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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-35167



Kosmos Energy Ltd.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

98-0686001
(I.R.S. Employer
Identification No.)

Clarendon House
2 Church Street
Hamilton, Bermuda
(Address of principal executive
offices)

HM 11
(Zip Code)

Registrant's telephone number, including area code: **+1 441 295 5950**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered:</u>
Common Shares \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common shares held by non-affiliates, based on the per-share closing price of the registrant's common shares as of the last business day of the registrant's most recently completed second fiscal quarter was \$778,343,016.

The number of the registrant's Common Shares outstanding as of February 18, 2013 was 388,593,342.

DOCUMENTS INCORPORATED BY REFERENCE

Part III, Items 10-14, is incorporated by reference from the Proxy Statement for the Annual Meeting of Shareholders to be held on June 3, 2013.

Certain exhibits previously filed with the Securities and Exchange Commission are incorporated by reference into Part IV of this report.

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Unless otherwise stated in this report, references to "Kosmos," "we," "us" or "the company" refer to Kosmos Energy Holdings and its subsidiaries prior to the completion of the corporate reorganization, which was completed in connection with our initial public offering ("IPO"), and Kosmos Energy Ltd. and its subsidiaries as of the completion of the corporate reorganization and thereafter. We have provided definitions for some of the industry terms used in this report in the "Glossary and Selected Abbreviations" beginning on page 2.

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KOSMOS ENERGY LTD.
GLOSSARY AND SELECTED ABBREVIATIONS

The following are abbreviations and definitions of certain terms used in this report. Unless listed below, all defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily prescribed meanings.

<i>"2D seismic data"</i>	Two-dimensional seismic data, serving as interpretive data that allows a view of a vertical cross-section beneath a prospective area.
<i>"3D seismic data"</i>	Three-dimensional seismic data, serving as geophysical data that depicts the subsurface strata in three dimensions. 3D seismic data typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic data.
<i>"API"</i>	A specific gravity scale, expressed in degrees, that denotes the relative density of various petroleum liquids. The scale increases inversely with density. Thus lighter petroleum liquids will have a higher API than heavier ones.
<i>"ASC"</i>	Financial Accounting Standards Board Accounting Standards Codification.
<i>"ASU"</i>	Financial Accounting Standards Board Accounting Standards Update.
<i>"Barrel" or "Bbl"</i>	A standard measure of volume for petroleum corresponding to approximately 42 gallons at 60 degrees Fahrenheit.
<i>"BBbl"</i>	Billion barrels of oil.
<i>"BBoe"</i>	Billion barrels of oil equivalent.
<i>"Bcf"</i>	Billion cubic feet.
<i>"Boe"</i>	Barrels of oil equivalent. Volumes of natural gas converted to barrels of oil using a conversion factor of 6,000 cubic feet of natural gas to one barrel of oil.
<i>"Boepd"</i>	Barrels of oil equivalent per day.
<i>"Bopd"</i>	Barrels of oil per day.
<i>"Bwpd"</i>	Barrels of water per day.
<i>"Debt cover ratio"</i>	The "debt cover ratio" is broadly defined, for each applicable calculation date, as the ratio of (x) total long-term debt less cash and cash equivalents and restricted cash, to (y) the aggregate EBITDAX (see below) of the Company for the previous twelve months.
<i>"Developed acreage"</i>	The number of acres that are allocated or assignable to productive wells or wells capable of production.
<i>"Development"</i>	The phase in which an oil or natural gas field is brought into production by drilling development wells and installing appropriate production systems.

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<i>"Dry hole"</i>	A well that has not encountered a hydrocarbon bearing reservoir expected to produce in commercial quantities.
<i>"EBITDAX"</i>	Net income (loss) plus (1) exploration expense, (2) depletion, depreciation and amortization expense, (3) equity-based compensation expense, (4) (gain) loss on commodity derivatives, (5) (gain) loss on sale of oil and gas properties, (6) interest (income) expense, (7) income taxes, (8) loss on extinguishment of debt, (9) doubtful accounts expense, and (10) similar items.
<i>"E&P"</i>	Exploration and production.
<i>"FASB"</i>	Financial Accounting Standards Board.
<i>"Farm-in"</i>	An agreement whereby an oil company acquires a portion of the participating interest in a block from the owner of such interest, usually in return for cash and for taking on a portion of the drilling costs of one or more specific wells or other performance by the assignee as a condition of the assignment.
<i>"Field life cover ratio"</i>	The "field life cover ratio" is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of net cash flow through the depletion of the Jubilee Field plus the net present value of certain capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility.
<i>"FPSO"</i>	Floating production, storage and offloading vessel.
<i>"Ghana Obligors"</i>	Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Finance International, Kosmos Energy Development, Kosmos Energy Ghana HC and an "Obligor" from time to time, as defined under the Facility Agreement, as amended and restated, dated November 23, 2012.
<i>"Interest cover ratio"</i>	The "interest cover ratio" is broadly defined, for each applicable calculation date, as the ratio of (x) the aggregate EBITDAX (see above) of the Company for the previous twelve months, to (y) interest expense less interest income for the Company for the previous twelve months.
<i>"Loan life cover ratio"</i>	The "loan life cover ratio" is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of net cash flow through the final maturity date of the Facility plus the net present value of capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility.
<i>"MBbl"</i>	Thousand barrels of oil.
<i>"Mcf"</i>	Thousand cubic feet of natural gas.
<i>"Mcfpd"</i>	Thousand cubic feet per day of natural gas.

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<i>"MMBbl"</i>	Million barrels of oil.
<i>"MMBoe"</i>	Million barrels of oil equivalent.
<i>"MMcf"</i>	Million cubic feet of natural gas.
<i>"Natural gas liquid" or "NGL"</i>	Components of natural gas that are separated from the gas state in the form of liquids. These include propane, butane, and ethane, among others.
<i>"Petroleum contract"</i>	A contract in which the owner of minerals gives an E&P company temporary and limited rights, including an exclusive option to explore for, develop, and produce minerals from the lease area.
<i>"Petroleum system"</i>	A petroleum system consists of organic material that has been buried at a sufficient depth to allow adequate temperature and pressure to expel hydrocarbons and cause the movement of oil and natural gas from the area in which it was formed to a reservoir rock where it can accumulate.
<i>"Plan of development" or "PoD"</i>	A written document outlining the steps to be undertaken to develop a field.
<i>"Productive well"</i>	An exploratory or development well found to be capable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or natural gas well.
<i>"Prospect(s)"</i>	A potential trap that may contain hydrocarbons and is supported by the necessary amount and quality of geologic and geophysical data to indicate a probability of oil and/or natural gas accumulation ready to be drilled. The five required elements (generation, migration, reservoir, seal and trap) must be present for a prospect to work and if any of them fail neither oil nor natural gas will be present, at least not in commercial volumes.
<i>"Proved reserves"</i>	Estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be economically recoverable in future years from known reservoirs under existing economic and operating conditions, as well as additional reserves expected to be obtained through confirmed improved recovery techniques, as defined in SEC Regulation S-X 4-10(a)(2).
<i>"Proved developed reserves"</i>	Proved developed reserves are those proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.
<i>"Proved undeveloped reserves"</i>	Proved undeveloped reserves are those proved reserves that are expected to be recovered from future wells and facilities, including future improved recovery projects which are anticipated with a high degree of certainty in reservoirs which have previously shown favorable response to improved recovery projects.

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<i>"Reconnaissance contract"</i>	A contract in which the owner of minerals gives an E&P company rights to perform evaluation of existing data or potentially acquire additional data but does not convey an exclusive option to explore for, develop, and/or produce minerals from the lease area.
<i>"Shelf margin"</i>	The path created by the change in direction of the shoreline in reaction to the filling of a sedimentary basin.
<i>"Structural trap"</i>	A structural trap is a topographic feature in the earth's subsurface that forms a high point in the rock strata. This facilitates the accumulation of oil and gas in the strata.
<i>"Structural-stratigraphic trap"</i>	A structural-stratigraphic trap is a combination trap with structural and stratigraphic features.
<i>"Stratigraphy"</i>	The study of the composition, relative ages and distribution of layers of sedimentary rock.
<i>"Stratigraphic trap"</i>	A stratigraphic trap is formed from a change in the character of the rock rather than faulting or folding of the rock and oil is held in place by changes in the porosity and permeability of overlying rocks.
<i>"Submarine fan"</i>	A fan-shaped deposit of sediments occurring in a deep water setting where sediments have been transported via mass flow, gravity induced, processes from the shallow to deep water. These systems commonly develop at the bottom of sedimentary basins or at the end of large rivers.
<i>"Three-way fault trap"</i>	A structural trap where at least one of the components of closure is formed by offset of rock layers across a fault.
<i>"Trap"</i>	A configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate.
<i>"Undeveloped acreage"</i>	Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of natural gas and oil regardless of whether such acreage contains discovered resources.

Cautionary Statement Regarding Forward-Looking Statements

This annual report on Form 10-K contains estimates and forward-looking statements, principally in "Item 1. Business," "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe 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 us. Many important factors, in addition to the factors described in our annual report on Form 10-K, may adversely affect our results as indicated in forward-looking statements. You should read this annual report on Form 10-K and the documents that we have filed as exhibits hereto completely and with the understanding that our actual future results may be materially different from what we expect. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- our ability to find, acquire or gain access to other discoveries and prospects and to successfully develop our current discoveries and prospects;
- uncertainties inherent in making estimates of our oil and natural gas data;
- the successful implementation of our and our block partners' prospect discovery and development and drilling plans;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- termination of or intervention in concessions, rights or authorizations granted by the governments of Ghana, Cameroon, Mauritania, Morocco or Suriname (or their respective national oil companies) or any other federal, state or local governments or authorities, to us;
- our dependence on our key management personnel and our ability to attract and retain qualified technical personnel;
- the ability to obtain financing and to comply with the terms under which such financing may be available;
- the volatility of oil and natural gas prices;
- the availability, cost, function and reliability of developing appropriate infrastructure around and transportation to our discoveries and prospects;
- the availability and cost of drilling rigs, production equipment, supplies, personnel and oilfield services;
- other competitive pressures;
- potential liabilities inherent in oil and natural gas operations, including drilling risks and other operational and environmental hazards;
- current and future government regulation of the oil and gas industry;
- cost of compliance with laws and regulations;
- changes in environmental, health and safety or climate change laws, greenhouse gas regulation or the implementation, or interpretation, of those laws and regulations;
- environmental liabilities;
- geological, technical, drilling, production and processing problems;
- military operations, civil unrest, terrorist acts, wars or embargoes;

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- the cost and availability of adequate insurance coverage;
- our vulnerability to severe weather events;
- our ability to meet our obligations under the agreements governing our indebtedness;
- the availability and cost of financing and refinancing our indebtedness;
- the amount of collateral required to be posted from time to time in our hedging transactions;
- our success in risk management activities, including the use of derivative financial instruments to hedge commodity and interest rate risks; and
- other risk factors discussed in the "Item 1A. Risk Factors" section of this annual report on Form 10-K.

The words "believe," "may," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and, except to the extent required by law, we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this annual report on Form 10-K might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, including, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements.

PART I

Item 1. Business

General

We are a leading independent oil and gas exploration and production company focused on frontier and emerging areas in Africa and South America. Our asset portfolio includes existing production and other major project developments offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Mauritania, Morocco and Suriname and onshore Cameroon. Kosmos is listed on The New York Stock Exchange ("NYSE") and is traded under the ticker symbol KOS.

Following our formation in 2003, we acquired multiple exploration licenses and established a new, major oil province in West Africa with the discovery of the Jubilee Field within the Tano Basin offshore Ghana in 2007. This was the first of our discoveries offshore Ghana; it was one of the largest oil discoveries worldwide in 2007 and is considered one of the largest finds offshore West Africa during the last decade. Oil production from the Jubilee Field commenced in November 2010.

In the near-term, we are focused on maximizing production and cash flow from the Jubilee Field, and progressing the appraisal and development of our other discoveries in Ghana as well as the acquisition, exploration, appraisal and development of existing and new opportunities, including identifying, capturing and testing additional high-potential prospects to grow reserves and production.

Our Business Strategy

Grow proved reserves and production through exploration, appraisal and development

We plan to continue to produce and further develop the Jubilee Field, while completing appraisal and development of our existing Ghana discoveries (Tweneboa, Enyenra, Ntomme and Wawa in the Deepwater Tano Block offshore Ghana ("DT Block") and Mahogany, Teak and Akasa in the West Cape Three Points Block offshore Ghana ("WCTP Block")). In the event of a declaration of commerciality and/or approval of a plan of development, we intend to develop these discoveries to grow proved reserves and production. During 2012, we submitted a declaration of commerciality and PoD over the Tweneboa, Enyenra and Ntomme ("TEN") discoveries and are awaiting approval from the government of Ghana. We also plan to drill exploration prospects in our asset portfolio, with the intent to further grow proved reserves and production should discoveries be made.

Apply our technically-driven culture, which fosters innovation and creativity, to continue our successful exploration and development program

We differentiate ourselves from other E&P companies through our approach to exploration and development. Our geoscientists, petroleum engineers and major projects personnel are pivotal to the success of our business strategy. We have created an environment that enables them to focus their knowledge, skills and experience on finding and developing oil fields. Culturally, we have an open, team-oriented work environment that fosters both creative and contrarian thinking. This approach allows us to fully consider and understand risk and reward and to deliberately and collectively pursue strategies that maximize value. We used this philosophy and approach to make discoveries in and produce from the Tano Basin offshore Ghana, a significant new petroleum system the industry previously did not consider either prospective or commercially viable.

Focus on optimally developing our discoveries to initial production

We focus on the development of fields designed to deliver early learnings and production. There are numerous benefits to pursuing a phased development to support our production growth plan. Importantly, a phased development strategy can provide for first oil production earlier than could

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otherwise be possible using traditional development techniques, which are disadvantaged by more time-consuming, costly and sequential appraisal and pre-development activities. In certain circumstances, we believe a phased approach can optimize full-field development through a better understanding of dynamic reservoir behavior and allows numerous activities to be performed in a parallel rather than a sequential manner. In contrast, a traditional development approach consists of full appraisal, conceptual engineering, preliminary engineering, detail engineering, procurement and fabrication of facilities, development drilling and installation of facilities for the full-field development, all performed in sequence, before first production is achieved. This adds considerably more time to the development timeline. A phased approach also refines the appraisal and development plans based on experience gained in initial phases of production and by leveraging existing infrastructure as subsequent phases of development are implemented. Production and reservoir performance from the initial phase are monitored closely to determine the most efficient and effective techniques to maximize the recovery of reserves in the most economic manner. Other benefits include minimizing upfront capital costs, reducing execution risks through smaller initial infrastructure requirements, and enabling cash flow from the initial phase of production to fund a portion of capital costs for subsequent phases.

For example, first oil production from the Jubilee Field commenced in November 2010, and we received our first oil revenues in early 2011. This development timeline from discovery to first oil was significantly less than the industry average of seven to ten years and set a record for a deepwater development at this water depth in West Africa. This condensed timeline reflects the lessons learned by members of our experienced management while leading other large scale deepwater developments.

Identify, access and explore emerging regions and hydrocarbon plays

Our management and exploration team has demonstrated an ability to identify regions and hydrocarbon plays that yield multiple large commercial discoveries. We will continue to utilize our systematic and proven geologically focused approach to emerging petroleum systems where geological data suggests hydrocarbon accumulations are likely to exist, but where commercial discoveries have yet to be made. We believe this approach reduces the exploratory risk in poorly understood, under-explored or otherwise overlooked hydrocarbon basins that offer significant oil potential. This was the case with respect to the Late Cretaceous stratigraphy of West Africa, the niche in which we chose to initially focus. Many of our licenses share similar geologic characteristics focused on untested structural-stratigraphic traps. This exploration focus has proved successful, with the discovery of the Jubilee Field ushering in a new level of industry interest in Late Cretaceous petroleum systems across the Atlantic Margin, including play types that had previously been largely ignored.

This approach and focus, coupled with a first-mover advantage, provide a competitive advantage in identifying and accessing new strategic growth opportunities. We expect to continue to seek new opportunities where oil has not been discovered or produced in meaningful quantities by leveraging the skills of our experienced technical team. This includes our existing areas of interest as well as selectively expanding into other regions and play types.

We may farm-in to new venture opportunities to undertake exploration in emerging basins, new plays and fairways to enhance and optimize our portfolio. Consistent with this strategy, we may also evaluate potential corporate and asset acquisition opportunities as a source of new ventures to support and expand our asset portfolio.

Kosmos Exploration Approach

Kosmos' exploration philosophy is deeply rooted in a fundamental, geologically based approach geared toward the identification of misunderstood, under-explored or overlooked petroleum systems. This process begins with detailed geologic studies that methodically assess a particular region's subsurface, with particular consideration to those attributes that lead to working petroleum systems.

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The process includes basin modeling to predict oil charge and fluid migration, as well as stratigraphic and structural analysis to identify reservoir/seal pair development and trap definition. This analysis integrates data from previously drilled wells and seismic data available to Kosmos. Importantly, this approach also takes into account a detailed analysis of geologic timing to ensure that we have an appropriate understanding of whether the sequencing of geological events could support and preserve hydrocarbon accumulation. Once an area is high-graded based on this play/fairway analysis, geophysical analysis is conducted to identify prospective traps of interest.

Alongside the subsurface analysis, Kosmos performs an analysis of country-specific risks to gain a comprehensive understanding of the "above-ground" dynamics, which may influence a particular country's relative desirability from an overall oil and natural gas operating and risk-adjusted return perspective. This iterative and comprehensive process is employed in both areas that have existing oil and natural gas production, as well as those regions that have yet to achieve commercial hydrocarbon production.

Once an area of interest has been identified, Kosmos actively targets licenses over the particular basin or fairway in order to achieve an early mover or in many cases a first-mover advantage. In terms of license selection, Kosmos targets specific regions that have sufficient size to provide scale should the exploration concept prove successful. Additional objectives include long-term contract duration to enable the "right" exploration program to be executed, play type diversity to provide multiple exploration concept options, prospect dependency to enhance the chance of replicating success and sufficiently attractive fiscal terms to maximize the commercial viability of discovered hydrocarbons.

Operations by Geographic Area

We operate in the oil and gas exploration and production industry and have operations in Africa and South America. Currently, all revenues are generated from our operations offshore Ghana. Oil produced from the Jubilee Field has priced in reference to Dated Brent crude. Brent crude is produced in the North Sea and is widely accepted by the oil and gas industry as the most representative of the global physical standards for the oil market in comparison to other reference oils, such as West Texas Intermediate ("WTI"). The location of the Jubilee Field offshore Ghana allows us to sell our oil to the major refining markets of North America, Asia and Europe.

Ghana

The WCTP and DT Blocks are located within the Tano Basin, offshore Ghana. This basin contains a proven world-class petroleum system as evidenced by our discoveries.

