



Kosmos Energy Provides Update on Ghana Operations

June 30, 2016

DALLAS--(BUSINESS WIRE)--Jun. 30, 2016-- Following its news release dated February 18, 2016, Kosmos Energy (NYSE: KOS) today provided an update on its operations in Ghana.

Jubilee

As previously announced, an issue with the turret bearing of the FPSO Kwame Nkrumah, identified in February 2016, has resulted in the need to implement new operating and offtake procedures. This necessitated the FPSO to be shut down for an extended period in April with production resuming in early May. Since then, 18 offtakes to the storage tanker have been successfully conducted using the dynamically positioned (DP) shuttle tanker and gross production of field has gradually increased, averaging around 90,000 bopd in June. The operator expects the Jubilee field to continue operating under these new procedures for the remainder of 2016 and anticipates average gross annual production to be around 74,000 bopd for 2016, which equates to average gross production of approximately 85,000 bopd in the second half of 2016.

Kosmos and its Partners have made excellent progress towards establishing the best long-term solution, and based on the work undertaken over the past four months, now sees converting the FPSO to a permanently spread moored facility, with offtake through a new deepwater offloading buoy, as the preferred long-term solution. The Partners are now working with the Government of Ghana to seek their approval for this option. The first phase of this work will involve the installation of a stern anchoring system to replace the three heading control tugs currently in the field, and this is expected to be complete by the end of 2016 and will require short periods of reduced production. The Partners then plan a second phase of work to remove the load of the turret and risers from the bearing to allow the FPSO to be rotated to its optimal spread moor heading in the first half of 2017. These phases of work are expected to cost approximately \$100-150 million gross and it is estimated that the Jubilee FPSO will need to be shut down for 8-12 weeks during the first half of 2017.

Upon completion of the spread mooring work program, production is expected to return to the levels achieved before the turret bearing issue occurred. The Partners will review potential opportunities to improve the efficiency of offtake procedures, which may include the use of a larger DP shuttle tanker. The additional operating expenditure is expected to be around \$115 million gross for 2016 and \$80 million gross for 2017.

A deepwater offloading buoy, anticipated to be installed in the first half 2018, will restore full offloading functionality and remove the need for the DP shuttle and storage tankers and associated operating costs. Market enquiries are currently ongoing to estimate the cost and schedule for the fabrication and installation of this buoy.

Kosmos anticipates that the financial impact of lower Jubilee production as well as the additional capex and operating costs associated with the damage to the turret bearing will be mitigated through a combination of the comprehensive Hull and Machinery insurance, procured on behalf of the partnership, and the Loss of Production Income (LOPI) insurance obtained by Kosmos. Claims under both policies have been notified to our insurers.

TEN

The Tweneboa, Enyenra and Ntomme (TEN) project remains on schedule and within budget, with the project now over 96% complete and expected to deliver first oil within the next three to six weeks.

Hook-up and commissioning of the FPSO, connecting the pre-drilled wells to the vessel via the extensive subsea infrastructure, is nearing completion. During July, the integrated start up sequence is expected to be initiated with water injection to the Enyenra reservoir being followed by oil production. This sequence will then be repeated for the Ntomme reservoir.

A gradual ramp up in oil production towards the FPSO capacity of 80,000 bopd is anticipated around the end of 2016 as the facilities complete performance testing and well production levels are increased to optimal rates. Per operator guidance, average annualized production from TEN in 2016 is expected to be approximately 23,000 bopd gross. Additional drilling is not expected to occur at TEN until after the resolution of the Côte d'Ivoire and Ghana border dispute through the ITLOS tribunal whose decision is expected in late 2017.

Associated gas production at TEN is expected to be re-injected into the Ntomme reservoir gas cap until gas export begins. Gas export was planned to commence 12 months after field start up, with the Tweneboa gas reservoir coming on stream a further 12 months later. However, options to accelerate gas export are currently being evaluated as the fabrication of the gas export facilities is ahead of schedule with completion expected in late 2016, approximately six months early.

About Kosmos Energy

Kosmos Energy is a leading independent oil and gas exploration and production company focused on frontier and emerging areas along the Atlantic Margin. Our assets include existing production and other major development projects offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Mauritania, Portugal, São Tomé and Príncipe, Senegal, Suriname, Morocco and Western Sahara. 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 [2014 Corporate Responsibility Report](#). Kosmos is listed on the New York Stock Exchange and is traded under the ticker symbol KOS. 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.

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