



## 3Q 2020 Results

NYSE/LSE: KOS

November 9  
2020

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that Kosmos Energy Ltd. ("Kosmos" or the "Company") expects, believes or anticipates will or may occur in the future are forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this presentation specifically include the expectations of management regarding plans, strategies, objectives, anticipated financial and operating results of the Company, including as to the impact of the COVID-19 pandemic on the Company and the overall business environment, estimated oil and gas in place and recoverability of the oil and gas, estimated reserves and drilling locations, capital expenditures, typical well results and well profiles and production and operating expenses guidance included in the presentation. The Company's estimates and forward-looking statements are mainly based on its current expectations and estimates of future events and trends, which affect or may affect its businesses and operations. Although the Company believes that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to the Company. When used in this presentation, the words "anticipate," "believe," "intend," "expect," "plan," "will" or other similar words are intended to identify forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Further information on such assumptions, risks and uncertainties is available in the Company's Securities and Exchange Commission ("SEC") filings. The Company's SEC filings are available on the Company's website at [www.kosmosenergy.com](http://www.kosmosenergy.com). Kosmos undertakes no obligation and does not intend to update or correct these forward-looking statements to reflect events or circumstances occurring after the date of this presentation, whether as a result of new information, future events or otherwise, except as required by applicable law. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. All forward-looking statements are qualified in their entirety by this cautionary statement. Management does not provide a reconciliation for forward-looking non-GAAP financial measures where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the occurrence and the financial impact of various items that have not yet occurred, are out of our control or cannot be reasonably predicted. For the same reasons, management is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

## Non-GAAP Financial Measures

EBITDAX, Adjusted net income (loss), Adjusted net income (loss) per share, free cash flow, and net debt are supplemental non-GAAP financial measures used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines EBITDAX as Net income (loss) plus (i) exploration expense, (ii) depletion, depreciation and amortization expense, (iii) equity based compensation expense, (iv) unrealized (gain) loss on commodity derivatives (realized losses are deducted and realized gains are added back), (v) (gain) loss on sale of oil and gas properties, (vi) interest (income) expense, (vii) income taxes, (viii) loss on extinguishment of debt, (ix) doubtful accounts expense and (x) similar other material items which management believes affect the comparability of operating results. The Company defines Adjusted net income (loss) as Net income (loss) adjusted for certain items that impact the comparability of results. The Company defines free cash flow as net cash provided by operating activities less Oil and gas assets. Other property, and certain other items that may affect the comparability of results. The Company defines net debt as the sum of notes outstanding issued at par and borrowings on the Facility and Corporate revolver less cash and cash equivalents and restricted cash.

We believe that EBITDAX, Adjusted net income (loss), Adjusted net income (loss) per share, free cash flow, Net debt and other similar measures are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the oil and gas sector and will provide investors with a useful tool for assessing the comparability between periods, among securities analysts, as well as company by company. EBITDAX, Adjusted net income (loss), Adjusted net income (loss) per share, free cash flow, and net debt as presented by us may not be comparable to similarly titled measures of other companies.

Any non-GAAP financial measures included herein will be accompanied by a reconciliation to the nearest corresponding GAAP measure either within the presentation or within our most recently issued Earnings Release (available on our website at <http://investors.kosmosenergy.com>).

This presentation also contains certain forward-looking non-GAAP financial measures, including free cash flow. Due to the forward-looking nature of the aforementioned non-GAAP financial measures, management cannot reliably or reasonably predict certain of the necessary components of the most directly comparable forward-looking GAAP measures, such as future impairments and future changes in working capital. Accordingly, we are unable to present a quantitative reconciliation of such forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures. Amounts excluded from these non-GAAP measures in future periods could be significant.

## 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 "discovered resources," "potential," "significant resource upside," "resource," "net resources," "recoverable resources," "discovered resource," "world-class discovered resource," "significant defined resource," "gross unrisks resource potential," "defined growth resources," "recovery potential" and similar terms or 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.

