



# RBC International Oil & Gas Conference

NYSE: KOS

October 2014

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## Cautionary Statements regarding Oil and Gas Quantities

The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC’s definitions for such terms, and price and cost sensitivities for such reserves, and prohibits disclosure of resources that do not constitute such reserves. The Company uses terms in this presentation, such as “total un-risked resource potential,” “total discovered,” “net un-risked mean discovered resources,” “net un-risked resource exposure,” “de-risked plays,” “defined growth resources,” “de-risked prospectivity,” “discovered resources,” “potential,” “gross resources” and other descriptions of volumes of reserves potentially recoverable that the SEC’s guidelines strictly prohibit the Company from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized. Investors are urged to consider closely the disclosures and risk factors in the Company’s SEC filings, available on the Company’s website at [www.kosmosenergy.com](http://www.kosmosenergy.com).

Potential drilling locations and resource potential estimates have not been risked by the Company. Actual locations drilled and quantities that may be ultimately recovered from the Company’s interest may differ substantially from these estimates. There is no commitment by the Company to drill all of the drilling locations that have been attributed these quantities. Factors affecting ultimate recovery include the scope of the Company’s ongoing drilling program, which will be directly affected by the availability of capital, drilling and production costs, availability of drilling and completion services and equipment, drilling results, agreement terminations, regulatory approval and actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of reserves and resource potential may change significantly as development of the Company’s oil and gas assets provides additional data.

- **The *Right People***

- ***Track Record:*** Contrarian thinkers who are serial oil finders with a proven track record of deepwater exploration success

- **The *Right Strategy***

- ***Discipline and Diligence:*** Identifying and accessing strategic opportunities in under-explored frontier / emerging basins with substantial hydrocarbon potential
- ***Success and Sustainability:*** Portfolio provides multiple basin / play-opening wells that on success will unlock substantial, de-risked, follow-on prospectivity

- **The *Right Financing***

- ***Financial Strength:*** Fully self-funded to execute exploration and appraisal drilling program through success

- **The *Right Opportunities***

- ***Kosmos 1<sup>st</sup> Inning:*** Portfolio that delivered >1 billion barrels gross in Ghana
- ***Kosmos 2<sup>nd</sup> Inning:*** Portfolio with the potential to deliver substantially more

- **The *Right Time***

- ***Kosmos is now poised to deliver transformational growth with 4 basin / play-opening wells scheduled over the next 18 months testing 4 billion barrels of potential gross resource***

# The Challenge

*Recent lack of international deepwater success and the steady growth of U.S. shale have driven investors to the North American unconventional sector*

- **Current view of unconventional:**

- Low commercial risk
- Acceptable returns
- Predictable, long term reserves / production replacement and growth

- **Current view of deepwater explorers:**

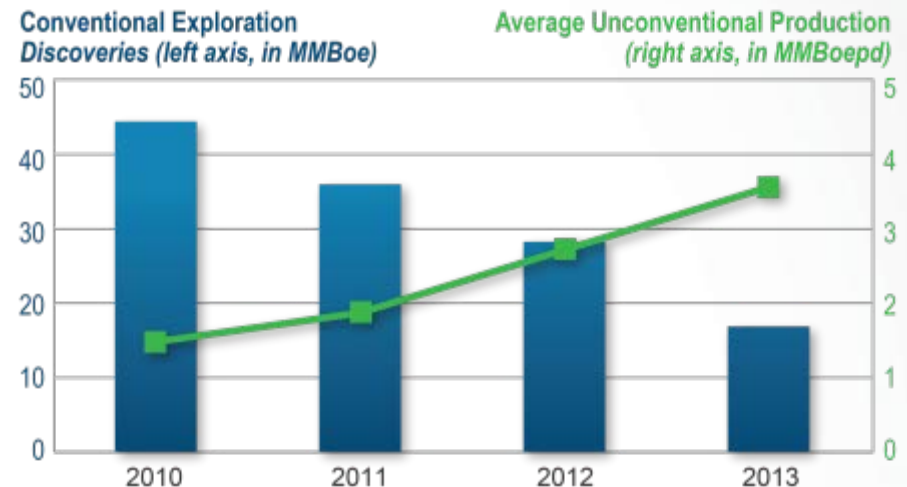
- Poor exploration success record
- Development delays
- Increasing costs

**Relative Stock Performance**  
(in percent, rebased to 100)



Deepwater Explorers include: AFR, CIE, KOS, OPHR, TLW. Unconventionals include: CLR, CRZO, EOG, OAS, PXD

**Discoveries and Production**



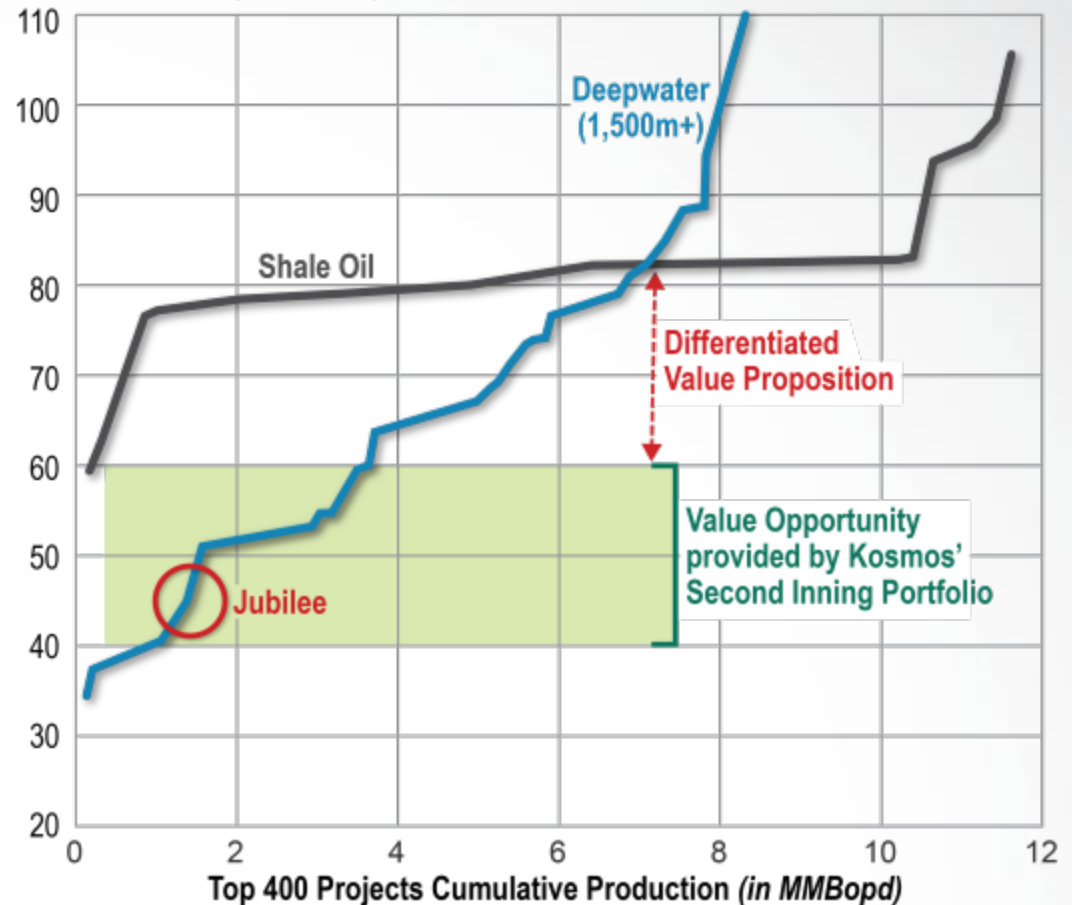
Source: Woodmac; Asset Risk Management, EIA

