

KOSMOS



ENERGY



2Q 2020 Results

NYSE/LSE: KOS

August 3
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. 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.

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.

Early actions helped Kosmos to navigate a challenging quarter for the sector

- **Kosmos delivered strong operational performance despite challenging 2nd quarter**
 - Record low oil prices and unprecedented volatility
 - Production delivered on guidance
 - ~60,000boepd in line with 2Q guidance, reflecting GoM shut-ins (~6,000boepd impact in 2Q)
 - On track to deliver cost reductions
 - Increased impact in 3Q-4Q with reduced activity set and realization of Opex savings
 - Not expected to have any long-term impact to the portfolio
- **Balance Sheet in solid position**
 - Increased liquidity through prepayment agreement with Trafigura
 - Ended 2Q with \$600+ million of liquidity¹
 - Free cash flow inflection point reached at current oil prices
 - Expect to be free cash flow positive in 2H20 at strip pricing, resulting in lower year-end net debt
- **Positioning for the future**
 - Mauritania & Senegal: Greater Tortue development advances
 - Phase 1 project: 40% complete
 - High-graded exploration prospects
 - Proven basin ILX + self funded basin-opening tests

Safe and reliable operations during 2Q in line with guidance

Ghana

- 2Q net production of ~29,000bopd at the high end of range
- Jubilee: gross production ~90,000 bopd
 - Improved reliability
 - Record water injection / gas export rates
 - Strong collaboration with the operator
- TEN: gross production ~50,000 bopd
 - NT-09 expected online shortly
- Rapid response to COVID-19 cases; no current infections
- Full year production guidance remains: 27-29,000 bopd

Equatorial Guinea

- 2Q net production of ~11,000bopd
- Rapid response to COVID-19 cases; no current infections
- Full year production guidance remains: 11-13,000 bopd

Gulf of Mexico

- 2Q net production of ~20,000boepd; as guided due to impact of May shut-ins (6,000boepd impact)
- All fields back online in June
- Exited 2Q with net production ~29,000boepd
- Tornado well currently drilling and due online early 4Q
- Full year production remains at low end of 24-28,000 boepd guidance

2Q Production: ~60,000 boepd in line with guidance, including GoM shut ins

Working with local communities to fight the virus in West Africa

Ghana



Donated equipment and supplies to the Ghana Health Service, including an automated DNA/RNA extraction machine

Equatorial Guinea



Along with other industry players, procured and donated test kits and lab equipment to support the country's response

Mauritania



Provided funds to Ecole Supérieure Polytechnique (Mauritania's leading engineering school) for the local design and assembly of ventilators

Senegal



Procured and donated personal protective equipment and other supplies for medical personnel

Strong operational performance impacted by one-time revenue effects

		Q2 2020A	
One-time impact	Net Production	~60,100 boe/day	<ul style="list-style-type: none"> Impact of May GoM Shut ins; otherwise strong production from 3 producing hubs
	Realized Price ¹	~\$21/boe	<ul style="list-style-type: none"> Significant dislocation between quoted and realized prices ~60% of 2Q volume priced in April
Delivering Sustainable Cost Reductions	Opex	\$14.53/boe	<ul style="list-style-type: none"> Opex expected to continue to decline in 2H 2020
	DD&A	\$19.94/boe	✓
	G&A ²	\$18 million	✓
	Exploration Expense	\$16 million	✓
	Net Interest	\$28 million	✓
	Tax Exp. / (Benefit)	\$(7.76)/boe	✓
	Base Business Capex	\$66 million	<ul style="list-style-type: none"> Capex front end loaded with continued decreases expected in 2H 2020

1. Excluding hedges

2. Q2 2020 G&A – Approximately 55% cash

Healthy liquidity position due to cash discipline and production prepayment agreement

