

## CREDIT OPINION

22 May 2023

### Update



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### RATINGS

#### Leviathan Bond Ltd.

Domicile	Israel
Long Term Rating	Ba3
Type	Senior Secured - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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## Leviathan Bond Ltd.

### Update to credit analysis

#### Summary

[Leviathan Bond Ltd.](#) (Leviathan Bond, Ba3 stable) is a special purpose vehicle owned by NewMed Energy Limited Partnership (NewMed Energy, formerly Delek Drilling) that was established to raise financing secured against NewMed Energy's 45.34% interest in the Leviathan gas field. Leviathan is located off the coast of Israel in the eastern Mediterranean and was commissioned in December 2019.

Leviathan Bond's credit quality reflects the large size and the very long life of Leviathan's gas reserves, the strong track record of the sponsor and operator, and a portfolio of long-term off-take agreements. It also benefits from strong historic and expected demand growth in Israel, driven by the country's planned coal phase-out, demographic growth and improvement in living standards.

However, credit quality is constrained by oversupply and competition within the Israeli domestic gas market, and reliance on access to Egypt's infrastructure for gas exports. The value of off-take agreements is limited by mechanisms that could allow Leviathan's largest customer to reduce volumes under certain circumstances, and by the weak credit quality of the main off-takers, which are located in [Egypt](#) (B3, rating under review) and [Jordan](#) (B1 positive). Leviathan Bond also has weaker lender protections than typical for project financings, including limited liquidity protections, bullet maturities and the ability to increase leverage.

#### Exhibit 1

#### Overview of the Leviathan Field

First gas	December 2019
Field location	Offshore, 130km west of Haifa, Israel
Water depth	around 1,700m
Lease length	until 2044, but could be extended by 20 years
1P reserves (at 31 December 2022)	391.1 bcm (gas), 30.4 mmbbl (condensate)
2P reserves (at 31 December 2022)	440.9 bcm (gas), 34.3 mmbbl (condensate)
Annual gas production capacity (Phase 1A)	12 bcm
Main offtakers	Blue Ocean (Egypt), NEPCO (Jordan), IPPs and industrial customers (Israel)

Source: Company's reports, Moody's Investors Service

## Credit strengths

- » Long-lived and substantial gas reserves
- » Strong track record of sponsor and operator
- » Long-term offtake agreements with take-or-pay provisions

## Credit challenges

- » Competition from other Israeli gas suppliers
- » Weak offtaker credit quality and exposure to geopolitical risk
- » Value of offtake agreements limited by provisions that allow some counterparties to reduce volumes if prices fall below certain level
- » Significant and frequent refinancing requirements
- » Uncertainty around the future expansion projects and funding requirements

## Rating outlook

The stable outlook reflects our expectation that Leviathan Bond will maintain financial metrics, in particular the ratio of funds from operations (FFO) to debt, based on NewMed Energy's share of the Leviathan project's cash flow consistent with the current ratings.

## Factors that could lead to an upgrade

The ratings could be upgraded, if Leviathan Bond achieved FFO/debt sustainably above 25% and the market dynamics in terms of gas demand and prices remained favourable. Any upgrade will, however, need to consider the project's exposure to major off-takers and their credit quality. Over time, signing of material new take-or-pay gas sale and purchase agreements with high-quality off-takers that improved cash flow visibility could bring upward rating pressure.

## Factors that could lead to a downgrade

The ratings could be downgraded if FFO/debt appeared likely to fall below the mid-teens in percentage terms, if cash flow visibility deteriorated, if targeted production levels were not achieved or subsequently disrupted, or it appears that Leviathan Bond will be unable to refinance maturities in a timely fashion.

## Key indicators

Exhibit 2

### Key operating and financial metrics Leviathan Bond

	2020	2021	2022	Proj 2023-24 (avg)
Total off-take (bcm) [1]	7.3	10.7	11.4	~11
CFADS interest coverage	3.6x	4.0x	4.7x	3-5x
FFO / Debt [2]	6%	21%	29%	25%-30%

[1] Total offtake for the Leviathan Field. NewMed Energy has the right to 45.34% of the field's resources and output based on its ownership stake.

[2] FFO/debt was depressed in 2020 as only part year cash flow was considered.

[3] Projected metrics reflect Moody's view; not the view of the issuer.

Source: Company's reports, Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

## Profile

Leviathan Bond Ltd. is a special purpose vehicle established to issue bonds secured by a first priority fixed pledge of NewMed Energy's 45.34% working interest in the Leviathan gas project as well as certain associated assets. Recourse against NewMed Energy is limited to the collateral pledged by the sponsor.

The Leviathan Field is located 130 km west of Haifa in the Eastern Mediterranean in a water depth of around 1,700 meters. It was discovered in 2010 and its first gas started to flow in December 2019. The Leviathan leases were granted for 30 years until February 2044 but may be extended for an additional 20-year period.