The Tano Basin represents the eastern extension of the Deep Ivorian Basin which resulted from the development of an extensional sedimentary basin caused by tensional forces associated with opening of the Atlantic Ocean, as South America separated from Africa in the mid-Cretaceous period. The Tano Basin forms part of the resulting transform margin which extends from Sierra Leone to Nigeria.

The Tano Basin sediments comprise a thick Upper Cretaceous, deepwater turbidite sequence which, in combination with a modest Tertiary section, provided sufficient thickness to mature an early to mid-Cretaceous source rock in the central part of the Tano Basin. This well-defined reservoir and charge fairway forms the play which, when draped over the South Tano high (a structural high dipping into the basin) resulted in the formation of trapping geometries.

The primary reservoir types consist of well imaged Turonian and Campanian aged submarine fans situated along the steeply dipping shelf margin and trapped in an up dip direction by thinning of the reservoir and/or faults. Many of our discoveries have similar trap geometries.

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Kosmos is the operator of the WCTP Block and holds a 30.875% participating interest. The WCTP Petroleum Agreement ("WCTP PA"), which governs our activities related to the WCTP Block, and for commercial development areas, has a duration of 30 years from its effective date of July 22, 2004; however, in July 2011, at the end of the seven-year exploration phase, parts of the WCTP Block on which we had not declared a discovery area, were not in a development and production area or were not in the Jubilee Unit were subject to relinquishment ("WCTP Relinquishment Area"). Our existing discoveries within the WCTP Block (Akasa, Mahogany and Teak) have not been relinquished, as the WCTP PA remains in effect after the end of the exploration phase for these areas while commerciality is being established. In addition, we have disputed the relinquishment of the area around the Cedrela prospect. In July 2011, immediately prior to Kosmos receiving the drilling rig from another operator, damage to the rig incurred during preparations to move the rig to the WCTP Block operations rendered the rig incapable of drilling the Cedrela-1 exploration well prior to the end of the WCTP exploration period on July 21, 2011. As a result of this unforeseen delay in the drilling of the Cedrela-1 exploration well, the Company, as Operator for the WCTP PA Block partners, delivered a Notice of Force Majeure. The Ministry of Energy and Ghana National Petroleum Corporation ("GNPC") did not agree this event was Force Majeure. On August 24, 2011, we as Operator of the WCTP Block and on behalf of the WCTP Block partners, delivered a Notice of Dispute to the Ministry of Energy and GNPC as provided under the WCTP PA, which is the initial step in triggering the formal dispute resolution process under the WCTP PA with the government of Ghana regarding our rights to drill the Cedrela-1 exploration well. This Notice of Dispute establishes a process for negotiation and consultation for a period of 30 days (or longer if mutually agreed) among senior representatives from the Ministry of Energy, GNPC and the WCTP Block partners to resolve the matter. The issue continues to be discussed in an effort to reach a mutually agreed upon resolution among the parties. See "Item 1A. Risk Factors—We had disagreements with the Republic of Ghana and the Ghana National Petroleum Corporation regarding certain of our rights and responsibilities under the WCTP and DT Petroleum Agreements."

We and our WCTP Block partners have certain rights to negotiate a new petroleum contract with respect to the WCTP Relinquishment Area. We and our WCTP Block partners exercised such right in July 2010 and formally submitted a proposed new petroleum agreement for the WCTP Relinquishment Area in early 2011. We and our WCTP Block partners, the Ghana Ministry of Energy and GNPC have agreed such WCTP PA rights to negotiate extends from July 21, 2011 until such time as either a new petroleum agreement is negotiated and entered into with us or we decline to match a bona fide third party offer GNPC may receive for the WCTP Relinquishment Area.

Kosmos holds a non-operated 18.0% participating interest in the DT Block. The DT Petroleum Agreement ("DT PA"), which governs our activities relating to the DT Block, and for commercial development areas, has a duration of 30 years from its effective date of July 19, 2006. The seven-year exploration phase of the DT PA expired in January 2013. Our existing discoveries within the DT Block (Tweneboa, Enyenra, Ntomme and Wawa) are not subject to relinquishment upon expiration of the exploration phase of the DT PA, as the DT PA remains in effect after the end of the exploration phase for these areas while commerciality is being established. We and our DT Block partners have certain rights of first refusal for the granting of a new petroleum contract and certain rights to negotiate a new petroleum contract with respect to areas of the DT Block that are subject to relinquishment under the DT PA; that is acreage not within a discovery area, development and production area or the Jubilee Unit ("DT Relinquishment Area"). We and our DT Block partners exercised such right to negotiate a new petroleum contract in January 2012.

Our Ghanaian Discoveries

Information about our Ghanaian discoveries is summarized in the following table.

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Discoveries	Kosmos Participating			Stage	Type	Expected Year of PoD Submission(10)
	License	Interest	Block Operator(s)			
Ghana						
Jubilee Field						
Phase 1(1)(2)	WCTP/DT(3)	24.0771%(5)	Tullow/Kosmos(6)	Production	Deepwater	2008(2)
Jubilee Field subsequent phases(1)(2)	WCTP/DT(3)	24.0771%(5)	Tullow/Kosmos(6)	Development	Deepwater	2011(7)
Mahogany	WCTP	30.8750%(4)	Kosmos	planning	Deepwater	2011(8)
Teak	WCTP	30.8750%(4)	Kosmos	Appraisal	Deepwater	2013
Akasa	WCTP	30.8750%(4)	Kosmos	Appraisal	Deepwater	2014
Tweneboa	DT	18.0000%(4)	Tullow	Appraisal	Deepwater	2012(9)
Enyenra	DT	18.0000%(4)	Tullow	Appraisal	Deepwater	2012(9)
Ntomme	DT	18.0000%(4)	Tullow	Appraisal	Deepwater	2012(9)
Wawa	DT	18.0000%(4)	Tullow	Appraisal	Deepwater	2014(10)

- (1) For information concerning our estimated proved reserves in the Jubilee Field as of December 31, 2012, see "—Our Reserves."
- (2) The Jubilee Phase 1 PoD was submitted to Ghana's Ministry of Energy in December 2008 and was formally approved in July 2009. The Jubilee Phase 1 PoD details the necessary wells and infrastructure to develop two of the reservoirs within the Jubilee Field. Oil production from the Jubilee Field offshore Ghana commenced in November 2010, and we received our first oil revenues in early 2011. For the other reservoirs within the Jubilee Unit, the Jubilee Full Field Development Plan ("JFFDP") was submitted to Ghana's Ministry of Energy for approval in December 2012, which contemplates future development of the Jubilee Field, although we can give no assurance that such approvals will be forthcoming in a timely manner or at all. See (7) below.
- (3) The Jubilee Field straddles the boundary between the WCTP Block and the DT Block offshore Ghana. Consistent with the Ghanaian Petroleum Law, the WCTP PA and DT PA and as required by Ghana's Ministry of Energy, in order to optimize resource recovery in this field, we entered into the Unitization and Unit Operating Agreement (the "UUA") in July 2009 with GNPC and the other block partners of each of these two blocks. The UUA governs the interests in and development of the Jubilee Field and created the Jubilee Unit from portions of the WCTP Block and the DT Block.
- (4) GNPC has the option to acquire additional paying interests in a commercial discovery on the WCTP Block and the DT Block of 2.5% and 5.0%, respectively. In order to acquire the additional paying interest, GNPC must notify the contractor of its intention to acquire such interest within sixty to ninety days of the contractor's notice to Ghana's Ministry of Energy of a commercial discovery. These interest percentages do not give effect to the exercise of such options.
- (5) These interest percentages are subject to redetermination of the participating interests in the Jubilee Field pursuant to the terms of the UUA. See "Item 1A. Risk Factors—The unit partners' respective interests in the Jubilee Unit are subject to redetermination and our interests in such unit may decrease as a result" and "—Significant License Agreements—Jubilee Field Unitization." GNPC exercised its WCTP PA and DT PA options, with respect to the Jubilee Unit, to acquire an additional unitized paying interest of 3.64084% in the Jubilee Field. The Jubilee Field interest percentages give effect to the exercise of such option. Our paying interest on development activities in the Jubilee Field is 26.85484%.
- (6) Kosmos is the Technical Operator and Tullow Ghana Limited, a subsidiary of Tullow Oil plc ("Tullow"), is the Unit Operator of the Jubilee Unit. See "—Significant License Agreements—Jubilee Field Unitization."
- (7) The Jubilee Phase 1A PoD was submitted to Ghana's Ministry of Energy on December 18, 2011 and was formally approved in January 2012. The Jubilee Phase 1A PoD details the necessary wells and infrastructure to further develop the existing producing reservoirs and develop a third reservoir within the Jubilee Field. We submitted the JFFDP to Ghana's Minister of Energy in December 2012 and are awaiting approval from the government of Ghana. The JFFDP provides for future development of the Jubilee Field to be conducted through the Annual Work Plan and Budget Process, provided in the Jubilee UUA.
- (8) Mahogany, a combined area covering parts of the Mahogany East discovery and the Mahogany Deep discovery, was declared commercial in September 2010, and a PoD was submitted to Ghana's Ministry of Energy as of May 2, 2011. In a letter dated May 16, 2011, the Minister of Energy did not approve the PoD and requested that the WCTP Block partners take certain steps regarding notifications of discovery and commerciality; and requested other information. On June 30, 2011, we as Operator of the WCTP Block and on behalf of the WCTP Block partners, delivered a Notice of Dispute to the Ministry of Energy and GNPC as provided under the WCTP PA. We and the WCTP Block partners are in discussions with the Ministry of Energy and GNPC to resolve differences on the PoD.
- (9) The DT Block partners submitted a declaration of commerciality and a PoD to Ghana's Ministry of Energy in November 2012 and are awaiting approval from the government of Ghana.
- (10) In interpreting this information, specific reference should be made to the subsections of this annual report on Form 10-K titled "Item 1A. Risk Factors—Our identified drilling locations are scheduled out over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling" and "Item 1A. Risk Factors—We are not, and may not be in the future, the operator on all of our license areas and do not, and may not in the future, hold all of the participating interests in certain of our license areas. Therefore, we will not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non-operated and to an extent, any non-wholly owned, assets."

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The following is a brief discussion of our discoveries to date on our license areas offshore Ghana. See "Item 1A. Risk Factors—We face substantial uncertainties in estimating the characteristics of our unappraised discoveries and our prospects."

Jubilee Discovery

The Jubilee Field was discovered by Kosmos in 2007 within the WCTP Block. An appraisal well was subsequently drilled in the offsetting DT Block, confirming a large accumulation of oil underlying areas within both blocks. The Jubilee Field is located approximately 37 miles (60 kilometers) offshore Ghana in water depths of 3,250 to 5,800 feet (991 to 1,707 meters). Pursuant to the terms of the UUOA, the discovery area was unitized for purposes of joint development by the WCTP and DT Block participating interest holders. The UUOA specifies a split operatorship role. Kosmos was the Technical Operator for Development and Tullow was designated as the Unit Operator. The initial tract participations were 50% for each block. Pursuant to the terms of the Jubilee Field UUOA, the percentage is subject to a process of redetermination. The initial redetermination process was completed on October 14, 2011. Any party to the Jubilee UUOA with more than a 10% Jubilee Unit Interest may call for a second redetermination after December 1, 2013. As a result of the initial redetermination process, the tract participation was determined to be 54.36660% for the WCTP Block and 45.63340% for the DT Block. Our Unit Interest was increased from 23.50868% (our percentage after Tullow's acquisition of EO Group Limited ("EO Group")—see "Item 8 Financial Statements and Supplementary Data—Note 5—Joint Interest Billings") to 24.07710%. See "Item 1A. Risk Factors—The unit partners' respective interests the Jubilee Unit are subject to redetermination and our interests in such unit may decrease as a result."

The Jubilee Field is a combination structural-stratigraphic trap with reservoir intervals consisting of a series of stacked Upper Cretaceous Turonian-aged, deepwater turbidite fan lobe and channel deposits.

The location of the Jubilee Field led to the decision to implement an FPSO based development plan. The FPSO is designed to provide water and natural gas injection to support reservoir pressure and to process and store oil and natural gas. The Phase 1 development focused on partial development of certain reservoirs in the Jubilee Field. The Kosmos-led integrated project team successfully executed an initial 17 well development plan, which included nine producing wells, six water injection wells and two natural gas injection wells, the "Kwame Nkrumah" FPSO and subsea infrastructure. This initial phase provided infrastructure capacity for additional production and injection wells that could potentially be drilled in future phases of development. Future phases include the further development of the two existing producing reservoirs and development of the three remaining reservoirs to maximize ultimate recovery.

Production from the Phase 1 development commenced in November 2010, with Kosmos' first lifting in early 2011. As production from the field grew through 2011, certain near-wellbore productivity issues were identified, impacting several of the Phase 1 production wells. The Jubilee Unit partners identified a means of successfully mitigating the near-wellbore productivity issues experienced in the Jubilee production wells. To date, six wells have been successfully treated and additional stimulation treatments will be conducted as required. We have received an approval for the Phase 1A PoD of the Jubilee Field, with production from Phase 1A commencing in late 2012. The Phase 1A development is expected to include five additional production wells and three additional water injection wells and associated infrastructure.

Oil production from the Jubilee Field averaged approximately 72,000 barrels of oil per day during 2012 and we exited 2012 with production of approximately 110,000 barrels of oil per day. The JFFDP was submitted to the government of Ghana in December 2012. The JFFDP

contemplates future development of the Jubilee Field, after Phase 1A, which will consist of infill drilling and development of the remaining Jubilee reservoirs. The JFFDP is anticipated to fully develop the field.

WCTP Block Discoveries

Mahogany is located within the WCTP Block, southeast of the Jubilee Field. The field is approximately 37 miles (60 kilometers) offshore Ghana in water depths of 4,101 to 5,905 feet (1,250 to 1,800 meters). We believe the field is a combination stratigraphic-structural trap with reservoir intervals contained in a series of stacked Upper Cretaceous Turonian-aged, deepwater fan lobe and channel deposits. The Mahogany-3, Mahogany-4, Mahogany-5 and Mahogany Deep-2 wells have intersected multiple oil bearing reservoirs in a Turonian turbidite sequence. Fluid samples recovered from the wells indicate an oil gravity of between 31 and 37 degrees API.

Mahogany, a combined area covering parts of the Mahogany East discovery and the Mahogany Deep discovery, was declared commercial in September 2010, and a PoD was submitted to Ghana's Ministry of Energy as of May 2, 2011. In a letter dated May 16, 2011, the Minister of Energy did not approve the PoD and requested that the WCTP Block partners take certain steps regarding notifications of discovery and commerciality; and requested other information. The WCTP Block partners believe the combined submission was proper and have held meetings with GNPC which resolved issues relating to the PoD work program. From May 2011, the Ministry of Energy, GNPC and the WCTP Block partners continued working to resolve other differences; however, the WCTP PA contains specific timelines for PoD approval and discussions, which expired at the end of June 2011. On June 30, 2011, we as Operator of the WCTP Block and on behalf of the WCTP Block partners, delivered a Notice of Dispute to the Ministry of Energy and GNPC as provided under the WCTP PA, which is the initial step in triggering the formal dispute resolution process under the WCTP PA with the government of Ghana regarding approval of the Mahogany PoD. This Notice of Dispute establishes a process for negotiation and consultation for a period of 30 days (or longer if mutually agreed) among senior representatives from the Ministry of Energy, GNPC and the WCTP Block partners to resolve the matter. We and the WCTP Block partners are in discussions with the Ministry of Energy and GNPC to resolve differences on the PoD.

The Teak discovery is located in the western portion of the WCTP Block, northeast of the Jubilee Field. The field is approximately 31 miles (50 kilometers) offshore Ghana in water depths of approximately 650 to 3,600 feet (200 to 1,100 meters). We believe the field is a structural-stratigraphic trap with an element of four-way closure. The Teak-1, Teak-2 and Teak-3 wells have intersected multiple oil and natural gas condensate bearing reservoirs in Campanian and Turonian zones. Fluid samples recovered from the wells indicate an oil gravity of between 32 and 39 degrees API and natural gas condensate gravity of between 40 and 45 degrees API. The Teak-4A appraisal well was completed in May 2012. The well encountered non-commercial reservoirs and accordingly was plugged and abandoned.

The Akasa discovery is located in the western portion of the WCTP Block approximately 31 miles (50 kilometers) offshore Ghana in water depths of approximately 3,200 to 5,050 feet (950 to 1,550 meters). The discovery is southeast of the Jubilee Field. We believe the target reservoirs are channels and lobes that are stratigraphically trapped. The Akasa-1 well intersected oil bearing reservoirs in the Turonian zones. Fluid samples recovered from the well indicate an oil gravity of 38 degrees API.

Following additional appraisal and evaluation, a decision regarding the commerciality of these discoveries on the WCTP Block will be made by the WCTP Block partners. Should a discovery be declared commercial, a PoD would be prepared for submission to Ghana's Ministry of Energy

within six months of the declaration of commerciality. We expect that any future development of the WCTP Block discoveries would be a subsea tie-back through the Jubilee FPSO.

DT Block Discoveries

The Tweneboa discovery is located in the central portion of the DT Block approximately 31 miles (50 kilometers) offshore Ghana in water depths of approximately 3,281 to 5,252 feet (1,000 to 1,500 meters). We believe the field is a stratigraphic trap with reservoir intervals contained within a series of stacked Upper Cretaceous Turonian-aged, deepwater turbidite fan lobes and channel deposits. The Tweneboa-1, Tweneboa-2, Tweneboa-3, Tweneboa-3ST and Tweneboa-4 wells have intersected multiple natural gascondensate and oil bearing reservoirs in this Turonian turbidite sequence. Fluid samples recovered from the wells indicate an oil gravity of approximately 31 degrees API and a natural gas condensate gravity of between 41 and 47 degrees API.

The Enyenra discovery is located in the Western portion of the DT Block. The field is approximately 28 miles (45 kilometers) offshore Ghana in water depths of approximately 3,300 to 5,000 feet (1,000 to 1,500 meters). We believe the field is primarily a stratigraphic trap with reservoir intervals contained within a series of stacked Upper Cretaceous Turonian-aged, deepwater channel deposits. The Owo-1, Owo-1 ST1, Owo-1RA, Enyenra-2A, Enyenra-3A and Enyenra-4A wells have intersected multiple oil and natural gas condensate bearing reservoirs in a Turonian turbidite sequence. As of December 2012, drilling operations on the Enyenra-6A well have commenced and well results are expected in the first quarter of 2013. Fluid samples recovered from the wells indicate an approximate oil gravity of 32 degrees API, and a natural gas condensate gravity of between 42 and 48 degrees API. We believe Enyenra is predominantly an oil accumulation.

