



Tamar Petroleum Ltd.

**Interim Report
As of June 30, 2020**

Table of Contents

- **Update of the Description of the Company's Business**
- **Board of Directors' Report for the Period ended June 30, 2020**
- **Condensed Interim Financial Statements as of June 30, 2020**
- **Report on Effectiveness of Internal Control over Financial Reporting and Disclosure**

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

Tamar Petroleum Ltd. ("the Company")¹
Update to Chapter A - Description of the Company's Business
To the 2019 Annual Report

1. **Section 4.3 to the Annual Report – distribution of profits**

As of June 30, 2020, the Company has distributable profits totaling approximately \$ 170.9 million. In its meeting on August 26, 2020, the Company's Board decided not to distribute any profits to the shareholders based on the financial statements as of June 30, 2020, after having conducted an analysis which took into consideration, among others, the Company's financial position and data regarding the Company's free cash flows, existing and future liabilities and estimated future cash flows based on conservative assumptions underlying the Company's sources and uses. In this analysis, the Board also addressed the risk factors which are liable to have a material adverse impact on the Company's operations and financial results.

2. **Section 6.9.1 to the Annual Report - spread of the Coronavirus and its potential implications on the Company's business**

In keeping with the matters discussed in section 6.9.1 to the Annual Report and in section 1 to the Update to Chapter A - Description of the Company's Business, included in the Periodic Report for the first quarter of 2020, regarding the outbreak and global spread of the Coronavirus (Covid-19) ("**the Coronavirus pandemic**") and its potential implications on the Company's operations, it should be noted that in the first half of 2020, the quantity of natural gas sold from the Tamar reservoir was about 3.4 BCM (100%), as opposed to about 5 BCM (100%) in the corresponding half of 2019 (see information of production quantities in the Reporting Period in section 4 below). The main decrease in consumption is a result of the reduction in sales of natural gas from the Tamar reservoir to The Israel Electric Corporation Ltd. ("**the IEC**") which in 2020 began consuming natural gas from the Leviathan reservoir (see more information in sections 7.4.4(d)(20) and 7.21.5 to the Annual Report for 2019). It should also be noted that in July 2020, sales of natural gas from the Tamar reservoir approximated 0.8 BCM. Furthermore, on August 3, 2020, the Company published a report on natural gas reserves and the discounted cash flows attributed to the Company's share of the Tamar project as of June 30, 2020, as described in section 4 below.

See more details in section 2 to Part One to the Board of Directors' Report for the period ended June 30, 2020 hereby attached ("**the Board of Directors' Report**") and Note 1d to the condensed interim financial statements as of June 30, 2020 hereby attached ("**the Financial Statements**").

¹ The update includes material changes or developments which occurred in the Company's business affairs from the date of publication of the Periodic Report for the first quarter of 2020 on June 25, 2020 (TASE reference: 2020-01-066834) ("**the Q1 Report**") through the date of this report regarding all matters that require disclosure in a periodic report. The update refers to the numbers of the sections as they are presented in Chapter A (Description of the Company's Business) in the Annual Report for 2019 published on March 30, 2020 (TASE reference: 2020-01-028765) ("**the Annual Report**").

3. **Section 7.2.1 to the Annual Report – details of the Tamar and Dalit projects - general**

On July 20, 2020, Noble Energy Inc. ("Noble Inc."), the parent company of Noble Energy Mediterranean Ltd. which operates the Tamar reservoir ("Noble" or "the Operator"), reported that it had entered into a merger agreement with Chevron Corporation ("Chevron") according to which provided that the terms and conditions underlying the merger agreement are met, Noble Inc. will be merged with Chevron.

4. **Section 7.2.15 to the Annual Report – proved and probable reserves and production inputs for the Tamar project**

Report of reserves and discounted cash flows

On August 3, 2020, the Company published a report of reserves and discounted cash flows updated as of June 30, 2020 with respect to its share in the Tamar Lease, as stated in an immediate report of August 3, 2020 (TASE reference: 2020-01-075502), the contents of which are included herein by reference.

Production inputs

The following table presents the Tamar project's natural gas and condensate production inputs in Q1 and Q2 2020²:

		Q1 2020		Q2 2020	
		Natural gas	Condensate	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)		11,916	15.5	8,137	10.9
Average price per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)		5.35	33.9	5.05	28.2
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	3.9	0.56	3.1
	Third parties	0.10	0.6	0.12	0.7
	Interested parties	0.17	1.1	0.13	0.7
Average production costs per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)		0.34	1.9	0.55	3.0
Average net receipts per production unit (attributed to equity holders of the Company) (in USD per MCF and per barrel)		4.13	26.4	3.69	20.7

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

5. **Section 7.4.4(d)(20) to the Annual Report – natural gas supply agreements – the natural gas supply agreement between the Tamar partners and the IEC**

In keeping with the matters discussed in section 7.4.4(d)(20) to the Annual Report regarding an appeal filed with the Supreme Court by some of the Tamar partners. Including the Company ("the petitioners") on the Tel-Aviv District Court's decision to dismiss the administrative petition filed by the petitioners in connection with the IEC's RFP for the supply of natural gas ("the RFP"), and in keeping with the matters discussed in section 4 to the Update to Chapter A - Description of the Company's Business included in the Q1 Report regarding the master understandings reached between the Tamar partners and the Leviathan partners in connection with the disputed issues underlying the natural gas sale agreements with the IEC, it should be noted that as of the report approval date, the master understandings have not matured into a binding agreement and it is the Company's understanding that Noble and Delek Drilling have retracted the above understandings. See details of the appeal in section 10.2 below.

6. **Sections 7.4.5(b) and 7.5.2(d)(2) to the Annual Report – Egyptian export agreement and marketing and distribution – export - Egypt**

It should be noted that in June 2020, Dolphinus Holdings Limited ("Dolphinus") assigned the Egyptian export agreement to a related company, Blue Ocean Energy. Furthermore, in July 2020, the transmission of natural gas from the Tamar project to Egypt according to the export agreement began.

7. **Section 7.13.5 to the Annual Report - financing - financial covenants**

For details of buybacks of bonds (Series A and B) made by the Company in April and July 2020, see Part three to the Board of Directors' Report.

For details of the financial covenants which the Company has undertaken to meet in the context of the public offering of bonds (Series A and B), see Part Six to the Board of Directors' Report.

8. **Section 7.16.4 to the Annual Report – restrictions and supervision of the Company's operations – Competition Authority**

In keeping with the matters discussed in section 8.2 to the Update to Chapter A - Description of the Company's Business included in the Q1 Report regarding the submission of an agreed master outline for joint marketing from the Tamar reservoir ("the joint marketing arrangement") to the approval of the Ministry of Energy, the Ministry of Justice's legislative advisory economic department, the Ministry of Finance and the Competition Authority (collectively – "the regulators"), it should be noted that at the regulators' request, the Tamar partners held discussions regarding the amendment of the joint marketing arrangement. It should also be noted that as of the report approval date, the Tamar partners have not reached understandings on the amendment of the joint marketing arrangement and there is no certainty that such understandings will be reached. See more information in Note 3b to the Financial Statements.

9. **Section 7.16.9 to the Annual Report – additional regulatory restrictions**

9.1 In keeping with the matters discussed in section 7.16.9(d) to the Annual Report regarding the addendum to the decision regarding the financing of export projects via the national transmission system and the distribution of the construction costs of the Ashdod-Ashkelon combined section, and the matters discussed in section 10.1 to the Update to Chapter A - Description of the Company's Business included in the Q1 Report regarding the determination of the section construction costs by the Director General of the Natural Gas Authority, it should be noted that as of the report approval date, the Tamar partners and the Leviathan partners are holding negotiations with Israel Natural Gas Lines Ltd. for signing a transmission agreement that will cover the entire required gas quantity to be exported to Egypt by the Tamar and Leviathan reservoirs according to the export agreements. It should be noted that there is no certainty that these negotiations will yield a binding transmission agreement and that as of the report approval date, the Tamar partners and the Leviathan partners are exploring other alternatives to allow the

export to Egypt of the entire natural gas quantities required according to the Egyptian export agreements.

