



*Thomas Golembeski*  
*Vice President, Corporate Communications*

October 7, 2016

The Honorable Abdoul Mbaye  
L'Alliance pour la Citoyenneté et le Travail  
14 Cité UFI, Ouest FOIRE  
Dakar, SENEGAL

**RE: Involvement of Kosmos Energy in the Energy Sector in Senegal**

Dear Mr. Mbaye,

Thank you for your recent letter dated 3 October 2016 which requested more information about our activities in Senegal and the history of the Saint Louis Offshore Profond and Cayar Offshore Profond exploration blocks. It is important that together we overcome the many false stories that are appearing in the media in Senegal. Kosmos Energy is a U.S.-based company recognized throughout the world for its professionalism, technical expertise in exploration, and commitment to transparency. Maintaining this positive reputation is critical as we continue to engage with Senegal and its people.

***Doing Business in an Open and Transparent Manner***

Kosmos entered Senegal in August 2014, long after the transaction awarding the blocks to Petro-Tim Ltd. was approved by the administrations of both President Wade and President Sall, and after the transfer of the blocks from Petro-Tim Ltd. to Timis Corporation. Kosmos was not involved in any way whatsoever in the transaction between Petro-Tim Ltd. and Timis Corporation. Furthermore, Kosmos made no payments to any individual or company to acquire our interests in the blocks from Timis Corporation.

In a standard industry transaction, Kosmos agreed to fund a work program, including the costs of a planned three dimensional seismic program, and for drilling as many as three contingent exploration wells. If all three exploration wells are drilled, the cost of the work program would be approximately US\$400 million. In making this commitment to fund the work program, Kosmos took on massive financial risk with no guarantee of seeing any return on our investment.

The commercial terms of our agreement with Timis Corporation were filed with the U.S. Securities and Exchange Commission on November 3, 2014 as part of our routine public quarterly disclosure for investors and regulators and which is freely available to the public. The relevant passage reads:

*"In August 2014, we entered into a farm-in agreement with Timis Corporation Limited, whereby we acquired a 60% participating interest and operatorship, covering the Cayar Offshore Profond and Saint Louis Offshore Profond blocks offshore Senegal. As part of the agreement, we will carry the full costs of a planned 3D seismic program. Additionally, we will carry the full costs of two contingent exploration wells, subject to a maximum gross cost per well of \$120.0 million, should Kosmos elect to drill such wells. We also retain the option to increase our equity to 65% in exchange for carrying the full cost of a third contingent exploration or appraisal well, subject to a maximum gross cost of \$120.0 million."*<sup>1</sup>

Kosmos is committed to doing business in an open and transparent manner. This commitment is demonstrated most visibly through our practice of publicly disclosing the terms of our various petroleum agreements and production sharing contracts with our host governments. Our two contracts with the Government of Senegal were filed with the U.S. Securities and Exchange Commission and have been available on our website since November 2014.<sup>2</sup>

We are therefore surprised that you ask your questions given that these facts have been in the public domain for some time and have even been reported widely in Senegal by journalists from Leral.net<sup>3</sup>, Le Soleil, Le Temoïn, Le Quotidien, Seneweb<sup>4</sup>, Sud Quotidien<sup>5</sup>, and others. These newspapers and websites have published articles in which Kosmos confirms that it made no payments to acquire its interests in the blocks from Timis Corporation.

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<sup>1</sup> "Management's Discussion and Analysis of Financial Condition and Results of Operations," Kosmos Energy's Form 10-Q, filed with the U.S. Securities and Exchange Commission on November 3, 2014. [https://www.sec.gov/Archives/edgar/data/1509991/000110465914075847/a14-19714\\_110q.htm#item2\\_ManagementsDiscussionAndAna\\_180125](https://www.sec.gov/Archives/edgar/data/1509991/000110465914075847/a14-19714_110q.htm#item2_ManagementsDiscussionAndAna_180125)

<sup>2</sup> <http://www.kosmosenergy.com/responsibility/transparency.php>

<sup>3</sup> [http://www.leral.net/Decouverte-et-production-de-petrole-au-Senegal-Kosmos-Energy-s-explique-et-se-defend\\_a175800.html](http://www.leral.net/Decouverte-et-production-de-petrole-au-Senegal-Kosmos-Energy-s-explique-et-se-defend_a175800.html)

<sup>4</sup> [http://seneweb.com/news/Societe/thomas-golembeski-vice-president-kosmos- n\\_178972.html](http://seneweb.com/news/Societe/thomas-golembeski-vice-president-kosmos- n_178972.html)

<sup>5</sup> [http://www.sudonline.sn/aucune-transaction-financiere-avec-kosmos\\_a\\_29288.html](http://www.sudonline.sn/aucune-transaction-financiere-avec-kosmos_a_29288.html)



We are aware of a recent article published in Senegal entitled "*L'analyse financière des états financiers de Kosmos confirme un paiement à Timis par Alioune Gueye*" which alleges that our publicly disclosed financial statements show that Kosmos paid cash to acquire the blocks.<sup>6</sup> This assertion is absolutely false and our financial statements support no such conclusion. In response to this accusation, we have sent a letter to the author demanding that he remove the inaccurate article from the Internet and issue a complete retraction. He has since complied with our request and acknowledged his error<sup>7</sup>.