The Ntomme discovery is located in the central portion of the DT Block. The field is approximately 32 miles (52 kilometers) offshore Ghana in water depths of approximately 3,950 to 5,700 feet (1,200 to 1,750 meters). We believe the field is a stratigraphic trap with reservoir intervals contained within a series of stacked Upper Cretaceous Turonian-aged, deepwater fan lobes and channel deposits. The Tweneboa-3ST well discovered the Ntomme discovery and the Ntomme-2A appraisal well confirmed a downdip extension of the field. The wells encountered high-quality stacked reservoir sandstones. The Ntomme-2A confirmed the majority of the resources in the discovery to be oil. Fluid samples recovered from the wells indicate an oil gravity of 35 degrees API.

In November 2012, we submitted a declaration of commerciality and PoD over the TEN discoveries and are awaiting approval from the government of Ghana. Upon receiving approval, we anticipate commencing execution of the development plan, which is focused on an oil-based FPSO development.

The Wawa-1 exploration well intersected oil and gas-condensate in a Turonian-aged turbidite channel system. Pressure data shows that it is a separate accumulation from the TEN fields. Following additional appraisal and evaluation, a decision regarding the commerciality of the Wawa discovery will be made by the DT Block partners. Should the discovery be declared commercial, a PoD would be prepared for submission to Ghana's Ministry of Energy within six months of the declaration of commerciality.

Our Ghanaian Prospects

WCTP Block

We and our WCTP Block partners have certain rights to negotiate a new petroleum contract with respect to the WCTP Relinquishment Area. We and our WCTP Block partners exercised such

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right in July 2010 and formally submitted a proposed new petroleum agreement for the WCTP Relinquishment Area in early 2011. We and our WCTP Block partners, the Ghana Ministry of Energy and GNPC have agreed such WCTP PA rights to negotiate extends from July 21, 2011 until such time as either a new petroleum agreement is negotiated and entered into with us or we decline to match a bona fide third party offer GNPC may receive for the WCTP Relinquishment Area. Should a new petroleum agreement be entered into for the WCTP Relinquishment Area, we have identified prospects that have yet to be drilled on the WCTP Relinquishment Area.

DT Block

In December 2012, we spud the Sapele-1 exploration well. Drilling of the well was completed in February 2013. The well is not considered a productive well and accordingly will be plugged and abandoned. We and our DT Block partners have certain rights to negotiate a new petroleum contract with respect to the DT Relinquishment Area. We and our DT Block partners exercised such right in January 2012. Should a new petroleum agreement be entered into for the DT Relinquishment Area, we have identified prospects that have yet to be drilled on the DT Relinquishment Area.

Cameroon

We have two petroleum contracts in Cameroon, governing the Ndian River Block and adjoining Fako Block. These blocks are located within the Rio del Rey and Douala Basins. Kosmos is the operator of the Ndian River Block and Fako Block and holds a 100% participating interest in both blocks.

The Ndian River Block petroleum contract has a duration of up to 7 years from the November 2006 effective date with the current exploration period continuing into November 2013. We are in the first of two optional renewals, which was recently extended by one year, of the exploration period of our Ndian River Block, expiring in November 2013. The current exploration period carries a one-well obligation. In the event of commercial success, we have the right to develop and produce oil for a period of 20 years and gas for a period of 25 years from the grant of an exploitation authorization from the government, which may be extended for an additional period of 10 years under certain circumstances.

In January 2012, Kosmos entered into a license with the Republic of Cameroon for the Fako Block, which borders the southeast portion of our Ndian River Block in the Rio del Rey Basin. The Fako Block petroleum contract has an initial period of two years from the January 2012 effective date and may be extended into January 2018 at our election. In the event of commercial success, we have the right to develop and produce oil for a period of 20 years and gas for a period of 25 years from the grant of an exploitation authorization from the government, which may be extended for an additional period of 10 years under certain circumstances.

Kosmos has acquired gravity, magnetic and 2D seismic data over selected portions of our Cameroon licenses. Cameroon's producing basins lie south of the prolific Niger Delta in the Gulf of Guinea. The coastal area and offshore portions of Cameroon are associated with two major but different geological basins. In the north and adjacent to the Niger Delta is the Rio del Rey Basin. The Ndian River Block and portions of the Fako Block are located in the Rio del Rey Basin. The Fako Block also extends south into the Douala Basin.

There are two primary play types on the Ndian River Block, the Isongo (Miocene) turbidite structural play and the Upper Cretaceous structural play. The Isongo turbidite structural play focuses on the Miocene aged turbidite reservoirs charged from the traditional Rio Del Rey Tertiary source rocks. We will test this play type with our Sipo-1 exploration well, which spud in February 2013. The Isongo reservoir fairway constitutes the primary reservoir in multiple other oil and gas discoveries to

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the south. The Sipo prospect is located onshore, in the southern part of the Ndian River Block. It is a large structurally trapped anticline associated with multiple stacked targets within the Miocene Isongo Formation. The Upper Cretaceous structural play targets Upper Cretaceous reservoirs charged from Cretaceous source rocks.

We are currently assessing prospectivity on our recently acquired Fako Block license area, and accordingly information concerning prospects, if any, on such recently acquired license area is not yet available. We currently are, and plan to continue, assessing the prospectivity for this license area.

Mauritania

In June 2012, Kosmos successfully acquired three new petroleum contracts offshore Mauritania. The new exploration licenses are Offshore Blocks C8, C12 and C13. Kosmos is the operator and holds a 90% participating interest in all blocks. The initial period of each contract is four years and may be extended to June 2022 at our election if certain requirements are met. Kosmos is currently in the first exploration period of the blocks, expiring in June 2016. In the event of commercial success, we have the right to develop and produce oil for 25 years and gas for 30 years from the grant of an exploitation authorization from the government, which may be extended for an additional period of 10 years under certain circumstances.

Offshore Blocks C8, C12 and C13 are located on the western margin of the proven petroleum system of the Mauritania Salt Basin. The blocks are adjacent to a proven petroleum system with the primary targets being Cretaceous sediments on structure and stratigraphic traps. Available geologic and geophysical data has led to the interpretation and mapping of possible Cretaceous basin floor fans outboard of the Salt Basin. The target prospects are basin floor fans over anticlinal structures. The Cretaceous source rocks penetrated by wells and typed to oils in the Mauritania Salt Basin are the same age as those which charge oil and gas fields throughout West Africa.

During the first half of 2013, the Company anticipates initiating a 2D seismic data acquisition program on approximately 6,000 line-kilometers, covering all three blocks. A 3D seismic program will be targeted for commencement in 2013. Information concerning prospects, if any, on such recently acquired license area is not yet available.

Morocco

During 2011, Kosmos acquired two new petroleum contracts, renewed an existing petroleum contract and acquired a new reconnaissance contract in Morocco. Our exploration licenses currently include the Cap Boujdour Offshore Block, which is within the Aaiun Basin, and the Essaouira Offshore Block and the Fom Assaka Offshore Block, which are within the Agadir Basin. Our reconnaissance contract is over the Tarhazoute Offshore area within the Agadir Basin.

Kosmos is the operator of the Cap Boujdour Offshore Block and has a 75% participating interest. We are currently in the first exploration period, which was recently extended to March 2014. The exploration phase may be extended up to eight years from the September 2011 effective date, or to September 2019. In the event of commercial success, we have the right to develop and produce oil or gas for a period of 25 years from the grant of an exploitation authorization from the government, which may be extended for an additional period of 10 years under certain circumstances.

This block is located within the Aaiun Basin, along the Atlantic passive margin and covers a high-graded area within the original Boujdour Offshore Block which expired in February 2011. Detailed seismic sequence analysis suggests the possible existence of stacked deepwater turbidite systems throughout the region. The scale of the license area has allowed us to identify distinct exploration fairways on this block, which provide substantial exploration opportunities. Based in part on a 3D seismic survey, we have been able to identify 20 prospects through trap identification, structural

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analysis, and depositional history mapping. The primary prospect types consist of well imaged Lower Cretaceous age slope channels and fans draped over anticlinal structures or in three-way fault traps. The prospects exist in water depths varying from 1,000 to 3,000 meters. See "Item 1A. Risk Factors—A portion of our asset portfolio is in West Sahara, and we could be adversely affected by the political, economic and military conditions in that region. Our exploration licenses in this region conflict with exploration licenses issued by the Sahrawi Arab Democratic Republic."

Kosmos is the operator of the Fom Assaka Offshore Block. In October 2012, the Moroccan government issued a joint ministerial order approving our acquisition of an additional 18.75% participating interest in the Fom Assaka Offshore Block from Pathfinder Hydrocarbon Ventures, Ltd. ("Pathfinder"), a wholly owned subsidiary of Fastnet Oil and Gas plc ("Fastnet"), one of our block partners. Upon receipt of this order, we closed the acquisition of such additional participating interest with Pathfinder and have a 56.25% participating interest. We expect final governmental processes required to officially reflect the acquisition under Moroccan law to be completed in due course.

We are currently in the first exploration period, which is for two and one-half years from its effective date (July 1, 2011) ending in December 2013. The exploration phase may be extended to July 2019 at our election. In the event of commercial success, we have the right to develop and produce oil or gas for a period of 25 years from the grant of an exploitation authorization from the government, which may be extended for an additional period of 10 years under certain circumstances.

Kosmos is the operator of the Essaouira Offshore Block and has a 37.5% participating interest. We are currently in the first exploration period, which is for two and one-half years from its effective date (November 8, 2011) ending in May 2014. The exploration phase may be extended to November 2019 at our election. In the event of commercial success, we have the right to develop and produce oil or gas for a period of 25 years from the grant of an exploitation authorization from the government, which may be extended for an additional period of 10 years under certain circumstances.

During the first quarter of 2013, we closed an acquisition to acquire an additional 37.5% participating interest in the Essaouira Offshore Block from Canamens Energy Morocco SARL, one of our block partners. We expect final governmental processes required to officially reflect the acquisition under Moroccan law to be completed in due course. After giving effect to this acquisition, our participating interest in the Essaouira Offshore Block will be 75%.

In September 2012, as provided under the reconnaissance contract, we provided notification of intent to the *Office National des Hydrocarbures et des Mines* ("ONHYM") to enter into a petroleum contract for the Tarhazoute Offshore area. Negotiation of the petroleum contract and associated documents is currently ongoing. We anticipate we will be the operator of the block and will have a 75% participating interest. The Tarhazoute Offshore area is located offshore Morocco in the Agadir Basin between the Company's Essaouira and Fom Assaka Offshore Blocks.

The Fom Assaka Offshore Block, Essaouira Offshore Block and Tarhazoute Offshore area are located in the Agadir Basin. A working petroleum system has been established in the onshore area of the Agadir Basin based on onshore and shallow offshore wells. Well control, geological and geochemical studies suggest possible Cretaceous and Jurassic source rocks are located in the offshore Agadir Basin. The offshore Agadir Basin sediments are interpreted to comprise thick sequences of Lower to Upper Cretaceous age formations consisting of deep water channels and lobes. The interpreted prospects trapping styles are varied and include pre-salt ponded slope fans, salt domes, salt cored anticlines and sub-salt structures.

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The Company has fulfilled the 3D seismic acquisition requirements for the Fom Assaka Offshore Block and Essaouira Offshore Block by acquiring approximately 4,900 square kilometers of 3D seismic data across the blocks. We are in process of interpreting the results of the newly acquired 3D seismic and pre-existing data, and may drill an exploration well as early as late 2013.

We are currently assessing prospectivity on our Agadir Basin acreage (Fom Asska, Essaouira and Tarhazoute) in Morocco, and accordingly information concerning prospects, if any, on such recently acquired license areas is not yet available. We currently are, and plan to continue, to process seismic information to assess the prospectivity for these license areas.

Suriname

Kosmos has petroleum contracts covering Block 42 and Block 45 offshore Suriname. In November 2012, Kosmos finalized the assignment of a 50% participating interest in Block 42 and Block 45 to Chevron Global Energy Inc. ("Chevron") reducing its original interest from 100%. Kosmos retains a 50% participating interest in the blocks and remains the operator for the exploration phase of the petroleum contracts.

The initial period for Block 42 offshore Suriname is for 4 years from its effective date (December 12, 2011). The Block 42 exploration phase may be extended to December 2020 at our election. Kosmos is currently in the first exploration period ending on December 13, 2015. In the event of commercial success, the duration of the contract will be 30 years from the effective date or 25 years from governmental approval of a plan of development, whichever is longer.

The initial period for Block 45 offshore Suriname is for three years from its effective date (December 12, 2011). The Block 45 exploration phase may be extended to December 2018 at our election. Kosmos is currently in the first exploration period ending on December 13, 2014. In the event of commercial success, the duration of the contract will be 30 years from the effective date or 25 years from governmental approval of a plan of development, whichever is longer.

Our blocks in Suriname are located within the Guyana-Suriname Basin, along the Atlantic passive margin of northern South America. The basin resulted from rock deformation caused by tensional forces associated with the opening of the Atlantic Ocean, as South America separated from Africa in the mid-Cretaceous period. This basin has experienced the same geologic forces which occurred along the transform margin of Africa and, therefore, we believe the basin's petroleum system to be analogous to petroleum systems seen in West Africa. A petroleum system in Suriname has been proven by the presence of onshore producing fields.

During 2012, we completed a 3D seismic data acquisition program which covered approximately 3,900 square kilometers of portions of Block 42 and Block 45 offshore Suriname. The processing of this seismic data is expected to be completed in late 2013.

We believe the play types offshore Suriname are relatively similar to those offshore West Africa. We believe the subsurface underlying the deep water offshore Suriname may contain subtle stratigraphic traps similar to those discovered offshore Ghana in our Jubilee field. Target reservoirs are Upper and Middle Cretaceous age basin floor fans and mid-slope channel sands which may have good lateral continuity. The Tambaredjo and Calcutta Fields onshore Suriname prove that a working petroleum system exists in the area. Geological and geochemical studies suggest the hydrocarbons in these fields were generated in source rocks located over 100 miles offshore in the area of our petroleum contracts. The source rocks are believed to be the same ones which charged giant fields offshore West Africa. We are currently assessing prospectivity on our recently acquired license areas in Suriname, and accordingly information concerning prospects, if any, on such recently acquired license areas is not yet available. We currently are, and plan to continue, to process seismic information to assess the prospectivity for these license areas.

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Our Reserves

The following table sets forth summary information about our estimated proved reserves as of December 31, 2012. See "Item 8. Financial Statements and Supplementary Data—Supplemental Oil and Gas Data (Unaudited)" for additional information.

All of our estimated proved reserves as of December 31, 2012, 2011 and 2010 were associated with our Jubilee Field in Ghana.

Summary of Oil and Gas Reserves

Reserves Category	2012 Net Proved Reserves(1)			2011 Net Proved Reserves(1)			2010 Net Proved Reserves(1)		
	Oil, Condensate, Natural			Oil, Condensate, Natural			Oil, Condensate, Natural		
	NGLs	Gas(2)	Total	NGLs	Gas(2)	Total	NGLs	Gas(2)	Total
	(MMBbl)	(Bcf)	(MMBoe)	(MMBbl)	(Bcf)	(MMBoe)	(MMBbl)	(Bcf)	(MMBoe)
Proved developed	32	9	33	23	16	26	35	18	38
Proved undeveloped	10	1	10	25	8	26	17	4	18
	42	9	43	47	24	51	52	22	56

- (1) As of December 31, 2012 and 2011, our unitized net interest is based on the 54.36660%/45.63340% redetermination split, between the WCTP Block and DT Block. As of December 31, 2010, our unitized net interest was based on the 50%/50% pre-redetermination split, between the WCTP Block and DT Block. See "Item 1A. Risk Factors—The unit partners' respective interests in the Jubilee Unit are subject to redetermination and our interests in such unit may decrease as a result." Totals within the table may not add due to rounding.
- (2) These reserves represent only the quantities of fuel gas required to operate the FPSO during normal field operations. No natural gas volumes, outside of the fuel gas reported, have been classified as reserves. If and when a gas sales agreement is executed, a portion of the remaining gas may be reclassified as reserves. See "Item 1A. Risk Factors—We may not be able to commercialize our interests in any natural gas produced from our license areas."

Changes for the year ending December 31, 2012, include a reclassification of 15 MMBbl of proved undeveloped reserves to proved developed reserves related to the successful remediation efforts in treating the near wellbore productivity issues on certain of the producing wells in the Jubilee Field and continued field developmental drilling in the Jubilee Field. Additional changes include a decrease of 14 Bcf in proved gas reserves due to a decrease in our estimate of fuel gas which will be utilized for operating the FPSO.

Changes for the year ending December 31, 2011, include an increase of 8 MMBbl of proved undeveloped oil reserves due to the reclassification of some of the proved developed producing volumes to proved undeveloped for volumes related to the remediation efforts to mitigate the near wellbore productivity issues on certain of the producing wells in the Jubilee Field and an increase in our Jubilee Field unit interest. Additional changes include an increase of 4 Bcf in proved undeveloped gas reserves due to an increase in our Jubilee Field unit interest (see "Item 8. Financial Statements and Supplementary Data—Note 4—Jubilee Field Unitization") and an increase in the estimated gas reserves to be used as fuel gas for operating the FPSO.

Changes for the year ending December 31, 2010, include a decrease of 35 MMBbl of proved undeveloped oil reserves, associated with reclassification to proved developed, resulting from first oil in the Jubilee Field on November 28, 2010. Additional changes include an increase of 4 Bcf, associated with the booking of gas reserves to be utilized as fuel gas for operating the FPSO.

The following table sets forth the estimated future net revenues, excluding derivatives contracts, from net proved reserves and the expected benchmark prices used in projecting net revenues at

December 31, 2012. All estimated future net revenues are attributable to projected production from the Jubilee Field in Ghana.

	Projected Net Revenues
	(in millions except \$/Bbl)
Future net revenues	\$ 2,612
<i>Present value of future net revenues:</i>	
PV-10(1)	\$ 2,072
Future income tax expense (levied at a corporate parent and intermediate subsidiary level)	—
Discount of future income tax expense (levied at a corporate parent and intermediate subsidiary level) at 10% per annum	—
Standardized Measure(2)	\$ 2,072
Benchmark and differential oil price(\$/Bbl)(3)	\$ 112.61

- (1) PV-10 represents the present value of estimated future revenues to be generated from the production of proved oil and natural gas reserves, net of future development and production costs, royalties, additional oil entitlements and future tax expense levied at an asset level (in our case, future Ghanaian tax expense levied under the WCTP and DT PAs), using prices based on an average of the first-day-of-the-months throughout 2012 and costs as of the date of estimation without future escalation, without giving effect to hedging activities, non-property related expenses such as general and administrative expenses, debt service and depreciation, depletion and amortization, and discounted using an annual discount rate of 10% to reflect the timing of future cash flows. PV-10 is a non-GAAP financial measure and often differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of future income tax expense related to proved oil and gas reserves levied at a corporate parent or intermediate subsidiary level on future net revenues. However, it does include the effects of future tax expense levied at an asset level (in our case, it does include the effects of future Ghanaian tax expense levied under the WCTP and DT PAs). Neither PV-10 nor Standardized Measure represents an estimate of the fair market value of our oil and natural gas assets. PV-10 should not be considered as an alternative to the Standardized Measure as computed under GAAP; however, we and others in the industry use PV-10 as a measure to compare the relative size and value of proved reserves held by companies without regard to the specific corporate tax characteristics of such entities.
- (2) Standardized Measure represents the present value of estimated future cash inflows to be generated from the production of proved oil and natural gas reserves, net of future development and production costs, future income tax expense related to our proved oil and gas reserves levied at a corporate parent and intermediate subsidiary level, royalties, additional oil entitlements and future tax expense levied at an asset level (in our case, future Ghanaian tax expense levied under the WCTP and DT PAs), without giving effect to hedging activities, non-property related expenses such as general and administrative expenses, debt service and depreciation, depletion and amortization, and discounted using an annual discount rate of 10% to reflect timing of future cash flows and using the same pricing assumptions as were used to calculate PV-10. Standardized Measure often differs from PV-10 because Standardized Measure includes the effects of future income tax expense related to our proved oil and gas reserves levied at a corporate parent and intermediate subsidiary level on future net revenues. However, as we are a tax exempted

company incorporated pursuant to the laws of Bermuda and as the Company's intermediate subsidiaries positioned between it and the subsidiary that is a signatory to the WCTP and DT PAs continue to be tax exempted companies, we do not expect to be subject to future income tax expense related to our proved oil and gas reserves levied at a corporate parent or intermediate subsidiary level on future net revenues. Therefore, the year-end 2012 estimate of PV-10 is equivalent to the Standardized Measure.