The Leviathan Field and associated facilities are operated by Chevron Mediterranean, a subsidiary of [Chevron Corporation](#) (Chevron, Aa2 stable). The partners in the field are NewMed Energy (45.34%), Chevron (39.66%) and Ratio (15%).

## Detailed credit considerations

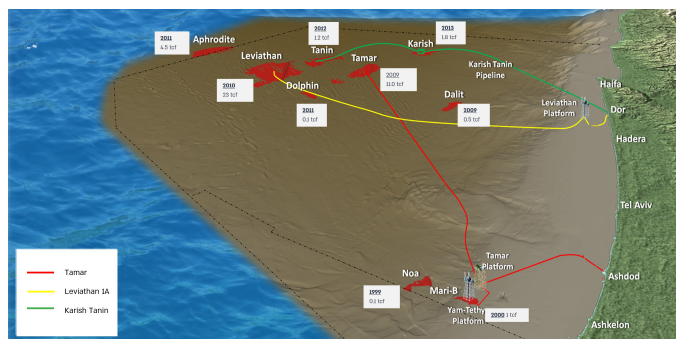
### Strategically located asset in the East Mediterranean, with substantial gas reserves, but exposed to competition

The Leviathan Field is the largest offshore gas field in Israel and the entire East Mediterranean basin. It has direct piped access to gas transportation grids in Israel, Egypt and Jordan.

Until recently the Leviathan Field and the Tamar Field were the only producing gas fields in the region. Since October 2022, the Karish Field has become also operational, although the field has yet to achieve its full production capacity. Competition will intensify further with the commissioning of the Tanin, Athena and Zeus wells, owned by Energean, and the Aphrodite field, partly owned by NewMed Energy.

Exhibit 3

#### The Leviathan Field faces competition from other gas fields



Source: NewMed Energy, Moody's Investors Service

Exhibit 4

#### The Leviathan Field is the largest producing gas field

##### Overview of gas fields in the region

Gas field	Date of discovery	Date of first gas	Estimated reserves	Owners
Tamar	Jan-09	Mar-13	288 bcm (2P)	Chevron, Mubadala, Isramco, Tamar Petroleum.
Leviathan	Dec-10	Dec-19	441 bcm (2P)	
Karish	May-13	Oct-22	73.6 bcm (2P)	Energean Israel
Tanin	Feb-12	TBD	26 bcm (2P)	
Athena, Zeus	2022	TBD	25 bcm (2P)	
Aphrodite	Sep-11	2027e	98 bcm (2C)	NewMed, Chevron, Shell

Source: NewMed Energy, Chevron, Energean, Moody's Investors Service

According to a report from Netherland Sewell & Associates Inc (NSAI), the Leviathan Field's 1P proved reserves stood at 391 bcm as of end-December 2022. The field had also 30.4 million barrels of condensate. Its 2P proved + probable reserves were estimated at around 441 bcm and 34.3 million barrels of condensate. NewMed Energy has the right to 45.34% of the field's resources and output based on its ownership stake.

The above reserve estimates are based on five wells, including Leviathan-8, whose drilling was completed in June 2022, according to schedule and under the planned budget. As of April 2023, completion operations were carried out at the well. Connection of the well to the existing subsea production system is expected in the second quarter of this year.

The Leviathan Field's current annual gas production capacity is 12 bcm (Phase 1A of the Leviathan Development Plan). Based on current reserve estimates, the field's production life is expected to exceed 30 years, but could be extended into the 2060s with further development work.

### Expansion projects are subject to FIDs

The Leviathan Partners are considering various options to increase gas production. For example, the laying of a third subsea transmission pipeline from the field to the platform would increase annual production capacity to around 14 bcm, potentially by mid-2025. Investments in the pipeline but also the platform's related systems are estimated at around \$562 million (on a 100% partnership basis). So far, the partners have approved expenditure of \$208 million and a final investment decision is expected in Q3 2023.

The Leviathan Partners explore various possibilities to expand the field's total capacity to 21 bcm through the so-called Phase 1B expansion. This may include three additional production wells, related subs-sea systems and expansion of the platform's processing facilities. Development may include a floating liquefaction facility (Floating Liquefied Natural Gas, FLNG), with an annual production capacity of around 4.6 million tons of LNG.

So far, the Leviathan Partners have approved a budget of \$96.4 million (100% basis) for Front End Engineering and Design for Phase 1B. FID is expected in 2024 at the earliest.

Given that no FIDs have been taken, there is uncertainty around the actual cost of any expansion projects and hence any funding requirements.