# The Opportunity

*Kosmos focuses on the lowest portion of the deepwater cost curve to create differentiated value*

- **Deepwater exploration can deliver sustained, industry-leading returns**
  - Kosmos “Second Inning” breakevens in \$40-\$60/bbl range
  - Average Shale breakeven of \$80/bbl
- **Key to maximum value creation is sustained delivery of high-value, high-volume barrels**
  - Requires repeated opening of new petroleum systems and dependable follow-on success

**Top 400 Projects Cost Curve**  
Breakeven Price (in US\$/bbl)



Source: Goldman Sachs Research

# How is Kosmos Differentiated?



*Proven and repeatable business model targeting high-volume, high-value barrels*

- Focused Strategy**

- Identify and capture high-volume and high-value barrels

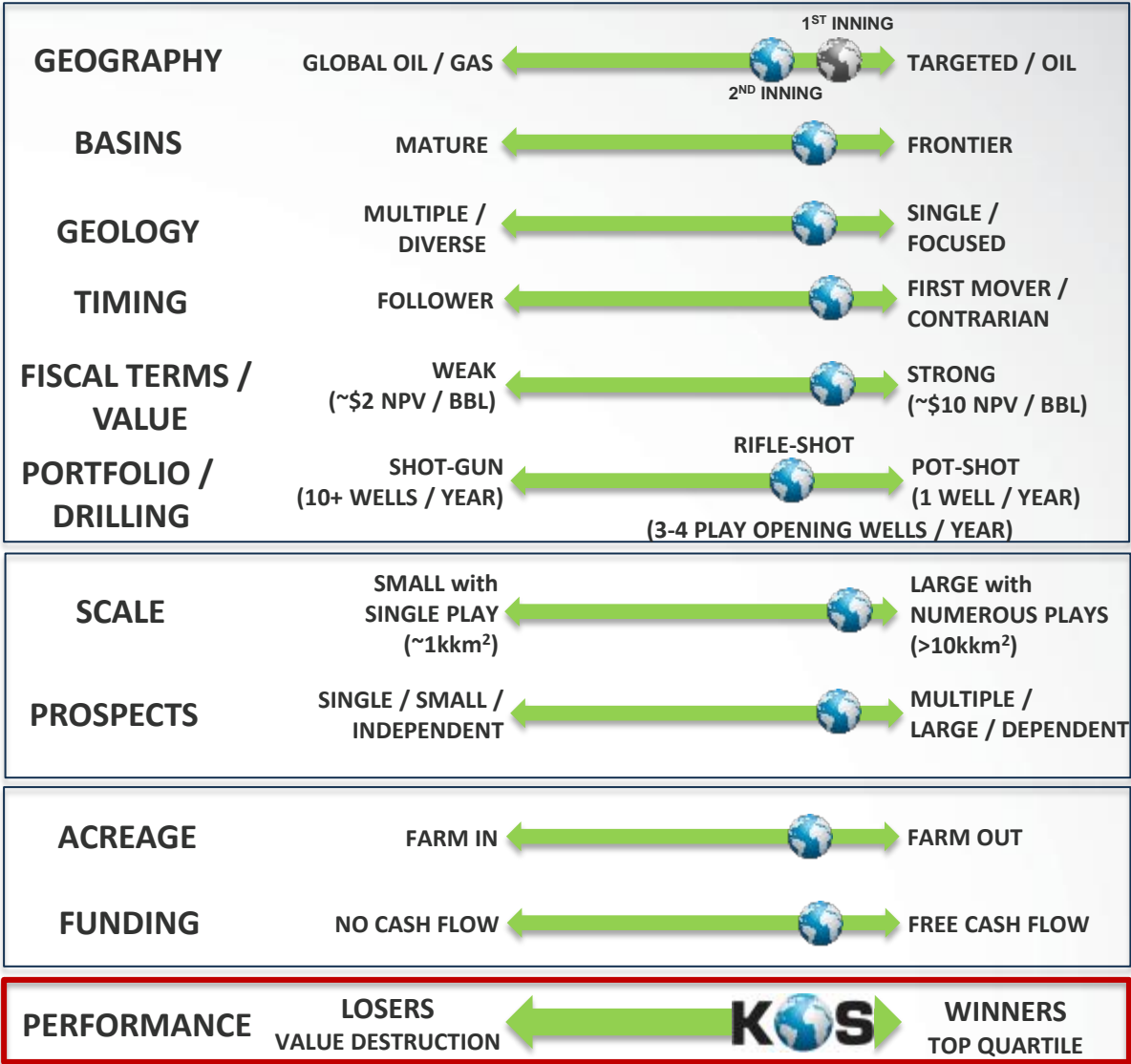
- Disciplined Execution**

- Manage risks to deliver early, sustained exploration success

- Self-Funding**

- Maximize flexibility and returns

- Delivers Performance**



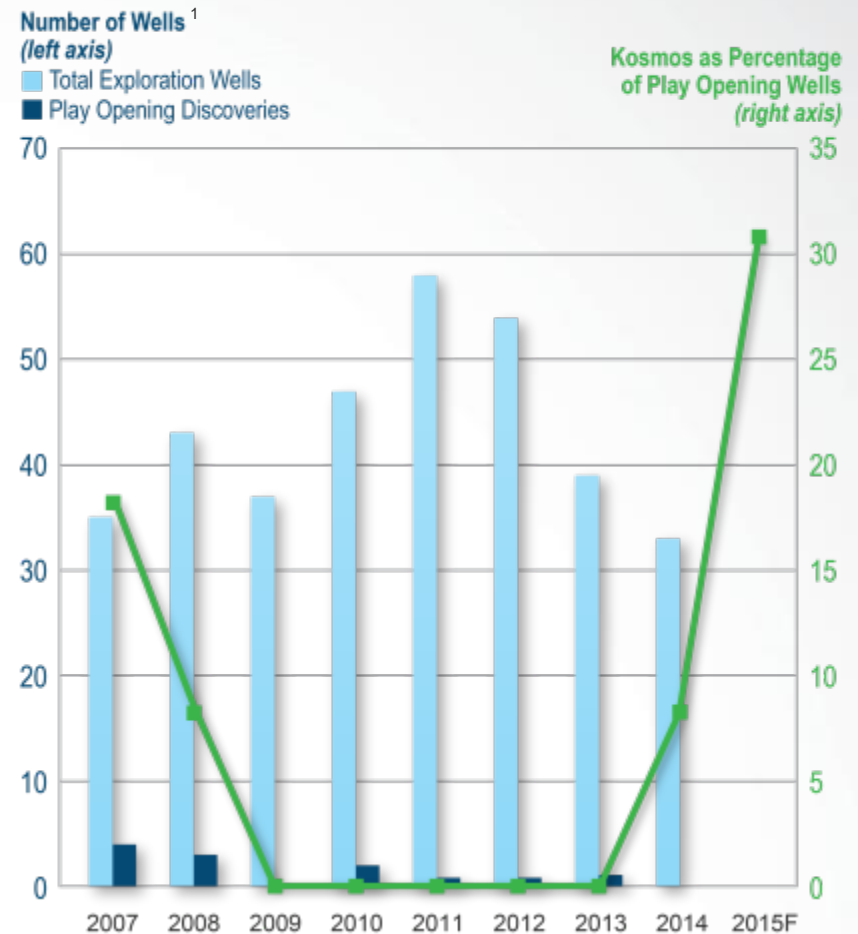
- **Industry Perspective:**

- Activity in the Atlantic Margin increased significantly post pre-salt and Cretaceous discoveries (Brazil & Jubilee)
- Despite increase in exploration activity, new play opening discoveries have declined since 2007/2008