- 9.2 In keeping with the matters discussed in section 7.16.9(f) to the Annual Report and in section 10.3 to the Update to Chapter A - Description of the Company's Business included in the Q1 Report regarding the IEC's recommendation to the Minister of Energy to enhance the renewable energy production target to 30% by 2030, it should be noted that on August 11, 2020, the Minister of Energy issued a decision according to which, in keeping with the continued application of the policy for enhancing the use of renewable energies, the number of new power stations that will be needed by the energy industry can be minimized, which will allow settling for the planning of natural gas operated power stations with a capacity of only about 4,000 MW, out of which the power stations needed by the energy industry will be erected in the future. In addition, the Director General of the Ministry of Energy informed the National Planning and Building Council of the removal of four power stations with total capacity of 4,860 MW promoted by the Ministry from the Council's agenda. It should be noted that the above stations were not included in the forecasted demands relied upon by the Company in discounting the cash flows as discussed in section 4 above.

10. **Section 7.21 to the Annual Report - legal proceedings**

- 10.1 In keeping with the matters discussed in section 7.21.3 to the Annual Report regarding a claim and a motion for class action certification filed with the Tel-Aviv District Court (Economic Department) in connection with the issue of Company shares in July 2017 by a shareholder in the Company and the Public Representatives Association against the Company, Delek Drilling, the CEO of the general partner in Delek Drilling, the Company's CEO, the Company's CFO and Leader Issues (1993) Ltd., it should be noted that on July 21, 2020, a pretrial hearing was held in which the respondents asked the Court to decide on the dismissal arguments raised in the responses to the class action certification motion. The Court ruled that the dismissal motions will be decided by the Court. On August 3, 2020, the petitioners requested a 45-day extension for submitting a revised motion. On August 17, 2020, the respondents submitted their objection to the request for extension and insisted that the Court decide on the request to dismiss the class action certification motion in limine. The petitioners submitted their counter response on August 24, 2020.
- 10.2 In keeping with the matters discussed in section 7.21.5 to the Annual Report regarding an appeal filed with the Supreme Court for reversing the Tel-Aviv District Court's decision which dismissed the administrative petition filed by the Company and other Tamar partners ("**the petitioners**") in connection with the bidding process for receiving natural gas supply proposals for the IEC, it should be noted that on August 13, 2020, the petitioners submitted a notice to the Supreme Court whereby in view of the time elapsed from the last hearing date, the announcement of the master understandings reached (as described in section 5 above) and the absence of a binding agreement, a court decision is needed to settle the case. On August 24, 2020, the Supreme Court rendered its judgment, as specified in an immediate report of August 25, 2020 (TASE reference: 2020-01-093306), the contents of which are included herein by reference.
- 10.3 In keeping with the matters discussed in section 7.21.6 to the Annual Report regarding a motion filed with the Tel-Aviv District Court (Economic Department) against the Company, Isramco Negev 2, L.P., Alon Natural Gas Exploration Ltd. and Dor Gas, L.P. for disclosure and review of documents pursuant to Article 198A to the Israeli Companies Law, 1999 in connection with the bidding process, it should be noted that following an update notice submitted to the Court on July 27, 2020 regarding the bidding process discussed in section 10.2 above, and the parties' mutual request to extend the stay of proceedings, the District Court extended the stay of proceedings until September 5, 2020. According to the judicial arrangement approved by the Court, the respondents are required to inform the Court of the judgment in the appeal described in section 10.2 above. In view of the dismissal of the appeal, the stay of proceedings is expected to be lifted.

- 10.4 See details of the ISA's demand that the Company produce certain information and documents in the context of an administrative inquiry with the Company in an immediate report of July 27, 2020 (TASE reference: 2020-01-073021), the contents of which are included herein by reference.

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

Tamar Petroleum Ltd.

Board of Directors' Report **For the period ended June 30, 2020**

The Board of Directors of Tamar Petroleum Ltd. ("**the Company**") is hereby pleased to present the Board of Directors' Report for the periods of six and three months ended June 30, 2020 ("**the Reporting Period**").

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

1. Main data from the description of the Company's business

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

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

The decrease in the Company's profits in the Reporting Period mainly arises from the reduced revenues from natural gas sales which mostly resulted from the decrease in natural gas quantities sold from the Tamar reservoir to the IEC. In the period of six months ended June 30, 2020, the IEC purchased from the Tamar reservoir about 0.6 BCM of natural gas (100%) whereas the minimum annual natural gas quantity which the IEC is obligated to purchase in 2020 is about 1.75 BCM (100%) (see Note 11c(3) to the annual financial statements).

2. Spread of the Coronavirus and its possible implications on the Company

At the end of 2019 and during the first quarter of 2020, the Coronavirus (Covid-19) began to spread in China and subsequently throughout the world, and was declared a global pandemic by the World Health Organization (WHO) in March 2020 ("**the Coronavirus pandemic**"), causing a slowdown in global economic activity and subsequently adversely affecting consumer spending volumes and numerous sectors, including the energy sector in which the Company operates.

As detailed in Note 1d to the condensed interim financial statements, in light of the Company's existing cash balances in excess of the safety buffers required by the trust deeds of the Series A and B bonds, and in light of the existence of commitments for the purchase of certain minimum quantities and floor prices, the Company estimates that it will not require funding at least in the coming year for financing its activity and/or meeting its existing and expected obligations.

It should be noted that as of the report approval date, there is still a great deal of uncertainty involving the scope of the Coronavirus pandemic's effects on global and local economies which, among others, depends on the time required to eradicate the pandemic or halt its spread and the possible renewed outbreak of the pandemic which would lead to another series of restrictions imposed, thereby causing further economic slowdown and even a recession for a longer timeframe and severely affect numerous sectors, including the energy sector in which the Company operates. Accordingly, at this point, the Company is unable to estimate the full consequences of the Coronavirus pandemic and its effects on the demands and sales of the Tamar reservoir and subsequently on the Company's operations and business results. For further details on the Coronavirus pandemic and its implications on the Company's business, see Note 1d to the condensed interim financial statements.

Forward-looking information disclaimer – the Company's assessments regarding the absence of a need for funding in the coming year at least for financing its operations and/or meeting its obligations, as well as regarding the possible consequences of the Coronavirus pandemic as detailed above, constitute forward-looking information within the meaning of the Securities Law, which is based, among other things, on the existence of customer commitments to purchase minimum quantities and on Company estimations regarding the selling prices of natural gas, as well as on information currently in the possession of the Company, on publications issued in Israel and around the world on this subject and on the directives and guidelines of the relevant authorities. This information may not materialize, in whole or in part, or may materialize in a materially different manner, due to various factors that are not under the Company's control, such as, inter alia, harm to the operational aspects of the Tamar reservoir and/or to the Company's customers and harm to the financial robustness of customers, as well as to the extent there are changes in the spread of the Coronavirus pandemic, in the directives and guidelines of the relevant authorities and in the economic situation in Israel and around the world.

3. Operating results

a. Analysis of statements of comprehensive income

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

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
Revenues from sale of gas and condensate	105,660	170,052	41,409	81,241	349,937
Less - royalties	17,139	26,667	6,580	12,532	57,853
Net revenues	88,521	143,385	34,829	68,709	292,084
Costs and expenses:					
Cost of production of natural gas and condensate	8,639	15,454	4,540	7,815	28,450
Depreciation, depletion and amortization expenses	17,241	23,970	7,755	11,555	50,037
General and administrative expenses	1,907	1,766	923	783	3,207
Total costs and expenses	27,787	41,190	13,218	20,153	81,694
Operating income	60,734	102,195	21,611	48,556	210,390
Finance expenses	(27,970)	(30,636)	(13,529)	(15,239)	(60,147)
Finance income	1,506	1,717	825	740	3,279
Finance expenses, net	(26,464)	(28,919)	(12,704)	(14,499)	(56,868)
Income before taxes on income	34,270	73,276	8,907	34,057	153,522
Taxes on income	(8,519)	(12,338)	1,767	(5,840)	(27,871)
Total comprehensive income for the period	25,751	60,938	10,674	28,217	125,651
Gas sales in BCM¹	3.4	5.1	1.4	2.4	10.4
Condensate sales in thousands of barrels²	157	232	64	112	483

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

² The data relate to condensate sales (100%) from the Tamar project, rounded up to thousands of barrels.

Net revenues in the Reporting Period amounted to approximately \$ 88.5 million, compared with approximately \$ 143.4 million in the corresponding period of last year, a decrease of about 38.3%. The decrease is mainly a result of a decrease of about 33% in the quantities of natural gas sold in the Tamar project in the Reporting Period and a decrease of about 6.6% in the average selling price of natural gas mainly arising from reduced natural gas quantities sold to the IEC owing to the tender won by the Leviathan partners as described in Note 11c(9) to the annual financial statements (see also Note 3 to the condensed interim financial statements hereby attached). The ratio of revenues from natural gas sales to the IEC to total revenues in the Reporting Period is about 21%, as opposed to about 47% in the corresponding period of last year.

