

# 4Q and Full Year 2017 Results & Strategy Update

February 26, 2018

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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 “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.

## *A year of strong operational and strategic delivery*

- **Cashflow**
  - Strong operating performance: Net free cash flow of ~\$320mm
    - ~\$230mm used for Equatorial Guinea acquisition
    - ~\$90mm of net debt reduction
- **Balance Sheet**
  - Entering 2018 with RBL refinancing complete
  - \$1.3bn of liquidity to support further organic and inorganic growth
- **Portfolio**
  - Equatorial Guinea acquisition immediately accretive
    - Purchased at < 2x EBITDAX vs. trading multiple of ~7x
    - Payback expected in <2 years
    - Diversifies production
    - Proven basin with exploration upside
- **Growth**
  - >200% organic reserve replacement
  - Production growth of 65% YoY<sup>1</sup>
- **Exploration**
  - Completed second phase of exploration drilling in Mauritania and Senegal
  - Program discovered 40 Tcf of gross resource at \$0.20/boe
    - Including Yakaar – the largest hydrocarbon discovery in the world in 2017
  - 2 world-scale LNG hubs

*Kosmos is positioned for the upturn: well-capitalized, pure-play deepwater company with growing production, a pipeline of development opportunities, and a balanced exploration portfolio*

- **To meet growing energy demand, the world needs both deepwater and shale**
  - The shale and deepwater companies with the best portfolios and the best execution will be successful
  - Premium acreage positions and terms, coupled with low costs drive attractive returns
- **Lower costs and less competition are making the deepwater more attractive**
  - Majors returning to frontier deepwater exploration
  - Industry consolidation, attrition, or a re-focus on shale creates significant opportunities for leading independent explorers like Kosmos to play with and alongside the majors
  - Recent success in opening world-class basins (e.g. Mauritania/Senegal, Guyana), fewer players, bigger fields (e.g. Liza, Tortue, Yakaar)
  - Continuing cost deflation is reducing capital intensity, facilitating business execution and maximizing returns
- **Kosmos' counter-cyclical strategy has created competitive advantage**
  - Leveraged the downturn to our advantage
  - Consistently built a sustainable production, development, and exploration portfolio through the cycle
  - Remain focused on core strengths as a pure-play, deepwater company
    - Consistent exploration strategy
    - Innovative development solutions
    - Strategic partnerships
- **Kosmos has a balanced portfolio with growth from production, development and exploration assets**

## *Leveraged the downturn to our advantage, built a balanced production, development and exploration portfolio*

### **1. High-margin production assets delivering growth**

- ~\$40 operating cash margin at \$60 Brent in 2018<sup>1</sup>

### **2. Low-cost, competitively positioned Tortue gas project provides next phase of growth**

- 15 Tcf resource base supports development of 10 mmtpa scheme
- On plateau, 10 mmtpa scheme would be expected to generate substantial, steady long-term annual cash flow
- \$533mm BP development carry funds substantial portion of Kosmos share of initial phase (2.5 mmtpa), establishing infrastructure for full development and providing early cash flow
- 20 Tcf discovered resource base in Yakaar/Teranga adds potential for second hub

### **3. Sustainable exploration program with balance of proven, emerging, and frontier basins offering multiple catalysts in 2018, 2019, and beyond (2-3 wells/year)**

- **Proven:** Short cycle tie-back (Equatorial Guinea)
- **Emerging:** Prove up plays with follow on opportunity (Mauritania, Senegal, Suriname)
- **Frontier:** Capture significant position in petroleum system to fully explore (Sao Tome & Principe, Cote d'Ivoire)

### **4. Strong balance sheet supports strategy execution**

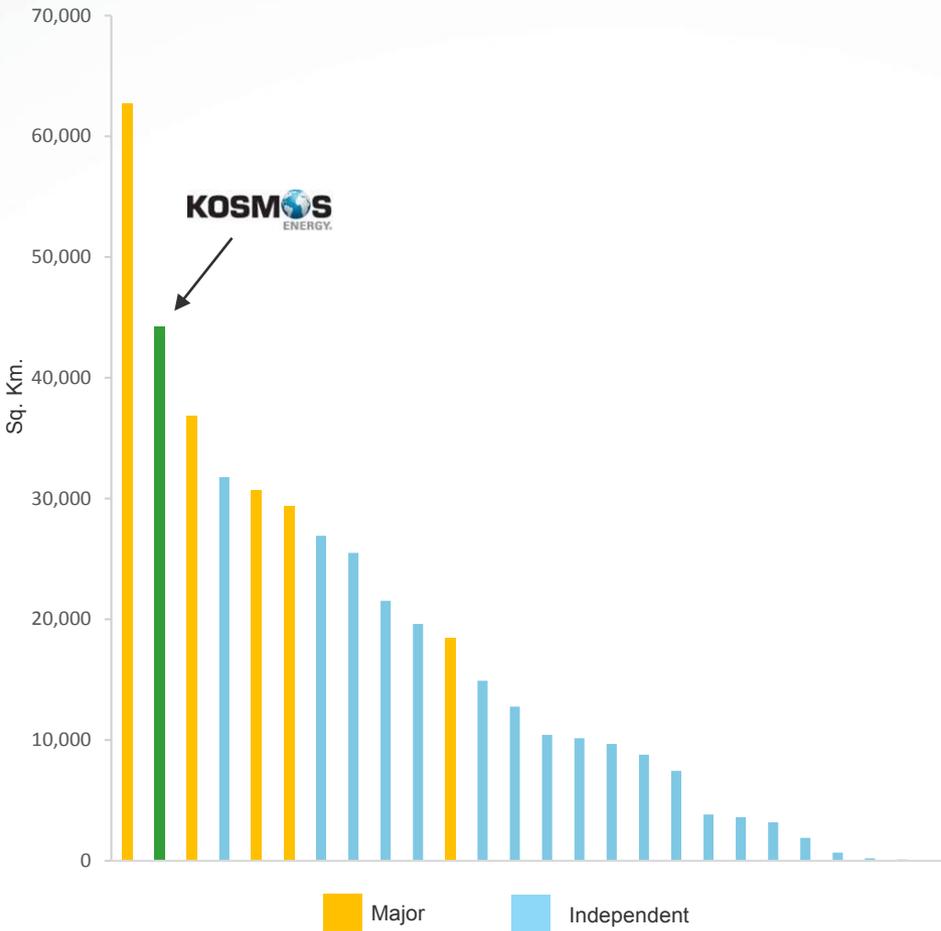
- Low leverage of less than 2.0x net debt / EBITDAX