### Strong track record of the operator and production since commissioning

Since commissioning in December 2019, the Leviathan platform has delivered strong production with uptime broadly in line with expectations. In 2022, the platform achieved output of 11.4 billion cubic meters (bcm), close to its current maximum capacity of around 12 bcm. Output was fairly stable in each of the quarters at between 2.7-3 bcm.

The field was initially operated by Noble Energy Mediterranean, which had a strong operating track record at the Tamar and Mari B fields. Following the company's acquisition, Chevron took over operations in 2020, with no material impact on performance.

### Long-term off-take agreements, but with volume risks and credit quality of off-takers is weak

The Leviathan Field production is sold mostly under several long-term contracts – the Gas Sale and Purchase Agreements (GSPAs), which have durations varying from 2 to 25 years. The annual contracted quantities cover around 85% of the field's total capacity.

The contracts are mostly denominated in USD and indexed to Brent oil or Israel's regulated electricity generation tariff, but substantially all have "floor prices". In the case of Brent-linked contracts, "floor prices" would protect revenue if Brent fell below \$50/barrel. Most of the contracts include take-or-pay commitments, which cover around 70% of the annual production capacity at a Brent price above \$50/barrel.

Exhibit 5

#### Gas Sale and Purchase Agreements cover the bulk of the production capacity

Overview of contracts, as of December 2022

	Supply commencement date	Agreement period	Approximate total maximum contract quantity	Total quantity supplied until 31 December 2022	Main linkage basis for gas price
Blue Ocean	2020	15 years*	60 bcm	10.2 bcm	Brent with floor price, subject to adjustment after fifth and tenth years
NEPCO	2020	15 years*	45 bcm	7.3 bcm	Brent with floor price
Independent power producers	2020	9 to 25 years	24 bcm	6 bcm	Most linked to Electricity Production Tariff with a floor price
Industrial customers	2020	2.5 to 15 years	5 bcm	1.4 bcm	Most linked to Brent and Electricity Production Tariff with floor price
<b>Total</b>			<b>133 bcm</b>	<b>25 bcm</b>	

\* The agreement stipulates that in the event that the buyer does not purchase the total contract quantity, the supply period will be extended by another two years.

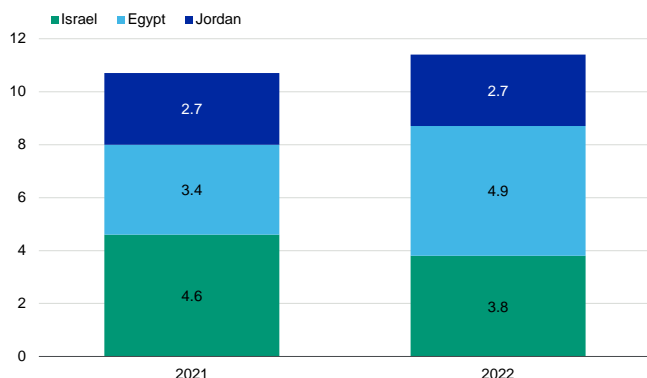
Source: Company's reports, Moody's Investors Service

Blue Ocean and NEPCO are the two largest single off-takers accounting for around 55% of the Leviathan Field's annual production capacity. If we exclude the uncontracted volumes, their share reaches around 65%. The remaining off-takers are mostly independent power producers (IPPs), which make up a growing share of Israel's electricity generation market, and industrial customers in Israel.

In 2022, sales to Blue Ocean accounted for 43% of total volumes. The remainder was split between Israeli counterparties (33% of the total) and NEPCO (24%). Blue Ocean's off-take volumes increased by 1.5 bcm, whereas off-take from Israeli counterparties was down on the previous year. In monetary terms, revenue from Blue Ocean accounted for 47% of the total in 2022.

Exhibit 6

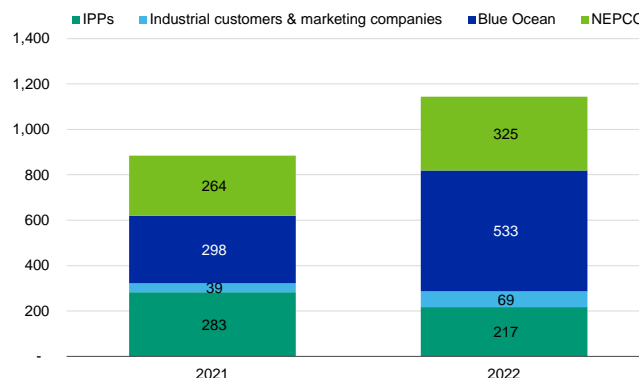
#### Off-take volumes to Egyptian counterparty increased in 2022 Production summary (100% basis), in bcm