Revenues net of royalties in Q2 2020 amounted to approximately \$ 34.8 million, compared with approximately \$ 68.7 million in Q2 2019, a decrease of about 49.3% arising from a reduction of about 43.3% in natural gas quantities sold in the Tamar project in the Reporting Period and a decrease of about 9.5% in the average selling price of the natural gas which mainly arise from the reduction in sales to the IEC.

The cost of production of natural gas and condensate mainly includes management and operating expenses of the Tamar project, which comprise, inter alia, expenses of shipping and transportation, payroll, consulting, maintenance and insurance. The cost of natural gas and condensate production in the Reporting Period amounted to approximately \$ 8.6 million compared with approximately \$ 15.5 million in the corresponding period of last year, a decrease of about 44%. The change is mainly a result of a decrease in the Company's share of the operating expenses of the Tamar project in the amount of approximately \$ 6.2 million, mainly a result of the decrease in maintenance expenses.

The cost of natural gas production in Q2 2020 amounted to approximately \$ 4.5 million compared with approximately \$ 7.8 million in Q2 2019, a decrease of about 42%. The change is mainly a result of a decrease in the Company's share of the operating expenses of the Tamar project in the amount of approximately \$ 3 million, mainly arising from the decrease in maintenance expenses.

Depreciation, depletion and amortization expenses in the Reporting Period amounted to approximately \$ 17.2 million, compared with approximately \$ 24 million in the corresponding period of 2019, a decrease of about 28%. The main decrease arises from the produced quantities of natural gas and condensate based on the depletion method.

Depreciation, depletion and amortization expenses in Q2 2020 amounted to approximately \$ 7.8 million, compared with approximately \$ 11.6 million in Q2 2019, a decrease of about 33%. The decrease is mainly a result of the produced quantities of natural gas and condensate.

General and administrative expenses amounted to approximately \$ 1.9 million in the Reporting Period compared with approximately \$ 1.8 million in the corresponding period of last year, consisting mainly of expenses in respect of professional services, payroll and general expenses.

General and administrative expenses in Q2 2020 amounted to approximately \$ 0.9 million, compared with approximately \$ 0.8 million in Q2 2019.

Net finance expenses in the Reporting Period amounted to approximately \$ 26.5 million, compared with approximately \$ 28.9 million in the corresponding period of last year. The decrease in net finance expenses in the Reporting Period mainly arises from a decrease of approximately \$ 2.5 million in finance expenses in respect of bonds (Series A and B) and a gain of approximately \$ 0.2 million from the buyback of bonds (see more information in Note 4h to the condensed interim financial statements), partly offset by the decrease of approximately \$ 0.4 million in finance income.

Net finance expenses in Q2 2020 amounted to approximately \$ 12.7 million, compared with approximately \$ 14.5 million in Q2 2019. The decrease in net finance expenses in Q2 2019 mainly arises from a decrease of approximately \$ 1.3 million in finance expenses in respect of bonds (Series A and B) and a gain of approximately \$ 0.2 million from the buyback of bonds.

Taxes on income in the Reporting Period amounted to approximately \$ 8.5 million, compared with approximately \$ 12.3 million in the corresponding period of last year. The tax expenses in the Reporting Period include an amount of approximately \$ 0.4 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, tax expenses are net of a decrease of approximately \$ 4.3 million arising from the difference between the measurement basis of revenues as reported for tax purposes and the measurement basis as reported in the financial statements.

Taxes on income in Q2 2020 were reflected in tax income amounting to approximately \$ 1.8 million, compared with a tax expense of approximately \$ 5.8 million in Q2 2019. The tax income in Q2 2020 is net of the offsetting effect of a reduction of approximately \$ 3.9 million in tax expenses arising from the difference between the measurement basis of revenues as reported for tax purposes (in NIS) and the measurement basis as reported in the financial statements (in USD). In Q2 2019, tax expenses are net of a decrease of approximately \$ 1.9 million arising from the difference between the measurement basis of revenues as reported for tax purposes and the measurement basis as reported in the financial statements.

4. Financial position, liquidity and financial resources

a. Financial position

Following are details of the main changes in the items of the statement of financial position as of June 30, 2020 compared with the statement of financial position as of December 31, 2019:

Total statement of financial position as of June 30, 2020 amounted to approximately \$ 1,293 million compared with a total of approximately \$ 1,317 million as of December 31, 2019.

Current assets as of June 30, 2020 amounted to approximately \$ 130.1 million compared with approximately \$ 140.2 million as of December 31, 2019. The change is mainly attributable to the following factors:

- (1) **Cash and cash equivalents** as of June 30, 2020 amounted to approximately \$ 85.1 million compared with approximately \$ 79.2 million as of December 31, 2019. The increase is mainly a result of an increase of approximately \$ 90.5 million in cash flows from operating activities in the Reporting Period which was partly offset by the payment of principal and interest on bonds (Series A and B) totaling approximately \$ 77.4 million and investments in oil and gas assets totaling approximately \$ 8 million.
- (2) **Trade receivables** as of June 30, 2020 amounted to approximately \$ 18.1 million compared with approximately \$ 34.6 million as of December 31, 2019. The decrease in trade receivables is mainly due to reduced sales in June 2020 compared with sales in December 2019.

Non-current assets as of June 30, 2020 amounted to approximately \$ 1,163.2 million, compared to approximately \$ 1,176.5 million as of December 31, 2019. The change is mainly attributable to the following factors:

- (1) **Investments in oil and gas assets** totaled approximately \$ 1,002.7 million as of June 30, 2020, compared with approximately \$ 1,008.4 million as of December 31, 2019. The decrease mainly arises from depreciation, amortization and depletion expenses in the Tamar project totaling approximately \$ 17.2 million, which were partly offset by additions totaling approximately \$ 11.5 million.
- (2) **Deferred taxes** as of June 30, 2020 amounted to approximately \$ 105.2 million compared with approximately \$ 112.7 million as of December 31, 2019. The decrease is a result of deferred tax expenses in the Reporting Period totaling approximately \$ 7.5 million.

Current liabilities as of June 30, 2020 amounted to approximately \$ 99 million compared with approximately \$ 120.9 million as of December 31, 2019. The change is mainly attributable to the following factors:

- (1) **Current maturities of bonds** amounted to approximately \$ 70.9 million as of June 30, 2020 compared with approximately \$ 87.6 million as of December 31, 2019.
- (2) **Other accounts payable** amounted to approximately \$ 23 million as of June 30, 2020 compared with approximately \$ 29.4 million as of December 31, 2019. The decrease was mainly a result of the decrease in the Company's share of the liabilities of the Tamar reservoir's joint venture totaling approximately \$ 3.2 million, a decrease of approximately \$ 2.6 million in royalties payable arising from reduced sales in June 2020 as opposed to the sales of December 2019 and a decrease of approximately \$ 0.8 million in the balance of interest payable to holders of bonds (series A and B).

Non-current liabilities as of June 30, 2020 amounted to approximately \$ 943.4 million compared with approximately \$ 970.7 million as of December 31, 2019. The change is mainly attributable to the following factors:

- (1) **Bonds less current maturities** amounted to approximately \$ 911.7 million as of June 30, 2020 compared with approximately \$ 944.7 million as of December 31, 2019. The decrease stems from the repayment of bond principal (Series A and B) in a total of approximately \$ 52.1 million and the buyback of bonds in the amount of approximately \$ 0.7 million, partly offset by a decrease of approximately \$ 16.7 million in current maturities and reduction of discount and issue expenses in the amount of approximately \$ 3.1 million.
- (2) **Other long-term liabilities** amounted to approximately \$ 31.7 million as of June 30, 2020 compared with approximately \$ 26 million as of December 31, 2019. The increase is mainly due to the increase in an asset retirement obligation resulting from the update in discount rate.