Business performing, balance sheet strengthened and portfolio optimized

## Robust 3Q operational performance

- Production ~57,000 boepd slightly lower than guidance due to elevated Gulf of Mexico storm activity
- Ghana and Equatorial Guinea production steady, performance in-line with expectations
  - Reliability improvements continue
- Continue to monitor COVID-19, ensuring our people and contractors remain safe and operations unaffected

## Optimized Tortue project: Right project at the right time

- Improving LNG supply/demand backdrop
- Phase 1 on track for first gas 1H 2023 – expect to be approximately 50% complete at year-end 2020
- Optimization of Phase 2 delivers significantly enhanced returns
- Financing path established which funds Kosmos' capital to first gas

## Balance sheet strengthening

- Closing of Shell transaction progressing. Key approvals received
  - Expected to close this quarter with ~\$100 million proceeds upfront with a further \$100 million potential upside on success
- New five-year \$200 million Gulf of Mexico facility closed in 3Q
- Expect base business to deliver free cash flow at current oil prices going forward

Annual production at low end of guidance due to COVID-19 and Gulf of Mexico hurricane impacts

## Ghana

- 3Q net production of ~28,000 bopd
- Jubilee: gross production ~88,000 bopd
  - Uptime ~98% (YTD 95%)
- TEN: gross production ~50,000 bopd
  - Uptime ~98% (YTD 99%)

## Equatorial Guinea

- 3Q net production of ~11,000 bopd
- Expect to resume drilling in 2021

## Gulf of Mexico

- 3Q net production of ~18,000 boepd; below guidance due to elevated storm activity
- All fields now back online
- Tornado well online late-September. Initial results positive
- Anticipate commencing Kodiak completion this month
- 1<sup>st</sup> ILX test for the Winterfell hub (formerly Monarch) to commence drilling before the end of the year (200 mmbbl gross), results expected early 2021

**FY20 Production expected to be 61,000-62,000 boepd**

Production slightly lower. Material improvement in realizations

	3Q 2020A	
Net Production	~57,000 boe/day	<ul style="list-style-type: none"> <li>Ghana/EG in line. Gulf of Mexico impacted by elevated storm activity</li> </ul>
Realized Price	~\$41/boe	<ul style="list-style-type: none"> <li>Realizations ~2x higher than 2Q, due to higher oil prices and normalized differentials</li> </ul>
Opex	~\$15.4/boe	<ul style="list-style-type: none"> <li>Absolute FY opex expected ~20% lower YoY; Per boe metrics impacted by lower production.</li> </ul>
DD&A	~\$20.3/boe	✓
G&A <sup>1</sup>	\$18 million	✓
Exploration Expense <sup>2</sup>	\$10 million	✓
Net Interest	\$27 million	✓
Tax Exp. / (Benefit)	\$0.16/boe	✓
Base Business Capex	\$53 million	<ul style="list-style-type: none"> <li>2H base business capex trending down</li> </ul>

1. Approximately 50% cash  
 2. Excludes dry hole costs and leasehold impairments totalling approximately \$3 million

# Tortue: Right project, right time

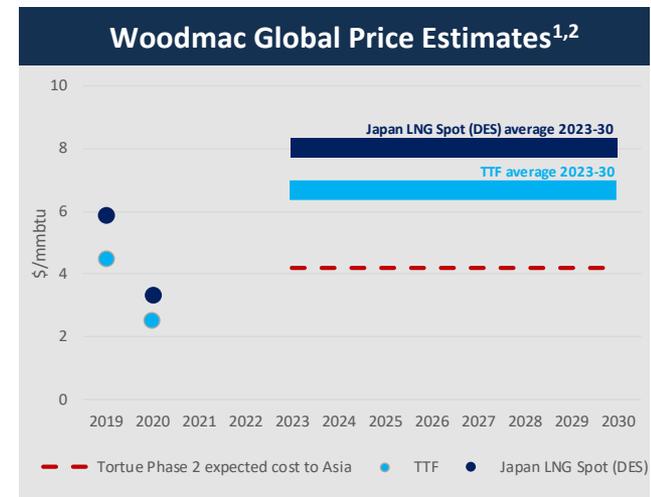
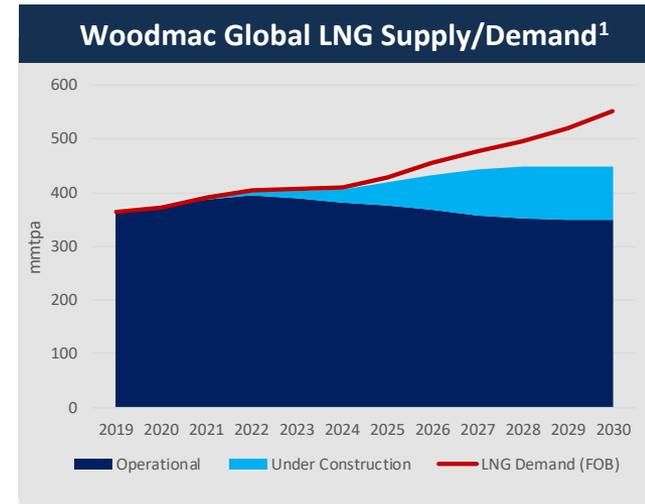
The Tortue project has been transformed over the last twelve months

