Tamar Petroleum Ltd.

Financial Statements
as of March 31, 2018

Table of Contents

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]

Chapter A – Update to the Description of the Company's Business

1. **Section 7.2.10(a) to the Annual Report - actual rate of participation in the expenses and revenues of the Tamar Project**

Further to footnote 46 regarding the Return of Investment (ROI) Date in the Tamar Project, as of the date of publication of the Report, the Company began paying royalties to the Delek Group Ltd. and to Delek Energy Systems Ltd. based on the increased rate applicable after the ROI Date (6.5%) on the Company's revenues deriving from its 9.25% interests in the Tamar Lease whereby, solely for the purpose of the payment of royalties, it is assumed that the ROI Date falls on December 2017[2] in view of the fact that the Company has yet to complete all the tests and calculations in connection with determining the RIO Date. To the best of the Company's knowledge, the Supervisor of Delek Drilling - Limited Partnership ("**Delek Drilling**") is examining the calculation underlying the determination of the ROI Date applicable to Delek Drilling. Therefore, it is possible that the tests performed by the Company and/or the inspection performed by the Supervisor of Delek Drilling as discussed above and/or the inspection performed by the royalty owners (who have also been studying the ROI Date), once completed, will have implications on the actual ROI Date.

2. **Section 7.2.15(a) to the Annual Report - production reserves in the Tamar Lease**

The following table presents the Tamar Project's natural gas and condensate production inputs in Q1 2018[3]:

		Natural gas	**Condensate**
Total production (attributed to equity holders of the Company) in the period (in MMCF of natural gas and thousands of barrels of condensate)		9,082	11.5
Average price per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)		5.49	58.9
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	0.61	6.6
	Third parties	0.08	0.9
	Interested parties	0.34	3.6
Average production costs per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)[4]		0.41	2.2
Average net receipts per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)		4.05	45.6

3. **Section 7.10 to the Annual Report - human capital**

---

[1] The update includes material changes or developments which occurred in the Company's business affairs from the date of publication of the Annual Report for 2017 on March 21, 2018 (TASE reference: 2018-01-021984) through the date of this Report regarding all matters that require disclosure in the Annual Report.

[2] Based on the calculation prepared by Delek Drilling (from which the Company had purchased the working interests subject to the payment of royalties as above).

[3] 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.

[4] Please note that the average production costs per production unit only include current production costs and exclude the reservoir's exploration and development costs.

On March 27, 2018, the Company issued 208,626 non-registered share options exercisable into Company shares to the Company's CEO and two other officers in the Company who report to the CEO. See details of the terms of the share options in an immediate report of March 1, 2018 regarding a material private placement to the CEO (TASE reference: 2018-01-016884) and an immediate report of January 29, 2018 (TASE reference: 2018-01-008607) and a supplementary report of March 1, 2018 regarding an immaterial private placement to officers (TASE reference: 2018-01-016830) hereby included by way of referral.

A special general meeting of the Company's shareholders was convened for March 29, 2018 to approve the grant of a bonus of NIS 192 thousand to Mr. Liami Vaisman, the Company's CEO, for 2017. On May 2, 2018, the Company announced that the meeting was postponed to May 23, 2018.

4. **<u>Section 7.21.1 to the Annual Report - legal proceedings</u>**

On April 12, 2018, the legal representatives of the deceased petitioner filed a mutual petition for replacing him with the deceased's wife, Mrs. Michal Nizri, subject to several predetermined conditions. On the same date, the Court decided to grant the petition. On May 14, 2018, the petitioner filed a deposition in support of the letters of claims made by it.

On May 6, 2018, a proof hearing was held in which Mr. Ehud Adiri's deposition was heard (the State's deponent). In the hearing scheduled for May 22, 2018, the depositions of Mr. Morris Dorfman and Mr. Shaul Meridor (State deponents) and of the petitioner will be heard and in the hearing scheduled for June 26, 2018, the depositions of the respondents and the Company will be heard.

Date: May 15, 2018

Tamar Petroleum Ltd.
By: Mr. Yossi Abu, Chairman of the Board
Mr. Liami Vaisman, CEO

This report is a translation of Tamar Petroleum Ltd.'s Hebrew-language Board of Directors' Report, 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.

Board of Directors' Report
For the period ended March 31, 2018

The board of directors of Tamar Petroleum Ltd. ("**the Company**") is hereby pleased to present the Board of Directors' Report for the period of three months ended March 31, 2018 ("**the Reporting Period**").

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

1. General

On March 14, 2018, upon the fulfillment of the suspending conditions stipulated in the sale agreement signed with Noble Energy Mediterranean Ltd. ("**Noble**") on January 29, 2018, the Company completed the acquisition of an additional 7.5% (of 100%) of the working interests in the Tamar I/12 and Dalit I/13 Leases (jointly, "**the Leases**" or "**the Tamar and Dalit Leases**"), and the pro rata share (7.5%) in the approvals, rights and obligations pursuant to related agreements ("**the Working Interests**") in consideration of approximately $ 690 million. The acquisition was made for a cash consideration of approximately $ 475 million, which was financed through the issuance of bonds (Series B), and for the allocation of 38,495,576 Ordinary shares of the Company of NIS 0.1 par value each (accounting for 43.5% of the Company's issued and outstanding share capital) to Noble. See additional information in Notes 3 and 4 to the condensed interim financial statements as of March 31, 2018. Accordingly, the statement of comprehensive income includes the operating results relating to the acquired Working Interests from the acquisition date (March 14, 2018).

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:

	Three months ended March 31,		Year ended December 31,
	2018	2017 *	2017
	Unaudited		Audited
Revenues from sale of gas and condensate	50,536	42,329	172,334
Less - royalties	9,496	6,559	27,246
Net revenues	41,040	35,770	145,088
Costs and expenses:			
Cost of production of natural gas and condensate	3,721	3,100	12,234
Depreciation, depletion and amortization expenses	5,377	4,323	16,934
General and administrative expenses	730	300	1,698
Total costs and expenses	9,828	7,723	30,866
Operating income	31,212	28,047	114,222
Finance expenses	(9,515)	(70)	(15,859)
Finance income	179	5	332
Finance expenses, net	(9,336)	(65)	(15,527)
Income before taxes on income	21,876	27,982	98,695
Taxes on income	(6,462)	-	(10,469)
Total comprehensive income for the period	**15,414**	**27,982**	**88,226**
Gas sales in BCM[1]	2.4	2.4	9.7
Condensate sales in thousands of barrels[2]	109	114	455

* Data prepared according to the as pooling method, as explained in Note 2 to the annual financial statements as of December 31, 2017.

[1] The data relate to sales of natural gas by all the Tamar partners, 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.

Revenues less royalties in the Reporting Period amounted to approximately $ 41 million, compared with approximately $ 35.8 million in the corresponding period of last year, an increase of about 14.7%. The increase in revenues less royalties in the Reporting Period compared to the corresponding period of last year mainly arises from an increase of approximately $ 6.2 million in revenues less royalties originating from the acquired Working Interests, partly offset by a decrease of approximately $ 0.9 million mainly arising from the increase in the rate of overriding royalties applicable to the Company's revenues relating to its 9.25% interests in the Tamar Lease payable to the Delek Group Ltd. and to Delek Energy Systems Ltd. from 1.5% to 6.5%. See more information in paragraph 1 to the update to Chapter A (Description of the Company's Business) hereby attached.

The cost of production of sold gas mainly includes operating expenses of the Tamar project, which comprise, inter alia, expenses of shipping and transportation, payroll, consulting, maintenance and insurance. The cost of gas production in the Reporting Period amounted to approximately $ 3.7 million compared with approximately $ 3.1 million in the corresponding period of last year. The main increase in cost of gas production of approximately $ 0.5 million is a result of the acquisition of the Working Interests as above.

Depreciation, depletion and amortization expenses in the Reporting Period amounted to approximately $ 5.4 million, compared with approximately $ 4.3 million in the corresponding period of last year. Depreciation expenses include depreciation and depletion in respect of the Tamar project. The main increase of approximately $ 1.5 million in depreciation expenses arises from the acquisition of the Working Interests as above.

General and administrative expenses in the Reporting Period amounted to approximately $ 0.7 million, consisting, inter alia, of expenses in respect of professional services, payroll, general expenses and expenses in connection with the acquisition of the Working Interests in the amount of approximately $ 0.1 million. General and administrative expenses in the corresponding period of last year were included based on management's estimate in the amount attributable to the Tamar project out of total general and administrative expenses of Delek Drilling, as described in Note 2a to the annual financial statements as of December 31, 2017.

Finance expenses in the Reporting Period amounted to approximately $ 9.5 million, compared with approximately $ 0.1 million in the corresponding period of last year. The main increase in finance expenses in the Reporting Period arises from finance expenses in respect of bonds (Series A) issued in July 2017 totaling approximately $ 7.8 million and finance expenses in respect of bonds (Series B) issued in March 2018 totaling approximately $ 1.6 million.

