



Contract Summaries

NYSE/LSE: KOS

June
2022

Blocks EG-21, S, W, EG-24 and G

	EG-21, S and W	EG-24	G
Contract Type	PSC	PSC	PSC
Exploration Period (yrs)	3 + 2 + (1 ext.) + (1 ext.)	3 + 2 + (1 ext.) + (1 ext.)	2 + 2 + (1 ext.) + (1 ext.)
Production Period (yrs)	25 + (5 ext.)	25 + (5 ext.)	30
Equity (%)			
Kosmos	40%	40%	40.4%
State	20%	20% (+10% option)	5%
Royalty			
Production <40,000	13%	13%	N/A
Production 40,001 – 80,000	14%	14%	N/A
Production 80,001 – 120,000	15%	15%	N/A
Production 120,001 – 140,000	15%	15%	N/A
Production >140,000	16%	16%	N/A
Production <30,000	N/A	N/A	11%
Production 30,001 – 60,000	N/A	N/A	12%
Production 60,001 – 80,000	N/A	N/A	14%
Production 80,001 – 100,000	N/A	N/A	15%
Production >100,000	N/A	N/A	16%
Cost Recovery	70%	65%	70%
Corporate Tax	35%	35%	35%

Blocks EG-21, S, W, EG-24 and G

	EG-21, S and W	EG-24	G
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
Bonuses (\$ mm)			
Signature	\$2	\$2.5	\$0.75
Commerciality	\$2	\$5	\$0.75
Additional Signature			
First Oil	\$2	\$3	N/A
20 kboepd	\$2	\$3	N/A
30 kboepd	N/A	N/A	\$3
40 kboepd	\$3	\$5	N/A
60 kboepd	\$5	\$5	\$3
100 kboepd	N/A	N/A	\$4
120 kboepd	\$6	\$5	N/A

West Cape Three Points & Deepwater Tano

Contract Type: Petroleum Agreement	West Cape Three Points	Deepwater Tano
<i>Exploration Period (yrs)</i>	3 + 2 + 2 (+3 for deepwater)	3 + 2 + 2 (+3 for deepwater)
<i>Exploitation Period (yrs)</i>	30 (less exploration period)	30 (less exploration period)
Equity (%)		
Kosmos – Production (before Royalty)	30%	17%
National Oil Company – Production	10% + 2.5%	10% + 5.0%
Jubilee Tract Participation	54.3660%	45.63340%
Royalty & Taxes (%)		
Oil	5%	5%
Gas	5%	3%
Income Tax	35%	35%
Dividend Withholding Tax	10%	10%

West Cape Three Points & Deepwater Tano

Additional Oil Entitlement (AOE) – Calculation by block and by DPA – There will be three separate 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	$ZA_n = (ZA_{n-1}(1 + d + i)) + NCF$		

	<u>Contractor Rate of Return</u>	<u>AOE Rate (%)</u>	<u>Contractor Rate of Return</u>	<u>AOE Rate (%)</u>
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

Years prior to abandonment

West Cape Three Points

50%

5

Deepwater Tano

50%

5

Blocks C-8 and C-12

Contract Type: Production Sharing Contract

Exploration Period (yrs)

Oil: 4 + 3 + 3

Gas: 4 + 3 + 3 + (5 ext.)

Exploitation Period (yrs)

Oil: 25 + (10 ext.)

Gas: 30 + (10 ext.)

Equity (%)

Kosmos: 28%

National Oil Company: 10% (+4% option)

Royalty & Taxes

	Oil	Gas
Royalty (%)	--	--
Cost recovery (%)	55%	62%
Corporate tax (%)	27%	27%

Profit Oil Calculation

R-Factor based

$R = \frac{\text{Cumulative Net Revenue (less Exploitation Costs)}}{\text{Exploration + Development Costs}}$

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%

Bonuses

Signature Bonus:	US\$ 1 MM
Commerciality Bonus:	US\$ 0.5 MM

Production Bonuses:

Rate	Bonus
25,000 BOEPD	US\$ 6 MM
50,000 BOEPD	US\$ 8 MM
100,000 BOEPD	US\$ 12 MM
150,000 BOEPD	US\$ 20 MM

Other

Surface Rentals (\$ /km ² /yr)	
Phase 1	\$2
Phase 2	\$3
Phase 3	\$4
Exploitation	\$170
Training (\$ m/yr)	\$300-600
Surface Rentals (\$ /km ² /yr)	
Phase 1	\$2
Phase 2	\$3
Phase 3	\$4
Exploitation	\$170
Training (\$ m/yr)	\$300-600

Cayar Offshore Profond

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 (\$ mm)

Initial Period	\$8.0
First Renewal Period	\$20.0
Second Renewal Period	\$20.0

Other

Training/Promotion (\$k p.a.)	\$300
Surface rentals (\$ / km ² p.a.)	\$5-15
PETROSEN Equipment (\$k)	\$150

Block 5

Contract Type: Production Sharing Contract

Exploration Period (yrs): 7 + 2 + 2
Exploitation 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 ACNF (Prior) + NCF (Current) x 100%

ACNCF = Accumulated Compounded Net Cash Flow

DA = Annual Compound Rate

Rate of Return between largest DA yield positive ACNCF and smallest DA causing a negative ACNCF

Bonuses (\$ mm)

Signature bonus	\$2
Commerciality	\$6

Additional signature

25 kboepd	\$3
50 kboepd	\$3
100 kboepd	\$3
150 kboepd	\$5
250 kboepd	\$5
350 kboepd	\$10
450 kboepd	\$10
500 kboepd	\$15
750 kboepd	\$15

Cumulative production

50 mmboe	--
100 mmboe	--
150 mmboe	--
200 mmboe	\$10
350 mmboe	\$10
450 mmboe	\$15
500 mmboe	--
550 mmboe	--
600 mmboe	\$15
800 mmboe	\$15

Social Projects (\$m/yr)

Phase 1	\$400
Phase 2	\$350
Phase 3	\$350

Cumulative production

20 mmboe	--
40 mmboe	\$2
50 mmboe	--
60 mmboe	--
70 mmboe	\$3
100 mmboe	\$5
150 mmboe	--

KOSMOS  **S**
ENERGY.