## The macro outlook for gas and LNG continues to improve

- Wood Mackenzie forecasts continuing improvement in LNG prices into 2022/23
- Global LNG supply growth at its lowest level since 2014 (only 5 mtpa of new supply added in 2020)
- No new FIDs this year-to-date
- LNG demand is expected to rise with a supply gap emerging around 2023

## The operator is focused on delivering a low cost Tortue project that is competitive in the current environment

- Phase 1 is ramping up: significant progress made in 2020
- Optimization of Phase 2 delivers significantly enhanced returns



1. Source: Wood Mackenzie LNG Tool Q3 2020  
2. The Tortue Phase 2 expected cost to Asia price is based on Kosmos' Economic Model

Greater Tortue project ramping up in Mauritania/Senegal

## 3Q 2020

**Subsea**  
~37% complete



Main static umbilical prototype completed testing at Nexans, Norway

**FPSO**  
~47% complete



Hull construction now over 50% complete

**FLNG**  
~58% complete



Shipyard resources have ramped up and are tracking closely to planned level

**Breakwater**  
~37% complete



Concrete pouring for the caissons commenced in October

**Expect ~50% complete by YE 2020**  
**Remain on track for first gas H1 2023**

# Optimization of Tortue Phase 2

Optimization of the scope of Phase 2 is expected to deliver the most competitive brownfield project globally



## Phase 2 targets expansion to 5 million tonnes per annum to fully utilize Phase 1 infrastructure and minimize incremental capital

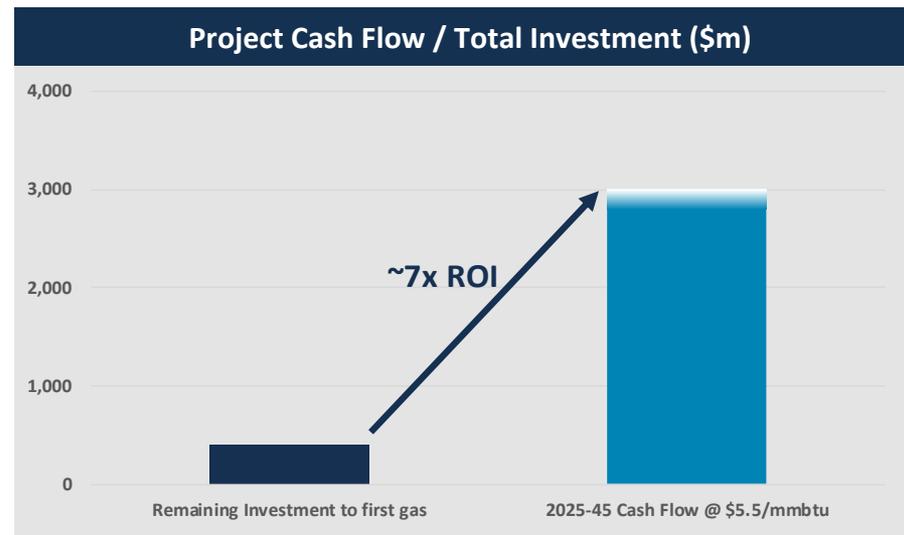
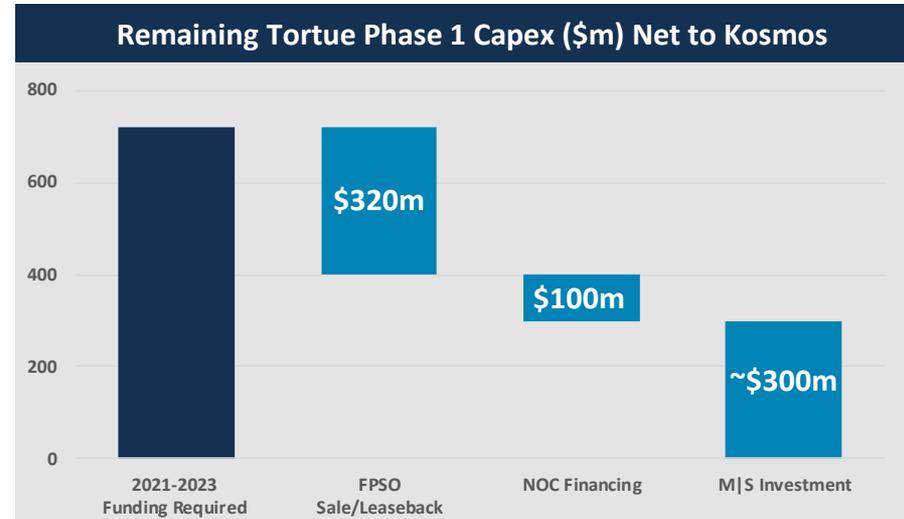
- **Subsea:** leverages the Phase 1 flowlines, fully utilizing their capacity
- **Gas Processing:** brownfield expansion of the FPSO, increasing the capacity of the vessel by 325 MMscfd
- **Export Line:** Fully utilizes the spare capacity built in Phase 1 export line
- **Hub/Terminal:** Increasing the throughput without significant modifications / costs to the hub; evaluating fixed and floating liquefaction options