Taxes on income in the Reporting Period amounted to approximately $ 6.5 million. Tax expenses in the Reporting Period consist of approximately $ 1.5 million 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 Company did not recognize taxes on income - as explained in Note 2b to the annual financial statements as of December 31, 2017, the Company accounted for the acquisition of 9.25% of the Tamar and Dalit Leases using the as pooling method and therefore until June 30, 2017, the financial statements do not include taxes on income since the Company's activity through this date was performed by Delek Drilling and the latter does not include taxes on income in its financial statements since the tax applicable to its profits is paid by the holders of its membership units.

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 March 31, 2018 compared with the statement of financial position as of March 31, 2018:

Total assets in the statement of financial position as of December 31, 2017 amounted to $ 575 million compared with total assets which also include the acquired Working Interests in the amount of approximately $ 1,317 million as of March 31, 2018.

Current assets increased from approximately $ 48.1 million as of December 31, 2017 to $ 88.6 million as of March 31, 2018. The change is mainly attributable to the following factors:

(1) **Cash and cash equivalents** increased from approximately $ 28.4 million as of December 31, 2017 to approximately $ 46.9 million as of March 31, 2018.

(2) **Trade receivables** increased from approximately $ 18.3 million as of December 31, 2017 to approximately $ 23 million as of March 31, 2018. The increase is mainly a result of an increase of approximately $ 7 million relating to the acquired Working Interests.

(3) **Other accounts receivable** increased from approximately $ 1.3 million as of December 31, 2017 to approximately $ 18.7 million as of March 31, 2018. The main increase of approximately $ 16.5 million derives from receivables from the acquisition of the Working Interests.

Non-current assets increased from approximately $ 527.3 million as of December 31, 2017 to approximately $ 1,228 million as of March 31, 2018. The change is mainly attributable to the following factors:

(1) **Investments in oil and gas assets** increased from approximately $ 380.1 million as of December 31, 2017 to approximately $ 1,072.5 million as of March 31, 2018. The main increase arises from the acquisition of oil and gas assets in the context of the acquisition of the Working Interests in the amount of approximately $ 697.3 million and investments totaling approximately $ 0.7 million, partly offset against depreciation expenses of approximately $ 5.4 million recorded in the Tamar project.

(2) **Restricted deposits** increased from approximately $ 10 million as of December 31, 2017 to approximately $ 23.9 million as of March 31, 2018. These deposits serve as safety reserves for the payment of the principal and interest to the holders of bonds (Series A) and bonds (Series B) and are pledged in favor of the trustee of these bonds. The increase in the Reporting Period is a result of an investment of approximately $ 3.9 million and $ 10 million in the safety reserves for the bonds (Series A) and bonds (Series B), respectively.

Current liabilities increased from approximately $ 38.9 million as of December 31, 2017 to approximately $ 125.7 million as of March 31, 2018. The change is mainly attributable to the following factors:

(1) **Dividend payable -** as of March 31, 2018, the dividend declared in the amount of approximately $ 32 million on March 20, 2018 was paid on April 11, 2018.

(2) **Current maturities of bonds** increased from approximately $ 11.4 million as of December 31, 2017 to approximately $ 75.3 million as of March 31, 2018. The increase in current maturities of bonds (Series A) and bonds (Series B) amounts to approximately $ 25.6 million and $ 38.3 million, respectively.

(3) **Accounts payable** decreased from approximately $ 24 million as of December 31, 2017 to approximately $ 18.4 million as of March 31, 2018. The decrease is mainly a result accrued expenses in respect of interest to holders of bonds totaling approximately $ 10.6 million, partly offset by accounts payable totaling approximately $ 5.6 million in connection with the acquired Working Interests.

Non-current liabilities increased from approximately $ 639.6 million as of December 31, 2017 to approximately $ 1,095.7 million as of March 31, 2018. The change is mainly attributable to the following factors:

(1) **Bonds less current maturities** increased from approximately $ 629.7 million as of December 31, 2017 to approximately $ 1,077.7 million as of March 31, 2018. The increase is mainly a result of the issuance of bonds (Series B) in March 2018 which are presented less discount, issuance expenses and current maturities.

(2) **Asset retirement obligation** increased from approximately $ 9.9 million as of December 31, 2017 to approximately $ 187 million as of March 31, 2018. The increase arises from the retirement liability in connection with the acquisition of the Working Interests.

The Company's equity as of December 31, 2017 amounted to a deficit of approximately $ 103.1 million compared to equity of approximately $ 95.2 million as of March 31, 2018. The increase in equity derives from the issuance of shares to Noble for financing the acquisition of the Working Interests in the amount of approximately $ 215 million and the income for the period of approximately $ 15.4 million against the decrease of approximately $ 32 million in retained earnings in respect of a dividend declared.

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

Cash flows provided by operating activities in the Reporting Period amounted to approximately $ 30 million, compared with approximately $ 33.5 million in the corresponding period of last year. The decrease is mainly a result of payment of income tax expenses of approximately $ 2.1 million and changes in working capital items.

Net cash flows used in investing activities in the Reporting Period amounted to approximately $ 505.5 million, compared with approximately $ 14.2 million in the corresponding period of last year. The increase is mainly a result of the Cash Consideration of approximately $ 491.2 million paid in the Reporting Period for acquiring the Working Interests and the investment of approximately $ 13.9 million in restricted deposits. The increase was offset by a decrease of approximately $ 12.1 million in oil and gas assets compared to the corresponding period of 2017.

Net cash flows provided by financing activities in the Reporting Period amounted to approximately $ 494 million, including, on the one hand, net proceeds of approximately $ 514.3 million from the issuance of bonds (Series B) and on the other hand the payment of interest of approximately $ 19.5 million and buyback of bonds (Series B) totaling approximately $ 0.8 million. Cash flows used in financing activities in the corresponding period of 2017 amounted to approximately $ 19.2 million as distributions to owners.

The balance of cash and cash equivalents as of March 31, 2018 amounted to approximately $ 46.9 million.

c. **Working capital deficiency**

As of March 31, 2018, the Company has a working capital deficiency of approximately $ 37 million. Based on the Company's Board's examination, the above deficiency is not indicative of any liquidity difficulty in view of the Company's expected estimated cash flows for the period of 12 months from March 31, 2018 as included in the discounted cash flows published by the Company on March 6, 2018 (TASE reference: 2018-01-018132) which materially exceeds the above deficiency.

d. **Proforma financial statements**

In keeping with the matters discussed in Note 3 to the attached condensed interim financial statements regarding the acquisition of 7.5% of the working interests in the Tamar and Dalit Leases, the Company prepared proforma condensed statements of comprehensive income hereby attached in accordance with the assumptions detailed in Note 3 to the proforma financial statements.

Proforma revenues less royalties in the Reporting Period amounted to approximately $ 66.2 million, compared with approximately $ 67.3 million in the corresponding period of last year. The decrease in the Reporting Period stems from the increase in royalty expenses, as explained in paragraph 2a above.

Total proforma costs and expenses in the Reporting Period amounted to approximately $ 16.7 million, compared with approximately $ 17.1 million in the corresponding period of last year. The decrease in the Reporting Period mainly arises from the decrease in depreciation, depletion and amortization expenses mostly due to updating the gas reserves in the Tamar project, partly offset by the increase in cost of gas production and the increase in general and administrative expenses as explained in paragraph 2a above.

Taxes on income in the Reporting Period amounted to approximately $ 9.2 million, compared with approximately $ 8.3 million in the corresponding period of last year. The increase in the Reporting Period mainly arises from the difference between the measurement basis of revenues as reported for tax purposes (in NIS) and the measurement basis reported in the financial statements (in USD).

Part Two – Exposure to and Management of Market Risks

In the Reporting Period there was no change in the Company's exposure to and management of market risks, as reported in the Board of Directors' Report for 2017, except for the following:

1. Linkage base report as of March 31, 2018 (U.S. Dollars in thousands)

	Monetary balances		Non-monetary balances	Total
	In or linked to USD	In NIS		
Assets				
Cash and cash equivalents	42,091	4,841	-	46,932
Trade receivables	22,979	-	-	22,979
Other accounts receivable	15,732	1,888	1,102	18,722
Investments in oil and gas assets	-	-	1,072,705	1,072,705
Deferred taxes	-	-	127,205	127,205
Restricted deposits	23,924	-	-	23,924
Other long-term assets	3,547	-	656	4,203
Total assets	108,273	6,729	1,201,668	1,316,670
Liabilities				
Dividend payable	32,023	-	-	32,023
Accounts payable	12,890	3,060	2,425	18,375
Bonds	1,153,042	-	-	1,153,042
Asset retirement obligation	-	-	17,993	17,993
Total liabilities	1,197,955	3,060	20,418	1,221,433
Total net balance sheet balance	(1,089,682)	3,669	1,181,250	95,237

2. Sensitivity tests to changes in USD/NIS exchange rates (U.S. Dollars in thousands)

Sensitive instrument	Profit/(loss) from the change		Fair value	Profit/(loss) from the change	
	+10%	+5%		-5%	-10%
	3.865	3.690	3.514 *	3.338	3.163
Cash and cash equivalents	(484)	(242)	4,841	242	484
Other accounts receivable	(189)	(94)	1,888	94	189
Accounts payable	306	153	(3,060)	(153)	(306)
Total	**(367)**	**(183)**	**3,669**	**183**	**367**

* The USD/NIS exchange rate as of March 31, 2018.