The Company's equity as of June 30, 2020 amounted to approximately \$ 250.9 million compared to approximately \$ 225.1 million as of December 31, 2019. The increase derives from the comprehensive income in the Reporting Period totaling approximately \$ 25.8 million.

b. **Cash flows**

Net cash flows provided by operating activities in the Reporting Period amounted to approximately \$ 90.5 million, compared with approximately \$ 103.1 million in the corresponding period of last year. The change mainly arises from the decrease in operating income (less depreciation) in a total of approximately \$ 48.2 million which was partly offset by the decrease in income taxes paid totaling approximately \$ 11.9 million and working capital changes (mainly due to a decrease in trade receivables) totaling approximately \$ 23.6 million.

Net cash flows used in investing activities in the Reporting Period amounted to approximately \$ 6.6 million, compared with approximately \$ 23.6 million in the corresponding period of last year. The decrease mainly stems from a total of approximately \$ 20 million placed in restricted deposits in the corresponding period of last year which was partly offset by an increase of approximately \$ 2.9 million in investments in oil and gas assets and a decrease of approximately \$ 0.4 million in interest received.

Net cash flows used in financing activities in the Reporting Period amounted to approximately \$ 77.9 million compared with approximately \$ 109.1 million in the corresponding period of 2019. The decrease was mainly a result of a dividend paid in the amount of \$ 30 million in the corresponding period of last year, the decrease in the repayment of bond principal (Series A and B) and payment of interest thereon totaling approximately \$ 1.7 million, partly offset by the buyback of bonds (series A and B) in a total of approximately \$ 0.5 million.

The balance of cash and cash equivalents as of June 30, 2020 amounted to approximately \$ 85.1 million.

Part Two – Corporate Governance Aspects

1. The Company's policy on donations

See section 1 to Part Two to the Board of Directors' Report for the period ended March 31, 2020 for information on the Board's decision on the designation of funds for donations and for the donations made in the Reporting Period.

2. Board Committees

In keeping with the Board's decision in its meeting of March 18, 2020 regarding the adoption of the investment policy described in section 2 to Part Four to the Board of Directors' Report for the year ended December 31, 2019, in its meeting of July 29, 2020, the Board decided to update the investment policy to allow investments in marketable corporate bonds that are internationally rated at least at BBB and in NIS bonds. See details of the Board's decision on the appointment of an investment committee in section 2 to Part Two to the Board of Directors' Report for the period ended March 31, 2020.

Part Three – Buyback Plan

In keeping with the Board's decision in its meeting of March 29, 2020 regarding the adoption of a buyback plan of bonds (Series A and B) ("**the buyback plan**") as described in Part Three to the Board of Directors' Report for the year ended December 31, 2019, in April and July 2020, the Company repurchased bonds (Series A) in an aggregate of NIS 4,744,284 par value and bonds (Series B) in an aggregate of NIS 4,466,904 par value in return for a total of approximately \$ 2.3 million.

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

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

- a. See Note 4e to the condensed interim financial statements for details of the update of the natural gas reserves in the Tamar project on August 3, 2020, as prepared by Netherland Sewell & Associates Inc.
- b. See Note 4f to the condensed interim financial statements for details of the Board's decision of August 26, 2020 not to distribute profits to the shareholders.
- c. In keeping with the matters discussed in Note 11c(9) to the annual financial statements regarding an appeal filed with the Supreme Court on the District Court's decision to dismiss the administrative petition filed by some of the Tamar partners, including the Company, against the IEC and the Leviathan partners in connection with the RFP published by the IEC for the supply of natural gas, on August 24, 2020, the Supreme Court rendered its judgment which dismissed the appeal.

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

<u>Details</u>	<u>Series A</u>	<u>Series B</u>
Is the series material?	Yes	Yes
Par value on issuance date	2,315,668	1,940,113
Issuance date	July 9, 2017	March 13, 2018
Par value as of June 30, 2020	1,966,303	1,612,920
Linked par value as of June 30, 2020	1,935,039	1,616,184
Carrying amount in the Company's books as of June 30, 2020	1,914,254	1,491,427
Quoted market price as of June 30, 2020	1,461,946	1,199,206
Amount of accrued interest as of June 30, 2020	30,583	25,543
Annual fixed interest rate	4.69%	4.69%
Principal payment dates	See Annex A to this Report	See Annex B to this Report
Interest payment dates	Semiannual payments, on February 28 and August 30 of each of the years 2018 to 2028, from February 28, 2018 to August 30, 2028 (inclusive)	Semiannual payments, on February 28 and August 30 of each of the years 2018 to 2028, from August 30, 2018 to August 30, 2028 (inclusive)
Linkage basis, base rate (principal and interest)	Linked to the USD; base rate – \$ 1=NIS 3.522	Linked to the USD; base rate – \$ 1=NIS 3.459
Conversion right	None	None
Early repayment right	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.

<u>Details</u>	<u>Series A</u>	<u>Series B</u>
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 (Stable)	A1.il (Stable)
Ratings from the issuance date and rating as of the report date ³	A1.il (Negative)	A1.il (Negative)
Has the Company complied with all the conditions and obligations under the Indenture throughout the Reporting Period until June 30, 2020	Yes	Yes
Have conditions establishing grounds for acceleration of the bonds or enforcement of collateral given to secure the payment to the bondholders been fulfilled	No	No

³ The bonds (Series A) were rated on June 25, 2017, July 2, 2017, July 5, 2017, July 12, 2017, February 20, 2018, March 12, 2018, March 13, 2019 and March 29, 2020; the bonds (Series B) were rated on February 20, 2018, March 12, 2018, March 13, 2019 and March 29, 2020. For details see the Company's immediate report dated March 29, 2020 (TASE reference: 2020-01-027667), the contents of which are included herein by reference.

Details	Series A	Series B
Pledges for securing the bonds	See Part Five to the Board of Directors' Report as of December 31, 2019	See Part Five to the Board of Directors' Report as of December 31, 2019
Financial covenants as of June 30, 2020	<ul style="list-style-type: none"> • Equity (including minority interests) net of capital reserve and with the addition of loans subordinated to the rights of the bondholders (as specified in Section 5.10.1 of the Series A Indenture) – about \$ 960 million⁴ • Expected debt service coverage ratio for the examination period (as defined in Section 5.10.2 of the Series A Indenture) (for the 12 months beginning October 1, 2020) – 1.42⁵ • Historic coverage ratio for the examination period (as defined in Section 5.10.2 of the Series A Indenture) (for the year ended June 30, 2020) is 1.24⁶ • Economic equity (as defined in Section 5.10.3 of the Series A Indenture) – about \$ 588 million⁷ 	<ul style="list-style-type: none"> • Equity (including minority interests) net of capital reserve and with the addition of loans subordinated to the rights of the bondholders (as specified in Section 5.10.1 of the Series B Indenture) – about \$ 960 million⁸ • Expected debt service coverage ratio for the examination period (as defined in Section 5.10.2 of the Series B Indenture) (for the 12 months beginning October 1, 2020) – 1.42⁹ • Historic coverage ratio for the examination period (as defined in Section 5.10.2 of the Series B Indenture) (for the year ended June 30, 2020) is 1.24¹⁰ • Economic equity (as defined in Section 5.10.3 of the Series B Indenture) – about \$ 588 million¹¹

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 not lower than 1.05 and not lower than 1.2 for a dividend distribution.

⁶ According to the terms of the Series A Indenture, the historic coverage ratio for dividend distribution will not be lower than 1.20 at least on one of two consecutive examination dates.

⁷ According to the terms of the Series A Indenture, said economic equity may be no less than \$ 250 million during two consecutive quarters.

⁸ According to the terms of the Series B Indenture, said equity may be no less than \$ 350 million.

⁹ According to the terms of the Series B Indenture, said ratio will be not lower than 1.05 and not lower than 1.2 for a dividend distribution.

¹⁰ According to the terms of the Series B Indenture, the historic coverage ratio for dividend distribution will not be lower than 1.20 at least on one of two consecutive examination dates.

¹¹ 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,

Eitan Meir
Chairman of the Board

Liami Vaisman
CEO

Tamar Petroleum Ltd.

Annex A
Amortization Schedule of Bonds (Series A)

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

Annex B
Amortization Schedule of Bonds (Series B)

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

TAMAR PETROLEUM LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2020

UNAUDITED

IN U.S. DOLLARS IN THOUSANDS

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

TAMAR PETROLEUM LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2020

UNAUDITED

IN U.S. DOLLARS IN THOUSANDS

INDEX

	Page
Auditor's Review Report	2
Condensed Interim Statements of Financial Position	3
Condensed Interim Statements of Comprehensive Income	4
Condensed Interim Statements of Changes in Equity	5 - 6
Condensed Interim Statements of Cash Flows	7 - 8
Notes to Condensed Interim Financial Statements	9 - 17

Auditor's review report to the shareholders of Tamar Petroleum Ltd.