- (3) The unweighted arithmetic average first-day-of-the-month prices for the prior 12 months was \$111.21/Bbl for Dated Brent at December 31, 2012. The price was adjusted for crude handling, transportation fees, quality, and a regional price differential. Based on the high quality of the crude, these adjustments are estimated to add a \$1.40/Bbl premium relative to Dated Brent. This differential is utilized in our reserve estimates. The adjusted price utilized to derive the PV-10 is \$112.61/Bbl.

Estimated proved reserves

Unless otherwise specifically identified in this report, the summary data with respect to our estimated proved reserves presented above has been prepared by Netherland, Sewell & Associates, Inc. ("NSAI"), our independent reserve engineering firm, in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to companies involved in oil and natural gas producing activities and adjusted for imbalances. These rules require SEC reporting companies to prepare their reserve estimates using reserve definitions and pricing based on 12-month historical unweighted first-day-of-the-month average prices, rather than year-end prices. For a definition of proved reserves under the SEC rules, see the "Glossary and Selected Abbreviations." For more information regarding our independent reserve engineers, please see "—Independent petroleum engineers" below.

Our estimated proved reserves and related future net revenues, PV-10 and Standardized Measure were determined using index prices for oil, without giving effect to derivative transactions, and were held constant throughout the life of the assets.

Future net revenues represent projected revenues from the sale of proved reserves net of production and development costs (including operating expenses and production taxes). Such calculations at December 31, 2012 are based on costs in effect at December 31, 2012 and the 12-month unweighted arithmetic average of the first-day-of-the-month price for the fiscal year ending December 31, 2012, adjusted for anticipated market premium, without giving effect to derivative transactions, and are held constant throughout the life of the assets. There can be no assurance that the proved reserves will be produced within the periods indicated or that prices and costs will remain constant. See "Item 1A. Risk Factors—The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated oil and natural gas reserves."

Independent petroleum engineers

NSAI, our independent reserve engineers, was established in 1961. Over the past 50 years, NSAI has provided services to the worldwide petroleum industry that include the issuance of reserves reports and audits, acquisition and divestiture evaluations, simulation studies, exploration resources assessments, equity determinations, and management and advisory services. NSAI professionals subscribe to a code of professional conduct and NSAI is a Registered Engineering Firm in the State of Texas.

For the years ended December 31, 2012, 2011 and 2010, we engaged NSAI to prepare independent estimates of the extent and value of the proved reserves of certain of our oil and gas properties. These reports were prepared at our request to estimate our reserves and related future net revenues and

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PV-10 for the periods indicated therein. Our estimated reserves at December 31, 2012 and related future net revenues and PV-10 at December 31, 2012 are taken from reports prepared by NSAI, adjusted for imbalances, in accordance with petroleum engineering and evaluation principles which NSAI believes are commonly used in the industry and definitions and current regulations established by the SEC. The December 31, 2012 reserve report was completed on January 28, 2013, and a copy is included as an exhibit to this report.

In connection with the preparation of the December 31, 2012, 2011 and 2010 reserves reports, NSAI prepared its own estimates of our proved reserves. In the process of the reserves evaluation, NSAI did not independently verify the accuracy and completeness of information and data furnished by us with respect to ownership interests, oil and gas production, well test data, historical costs of operation and development, product prices or any agreements relating to current and future operations of the fields and sales of production. However, if in the course of the examination something came to the attention of NSAI which brought into question the validity or sufficiency of any such information or data, NSAI did not rely on such information or data until it had satisfactorily resolved its questions relating thereto or had independently verified such information or data. NSAI independently prepared reserves estimates to conform to the guidelines of the SEC, including the criteria of "reasonable certainty," as it pertains to expectations about the recoverability of reserves in future years, under existing economic and operating conditions, consistent with the definition in Rule 4-10(a)(2) of Regulation S-X. NSAI issued a report on our proved reserves at December 31, 2012, based upon its evaluation. NSAI's primary economic assumptions in estimates included an ability to sell oil at a price of \$112.61/Bbl, a certain level of capital expenditures necessary to complete the Jubilee Field development program and the exercise of GNPC's back-in right on the Jubilee Field development. The assumptions, data, methods and precedents were appropriate for the purpose served by these reports, and NSAI used all methods and procedures as it considered necessary under the circumstances to prepare the report.

Technology used to establish proved reserves

Under the SEC rules, proved reserves are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations. The term "reasonable certainty" implies a high degree of confidence that the quantities of oil and/or natural gas actually recovered will equal or exceed the estimate. Reasonable certainty can be established using techniques that have proved effective by actual comparison of production from projects in the same reservoir interval, an analogous reservoir or by other evidence using reliable technology that establishes reasonable certainty. Reliable technology is a grouping of one or more technologies (including computational methods) that have been field tested and have been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

In order to establish reasonable certainty with respect to our estimated proved reserves, NSAI employed technologies that have been demonstrated to yield results with consistency and repeatability. The technologies and economic data used in the estimation of our proved reserves include, but are not limited to, production and injection data, electrical logs, radioactivity logs, acoustic logs, whole core analysis, sidewall core analysis, downhole pressure and temperature measurements, reservoir fluid samples, geochemical information, geologic maps, seismic data, well test and interference pressure and rate data. Reserves attributable to undeveloped locations were estimated using performance from analogous wells with similar geologic depositional environments, rock quality, appraisal plans and development plans to assess the estimated ultimate recoverable reserves as a function of the original oil in place. These qualitative measures are benchmarked and validated against sound petroleum reservoir engineering principles and equations to estimate the ultimate recoverable reserves volume. These

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techniques include, but are not limited to, nodal analysis, material balance, and numerical flow simulation.

Internal controls over reserves estimation process

In our technical services team, we currently maintain an internal staff of eight petroleum engineering and geoscience professionals with significant international experience that contribute to our Resource Management System. This team works closely with NSAI to ensure the integrity, accuracy and timeliness of data furnished to NSAI in their reserve and resource estimation process. Our technical services team is responsible for overseeing the preparation of our reserves estimates. Our technical services team has over 100 combined years of industry experience among them with positions of increasing responsibility in engineering and evaluations. Each member of our team holds a Bachelor of Science degree in petroleum engineering or geology. The NSAI technical persons primarily responsible for preparing the estimates set forth in the NSAI reserves report incorporated herein are Mr. Joseph J. Spellman and Mr. Daniel T. Walker. Mr. Spellman has been practicing consulting petroleum engineering at NSAI since 1989. Mr. Spellman is a Licensed Professional Engineer in the State of Texas (No. 73709) and has over 30 years of practical experience in petroleum engineering. He graduated from University of Wisconsin-Platteville in 1980 with a Bachelor of Science Degree in Civil Engineering. Mr. Walker has been practicing consulting petroleum geology at NSAI since 1993. Mr. Walker is a Licensed Professional Geoscientist in the State of Texas, Geology (No. 1272) and has over 30 years of practical experience in petroleum geoscience. He graduated from Michigan State University in 1980 with a Bachelor of Science Degree in Geology. Both technical principals meet or exceed the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; both are proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying SEC and other industry reserves definitions and guidelines.

The Audit Committee reviews the processes utilized in the development of our Resource Management System and reserve estimates on an annual basis. In addition, our technical services team meets with representatives of our independent reserve engineers to review our assets and discuss methods and assumptions used in preparation of the reserve and resource estimates. Finally, our senior technical/operations management review reserves and resource estimates on an annual basis.

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License Areas

The following table sets forth certain information regarding the developed and undeveloped portions of our license areas as of December 31, 2012 for the countries in which we currently operate.

	Developed Area (Acres)		Undeveloped Area (Acres)		Total Area (Acres)	
	Gross	Net(1)	Gross	Net(1)	Gross	Net(1)
(In thousands)						
Ghana						
Jubilee Unit	27.1	6.3	—	—	27.1	6.3
West Cape						
Three Points(2)	—	—	123.6	38.2	123.6	38.2
Deepwater						
Tano	—	—	190.1	34.2	190.1	34.2
Cameroon						
Ndian River	—	—	434.2	434.2	434.2	434.2
Fako	—	—	318.5	318.5	318.5	318.5
Mauritania						
Block C8	—	—	2,940.6	2,646.5	2,940.6	2,646.5
Block C12	—	—	1,748.3	1,573.4	1,748.3	1,573.4
Block C13	—	—	1,927.4	1,734.7	1,927.4	1,734.7
Morocco(3)						
Cap						
Boujdour	—	—	7,349.1	5,511.8	7,349.1	5,511.8
Essaouira	—	—	2,898.7	1,087.0	2,898.7	1,087.0
Foum						
Assaka	—	—	1,599.5	899.7	1,599.5	899.7
Suriname						
Block 42	—	—	1,526.1	763.1	1,526.1	763.1
Block 45	—	—	1,266.7	633.3	1,266.7	633.3
Total	27.1	6.3	22,322.8	15,674.6	22,349.9	15,680.9

- (1) Net acreage based on Kosmos' participating interest, before the exercise of any options or back-in rights. Our net acreage in Ghana may be affected by any redetermination of interests in the Jubilee Unit. See "Item 1A. Risk Factors—The unit partners' respective interests in the Jubilee Unit are subject to redetermination and our interests in such unit may decrease as a result."
- (2) The seven-year exploration phase of the WCTP PA expired on July 21, 2011. The WCTP "Undeveloped Area" reflected in the table above represents (i) acreage within three discovery areas (Teak, Akasa and Mahogany) that were not subject to relinquishment on the expiry of the exploration phase, (ii) the area relating to the Cedrela prospect, and (iii) the development and production area relating to the Mahogany PoD. The "Undeveloped Area" does not include the Banda discovery area which was relinquished in January 2013 as we do not consider this discovery to be commercially viable. The Mahogany PoD is the subject of a Notice of Dispute with the Ministry of Energy and GNPC and is currently under discussion between the WCTP Block partners, GNPC and the Ministry of Energy (see "—Our Ghanaian Discoveries—WCTP Block Discoveries"). The Cedrela prospect was to be drilled by the Cedrela-1 exploration well; but is the subject of a Notice of Force Majeure and a Notice of Dispute with the Ministry of Energy and GNPC and is currently under discussion between the Company, GNPC and the Ministry of Energy.
- (3) Does not include the reconnaissance contract for the Tarhazoute area offshore the Kingdom of Morocco as we do not currently have a license for this area. This block covers 1,915,932 gross acres (7,754 square kilometers) and is located offshore in the Agadir Basin immediately between our Essaouira Offshore and Foum Assaka Offshore Blocks. In September 2012, Kosmos provided notification of intent to the Moroccan government to enter into a petroleum contract for the Tarhazoute Offshore area. Negotiation of the petroleum contract and associated documents is currently ongoing.

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Drilling activity

The results of oil and natural gas wells drilled and completed for each of the last three years were as follows:

	<u>Exploratory and Appraisal Wells(1)</u>						<u>Development Wells</u>							
	<u>Productive(2)</u>		<u>Dry(3)</u>		<u>Total</u>		<u>Productive(2)</u>		<u>Dry(3)</u>		<u>Total</u>		<u>Total Total</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>		
Year Ended December 31, 2012														
Ghana														
Jubilee Unit	—	—	—	—	—	—	5	1.20	—	—	5	1.20	1.20	5
West Cape Three Points	—	—	1	0.31	1	0.31	—	—	—	—	—	—	0.31	1
Deepwater Tano	—	—	1	0.18	1	0.18	—	—	—	—	—	—	0.18	1
Total	—	—	2	0.49	2	0.49	5	1.20	—	—	5	1.20	1.69	7
Year Ended December 31, 2011														
Ghana														
Jubilee Unit	—	—	—	—	—	—	1	0.24	—	—	1	0.24	0.24	1
West Cape Three Points	—	—	4	1.24	4	1.24	—	—	—	—	—	—	1.24	4
Total	—	—	4	1.24	4	1.24	—	—	—	—	1	0.24	1.48	5
Cameroon														
Kombe-N'sepe	—	—	1	0.35	1	0.35	—	—	—	—	—	—	0.35	1
Total	—	—	5	1.59	5	1.59	1	0.24	—	—	1	0.24	1.83	6
Year Ended December 31, 2010														
Ghana														
Jubilee Unit	—	—	—	—	—	—	1	0.24	—	—	1	0.24	0.24	1
West Cape Three Points	—	—	1	0.31	1	0.31	—	—	—	—	—	—	0.31	1
Deepwater Tano	—	—	1	0.18	1	0.18	—	—	—	—	—	—	0.18	1
Total	—	—	2	0.73	2	0.73	—	—	—	—	1	0.24	1.07	3
Cameroon														
Kombe-N'sepe	—	—	1	0.35	1	0.35	—	—	—	—	—	—	0.35	1
Total	—	—	3	0.84	3	0.84	1	0.24	—	—	1	0.24	1.08	4

- (1) As of December 31, 2012, 20 exploratory and appraisal wells have been excluded from the table until a determination is made if the wells have found proved reserves. These wells are shown as "Wells Suspended or Waiting on Completion" in the table below.
- (2) A productive well is an exploratory or development well found to be capable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or natural gas producing well. Productive wells are included in the table in the year they were determined to be productive, as opposed to the year the well was drilled.
- (3) A dry well is an exploratory or development well that is not a productive well. Dry wells are included in the table in the year they were determined not to be a productive well, as opposed to the year the well was drilled.

The following table shows the number of wells that are in the process of being drilled or are in active completion stages, and the number of wells suspended or waiting on completion as of December 31, 2012. The following table does not include the Sipo-1 exploration well on the N'dian River Block in Cameroon which spud in February 2013.

	<u>Actively Drilling or Completing</u>				<u>Wells Suspended or Waiting on Completion</u>			
	<u>Exploration</u>		<u>Development</u>		<u>Exploration</u>		<u>Development</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Ghana								
Jubilee Unit	—	—	1	0.24	—	—	3	0.72
West Cape Three Points	—	—	—	—	8	2.47	—	—

Deepwater Tano	1	0.18	—	—	12	2.16	—	—
Total	1	0.18	1	0.24	20	4.63	3	0.72

Undeveloped license area expirations

The WCTP PA has a duration of 30 years from its effective date (July 2004); however, in July 22, 2011, at the end of theseven-year exploration phase, the WCTP Relinquishment Area was subject to relinquishment. We maintain rights to our three existing discoveries within the WCTP Block (Akasa, Mahogany and Teak) as the WCTP PA remains in effect after the end of the exploration phase. In July 2011, immediately prior to Kosmos receiving the drilling rig from another operator, damage to the rig incurred during preparations to move the rig to the WCTP Block rendered the rig incapable of drilling the Cedrela-1 exploration well prior to the end of the WCTP exploration period on July 21, 2011. As a result of this unforeseen delay in the drilling of the Cedrela-1 exploration well, the Company, as Operator for the WCTP Block partners, delivered a Notice of Force Majeure. The Ministry of Energy and GNPC did not agree this event was Force Majeure. On August 24, 2011, we as Operator of the WCTP Block and on behalf of the WCTP PA Block partners, delivered a Notice of Dispute to the Ministry of Energy and GNPC as provided for under the WCTP PA, which is the initial step in triggering the formal dispute resolution process under the WCTP PA with the Government regarding our rights to drill the Cedrela-1 exploration well. This Notice of Dispute establishes a process for negotiation and consultation for a period of 30 days (or longer if mutually agreed) among senior representatives from the Ministry of Energy, GNPC and the WCTP Block partners to resolve the matter. The issue continues to be discussed in an effort to reach a mutually agreed upon resolution among the parties. See "Item 1A. Risk Factors—We had disagreements with the Republic of Ghana and the Ghana National Petroleum Corporation regarding certain of our rights and responsibilities under the WCTP and DT Petroleum Agreements."

We and our WCTP Block partners have certain rights to negotiate a new petroleum contract with respect to the WCTP Relinquishment Area. We and our WCTP Block partners exercised such right in July 2010 and formally submitted a proposed new petroleum agreement for the WCTP Relinquishment Area in early 2011. We and our WCTP Block partners, the Ghana Ministry of Energy and GNPC have agreed such WCTP PA rights to negotiate extends from July 21, 2011 until such time as either a new petroleum agreement is negotiated and entered into with us or we decline to match a bona fide third party offer GNPC may receive for the WCTP Relinquishment Area.

Mahogany, a combined area covering parts of the Mahogany East discovery and the Mahogany Deep discovery, was declared commercial in September 2010, and a PoD was submitted to Ghana's Ministry of Energy as of May 2, 2011. In a letter dated May 16, 2011, the Minister of Energy did not approve the PoD and requested that the WCTP Block partners take certain steps regarding notifications of discovery and commerciality; and requested other information. The WCTP Block partners believe the combined submission was proper and have held meetings with GNPC which resolved issues relating to the PoD work program. From May 2011, Ministry of Energy, GNPC and the WCTP Block partners continued working to resolve other differences; however, the WCTP PA contains specific timelines for PoD approval and discussions, which expired at the end of June 2011. On June 30, 2011, we as Operator of the WCTP Block and on behalf of the WCTP Block partners, delivered a Notice of Dispute to the Ministry of Energy and GNPC as provided under the WCTP PA, which is the initial step in triggering the formal dispute resolution process under the WCTP PA with the government of Ghana regarding approval of the Mahogany PoD. This Notice of Dispute establishes a process for negotiation and consultation for a period of 30 days (or longer if mutually agreed) among senior representatives from the Ministry of Energy, GNPC and the WCTP Block partners to resolve the matter. We and the WCTP Block partners are in discussions with the Ministry of Energy and GNPC to resolve differences on the PoD.