- E&Ps are now reducing exploration exposure

- **Kosmos Perspective:**

- Reduced industry activity places KOS in a favorable, countercyclical position
- Advantages for Kosmos:
  - Relevance: Drilling ~30% of key frontier Atlantic Margin deepwater exploration wells in 2015
  - Cost: Reduced activity has resulted in lower exploration and drilling costs
  - Knowledge: Benefit from recent activity in the region

## Key Atlantic Margin Deepwater Exploration Wells and Discoveries



Source: IHS Energy  
<sup>1</sup>Through September 1, 2014

# “First Inning” Exploration Success – Ghana

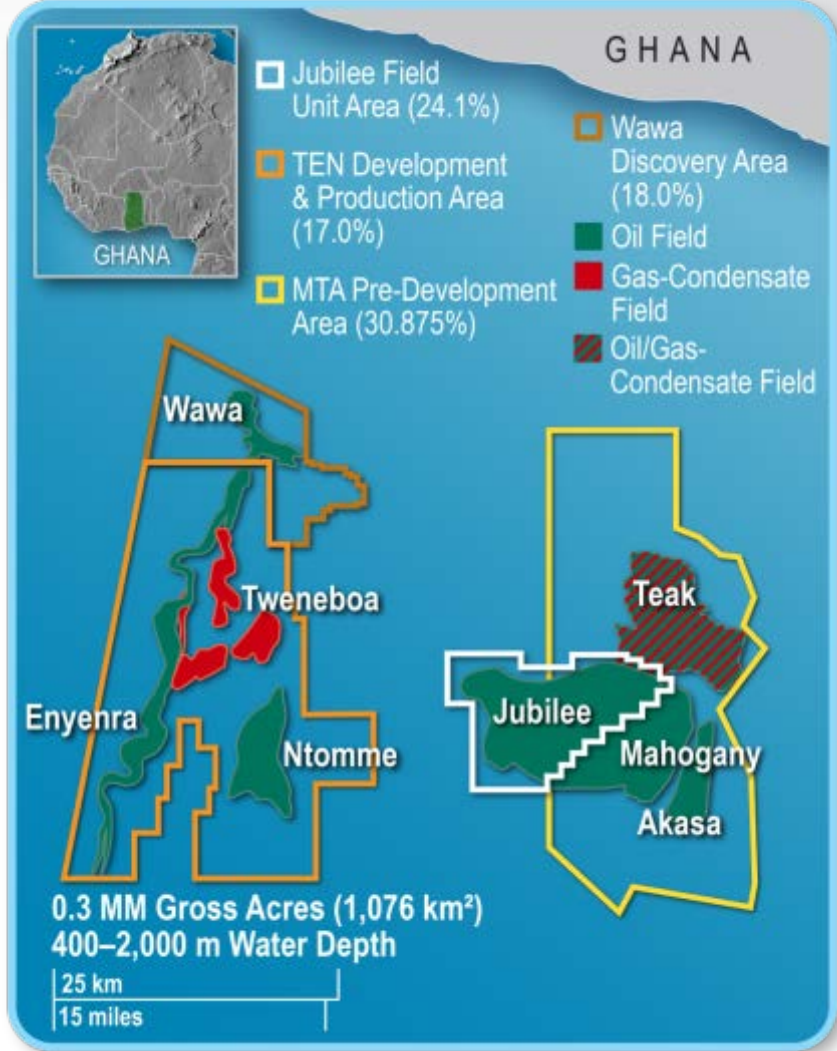


*Success in Ghana resulted from a well-executed exploration strategy*

- Focused on West Africa Transform Margin Cretaceous play
- Opened Tano Basin petroleum system offshore Ghana
  - Drilled 5 basin / play-opening wells with 20% success record
  - Delivered follow-on commercial success rate in Ghana of ~50%
- Discovered >1BBbl gross of high-value barrels



■ “First Inning” Success    ● “First Inning” Petroleum System Tests





*Ghana expected to deliver over 200 MBopd of production (gross) providing continued reserves, production and cash flow growth*