1. Operating cash margin defined as Brent price less opex and cash taxes for Ghana and Equatorial Guinea

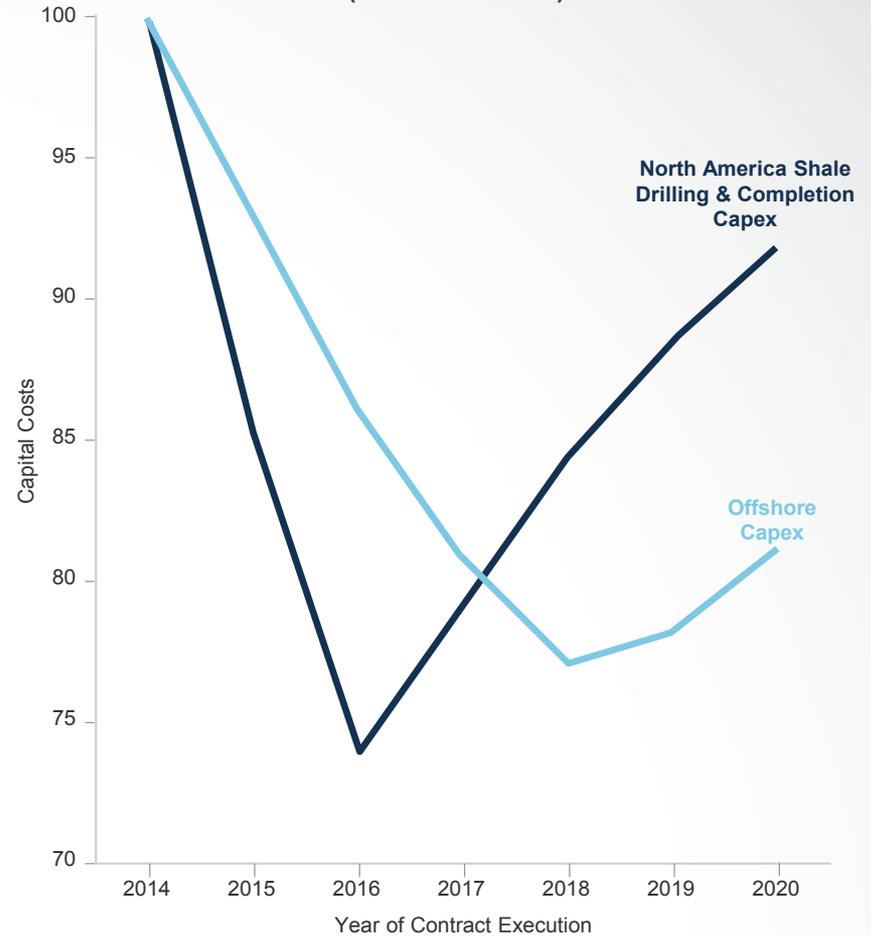
# Deepwater Now More Attractive

*Kosmos is ideally positioned as a pure deepwater company with a substantial portfolio of prospectivity to take advantage of lower costs and reduced competition*

**Net Active Exploration Acreage  
In West Africa & Northeast South America<sup>1</sup>**



**North American Shale vs. Offshore Capital Costs  
(Indexed to 2014)<sup>2</sup>**



<sup>1</sup> Source: Wood Mackenzie. Data excludes Brazil. Kosmos acreage data provided by Kosmos and includes Ghana, Equatorial Guinea, Mauritania, Senegal, Suriname, Sao Tome & Principe, and Cote d'Ivoire  
<sup>2</sup> Source: Rystad Energy





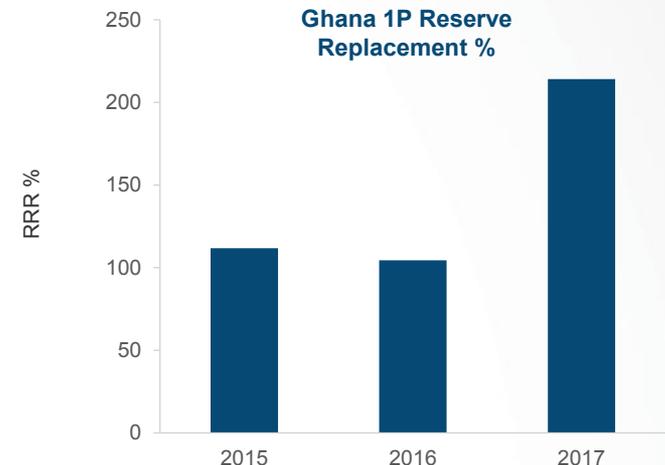
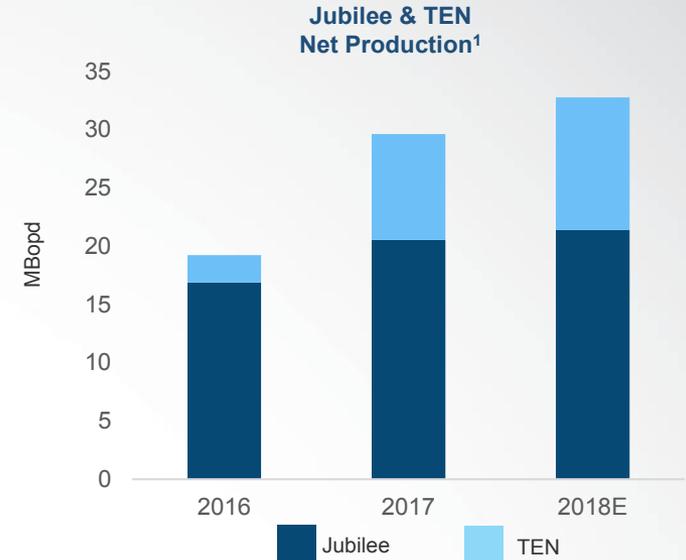
## Strong Reserve Base

*Delivering growing, high-margin  
production*

# Ghana: Big Fields Get Bigger

## Jubilee and TEN fields provide foundation of high-margin cash flow

- **High-margin barrels**
  - Growing production into improving macro environment
  - Declining opex/bbl supports margin expansion
  - ~\$40/bbl operating margin at \$60/bbl Brent in 2018
- **Strong reserve replacement**
  - Averaged over 140% last 3 years
- **Future development**
  - Greater Jubilee Full Field Development Plan approved
  - ITLOS concluded with no impact to TEN
  - Drilling recommenced to grow production at TEN and Jubilee
  - Turret Remediation Plan
    - Turret stabilization: ~4 week shutdown of oil production underway
    - Rotation to optimal heading: around year-end 2018 with minimal impact to 2018 production



1. Represents net entitlement volumes  
Note: Operating margin defined as Brent oil price less operating expense and taxes

*Acquisition of high-margin production at Ceiba/Okume and capture of exploration blocks provides multiple avenues to create value with rapid payback...already exceeding expectations*