In the DT Block in Ghana, the first extension period of the exploration phase over the undeveloped acreage of the DT Block expired on January 19, 2011. In accordance with the DT PA, Tullow, as Operator and on behalf of the DT Block partners, formally extended the DT PA into the second extension period and relinquished 25% of the DT Block. The seven-year exploration phase of

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the DT PA expired in January 2013. Our existing discoveries within the DT Block are not subject to relinquishment upon expiration of the exploration phase of the DT PA, as the DT PA remains in effect after the end of the exploration phase, and these are Tweneboa, Enyenra, Ntomme and Wawa. The DT Block partners submitted a declaration of commerciality and PoD for the TEN discoveries to Ghana's Ministry of Energy on November 6, 2012. Evaluation and appraisal activities continue on the Wawa discovery. We and our DT Block partners have certain rights of first refusal for the granting of a new petroleum contract and certain rights to negotiate a new petroleum contract with respect to the DT Relinquishment Area. We and our DT Block partners exercised such right to negotiate a new petroleum contract in January 2012.

In Cameroon, under the Ndian River petroleum contract and pursuant to a one-year extension approved by the Ministry of Industry, Mines, and Technological Development, the initial exploration phase to the Ndian River Block expired on November 19, 2010. On September 16, 2010, in compliance with the production sharing contract, we applied to Cameroon's Minister of Industry, Mines and Technology Development for a two-year renewal of the exploration period (the first of two additional exploration periods of two years each). On November 20, 2010, in accordance with the Ndian River Production Sharing Contract, Kosmos relinquished 30% of the original license area of the Ndian River Block and entered into the first two-year renewal period. In an order dated March 3, 2011, the Minister of Industry, Mines and Technology Development confirmed our entry into the first renewal period. On September 7, 2012, we applied to Cameroon's Minister of Industry, Mines and Technology Development for a one-year extension of the first renewal period, which was granted in an order dated October 11, 2012. The current exploration period now ends on November 20, 2013.

Domestic Supply Requirements

Many of our petroleum contracts or, in some cases, the applicable law governing such agreements, grant a right to the respective host country to purchase certain amounts of oil produced pursuant to such agreements at international market prices for domestic consumption. In addition, in connection with the approval of the Jubilee Phase 1 PoD, the Jubilee Field partners agreed to provide the first 200 Bcf of natural gas produced from the Jubilee Field Phase 1 development to GNPC at no cost. See "Item 1A. Risk Factors—Our inability to access appropriate equipment and infrastructure in a timely manner may hinder our access to oil and natural gas markets or delay our oil and natural gas production."

Significant License Agreements

Below is a discussion concerning the licenses governing our current drilling and production operations.

West Cape Three Points Block

Effective July 22, 2004, Kosmos, the EO Group and GNPC entered into the WCTP PA covering the WCTP Block offshore Ghana in the Tano Basin. As a result of farm-out agreements and other sales of partners interests for the WCTP Block, Kosmos, Anadarko WCTP Company ("Anadarko"), Tullow and Sabre Oil and Gas Limited ("Sabre"), a wholly owned subsidiary of Petro S.A., participating interests are 30.875%, 30.875%, 26.396% and 1.854%, respectively. Kosmos is the operator. GNPC has a 10% participating interest and will be carried through the exploration and development phases. GNPC has the option to acquire additional paying interests in a commercial discovery on the WCTP Block of 2.5%. In order to acquire the additional paying interests, GNPC must notify the contractor of its intention to do so within sixty to ninety days of the contractor's notice to Ghana's Ministry of Energy of a commercial discovery. Under the WCTP PA, GNPC exercised its option in December 2008 to acquire an additional paying interest of 2.5% in the Jubilee Field development (see "—Jubilee Field Unitization"). GNPC is obligated to pay its 2.5% share of all future petroleum costs as well as certain

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historical development and production costs attributable to its 2.5% additional paying interests in the Jubilee Unit. Furthermore, it is obligated to pay 10% of the production costs of the Jubilee Field development, as allocated to the WCTP Block. In August 2009, GNPC notified us and our unit partners it would exercise its right for the contractor group to pay its 2.5% WCTP Block share of the Jubilee Field development costs and be reimbursed for such costs plus interest out of GNPC's production revenues under the terms of the WCTP PA. Kosmos is required to pay a fixed royalty of 5% and a sliding-scale royalty ("additional oil entitlement") which escalates as the nominal project rate of return increases. These royalties are to be paid in-kind or, at the election of the government of Ghana, in cash. A corporate tax rate of 35% is applied to profits at a country level.

Due to contractual relinquishments at the end of contract periods, the WCTP Block currently comprises areas that are part of our existing discoveries (Akasa, Mahogany and Teak) in the WCTP Block as well as the Cedrela prospect area, or approximately 123,635 acres (500 square kilometers) in water depths ranging from 165 to 5,900 feet (approximately 50 to 1,800 meters). The term of the WCTP PA is 30 years from the effective date of such agreement, being July 22, 2004. The exploration phase of the WCTP PA has expired and all work and financial obligations for the exploration periods under the WCTP PA have been met.

We and our WCTP Block partners have certain rights to negotiate a new petroleum contract with respect to the WCTP Relinquishment Area. We and our WCTP Block partners exercised such right in July 2010 and formally submitted a proposed new petroleum agreement for the WCTP Relinquishment Area in early 2011. We and our WCTP Block partners, the Ghana Ministry of Energy and GNPC have agreed such WCTP PA rights extend from July 21, 2011 until such time as either a new petroleum agreement is negotiated and entered into with us or we decline to match a bona fide third party offer GNPC may receive for the WCTP Relinquishment Area.

Deepwater Tano Block

Effective July 31, 2006, Kosmos, Tullow and Sabre entered into the DT PA with GNPC covering the DT Block offshore Ghana in the Tano Basin. As a result of farm-out agreements and other sales of partners interests for the DT Block, Kosmos, Anadarko, Tullow and Sabre's participating interests are 18%, 18%, 49.95% and 4.05%, respectively. Tullow is the operator. GNPC has a 10% participating interest and will be carried through the exploration and development phases. GNPC has the option to acquire additional paying interests in a commercial discovery on the DT Block of 5%. In order to acquire the additional paying interests, GNPC must notify the contractor of its intention to do so within sixty to ninety days of the contractor's notice to Ghana's Ministry of Energy of a commercial discovery. Under the DT PA, GNPC exercised its option in January 2009 to acquire an additional paying interest of 5% in the commercial discovery with respect to the Jubilee Field development. GNPC is obligated to pay its 5% of all future petroleum costs, including development and production costs attributable to its 5% additional paying interest. Furthermore, it is obligated to pay 10% of the production costs of the Jubilee Field development, as allocated to the DT Block. In August 2009, GNPC notified us and our unit partners that it would exercise its right for the contractor group to pay its 5% DT Block share of the Jubilee Field development costs and be reimbursed for such costs plus interest out of a portion of GNPC's production revenues under the terms of the DT PA. Kosmos is required to pay a fixed royalty of 5% and an additional oil entitlement which escalates as the nominal project rate of return increases. These royalties are to be paid in-kind or, at the election of the government of Ghana, in cash. A corporate tax rate of 35% is applied to profits at a country level.

Due to contractual relinquishments at the end of contract periods, the DT Block currently comprises approximately 203,345 acres (823 square kilometers). The term of the DT PA is 30 years from the effective date of such agreement, July 31, 2006. We are currently in the second extension period of the exploration phase of the DT PA, which expired in January 2013. All commitments under the extension period were fulfilled by drilling exploration wells on the DT Block in December 2012.

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After the expiration of the exploration phase, the DT Block will comprise areas that are part of our existing discoveries in the DT Block. We and our DT Block partners have certain rights of first refusal for the granting of a new petroleum contract and certain rights to negotiate a new petroleum contract with respect to the DT Relinquishment Area. We and our DT Block partners exercised such right to negotiate a new petroleum contract in January 2012.

The Ghanaian Petroleum Law and the WCTP and DT PAs form the basis of our exploration, development and production operations on these blocks. Pursuant to these petroleum agreements, most significant decisions, including PoDs and annual work programs, for operations other than exploration and appraisal, must be approved by a joint management committee, consisting of representatives of certain block partners and GNPC. Certain decisions require unanimity. See "Item 1A. Risk Factors—We are not, and may not be in the future, the operator on all of our license areas and do not, and may not in the future, hold all of the working interests in certain of our license areas. Therefore, we will not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non-operated and to an extent, any non-wholly owned, assets."

Jubilee Field Unitization

The Jubilee Field, discovered by the Mahogany-1 well in June 2007, covers an area within both the WCTP and DT Blocks. Consistent with the Ghanaian Petroleum Law, the WCTP and DT PAs and as required by Ghana's Ministry of Energy, it was agreed the Jubilee Field would be unitized for optimal resource recovery. A Pre Unit Agreement was agreed to between the contractors groups of the WCTP and DT Blocks in 2008, with a more comprehensive unit agreement, the UUOA, agreed to in 2009 which govern each party's respective rights and duties in the Jubilee Unit. Tullow is the Unit Operator, while Kosmos is the Technical Operator for Development of the Jubilee Unit. The Jubilee Unit holders' interests are subject to redetermination in accordance with the terms of the UUOA. See "Item 1A. Risk Factors—The unit partners' respective interests in the Jubilee Unit are subject to redetermination and our interests in such unit may decrease as a result." The initial redetermination process was completed on October 14, 2011. As a result of the initial redetermination process, the tract participation was determined to be 54.36660% for the WCTP Block and 45.63340% for the DT Block. Our Unit Interest was increased from 23.50868% (our percentage after Tullow's acquisition of EO Group—see "Item 8. Financial Statements and Supplementary Data—Note 5—Joint Interest Billings") to 24.07710%. The accounting for the Jubilee Unit is in accordance with the redetermined tract participation stated. Although the Jubilee Field is unitized, Kosmos' participating interests in each block outside the boundary of the Jubilee Unit remains the same. Kosmos remains operator of the WCTP Block outside the Jubilee Unit area.

We, as the Technical Operator, led the Integrated Project Team ("IPT"), which consisted of geoscience, engineering, commercial, project services, and operations disciplines from within the Jubilee Unit partnership. The Technical Operator evaluated the resource base and developed an optimized reservoir depletion plan. This plan included the design and placement of wells and the selection of topside and subsea facilities. The Technical Operator's responsibilities also extended to project management of the design and implementation of the complete field development system. The Unit Operator is responsible for drilling and completing the development wells for the Jubilee Field development, according to the specifications outlined by the IPT, and providing other in-country support. Upon first production, the Unit Operator assumed responsibility for the day-to-day operations and maintenance of the FPSO as well as overseeing and optimizing the reservoir management plan based on field performance, including any well workover activity or additional infill drilling and subsequent phases. The responsibility of the Technical Operator and the IPT for the Jubilee Field Phase 1 development was completed upon commissioning of the gas compression and injection systems and project administrative close out.

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First oil from the Jubilee Field Phase 1 development commenced on November 28, 2010, and we received approval from Ghana's Ministry of Energy for the Jubilee Field Phase 1A development in January 2012. The JFFDP was submitted to Ghana's Minister of Energy in December 2012.

Ndian River Block

On December 19, 2006, Kosmos signed the Ndian River petroleum contract covering the Ndian River Block located predominately onshore Cameroon. Kosmos has a 100% participating interest in the block and is the operator. Société Nationale des Hydrocarbures ("SNH") has the option to back into the contract with an interest of up to 15% upon approval of a PoD. The Ndian River petroleum contract provides for Kosmos to recover its share of expenses incurred ("cost recovery oil") and its share of remaining oil ("profit oil"). Cost recovery oil is apportioned to Kosmos from up to 60% of gross revenue prior to profit oil being split between the government of Cameroon and the contractor. Profit oil is then apportioned based upon "R-factor" tranches, where the R-factor is cumulative net revenues divided by cumulative net investment. A corporate tax rate of 40% is applied to profits. The initial period of the exploration phase is three years and there are two renewal periods of two years with each carrying a one-well obligation. The Ndian River Block comprises approximately 434,163 acres (approximately 1,757 square kilometers) and occupies a coastal strip of the Rio del Rey Basin in northwestern Cameroon. The block is located about 62 miles (100 kilometers) west-northwest of the city of Douala and extends to the Cameroon/Nigeria border. The license commitment requires us to conduct a 2D seismic survey as part of the multi-year exploration and exploitation agreement. Because of delays caused by difficulties in conducting seismic operations during the rainy season, the survey commenced in November 2009, causing a portion of the survey to be acquired beyond the initial exploration phase end date of November 19, 2009. In recognition of this, we, in consultation with SNH and Cameroon's Ministry of Industry, Mines and Technology Development, agreed to a process for receiving an extension to the initial period. On November 16, 2009, we received Ministry approval of a one year extension to the initial period of the exploration phase, which ended on November 19, 2010. On September 16, 2010, in accordance with the terms of the Ndian River petroleum contract and after fulfillment of all the obligations of the initial period, we submitted an application for entry into the first of two renewal periods of the exploration phase with an attendant one-well obligation. On September 7, 2012, we applied to Cameroon's Minister of Industry, Mines and Technology Development for a one-year extension of the first renewal period, which was granted in an order dated October 11, 2012. The current exploration period now ends on November 20, 2013.

The Sipo-1 exploration well on the Ndian River Block spud in February 2013.

Sales and Marketing

Production from the Jubilee Field began in November 2010, and we received our first oil revenues in early 2011. As provided under the UUOA and the WCTP and DT PAs, we are entitled to lift and sell our share of the Jubilee production in conjunction with the Jubilee Unit partners. We have entered an agreement with an oil marketing agent to market our share of the Jubilee Field oil on the international spot market, and we approve the terms of each sale proposed by such agent. We do not anticipate entering into any long term sales agreements at this time.

There are a variety of factors which affect the market for oil, including the proximity and capacity of transportation facilities, demand for oil, the marketing of competitive fuels and the effects of government regulations on oil production and sales. Our revenue can be materially affected by current economic conditions and the price of oil. However, based on the current demand for crude oil and the fact that alternative purchasers are readily available, we believe that the loss of our marketing agent and/or any of the purchasers identified by our marketing agent would not have a long-term material adverse effect on our financial position or results of operations.

Competition

The oil and gas industry is competitive. We encounter strong competition from other independent operators and from major oil companies in acquiring and developing licenses. Many of these competitors have financial and technical resources and personnel compliments substantially larger than ours. As a result, our competitors may be able to pay more for desirable oil and natural gas assets, or to evaluate, bid for and purchase a greater number of licenses than our financial or personnel resources will permit. Furthermore, these companies may also be better able to withstand the financial pressures of unsuccessful wells, sustained periods of volatility in financial and commodities markets and generally adverse global and industry-wide economic conditions, and may be better able to absorb the burdens resulting from changes in relevant laws and regulations, which may adversely affect our competitive position.

We are also affected by competition for drilling rigs and the availability of related equipment. Higher commodity prices generally increase the demand for drilling rigs, supplies, services, equipment and crews, and can lead to shortages of, and increasing costs for, drilling equipment, services and personnel. In recent years, oil and natural gas companies have experienced higher drilling and operating costs. Shortages of, or increasing costs for, experienced drilling crews and equipment and services could restrict our ability to drill wells and conduct our operations.

Competition is also strong for attractive oil and natural gas producing assets, undeveloped license areas and drilling rights, and we cannot assure our stakeholders that we will be able to successfully compete when attempting to make further strategic acquisitions.

Title to Property

Other than as specified in this annual report on Form 10-K, we believe that we have satisfactory title to our oil and natural gas assets in accordance with standards generally accepted in the international oil and gas industry. Our licenses are subject to customary royalty and other interests, liens under operating agreements and other burdens, restrictions and encumbrances customary in the oil and gas industry that we believe do not materially interfere with the use of, or affect the carrying value of, our interests. For examples, see "Item 1A. Risk Factors—A portion of our asset portfolio is in Western Sahara, and we could be adversely affected by the political, economic and military conditions in that region. Our exploration licenses in this region conflict with exploration licenses issued by the Sahrawi Arab Democratic Republic" and "Item 1A. Risk Factors—Maritime boundary demarcation between Côte D'Ivoire and Ghana may affect a portion of our license areas." and "Item 1. Business—Operations by Geographic Area, Ghana."

Environmental Matters

General

We and our operations are subject to various stringent and complex international, foreign, federal, state and local environmental, health and safety laws and regulations governing matters including the emission and discharge of pollutants into the ground, air or water; the generation, storage, handling, use and transportation of regulated materials; and the health and safety of our employees. These laws and regulations may, among other things:

- require the acquisition of various permits before operations commence;
- enjoin some or all of the operations or facilities deemed not in compliance with permits;
- restrict the types, quantities and concentration of various substances that can be released into the environment in connection with oil and natural gas drilling, production and transportation activities;

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- limit or prohibit drilling activities in certain locations lying within protected or otherwise sensitive areas; and
- require remedial measures to mitigate or remediate pollution, including pollution resulting from our operations.

These laws and regulations may also restrict the rate of oil and natural gas production below the rate that would otherwise be possible. Compliance with these laws can be costly; the regulatory burden on the oil and gas industry increases the cost of doing business in the industry and consequently affects profitability. We cannot assure you that we have been or will be at all times in compliance with such laws, or that environmental laws and regulations will not change or become more stringent in the future in a manner that could have a material adverse effect on our financial condition and results of operations.

Moreover, public interest in the protection of the environment continues to increase. Offshore drilling in some areas has been opposed by environmental groups and, in other areas, has been restricted. Our operations could be adversely affected to the extent laws are enacted or other governmental action is taken that prohibits or restricts offshore drilling or imposes environmental requirements that increase costs to the oil and gas industry in general, such as more stringent or costly waste handling, disposal or cleanup requirements or financial responsibility and assurance requirements.

For example, the Macondo spill in the Gulf of Mexico (described in "Item 1A. Risk Factors—Participants in the oil and gas industry are subject to numerous laws that can affect the cost, manner or feasibility of doing business") has resulted and will likely continue to result in increased scrutiny and regulation in the United States. The governments of the countries in which we currently, or in the future may, operate may also impose increased regulation as a result of this or similar incidents, which could materially delay, restrict or prevent our operations in those countries.

Oil Spill Response

Kosmos has developed and adopted an Oil Spill Contingency Plan ("OSCP") for the coordination of responses to oil spills arising from its operations in Ghana, including the WCTP Block. In addition, Tullow maintains an OSCP covering the Jubilee Field and DT Block. Both plans are based on the principle of "Tiered Response" to oil spills ("Guide to Tiered Response and Preparedness", IPIECA Report Series, Volume 14, 2007). A Tier 1 spill is defined as a small-scale operational incident which can be addressed with resources that are immediately available to Kosmos. A Tier 2 spill is a larger incident which would need to be addressed with regionally based shared resources. A Tier 3 spill is a large incident which would require assistance from national or world wide spill co-operatives. Under the OSCP, emergency response teams may be activated to respond to oil spill incidents. We maintain a tiered response system for the mobilization of resources depending on the severity of an incident. Approximately 130 personnel (composed primarily of Tullow and Kosmos employees, Ghanaian Navy personnel and local contractors) have been trained on the assembly and operation of Tier 1 and Tier 2 onshore, nearshore and harbor response equipment. In the case of a Tier 3 incident, we would engage the services of Oil Spill Response Limited ("OSRL") of Southampton, United Kingdom, an oil spill response contractor.