Regarding your question about the transfer of the blocks from Petro-Tim Ltd. to Timis Corporation: This transaction was not requested or required by Kosmos. Rather, this transfer was already in progress when we first expressed interest in acquiring interests in the blocks.

### ***Creating a Shared Agenda Based on Mutual Trust***

Since entering Senegal, we have worked very hard to start in the right way, opening an office in Dakar early in the process and staffing it predominantly with Senegalese nationals. In addition, we have invested in small businesses and sought to procure goods and services locally whenever possible to create wider economic opportunity.

In total, we have invested more than US\$280 million in exploration and related activities in Senegal. And while we have discovered natural gas offshore, we are still several years and billions of dollars of additional investment away from the first production that will enable us to begin recovering those costs.

Since announcing our natural gas discoveries, we have been working on an initial project with Senegal and Mauritania to develop their shared gas resources. This project has the potential to bring significant benefits to Senegal in terms of revenue from liquefied natural gas exports, power generated from a plentiful and low-cost source of energy, and the ancillary benefits of industrial development. Our analysis suggests that over 30 years, this first phase of development could contribute more than US\$14 billion in value added GDP to Senegal's economy, enabling significant investment in infrastructure, schools, and hospitals. These economic and social benefits will multiply with subsequent phases of development that bring additional gas resources into production.

Kosmos aims to become a long-term partner, deeply engaged in Senegal's future, helping the country to build a world-class petroleum sector because we know that the more successful Senegal becomes, the more successful Kosmos will be. We wish to create a shared agenda based on mutual trust and benefit.

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<sup>6</sup> <http://xalimasn.com/l-analyse-financiere-des-etats-financiers-de-kosmos-confirme-un-payment-a-timis-par-alioune-gueye/>

<sup>7</sup> <http://xalimasn.com/lexpert-comptable-alioune-gueye-sest-trompe-sur-les-etats-financiers-de-kosmos/>

We appreciate the opportunity to engage with you on these matters and hope you will share this information with your colleagues in Senegal to help put an end to irresponsible speculation. In keeping with our commitment to transparency, we intend to publish this exchange on our website.

Yours Truly,

A handwritten signature in blue ink, reading "Thomas P. Golembeski". The signature is written in a cursive, flowing style.

Thomas P. Golembeski  
Vice President, Corporate Communications

## **L'expert comptable Alioune Gueye s'est trompé sur les états financiers de Kosmos**

Oct 6, 2016

Suite à mon article intitulé « L'analyse financière des états financiers de Kosmos Energy confirme un payment a Timis par Alioune Gueye » publié sur xalimasn.com le 23 Septembre 2016, Kosmos Energy, par le biais de son avocat basé à Dallas, Texas, m'a contacté pour m'informer que sur les \$88 millions d'augmentation d'actifs de Kosmos Energy dans le troisième trimestre de 2014, seuls \$700,000 concernent le Sénégal. Et cette somme concerne seulement les frais de dossiers et de diligences liés à cette transaction.

Sur la base de ces nouvelles informations, je retire mon article du 23 Septembre 2016 mentionné ci-dessus. Spécifiquement, à la demande de Kosmos Energy, je déclare ce qui suit :

Kosmos Energy n'a pas payé de cash ou échangé quelque autre forme de liquidités, directement ou indirectement avec Mr. Frank Timis, Timis Corporation, ou toute autre personne en connexion avec l'acquisition des 60% d'intérêts participatifs relatifs aux blocs Cayar Offshore Profond et Saint-Louis Offshore Profond au Sénégal.

Mes conclusions dans l'article publié le 23 Septembre 2016 sur xalimasn.com sont incorrectes.

Je n'ai aucune preuve pour supporter les conclusions contenues dans l'article cité.

Aussi en accord avec les demandes de Kosmos Energy, je demande au site xalimasn.com et a tout autre site de bien vouloir retirer l'article du 23 Septembre 2016 de leur site.

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Expert-Comptable  
Columbus, Ohio

<http://xalimasn.com/lexpert-comptable-alioe-gueye-sest-trompe-sur-les-etats-financiers-de-kosmos/>