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

Events after the date of the interim statement of financial position

In May 2018, an agreement was signed between the Tamar partners and the Yam Tethys partners for the sale of (immaterial) production reserves from the Yam Tethys Reservoir to the Tamar partners for their sale of customers of the Tamar project.

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 on Bonds Issued by the Company (NIS in thousands)

Bonds	**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 March 31, 2018	2,289,300	1,937,040
Linked par value as of March 31, 2018	2,284,100	1,967,840
Carrying amount in the Company's books as of March 31, 2018	2,253,676	1,798,114
Quoted market price as of March 31, 2018	2,153,087	1,840,382
Amount of accrued interest as of March 31, 2018	9,392	4,551
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

Bonds	**Series A**	**Series B**
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.
Guarantee for payment of the liability	None	None
Name of trustee	Strauss Lazer, Trust Company (1992) Ltd.	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[3]	A1.il	A1.il

[3] The bonds (Series A) were rated on June 25, 2017, July 2, 2017, July 5, 2017, July 12, 2017, February 20, 2018 and March 12, 2018; the bonds (Series B) were rated on February 20, 2018 and March 12, 2018. For details see the Company's immediate report dated March 12, 2018 (TASE reference: 2018-01-019119), the contents of which are included herein by reference.

Bonds	**Series A**	**Series B**
Has the Company complied with all the conditions and obligations under the Series A Indenture throughout the Reporting Period until March 31, 2018?	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
Pledges for securing the bonds	See Part Six to the Board of Directors' Report as of December 31, 2017	See Part Six to the Board of Directors' Report as of December 31, 2017
Financial covenants as of March 31, 2018	• 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) – $ 804 million[4] • 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 July 1, 2018) – 1.53[5] • Economic equity (as defined in Section 5.10.3 of the Series A Indenture) – $ 950 million[6]	• 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) – $ 804 million[7] • 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 July 1, 2018) – 1.53[8] • Economic equity (as defined in Section 5.10.3 of the Series B Indenture) – $ 950 million[9]

[4] According to the terms of the Series A Indenture, said equity may be no less than $ 250 million.
[5] According to the terms of the Series A Indenture, said ratio will be no less than 1.05.
[6] According to the terms of the Series A Indenture, said economic equity may be no less than $ 250 million during two consecutive quarters.
[7] According to the terms of the Series B Indenture, said equity may be no less than $ 350 million.
[8] According to the terms of the Series B Indenture, said ratio may be no less than 1.05.
[9] 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,

Yossi Abu	**Liami Vaisman**
Chairman of the Board	CEO

Tamar Petroleum Ltd.

<u>Annex A</u>
<u>Amortization Schedule of Bonds (Series A</u>

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 MARCH 31, 2018

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 MARCH 31, 2018

UNAUDITED

IN U.S. DOLLARS IN THOUSANDS

INDEX

\- - - - - - - - - - -

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 March 31, 2018 and the related condensed statements of comprehensive income, changes in equity and cash flows for the period of three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period 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, May 15, 2018

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

In U.S. Dollars in thousands

	March 31,		December 31,
	2018	**2017 ***	**2017**
	Unaudited		**Audited**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	46,932	-	28,439
Trade receivables	22,979	14,287	18,296
Other accounts receivable	18,722	7,313	1,324
	88,633	21,600	48,059
NON-CURRENT ASSETS:			
Investments in oil and gas assets	1,072,705	389,927	380,065
Deferred taxes	127,205	-	134,698
Restricted deposits	23,924	-	9,969
Other long-term assets	4,203	1,971	2,521
	1,228,037	391,898	527,253
	1,316,670	413,498	575,312
LIABILITIES AND EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Dividend payable	32,023	-	-
Current maturities of debentures	75,309	-	11,351
Accounts payable	18,375	8,640	23,992
Income taxes payable	-	-	3,543
	125,707	8,640	38,886
NON-CURRENT LIABILITIES:			
Debentures net of current maturities	1,077,733	-	629,691
Asset retirement obligation	17,993	9,289	9,871
	1,095,726	9,289	639,562
Total liabilities	1,221,433	17,625	678,448
EQUITY (DEFICIT):			
Ordinary share capital	2,517	**	1,399
Share premium	784,495	395,569	570,648
Retained earnings	15,414	-	32,023
	802,426	395,569	604,070
Capital reserve	(707,189)	-	(707,206)
	95,237	395,569	(103,136)
	1,316,670	413,498	575,312

* See also Note 2.

** Represents an amount lower than $ 1 thousand.

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

May 15, 2018			
Date of approval of the financial statements	Yossi Abu Chairman of the Board	Liami Vaisman CEO	Yuval Raikin CFO

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

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

	Three months ended March 31, 2018 **	Three months ended March 31, 2017 *	Year ended December 31, 2017 *
	Unaudited	Unaudited	Audited
Revenues from sale of gas and condensate	50,536	42,329	172,334
Less - royalties	9,496	6,559	27,246
Net revenues	41,040	35,770	145,088
Costs and expenses:			
Cost of production of natural gas and condensate	3,721	3,100	12,234
Depreciation, depletion and amortization expenses	5,377	4,323	16,934
General and administrative expenses	730	300	1,698
Total costs and expenses	9,828	7,723	30,866
Operating income	31,212	28,047	114,222
Finance expenses	(9,515)	(70)	(15,859)
Finance income	179	5	332
Finance expenses, net	(9,336)	(65)	(15,527)
Income before taxes on income	21,876	27,982	98,695
Taxes on income	(6,462)	-	(10,469)
Total comprehensive income for the period	15,414	27,982	88,226
Basic and diluted net earnings per share (in USD)	0.27	0.56	1.76
Weighted number of shares used in the above computation	57,699,115	50,000,000	50,000,000

* As for comparative figures (relating to the period up to June 30, 2017), see Note 2.

** Including results attributable to 7.5% additional working interests in Tamar reservoir acquired from Noble Energy Mediterranean Ltd. from the acquisition date, see Notes 2 and 3.

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

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

	Ordinary share capital	Share premium	Capital reserve	Retained earnings	Total
			Unaudited		
For the period of three months ended March 31, 2018:					
Balance at January 1, 2018 (audited)	1,399	570,648	(707,206)	32,023	(103,136)
Comprehensive income for the period	-	-	-	15,414	15,414
Issuance of shares	1,118	213,847	-	-	214,965
Dividend declared	-	-	-	(32,023)	(32,023)
Share-based payment	-	-	17	-	17
Balance at March 31, 2018	2,517	784,495	(707,189)	15,414	95,237

	Ordinary share capital	Share premium	Capital reserve	Retained earnings	Total
			Unaudited		
For the period of three months ended March 31, 2017 **:					
Balance at January 1, 2017 (audited)	*	386,825	-	-	386,825
Comprehensive income for the period	-	-	-	27,982	27,982
Owners' contributions (distributions to owners)	-	8,744	-	(27,982)	(19,238)
Balance at March 31, 2017	*	395,569	-	-	395,569

* Represents an amount lower than $ 1 thousand.

** As for comparative figures (relating to the period up to June 30, 2017), see Note 2.

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

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

	Ordinary share capital	Share premium	Capital reserve	Retained earnings	Total
			Audited		
For the year ended December 31, 2017 **:					
Balance at January 1, 2017	*	386,825	-	-	386,825
Comprehensive income for the period	-	-	-	88,226	88,226
Owners' contributions (distributions to owners)	-	7,112	-	(56,203)	(49,091)
Transaction with former controlling shareholder	-	(17,050)	(707,206)	-	(724,256)
Issuance of shares	1,399	193,761	-	-	195,160
Balance at December 31, 2017	1,399	570,648	(707,206)	32,023	(103,136)

* Represents an amount lower than $ 1 thousand.