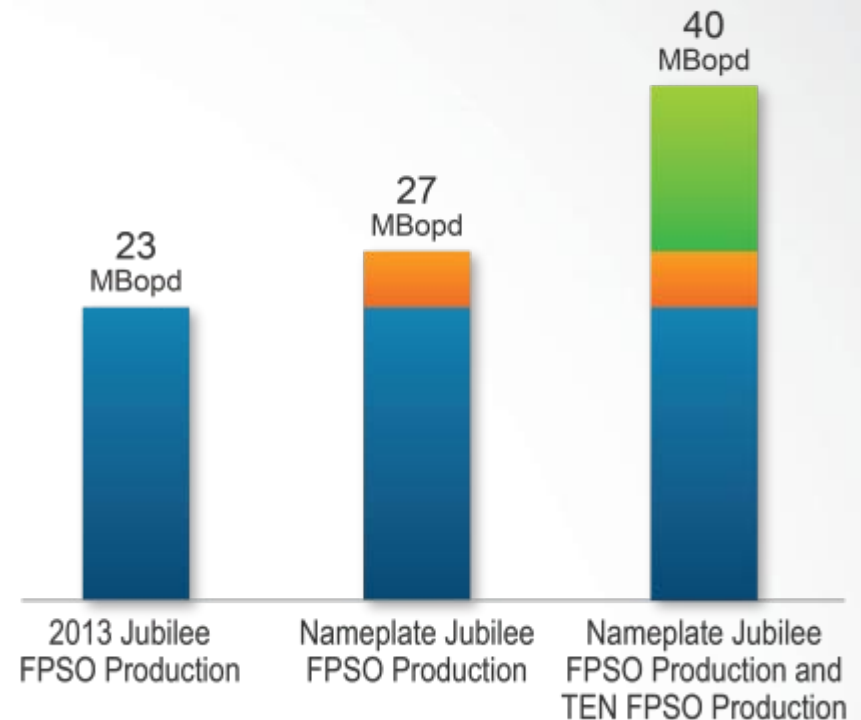
- **Growing Production**

- Jubilee FPSO debottlenecking (>120 MBopd)
  - Greater Jubilee (including MTA) long-term production plateau of 5-7 years
- TEN development
  - First oil expected in 2H 2016
  - Ramping production to FPSO capacity of 80 MBopd gross

- **Growing Reserves**

- 140% RRR at year-end 2013
- Greater Jubilee
  - Upon approval of PoD of future phases and MTA, additional reserves to be booked
- TEN
  - Initial booking anticipated year-end 2014

## Substantial Net Production Growth



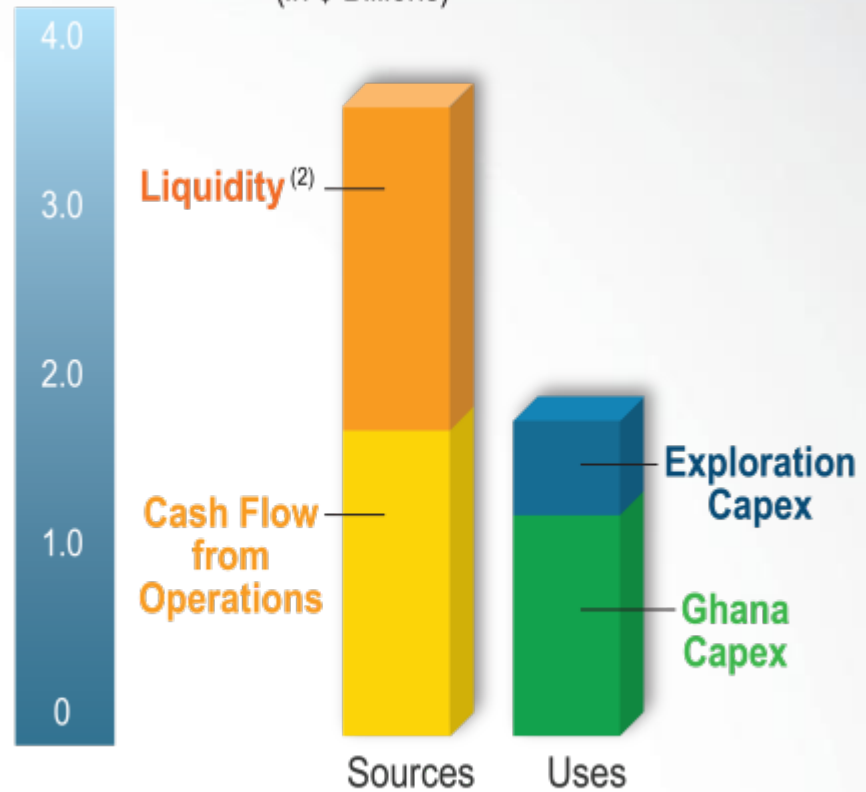
# Self-Funded Explorer



*Unique business model enables us to execute our strategy and provides a competitive advantage*

- **Strong cash flow generation from Jubilee**
  - Significant cash margin due to first mover advantage
  
- **Disciplined financial management**
  - Diversified sources of capital
    - Pro forma Q2 2014 Liquidity ~ \$1.9 Billion to fund success capital <sup>(2)</sup>
  - Strategic hedging program
    - ~10MMBbls hedged through 2016 with floors of ~\$85-\$90 bbl

2014–2016 Sources and Uses <sup>(1)</sup>  
(in \$ Billions)



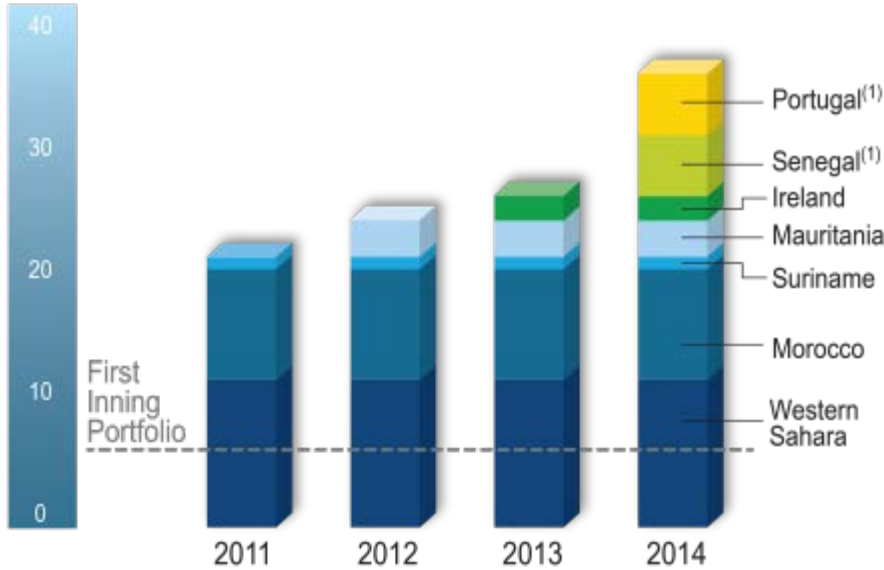
(1) Assumes \$100/bbl Brent and TEN comes online in 2H 2016; excludes new ventures and potential success capital.  
(2) As of 6/30/14, pro forma 3Q \$300MM high yield offering.