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Our associate membership with OSRL entitles us to utilize its oil spill response services comprising technical expertise and assistance, including access to response equipment and dispersant spraying systems. Kosmos does not own any oil spill response equipment. Instead, Kosmos and Tullow each maintain separate lease agreements with OSRL for Tier 1 and Tier 2 packages of oil spill response equipment. Tier 1 equipment, which is stored in "ready to go trailers" for effective mobilization and deployment, includes booms and ancillaries, recovery systems, pumps and delivery systems, oil storage containers, personal protection equipment, sorbent materials, hand tools, containers and first aid equipment. Tier 2 equipment consists of larger boom and oil recovery systems, pump and delivery systems and auxiliary equipment such as generators and lighting sets, and is also containerized and pre-packed in trailers and ready for mobilization.

As Unit Operator for the Jubilee Field, Tullow has additional response capability to handle an offshore Tier 1 response. Further, our membership in the West and Central Africa Aerial Surveillance and Dispersant Spraying Service gives us access to aircraft for surveillance and spraying of dispersant, which is administered by OSRL for a Tier 2 offshore response. The aircraft is based at the Kotoka International Airport in Accra, Ghana with a contractual response time, loaded with dispersant, of six hours. Additional stockpiles of dispersant are maintained in Takoradi.

In the case of a Tier 3 event, our associate membership in OSRL provides us with access to the large stockpile of equipment in Southampton, United Kingdom along with access to additional dispersant spraying aircraft. Kosmos could hire additional resources such as boats, earth moving equipment and personnel as necessary to respond to such an event. While we have the above in place, we can make no assurance, that these resources will be available or timely respond as intended, perform as designed or be able to fully contain or cap any oil spill, blow-out or uncontrolled flow of hydrocarbons.

Per common industry practice, under the agreements currently in place governing the terms of use of the drilling rigs used by us or our block partners, the drilling rig contractors indemnify us and our block partners in respect of pollution and environmental damage arising out of operations which originate above the surface of the water and from a drilling rig contractor's property, including, but not limited to, their drilling rig and other related equipment. Furthermore, pursuant to the terms of the operating agreements covering the blocks in which we or our block partners are currently drilling, except in certain circumstances, each block partner is responsible for the share of liabilities in proportion to its respective participating interest in the block incurred as a result of pollution and environmental damage, containment and clean-up activities, loss or damage to any well, loss of oil or natural gas resulting from a blowout, crater, fire, or uncontrolled well, loss of stored oil and natural gas, and liabilities incurred in connection with plugging or bringing under control any well. We maintain insurance coverage typical of the industry in the areas we operate in, these include; property damage insurance, loss of production insurance, wreck removal insurance, control of well insurance, general liability including pollution liability to cover pollution from wells and other operations. We also participate in an insurance coverage program for the Jubilee FPSO. Our insurance is carried in amounts typical for the industry and relative to our size and operations and in accordance with our contractual and regulatory obligations.

Other Regulation of the Oil and Gas Industry

Ghana

The Ghanaian Petroleum Law currently governs the upstream Ghanaian oil and natural gas regulatory regime and sets out the policy and framework for industry participants. All petroleum found in its natural state within Ghana is deemed to be national property and is to be developed on behalf of the people of Ghana. GNPC is empowered to carry out exploration and development work either on its own or in association with local or foreign contractors. Companies who wish to gain rights to explore

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and produce in Ghana can only do so by entering into a petroleum agreement with Ghana and GNPC. The law requires for the terms of the petroleum agreement to be negotiated and agreed between GNPC and oil and gas companies. The Parliament of Ghana has final approval rights over the negotiated petroleum agreement. Ghana's Ministry of Energy represents the state in its executive capacity. The Petroleum Commission is the regulatory body for the upstream petroleum industry and the advisor to the Ministry of Energy. GNPC has rights to undertake petroleum operations in any acreage declared open by Ghana's Ministry of Energy. As well, when petroleum operations are undertaken by GNPC in association with contracts, GNPC has a carried interest in each petroleum agreement and, following the declaration of any commercial discovery, such carried interest is typically subject to increase by a certain agreed upon amount at the option of GNPC. Petroleum agreements are required to include certain domestic supply requirements, including the sale to Ghana of oil for consumption in Ghana at international market prices.

The Ghanaian Petroleum Exploration and Production Act and our Ghanaian petroleum agreements contain provisions restricting the direct or indirect assignment or transfer of such petroleum agreements or interests thereunder without the prior written consent of GNPC and the Ministry of Energy. The Petroleum Exploration and Production Act also imposes certain restrictions on the direct or indirect transfer by a contractor of shares of its incorporated company in Ghana to a third party without the prior written consent of Ghana's Minister of Energy. The Ghanaian Tax Law may impose certain taxes upon the direct or indirect transfer of interests in the petroleum agreements or interests thereunder.

Ghana's Parliament is considering the enactment of a new Petroleum Exploration and Production Act and has enacted a new Petroleum Revenue Management Act and the Petroleum Commission Act of 2011. The new Petroleum Exploration and Production Act remains in a draft form, with industry comments having been submitted. The new Petroleum Revenue Management Act of 2011 pertains primarily to the collection, allocation, and management by the government of Ghana of the petroleum revenue. The Petroleum Commission Act creates the Petroleum Commission, whose objective is to regulate and manage the use of petroleum resources and coordinate the policies thereto. The Petroleum Commission became effective in January 2012. Among the Petroleum Commission's functions are advising the Minister of Energy on matters such as appraisal plans, field development plans, recommending to the Minister national policies related to petroleum, and storing and managing data. We understand the primary purpose of the Petroleum Commission is to fulfill the regulatory functions previously undertaken by GNPC. We currently believe that such laws will only have prospective application, and as such will not modify the terms of (or interests under) the agreements governing our license interests in Ghana, including the WCTP and DT PAs (which include stabilization clauses) and the UUOA, and will not impose additional restrictions on the direct or indirect transfer of our license interests, including upon a change of control. See "Item 1A. Risk Factors—Participants in the oil and gas industry are subject to numerous laws that can affect the cost, manner or feasibility of doing business." Ghana's Parliament is also considering the enactment of Petroleum (Local Content and Local Participation in Petroleum Activities) Regulations. Industry comments have been submitted.

Cameroon

In 1999 and 2000, the government of Cameroon approved the Petroleum Code (the "Cameroon Petroleum Code") and Petroleum Regulations that were designed to rationalize regulation of the upstream local oil and gas industry. The Cameroon Petroleum Code applies to all license awards granted post 2000. Arrangements entered into prior to 2000 are grandfathered under the former law. Companies who wish to gain rights to explore and produce in Cameroon can only do so by entering into a petroleum contract with the Republic of Cameroon, represented by SNH, the Cameroon national oil company, and assignments of such contracts require the consent of the government. SNH,

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established in March 1980, participates in the form of joint ventures with the "contractors." Assignment of license interests requires the consent of the Minister in charge of Hydrocarbons.

Mauritania

The main legislative acts in the Islamic Republic of Mauritania (State) relevant to petroleum exploration and production are Law No. 2010-033 dated July 20, 2010 and its amendment ("Hydrocarbon Laws"). The regulatory authority in Mauritania is the Ministry of Petroleum, Energy and Mines and the national oil company acting on its behalf is the Mauritanian Society of Hydrocarbons ("SMH"). SMH was instituted by Decree No. 2005-106 of November 7, 2005 and modified by Decree No. 2009-168 of May 3, 2009. Pursuant to Hydrocarbon Laws the State or SMH may undertake petroleum operations and may authorize other legal entities to undertake petroleum operations under exploration-production contracts ("PSC"). The Ministry shall sign PSCs on behalf of the State. The exploration period shall not be more than ten years, subject to certain permitted extensions and the exploitation period shall not be more than 25 years. Each PSC may provide that the State has a carried interest of up to 10% during the exploration period. Each PSC shall grant the State the option to participate for a percentage not less than 10% in the rights of the Contractor during the exploitation period.

Morocco

The two main legislative acts in Morocco relevant to petroleum exploration and production are (i) the Law 21-90 (April 1, 1992) as amended and completed by the Law 27-99 (February 15, 2000) and (ii) the Decree 2-93-786 (November 3, 1993) as amended and completed by decree 2-99-210 (March 16, 2000) (together, "Morocco's Petroleum Laws"). The regulatory authority in Morocco is the Ministry of Energy, Mines, Water and Environment and the national oil company acting on his behalf is ONHYM. ONHYM is a public establishment (*établissement public*) with the legal personality and financial autonomy created pursuant to the Law 33-01 (November 11, 2003) which was further completed by the Decree 2-04-372 (December 29, 2004).

Pursuant to the Law 21-90, it is provided that the granting of an exploration permit is subject to the conclusion of a petroleum agreement with the Moroccan State. Therefore, companies who wish to gain rights to explore and produce in Morocco can only do so by entering into a petroleum contract with ONHYM acting on behalf of the State. It is further provided that the State of Morocco (via ONHYM) shall retain a participation in exploration permits or exploitation concessions which shall not be in excess of 25%. More generally, ONHYM is representing the State of Morocco for licensing, exploration and exploitation matters within the limit of its prerogatives set out pursuant to the Law 33-01. Assignments of percentage interests in field developments also require the consent of the administration pursuant to the Law 21-90.

The Sahrawi Arab Democratic Republic (the "SADR") has claimed sovereignty over the Western Sahara territory, including the area offshore, and has issued exploration licenses which conflict with those issued by Morocco, including certain licenses which conflict with the Cap Boujdour Offshore license issued to Kosmos. See "Item 1A. Risk Factors—A portion of our asset portfolio is in Western Sahara, and we could be adversely affected by the political, economic, and military conditions in that region. Our exploration licenses in this region conflict with exploration licenses issued by the Sahrawi Arab Democratic Republic."

Suriname

The three sets of rules governing petroleum exploration and production in Suriname are (i) Staatsolie's Concession Agreement (Decree E8-B, Official Gazette 1981 no. 59), (ii) the Mining

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Decree of 1986 (Official Gazette 1986 no. 28) and (iii) the Petroleum Law 1990 (Official Gazette 1991 no. 7, as amended in 2001).

The Mining Decree granted concession rights for petroleum activities to state enterprises. Staatsolie Maatschappij Suriname N.V. ("Staatsolie") was founded in 1980 as a state enterprise and holds mining rights onshore and offshore in Suriname. The Petroleum Law granted state enterprises with petroleum concession rights the authority, upon the approval of the Minister of Natural Resources, to enter into petroleum contracts with petroleum companies. Therefore, companies who wish to gain rights to explore and produce in Suriname can only do so by entering into a petroleum contract with Staatsolie, subject to approval by the Minister of Natural Resources.

Certain Bermuda Law Considerations

As a Bermuda exempted company, we are subject to regulation in Bermuda. Among other things, we must comply with the provisions of the Bermuda Companies Act regulating the payment of dividends and making of distributions from contributed surplus.

We have been designated by the Bermuda Monetary Authority as a non-resident for Bermuda exchange control purposes. This designation allows us to engage in transactions in currencies other than the Bermuda dollar, and there are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to United States residents who are holders of our common shares.

Under Bermuda law, "exempted" companies are companies formed for the purpose of conducting business outside Bermuda from a principal place of business in Bermuda. As an exempted company, we may not, without a license or consent granted by the Minister of Finance, participate in certain business transactions, including transactions involving Bermuda landholding rights and the carrying on of business of any kind for which we are not licensed in Bermuda.

Employees

As of December 31, 2012, we had approximately 250 employees. None of these employees are represented by labor unions or covered by any collective bargaining agreement. We believe that relations with our employees are satisfactory.

Corporate Information

We were incorporated pursuant to the laws of Bermuda as Kosmos Energy Ltd. in January 2011 to become a holding company for Kosmos Energy Holdings. Kosmos Energy Holdings was formed as an exempted company limited by guarantee pursuant to the laws of the Cayman Islands in March 2004. Pursuant to the terms of a corporate reorganization that was completed simultaneously with the closing of our IPO, all of the interests in Kosmos Energy Holdings were exchanged for newly issued common shares of Kosmos Energy Ltd. and as a result, Kosmos Energy Holdings became a wholly-owned subsidiary of Kosmos Energy Ltd.

We maintain a registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The telephone number of our registered offices is (441) 295-5950. Our U.S. subsidiary maintains its headquarters at 8176 Park Lane, Suite 500, Dallas, Texas 75231 and its telephone number is (214) 445-9600.

Available Information

Kosmos is listed on the NYSE and our common shares are traded under the symbol "KOS". We file or furnish annual, quarterly and current reports, proxy statements and other information with the SEC. The public may read and copy any reports, statements or other information at the SEC's Public

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Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information about the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website at <http://www.sec.gov> that contains documents we file electronically with the SEC.

The Company also maintains an internet website under the name *www.kosmosenergy.com*. The information on our website is not incorporated by reference into this annual report on Form 10-K and should not be considered a part of this annual report on Form 10-K. Our website is included as an inactive technical reference only. We make available, free of charge, on our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC.

Item 1A. Risk Factors

You should consider and read carefully all of the risks and uncertainties described below, together with all of the other information contained in this report, including the consolidated financial statements and the related notes included in "Item 8. Financial Statements and Supplementary Data." If any of the following risks actually occurs, our business, business prospects, financial condition, results of operations or cash flows could be materially adversely affected. The risks below are not the only ones we face. Additional risks not currently known to us or that we currently deem immaterial may also adversely affect us.

Risks Relating to the Oil and Natural Gas Industry and Our Business

We have limited proved reserves and areas that we decide to drill may not yield oil and natural gas in commercial quantities or quality, or at all.

We have limited proved reserves. The majority of our oil and natural gas portfolio consists of discoveries without approved PoDs and with limited well penetrations, as well as identified yet unproven prospects based on available seismic and geological information that indicates the potential presence of hydrocarbons. However, the areas we decide to drill may not yield oil or natural gas in commercial quantities or quality, or at all. Many of our current discoveries and all of our prospects are in various stages of evaluation that will require substantial additional analysis and interpretation. Even when properly used and interpreted, 2D and 3D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. Accordingly, we do not know if any of our discoveries or prospects will contain oil or natural gas in sufficient quantities or quality to recover drilling and completion costs or to be economically viable. Even if oil or natural gas is found on our discoveries or prospects in commercial quantities, construction costs of gathering lines, subsea infrastructure and floating production systems and transportation costs (or analogous developmental costs associated with onshore production in the case of our onshore licenses) may prevent such discoveries or prospects from being economically viable, and approval of PoDs by various regulatory authorities, a necessary step in order to designate a discovery as "commercial," may not be forthcoming. Additionally, the analogies drawn by us using available data from other wells, more fully explored discoveries or producing fields may not prove valid with respect to our drilling prospects. We may terminate our drilling program for a discovery or prospect if data, information, studies and previous reports indicate that the possible development of a discovery or prospect is not commercially viable and, therefore, does not merit further investment. If a significant number of our discoveries or prospects do not prove to be successful, our business, financial condition and results of operations will be materially adversely affected.

The deepwater offshore Ghana, an area in which we focus a substantial amount of our exploration, appraisal and development efforts, has only recently been considered potentially economically viable for hydrocarbon production due to the costs and difficulties involved in drilling for oil at such depths and the relatively recent discovery of commercial quantities of oil in the region. Likewise, our onshore Cameroon and deepwater offshore Morocco, Suriname and Mauritania licenses have not yet proved to be economically viable production areas, as to date we do not have a commercially viable discovery or production in either of these regions. We have limited proved reserves, and we may not be successful in developing additional commercially viable production from our other discoveries and prospects.

We face substantial uncertainties in estimating the characteristics of our unappraised discoveries and our prospects.

In this report we provide numerical and other measures of the characteristics, including with regard to size and quality, of our discoveries and prospects. These measures may be incorrect, as the accuracy of these measures is a function of available data, geological interpretation and judgment. To

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date, a limited number of our prospects have been drilled. Any analogies drawn by us from other wells, discoveries or producing fields may not prove to be accurate indicators of the success of developing proved reserves from our discoveries and prospects. Furthermore, we have no way of evaluating the accuracy of the data from analog wells or prospects produced by other parties which we may use.

It is possible that few or none of our wells to be drilled will find accumulations of hydrocarbons in commercial quality or quantity. Any significant variance between actual results and our assumptions could materially affect the quantities of hydrocarbons attributable to any particular prospect.

Drilling wells is speculative, often involving significant costs that may be more than we estimate, and may not result in any discoveries or additions to our future production or reserves. Any material inaccuracies in drilling costs, estimates or underlying assumptions will materially affect our business.

Exploring for and developing hydrocarbon reserves involves a high degree of operational and financial risk, which precludes definitive statements as to the time required and costs involved in reaching certain objectives. The budgeted costs of planning, drilling, completing and operating wells are often exceeded and can increase significantly when drilling costs rise due to a tightening in the supply of various types of oilfield equipment and related services or unanticipated geologic conditions. Before a well is spud, we incur significant geological and geophysical (seismic) costs, which are incurred whether a well eventually produces commercial quantities of hydrocarbons, or is drilled at all. Drilling may be unsuccessful for many reasons, including geologic conditions, weather, cost overruns, equipment shortages and mechanical difficulties. Exploratory wells bear a much greater risk of loss than development wells. In the past we have experienced unsuccessful drilling efforts, having drilled dry holes. Furthermore, the successful drilling of a well does not necessarily result in the commercially viable development of a field. A variety of factors, including geologic and market-related, can cause a field to become uneconomic or only marginally economic. Many of our prospects that may be developed require significant additional exploration, appraisal and development, regulatory approval and commitments of resources prior to commercial development. The successful drilling of a single well may not be indicative of the potential for the development of a commercially viable field. In Africa and South America, we face higher above-ground risks necessitating higher expected returns, the requirement for increased capital expenditures due to a general lack of infrastructure and underdeveloped oil and gas industries, and increased transportation expenses due to geographic remoteness, which either require a single well to be exceptionally productive, or the existence of multiple successful wells, to allow for the development of a commercially viable field. See "—Our operations may be adversely affected by political and economic circumstances in the countries in which we operate." Furthermore, if our actual drilling and development costs are significantly more than our estimated costs, we may not be able to continue our business operations as proposed and could be forced to modify our plan of operation.

Our identified drilling locations are scheduled out over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.