- **Strategic Rationale**

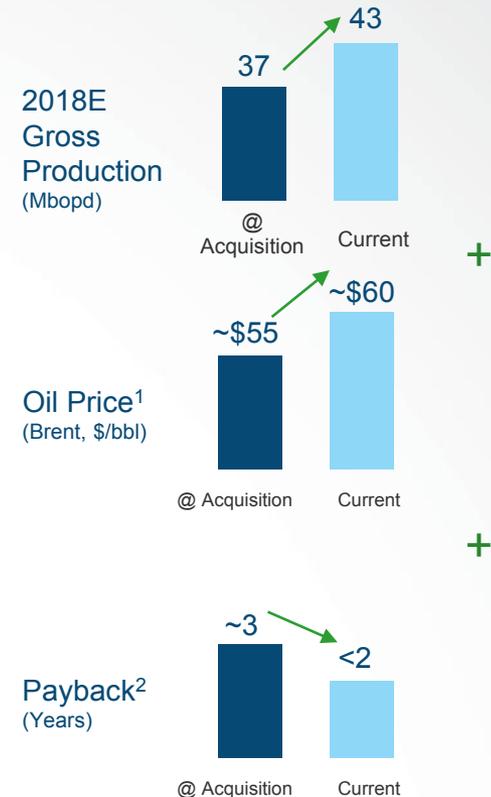
- Diversifies existing production base
- Accesses proven oil basin
- Highly-economic tie-back opportunities provide potential to shorten cycle times for production growth

- **Highly accretive deal with accelerated payback**

- Purchased at < 2x EBITDAX vs. trading multiple of ~7x
- High-margin barrels (~\$40/bbl at \$60/bbl Brent in 2018) create significant free cash flow
  - < 2 year payback expected

- **Innovative partnership**

- Leverages Kosmos exploration/subsurface capabilities with Trident's production/operating expertise

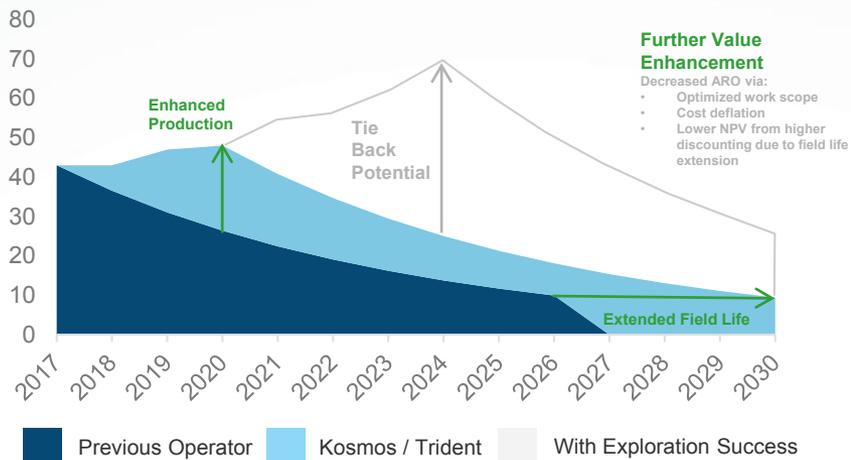


Value Creation

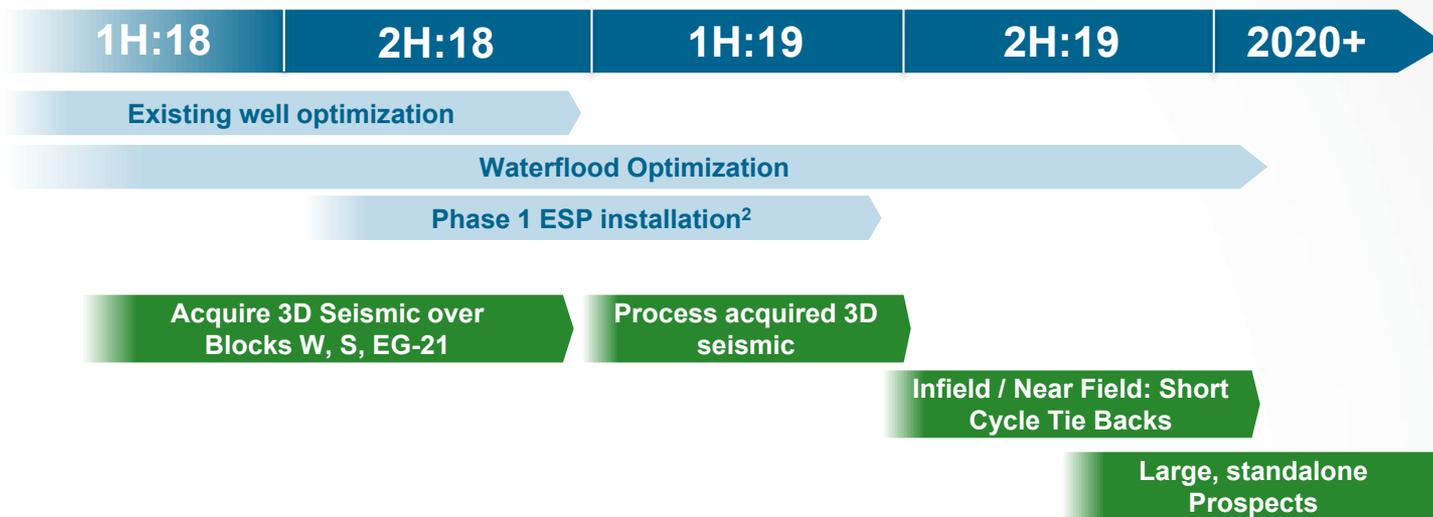
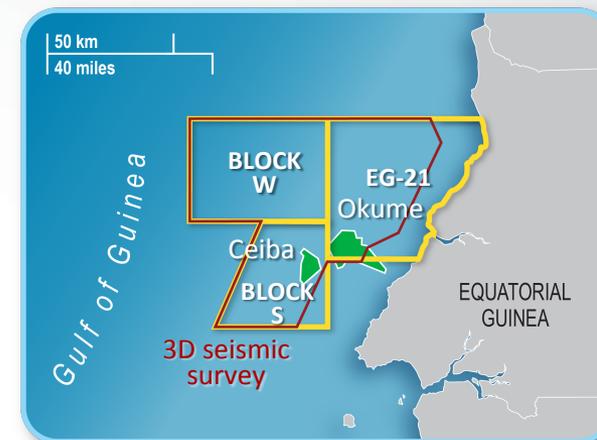
1. Source: Bloomberg, price is 2018 strip at transaction announcement.  
 2. Payback of initial \$231MM net closing consideration; approximate 3 year payback based on \$55 Brent, less than 2 year current payback based on \$60 Brent  
 3. Includes opex, taxes, and capex

**Activities focused on maximizing existing resource value and finding new resources, with 2018 work program enabling 2019 tie-back focused drilling**