Introduction

We have reviewed the accompanying financial information of Tamar Petroleum Ltd. ("**the Company**"), which comprises the condensed statement of financial position as of June 30, 2020 and the related condensed statements of comprehensive income, changes in equity and cash flows for the periods of six and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

The condensed interim financial information as of June 30, 2019 and for the periods of six and three months then ended was reviewed by us jointly with other auditors who no longer serve as the Company's auditors.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 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.

Tel-Aviv, Israel
August 26, 2020

KOST FORER GABBAY & KASIERER
Certified Public Accountants (Israel)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**In U.S. Dollars in thousands**

	June 30,		December 31,
	2020	2019	2019
	Unaudited		Audited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	85,149	57,312	79,167
Restricted deposits	20,432	20,075	20,283
Trade receivables	18,146	38,159	34,588
Other accounts receivable	6,380	9,080	6,201
	130,107	124,626	140,239
NON-CURRENT ASSETS:			
Investments in oil and gas assets	1,002,652	1,025,436	1,008,360
Deferred taxes	105,187	107,794	112,736
Restricted deposits	43,707	42,800	43,258
Other long-term assets	11,691	6,295	12,194
	1,163,237	1,182,325	1,176,548
	1,293,344	1,306,951	1,316,787
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities of bonds	70,914	96,106	87,581
Accounts payable	22,968	29,862	29,405
Income taxes payable	5,150	3,037	3,951
	99,032	129,005	120,937
NON-CURRENT LIABILITIES:			
Bonds net of current maturities	911,683	983,276	944,743
Other long-term liabilities	31,693	24,289	25,961
	943,376	1,007,565	970,704
Total liabilities	1,042,408	1,136,570	1,091,641
EQUITY:			
Ordinary share capital	2,517	2,517	2,517
Share premium	784,495	784,495	784,495
Retained earnings	170,896	90,432	145,145
	957,908	877,444	932,157
Capital reserves	(706,972)	(707,063)	(707,011)
	250,936	170,381	225,146
	1,293,344	1,306,951	1,316,787

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

August 26, 2020			
Date of approval of the financial statements	Eitan Meir Chairman of the Board	Liami Vaisman CEO	Yuval Raikin CFO

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**In U.S. Dollars in thousands**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
Revenues from sale of gas and condensate	105,660	170,052	41,409	81,241	349,937
Less - royalties	17,139	26,667	6,580	12,532	57,853
Net revenues	88,521	143,385	34,829	68,709	292,084
Costs and expenses:					
Cost of production of natural gas and condensate	8,639	15,454	4,540	7,815	28,450
Depreciation, depletion and amortization expenses	17,241	23,970	7,755	11,555	50,037
General and administrative expenses	1,907	1,766	923	783	3,207
Total costs and expenses	27,787	41,190	13,218	20,153	81,694
Operating income	60,734	102,195	21,611	48,556	210,390
Finance expenses	(27,970)	(30,636)	(13,529)	(15,239)	(60,147)
Finance income	1,506	1,717	825	740	3,279
Finance expenses, net	(26,464)	(28,919)	(12,704)	(14,499)	(56,868)
Income before taxes on income	34,270	73,276	8,907	34,057	153,522
Taxes on income	(8,519)	(12,338)	1,767	(5,840)	(27,871)
Total comprehensive income	25,751	60,938	10,674	28,217	125,651
Basic and diluted net earnings per share (in USD)	0.29	0.69	0.12	0.32	1.42
Weighted number of shares used in the above computation	88,495,576	88,495,576	88,495,576	88,495,576	88,495,576

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

In U.S. Dollars in thousands

	Ordinary share capital	Share premium	Capital reserves Unaudited	Retained earnings	Total
For the period of six months ended June 30, 2020:					
Balance at January 1, 2020 (audited)	2,517	784,495	(707,011)	145,145	225,146
Total comprehensive income	-	-	-	25,751	25,751
Share-based payment	-	-	39	-	39
Balance at June 30, 2020	<u>2,517</u>	<u>784,495</u>	<u>(706,972)</u>	<u>170,896</u>	<u>250,936</u>
For the period of six months ended June 30, 2019:					
Balance at January 1, 2019 (audited)	2,517	784,495	(707,114)	59,494	139,392
Total comprehensive income	-	-	-	60,938	60,938
Dividend	-	-	-	(30,000)	(30,000)
Share-based payment	-	-	51	-	51
Balance at June 30, 2019	<u>2,517</u>	<u>784,495</u>	<u>(707,063)</u>	<u>90,432</u>	<u>170,381</u>

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

In U.S. Dollars in thousands

	Ordinary share capital	Share premium	Capital reserves Unaudited	Retained earnings	Total
For the period of three months ended June 30, 2020:					
Balance at April 1, 2020	2,517	784,495	(706,986)	160,222	240,248
Total comprehensive income	-	-	-	10,674	10,674
Share-based payment	-	-	14	-	14
Balance at June 30, 2020	<u>2,517</u>	<u>784,495</u>	<u>(706,972)</u>	<u>170,896</u>	<u>250,936</u>
For the period of three months ended June 30, 2019:					
Balance at April 1, 2019	2,517	784,495	(707,087)	92,215	172,140
Total comprehensive income	-	-	-	28,217	28,217
Dividend	-	-	-	(30,000)	(30,000)
Share-based payment	-	-	24	-	24
Balance at June 30, 2019	<u>2,517</u>	<u>784,495</u>	<u>(707,063)</u>	<u>90,432</u>	<u>170,381</u>
For the year ended December 31, 2019:					
Balance at January 1, 2019	2,517	784,495	(707,114)	59,494	139,392
Total comprehensive income	-	-	-	125,651	125,651
Dividend	-	-	-	(40,000)	(40,000)
Share-based payment	-	-	103	-	103
Balance at December 31, 2019	<u>2,517</u>	<u>784,495</u>	<u>(707,011)</u>	<u>145,145</u>	<u>225,146</u>

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

In U.S. Dollars in thousands

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
Cash flows from operating activities:					
Net income	25,751	60,938	10,674	28,217	125,651
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, depletion and amortization	17,241	23,970	7,755	11,555	50,037
Taxes on income	8,968	883	6,374	(773)	(3,065)
Amortization of bond discount and issue expenses	3,079	3,324	1,521	1,648	6,568
Finance expenses, net	23,389	25,537	11,188	12,824	50,291
Share-based payment	39	51	14	24	103
Changes in asset and liability items:					
Decrease (increase) in trade receivables	16,442	(4,730)	1,841	(6)	(1,159)
Increase in other accounts receivable and other long-term assets	(1,468)	(2,706)	(2,114)	(2,777)	(79)
Change in balance with joint venture operator	897	(6,533)	1,790	(4,147)	(5,312)
Increase (decrease) in accounts payable	(3,857)	2,353	(778)	615	322
Net cash provided by operating activities	90,481	103,087	38,265	47,180	223,357
Cash flows from investing activities:					
Investment in restricted deposits	-	(20,000)	-	(20,000)	(20,000)
Investments in oil and gas assets	(7,993)	(5,122)	(3,610)	(2,038)	(10,400)
Investment in other long-term assets	-	(231)	-	(79)	(8,618)
Interest received	913	1,313	501	495	3,085
Receipts in connection with other long-term assets	471	471	236	236	941
Net cash used in investing activities	(6,609)	(23,569)	(2,873)	(21,386)	(34,992)
Cash flows from financing activities:					
Repayment of bonds	(52,118)	(51,511)	-	-	(101,813)
Buyback of bonds	(513)	-	(513)	-	-
Dividend paid	-	(30,000)	-	(30,000)	(40,000)
Interest paid	(25,250)	(27,611)	(25)	(23)	(54,180)
Net cash used in financing activities	(77,881)	(109,122)	(538)	(30,023)	(195,993)
Exchange rate gains (losses) on cash and cash equivalents	(9)	(12)	57	(5)	(133)
Increase (decrease) in cash and cash equivalents	5,982	(29,616)	34,911	(4,234)	(7,761)
Cash and cash equivalents at beginning of period	79,167	86,928	50,238	61,546	86,928
Cash and cash equivalents at end of period	85,149	57,312	85,149	57,312	79,167

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS**In U.S. Dollars in thousands**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2020	2019	2020	2019	2019
	Unaudited				Audited
<u>Annex A - non-cash investing and financing activities:</u>					
Investments in oil and gas assets against payables	2,393	1,965	2,393	1,965	4,278
Asset retirement obligation against oil and gas assets	5,412	2,870	790	2,870	4,330
<u>Annex B - additional cash flow information:</u>					
Income taxes paid (received)	(449)	11,455	(8,141)	6,613	30,936

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

NOTES TO 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 within the area of the I/12 Tamar Lease ("the Tamar Lease" and "the Tamar project," respectively) to various customers, and primarily to the Israel Electric Corp. Ltd. ("the IEC"), independent power producers ("IPPs"), industrial customers and natural gas marketing companies. The Company is also engaged in the sale of condensate produced from the Tamar project to Paz Ashdod Oil Refinery, as well as in promoting the expansion of the Tamar project's production system. The Company's revenues from gas sales are mainly affected by the scope of consumption of natural gas by the IEC (see Note 3 below).