Our management team has identified and scheduled drilling locations on our license areas over a multi-year period. Our ability to drill and develop these locations depends on a number of factors, including the availability of equipment and capital, approval by block partners and regulators, seasonal conditions, oil prices, assessment of risks, costs and drilling results. The final determination on whether to drill any of these locations will be dependent upon the factors described elsewhere in this report as well as, to some degree, the results of our drilling activities with respect to our established drilling locations. Because of these uncertainties, we do not know if the drilling locations we have identified will be drilled within our expected timeframe or at all or if we will be able to economically produce hydrocarbons from these or any other potential drilling locations. As such, our actual drilling activities

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may be materially different from our current expectations, which could adversely affect our results of operations and financial condition.

Under the terms of our various license agreements, we are contractually obligated to drill wells and declare any discoveries in order to retain exploration and production rights. In the competitive market for our license areas, failure to declare any discoveries and thereby establish development areas may result in substantial license renewal costs or loss of our interests in the undeveloped parts of our license areas, which may include certain of our prospects.

In order to protect our exploration and production rights in our license areas, we must meet various drilling and declaration requirements. In general, unless we make and declare discoveries within certain time periods specified in our various petroleum agreements and licenses, our interests in the undeveloped parts of our license areas may lapse. Should the prospects we have identified in this report under the license agreements currently in place yield discoveries, we cannot assure you that we will not face delays in drilling these prospects or otherwise have to relinquish these prospects. The costs to maintain licenses over such areas may fluctuate and may increase significantly since the original term, and we may not be able to renew or extend such licenses on commercially reasonable terms or at all. Our actual drilling activities may therefore materially differ from our current expectations, which could adversely affect our business.

Regarding our licenses in Ghana, the WCTP PA extends for a period of 30 years from its effective date (July 2004); however, in July 2011, the WCTP Relinquishment Area was subject to relinquishment. We and our WCTP Block partners have certain rights to negotiate a new petroleum contract with respect to the WCTP Relinquishment Area. In July 2010, we and our WCTP Block partners exercised our right to negotiate a new petroleum contract and formally submitted a proposed new petroleum agreement for the WCTP Relinquishment Area in early 2011. If we are unsuccessful in negotiating a new petroleum agreement or choose to not match a bona fide third party offer for the WCTP Relinquishment Area, any identified prospects within the WCTP Relinquishment Area will not be able to be drilled by us. Further, if we are able to negotiate a new petroleum agreement or match a bona fide third party offer, we cannot assure you that any such new agreement will either be entered into or be on the same terms as the current WCTP PA.

The DT PA also extends for a period of 30 years from its effective date and contains similar relinquishment provisions to the WCTP PA, but with the end of the seven year exploration phase occurring in January 2013. We and our DT Block partners have certain rights of first refusal for the granting of a new petroleum agreement with respect to the DT Relinquishment Area. We exercised such right in January 2012. If we are unable to negotiate a new petroleum agreement or we choose to not match a bona fide third party offer for the DT Relinquishment Area, any identified prospects within the DT Relinquishment Area will not be able to be drilled by us. Further, if we are able to negotiate a new petroleum agreement or match a bona fide third party offer, we cannot assure you that any such new agreement will either be entered into or be on the same terms as the current DT PA.

Regarding our licenses in Cameroon, the current exploration period for the Ndian River license will expire on November 20, 2013. Kosmos is required to drill one well before the expiration of this renewal period (such requirement to be certified by the Sipo-1 exploration well which spud in February 2013). Failure to do so may result in our loss of the license. The initial exploration period for the Fako Block will expire on January 13, 2014. Under this petroleum contract, we have work commitments to perform exploration activities and other related activities. Failure to do so may result in our loss of the license.

We are currently in the initial exploration phase for our petroleum contracts in Mauritania, with such phases of the Offshore Blocks C8, C12 and C13 expiring in June 2016. Under these petroleum

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contracts, we have work commitments to perform exploration activities and other related activities. Failure to do so may result in our loss of the licenses.

We are currently in the initial exploration phase for our petroleum contracts in Morocco, with such phases of the Cap Boujdour Offshore Block, Essaouira Offshore Block, and the Fom Assaka Offshore Block expiring on March 1, 2014, April 21, 2014, and January 1, 2014, respectively. Under these petroleum contracts, we have work commitments to perform exploration and other related activities. Failure to do so may result in our loss of the license. We are currently negotiating the terms of the petroleum agreement which will govern the Tarhazante Block.

Regarding our licenses in Suriname, under the production sharing contract covering Block 42, effective December 13, 2011, Kosmos is obligated during the initial four year exploration phase to conduct certain studies, reprocess seismic; acquire, process and interpret seismic data; and acquire, process and interpret 500 square kilometers of 3D seismic. Under the production sharing contract covering Block 45, effective December 13, 2011, Kosmos is obligated during the initial three year exploration phase to conduct certain studies and reprocess seismic data. Failure to complete such requirements may result in our loss of these licenses.

For each of our license areas, we cannot assure you that any renewals or extensions will be granted or whether any new agreements will be available on commercially reasonable terms, or, in some cases, at all. For additional detail regarding the status of our operations with respect to our various licenses, please see "Item 1. Business—Operations by Geographic Area."

The inability of one or more third parties who contract with us to meet their obligations to us may adversely affect our financial results.

We may be liable for certain costs if third parties who contract with us are unable to meet their commitments under such agreements. We are currently exposed to credit risk through joint interest receivables from our block and/or unit partners. If any of our partners in the blocks or unit in which we hold interests are unable to fund their share of the exploration and development expenses, we may be liable for such costs. In the past, certain of our WCTP and DT Block partners have not paid their share of block costs in the time frame required by the joint operating agreements for these blocks. This has resulted in such party being in default, which in return requires Kosmos and its non-defaulting block partners to pay their proportionate share of the defaulting party's costs during the default period. Should a default not be cured, Kosmos could be required to pay its share of the defaulting party's costs going forward.

Our principal exposure to credit risk will be through receivables resulting from the sale of our oil, which we plan to market to energy marketing companies and refineries, and to cover our commodity derivatives contracts. The inability or failure of our significant customers or counterparties to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. In addition, our oil and natural gas derivative arrangements expose us to credit risk in the event of nonperformance by counterparties. Joint interest receivables arise from our block partners. The inability or failure of third parties we contract with to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results.

The unit partners' respective interests in the Jubilee Unit are subject to redetermination and our interests in such unit may decrease as a result.

The interests in and development of the Jubilee Field are governed by the terms of the UUOA. The parties to the UUOA, the collective interest holders in each of the WCTP and DT Blocks, initially agreed that interests in the Jubilee Unit will be shared equally, with each block deemed to contribute 50% of the area of such unit. The respective interests in the Jubilee Unit were therefore initially determined by the respective interests in such contributed block interests. Pursuant to the terms of the

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UUOA, the percentage of such contributed interests is subject to a process of redetermination once sufficient development work has been completed in the unit. The initial redetermination process was completed on October 14, 2011. As a result of the initial redetermination process, the tract participation was determined to be 54.36660% for the WCTP Block and 45.63340% for the DT Block. Our Unit Interest (participating interest in the Jubilee Unit) was increased from 23.50868% (our percentage after Tullow's acquisition of EO Group's interest in July 2011) to 24.07710%. A second redetermination could occur sometime after December 1, 2013, if requested by a party that holds greater than a 10% interest in the unit. We cannot assure you that any redetermination pursuant to the terms of the UUOA will not negatively affect our interests in the Jubilee Unit or that such redetermination will be satisfactorily resolved.

We are not, and may not be in the future, the operator on all of our license areas and do not, and may not in the future, hold all of the working interests in certain of our license areas. Therefore, we will not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non-operated and to an extent, any non-wholly owned, assets.

As we carry out our exploration and development programs, we have arrangements with respect to existing license areas and may have agreements with respect to future license areas that result in a greater proportion of our license areas being operated by others. Currently, we are not the Unit Operator on the Jubilee Field and do not hold operatorship in one of our two blocks offshore Ghana (the DT Block). In addition, the terms of the UUOA governing the unit partners' interests in the Jubilee Field require certain actions be approved by at least 80% of the unit voting interests and the terms of our other current or future license or venture agreements may require at least the majority of working interests to approve certain actions. As a result, we may have limited ability to exercise influence over the operations of the discoveries or prospects operated by our block or unit partners, or which are not wholly owned by us, as the case may be. Dependence on block or unit partners could prevent us from realizing our target returns for those discoveries or prospects. Further, because we do not have majority ownership in all of our properties, we may not be able to control the timing of exploration or development activities or the amount of capital expenditures and, therefore, may not be able to carry out one of our key business strategies of minimizing the cycle time between discovery and initial production. The success and timing of exploration and development activities operated by our block partners will depend on a number of factors that will be largely outside of our control, including:

- the timing and amount of capital expenditures;
- the operator's expertise and financial resources;
- approval of other block partners in drilling wells;
- the scheduling, pre-design, planning, design and approvals of activities and processes;
- selection of technology; and
- the rate of production of reserves, if any.

This limited ability to exercise control over the operations on some of our license areas may cause a material adverse effect on our financial condition and results of operations.

Our estimated proved reserves are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.

The process of estimating oil and natural gas reserves is technically complex. It requires interpretations of available technical data and many assumptions, including those relating to current and future economic conditions and commodity prices. Any significant inaccuracies in these

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interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in this report. See "Item 1. Business—Our Reserves" for information about our estimated oil and natural gas reserves and the PV-10 and Standardized Measure of discounted future net revenues (as defined herein) as of December 31, 2012.

In order to prepare our estimates, we must project production rates and the timing of development expenditures. We must also analyze available geological, geophysical, production and engineering data. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds.

Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves will vary from our estimates. Any significant variance could materially affect the estimated quantities and present value of reserves shown in this report. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control.

The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated oil and natural gas reserves.

You should not assume that the present value of future net revenues from our proved reserves is the current market value of our estimated oil and natural gas reserves. In accordance with the SEC requirements, we have based the estimated discounted future net revenues from our proved reserves on the 12-month unweighted arithmetic average of the first-day-of-the-month price for the preceding twelve months, adjusted for anticipated market premium, without giving effect to derivative transactions. Actual future net revenues from our oil and natural gas assets will be affected by factors such as:

- actual prices we receive for oil and natural gas;
- actual cost of development and production expenditures;
- derivative transactions;
- the amount and timing of actual production; and
- changes in governmental regulations or taxation.

The timing of both our production and our incurrence of expenses in connection with the development and production of oil and natural gas assets will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and gas industry in general.

Actual future prices and costs may differ materially from those used in the present value estimates included in this report. If oil prices decline by \$1.00 per Bbl, then the present value of our net revenues at a 10% discount rate ("PV-10") and the Standardized Measure as of December 31, 2012 would each decrease by approximately \$18.3 million. See "Item 1. Business—Our Reserves."

We are dependent on certain members of our management and technical team.

Our performance and success largely depend on the ability, expertise, judgment and discretion of our management and the ability of our technical team to identify, discover, evaluate and develop reserves. The loss or departure of one or more members of our management and technical team could be detrimental to our future success. Additionally, a significant amount of shares in Kosmos held by members of our management and technical team have vested. There can be no assurance that our management and technical team will remain in place. If any of these officers or other key personnel resigns or becomes unable to continue in their present roles and is not adequately replaced, our results of operations and financial condition could be materially adversely effected. Our ability to manage our growth, if any, will require us to continue to train, motivate and manage our employees and to attract, motivate and retain additional qualified personnel. Competition for these types of personnel is intense, and we may not be successful in attracting, assimilating and retaining the personnel required to grow and operate our business profitably.

Our business plan requires substantial additional capital, which we may be unable to raise on acceptable terms or at all in the future, which may in turn limit our ability to develop our exploration, appraisal, development and production activities.

We expect our capital outlays and operating expenditures to be substantial as we expand our operations. Obtaining seismic data, as well as exploration, appraisal, development and production activities entail considerable costs, and we may need to raise substantial additional capital, through additional debt financing, strategic alliances or future private or public equity offerings if our cash flows from operations are not sufficient to cover such costs.

Our future capital requirements will depend on many factors, including:

- the scope, rate of progress and cost of our exploration, appraisal, development and production activities;
- oil and natural gas prices;
- our ability to locate and acquire hydrocarbon reserves;
- our ability to produce oil or natural gas from those reserves;
- the terms and timing of any drilling and other production-related arrangements that we may enter into;
- the cost and timing of governmental approvals and/or concessions; and
- the effects of competition by larger companies operating in the oil and gas industry.

We do not currently have any commitments for future external funding beyond the capacity of our commercial debt facility and revolving credit facility. Additional financing may not be available on favorable terms, or at all. Even if we succeed in selling additional equity securities to raise funds, at such time the ownership percentage of our existing shareholders would be diluted, and new investors may demand rights, preferences or privileges senior to those of existing shareholders. If we raise additional capital through debt financing, the financing may involve covenants that restrict our business activities. If we choose to farm-out interests in our licenses, we would dilute our ownership interest subject to the farm-out and any potential value resulting therefrom, and may lose operating control or influence over such license areas.

Assuming we are able to commence exploration, appraisal, development and production activities or successfully exploit our licenses during the exploratory term, our interests in our licenses (or the development/production area of such licenses as they existed at that time, as applicable) could extend beyond such term for a fixed period or life of production, depending on the jurisdiction. If we are

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unable to meet our well commitments and/or declare commerciality of the prospective areas of our licenses during this time, we may be subject to significant potential forfeiture of all or part of the relevant license interests. If we are not successful in raising additional capital, we may be unable to continue our exploration and production activities or successfully exploit our license areas, and we may lose the rights to develop these areas. See "—Under the terms of our various license agreements, we are contractually obligated to drill wells and declare any discoveries in order to retain exploration and production rights. In the competitive market for our license areas, failure to declare any discoveries and thereby establish development areas may result in substantial license renewal costs or loss of our interests in the undeveloped parts of our license areas, which may include certain of our prospects."

A substantial or extended decline in both global and local oil and natural gas prices may adversely affect our business, financial condition and results of operations.

The prices that we will receive for our oil and natural gas will significantly affect our revenue, profitability, access to capital and future growth rate. Historically, the oil and natural gas markets have been volatile and will likely continue to be volatile in the future. The prices that we will receive for our production and the levels of our production depend on numerous factors. These factors include, but are not limited to, the following:

- changes in supply and demand for oil and natural gas;
- the actions of the Organization of the Petroleum Exporting Countries;
- speculation as to the future price of oil and natural gas and the speculative trading of oil and natural gas futures contracts;
- global economic conditions;
- political and economic conditions, including embargoes in oil-producing countries or affecting other oil-producing activities, particularly in the Middle East, Africa, Russia and South America;
- the continued threat of terrorism and the impact of military and other action, including U.S. military operations in the Middle East;
- the level of global oil and natural gas exploration and production activity;
- the level of global oil inventories and oil refining capacities;
- weather conditions and natural or man-made disasters;
- technological advances affecting energy consumption;
- governmental regulations and taxation policies;
- proximity and capacity of transportation facilities;
- the price and availability of competitors' supplies of oil and natural gas; and
- the price, availability or mandated use of alternative fuels.

Lower oil prices may not only decrease our revenues on a per share basis but also may reduce the amount of oil that we can produce economically. A substantial or extended decline in oil and natural gas prices may materially and adversely affect our future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures.

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If oil and natural gas prices decrease, we may be required to take write-downs of the carrying values of our oil and natural gas assets, and such decreases could result in reduced availability under our commercial debt facility.

We review our proved oil and natural gas assets for impairment whenever events and circumstances indicate that a decline in the recoverability of their carrying value may have occurred. Based on specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of appraisal and development plans, production data, economics and other factors, we may be required to write down the carrying value of our oil and natural gas assets. A write-down constitutes a non-cash charge to earnings.

In addition, our bank borrowing base is subject to periodic redeterminations. We could be forced to repay a portion of our bank borrowings due to redeterminations of our borrowing base. Redeterminations may occur as a result of a variety of factors, including the commodity price assumptions, assumptions regarding future production from our oil and natural gas assets, operating costs and tax burdens or assumptions concerning our future holdings of proved reserves. If we are forced to do so, we may not have sufficient funds to make such repayments. If we do not have sufficient funds and are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results.

We may not be able to commercialize our interests in any natural gas produced from our license areas.

The development of the market for natural gas in our license areas is in its early stages. Currently the infrastructure to transport and process natural gas on commercial terms is limited and the expenses associated with constructing such infrastructure ourselves may not be commercially viable given local prices currently paid for natural gas. Accordingly, there may be limited or no value derived from any natural gas produced from our license areas.

Our inability to access appropriate equipment and infrastructure in a timely manner may hinder our access to oil and natural gas markets or delay our oil and natural gas production.

Our ability to market our oil and natural gas production will depend substantially on the availability and capacity of processing facilities, oil tankers and other infrastructure, including FPSOs, owned and operated by third parties. Our failure to obtain such facilities on acceptable terms could materially harm our business. We also rely on continuing access to drilling rigs suitable for the environment in which we operate. The delivery of drilling rigs may be delayed or cancelled, and we may not be able to gain continued access to suitable rigs in the future. We may be required to shut in oil wells because of the absence of a market or because access to processing facilities may be limited or unavailable. If that were to occur, then we would be unable to realize revenue from those wells until arrangements were made to deliver the production to market, which could cause a material adverse effect on our financial condition and results of operations. In addition, the shutting in of wells can lead to mechanical problems upon bringing the production back on line, potentially resulting in decreased production and increased remediation costs.

Additionally, the future exploitation and sale of associated and non-associated natural gas and liquids will be subject to timely commercial processing and marketing of these products, which depends on the contracting, financing, building and operating of infrastructure by third parties. The Government of Ghana has announced it will build a gas pipeline from the Jubilee Field to transport such natural gas to the mainland for processing and sale; however, to date, the construction of the pipeline and onshore plant has not been completed. Even if such pipeline is constructed, it would only give us access to a limited natural gas market. In addition, in connection with the approval of the Jubilee Phase 1 PoD, we granted the first 200 Bcf of natural gas produced from the Jubilee Field Phase 1 development

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to Ghana at no cost. The Jubilee Phase 1 PoD provided an initial period during commencement of production for which natural gas could be flared. Subsequent to such period, the Jubilee Phase 1 PoD provided that a portion of the natural gas would be reinjected and the balance of the natural gas would be transported to shore via the pipeline to be built. While reinjection improves the recoverability of oil from such reservoirs in the short term, in order to maintain maximum oil production levels, eventually we will need to either flare excess natural gas or otherwise remove it from the reservoirs' production system. We have not been issued a permit from the Ghana Environmental Protection Agency ("Ghana EPA") to flare natural gas produced from the Jubilee Field in the long-term. In the absence of construction of a natural gas pipeline or if we do not receive a permit to flare such natural gas for the long-term prior to reaching the Jubilee Field's reinjection capacity, the field's oil production capacity may be adversely affected.

We are subject to numerous risks inherent to the exploration and production of oil and natural gas.