Source: NewMed Energy's reports, Moody's Investors Service

Exhibit 7

#### Sales to Egyptian counterparty increased substantially in 2022 Revenue (NewMed Energy's 45.35% share), in \$ m



Source: NewMed Energy's reports, Moody's Investors Service

We view the credit quality of the off-takers as weak, which constrains our assessment of Leviathan Bond. Blue Ocean is a private company formed for the sole purpose of buying gas from Israel. While NewMed Energy understands that Blue Ocean has contracts to resell gas to Egyptian Natural Gas Holding Company (EGAS), a company owned by the [Government of Egypt](#) (B3, rating under review), we have no visibility into this contract or the ability and willingness of Blue Ocean to fulfill its contractual commitments. NEPCO is fully owned by the [Government of Jordan](#) (B1 positive). While some of the gas sold to Blue Ocean is directed to the global markets, Leviathan is reliant on this off-taker for exports, given the lack of Israeli LNG infrastructure to support direct export.

The weak credit quality of the off-takers and the contract terms mean that the value of the take-or-pay commitments is limited. In particular, Blue Ocean can reduce its purchases to 50% of the annual contracted quantities in any year, where the average price of Brent crude is below \$50/barrel. Blue Ocean can also reduce purchases by 50% after 2025 and a further 30% after 2030, if the parties cannot agree to price adjustment of up to +/-10%, subject to certain conditions. Leviathan's contract with NEPCO and domestic contracts also have minimum take-or-pay levels below the annual contracted quantities.

We estimate that, if off-takers purchased only their minimum commitment and Brent fell below \$50/barrel (compared to around \$75/barrel today), only around 50% of capacity would be underpinned by contracts.

Given contractual provisions, in our analysis, we consider also a scenario whereby off-takers purchase only the minimum take-or-pay quantities.

More generally, Leviathan's reliance on export sales increases its exposure to geopolitical risk, given Israel's historical conflicts with both Egypt and Jordan. In 2011, gas pipelines from Egypt to Israel and Jordan were repeatedly damaged by terrorist attacks. War, military action and acts of terrorism affecting Leviathan or the pipelines are considered *force majeure* under both the Blue Ocean and NEPCO GSPAs. Although Leviathan has Political Violence insurance that covers property damage and business interruption, up to certain limits, this may not be available on economic terms for the life of the project.

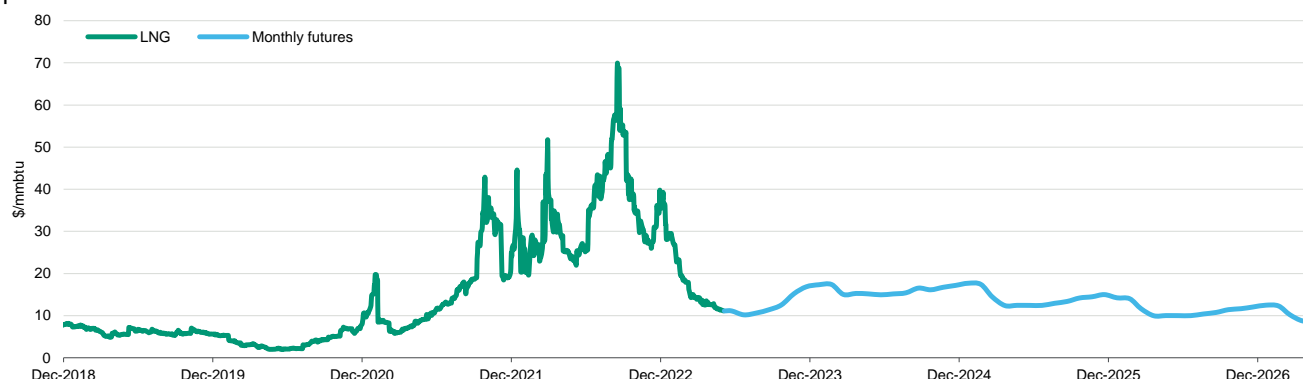
## Price environment is supportive but there is regional overcapacity; exports are reliant on infrastructure in Egypt

The current price environment remains supportive even though LNG prices have fallen from their peaks.

Exhibit 8

### LNG prices rose sharply in 2022, and remain high compared to recent historical levels

#### Japan Korea Market



Source: Factset, Moody's Investors Service

The Israeli market is, however, oversupplied and there will be excess production capacity over the medium term. According to the Israeli Ministry of Energy, gas supply and consumption in Israel grew from 1.7 bcm in 2005 to around 12.7 bcm in 2022. This compares with production of 21.9 bcm last year. Although forecasts differ, there is general agreement that demand will continue to grow as the country seeks to phase out coal by 2025 and increase gas-fired electricity generation, as well as because of a steady growth in population and an increase in usage of electricity. However, domestic gas demand will be lower than the combined annual production capacity of the existing operating fields.