# Exploration “Second Inning”

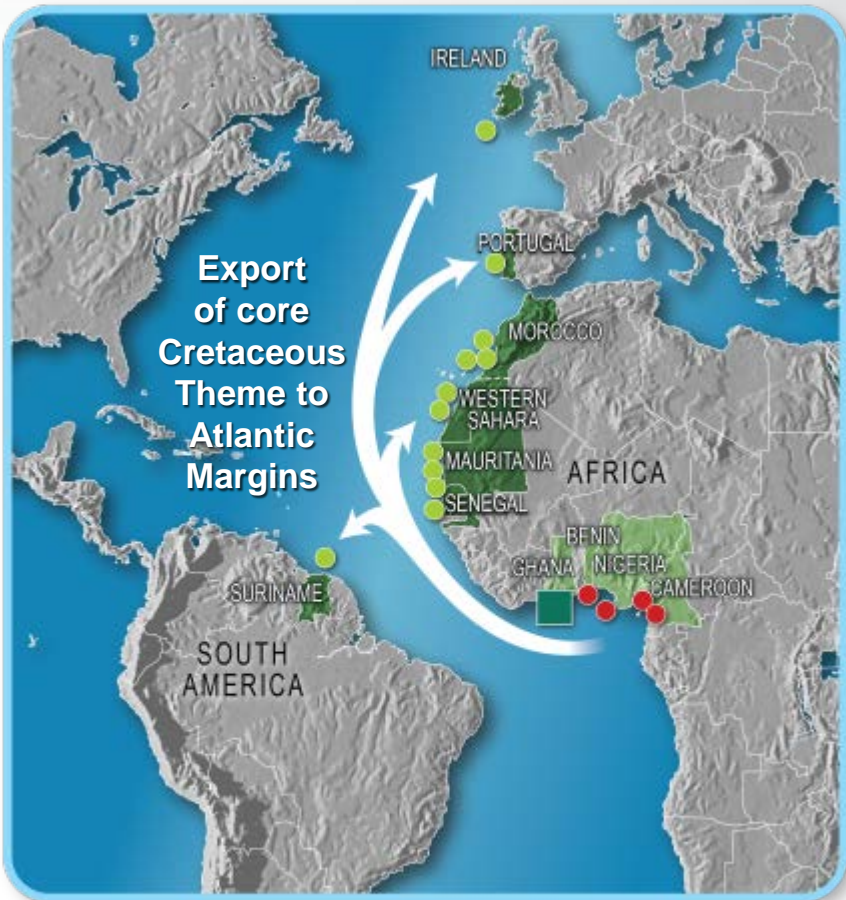
*Strategy being successfully executed to create an expanded “Second Inning” portfolio with substantial hydrocarbon potential*

- Exported the core Cretaceous theme along the Atlantic Margin
  - Established an industry-leading position in Northwest Africa
- “Second Inning” portfolio continues to grow
  - Recently added positions in Portugal and Senegal
- ~37 BBoe of potential gross, unrisks inventory

“Second Inning” Exploration Potential (Unrisks BBoe)



(1) Pending final government approval



- “First Inning” Success
- “First Inning” Petroleum System Tests
- Potential “Second Inning” Petroleum System Tests

# Near-Term Transformational Catalysts

*Poised to drill 4 play opening wells over the next 18 months to test over 4 BBoe gross resource which, on success, would de-risk an additional 18 BBoe of identified, follow-on potential*

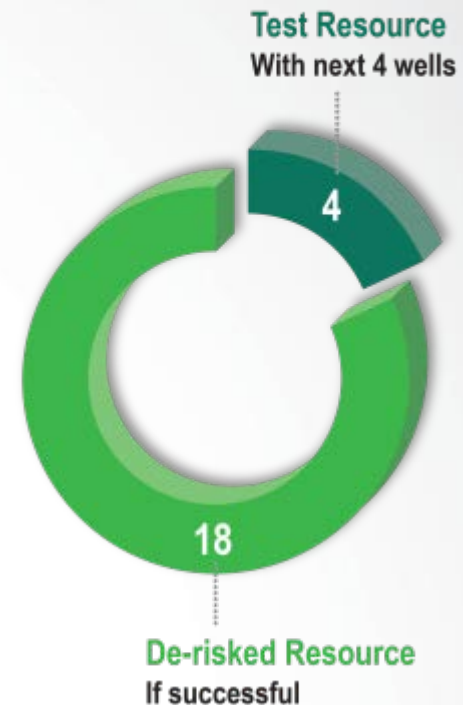
## Play Opening Exploration Schedule

Prospect	Country	Pre-Drill Target Interest	Unrisked Prospect Pmean (BBoe)	
			Gross	Net
<b>TOP 4 PROSPECTS</b>				
Gargaa	Western Sahara	55%	1.0	0.6
Tortue	Mauritania / Senegal	60%	2.1	1.3
Orca	Mauritania	60%	0.3	0.2
Anapai	Suriname	30%	0.7	0.2
<b>TOP 4 TOTAL</b>			<b>4.1</b>	<b>2.2</b>

## OTHER LICENSES

Multiple	Morocco	30%	High-grading prospectivity with drilling scheduled in 2016
Multiple	Ireland	30%	Post-3D prospect evaluation with drilling possible in 2016
Multiple	Portugal <sup>(1)</sup>	31%	Seismic acquisition in 2015 with drilling possible in 2017