## We believe the optimization positions Phase 2 as the most competitive brownfield project globally

1. Source: Wood Mackenzie LNG Tool Q3 2020 (Projects included are Obskiy LNG, Qatar North Field East, N LNG 7, Papua LNG, Arctic LNG-2 and Rovuma LNG). The Tortue breakeven price is based on Kosmos' Economic Model. The costs of integrated projects are discounted 12%. Segmented projects – at 10% discount rate for LNG plant, 15% discount rate for upstream. Taxes are included. US Upstream assumption = 115% x Henry Hub (US\$3.29/mmbtu – equivalent to average of long term H12020 Henry Hub forecast between 2026 and 2035)

Financing path established which funds Kosmos' capital to first gas. Optimized project expected to deliver ~7x ROI

- **Path to fund Kosmos' capital to first gas with phase 2 financed from phase 1 cash flows**
    - Engaged with BP on FPSO Sale / Leaseback – plan to close 1Q 2021
      - ~\$160 million in capital is returned to Kosmos with remaining capital obligations transferred to a special purpose vehicle (SPV). Remaining capex in 21-23 reduced by ~\$160 million
    - Refinance NOC loan in 2021 with banks
      - ~\$100 million net Kosmos benefit
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- **Sale / Leaseback of FPSO, combined with NOC financing expected to fund Kosmos 2021 obligations with remaining capital of ~\$300 million in 2022-2023**
    - Remaining capital to first gas expected to be funded through a direct M&S investment. Kosmos is currently in discussions to secure this financing by mid 2021
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- **With minimal capital invested through 2020 and reduced future capital, at \$5.5/mmbtu gas Phase 1&2 are expected to deliver:**
    - \$150-200 million cash flow once online
    - ~7x return on remaining investment



## Gulf of Mexico facility and Shell transaction proceeds further improve liquidity

- Closing of Shell transaction progressing. Key approvals received**
  - Expected to close this quarter with ~\$100 million proceeds upfront
  - A further \$100 million potential upside on success