** As for comparative figures (relating to the period up to June 30, 2017), see Note 2.

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

	Three months ended March 31,		Year ended December 31,
	2018	**2017 ***	**2017 ***
	Unaudited		**Audited**
Cash flows from operating activities:			
Net income for the period	15,414	27,982	88,226
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	5,377	4,323	16,934
Taxes on income	4,408	-	6,937
Finance expenses, net	643	61	849
Share-based payment	17	-	-
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(4,683)	1,405	(20,844)
Decrease (increase) in other accounts receivable	(568)	314	(2,307)
Change in balance with joint venture operator	(3,301)	-	-
Increase (decrease) in accounts payable	12,689	(618)	17,877
Net cash provided by operating activities	29,996	33,467	107,672
Cash flows from investing activities:			
Acquisition of additional working interests in Tamar and Dalit leases (see Appendix C and Note 3)	(491,190)	-	-
Investment in restricted deposits	(13,930)	-	(9,940)
Investments in oil and gas assets	(631)	(12,737)	(18,507)
Investment in other long-term assets	-	-	(1,666)
Change in balance with joint venture operator	-	(1,492)	9,545
Interest received	151	-	109
Receipts in connection with other long-term assets	87	-	130
Net cash used in investing activities	(505,513)	(14,229)	(20,329)
Cash flows from financing activities:			
Payment to former controlling shareholder pursuant to agreement (see Note 1b)	-	-	(845,299)
Proceeds from issuance of debentures, net	514,311	-	647,955
Proceeds from issuance of shares, net	-	-	195,160
Buyback of debentures	(840)	-	(7,523)
Receipt of short-term credit from former controlling shareholder	-	-	34,000
Repayment of short-term credit from former controlling shareholder	-	-	(34,000)
Distributions to owners	-	(19,238)	(49,091)
Interest paid	(19,461)	-	(106)
Net cash provided by (used in) financing activities	494,010	(19,238)	(58,904)
Increase in cash and cash equivalents	18,493	-	28,439
Cash and cash equivalents at beginning of period	28,439	-	-
Cash and cash equivalents at end of period	46,932	-	28,439

* As for comparative figures (relating to the period up to June 30, 2017), see Note 2.

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

	Three months ended March 31,		Year ended December 31,
	2018	**2017 ***	**2017 ***
	Unaudited		**Audited**
Appendix A - non-cash investing and financing activities:			
Investments in oil and gas assets against liabilities	583	2,314	485
Issuance of shares as consideration for purchase of oil and gas assets	214,965	-	-
Asset retirement obligation against oil and gas assets	-	-	197
Appendix B - additional cash flow information:			
Income taxes paid	2,054	-	3,530

	Three months ended March 31, 2018
	Unaudited
Appendix C - acquisition of additional working interests in Tamar and Dalit leases (see also Note 3):	
Including the following identifiable assets and liabilities:	
Working capital, net	14,695
Oil and gas assets	697,288
Other long-term assets	1,440
Deferred taxes	778
Asset retirement obligation	(8,046)
Share capital and premium	(214,965)
	491,190

* As for comparative figures (relating to the period up to June 30, 2017), see Note 2.

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

NOTE 1:- GENERAL

a. Tamar Petroleum Ltd. ("**the Company**") is engaged in the sale of natural gas produced from the Tamar reservoir, which is located on the Tamar I/12 lease ("**the Tamar Lease**" and "**the Tamar Project**", respectively), to various customers and mainly to the Israel Electric Corporation Ltd. ("**the IEC**") as well as to industrial customers (such as Oil Refineries Ltd. etc.), independent power producers and natural gas marketing companies. The Company also sells condensate produced in the Tamar project to Paz Ashdod Oil Refineries, in promoting the expansion of the Tamar project's production platform and in examining the geological potential of deep drilling targets in the Tamar lease.

The Company's articles of association provide that the Company shall only perform operations of exploration, development, production and transmission to the oil and gas target markets in connection with the Tamar I/12 and Dalit I/13 leases (jointly, "**the Leases**" or "**the Tamar and Dalit Leases**" and/or "**the Joint Venture**") in which the Company holds 16.75% of the working interests as of the financial statement date (see paragraph b below).

The Company is a publicly traded company incorporated and resident in Israel. The Company's securities are traded on the Tel-Aviv Stock Exchange Ltd. ("**the TASE**")

The Company's head office is located on 11 Galgalei Haplada St., Herzliya, Israel.

b. The Company began operating on July 1, 2017, following the fulfillment of the suspending conditions stipulated in the agreement signed with Delek Drilling Limited Partnership ("**Delek Drilling**") in which the Company acquired 9.25% (of 100%) of the working interests in the Tamar and Dalit leases by raising debt and capital from the public (see Note 4 to the Company's annual financial statements as of December 31, 2017 and the accompanying notes ("**the annual financial statements**"). The Company had previously been inactive and is wholly owned and controlled by Delek Drilling.

c. On March 14, 2018, upon the fulfillment of the suspending conditions stipulated in the sale agreement signed with Noble Energy Mediterranean Ltd. ("**Noble**" or "**the Operator**") on January 29, 2018 (see Note 3 below), the Company acquired an additional 7.5% (of 100%) of the working interests in the Leases ("**the Working Interests**") in consideration of approximately $ 690 million. The acquisition was made for a cash consideration of approximately $ 475 million (financed through the issuance of bonds (Series B)) and for the allocation of 38,495,576 Ordinary shares of the Company of NIS 0.1 par value each (accounting for 43.5% of the Company's issued and outstanding share capital) to Noble (see Notes 3 and 4 below).

NOTE 1:- GENERAL (Cont.)

d. As of the date of approval of the condensed interim financial statements, to the best of the Company's knowledge, the Company has no controlling shareholder (based on the definition of the term "control" in the Israeli Securities Law, 1968). Following the acquisition of the Working Interests as discussed above, Noble and Delek Drilling hold 43.5% and 22.6% of the Company's shares, respectively (as for the voting rights attached to the shares held by Noble and Delek Drilling, see Note 3d(b) below and Note 13 to the Company's annual financial statements, respectively).

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

As explained in Note 2 to the annual financial statements, the acquisition of the Working Interests from Delek Drilling in 2017 was accounted for using the as pooling method and was presented accordingly in effect retroactively for periods which preceded the acquisition date (July 1, 2017) with the necessary adjustments, as explained in said note. The comparative figures in these financial statements, including the data relating to the three months ended March 31, 2017, have been prepared on said basis.

The acquisition of the Working Interests from Noble in the reporting period (see Note 3 below) was accounted for using the purchase method of accounting based on the principles of IFRS 3, "Business Combination". Accordingly, the statement of comprehensive income includes the operating results relating to the additional 7.5% of the Working Interests in Tamar and Dalit Leases from the purchase date (March 14, 2018).

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

The condensed interim financial statements have been prepared on the basis of the same accounting policies and calculation methods applied in the annual financial statements, except for the following:

a. Share-based payment:

The Company granted employees who are officers in the Company unregistered options that are exercisable into Company shares and represent share-based payment. The fair value of the services received from the employees in return for the options is recognized as an expense in the statement of comprehensive income and simultaneously carried to a capital reserve in the statement of changes in equity. The overall amount, which is recognized as an expense over the option vesting period, is determined based on the fair value of the options grated on the grant date while relying on the best estimate of the number of equity instruments that are expected to vest.

b. Diluted earnings per share:

Diluted earnings or loss per share are calculated by the Company by dividing the net income or loss attributable to equity holders of the Company by the weighted average number of Ordinary shares outstanding during the period. Potential Ordinary shares, which derive from the potential exercise of options granted to employees and officers in the Company into shares, are included in the computation of diluted earnings per share only when their effect is dilutive (would reduce earnings per share or increase loss per share).

c. Adoption of new standards:

Effective from January 1, 2018, the Company adopts new IFRSs which became effective as of that date as follows:

1. IFRS 9, "Financial Instruments" ("the Standard"):

The Standard replaces IAS 39, "Financial Instruments: Recognition and Measurement" and addresses all three aspects of financial instruments: classification and measurement, impairment and hedge accounting.

According to the Standard, all financial assets are measured at fair value upon initial recognition and in certain cases with the addition of directly attributable transaction costs. In subsequent periods, debt instruments are measured at amortized cost only if both of the following conditions are met:

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

c. Adoption of new standards (Cont.):

1. IFRS 9, "Financial Instruments" ("the Standard") (Cont.):

- The asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of all other debt instruments and financial assets should be at fair value. The Standard establishes a distinction between debt instruments to be measured at fair value through profit or loss and debt instruments to be measured at fair value through other comprehensive income.

Financial assets that are equity instruments should be measured in subsequent periods at fair value and the changes recognized in profit or loss or in other comprehensive income (loss), in accordance with the election by the Company on an instrument-by-instrument basis. If equity instruments are held for trading, they should be measured at fair value through profit or loss.

Impairment of financial debt instruments that are not measured at fair value through profit or loss is determined based on the expected credit loss model according to a three-stage model. Each stage determines the measurement method of expected credit losses and finance income based on changes in the debt instrument's credit risk profile. This model offers a relief for financial assets under short-term credit terms such as trade receivables.

The Standard does not introduce any modifications to the provisions that apply to derecognition of financial instruments and to financial liabilities for which the fair value option has not been elected. According to the Standard, changes in the fair value of financial liabilities measured at fair value which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss.

The Company has chosen to adopt the Standard based on the alternative that allows recognizing the cumulative effect as of the initial adoption date. The initial adoption of the Standard has had no effect on the Company's financial statements.