In the first half of 2020, natural gas sales from the Tamar reservoir totaled about 3.4 BCM, as opposed to about 5.1 BCM in the corresponding period of last year. The decrease in the reporting period is mainly a result of the reduction in sales of natural gas from the Tamar reservoir to the IEC following the winning of the IEC's tender by the Leviathan partners, as explained in Note 11c to the financial statements as of December 31, 2019 ("the annual financial statements").

The Company's articles of association provide that the Company shall only perform operations of exploration, development, production and transmission of to the target markets in connection with the I/12 Tamar and I/13 Dalit Leases (jointly referred to as: "the Leases" or "Tamar and Dalit Leases" and/or "the Joint Venture"), in which the Company holds, as of the date of the financial statements, 16.75% of the interests.

The Company is an Israeli resident public company incorporated in Israel on November 4, 2015 under its previous name Karish Tanin Management Ltd. Trading in the Company's securities on the Tel Aviv Stock Exchange Ltd. ("the TASE") commenced in July 2017.

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

- b. The Company'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.
- c. The condensed interim financial statements have been prepared in accordance with the provisions of IAS 34, "Interim Financial Reporting" and with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.
- d. At the end of 2019 and in the course of 2020, the Coronavirus (Covid-19) began to spread in China and subsequently throughout the world, and was declared a global pandemic by the World Health Organization (WHO) in March 2020 ("the Coronavirus pandemic"), causing a slowdown in global and local economic activity and subsequently adversely affecting numerous sectors, including the energy sector in which the Company operates. Also, in the first quarter of 2020, a dispute arose between Russia and Saudi Arabia regarding oil production rates which led to a sharp decline in global oil prices. All of the above factors caused a major drop in demands for oil, natural gas and energy products as well as significant fluctuations in quoted market prices the in Israeli and global energy markets, including a major decrease in stock prices and increased yields on the Company's bonds.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 1:- GENERAL (Cont.)

As of the date of the condensed interim statement of financial position, the quoted market price of the Company's shares approximates 49 million USD and is significantly lower than its equity as of June 30, 2020 (see Note 4i below for information of the quoted market price of the Company's bonds (Series A and B)). As for the testing of impairment of the investments in oil and gas assets, see paragraph e below.

As of the date of approval of the condensed interim financial statements, extensive restrictions on border crossing are still in effect in several countries. These restrictions as well as other limitations imposed are likely to pose difficulties in maintaining the current operation of the Tamar project which relies, among others, on professional operating personnel. In this context it should be noted that Noble Energy Mediterranean Ltd. ("Noble" or "the Operator") has formulated an action plan in coordination with the Petroleum Commissioner and the Ministry of Health for dealing with the economic crisis resulting from the Coronavirus in an aim to secure to the extent possible that the Operator's workforce will be able to reach the project's onshore and offshore facilities and continue the essential operations in these facilities. Nevertheless, insofar as the Coronavirus deteriorates in a manner that risks the health and safety of the operating team, the production of gas from the Tamar reservoir could come to a halt in order to protect workers' safety, the environment and the natural gas assets. It should be noted that as of the date of approval of the condensed interim financial statements, the operation of the Tamar reservoir has not been impaired.

It should be noted that the Company has limited exposure to the short-term decrease in energy prices since the majority of the Company's contracts with its customers are based on a Take or Pay mechanism which stipulate minimum consumption quantities and floor prices. Moreover, some of the Company's contracts with customers include the customers' obligation to purchase natural gas from the Tamar reservoir in preference over all other resources (see Note 11b(1) to the annual financial statements). It should also be noted that in view of the Company's free cash flows that are in excess of the safety reserves required in the trust deeds of the bonds (Series A and B), the Company estimates that it will have sufficient financial resources at least for financing its operations and/or meeting its existing and expected liabilities in the coming year.

Since the extent of the adverse effects of the Coronavirus crisis on local and global economies depends on the gravity of the pandemic spread and the time that will be needed for eradicating the pandemic or halting its spread, which involves a degree of uncertainty as of the date of approval of the condensed interim financial statements, the Company is presently unable to estimate the full ramifications of the pandemic on its operations and business results.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 1:- GENERAL (Cont.)

- e. **Estimated impairment of oil and gas assets** – the Company tested the need for recording a provision for impairment of its investments in oil and gas assets as of March 31, 2020, among others since as of that date, the quoted market price of the Company's shares was significantly lower than its equity. The test of impairment was performed by an independent external appraiser who estimated the recoverable amount as of March 31, 2020 using the discounted cash flows expected from the asset (value in use). The test was performed based on the Company's forecasted cash flows from 2P (proved + probable) reserves from the Tamar reservoir as of December 31, 2019 as published on January 8, 2020 ("the January 2020 forecast") after the following adjustments: (1) updated gas price forecast due to: (i) the projected Brent oil barrel prices based on the average Brent forward prices (in USD) and the projections of the World Bank and the United States Department of Energy published shortly before March 31, 2020; (ii) updated electricity production tariff forecast (whose effect on the January 2020 forecast is immaterial); (iii) increased surplus natural gas supply due to the expected decrease in local demand and the expected decrease in natural gas export (whose effect on the January 2020 forecast based on a post-tax discount rate of 9.7% is estimated at a decrease of about 5%); (2) a reduction in the production rate in 2020-2024 based on an updated demand forecast in the local market prepared as of March 31, 2020 and a reduction in Egyptian export sale quantities in the years in which the projected average price per Brent oil barrel is lower than \$ 50; (3) adjusted depreciation expenses for tax purposes based on the asset's recoverable amount and a post-tax WACC of about 9.7%. Based on the test, the recoverable amount of the Company's oil and gas assets as of March 31, 2020 was estimated by the external appraiser at approximately \$ 1,109 million, which is higher than the carrying amount of the investments in oil and gas assets as of March 31, 2020, which, less the asset retirement obligation and other long-term assets as of that date (whose effect is included in the discounted cash flows), totaled approximately \$ 987 million.

Based on the external appraiser valuation, as above, and under the assumptions described above, the recoverable amount of the investments in oil and gas assets as of March 31, 2020 is higher than their amortized cost and therefore no impairment should be recorded in respect of the Company's investments in the Tamar reservoir as of that date.

As discussed in paragraph d above, the quoted market price of the Company's shares as of June 30, 2020 remains significantly lower than its equity. The Company estimates that as of June 30, 2020 there were no adverse changes in the basis of calculation of the recoverable amount compared with March 31, 2020 based on the following: (1) the Company's forecasted 2P (proved + probable reserves) cash flows from the Tamar reservoir as of June 30, 2020 as published on August 3, 2020; (2) a post-tax WACC of 9.7% as estimated by the external appraiser as of June 30, 2020 (with no change compared to the WACC as of March 31, 2020). Accordingly, there is no indication for a required retesting of the recoverable amount of the investment in the Tamar reservoir in relation to the test conducted as of March 31, 2020.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

In May 2020, the IASB issued "Onerous Contracts — Cost of Fulfilling a Contract (Amendment to IAS 37)", regarding costs a company should include when assessing whether a contract is onerous ("the Amendment"). According to the Amendment, cost of fulfilling a contract comprises the incremental costs (for example, raw materials and direct labor) or an allocation of other costs that relate directly to fulfilling a contract (for example, the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Amendment is effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

The Company estimates that the application of the Amendment is not expected to have a material impact on the financial statements.