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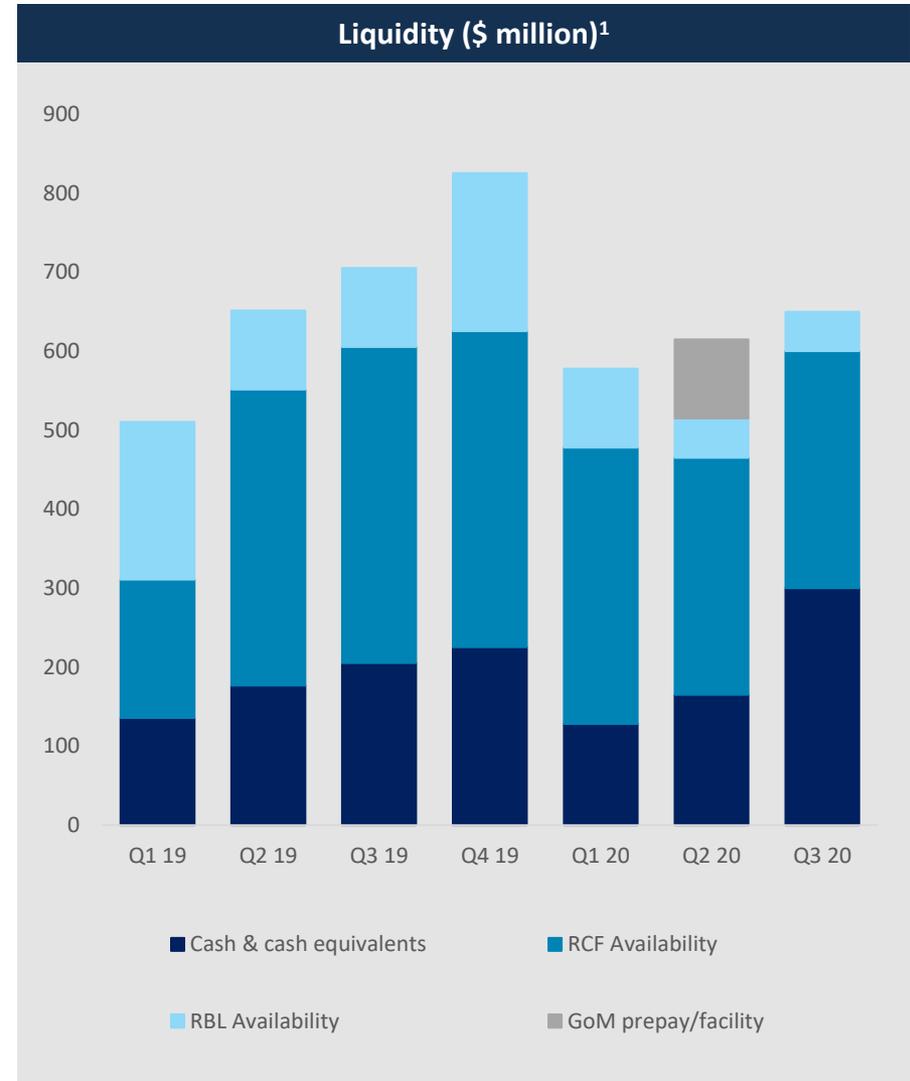
- FY20 base business capex expected to be ~\$140-150 million**
  - Includes impact of Shell proceeds, partially offset by 4Q GoM ILX and acceleration of Kodiak completion (~\$20 million)

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- Gulf of Mexico facility closed in 3Q**
  - \$200 million facility with 5-year tenor
  - Accordion feature with additional \$100 million of capacity

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- Expect base business to deliver free cash flow<sup>2</sup> at around \$35 per barrel Brent**



<sup>1</sup> Liquidity excludes restricted cash  
<sup>2</sup> Free cash flow excludes the impact of working capital, hedging gains/losses and growth capex

High quality conventional portfolio with strong ESG credentials

## World Class Conventional Assets

- Atlantic Margin, conventional deepwater strategy
- 3 oil production hubs, FID'd LNG development
- Low decline rates, advantaged pricing, lower carbon intensity

## Growing FCF Generation

- Low cost assets, ~\$35/bbl corporate FCF breakeven<sup>1</sup>
- Reached a cash flow inflection point with FCF expected at current oil prices into 2021
- Self-funded LNG business expected to add material long-term FCF

## Returns Focused Exploration Portfolio

- Focus on proven basins with Kosmos deep technical capability
- High-graded ILX complemented by material play extension opportunities
- Shorter cycle / faster payback, lower capital, attractive returns

## Solid Balance Sheet

- Liquidity of ~\$0.5bn post recent RBL re-determination
- No near-term maturities with reducing net debt expected

<sup>1</sup> Free cash flow breakeven excludes the impact of working capital, hedging gains/losses and growth capex

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