Contract Summaries

NYSE/LSE: KOS

July
2021

PSC Summary: Equatorial Guinea

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Blocks		EG 21, S and W	EG-24	G
Contract Type		PSC	PSC	PSC
Exploration Period	*(yrs)*	3 + 2 + (1 ext.) + (1 ext.)	3 + (1 ext.) + 2 + (1 ext.)	2 + (1 ext.) + (1 ext.)
Production Period	*(yrs)*	25 + (5 ext.)	25 + (5 ext.)	30
Equity %				
Kosmos	*(%)*	40%	40%	40.4%
State	*(%)*	20%	20%	5%
			(+10% option)	
Royalty-Production <40,000	*(%)*	13%	13%	N/A
Royalty-Production 40,001-80,000	*(%)*	14%	14%	N/A
Royalty-Production 80,001-120,000	*(%)*	15%	15%	N/A
Royalty-Production 120,001-140,000	*(%)*	15%	16%	N/A
Royalty-Production >140,000	*(%)*	16%	16%	N/A
Royalty-Production <30,000	*(%)*	N/A	N/A	11%
Royalty-Production 30,001-60,000	*(%)*	N/A	N/A	12%
Royalty-Production 60,001-80,000	*(%)*	N/A	N/A	14%
Royalty-Production 80,001-100,000	*(%)*	N/A	N/A	15%
Royalty-Production >100,000	*(%)*	N/A	N/A	16%
Cost Recovery	*(%)*	70%	65%	70%
Corporate Tax	*(%)*	35%	35%	35%
Profit Oil				
Contractor Share		Accumulated total Production (Million Barrels)		
80%		0-70	0-90	N/A
70%		70-140	90-200	N/A
65%		140-200	N/A	N/A
60%		200-400	200-300	N/A
50%		Over 400	300-400	N/A
40%		N/A	Over 400	N/A
92.3%		N/A	N/A	0-200
80.8%		N/A	N/A	200-350
69.2%		N/A	N/A	350-450
57.7%		N/A	N/A	450-550
46.2%		N/A	N/A	Over 550

Blocks		EG 21, S and W	EG-24	G
Minimum Work Obligation (Estimates)				
First Sub-Period	*($ mm)*	*see footnote* [a]	$5	N/A
Second Sub-Period	*($ mm)*	$30	$25	N/A
First Extension Period	*($ mm)*	$0.7	--	N/A
Second Extension Period	*($ mm)*	$30	--	N/A
Job Training				
Exploration Period	*($m)*	$100	$150	N/A
Production Period	*($m)*	$300	$300	$250
Educational Training Funds				
Exploration Period	*($m)*	$200	$200	N/A
Production Period	*($m)*	$300	$350	N/A
National Technology Institue				
Exploration Period	*($m)*	$100	$150	N/A
Production Period	*($m)*	$300	$300	N/A
National Database of Ministry of Mines and Hydrocarbons				
Exploration Period	*($m)*	$100	$150	N/A
Production Period	*($m)*	$300	$300	N/A
Bonuses				
Signature	*($ mm)*	$2	$2.5	$0.75
Commerciality	*($ mm)*	$2	$5	$0.75
Additional Signature:				
First Oil	*($ mm)*	$2	$3	N/A
20 kboepd	*($ mm)*	$2	$3	N/A
30 kboepd	*($ mm)*	N/A	N/A	$3
40 kboepd	*($ mm)*	$3	$5	N/A
60 kboepd	*($ mm)*	$5	$5	$3
100 kboepd	*($ mm)*	N/A	N/A	$4
120 kboepd	*($ mm)*	$6	$5	N/A
Surface Rentals				
Exploration Period	*($ / km^2 / yr)*	$0.25	$1.5	N/A
Production Period	*($ / km^2 / yr)*	$2.5	$2	$2
Social Projects				
Exploration Period	*($ m / yr)*	$100	$150	--
Production Period	*($ m / yr)*	$450	$250	--