The Leviathan Field has, however, access to foreign markets in Egypt and Jordan. Furthermore, there is the potential for increased exports of gas to other markets. In 2022, Europe engaged with Israel and Egypt on the supply of Israeli gas to Europe through Egypt's LNG plants, with the European Commission signing a trilateral memorandum of understanding with the two countries in June last year. Egypt has two LNG export facilities with a total capacity of 12.2 mt/year. This presents opportunities to Leviathan although transportation costs could reduce the competitiveness of its gas in a lower commodity price environment.

For international markets, gas is piped through the East Mediterranean Gas (EMG) pipeline, which was originally built to transport Egyptian gas to Israel. The pipeline was reversed in 2019 to allow exports from Israel and following the launch of the Leviathan Field. Chevron and NewMed Energy together with Egyptian partner East Gas Company acquired a 39% share in the pipeline in November 2019. This investment and associated agreements give Leviathan the right to use the majority of EMG's capacity. The pipeline's current capacity is 6 bcm/year.

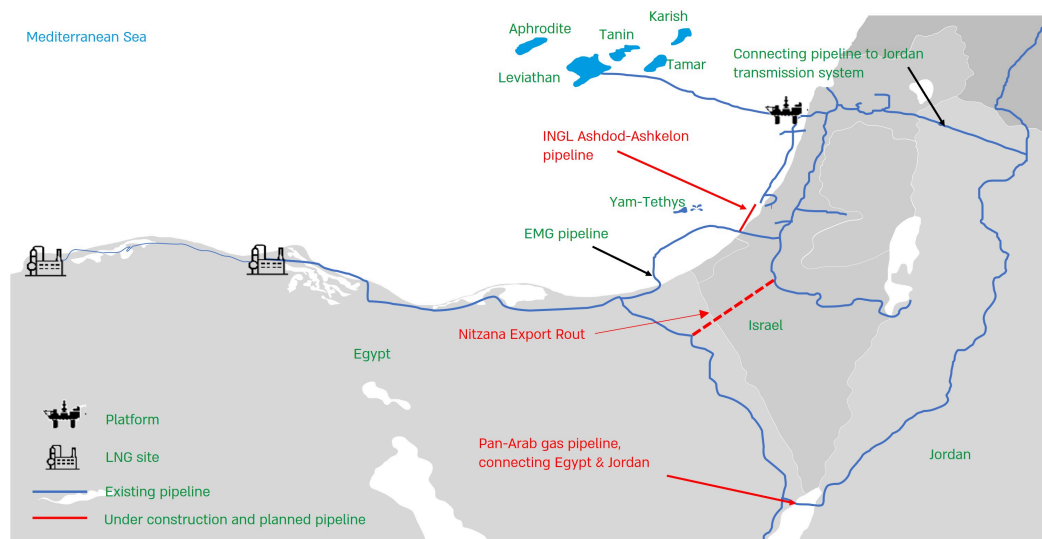
In February 2022, the Leviathan Partners reached agreement to reverse flow of the FAJR pipeline from Jordan North to the Egypt/Jordan border at Aqaba, enabling Leviathan to send additional gas to Egypt. The pipeline's total capacity is around 10 bcm/year (including supply to NEPCO). In order to fully utilise the pipeline for export to Egypt, a design is being conducted for a new compressor station in northern Jordan (near Rehab).

There are several routes that would provide for increased capacity for transportation of gas from Leviathan to Egypt. The EMG debottlenecking project includes a new offshore pipeline that is currently built by Israel's gas grid operator INGL, which would add 3 bcm/year in capacity and is expected to be completed by year end (in addition to an additional compressor in Ashkelon that is already installed). Furthermore, in May 2023, the Israeli government approved a plan for the construction of a new onshore gas pipeline to Egypt that would enable export of additional 6 bcm/year. The 65-km pipeline will run from Ramat Hovav to Nitzana on the border with Egypt. The project is backed by INGL.

Exhibit 9

## Regional connectivity plans include new pipelines

### Overview of infrastructure



Source: NewMed Energy, Moody's Investors Service

There is the potential for other projects over the longer term. The governments of Israel, Greece and Cyprus agreed to develop a gas pipeline from Israel to Europe, the 'EastMed' pipeline, which may provide a further outlet for Israeli gas production. However, the project faces significant risks and the timing of any development is highly uncertain.

### Solid financial performance supported by strong demand and favourable prices, but cash flows will fall when natural resources levy kicks in and leverage will depend on any further investments and associated debt requirements

In 2022, Leviathan delivered strong cash flows supported by increased volumes, which reached 11.4 bcm, and higher achieved prices – \$6.2/mmbtu, which compares with \$5.1/mmbtu in 2021. Thanks to low production costs (\$0.76/mmbtu), EBITDA attributable to Leviathan Bond amounted to \$791 million in 2022.

Leviathan's off-take volumes remained strong in Q1 2023, when they reached almost 2.8 bcm at an average price of \$6.1/mmbtu.