## Maximizing Value of Existing Resource<sup>1</sup>



## Finding New Resource

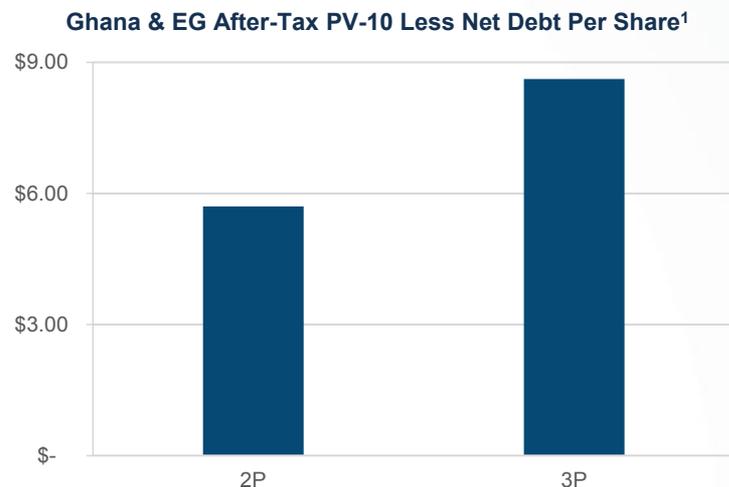
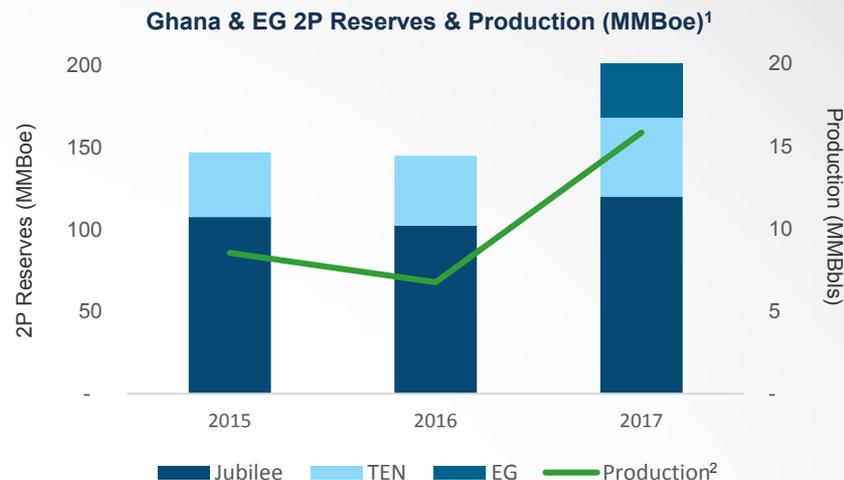


1. Illustrative production profile  
 2. ESP installations expected to generate > 100% rate of return

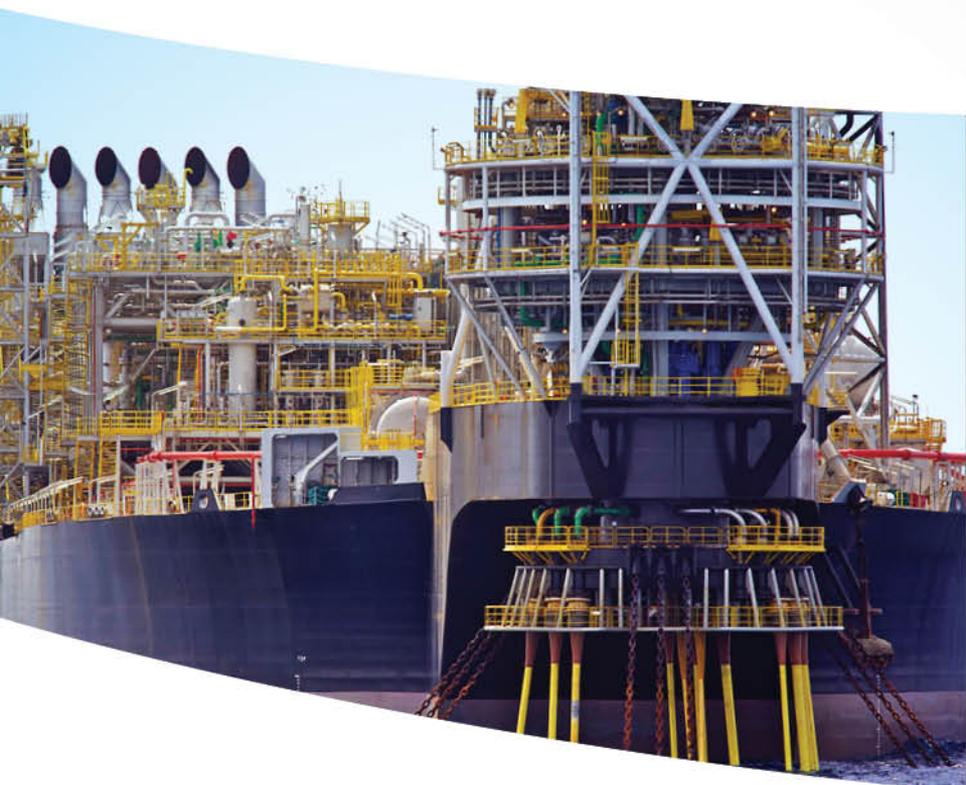
# Solid Reserve Base Underpins Company Value

*Big fields get bigger, good deals get better, delivering capital efficient resource expansion and value growth*

- Growing reserve base provides foundational value
- Ghana and Equatorial Guinea 2P reserves underpin base value of share price, offer downside protection
- Growth opportunity from continuing conversion of 3P to 2P reserves



1. Reserves and After-tax PV-10 from Ryder Scott 2017 PRMS Reserve Report at \$60/\$65/\$70 per barrel Brent for 2018/2019/2020+  
 2. 2017 production pro-forma EG acquisition, includes full-year impact of EG production  
 Note: Total 2P reserves includes oil, sales gas, and fuel gas



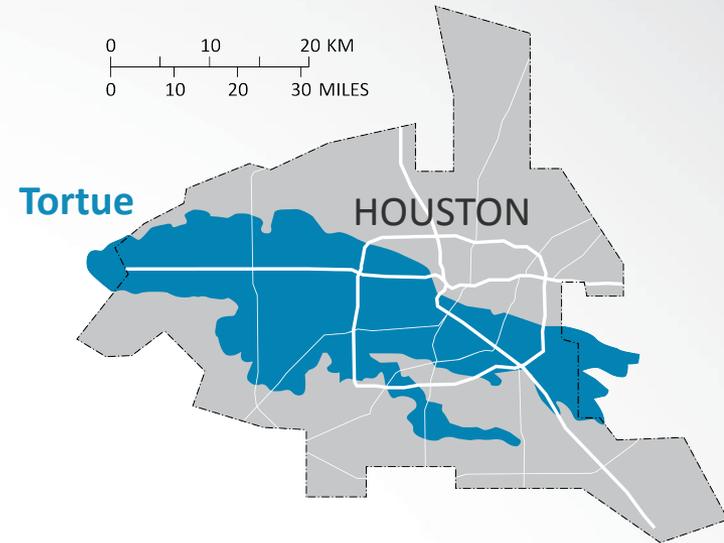
## Pipeline of World-Scale Developments

*Delivering sustainable cash flow  
for the long term*

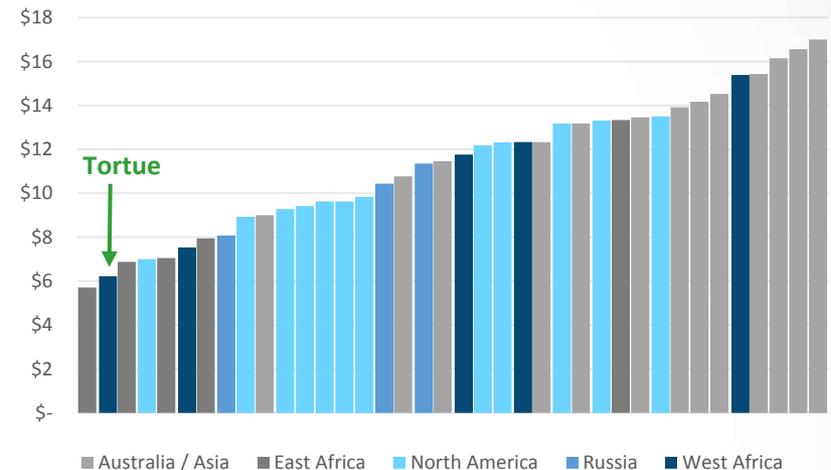
# Greater Tortue: World-Scale, Fast-Track Gas Project