NOTE 3:- NATURAL GAS SUPPLY AGREEMENTS

- a. In keeping with the matters discussed in Note 11c(9) to the annual financial statements regarding an appeal filed with the Supreme Court by some of the Tamar partners including the Company (collectively – "the petitioners") for reversing the Tel-Aviv District Court's decision which dismissed the administrative petition filed by the petitioners against the IEC and the Leviathan partners as the winners of the bidding process, on May 21, 2020, a hearing of the appeal was held at the Supreme Court in which the parties notified the Court that they are in the middle of advanced negotiations for settling the case and, at the parties' request, the Court decided to afford the parties an extension for reaching understandings and ruled that insofar as no settlement is reached, a judgment will be rendered by the Court. On August 13, 2020, the Tamar partners who do not have interests in the Leviathan project submitted a notice to the Supreme Court whereby in view of the time elapsed, a court decision is needed to settle the case. On August 24, 2020, the Supreme Court rendered its judgment which dismisses the appeal.
- b. In keeping with the matters discussed in Note 11c(10) to the annual financial statements regarding a possible amendment to the agreement with the IEC ("the agreement amendment") and the urgent petition submitted by the Tamar partners which do not hold the Leviathan project (the Company, Isramco Negev 2, L.P. ("Isramco"), Dor Gas Exploration, L.P. and Everest Infrastructures, L.P.) to the Director General of the Competition Authority regarding the threat to competition to Tamar reservoir posed by Noble and Delek Drilling, L.P. ("Delek Drilling") in Leviathan reservoir, on April 13, 2020, a notice was issued by the representatives of the Ministry of Energy, the Ministry of Justice's legislative advisory economic department, the Ministry of Finance and the Competition Authority (collectively – "the State's representatives") according to which before the State's representatives express their final opinion and consider further steps, they are allowing the Tamar partners ("the parties") to reach understandings that will nullify the need for the State's intervention in the form of an official position. The State's representatives allotted the parties a short timeframe for reaching the understandings which are required to reverse the veto right held by Noble, Delek Drilling and Isramco conferred to them by virtue of the business practice maintained by the parties to date.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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

On May 27, 2020, the Tamar partners submitted for the approval of the State's representatives an agreed master outline for joint marketing from the Tamar reservoir ("the marketing arrangement") according to which the Tamar reservoir partners will continue with the joint marketing of natural gas from the Tamar reservoir. The marketing arrangement consists of various mechanisms and stipulations designed to guarantee the parties' rights and improve the Tamar reservoir's competitive edge in marketing natural gas to local consumers. Among others, these mechanisms and stipulations determine the method and parameters for holding negotiations with local customers regarding certain commercial criteria such as price, price linkage and accepted take or pay levels in the local market without the participation of the Tamar reservoir partners that hold other oil producing assets and the parameters and conditions underlying natural gas sale contracts with local customers.

The Tamar reservoir partners also informed the State's representatives that they have reached basic understandings with the Leviathan partners regarding the issues that were in dispute pertaining to the natural gas sale agreements with the IEC (see paragraph a above) (in this paragraph – "the master understandings"). It should be noted that at the request of the State's representatives, the Tamar partners held negotiations regarding an amendment to the marketing arrangement. As of the date of approval of the condensed interim financial statements, the parties have not yet reached understandings on the amendment to the marketing arrangement and there is no certainty that such understandings will indeed be achieved. Moreover, the master understandings have not matured into a binding agreement and to the Company's understanding, Noble and Delek Drilling withdrew their consent to the master understandings. The Tamar partners who are not partners in the Leviathan project informed the State's representatives of the above developments.

NOTE 4:- ADDITIONAL INFORMATION

- a. In February 2020, a claim and a motion for class action certification ("the motion") were filed with the Tel-Aviv District Court by an electricity consumer ("the petitioner") in which the Court is asked to rule that Delek Drilling and Noble, which have cross ownership of the Tamar and Leviathan reservoirs, are legally not allowed to prevent the Tamar reservoir partners from entering into an agreement with the IEC which reduces the cost of the natural gas supplied to the IEC in any manner whatsoever, including by exercising their veto right which the petitioner argues is conferred solely in agreements with the corporations that own the Tamar reservoir. The motion was originally filed against Delek Drilling and Noble but all the other corporations that hold the Tamar and Leviathan projects including the Company were added to the motion as respondents that according to the petitioner constitute parties against which no remedies are sought but are necessary parties to the motion in view of their close relation to the events which are the subject of the motion.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 4:- ADDITIONAL INFORMATION (Cont.)

- b. In April 2020, a letter of claim and motion for class action certification approval (collectively - "the motion") were filed with the Tel-Aviv District Court's Economic Department by a shareholder in the Company ("the petitioner") against the Company, the Company's directors and the CEO ("the respondents"). In the motion, the petitioner argues for nondisclosure in the Company's reports of a condition stipulated in the agreement for the sale of natural gas from the Tamar reservoir to Dolphinus Holding Limited ("Dolphinus") according to which if the annual median price per Brent oil barrel drops below \$ 50, Dolphinus will be entitled to reduce its gas quantity obligation based on the take or pay mechanism by 50%. The petitioner claims that the nondisclosure is in violation of various articles of the Securities Law and the regulations enacted thereunder and constitutes professional malpractice and breach of duty of care of the Company's officers by virtue of the Companies Law, 1999 as well as breach of statutory duty, breach of contract and breach of implied covenant of good faith and fair dealing in a contract.

The petitioner argues that the disclosure of the abovementioned condition which was provided for the first time in Isramco's periodic report for 2019 published on March 24, 2020 led to a decline in the Company's quoted market price on March 25-26, 2020 and caused the group of plaintiffs represented by the petitioner losses estimated at approximately NIS 12 million (approximately \$ 3.5 million).

In the motion, the Court is asked, among others, to order the respondents to compensate the group of plaintiffs for said losses and, alternatively or on an aggregate basis, provide any other remedy to the group (or to the public) as deemed necessary under the circumstances by the Court. A pretrial hearing has been scheduled for December 13, 2020. Based on its legal counsel, the Company believes that in view of the early stage of the proceeding, the chances of the motion to be accepted cannot be assessed.

- c. In keeping with the matters discussed in Note 11f(6) to the annual financial statements regarding the possible reduction of the annual take or pay quantity determined in the Egyptian gas export agreement signed with Dolphinus Holdings Limited ("the export agreement"), under the circumstances described therein, in July 2020 (after the condensed interim statement of financial position date), the Company received a demand from the ISA for producing information and documents in the context of an administrative inquiry with the Company.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 4:- ADDITIONAL INFORMATION (Cont.)

- d. In keeping with the matters discussed in Note 11f to the annual financial statements regarding the export agreement and the agreement for allocating the available capacity in the Israel-Egypt gas transmission system ("the capacity allocation agreement"), on March 26, 2020, the Natural Gas Authority Council published an addendum to a resolution of September 7, 2014 regarding government funding of natural gas export projects using the Israeli gas transmission system and the allocation of the construction costs of the Ashdod-Ashkelon combined section. According to the addendum, among others, the marine section of the gas transmission system is planned to be constructed such that it will begin at the Ashdod station and end at the connection site at the export facilities of Prima Gas Ltd. ("the combined section"). On June 23, 2020, the Director General of the Natural Gas Authority announced that the estimated cost of construction of the combined section totals approximately NIS 738.5 million and will be updated based on a mechanism for settling of accounts between the parties that will be embedded in the transmission agreement and approved by the Director General. About 43.5% of the combined section construction cost, as will be determined, will be financed by the holder of the transmission license and about 56.5% of the cost will be financed by the exporter based on predetermined milestones as will be stated in the transmission agreement. In addition, the exporter will pay the holder of the transmission license NIS 27 million against its share of the cost arising from advancing the duplication of certain transmission sections, which is estimated at approximately NIS 48 million. The exporter's share of said costs is expected to be paid by the Leviathan partners and the Tamar partners pro rata to the transmission rates performed by each of the reservoirs in the gas network and based on the terms specified in the capacity allocation agreement. The Tamar partners are also required to provide several guarantees in which the Company's share as of the date of approval of the condensed interim financial statements is estimated at approximately \$ 7 million. As of the date of approval of the condensed interim financial statements, negotiations are being held with Israel Natural Gas Lines Ltd. for signing a transmission agreement that will cover the entire required gas quantity to be exported to Egypt by the Tamar and Leviathan reservoirs according to the export agreements. It should be noted that there is no certainty that these negotiations will yield a binding transmission agreement and that as of the date of approval of the condensed interim financial statements, other alternatives to allow the export to Egypt of the entire natural gas quantities required according to the export agreements are being examined. It should also be noted that in July 2020, the transmission of natural gas from the Tamar project to Egypt according to the export agreement began.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 4:- ADDITIONAL INFORMATION (Cont.)