While high commodity prices and inflation, coupled with wage pressure will result in higher operating costs this year, we expect Leviathan's cash flows to continue to benefit from the supportive price environment.

Notwithstanding the supportive price environment, the project's cash flows will weaken over time when additional taxes become payable. In addition to an approximately 11.5% government royalty rate (in addition to third-party royalties) and 23% income tax, Leviathan is subject to a levy on "windfall" profits, the Levy on Profits from Natural Resources, commonly known as the Sheshinski levy. The levy is a progressive tax amounting to between 20-50% of profits of gas projects after they have achieved a certain return on investment. The maximum levy rate is currently 46.8%, given the prevailing corporate tax rate. The proceeds of this levy will be deposited into a sovereign wealth fund.

We currently estimate that Leviathan will begin to pay the levy in 2026-27, with the amount rising over time. When the levy rate reaches its maximum level of 46.8% of leviable income, the total government share of the Leviathan field's income – including taxes, royalties and levies – will exceed 60%. As a result, we expect credit metrics before the levy becomes payable, to overstate Leviathan Bond's credit quality. More generally, its financial ratios will also depend on any future expansion investments and their funding.

### No immediate impact from the proposed BP/ADNOC offer for NewMed Energy's shares

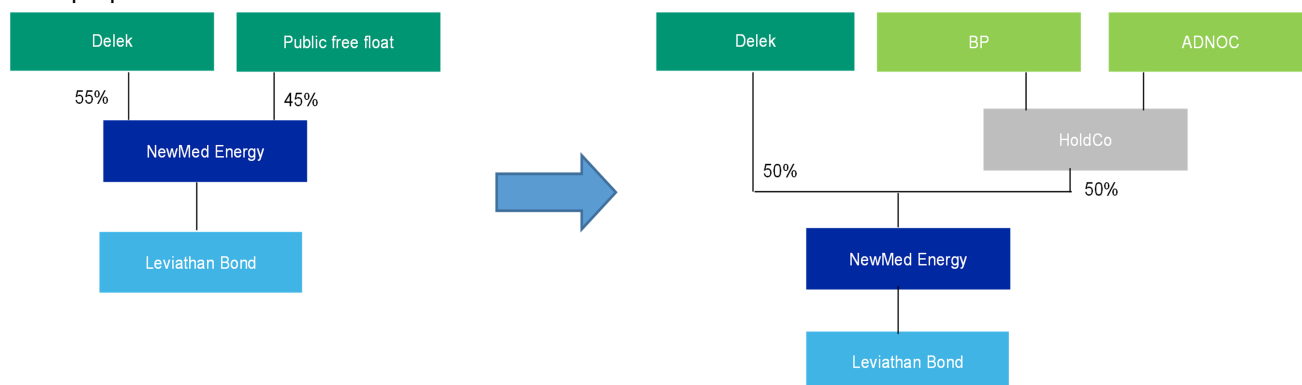
In March 2023, a consortium of Abu Dhabi National Oil Company (ADNOC) P.J.S.C. and BP Exploration Operating Company (owned by BP p.l.c., A2 positive) submitted a non-binding indicative offer to purchase 50% of participation units in NewMed Energy (the c. 45%, which are held by the public, and c. 5% of shares owned by Delek Group) for a consideration of ILS12.05 per participation unit, valuing NewMed's equity at \$3.9 billion. The consortium is entitled to withdraw the offer at any time and for any reason.



The transaction, if it were to be pursued, would not result in a change in the direct ownership of Leviathan Bond. However, as the consortium would seek to assume joint control of NewMed Energy, the change in the ownership structure could impact the partnership's strategy related to the future expansion of the Leviathan Field and the associated funding.

Exhibit 10

**BP and ADNOC would acquire a 50% stake in NewMed Energy**  
Current and prospective structure



Source: NewMed Energy's reports, Moody's Investors Service

If pursued, the acquisition could be completed in Q3 2023, although there is currently no certainty that the transaction will be closed.

## ESG considerations

### Leviathan Bond Ltd.'s ESG Credit Impact Score is Moderately Negative CIS-3

Exhibit 11

#### ESG Credit Impact Score

# CIS-3

## Moderately Negative



For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.