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

c. Adoption of new standards (Cont.):

2. IFRS 15, "Revenue from Contracts with Customers" ("the Standard"):

The revenue recognition accounting policy applied from January 1, 2018 is as follows:

According to the Standard, revenue from contracts with customers is recognized in profit or loss when the control over the asset or service is transferred to the customer. Revenue is measured and recognized at the fair value of the consideration that is expected to be received based on the contract terms, less the amounts collected in favor of third parties (such as taxes). Revenue is recognized in profit or loss to the extent that it is probable that the economic benefits associated with the contract will flow to the Company and that and the costs incurred or to be incurred in respect of the contract can be measured reliably.

The Standard introduces a five-step model that applies to revenue earned from contracts with customers:

Step 1: Identify the contract with a customer, including reference to contract combination and accounting for contract modifications.

Step 2: Identify the distinct performance obligations in the contract

Step 3: Determine the transaction price, including reference to variable consideration, financing components that are significant to the contract, non-cash consideration and any consideration payable to the customer.

Step 4: Allocate the transaction price to the distinct performance obligations on a relative stand-alone selling price basis using observable information, if it is available, or using estimates and assessments.

Step 5: Recognize revenue when a performance obligation is satisfied, either at a point in time or over time.

The Company chose to adopt the provisions of the Standard using the modified retrospective approach with certain reliefs according to which the Standard will apply to existing contracts from the date of initial adoption and onwards while recognizing the cumulative effect of the initial adoption of the Standard as an adjustment to the opening balance of retained earnings (or another component of equity, as applicable). The initial adoption of the Standard has had no effect on the Company's financial statements.

NOTE 3:- ACQUISITION OF 7.5% WORKING INTERESTS IN TAMAR AND DALIT LEASES

On March 14, 2018, upon the fulfillment of the suspending conditions stipulated in the sale agreement signed on January 29, 2018 between Noble as the seller and the Company as the buyer ("**the Sale Agreement**"), the Company acquired an additional 7.5% (of 100%) of the working interests in the Tamar and Dalit Leases ("**the Working Interests**"). The Working Interests were recorded in the Oil Register and pledged in favor of the trustee of the holders of bonds (Series B), after having obtained the approval of the Petroleum Commissioner. Following are the main details of the acquisition and its terms:

a. Noble sold and transferred to the Company the working interests in the Leases as well as a pro rata share (7.5%) in the operating approval for the system for production of natural gas from the Tamar Lease, in the shares of Tamar 10-Inch Pipeline Ltd. – holder of the transmission license under Section 10 of the Natural Gas Sector Law, 2002, in the rights and obligations under the Joint Operating Agreement ("**JOA**") signed in connection with the Leases, in the agreement for use of the Yam Tethys facilities, in the agreements for the sale of natural gas and condensate from the Tamar Lease, in the agreements for the export of natural gas (including the agreements relating to export agreements and approvals for export to Jordan and Egypt), and in the MOU regarding the supply of gas from the Tamar Reservoir to the Yam Tethys partners (all the above jointly, "**the Acquired Asset**");

b. The settling of accounts between the parties for the transfer of the Acquired Asset was completed on January 1, 2018 ("**the Effective Date**"). The Acquired Asset rights are not subject to any royalties to third parties.

c. The Sale Agreement specifies that the Acquired Asset does not include the rights and obligations in reference to the following excluded matters: the arbitration and the dispute regarding the production component tariff; the appeal regarding the royalties in relation to the sale of gas from the Tamar Project to customers of the Yam Tethys project; the class action certification motion filed by an IEC consumer against the Tamar partners in relation to amounts received by Noble for natural gas supplied in the period before the Effective Date; taxes and royalties to the State in relation to the period before the Effective Date, or taxes and royalties in connection with any profit, income or receipt of Noble in connection with the Acquired Asset in relation to the period before the Effective Date (including if such tax assessment was made after the Effective Date), other than taxes according to the Taxation of Profits from Natural Resources Law, 2011; taxes applicable to Noble in connection with the sale of the Acquired Asset to the Company; claims made by or against Noble customers in respect of the Acquired Asset relating to amounts that were or should have been paid before the Effective Date or in connection with a breach of a gas sale agreement having occurred before the Effective Date, whether or not filed from the Effective Date forward ("**the Excluded Matters**").

NOTE 3:- ACQUISITION OF 7.5% WORKING INTERESTS IN TAMAR AND DALIT LEASES (Cont.)

d. The consideration for the Acquired Asset is as follows:

1. **Cash consideration**: an amount of approximately $ 475 million ("**the Cash Consideration**") representing the proceeds from the issuance of the Company's bonds (Series B) on the TASE, after reduction of a net sum of approximately $ 43 million arising from the following adjustments: (a) reduction of the issuance expenses borne by Noble; (b) reduction of amounts received or receivable for the Acquired Asset for the period between the Effective Date and March 14, 2018 ("**the Interim Period**"); (c) reduction of the cash and cash equivalents and deposits in bank accounts of the Company as well as net trade receivables (excluding royalties) less accrued interest on the bonds (Series A) as of the Effective Date, and all multiplied by the rate of Noble's holdings in the Company (after the share allocation as specified in (2) below); (d) addition in the amount of payments for royalties and cash calls under the JOA in respect of the Acquired Asset during the Interim Period.

2. **Consideration in shares**: the Company allocated to Noble in a private placement 38,495,576 Ordinary shares of the Company of NIS 0.1 par value each, accounting for 43.5% of the Company's shares after the allocation ("**the Shares**"). Noble provided the Company an irrevocable waiver signed by it, whereby it waives any and all voting rights attached to the Shares. For the avoidance of doubt, it is clarified that any and all equity rights attached to the Shares shall remain in full force and effect, including: the right to receive dividends and bonus shares and the right to receive surplus assets upon dissolution of the Company. Upon the sale or transfer of the Shares, in whole or in part, from Noble to a third party as discussed above, they shall be entitled to any and all rights attached to Ordinary shares of the Company (Noble's said consent to the waiver of voting rights has been established in the Company's articles). Noble has undertaken that so long as it does not sell the Shares, it shall not acquire additional shares of the Company. It is clarified, for this matter, that shares allocated to Noble in the framework of a bonus share issue and/or rights issue shall not be deemed as an acquisition for purposes of this undertaking.

   It should be noted that the Shares allocated to Noble are restricted from being transacted on the TASE (without issuing a prospectus) in accordance with the provisions of the Israeli Securities Law as detailed below: in the first six months - fully restricted; in the six consecutive quarters - in each quarter, the Shares can be sold in a number that does not exceed the daily average trading cycle of the Shares on the TASE in the period of eight weeks before the date of sale and in a number that does not exceed 1% of the Company's issued share capital.

NOTE 3:- ACQUISITION OF 7.5% WORKING INTERESTS IN TAMAR AND DALIT LEASES (Cont.)

e. Noble has undertaken to bear any and all payments and expenses due to third parties in connection with the execution and closing of the transaction under the Sale Agreement, subject to a cap as determined with the parties' consent, as well as issuance expenses related to fees and payments to the ISA and to the TASE, early commitment fee and 50% of the fees of the underwriters/distributors (regardless of the fulfillment of the suspending conditions underlying the closing of the transaction).

f. The Company shall provide the guarantees required to replace the guarantees provided by Noble in connection with the Acquired Asset (approximately $ 3.2 million). Until the provision of such guarantees, Noble's guarantees shall remain in full force and effect and the Company shall not be permitted to distribute dividends, other than the distribution of a first dividend which was made by the Company during April 2018. If such guarantees are not replaced within 90 days from the closing date, the amounts of the guarantees shall bear 3% annual nominal interest commencing on that date.

g. The purchase price of approximately $ 690 million (subject to adjustments) consists of the Cash Consideration described above and the fair value attributed to the Shares allocated to Noble, determined based on their quoted market price on the closing date (after adjustments in respect of the Shares' cap period as explained above). As of the financial statement date, the Company temporarily allocated the purchase price to the acquired assets and liabilities based on a preliminary evaluation and subject to the completion of a purchase price allocation (PPA) study. As for the PPA, see Appendix C to the statement of cash flows for the reporting period. The transaction costs allocated to the bonds (Series B) and to the Shares amounted to approximately $ 7.1 million and $ 0.2 million, respectively, and the balance of approximately $ 0.1 million was carried to expenses in the statement of comprehensive income for the reporting period.

As for proforma data for the three months ended March 31, 2018 and for the year ended December 31, 2017 assuming that the acquisition had been completed on January 1, 2015, see the proforma condensed interim financial statements regarding the acquisition of 7.5% of the Working Interests in the Tamar and Dalit Leases hereby attached to these condensed interim financial statements.