*Kosmos-BP partnership aligned to deliver low cost, highly competitive gas project on accelerated pace with room for expansion*

- **15 Tcf gas resource**
  - World scale gas field underpins leading LNG project
  - 10 mmtpa project would be expected to generate cash flow of ~\$350 MM/yr net to Kosmos over ~20+ year plateau
- **Innovative development solution**
  - BP-led phased development expected to FID around end 2018 and deliver first gas in late 2021
  - 2.5 mmtpa first phase development establishes infrastructure for future expansion
  - First phase delivers early cash flow and substantially funded by BP carry
- **Cost competitive with Atlantic Margin LNG**
  - First phase using cost competitive, industry-led liquefaction solution
  - High-quality reservoir and resource density leads to fewer wells and more efficient development
  - Future expansion planned, providing economies of scale



**Lowest Decile on LNG Cost Curve<sup>1</sup>**



1. Source: Goldman Sachs

*BP project team has made significant progress towards FID*



- **BP plan for 2.5 mmtpa first phase selected**
  - Innovative near-shore solution provides cost-competitive LNG and establishes infrastructure for future expansion
- **Approval of ICA provides clear path to FID around year end 2018 and first gas late 2021**
  - Front End Engineering underway
  - Key subcontracts ready to award
  - LNG marketing underway



## Sustainable and Balanced Exploration Portfolio

*Delivering Long-Term Growth*

*Kosmos' exploration strategy is being executed with discipline, creating a balanced portfolio which has delivered top quartile success and provides a sustainable drilling program going forward*

## • Strategy

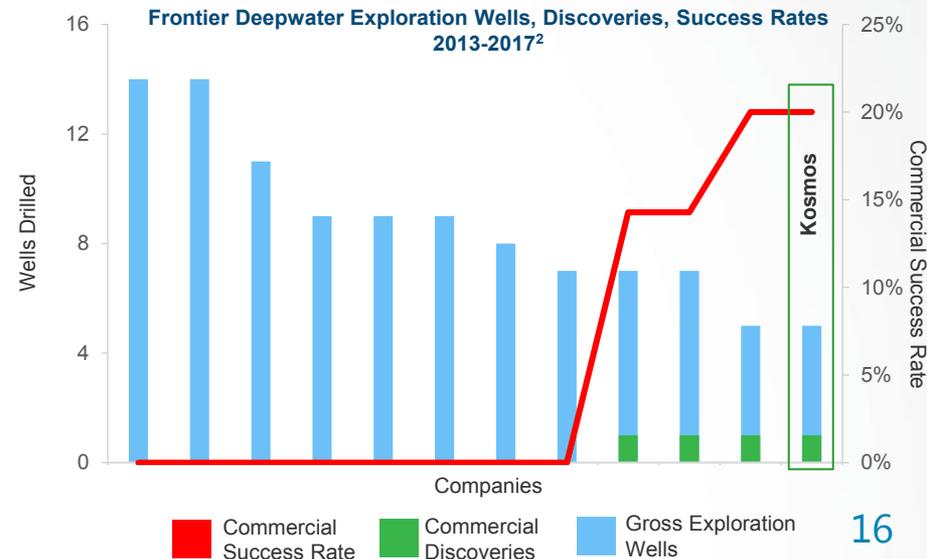
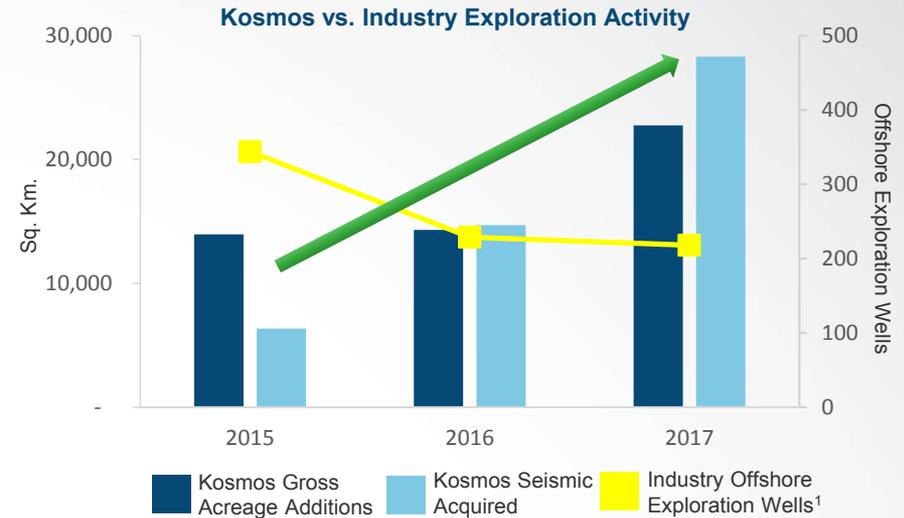
- Focus on south Atlantic margin, Cretaceous, deepwater petroleum systems
- Concentrated portfolio, rifle shot exploration drilling

## • Execution

- Contrarian, technical ideas and countercyclical business initiatives provide first mover advantage
- Investment through low price cycle takes advantage of better access opportunity and deflated costs
- Large, operated positions in selected basins provide significant potential and enable exploration risk to be managed

## • Results

- Concentrated, balanced, exploration portfolio with a mix of proven, emerging and frontier basins
- Top quartile historical record of success in opening frontier basins (1 in 5 commercial discovery rate)
- Exploration drilling success and active new ventures ensure a sustainable, exploration drilling program
- 2-3 wells each year going forward (e.g. 2018 Suriname, 2019 Mauritania/Senegal, Sao Tome, and Equatorial Guinea)