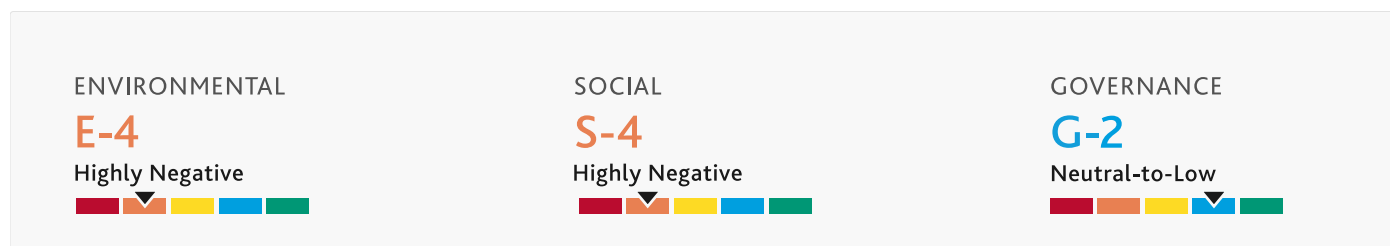
Source: Moody's Investors Service

Leviathan's ESG Credit Impact Score is moderately negative (**CIS-3**). This reflects our assessment that ESG attributes are overall considered to have a limited impact on the current rating, with greater potential for future negative impact over time. Leviathan has high environmental risk exposure and high social risk exposure partially mitigated by positive credit benefits arising from its governance structure as a project financing.



Exhibit 12

## ESG Issuer Profile Scores



Source: Moody's Investors Service

## Environmental

**E-4** (highly negative). Leviathan has highly negative exposure to environmental risks because of its high exposure to risks arising from carbon transition. Decarbonization efforts and the transition towards cleaner energy will dampen the demand for fossil fuels in the longer term.

## Social

**S-4** (highly negative). Leviathan has a high exposure to social risks. While domestic Israeli energy transition policies have not yet materially impacted the company, there is increasing opposition in some parts of the world against gas production.

## Governance

**G-2** (neutral-to-low) reflects its project financing structure, including some restrictions on Leviathan's business activities and financial policy.

## Liquidity analysis

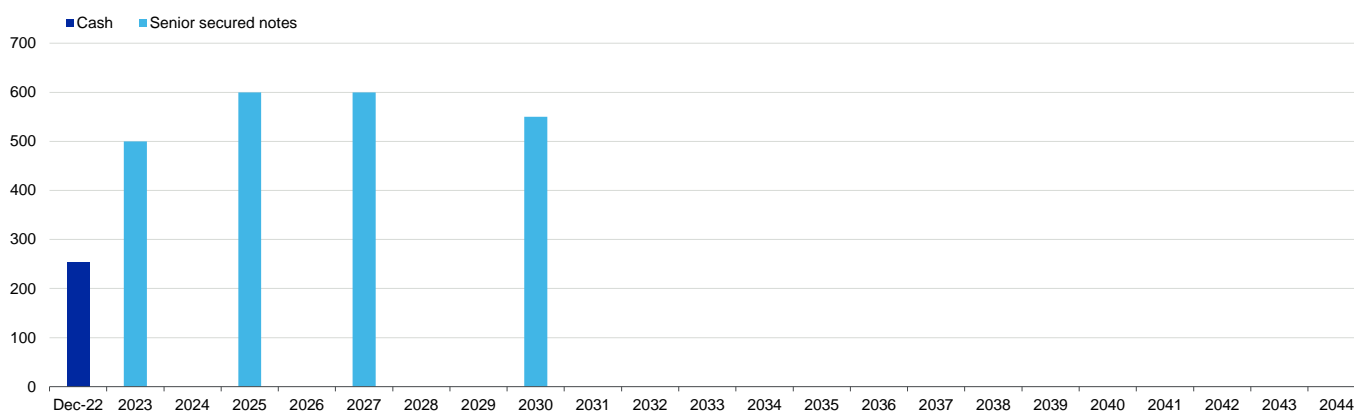
As of end-December 2022, Leviathan Bond had \$253 million in short-term bank deposits.

The company's next debt maturity is related to the \$500 million bond due on 30 June 2023. However, the partnership partially repaid the notes in the sum of \$280 million as of 1 May. The partial prepayment amount includes the principal amount and accrued interest. We understand that Leviathan Bond and NewMed Energy have sufficient available and committed funds to repay the remaining outstanding amount in June this year.

Exhibit 13

## Leviathan Bond's next debt maturity is in June 2023

Cash and debt maturities, in \$ million, as of end-December 2022



Note: The chart does not reflect the partial prepayment of the 2023 notes.

Source: Company's reports, Moody's Investors Service

## Structural considerations

The notes issued by Leviathan Bond benefit from a comprehensive security package. However, creditor protections are weaker than those in many rated project financings. The financing has limited creditor step-in and remedy rights and a lack of financial covenants. In addition, as the notes are secured by NewMed's 45.34% working interest in the Project, creditors would have limited ability to exercise control over the Leviathan project as compared to many rated project financings.

However, risk is partly mitigated by the expected significant value of the bondholder security, which could be realised through a sale of NewMed's working interests in the Project. Such realisation of value would be subject to certain terms of the Leviathan partners' Joint Operating Agreement and would require regulatory approval.