NOTE 4:- PUBLIC OFFERING OF BONDS (SERIES B)

In order to finance the acquisition of the Working Interests from Noble (see Note 3 above), the Company undertook in the Sale Agreement to offer bonds (Series B) to the public. According to the Sale Agreement, the bonds (Series B) shall have substantially the same terms as those of the Company's bonds (Series A) or other terms deemed acceptable by Noble, provided the following conditions are fulfilled: (1) the issuance of bonds (Series B) will not cause the lowering of the rating of the bonds (Series A) below their rating immediately before the issuance of bonds (Series B); (2) the issuance must be at a par value in NIS equivalent to $ 560,000,000 according to the known U.S. Dollar representative exchange rate on the date of the institutional tender and at the same annual interest rate as the bonds (Series A) (4.69%); (3) the issuance proceeds must be in an amount which, in Noble's judgment, is not materially lower than the par value of the bonds (Series B) before the deduction of underwriting or distribution and early commitment fees.

In keeping with the above undertaking, on March 12, 2018, the Company completed a capital raising round of approximately $ 519.4 million (before issuance expenses of approximately $ 7.1 million) through a public offering of NIS 1,940,113,000 par value of bonds (Series B) according to a shelf offering report dated March 12, 2018 issued pursuant to the Company's shelf prospectus dated July 4, 2017.

The bonds (Series B) bear annual interest at the rate of 4.69% ("**the Base Interest**"), and are linked (principal and interest) to the U.S. Dollar. About 53.62% of the principal of the bonds is payable in 20 unequal semiannual installments, starting from August 2018 until February 2028, and the balance of 46.38% of the principal of the bonds is payable in August 2028. The interest is paid every six months, starting from August 2018 until the final date of payment of the principal. Midroog Ltd. issued a rating of A1.il with a stable outlook for the bonds ("**the Base Rating**"). The effective annual interest rate of the bonds is about 6.37%.

In relation to the bonds (Series B), the Company assumed the following main undertakings:

a. To secure the bonds (Series B), the Company recorded a single fixed senior encumbrance in favor of the trustee of the bonds (Series B) (the encumbrances in 1-6 below relate only to the rights that were acquired from Noble) on the following: (1) the Company's rights in the Tamar Reservoir; (2) the Company's rights in the operating approval of the Tamar Reservoir; (3) the Company's present and future rights in respect of property insurance policies of the Tamar Lease; (4) the Company's present and future rights in the Tamar agreements (with the exception of spot agreements and gas sale agreements for a period not exceeding 12 months, under which the quantity of gas to be sold does not exceed 0.1 BCM); (5) the Company's rights in the JOA, including present and future contractual rights in the common equipment and the production system of the Tamar Reservoir; (6) the Company's rights in the agreement that regulates the Tamar partners' use of the Yam Tethys facilities; (7) the Company's present and future rights in the Company's bank account for the project ("**the Operating Account**"); and (8) the Company's rights in the safety reserve account for payment of the principal and interest. It is noted that the aforesaid encumbrances are subject to the State's royalty rights. The realization of the encumbrances is also subject to the approval of the Petroleum Commissioner in accordance with Section 76 of the Petroleum Law and any other law. The Company may not subject the encumbered assets to another encumbrance. In the event of the sale of an encumbered asset, provisions have been established for the prepayment of the bonds by the Company out of the amount received for the sale.

NOTE 4:- PUBLIC OFFERING OF BONDS (SERIES B) (Cont.)

b. The interest rate on the bonds (Series B) shall be adjusted for changes in the rating of the bonds, such that if the rating of the bonds (Series B) is revised and the rating determined is lower than the Base Rating by two notches or more, the annual interest rate on the balance of unpaid principal of the bonds shall increase by 0.5%, and in the event of any additional notch downgrade – the annual interest rate shall increase by 0.25%. Notwithstanding the aforesaid, the increase of the interest rate due to such rating downgrade shall be limited such that the annual interest rate added to the Base Interest does not exceed 1.25%.

c. In addition, the Company shall pay incremental interest at a rate of 0.25% insofar as the Company's equity (as defined in the trust deed) falls below $ 450 million. In any event, for a rating downgrade according to both paragraph b above and c herein collectively, the Company shall not pay a rate exceeding 1.25% above the Base Interest.

d. The assumption of additional debt by the Company through the expansion of the bonds (Series B) and/or the assumption of other debt, excluding the receipt of financing and/or the opening of a line of credit from a financial institution in a sum up to $ 5 million to be used to take out bank guarantees which the Company will be required to deposit by law or pursuant to the Tamar agreements, shall be subject to the fulfillment of conditions set forth in the trust deed and, inter alia, that the assumption of the additional debt shall not cause the rating of the bonds to decrease compared with their rating prior to the assumption of the additional debt.

e. The Company may carry out a dividend distribution upon the fulfillment of conditions determined in the trust deed, including that the "record date" for the dividend distribution shall be no later than 60 days from the date on which a principal and/or interest payment has been made to the Series B bondholders; the expected and historic debt service coverage ratio, as defined in the trust deed, shall be no less than 1:1.20 (the historic ratio shall be examined starting from the date of release of the Company's financial statements as of December 31, 2018, with reference to two consecutive examination dates); the full amount as required shall have been deposited in the debt service safety reserve (this condition shall apply to dividends paid after May 30, 2018).

NOTE 4:- PUBLIC OFFERING OF BONDS (SERIES B) (Cont.)

f. The Company undertook to irrevocably instruct all the parties to the gas sale agreements to pay the amounts due from them to the Company to the Operating Account. It was stipulated that all the amounts deposited in the Operating Account shall be used by the Company exclusively for making payments that were explicitly determined in the trust deed as permitted to be paid out of the Operating Account and according to the order of payments determined in the trust deed. The Company shall be entitled to withdraw funds from the Operating Account other than for the purpose of payments as aforesaid, only in the amount contained in the Operating Account one day after the date on which a principal and/or interest payment has been made to the bondholders out of the account (and after the other payments determined as aforesaid have been made). Regarding amounts that are withdrawn from the Operating Account, no limitation shall apply to the Company regarding the use thereof, including the making of "distributions," subject to the other conditions set forth in the trust deed.

g. The trust deed defines events of default, the occurrence of which shall establish for the Series B bondholders grounds for acceleration of the bonds (Series B), which include, inter alia, the following main events: nonpayment of amounts due to the lenders; breach of the Company's undertaking to meet financial covenants including an undertaking to maintain equity (as defined in the trust deed) of no less than $ 350 million (for two consecutive quarters), an expected debt service coverage ratio (as defined in the trust deed) of no less than 1:1.05 (during two consecutive quarters) (the expected debt service ratio for the 12-month period beginning on July 1, 2018 is 1.53), and minimum economic equity (as defined in the trust deed) of no less than $ 350 million (during two consecutive quarters) (the economic equity as of March 31, 2018 is approximately $ 950 million); breach of obligations and representations; insolvency events; failure to release financial statements which the Company is obligated to release within 30 days of the last date on which it is obligated to release the same; a material adverse change in the Company's business compared with its position on the offering date and the existence of a real concern that the Company will be unable to timely repay the bonds; other debts of the Company are accelerated (cross-default) in the amount specified in the trust deed; there is a real concern that the Company will fail to meet its material obligations to the Series B bondholders; the bond rating being lower than Baa3; a "going concern" qualification is added to the Company's financial statements.

The Company undertook that the proceeds of the offering of the bonds (Series B) over and above an amount of $ 560 million raised on the par value of the bonds (Series B), multiplied by the U.S. Dollar representative exchange rate at the end of the foreign currency trading day on the date of the institutional tender, shall be used for the repurchase or prepayment of the bonds (Series B). Accordingly, on March 11, 2018, the Company's board of directors approved a buyback plan as aforesaid for the bonds (Series B). As of the date of the statements of financial position, the Company has completed the buyback of the aforesaid bonds in consideration for approximately $ 0.8 million.

Trading in the bonds (Series B) on the TASE commenced on March 14, 2018.

NOTE 5:- AGREEMENT BETWEEN DELEK DRILLING AND NOBLE FOR THE EXPORT OF NATURAL GAS TO EGYPT

In February 2018, Delek Drilling and Noble (jointly, "**the Sellers**") entered into an agreement for the export of natural gas from the Tamar Project to Dolphinus Holdings Limited in Egypt ("**the Buyer**" and "**the Export Agreement**", respectively), and approached the other partners in the Tamar Project, including the Company, for the purpose of assigning the Export Agreement to the other Tamar partners or entering into an agreement with them for the purchase of natural gas from the Tamar Project, in accordance with the terms of the Export Agreement, for the sale thereof to the Buyer. As of the date of approval of the financial statements, the Export Agreement has not yet been assigned and no engagement has been signed with the Company and the other partners in the Tamar Project as above.

Under the terms of the Export Agreement, the maximum contractual quantity of gas is 32 BCM. Supply under the Export Agreement is expected to begin after formal arrangements have been made for the use of the required infrastructure for the transmission of natural gas to Egypt and is to continue up to the supply of the total contractual quantity specified in the Export Agreement or December 2030, whichever is earlier.