**Tested and De-risked Gross Resource in Next 18 Months**  
(in BBoe)



(1) Pending final government approval

# Western Sahara – Aaiun Basin



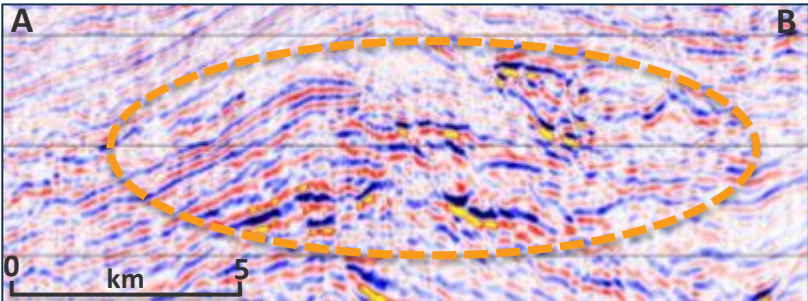
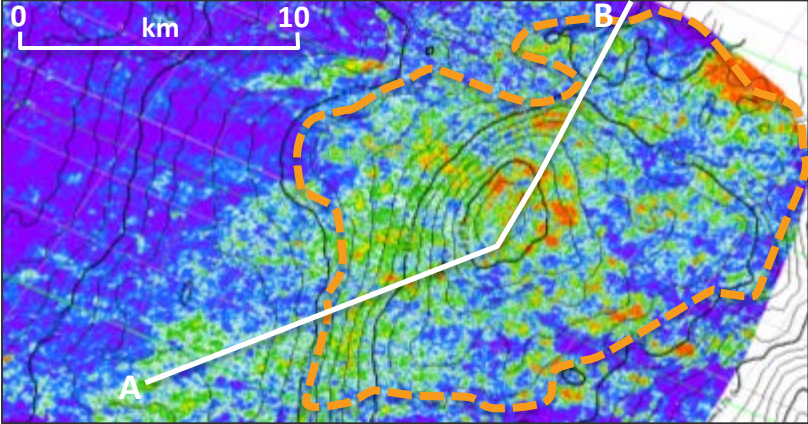
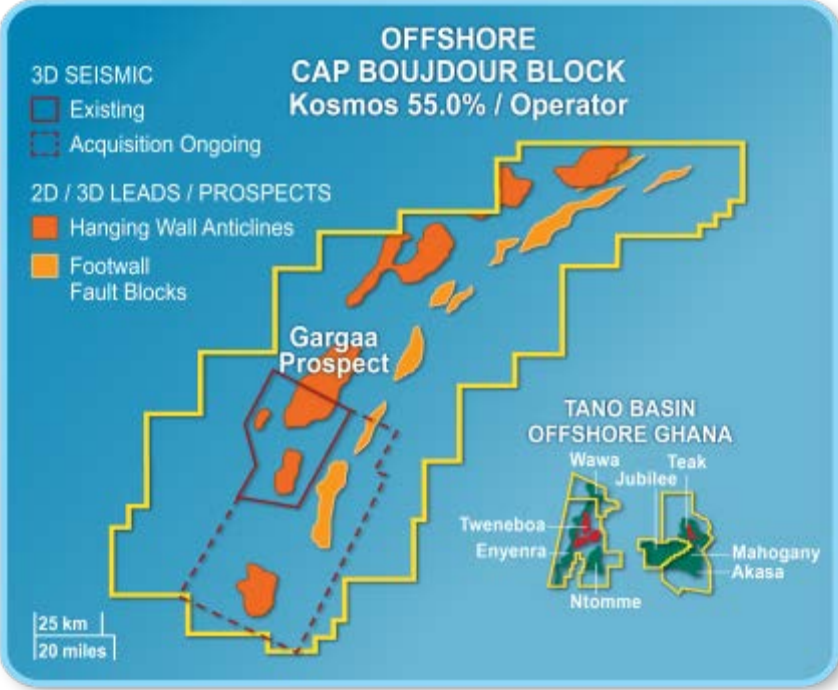
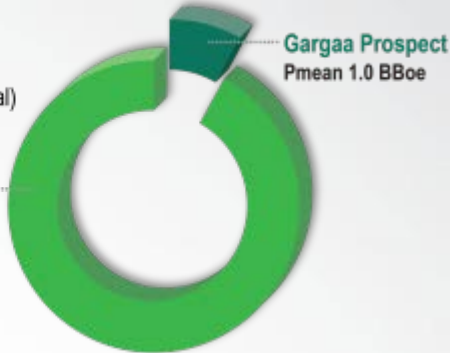
1+ BBoe Gargaa Prospect scheduled to spud late this year using the Atwood Achiever drillship

- ~22,000 km<sup>2</sup> position captures undrilled, Cretaceous age delta
  - 12+ BBoe potential in multiple plays / fairways
  - Strong evidence of reservoir and source
- **Key Prospect – Gargaa**
  - Stacked Cretaceous channels in four-way dip closure with AVO support

PROSPECT INVENTORY  
(Gross Unrisked Resource Potential)

De-risked Follow-On Potential  
Pmean 11.4 BBoe

16 Additional  
Leads / Prospects



Targeted Interval

# Mauritania / Senegal – Senegal River Basin



3D seismic acquisition underway ahead of a potential play-opening well next year

- ~18,000 km<sup>2</sup> position captures undrilled, outboard Cretaceous age, Senegal River petroleum system
  - 5+ BBoe potential in multiple plays / fairways
  - Proven sources and reservoir
- **Key Prospect – Tortue**
  - Cretaceous age fan with AVO support