[a] *EG 21: $7, S: $4 and W: $4*

PA Summary: Ghana

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Blocks		West Cape Three Points	Deepwater Tano
Contract Type		PA	PA
Exploration Period	*(years)*	3 + 2 + 2 (+ 3 for deepw ater)	3 + 2 + 2 (+ 3 for deepw ater)
Exploitation Period	*(years)*	30 (less exploration period)	30 (less exploration period)
Equity %			
Kosmos - Production (before Royalty)	*(%)*	30%	17%
NOC - Production	*(%)*	10% + 2.5%	10% + 5.0%
Jubilee Tract Participation	*(%)*	54.3660%	45.63340%
Royalty & Taxes			
Royalty - Oil[a]	*(%)*	5%	5%
Royalty - Gas	*(%)*	5%	3%
Income Tax	*(%)*	35%	35%
Dividend Withholding Tax	*(%)*	10%	10%

Additional Oil Entitlement ("AOE") - Calculated by block and by DPA - there will be separate 3 AOE calculations, WCTP Jubilee, DWT Jubilee and TEN

AOE	Total AOE = (FAn + SAn + TAn + ZAn) / Weighted Average Market Price		
First Account	$FA_n = (FA_{n-1}(1 + a + i)) + NCF$	NCF	Net Cash Flow for nth period
Second Account	$SA_n = (SA_{n-1}(1 + b + i)) + NCF$	n	nth period in question
Third Account	$TA_n = (TA_{n-1}(1 + c + i)) + NCF$	n-1	Period immediately preceding
Fourth Account	$YA_n = (YA_{n-1}(1 + d + i)) + NCF$	i	One subtracted from the quotient of the USIGWPI for the calendar year second preceding the year in question
Fifth Account	$ZA_n = (ZA_{n-1}(1 + d + i)) + NCF$		

	Contractor Rate of Return	AOE Rate (%)	Contractor Rate of Return	AOE Rate (%)
a	> 25%	7.5%	> 19%	5%
b	> 30%	15%	> 20%	10%
c	> 40%	25%	> 25%	15%
d			> 30%	20%
e			> 40%	25%

Abandonment Accrual (whichever comes first)			
Reserves Depletion	*(%)*	50%	50%
Years prior to abandonment	*(years)*	5	5

[a] *In depths of 200 metres or less the royalty shall be 7.5% for oil*

PSC Summary: Mauritania

KOSMOS ENERGY

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BLOCKS		C8, C 12 & C13	
Contract type		PSC	
		Oil	Gas
Exploration period	(yrs)	4 + 3 + 3	4 + 3 + 3 + (5 ext.)
	(yrs)	25 + (10 ext.)	30 + (10 ext.)
Equity %			
Kosmos -- Production	(%)	28%	
NOC -- Production	(%)	10% (+4% option)	
Royalty & Taxes		**Oil**	**Gas**
Royalty	(%)	--	--
Cost recovery	(%)	55%	62%
Corporate tax	(%)	27%	
Dev. Financing rate	(%)	5%	
% Debt finance rate	(%)	70%	
Profit Oil Calculation		R-factor based	

Profit Oil Tranches

Value of R	State share	Contractor share
<1.0	31%	69%
≥1.0 and <1.5	33%	67%
≥1.5 and <2.0	35%	65%
≥2.0 and <2.5	37%	63%
≥2.5 and < 3.0	39%	61%
≥3.0	42%	58%

BLOCKS		C8, C 12 & C13
Bonuses		
Signature bonus	($mm)	$1
Production bonuses		
Rate		
25 kboepd	($mm)	$6
50 kboepd	($mm)	$8
100 kboepd	($mm)	$12
150 kboepd	($mm)	$20
Exploration Period Bank Guarantees		
Phase 1	($mm)	$9
Phase 2	($mm)	$27
Phase 3	($mm)	$22
Other		
Surface rentals		
Phase 1	($/ km^2/yr)	$2
Phase 2	($/ km^2/yr)	$3
Phase 3	($/ km^2/yr)	$4
Exploitation	($/ km^2/yr)	$170
Training (NOC)	($m /yr)	$300-$600
Capacity	($m /yr)	--
Environmental Committee Financing		
Exploration period	($m /yr)	--
Exploitation period	($m /yr)	--
Commercial production	($m /yr)	--