The Export Agreement includes several suspending conditions, mainly obtaining regulatory approvals in Israel and in Egypt (including export and import approvals), signing agreements that will enable the use of the transmission infrastructure, including a transmission agreement between the Sellers and INGL (if necessary), receiving a guarantee in favor of the Sellers as stipulated in the Export Agreement, and obtaining approvals from the tax authorities in Israel.

The transaction described above is subject to the signing of a binding agreement between the Tamar partners (including the Company) and to fulfillment of all the suspending conditions in the Export Agreement, and there is no certainty that such an agreement will be signed and that the suspending conditions will be fulfilled. See more information of the Export Agreement in Note 23c to the annual financial statements.

NOTE 6:- ADDITIONAL INFORMATION

a. Dividend:

On March 20, 2018, the Company's Board approved the distribution of a dividend of approximately $ 32,023 thousand ($ 0.36 per share) to the Company's shareholders. The dividend was distributed on April 11, 2018.

b. Share-based payment:

In the reporting period, 112,771 and 95,855 share options were allocated to the Company's CEO and to two officers, respectively, as described in Note 23d to the annual financial statements.

NOTE 6:- ADDITIONAL INFORMATION (Cont.)

c. **Information of certain financial covenants underlying the bonds (Series A):**

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

1. Expected debt service coverage ratio (as defined in the trust deed) of no less than 1:1.05 (during two consecutive quarters) - the expected debt service ratio for the 12-month period beginning on July 1, 2018 is 1.53.

2. Minimum economic equity (as defined in the trust deed) of no less than $ 350 million (during two consecutive quarters) - the economic equity as of March 31, 2018 is approximately $ 950 million.

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

d. **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 whose fair value as of March 31, 2018 is approximately $ 1,136 million (Level 1) (December 31, 2017 - bonds (Series A) only - approximately $ 663 million) and whose carrying amount, including accrued interest, as of that date approximates $ 1,157 million (December 31, 2017 - bonds (Series A) only - approximately $ 656 million)

e. **Employment terms of the Company's CEO:**

On March 15, 2018 and on March 20, 2018, the Company's Remuneration Committee and the Company's Board, respectively, approved the grant of a bonus to the Company's CEO for 2017 totaling approximately NIS 240 thousand, of which an amount of approximately NIS 192 thousand is subject to the approval of the Company's general meeting convened for that purpose and held on May 23, 2018.

\- - - - - - - - - -

TAMAR PETROLEUM LTD.

PROFORMA CONDENSED INTERIM FINANCIAL STATEMENTS

ON THE TRANSACTION FOR ACQUISITION OF

7.5% WORKING INTERESTS IN TAMAR AND DALIT LEASES

AS OF MARCH 31, 2018

UNAUDITED

IN U.S. DOLLARS IN THOUSANDS

This report is a translation of Tamar Petroleum Ltd.'s Hebrew-language pro forma financial statements, 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.

PROFORMA CONDENSED INTERIM FINANCIAL STATEMENTS

ON THE TRANSACTION FOR ACQUISITION OF

7.5% WORKING INTERESTS IN TAMAR AND DALIT LEASES

AS OF MARCH 31, 2018

UNAUDITED

IN U.S. DOLLARS IN THOUSANDS

INDEX

\- - - - - - - - - - -

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 proforma condensed statement of comprehensive income for the period of three months ended March 31, 2018. The Company's board of directors and management are responsible for the preparation and presentation of proforma interim financial information for this period in conformity with the accounting policies described in Note 1 and the assumptions described in Note 3 to the proforma financial information and are responsible for the preparation of this proforma interim financial information in accordance with Regulation 38B of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this proforma 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 proforma interim financial information is not prepared, in all material respects, in conformity with the accounting policies described in Note 1 and the assumptions described in Note 3 to the proforma financial information.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying proforma interim financial information does not comply, in all material respects, with the provisions of Regulation 38B of the Securities Regulations (Periodic and Immediate Reports), 1970.

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Ziv Haft
Certified Public Accountants

Tel-Aviv, May 15, 2018

PROFORMA CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

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

	For the three months ended March 31,					
	2018			2017		
	Data before proforma adjustments	Proforma adjustments	Proforma data	Data before proforma adjustments *	Proforma adjustments	Proforma data
	Unaudited					
Revenues:						
From sale of gas and condensate	50,536	28,365	78,901	42,991	34,858	77,849
Less - royalties	9,496	3,164	12,660	6,662	3,875	10,537
Net revenues	41,040	25,201	66,241	36,329	30,983	67,312
Costs and expenses:						
Cost of production of natural gas and condensate	3,721	2,054	5,775	3,100	2,514	5,614
Depreciation, depletion and amortization expenses	5,377	4,863	10,240	4,323	6,818	11,141
General and administrative expenses	730	(76)	654	300	16	316
Total costs and expenses	9,828	6,841	16,669	7,723	9,348	17,071
Operating income	31,212	18,360	49,572	28,606	21,635	50,241
Finance expenses	(9,515)	(6,418)	(15,933)	(7,691)	(7,991)	(15,682)
Finance income	179	116	295	5	68	73
Finance expenses, net	(9,336)	(6,302)	(15,638)	(7,686)	(7,923)	(15,609)
Income before taxes on income	21,876	12,058	33,934	20,920	13,712	34,632
Taxes on income	(6,462)	(2,773)	(9,235)	(5,021)	(3,291)	(8,312)
Total comprehensive income for the period	15,414	9,285	24,699	15,899	10,421	26,320
Basic and diluted net earnings per share (in USD)	0.27		0.28	0.32		0.30
Weighted number of shares used in the above computation (in thousands)	57,699	30,797	88,496	50,000	38,496	88,496

* Based on the financial information disclosed in Note 5c to the Company's proforma condensed interim financial statements as of March 31, 2017, as approved on July 2, 2017, after adjustments to the annual interest rate on the bonds (Series A) to the annual interest rate determined in the issuance of said bonds - 4.69%.

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

May 15, 2018			
Date of approval of the proforma financial statements	Yossi Abu Chairman of the Board	Liami Vaisman CEO	Yuval Raikin CFO

PROFORMA CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (Cont.)

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

	Year ended December 31, 2017		
	Data before proforma adjustments *	Proforma adjustments	Proforma data
		Audited	
Revenues:			
From sale of gas and condensate	173,712	140,848	314,560
Less - royalties	27,460	15,743	43,203
Net revenues	146,252	125,105	271,357
Costs and expenses:			
Cost of production of natural gas and condensate	12,234	9,919	22,153
Depreciation, depletion and amortization expenses	16,934	27,272	44,206
General and administrative expenses	1,698	65	1,763
Total costs and expenses	30,866	37,256	68,122
Operating income	115,386	87,849	203,235
Finance expenses	(31,769)	(33,091)	(64,860)
Finance income	332	269	601
Finance expenses, net	(31,437)	(32,822)	(64,259)
Income before taxes on income	83,949	55,027	138,976
Taxes on income	(20,412)	(13,207)	(33,619)
Total comprehensive income for the year	63,537	41,820	105,357
Basic and diluted net earnings per share (in USD)	1.27		1.19
Weighted number of shares used in the above computation (in thousands)	50,000	38,496	88,496

* Based on the Company's financial statements as of December 31, 2017, after the proforma adjustments described in Note 22 to said financial statements.

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

NOTE 1:- GENERAL

a. These proforma condensed interim financial statements ("**the proforma financial statements**") have been prepared in accordance with Regulation 38B of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 relating to the acquisition of 7.5% (of 100%) of the working interests in the Tamar I/12 and Dalit I/13 leases ("**the Leases**") from Noble Energy Mediterranean Ltd. ("**Noble**"), pursuant to a sale agreement signed on January 29, 2018, as described in Note 2 below ("**the proforma event**").

b. The proforma condensed interim statements of comprehensive income are intended to retroactively reflect the proforma event, assuming that it was completed on January 1, 2015, under the assumptions described in Note 3 below.

c. The significant accounting policies applied in the proforma financial statements, subject to the principal assumptions and adjustments included therein, as described in Note 3 below, are consistent with those applied in the preparation of the financial statements on which the proforma financial statements are based as above. Accordingly, the proforma financial statements should be read in conjunction with the Company's financial statements for the relevant periods.

Proforma financial statements are inherently based on assumptions, estimates and assessments, and therefore the proforma data are not necessarily an indication of the representative and/or future results of the Company's operations after the acquisition of the above working interests.