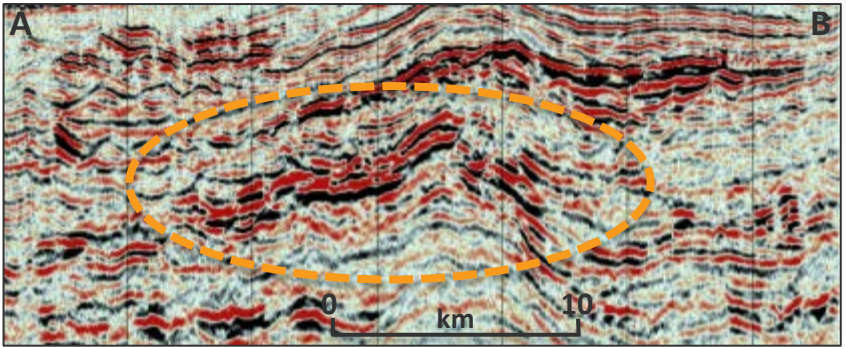
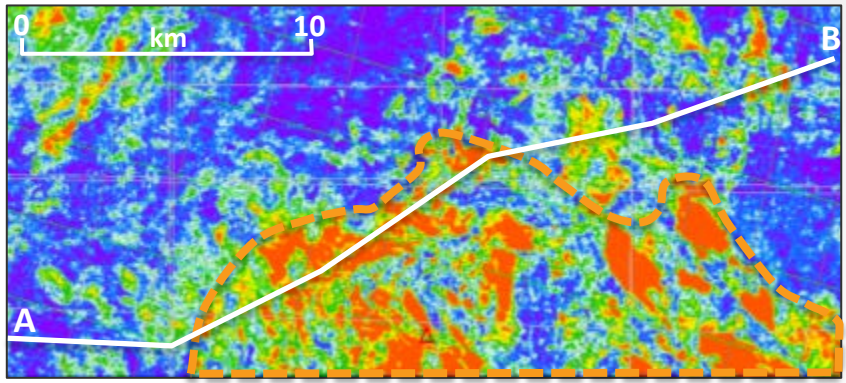
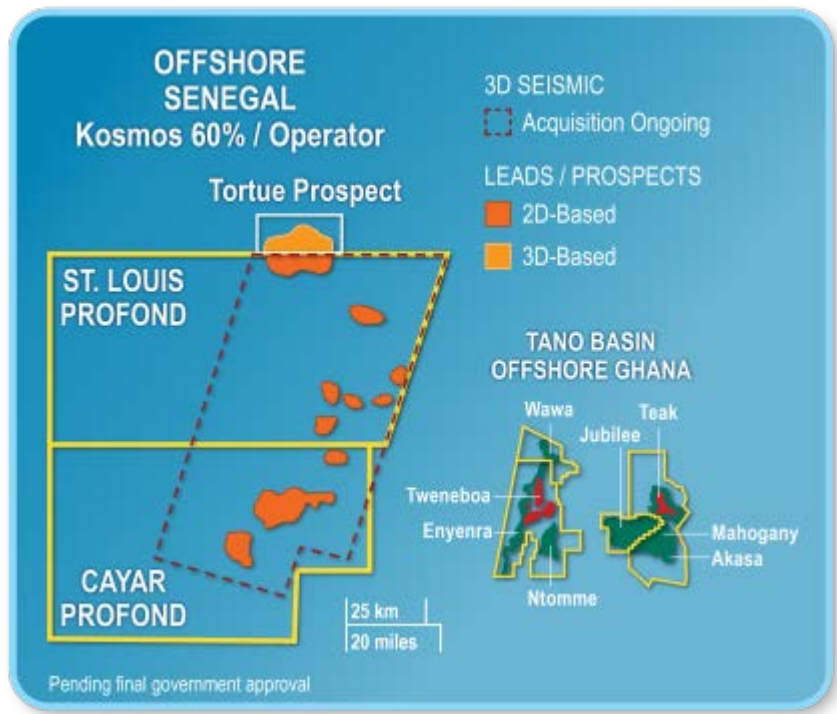
PROSPECT INVENTORY  
(Gross Unrisked Resource Potential)

De-risked Follow-On Potential  
Pmean 3.3 BBoe



Tortue Prospect  
Pmean 2.1 BBoe

8 Additional Leads / Prospects



Targeted Interval

# Mauritania – Nouakchott River Basin



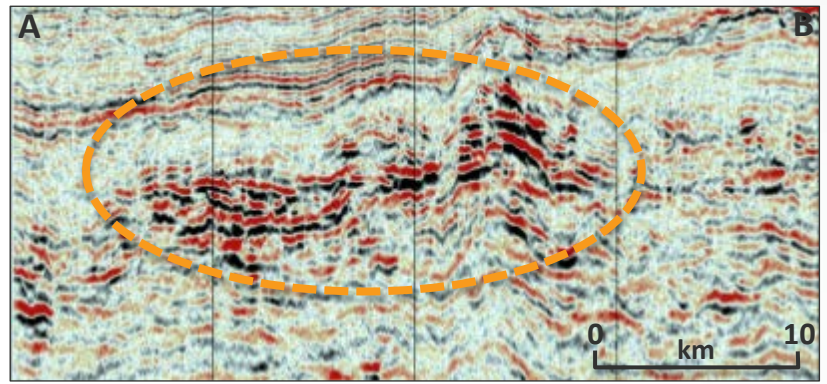
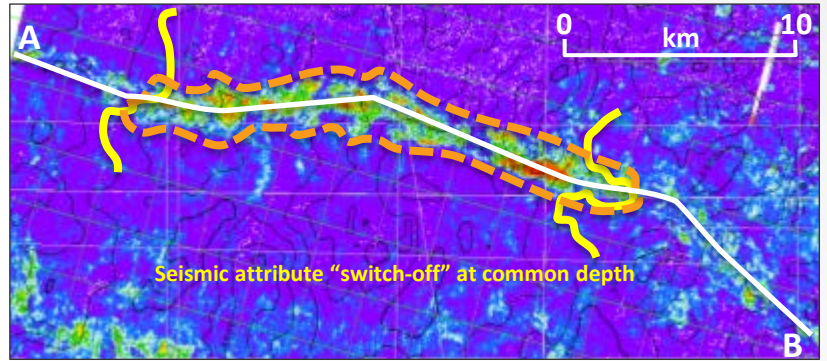
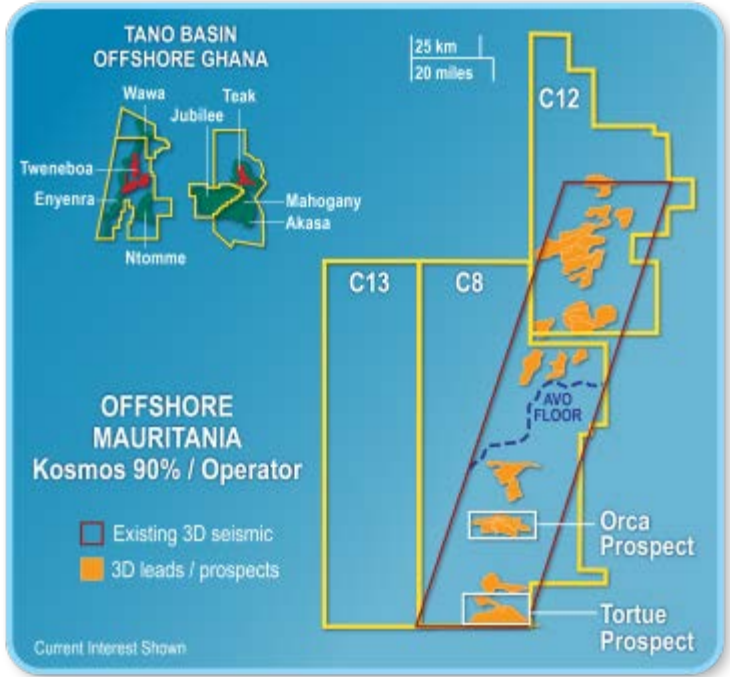
3D seismic completed, farm-out in process ahead of a potential play-opening well in 2015