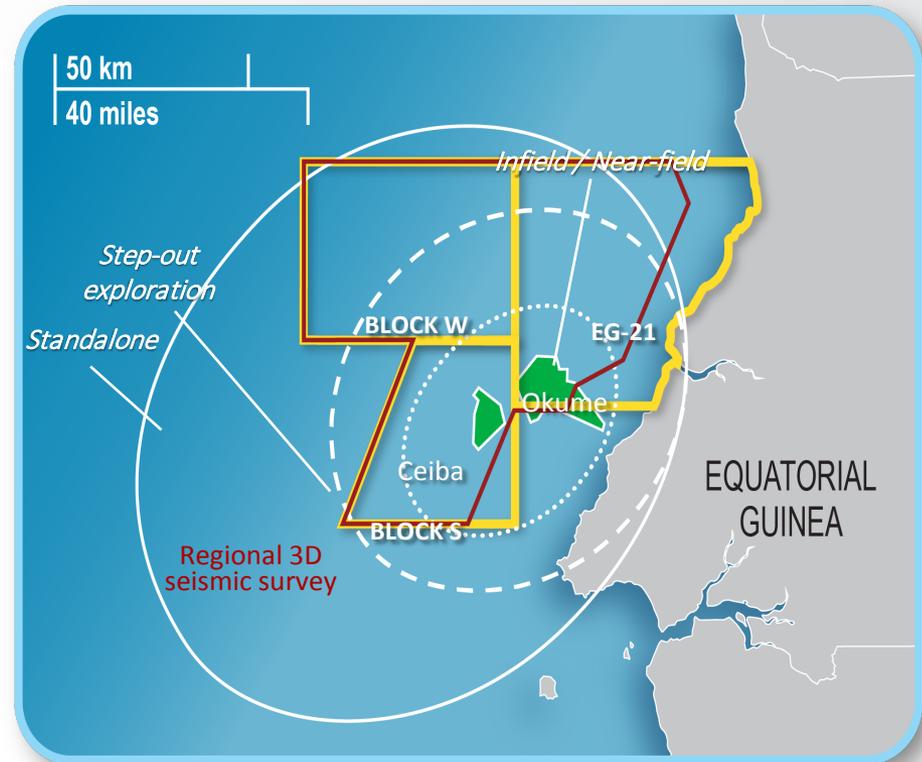


1. Source: Wood Mackenzie

2. Source: Richmond Energy Partners, data include frontier, deepwater exploration wells drilled from 2013-2017

*Nearfield exploration in the proven, but underexplored Rio Muni basin includes lower risk, short-cycle time, high-value, tie-back exploration opportunities to the Ceiba /Okume facilities*

- **Underexplored opportunity involves three primary Cretaceous fairways**
  - Infield/nearfield
    - Campanian upper slope/channel play fairway and deeper, Santonian and Albian potential underlying the producing fields
    - Multiple leads/prospects identified
  - Step-out
    - Potential mid-late Cretaceous mid-slope channel systems downdip and along trend
  - Standalone
    - Outboard lower slope play fairways
- **Plan to acquire new 3D seismic this year ahead of high grading opportunity set for drilling starting in late 2019**



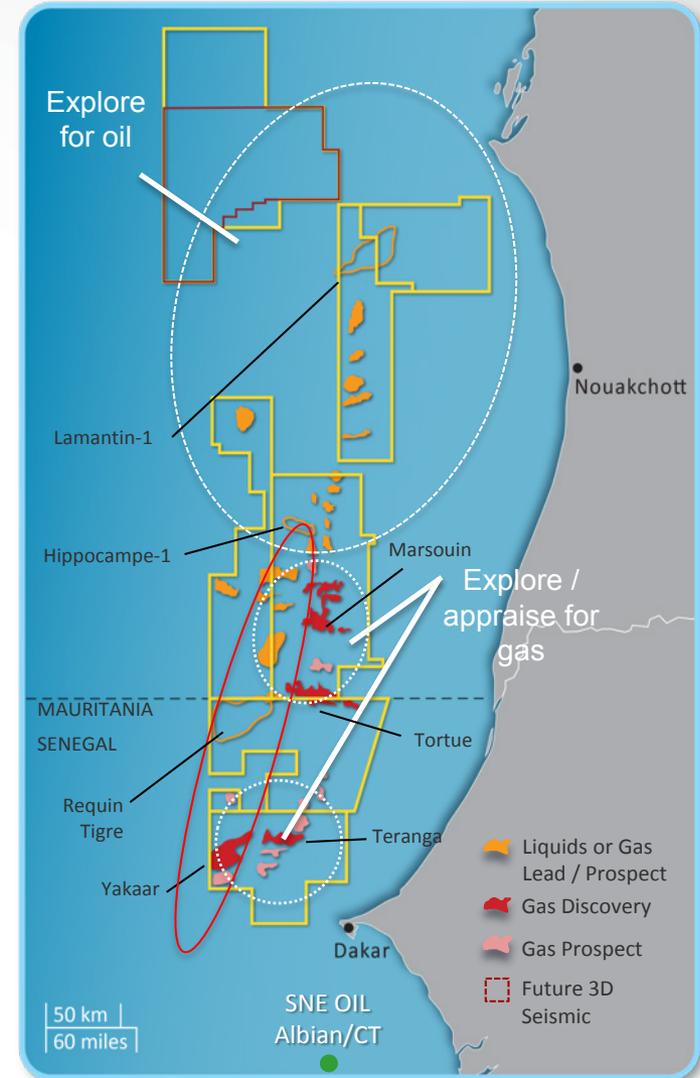
## *Giant gas resource base found at best-in-class metrics with significant remaining potential*

### • Exploration to date

- Two phases of exploration completed
  - 7 prospects tested with a success rate of ~60%
  - Discovered 40 Tcf of gas and derisked/delineated 40 Tcf at a cost of \$0.20/boe
- First phase – Inboard Central Anticline Trend
  - 3 discoveries, 100% success rate, Tortue, Marsouin, and Teranga
  - Tortue discovery targeting first gas late 2021
- Second phase – Outboard Basin Floor Fan Fairway
  - 4 prospects tested, including 33% success rate in southern Mauritania/northern Senegal gas trend, and 0 for 1 in northern Mauritania oil trend
  - Yaakar Field gas discovery (largest find in the world in 2017), together with Teranga creates potential additional gas hub
  - Gained proprietary technical knowledge providing key petroleum system insights and competitive advantage for next phase of exploration