NOTE 2:- THE PROFORMA EVENT

On March 14, 2018, upon the fulfillment of the suspending conditions stipulated in the sale agreement signed on January 29, 2018 between Noble as the seller and the Company as the buyer ("**the Sale Agreement**"), the Company acquired an additional 7.5% (of 100%) of the working interests in the Tamar and Dalit Leases ("**the Working Interests**"). The Working Interests were recorded in the Oil Register and pledged in favor of the trustee of the holders of bonds (Series B), after having obtained the approval of the Petroleum Commissioner. Following are the main details of the acquisition and its terms:

a. Noble sold and transferred to the Company the working interests in the Leases as well as a pro rata share (7.5%) in the operating approval for the system for production of natural gas from the Tamar Lease, in the shares of Tamar 10-Inch Pipeline Ltd. – holder of the transmission license under Section 10 of the Natural Gas Sector Law, 2002, in the rights and obligations under the Joint Operating Agreement ("**JOA**") signed in connection with the Leases, in the agreement for use of the Yam Tethys facilities, in the agreements for the sale of natural gas and condensate from the Tamar Lease, in the agreements for the export of natural gas (including the agreements relating to export agreements and approvals for export to Jordan and Egypt), and in the MOU regarding the supply of gas from the Tamar Reservoir to the Yam Tethys partners (all the above jointly, "**the Acquired Asset**");

NOTE 2:- THE PROFORMA EVENT (Cont.)

b. The settling of accounts between the parties for the transfer of the Acquired Asset was completed on January 1, 2018 ("**the Effective Date**"). The Acquired Asset rights are not subject to any royalties to third parties.

c. The Sale Agreement specifies that the Acquired Asset does not include the rights and obligations in reference to the following excluded matters: the arbitration and the dispute regarding the production component tariff; the appeal regarding the royalties in relation to the sale of gas from the Tamar Project to customers of the Yam Tethys project; the class action certification motion filed by an IEC consumer against the Tamar partners in relation to amounts received by Noble for natural gas supplied in the period before the Effective Date; taxes and royalties to the State in relation to the period before the Effective Date, or taxes and royalties in connection with any profit, income or receipt of Noble in connection with the Acquired Asset in relation to the period before the Effective Date (including if such tax assessment was made after the Effective Date), other than taxes according to the Taxation of Profits from Natural Resources Law, 2011; taxes applicable to Noble in connection with the sale of the Acquired Asset to the Company; claims made by or against Noble customers in respect of the Acquired Asset relating to amounts that were or should have been paid before the Effective Date or in connection with a breach of a gas sale agreement having occurred before the Effective Date, whether or not filed from the Effective Date forward ("**the Excluded Matters**").

d. The consideration for the Acquired Asset is as follows (subject to adjustments):

1. **Cash consideration**: an amount of approximately $ 475 million ("**the Cash Consideration**") representing the proceeds from the issuance of the Company's bonds (Series B) on the TASE (see details of the bonds (Series B) in Note 4 to the Company's condensed interim financial statements as of March 31, 2018), after reduction of a net sum of approximately $ 43 million arising from the following adjustments: (a) reduction of the issuance expenses borne by Noble; (b) reduction of amounts received or receivable for the Acquired Asset for the period between the Effective Date and March 14, 2018 ("**the Interim Period**"); (c) reduction of the cash and cash equivalents and deposits in bank accounts of the Company as well as net trade receivables (excluding royalties) less accrued interest on the bonds (Series A) as of the Effective Date, and all multiplied by the rate of Noble's holdings in the Company (after the share allocation as specified in (2) below); (d) addition in the amount of payments for royalties and cash calls under the JOA in respect of the Acquired Asset during the Interim Period.

NOTE 2:- THE PROFORMA EVENT (Cont.)

2. **Consideration in shares**: the Company allocated to Noble in a private placement 38,495,576 Ordinary shares of the Company of NIS 0.1 par value each, accounting for 43.5% of the Company's shares after the allocation ("**the Shares**"). Noble provided the Company an irrevocable waiver signed by it, whereby it waives any and all voting rights attached to the Shares. For the avoidance of doubt, it is clarified that any and all equity rights attached to the Shares shall remain in full force and effect, including: the right to receive dividends and bonus shares and the right to receive surplus assets upon dissolution of the Company. Upon the sale or transfer of the Shares, in whole or in part, from Noble to a third party as discussed above, they shall be entitled to any and all rights attached to Ordinary shares of the Company (Noble's said consent to the waiver of voting rights has been established in the Company's articles). Noble has undertaken that so long as it does not sell the Shares, it shall not acquire additional shares of the Company. It is clarified, for this matter, that shares allocated to Noble in the framework of a bonus share issue and/or rights issue shall not be deemed as an acquisition for purposes of this undertaking.

   It should be noted that the Shares allocated to Noble are restricted from being transacted on the TASE (without issuing a prospectus) in accordance with the provisions of the Israeli Securities Law as detailed below: in the first six months - fully restricted; in the six consecutive quarters - in each quarter, the Shares can be sold in a number that does not exceed the daily average trading cycle of the Shares on the TASE in the period of eight weeks before the date of sale and in a number that does not exceed 1% of the Company's issued share capital.

e. Noble has undertaken to bear any and all payments and expenses due to third parties in connection with the execution and closing of the transaction under the Sale Agreement, subject to a cap as determined with the parties' consent, as well as issuance expenses related to fees and payments to the ISA and to the TASE, early commitment fee and 50% of the fees of the underwriters/distributors (regardless of the fulfillment of the suspending conditions underlying the closing of the transaction). These amounts were taken into account in determining the Cash Consideration as above and the purchase price.

f. The Company shall provide the guarantees required to replace the guarantees provided by Noble in connection with the Acquired Asset (approximately $ 3.2 million). Until the provision of such guarantees, Noble's guarantees shall remain in full force and effect and the Company shall not be permitted to distribute dividends, other than the distribution of a first dividend which was made by the Company during April 2018. If such guarantees are not replaced within 90 days from the closing date, the amounts of the guarantees shall bear 3% annual nominal interest commencing on that date.

NOTE 3:- PRINCIPAL ASSUMPTIONS USED IN THE PREPARATION OF THE PROFORMA FINANCIAL STATEMENTS

The proforma financial statements have been prepared in order to reflect the operating results for the periods of three months ended March 31, 2018 and 2017 and for the year ended December 31, 2017, assuming that the proforma event and the transfer of the operation underlying the acquisition of the Working Interests had been completed on January 1, 2015.

The acquisition and transfer of operation were accounted for in accordance with the provisions of IFRS 3, "Business Combinations." The consideration for the transfer of the Working Interests and the operation in the amount of approximately $ 690 million (subject to adjustments) was calculated on the basis of the transfer of the proceeds from the issuance of bonds (Series B) in an amount of approximately $ 519 million (before deducting issuance expenses) and subject to the required adjustments as stated in Note 2d(1) above, and the value of the shares allocated by the Company (43.5%) as determined according to their quoted market price on the TASE and the U.S. Dollar exchange rate as of March 13, 2018 prior to the transaction closing date and after making the adjustments regarding the shares' cap period as detailed in Note 2d(2) above.

The purchase price was attributed to excess assets over liabilities, net, in an amount of $ 0.3 million, to a deferred tax asset in an amount of $ 0.8 million, to an asset retirement obligation in an amount of approximately $ 8 million, and the balance of approximately $ 697 million was provisionally attributed to oil and gas assets and rights thereto, as follows: producing oil and gas assets - approximately $ 630 million, non-producing oil and gas assets, including Tamar SW and the Dalit Lease - approximately $ 63 million and $ 4 million, respectively.

Accordingly, the proforma adjustments to the results of operations include the following matters:

a. The Company's additional share (7.5%) in revenues from the sale of natural gas and condensate, royalties to the State and the cost of producing natural gas and condensate of the Company for the reporting periods.

b. The amount of the consideration attributed to the producing oil and gas assets was amortized for the purpose of the proforma financial statements using the depletion method, and accordingly additional amortization expenses of $ 4.9 million, $ 6.8 million and $ 27.3 million were recorded in these proforma financial statements for the periods of three months ended March 31, 2018 and 2017 and for the year ended December 31, 2017, respectively.

c. In determining the finance expenses for the reporting periods, the Company took into account an annual interest rate of 6.37% on the bonds issued for financing the acquisition as described in the Sale Agreement and in Note 2 above, as well as changes in the time value of asset retirement obligations.

NOTE 3:- PRINCIPAL ASSUMPTIONS USED IN THE PREPARATION OF THE PROFORMA FINANCIAL STATEMENTS (Cont.)

d. The related taxes were calculated according to the statutory tax rates for those years (23% in 2018 and 24% in 2017).

e. The shares allocated to Noble in the framework of the transaction, accounting for 43.5% of the Company's shares after the allocation, were taken into account retroactively for the purpose of calculating earnings per share for all the reporting periods.

\- - - - - - - - - - -

Date: May 15, 2018

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

Dear Sirs/Mmes.,

Re: **Letter of consent issued simultaneously with the publication of a periodic report in connection with the Company's shelf prospectus ("the offering document")**

We hereby consent to the inclusion (also by way of referral) of our following reports in the offering document in question:

1. A review report of May 15, 2018 on the Company's condensed interim financial information as of March 31, 2018 and for the period of three months then ended.

2. A special review report of May 15, 2018 on the Company's proforma condensed interim financial information for the period of three months ended March 31, 2018 in conformity with Regulation 38B to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Ziv Haft
Certified Public Accountants