- e. According to a report dated August 3, 2020 performed by Netherland Sewell & Associates Inc. (a premier independent firm of petroleum consultants providing independent reserves reports and services to the worldwide oil and gas industry, "NSAI"), and prepared in accordance with SPE-PRMS guidelines, the natural gas reserves in the Tamar project (consisting of the Tamar and Tamar SW reservoirs) that are classified as proved reserves under production as of June 30, 2020 are about 223.6 BCM (of which about 10.1% are attributed to the Tamar SW reservoir) and the reserves classified as proved + probable reserves amount to about 301.7 BCM (of which about 9% are attributed to the Tamar SW reservoir). According to said report, the condensate reserves in the Tamar and Tamar SW reservoirs classified as proved reserves under production as of June 30, 2020 are about 10.3 million barrels (of which about 9.7% are attributed to the Tamar SW reservoir) and the reserves classified as proved + probable reserves amount to about 13.8 million barrels (of which about 8.7% are attributed to the Tamar SW reservoir). The above reserves do not include the reserves that are also part of the Eran/353 lease area. The above evaluations are subject to uncertainty. The actual natural gas quantities that will be produced could differ from these evaluations and estimates, among others due to operating and technical conditions and/or regulatory developments and/or natural gas industry supply and demand conditions and/or the reservoir's actual performances. The above evaluations may be updated as new information becomes available and/or as a result of a variety of factors involving the oil and gas exploration and production projects, including as a result of the continued analysis of the drilling findings.

f. **Dividends:**

On August 26, 2020, the Company's Board decided not to distribute a dividend to the Company's shareholders based on the condensed interim financial statements as of June 30, 2020.

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

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

1. Expected debt service coverage ratio (as defined in the trust deed) of no less than 1:1.05 (during two consecutive quarters) and of no less than 1:1.20 (during two consecutive quarters) for a dividend distribution. The expected debt service ratio for the period of 12 months from October 1, 2020 is 1.42.
2. Minimum economic equity (as defined in the trust deeds) of no less than \$ 250 million (during two consecutive quarters) for the bonds (Series A) and of no less than \$ 350 million (during two consecutive quarters) for the bonds (Series B) - the economic equity as of June 30, 2020 is approximately \$ 588 million.
3. For the purpose of dividend distribution, the historic debt service coverage ratio (as defined in the trust deed) will not be lower than 1.20:1 on two consecutive examination dates (the historic ratio is examined semiannually from the annual financial statements as of December 31, 2018) – the historic ratio for the period of 12 months ended June 30, 2020 is 1.24.

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

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

NOTE 4:- ADDITIONAL INFORMATION (Cont.)

- h. In keeping with the matters discussed in Note 9g to the annual financial statements in connection with the Company's plan for the buyback of bonds (Series A and B), as of the date of approval of these condensed interim financial statements, the Company repurchased approximately NIS 9.2 million par value of bonds (Series A and B) during trade in consideration of approximately \$ 2.3 million and those bonds were eliminated from trade.
- i. **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 (Series A and B) (Level 1) whose fair value as of June 30, 2020 is approximately \$ 768 million (December 31, 2019 - approximately \$ 965 million, June 30, 2019 - approximately \$ 1,056 million) and whose carrying amount, including accrued interest as of that date approximates \$ 999 million (December 31, 2019 - approximately \$ 1,049 million, June 30, 2019 - approximately \$ 1,097 million).
- j. On April 22, 2020 and on June 24, 2020, the Company's Remuneration Committee and Board respectively approved the grant of a bonus of approximately NIS 162 thousand to the Company's CEO for 2019. The bonus was included in the statement of comprehensive income in the reporting period.

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August 26, 2020

To
Board of Directors of Tamar Petroleum Ltd.
(the "Company")
11 Galgalei Haplada St.
Herzliya Pituah 4672211

Dear Sirs/Mesdames,

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

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

Independent auditor's review report dated August 26, 2020 on the Company's condensed interim financial information as of June 30, 2020 and for the periods of six and three months then ended.

**Kost Forer Gabbay & Kasierer
CPA (Isr.)**

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

Tamar Petroleum Ltd.

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

Quarterly Report Concerning the Effectiveness of the Internal Control over Financial Reporting and Disclosure under Regulation 38C(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 for the Second Quarter of 2020

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

For this purpose, the members of Management are:

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

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

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

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

In the quarterly report on the effectiveness of internal control over financial reporting and disclosure attached to the interim report for the period ended March 31, 2020 ("**the latest interim report of internal control**"), the internal control in the Company was evaluated as effective.

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

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

Statement of CEO pursuant to Regulation 38C(d)(1):

**Statement of Managers
Statement of CEO**

I, Liami Vaisman, hereby certify that:

- (1) I have reviewed the interim report of Tamar Petroleum Ltd. ("**the Company**") for the second quarter of 2020 ("**the Reports**");
- (2) Based on my knowledge, the Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports;
- (3) Based on my knowledge, the financial statements and other financial information included in the Reports, fairly present, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports;
- (4) I have disclosed to the Company's independent auditors, Board of Directors, Audit Committee and Financial Statement Review Committee, based on my most recent evaluation of the internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or operation of the internal control over financial reporting and disclosure, which are reasonably likely to adversely affect the Company's ability to collect, process, summarize and report financial information, in a manner capable of casting doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and
 - (b) Any fraud, whether or not material, that involves the CEO or anyone directly or indirectly subordinate thereto, or other employees who have a significant role in the internal control over financial reporting and disclosure;
- (5) I, alone or together with others in the Company:
 - (a) Designed controls and procedures, or caused to be designed and maintained, under my supervision, controls and procedures, to ensure that material information relating to the Company is made known to me by others within the Company, particularly during the period of preparation of the Reports; and
 - (b) Designed controls and procedures, or caused to be designed and maintained, under my supervision, controls and procedures, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including generally accepted accounting principles;
 - (c) I have not been informed of any events or circumstances that occurred in the period from the latest interim report date (the Interim Report as of March 31, 2020) through the date of this Report that are likely to change the conclusion reached by the Company's Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

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

August 26, 2020

Liami Vaisman
CEO

Statement of the most senior financial officer pursuant to Regulation 38C(d)(2):

Statement of Managers
Statement of the most senior financial officer

I, Yuval Raikin, hereby certify that:

- (1) I have reviewed the interim financial statements and other financial information included in the interim reports of Tamar Petroleum Ltd. ("**the Company**") for the second quarter of 2020 ("**the Reports**" or "**the Interim Reports**");
- (2) Based on my knowledge, the interim financial statements and other financial information included in the Interim Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports;
- (3) Based on my knowledge, the interim financial statements and other financial information included in the Interim Reports, fairly present, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports;
- (4) I have disclosed to the Company's independent auditors, Board of Directors, Audit Committee and Financial Statement Review Committee, based on my most recent evaluation of the internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or operation of the internal control over financial reporting and disclosure as it relates to the interim financial statements and other financial information included in the Interim Reports, which are reasonably likely to adversely affect the Company's ability to collect, process, summarize and report financial information, in a manner capable of casting doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and
 - (b) Any fraud, whether or not material, that involves the CEO or anyone directly or indirectly subordinate thereto, or other employees who have a significant role in the internal control over financial reporting and disclosure;
- (5) I, alone or together with others in the Company:
 - (a) Designed controls and procedures, or caused to be designed and maintained, under my supervision, controls and procedures, to ensure that material information relating to the Company is made known to me by others within the Company, particularly during the period of preparation of the Reports; and
 - (b) Designed controls and procedures, or caused to be designed and maintained, under my supervision, controls and procedures, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including generally accepted accounting principles;
 - (c) I have not been informed of any events or circumstances that occurred in the period from the latest interim report date (the Interim Report as of March 31, 2020) through the date of this Report, as they relate to the interim financial statements and other financial information included in the Interim Reports, that are likely to change the conclusion reached by the Company's Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

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

August 26, 2020

Yuval Raikin
CFO