### • Future exploration of this emerging basin

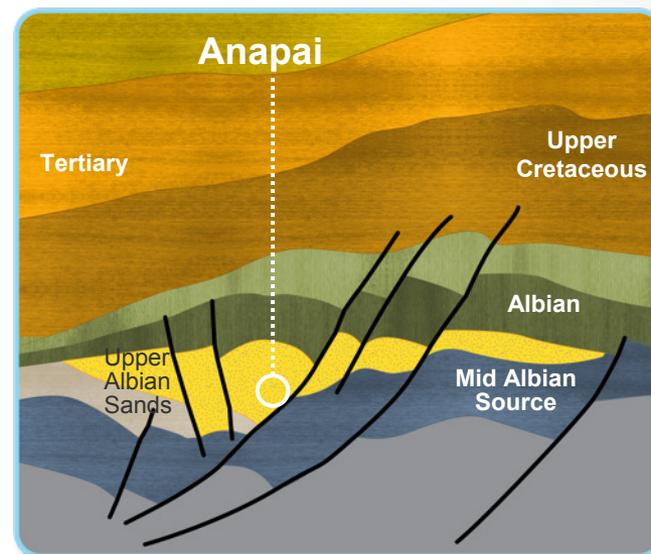
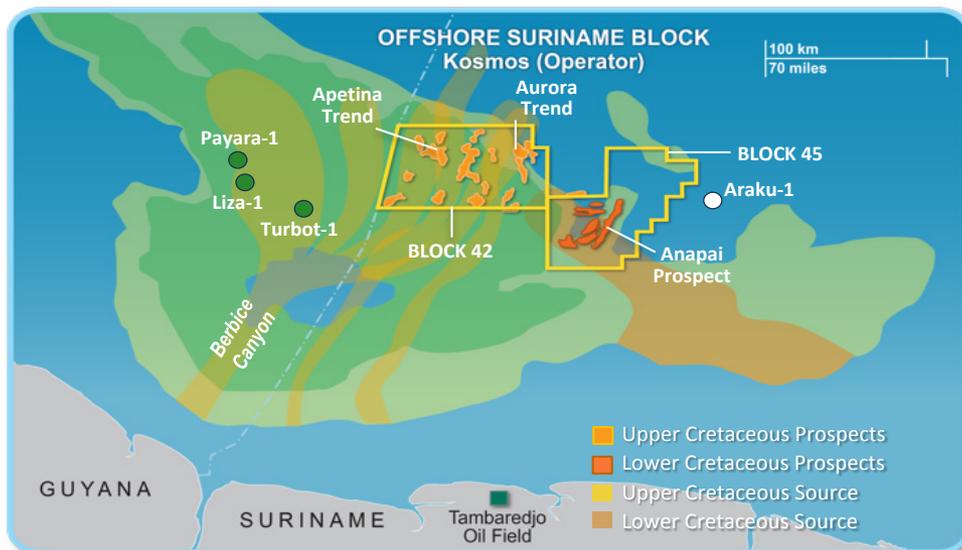
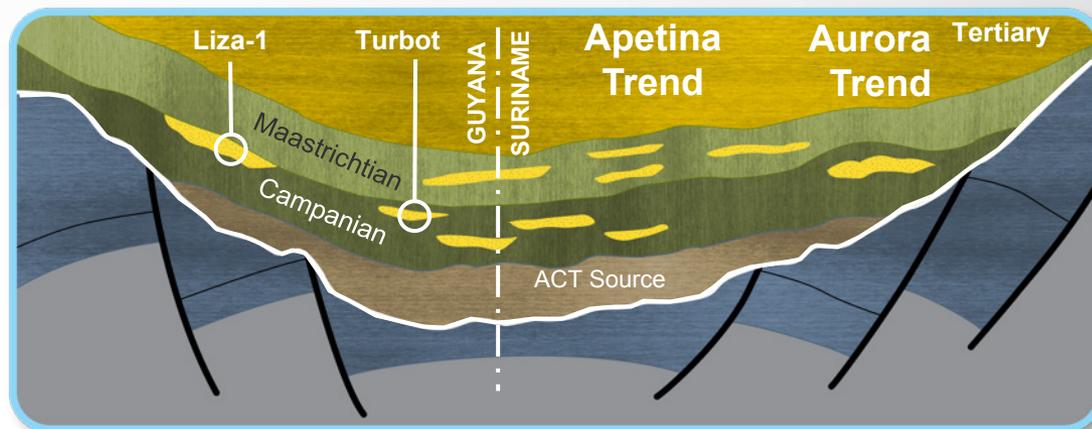
- 2018
  - Drilling pause to integrate well results and rebuild prospect inventory
- 2019 and beyond
  - Design and execute program to target oil in northern Mauritania (both inboard and outboard)
  - Delineate gas resources in southern Mauritania /northern Senegal for additional gas hubs



# Emerging Basin Exploration – Suriname

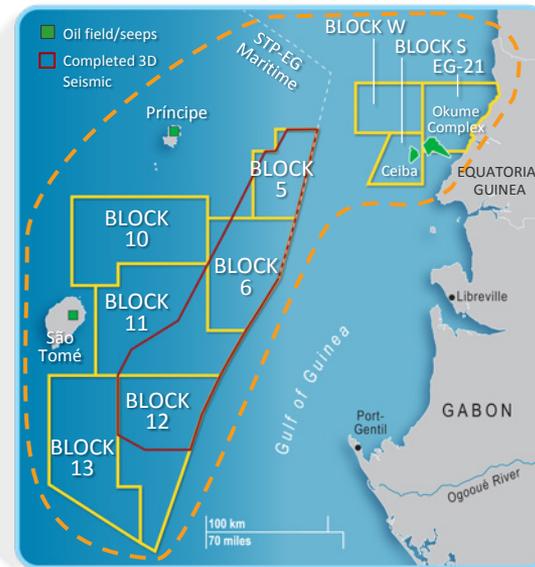
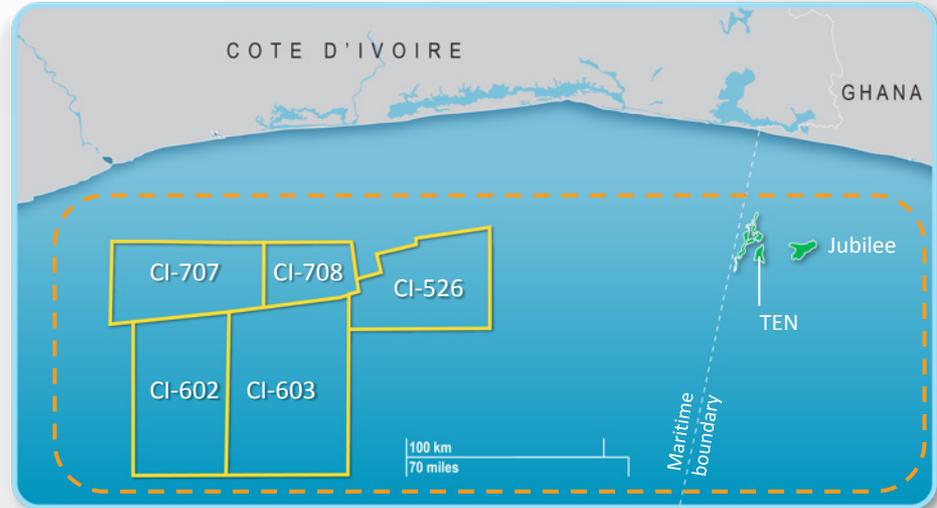
*Extension of emerging oil petroleum system recently opened in Guyana, provides up to five independent plays and multi-billion barrel potential, with drilling to commence 2Q'18*

- Multi-billion barrel prospectivity to be tested across 5 independent Cretaceous plays
- In 2018, testing two plays:
  - Anapai – 700 MMBbl gross unrisked early Cretaceous structural / stratigraphic trap in Block 45
  - Aurora/Apetina – 500+ MMBbl gross unrisked late Cretaceous Liza-type stratigraphic play in Block 42
- Follow-on exploration drilling to test other independent plays in 2019 – 2021