PSC Summary: Sao Tome & Principe

KOSMOS ENERGY

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BLOCK 5

Contract type		PSC
Exploration period	(yrs)	7+ 2+ 2
Production period	(yrs)	20

Equity %

Kosmos -- Production	(%)	45%
NOC -- Production	(%)	15%

Royalty & Taxes

Royalty	(%)	2%
Cost recovery	(%)	80%
Corporate tax	(%)	30%

Profit Oil

Contractor share	Contractor return (%)
100%	16
90%	16-19
80%	19-23
60%	23-26
50%	26

Rate of Return

ACNF (Current) = (100% + DA) x ACNCF (Prior) + NCF (Current) x 100%
ACNCF = Accumulated Compounded Net Cash Flow
NCF = Net Cash Flow
DA = Annual Compound Rate
Rate of return between largest DA yield positive ACNCF and smallest DA causing a negative ACNCF

Minimum Work Obligation (estimates)

Phase 1	($ mm)	$5
Phase 2	($ mm)	$25
Phase 3	($ mm)	$25

Scholarships

Exploration period	($ m)	$100-$250
Production period	($ m)	$350

Application fees

For the production period	($ m)	$500
To commence drilling	($ m)	$25

BLOCK 5

Bonuses

Signature bonus	($mm)	$2
Commerciality		$6

Additional signature

25 kboepd	($mm)	$3
50 kboepd	($mm)	$3
100 kboepd	($mm)	$3
150 kboepd	($mm)	$5
250 kboepd	($mm)	$5
350 kboepd	($mm)	$10
450 kboepd	($mm)	$10
500 kboepd	($mm)	$15
750 kboepd	($mm)	$15
1000 kboepd	($mm)	

Cumulative production

50 mmboe	($mm)	--
100 mmboe	($mm)	--
150 mmboe	($mm)	--
200 mmboe	($mm)	$10
350 mmboe	($mm)	$10
450 mmboe	($mm)	$15
500 mmboe	($mm)	--
550 mmboe	($mm)	--
600 mmboe	($mm)	$15
800 mmboe	($mm)	$15

Social projects

Phase 1	($m/yr)	$400
Phase 2	($m/yr)	$350
Phase 3	($m/yr)	$350

Cumulative production (social projects)

20 mmboe	($mm)	--
40 mmboe	($mm)	$2
50 mmboe	($mm)	--
60 mmboe	($mm)	--
70 mmboe	($mm)	$3
100 mmboe	($mm)	$5
150 mmboe	($mm)	--

PSC Summary: Senegal

KOSMOS ENERGY

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Blocks		Cayar and Saint Louis	
Contract Type		Production Sharing Contract	
Exploration Period	*(yrs)*	2 + 3 + 2.5 + (5 ext.)	
Exploitation Period	*(yrs)*	25 + (10 ext.)	
Equity			
Kosmos	*(%)*	30%	
NOC	*(%)*	10% (+ 10% Option)	
Royalty & Taxes			
Cost Recovery	*(%)*	75%	
Corporate Tax	*(%)*	25%	
Dividend Rate	*(%)*	5%	
Dev. Financing Rate	*(%)*	5%	
% Debt Finance Ded.	*(%)*	100%	
Residual Production			
Daily Production (kboepd)		State Share	Contractor Share
≤ 30		35%	65%
> 30 and ≤ 60		40%	60%
> 60 and ≤ 90		50%	50%
> 90 and ≤ 120		54%	46%
> 120		58%	42%
Minimum Exploration Investment			
Initial Period	*($ mm)*	$8	
First Renewal Period	*($ mm)*	$20	
Second Renewal Period	*($ mm)*	$20	
Other			
Training / Promotion	*($m / yr)*	$300	
Surface Rentals			
Initial Period	*($ / km^2 / yr)*	$5	
First Renewal Period	*($ / km^2 / yr)*	$8	
Second Renewal Period	*($ / km^2 / yr)*	$15	
PETROSEN Equipment	*($m)*	$150	


KOSMOS
ENERGY