Liquidity / Prepayment agreement

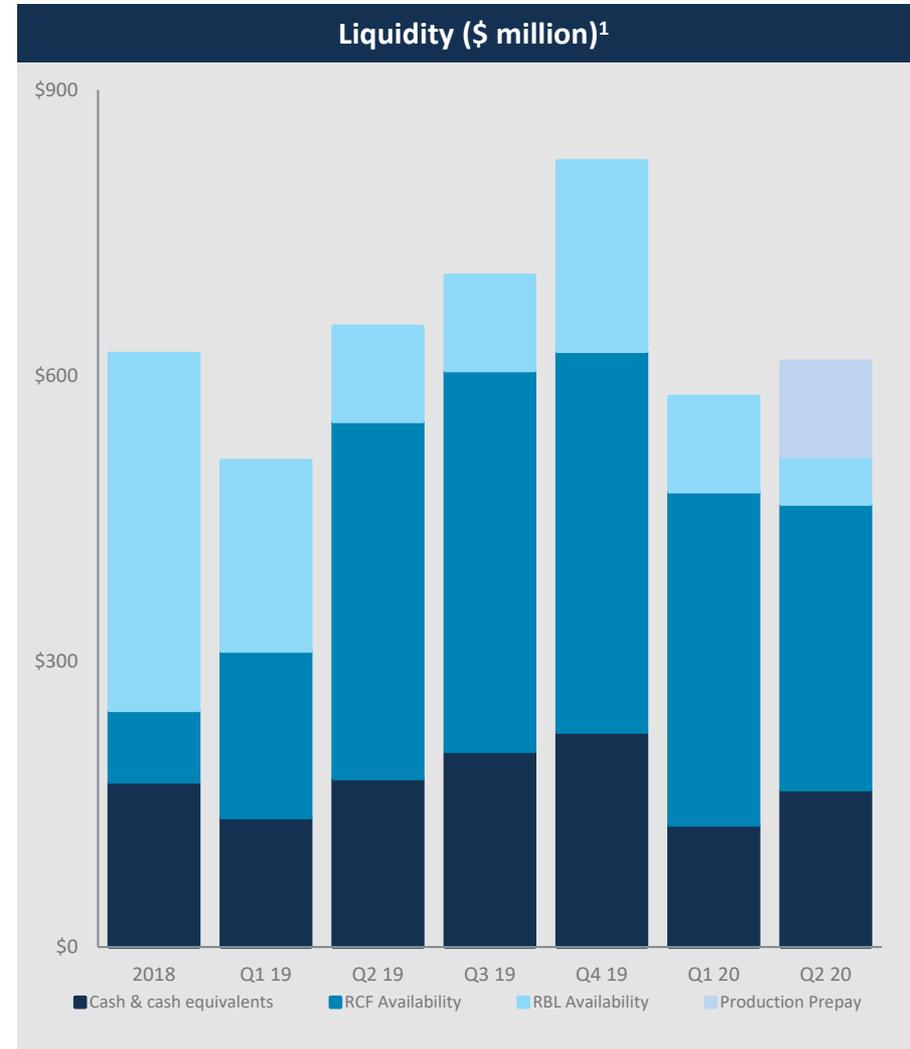
- Total liquidity¹ at the end of 2Q 2020 of \$614 million, including \$164 million in cash
- Up to \$200 million from prepayment agreement
 - Low-cost, flexible agreement
 - \$50 million advanced in 2Q

Leverage

- Net debt increased by ~\$65 million in 2Q, however expect to reduce debt in 2H20, paying down RCF and RBL with free cash flow
- Bank consent received for higher debt cover ratio² through end-2021 due to 2Q EBITDAX impact

Free Cash Flow

- On track to deliver free cash flow breakeven of ~\$35/barrel 2Q-4Q 2020
- We expect to be free cash flow positive 2H 2020 and into 2021 at current prices



Note 1: Liquidity excludes restricted cash and includes additional committed prepayments under the Production Prepayment Agreement with Trafigura
 Note 2: Debt cover ratio is calculated as (total net debt + advanced GoM prepayments)/LTM EBITDAX post approval of RBL/RCF waiver

Greater Tortue project advances despite COVID-19 mitigations in Mauritania/Senegal

Subsea
~30% complete



251 km of the 308 km line pipe has been completed

FPSO
~40% complete



291 of 387 Hull / Living Quarter blocks constructed

FLNG
~53% complete



Major equipment packages delivered. Site workforce to ramp up through August

Breakwater
~34% complete



Delivery of rock continues despite shutdown of caisson construction yard

Total Phase 1 Execution: ~40% Complete (33% End-1Q20)

Continued progress of Phase 1 development aids sell-down process to deliver self-funded growth

High-grading tests for 2021

Proven Basin Infrastructure-led Exploration (ILX)

- Significant progress made towards maturing and high-grading ILX hopper in proven basins (GoM / EG)
- Expected free cashflow from 2H 2020 and 2021 combined with increased EBITDAX provides ability to de-lever and restart ILX in 2021
- The ILX program targets:
 - High return, fast payback oil opportunities near existing infrastructure
 - Low cost and lower carbon

Frontier Basin Opening Exploration

- Planning for up to three high quality tests in 2021
 - Farm-down initiatives making good progress to deliver self-funded tests in
 - Suriname
 - Namibia
 - Sao Tome

① Good underlying performance while navigating a challenging 2Q 2020

- Strong quarter operationally
- Guidance maintained

② Balance sheet in solid position

- Reached a free cash flow inflection point at current strip prices
- Expect to be free cash flow positive in 2H20 and into 2021

③ Preparing for future growth through the Tortue LNG project and high return, fast payback exploration in 2021+

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