- ~27,000 km<sup>2</sup> position captures undrilled, Cretaceous age, outboard Nouakchott River petroleum system
  - 3+ BBoe potential in multiple plays / fairways
  - Down-dip of proven working petroleum system
- **Key Prospect – Orca**
  - Stacked, Cretaceous age channels with AVO support

PROSPECT INVENTORY  
(Gross Unrisked Resource Potential)

De-risked Follow-On Potential  
Pmean 2.8 BBoe

8 Additional Leads / Prospects



Targeted Interval

# Suriname – Guyana Basin

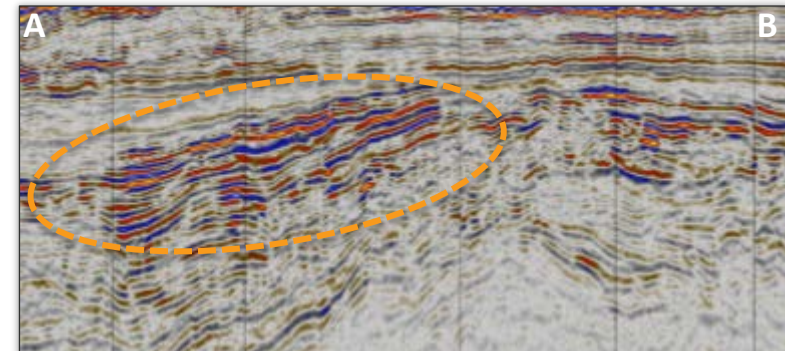
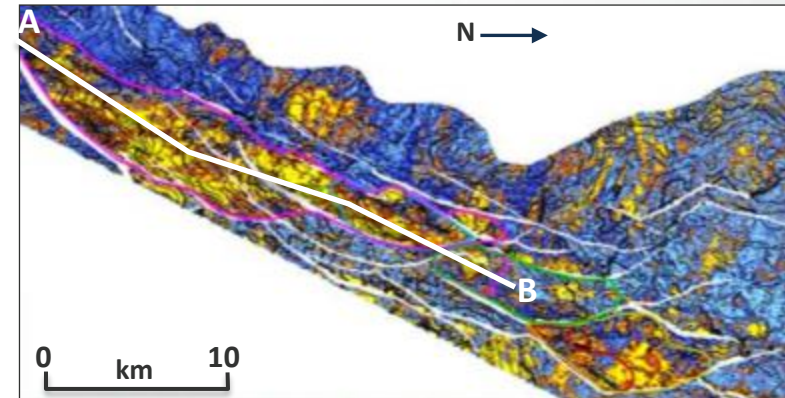
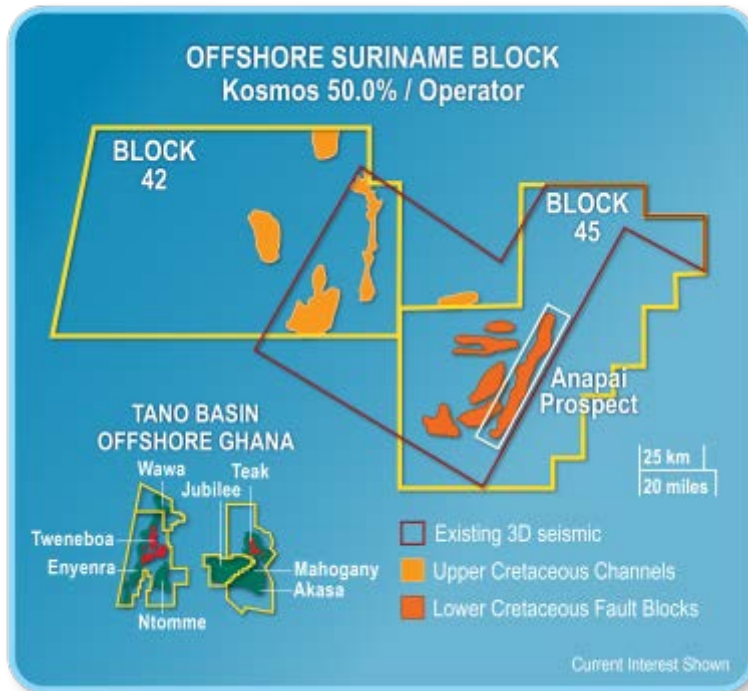
## 3D seismic complete and farm-out in process ahead of a potential basin / play-opening well

- ~11,000 km<sup>2</sup> position captures undrilled, Cretaceous-age, outboard Guyana petroleum system
  - 1+ BBoe currently identified potential in multiple deepwater plays / fairways
  - Down-dip of the producing Tambaredjo oil field
- **Key Prospect – Anapai**
  - Cretaceous reservoirs trapped in large, structural trap with AVO support

**PROSPECT INVENTORY**  
(Gross Unrisked Resource Potential)

**De-risked Follow-On Potential**  
Pmean 520 MMBoe

2 Additional Leads / Prospects  
(Identified to Date)



 Targeted Interval



# The Right Time

*Kosmos is poised for transformational value creation with a growing production base, large “Second Inning” exploration portfolio, strong balance sheet, and active play-opening drilling schedule*

	2012	2013	1H 2014	Next 18 Months
Avg. Net Production (MBopd)	18	23	25	25+
LTM EBITDAX (\$MM)	\$484	\$657	\$807	\$800+ / year
Liquidity (\$Bn) / Net Debt (\$MM) <sup>(1)</sup>	\$1.1 / \$434	\$1.2 / \$249	\$1.6 / \$124	\$1.9 / \$131
Net Unrisked Exploration Exposure <sup>(2)</sup>	0 MMBoe	150 MMBoe	108 MMBoe	2,200 MMBoe
Play Opening Wells	0	1	1	4
Stock Price <sup>(1)</sup>	\$12.35	\$11.18	\$11.23	?

(1) Liquidity, net debt and stock price as of end of period; Next 18 months liquidity and net debt as of 6/30/14 pro forma for high yield offering

(2) Excludes Ghana