



## **Kosmos Energy Ltd - Operational Update**

March 17, 2020

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Kosmos Energy Limited

17 March 2020

# **NEWS RELEASE**

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## **OPERATIONAL UPDATE**

**DALLAS, Texas, March 17, 2020** - Following the announcement of [Kosmos Energy's](#) (NYSE/LSE: KOS) full year 2019 results on February 24, 2020, the company is today providing an operational update.

In response to the current market price volatility, Kosmos is taking the following actions to maintain balance sheet strength and preserve flexibility:

### **1. Reduce Capital Expenditures:**

At the 4Q19 results, we guided to a 2020 capital budget for our base production business of \$325-\$375 million. We have identified over \$100 million of discretionary expenditure largely related to exploration activities in the Gulf of Mexico and our basin-opening exploration portfolio. We are now targeting to reduce our 2020 capital budget for the base business by around 30% to under \$250 million whilst keeping 2020 production flat, in line with previous guidance and with minimal expected impact on 2021 production. The company also has significant flexibility in its 2021 capital program should current market conditions persist.

In Mauritania & Senegal, we are working with the Operator to defer 2020 Tortue Phase 1 capital spending with the goal of extending the carry of our capital obligations through the end of this year. In addition, our priority remains to sell down our interests to support a self-funded growing gas business. Tortue Phases 2 and 3 are expected to take final investment decision (FID) in mid-2022 and mid-2023 respectively with minimal capital required ahead of FID with the objective to project finance both thereafter.

### **2. Reduce Both Operational Expenditures (Opex) and General and Administrative Costs (G&A)**

We plan to implement cost reductions with over \$60 million of savings expected in

Opex and G&A in 2020. Whilst a significant portion of our Opex is fixed, we are targeting a reduction of \$1/boe without impacting asset integrity or near-term production. Through a reduction in company headcount, no planned cash bonuses for employees in 2020 and other cost reductions we plan to significantly reduce cash G&A in 2020.

### **3. Suspend the Dividend**

Our priority is to ensure the strength of the balance sheet in the current market price volatility. The Board has therefore decided to suspend the dividend after the announced 4Q'19 payment until market conditions improve. This will provide savings of approximately \$75 million annually.

As a result of the actions above, and taking into account the company's hedging position, Kosmos believes it can be free cash flow neutral beginning in 2Q and fund all of its obligations at a \$35/bbl Brent price.

Full details of the hedging portfolio can be found in the most recent Form 10-K document or on the company's website. The current cash value of the 2020 and 2021 hedges is approximately \$100 million and \$45 million respectively.

### **About Kosmos Energy**

Kosmos is a full-cycle deepwater independent oil and gas exploration and production company focused along the Atlantic Margins. Our key assets include production offshore Ghana, Equatorial Guinea and U.S. Gulf of Mexico, as well as a world-class gas development offshore Mauritania and Senegal. We also maintain a sustainable exploration program balanced between proven basin infrastructure-led exploration (Equatorial Guinea and U.S. Gulf of Mexico), emerging basins (Mauritania, Senegal and Suriname) and frontier basins (Cote d'Ivoire, Namibia, Sao Tome and Principe and South Africa). Kosmos is listed on the New York Stock Exchange and London Stock Exchange and is traded under the ticker symbol KOS. As an ethical and transparent company, Kosmos is committed to doing things the right way. The Company's Business Principles articulate our commitment to transparency, ethics, human rights, safety and the environment. Read more about this commitment in the Kosmos 2018 Corporate Responsibility Report. For additional information, visit [www.kosmosenergy.com](http://www.kosmosenergy.com).

### ***Forward-Looking Statements***

*This press release 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 press release that address activities, events or developments that Kosmos expects, believes or anticipates will or may occur in the future are forward-looking statements. Kosmos' 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 Kosmos 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 Kosmos. When used in this press release, 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 Kosmos, 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 Kosmos' Securities and Exchange Commission ("SEC") filings. 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 press release, 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 press release. All forward-looking statements are qualified in their entirety by this cautionary statement.*

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