## Executing frontier basin exploration strategy through the BP / KOS strategic alliance to provide new drilling opportunities in 2020 and beyond

- Re-entry into the Transform Margin and Gulf of Guinea
- Leveraging new learnings to pursue contrarian technical concepts
- Growing acreage footprints in existing basins, e.g. Sao Tome
- Establishing entry positions in new petroleum systems, e.g. Cote D'Ivoire
- Acquiring, processing and interpreting 3D seismic for drilling starting in 2020



COTE D'IVOIRE



SAO TOME  
and  
PRINCIPE



## Strong Financial Platform

# Financial Strength To Execute Through Cycle



## Prudent balance sheet management has enabled strategy execution

### Strategy targets self-funded business plan

- Strong operating cash flow from producing assets
- Liquidity : \$1.3 bn post refinancing of RBL<sup>1</sup>

### Disciplined capital allocation

- Balance between production, development, exploration
- Leverage partner funding

### Debt maturities actively managed

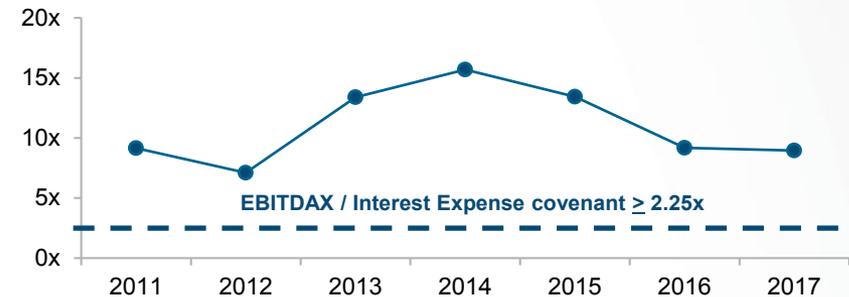
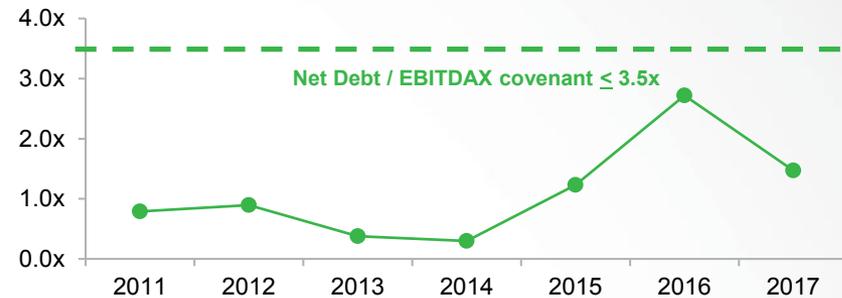
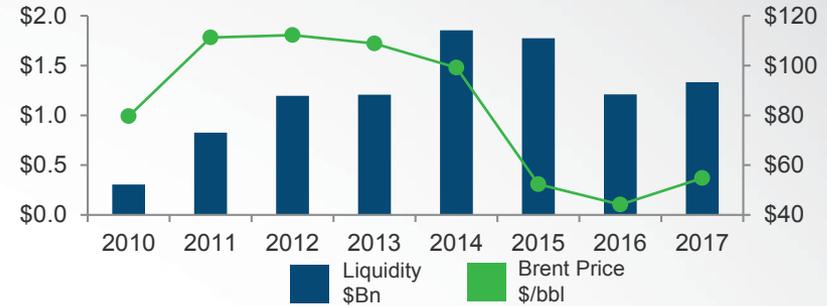
- No debt maturity until 2021
- RBL refinanced until 2025
- RCF (undrawn) expect to refinance prior to maturity in 2018

### Low leverage

- Exited 2017 with significant headroom on facilities and covenants<sup>2</sup>

### Disciplined hedging program

- Received cash settled hedges of over \$450 million since 2015



1. As of December 31, 2017 and pro-forma RBL refinancing

2. Calculated using pro forma EBITDAX (\$695 MM), including our 50% interest in KTEGI for full-year 2017, for the purposes of calculation of our covenants under our RBL facility.

<b>Kosmos</b>		
	<b>1Q</b>	<b>FY</b>
<b>Cargos</b>	<b>2018</b>	<b>2018</b>
<b>Jubilee</b>	1	7
<b>TEN</b>	1	4
<b>Ghana</b>	2	11
<b>Avg. Cargo Size (MBbls)</b>	~975	~975
<b>Opex (\$/bbl)</b>	\$21.00 - \$23.00	\$14.00 - \$17.00
<b>DD&amp;A (\$/bbl)</b>	\$27.00 - \$28.00	\$24.00 - \$26.00
<b>G&amp;A (\$MM)</b>	\$30	\$100
<b>% Cash</b>	65%	65%
<b>Exploration Expense (Non Dry Hole)</b>	Average of \$30mm per quarter	
<b>Taxes (\$/bbl)</b>	\$2.50 - \$3.50	\$3.00 - \$4.00
<b>% Current</b>	100%	100%
<b>Total Capex (\$MM)</b>		\$300
<b>Ghana</b>		\$110
<b>Exploration</b>		
Suriname Drilling		\$50
Seismic		\$80
New Ventures		\$50
<b>Corporate</b>		\$10

<b>Equatorial Guinea - Equity Method Investment<sup>1</sup></b>		
	<b>1Q</b>	<b>FY</b>
	<b>2018</b>	<b>2018</b>
<b>Gross Production (Bopd)</b>		43,000
<b>Cargos<sup>2</sup></b>	3	10
<b>Avg. Cargo Size (MBbls)</b>	~1,000	~1,000
<b>Opex (\$/bbl)</b>		\$13.00 - \$15.00
<b>DD&amp;A (\$/bbl)</b>		\$24.00 - \$26.00
<b>Taxes (\$/bbl)</b>		\$11.00 - \$13.00
<b>% Cash</b>		60%
<b>Capex (\$MM)</b>		\$5

1. Represents 100% interest in our equity method investment Kosmos Trident International Petroleum Inc (KTIPI). Kosmos owns a 50% interest in KTIPI which holds an 85% participating interest in the Ceiba Field and Okume Complex through its wholly-owned subsidiary, Kosmos-Trident Equatorial Guinea Inc. ("KTEGI"), representing a 40.375% net indirect interest to Kosmos.

2. Entitlement share of production net to KTIPI in which Kosmos holds a 50% interest

*A balanced production, development, and exploration portfolio with multiple sources of upside*

## **1. High-margin production assets delivering growth**

- 2P reserves underpin current share price
- 3P resources offers significant upside

## **2. Low-cost, competitively positioned Tortue gas project provides next phase of growth**

- Tortue Phase 1 project moving forward as planned
- Tortue Full Field Development offers further upside

## **3. Sustainable exploration program with balance of proven, emerging, and frontier basins offering multiple catalysts in 2018, 2019, and beyond**

## **4. Strong balance sheet enables strategy execution**