance regarding the prevention or detection of misstatements or the omission of information in reports.

In the interim report on the effectiveness of internal control over financial reporting and disclosure attached to the interim report for the period ended March 31, 2019 ("**the latest interim report of internal control**"), the internal control in the Company was evaluated as effective.

Through the date of this Report, the Company's Board of Directors or Management have not been informed of any events or circumstances that are likely to change their assessment of the effectiveness of internal control, as presented in the latest interim report of internal control.

As of the date of this Report, based on the assessment of the effectiveness of internal control in the latest interim report of internal control and based on information presented to the Company's Management and Board of Directors as discussed above, internal control is effective.

Officers' Certification

Certification of Chief Executive Officer pursuant to Regulation 38C(d)(1):

Certification of Chief Executive Officer

I, Liami Vaisman, hereby certify that:

(1) I have reviewed the interim report of Tamar Petroleum Ltd. ("**the Company**") for the second quarter of 2019 ("**the Reports**");

(2) Based on my knowledge, the Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports;

(3) Based on my knowledge, the financial statements and other financial information included in the Reports, fairly present, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports;

(4) I have disclosed to the Company's independent auditors, Board of Directors, Audit Committee and Financial Statement Review Committee, based on my most recent evaluation of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the design or operation of the internal control over financial reporting and disclosure, which are reasonably likely to adversely affect the Company's ability to collect, process, summarize and report financial information, in a manner capable of casting doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and

(b) Any fraud, whether or not material, that involves the CEO or anyone directly or indirectly subordinate thereto, or other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Company:

(a) Designed controls and procedures, or caused to be designed and maintained, under my supervision, controls and procedures, to ensure that material information relating to the Company is made known to me by others within the Company, particularly during the period of preparation of the Reports; and

(b) Designed controls and procedures, or caused to be designed and maintained, under my supervision, controls and procedures, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including generally accepted accounting principles;

(c) I have not been informed of any events or circumstances that occurred in the period from the latest report date (the Interim Report as of March 31, 2019) through the date of this Report that are likely to change the conclusion reached by the Company's Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

That aforementioned does not derogate from my responsibility or the responsibility of any other person pursuant to applicable law.

August 14, 2019

Liami Vaisman
CEO

Officers' Certification
Certification of Chief Financial Officer pursuant to Regulation 38C(d)(2):

Certification of Chief Financial Officer

I, Yuval Raikin, hereby certify that:

(1) I have reviewed the interim financial statements and other financial information included in the interim reports of Tamar Petroleum Ltd. ("**the Company**") for the second quarter of 2019 ("**the Reports**" or "**the Interim Reports**");

(2) Based on my knowledge, the interim financial statements and other financial information included in the Interim Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports;

(3) Based on my knowledge, the interim financial statements and other financial information included in the Interim Reports, fairly present, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports;

(4) I have disclosed to the Company's independent auditors, Board of Directors, Audit Committee and Financial Statement Review Committee, based on my most recent evaluation of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the design or operation of the internal control over financial reporting and disclosure as it relates to the interim financial statements and other financial information included in the Interim Reports, which are reasonably likely to adversely affect the Company's ability to collect, process, summarize and report financial information, in a manner capable of casting doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and

(b) Any fraud, whether or not material, that involves the CEO or anyone directly or indirectly subordinate thereto, or other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Company:

(a) Designed controls and procedures, or caused to be designed and maintained, under my supervision, controls and procedures, to ensure that material information relating to the Company is made known to me by others within the Company, particularly during the period of preparation of the Reports; and

(b) Designed controls and procedures, or caused to be designed and maintained, under my supervision, controls and procedures, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including generally accepted accounting principles;

(c) I have not been informed of any events or circumstances that occurred in the period from the latest interim report date (the Interim Report as of March 31, 2019) through the date of this Report, as they relate to the interim financial statements and other financial information included in the Interim Reports, that are likely to change the conclusion reached by the Company's Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

That aforementioned does not derogate from my responsibility or the responsibility of any other person pursuant to applicable law.

August 14, 2019

Yuval Raikin
CFO