



Kosmos Energy Ltd - Farm Down of a Portfolio of Exploration Assets

09/09/20 06:00 GMT

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Kosmos Energy Limited

09 September 2020

NEWS RELEASE

KOSMOS ENERGY ANNOUNCES FARM DOWN OF A PORTFOLIO OF EXPLORATION ASSETS TO SHELL FOR UP TO \$200 MILLION

Transaction accelerates investment in short-cycle, high-margin exploration opportunities and further strengthens the balance sheet

DALLAS, Texas, September 9, 2020 - [Kosmos Energy](#) (NYSE/LSE: KOS) ("Kosmos" or the "Company") has entered into an agreement with B.V. Dordtsche Petroleum Maatschappij ("Shell"), a wholly-owned subsidiary of Royal Dutch Shell PLC (LSE: RDSA), to farm down interests in a portfolio of frontier exploration assets for approximately \$100 million, plus future contingent payments of up to \$100 million.

Under the terms of the agreement, Shell will acquire Kosmos' participating interest in blocks offshore São Tomé & Príncipe, Suriname, Namibia, and South Africa (the "Assets"). The consideration consists of an upfront cash payment of approximately \$100 million, plus contingent payments of \$50 million payable upon each commercial discovery from the first four exploration wells drilled across the Assets, capped at \$100 million in aggregate. Three of the four wells are currently planned for 2021.

Kosmos plans to use up to one-third of the initial proceeds to test two high-quality infrastructure-led exploration prospects in the Gulf of Mexico, each offering hub scale potential with a low-cost, lower-carbon development scheme. The company expects to use the remainder of the proceeds to reduce borrowings outstanding under its credit facilities.

Andrew G. Inglis, Kosmos Energy's chairman and chief executive officer said: "With this transaction, we are continuing to focus our exploration portfolio on proven basins that offer superior returns with shorter payback and significant resource potential. The proceeds enable Kosmos to accelerate high graded exploration opportunities while strengthening the balance sheet, positioning Kosmos to create additional shareholder value. The contingent payments locked into the agreement with Shell ensure we retain upside from frontier exploration with no further investment."

Post completion of the transaction, Kosmos retains a focused exploration portfolio with over six billion barrels of gross resource potential in the Gulf of Mexico and West Africa. Kosmos also expects to realize approximately \$125 million in total savings across capital expenditures and general and administrative expenses over the next two years as a result of the transaction.

Closing of the transaction is expected in the fourth quarter of 2020 with an effective date of September 1, 2020 and is subject to customary conditions including government approvals.

Kosmos will present at the virtual Barclays CEO Energy-Power Conference on Wednesday, September 9, 2020 and an updated slide presentation has been posted to Kosmos' website this morning.

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. 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.

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.

Inside Information

This announcement contains inside information. The person responsible for arranging the release of this announcement is Jamie Buckland, Vice President, Investor Relations.

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Source: Kosmos Energy Ltd.

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