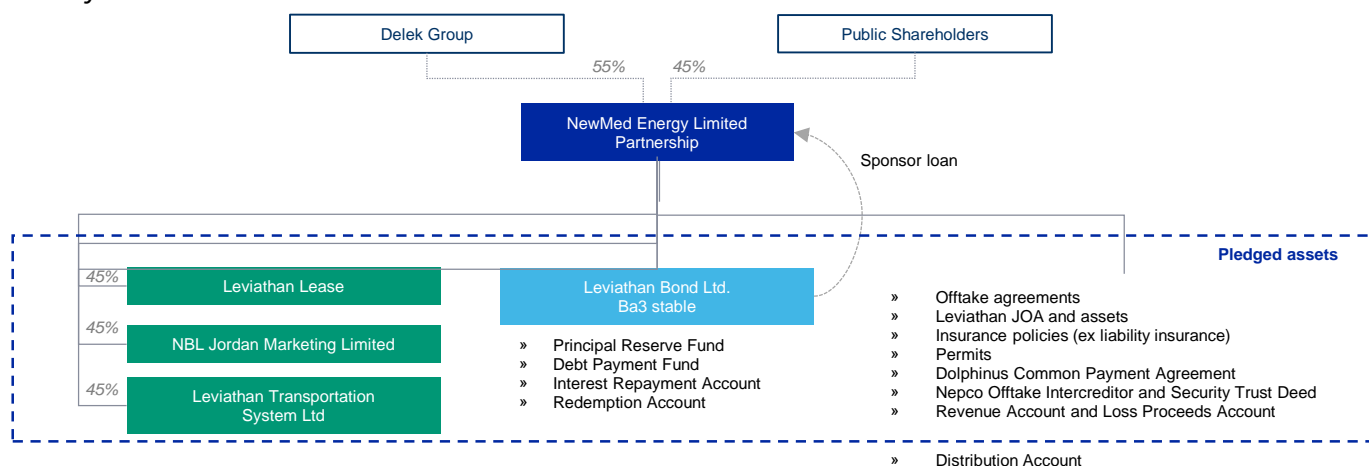
The structure includes a cash flow waterfall that requires several accounts held in the name of the issuer to be funded before funds can be deposited into the Distribution Account and removed from the security. The most significant of these are:

- » **Principal Reserve Fund** that begins to fill twelve months ahead of each maturity date, to a maximum amount of \$150 million;
- » **Debt Payment Fund**, funded at transaction close, of \$100 million; and
- » **Interest Payment Account** other than on scheduled principal repayment dates and 30 days thereafter, up to 50% of the interest due on the next semiannual interest payment date.

In addition, distributions cannot be made if the net present value of future cash flow, as calculated by NSAI using a 10% discount rate, is less than 1.5x net debt. The ability to issue new notes or other pari passu debt is limited by various provisions, which are outlined above and discussed in greater detail in the [new issuer report](#).

Exhibit 14

### Summary transaction structure



Source: NewMed Energy, Moody's Investors Service

## Rating methodology and scorecard factors

Leviathan Bond is rated under Moody's [Generic Project Finance Methodology](#), published in January 2022.

Exhibit 15

### Rating factors

Leviathan Bond

Factor	Subfactor	Score	Metric
1. Business Profile	a) Market position	Baa	Baa
	b) Predictability of Net Cash Flows	B	B
2. Operating Risk	a) Technology	A	A
	b) Capital Reinvestment	A	A
	c) Operating Track Record	Baa	Baa
	d) Operator and Sponsor Experience, Quality and Support	A	A
<b>Project Risk</b>		<b>Medium</b>	
3. Leverage and Coverage	a) CFADS / Interest Expense (Non-Amortizing Debt)	4.10x	A
	b) Project CFO / Adjusted Debt	19.0%	Baa
<b>Preliminary Scorecard Indicated Outcome before Notching:</b>			<b>Baa3</b>
<b>Notching Considerations</b>		<b>Notch</b>	
	1 - Liquidity		-1
	2 - Structural Features		-1
	3 - Refinancing Risk		-1
	4 - Construction and Ramp-up Risk		0
	5 - Priority of Claim, Structural Subordination and Double Leverage		0
<b>Preliminary Scorecard Indicated Outcome before Offtaker Constraint:</b>			<b>Ba3</b>
	Offtaker Constraint Applied?		No
	Level of Offtaker(s) Constraint		n/a
<b>Scorecard Indicated Rating:</b>			<b>Ba3</b>
<b>Assigned Senior Rating</b>			<b>Ba3</b>

Based on historical average.

Source: Moody's Investors Service

## Ratings

Exhibit 16

Category	Moody's Rating
<b>LEVIATHAN BOND LTD.</b>	
Outlook	Stable
Senior Secured	Ba3

Source: Moody's Investors Service

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