Oil and natural gas exploration and production activities involve many risks that a combination of experience, knowledge and interpretation may not be able to overcome. Our future will depend on the success of our exploration and production activities and on the development of an infrastructure that will allow us to take advantage of our discoveries. Additionally, many of our license areas are located in deepwater, which generally increases the capital and operating costs, chances of delay, planning time, technical challenges and risks associated with oil and natural gas exploration and production activities. As a result, our oil and natural gas exploration and production activities are subject to numerous risks, including the risk that drilling will not result in commercially viable oil and natural gas production. Our decisions to purchase, explore or develop discoveries, prospects or licenses will depend in part on the evaluation of seismic data through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations.

Furthermore, the marketability of expected oil and natural gas production from our discoveries and prospects will also be affected by numerous factors. These factors include, but are not limited to, market fluctuations of prices, proximity, capacity and availability of drilling rigs and related equipment, qualified personnel and support vessels, processing facilities, transportation vehicles and pipelines, equipment availability, access to markets and government regulations (including, without limitation, regulations relating to prices, taxes, royalties, allowable production, domestic supply requirements, importing and exporting of oil and natural gas, environmental protection and climate change). The effect of these factors, individually or jointly, may result in us not receiving an adequate return on invested capital.

In the event that our currently undeveloped discoveries and prospects are developed and become operational, they may not produce oil and natural gas in commercial quantities or at the costs anticipated, and our projects may cease production, in part or entirely, in certain circumstances. Discoveries may become uneconomic as a result of an increase in operating costs to produce oil and natural gas. Our actual operating costs may differ materially from our current estimates. Moreover, it is possible that other developments, such as increasingly strict environmental, climate change, health and safety laws and regulations and enforcement policies thereunder and claims for damages to property or persons resulting from our operations, could result in substantial costs and liabilities, delays, an inability to complete the development of our discoveries or the abandonment of such discoveries, which could cause a material adverse effect on our financial condition and results of operations.

We are subject to drilling and other operational environmental hazards.

The oil and natural gas business involves a variety of operating risks, including, but not limited to:

- fires, blowouts, spills, cratering and explosions;
- mechanical and equipment problems, including unforeseen engineering complications;

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- uncontrolled flows or leaks of oil, well fluids, natural gas, brine, toxic gas or other pollutants or hazardous materials;
- gas flaring operations;
- marine hazards with respect to offshore operations;
- formations with abnormal pressures;
- pollution, other environmental risks, and geological problems; and
- weather conditions and natural or man-made disasters.

These risks are particularly acute in deepwater drilling and exploration. Any of these events could result in loss of human life, significant damage to property, environmental or natural resource damage, impairment, delay or cessation of our operations, adverse publicity, substantial losses and civil or criminal liability. In accordance with customary industry practice, we expect to maintain insurance against some, but not all, of these risks and losses. The occurrence of any of these events, whether or not covered by insurance, could have a material adverse effect on our financial position and results of operations.

The development schedule of oil and natural gas projects, including the availability and cost of drilling rigs, equipment, supplies, personnel and oilfield services, is subject to delays and cost overruns.

Historically, some oil and natural gas development projects have experienced delays and capital cost increases and overruns due to, among other factors, the unavailability or high cost of drilling rigs and other essential equipment, supplies, personnel and oilfield services. The cost to develop our projects has not been fixed and remains dependent upon a number of factors, including the completion of detailed cost estimates and final engineering, contracting and procurement costs. Our construction and operation schedules may not proceed as planned and may experience delays or cost overruns. Any delays may increase the costs of the projects, requiring additional capital, and such capital may not be available in a timely and cost-effective fashion.

Our offshore and deepwater operations will involve special risks that could adversely affect our results of operations.

Offshore operations are subject to a variety of operating risks specific to the marine environment, such as capsizing, sinking, collisions and damage or loss to pipeline, subsea or other facilities or from weather conditions. We could incur substantial expenses that could reduce or eliminate the funds available for exploration, development or license acquisitions, or result in loss of equipment and license interests.

Deepwater exploration generally involves greater operational and financial risks than exploration in shallower waters. Deepwater drilling generally requires more time and more advanced drilling technologies, involving a higher risk of equipment failure and usually higher drilling costs. In addition, there may be production risks of which we are currently unaware. If we participate in the development of new subsea infrastructure and use floating production systems to transport oil from producing wells, these operations may require substantial time for installation or encounter mechanical difficulties and equipment failures that could result in significant liabilities, cost overruns or delays. Furthermore, deepwater operations generally, and operations in Africa and South America in particular, lack the physical and oilfield service infrastructure present in other regions. As a result, a significant amount of time may elapse between a deepwater discovery and the marketing of the associated oil and natural gas, increasing both the financial and operational risks involved with these operations. Because of the lack of and the high cost of this infrastructure, further discoveries we may make in Africa and South America may never be economically producible.

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We had disagreements with the Republic of Ghana and the Ghana National Petroleum Corporation regarding certain of our rights and responsibilities under the WCTP and DT Petroleum Agreements.

All of our proved reserves and our discovered fields are located offshore Ghana. The WCTP PA, the DT PA and the UUOA cover the two blocks and the Jubilee Unit that form the basis of our current operations in Ghana. Pursuant to these petroleum agreements, most significant decisions, including our plans for development and annual work programs, must be approved by GNPC and/or Ghana's Ministry of Energy. We have previously had disagreements with the Ministry of Energy and GNPC regarding certain of our rights and responsibilities under these petroleum agreements, the Petroleum Law of 1984 (PNDCL 84) (the "Ghanaian Petroleum Law") and the Internal Revenue Act, 2000 (Act 592) (the "Ghanaian Tax Law"). These included disagreements over sharing information with prospective purchasers of our interests, pledging our interests to finance our development activities, potential liabilities arising from discharges of small quantities of drilling fluids into Ghanaian territorial waters, the failure to approve the proposed sale of our Ghanaian assets and assertions that could be read to give rise to taxes payable under the Ghanaian Tax Law in connection with our IPO. These past disagreements have been resolved. The resolution of certain of these disagreements required us to pay agreed settlement costs to GNPC and/or the government of Ghana.

We issued a Notice of Dispute to the Ministry of Energy and GNPC regarding our right to force majeure protection from an event of Force Majeure that occurred as we were preparing to drill the Cedrela-1 exploration well on the WCTP Block. We continue to discuss this issue so that we may reach an agreement with the Ministry of Energy and GNPC. If this dispute is not resolved in our favor, the Cedrela exploration area will become part of the WCTP Relinquishment Area and will be subject to our right to negotiate a new petroleum agreement with respect to the undeveloped parts of the WCTP Block, unless we and our WCTP Block partners do not wish to match any bona fide third party offer received by GNPC; however, we cannot assure you that any such new petroleum agreement will either be entered into or be on the same terms as the current WCTP PA. We also issued a Notice of Dispute to the Ministry of Energy and GNPC regarding the lack of approval of the Mahogany PoD. We continue to discuss resolution of the PoD with the Ministry of Energy and GNPC.

There can be no assurance that future disagreements will not arise with any host government and/or national oil companies that may have a material adverse effect on our exploration or development activities, our ability to operate, our rights under our licenses and local laws or our rights to monetize our interests.

The geographic locations of our licenses in Africa and South America subject us to an increased risk of loss of revenue or curtailment of production from factors specifically affecting those areas.

Our current exploration licenses are located in Africa and South America. Some or all of these licenses could be affected should either region experience any of the following factors (among others):

- severe weather, natural or man-made disasters or acts of God;
- delays or decreases in production, the availability of equipment, facilities, personnel or services;
- delays or decreases in the availability of capacity to transport, gather or process production; and/or
- military conflicts or civil unrest.

For example, oil and natural gas operations in our license areas may be subject to higher political and security risks than those operations under the sovereignty of the United States. We plan to maintain insurance coverage for only a portion of the risks we face from doing business in these regions. There also may be certain risks covered by insurance where the policy does not reimburse us for all of the costs related to a loss.

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Further, as many of our licenses are concentrated in the same geographic area, a number of our licenses could experience the same conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more diversified portfolio of licenses.

Our operations may be adversely affected by political and economic circumstances in the countries in which we operate.

Oil and natural gas exploration, development and production activities are subject to political and economic uncertainties (including but not limited to changes in energy policies or the personnel administering them), changes in laws and policies governing operations of foreign-based companies, expropriation of property, cancellation or modification of contract rights, revocation of consents or approvals, obtaining various approvals from regulators, foreign exchange restrictions, currency fluctuations, royalty increases and other risks arising out of foreign governmental sovereignty, as well as risks of loss due to civil strife, acts of war, guerrilla activities, terrorism, acts of sabotage, territorial disputes and insurrection. In addition, we are subject both to uncertainties in the application of the tax laws in the countries in which we operate and to possible changes in such tax laws (or the application thereof), each of which could result in an increase in our tax liabilities. These risks may be higher in the developing countries in which we conduct our activities.

Our operations in these areas increase our exposure to risks of war, local economic conditions, political disruption, civil disturbance, expropriation, piracy, tribal conflicts and governmental policies that may:

- disrupt our operations;
- require us to incur greater costs for security;
- restrict the movement of funds or limit repatriation of profits;
- lead to U.S. government or international sanctions; or
- limit access to markets for periods of time.

Some countries in the geographic areas where we operate have experienced political instability in the past or are currently experiencing instability. Disruptions may occur in the future, and losses caused by these disruptions may occur that will not be covered by insurance. Consequently, our exploration, development and production activities may be substantially affected by factors which could have a material adverse effect on our results of operations and financial condition. Furthermore, in the event of a dispute arising from non-U.S. operations, we may be subject to the exclusive jurisdiction of courts outside the United States or may not be successful in subjecting non-U.S. persons to the jurisdiction of courts in the United States, which could adversely affect the outcome of such dispute.

Our operations may also be adversely affected by laws and policies of the jurisdictions, including Ghana, Cameroon, Mauritania, Morocco, Suriname, the United States, the United Kingdom, Bermuda and the Cayman Islands and other jurisdictions in which we do business, that affect foreign trade and taxation. Changes in any of these laws or policies or the implementation thereof, could materially and adversely affect our financial position, results of operations and cash flows.

A portion of our asset portfolio is in Western Sahara, and we could be adversely affected by the political, economic and military conditions in that region. Our exploration licenses in this region conflict with exploration licenses issued by the Sahrawi Arab Democratic Republic.

Morocco claims the territory of Western Sahara, where our Cap Boujdour Offshore Block is geographically located, as part of the Kingdom of Morocco, and it has *de facto* administrative control of approximately 80% of Western Sahara. However, Western Sahara is on the United Nations (the "UN")

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list of Non-Self-Governing territories, and the territory's sovereignty has been in dispute since 1975. The Polisario Front, representing the SADR, has a conflicting claim of sovereignty over Western Sahara. No countries have formally recognized Morocco's claim to Western Sahara, although some countries implicitly support Morocco's position. Other countries have formally recognized the SADR, but the UN has not. A UN-administered cease-fire has been in place since 1991, and while there have been intermittent UN-sponsored talks, between Morocco and SADR (represented by the Polisario), the dispute remains stalemated. It is uncertain when and how Western Sahara's sovereignty issues will be resolved.

We own a 75% participating interest in the Cap Boujdour Offshore Block located geographically offshore Western Sahara. Our license was granted by the government of Morocco; however, the SADR has issued its own offshore exploration licenses which, in some areas, conflict with our licenses. As a result of SADR's conflicting claim of rights to oil and natural gas licenses granted by Morocco, and the SADR's claims that Morocco's exploitation of Western Sahara's natural resources violates international law, our interests could decrease in value or be lost. Any political instability, terrorism, changes in government, or escalation in hostilities involving the SADR, Morocco or neighboring states could adversely affect our operations and assets. In addition, Morocco has recently experienced political and social disturbances that could affect its legal and administrative institutions. A change in U.S. foreign policy or the policies of other countries regarding Western Sahara could also adversely affect our operations and assets. We are not insured against political or terrorism risks because management deems the premium costs of such insurance to be currently prohibitively expensive relative to the limited coverage provided thereby.

Furthermore, various activist groups have mounted public relations campaigns to force companies to cease and divest operations in Western Sahara, and we could come under similar public pressure. Some investors have refused to invest in companies with operations in Western Sahara, and we could be subject to similar pressure. Any of these factors could have a material adverse effect on our results of operations and financial condition.

Maritime boundary demarcation between Côte D'Ivoire and Ghana may affect a portion of our license areas.

In early 2010, Ghana's western neighbor, the Republic of Côte d'Ivoire, petitioned the United Nations to demarcate the Ivorian territorial maritime boundary with Ghana. In response to the petition, Ghana established a Boundary Commission to undertake negotiations in order to determine Ghana's land and maritime boundaries. Ghana has opted out of compulsory dispute settlement under the United Nations Convention on the Law of the Sea. As such we expect that this matter will likely be resolved via bilateral discussions between the Governments. We understand that such discussions are continuing, although the status and results of these discussions have not been announced and the issue remains unresolved at present. The Ghanaian-Ivorian maritime boundary forms the western boundary of the DT Block offshore Ghana. In September 2011, the Ivorian Government issued a map reflecting potential petroleum license areas that overlap with the DT Block, although no conflicting licenses have been awarded. Uncertainty remains with regard to the outcome of the boundary demarcation between Ghana and Côte d'Ivoire and we do not know if the maritime boundary will change, therefore affecting our rights to explore and develop our discoveries or prospects within such areas.

The oil and gas industry, including the acquisition of exploratory licenses in Africa and South America, is intensely competitive and many of our competitors possess and employ substantially greater resources than us.

The international oil and gas industry, including Africa and South America, is highly competitive in all aspects, including the exploration for, and the development of, new license areas. We operate in a highly competitive environment for acquiring exploratory licenses and hiring and retaining trained personnel. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than us, which can be particularly important in the areas in which we operate. These companies may be better able to withstand the financial pressures of unsuccessful drill attempts, sustained periods of volatility in financial markets and generally adverse global and industry-wide economic conditions, and may be better able to absorb the burdens resulting from changes in relevant laws and regulations, which could adversely affect our competitive position. Our ability to acquire additional prospects and to find and develop reserves in the future will depend on our ability to evaluate and select suitable licenses and to consummate transactions in a highly competitive environment. Also, there is substantial competition for available capital for investment in the oil and gas industry. As a result of these and other factors, we may not be able to compete successfully in an intensely competitive industry, which could cause a material adverse effect on our results of operations and financial condition.

Participants in the oil and gas industry are subject to numerous laws that can affect the cost, manner or feasibility of doing business.

Exploration and production activities in the oil and gas industry are subject to local laws and regulations. We may be required to make large expenditures to comply with governmental laws and regulations, particularly in respect of the following matters:

- licenses for drilling operations;
- tax increases, including retroactive claims;
- unitization of oil accumulations;
- local content requirements (including the mandatory use of local partners and vendors); and
- environmental requirements and obligations, including those related to remediation, investigation or permitting.

Under these and other laws and regulations, we could be liable for personal injuries, property damage and other types of damages. Failure to comply with these laws and regulations also may result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties. Moreover, these laws and regulations could change, or their interpretations could change, in ways that could substantially increase our costs. These risks may be higher in the developing countries in which we conduct our operations, where there could be a lack of clarity or lack of consistency in the application of these laws and regulations. Any resulting liabilities, penalties, suspensions or terminations could have a material adverse effect on our financial condition and results of operations.

For example, Ghana's Parliament has recently enacted the Petroleum Revenue Management Act and is considering the enactment of a new Petroleum Exploration and Production Act. There can be no assurance that these laws will not seek to retroactively, either on their face or as interpreted, modify the terms of the agreements governing our license interests in Ghana, including the WCTP and DT PAs and the UUOA, require governmental approval for transactions that effect a direct or indirect change of control of our license interests or otherwise affect our current and future operations in Ghana. Any such changes may have a material adverse affect on our business. We also cannot assure you that government approval will not be needed for direct or indirect transfers of our petroleum

agreements or interests thereunder based on existing legislation. See "Item 1. Business—Other Regulation of the Oil and Gas Industry—Ghana."

The SEC recently promulgated final rules under the Dodd-Frank Act requiring SEC reporting companies that engage in the commercial development of oil, natural gas or minerals, to disclose payments (including taxes, royalties, fees and other amounts) made by such companies or an entity controlled by such companies to the United States or to any non-U.S. government for the purpose of commercial development of oil, natural gas or minerals. Such disclosure will be made in a new public filing with the SEC starting in 2014 (and will cover the 2013 calendar year). The final rules do not contain an exception that would allow companies to exclude payments which may not be disclosed pursuant to foreign laws or confidentiality agreements. Accordingly, while we are working with our foreign partners and the governments of the foreign jurisdictions in which we conduct our oil and gas operations in preparation for these new reporting obligations, there can be no assurance that we will be able to comply with these regulations without creating disagreements with these partners or governments. Further, such regulations may place us at a disadvantage to our non-U.S. competitors in doing business in the international oil and gas industry. Any of these consequences could have a material adverse effect on our financial condition and our results of operations.

We and our operations are subject to numerous environmental, health and safety regulations which may result in material liabilities and costs.

We and our operations are subject to various international, foreign, federal, state and local environmental, health and safety laws and regulations governing, among other things, the emission and discharge of pollutants into the ground, air or water, the generation, storage, handling, use, transportation and disposal of regulated materials and the health and safety of our employees. We are required to obtain environmental permits from governmental authorities for our operations, including drilling permits for our wells. We have not been or may not be at all times in complete compliance with these permits and the environmental and health and safety laws and regulations to which we are subject, and there is a risk such requirements could change in the future or become more stringent. If we violate or fail to comply with such requirements, we could be fined or otherwise sanctioned by regulators, including through the revocation of our permits or the suspension or termination of our operations. If we fail to obtain, maintain or renew permits in a timely manner or at all (due to opposition from partners, community or environmental interest groups, governmental delays or any other reasons), or if we face additional requirements imposed as a result of changes in or enactment of laws or regulations, such failure to obtain, maintain or renew permits or such changes in or enactment of laws or regulations could impede or affect our operations, which could have a material adverse effect on our results of operations and financial condition.

We, as an interest owner or as the designated operator of certain of our past, current and future discoveries and prospects, could be held liable for some or all environmental, health and safety costs and liabilities arising out of our actions and omissions as well as those of our block partners, third-party contractors, predecessors or other operators. To the extent we do not address these costs and liabilities or if we do not otherwise satisfy our obligations, our operations could be suspended or terminated. We have contracted with and intend to continue to hire third parties to perform services related to our operations. There is a risk that we may contract with third parties with unsatisfactory environmental, health and safety records or that our contractors may be unwilling or unable to cover any losses associated with their acts and omissions. Accordingly, we could be held liable for all costs and liabilities arising out of the acts or omissions of our contractors, which could have a material adverse effect on our results of operations and financial condition.

We are not fully insured against all risks and our insurance may not cover any or all environmental claims that might arise from our operations or at any of our license areas. If a significant accident or

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other event occurs and is not covered by insurance, such accident or event could have a material adverse effect on our results of operations and financial condition.

Releases of regulated substances may occur and can be significant. Under certain environmental laws, we could be held responsible for all of the costs relating to any contamination at our current or former facilities and at any third party waste disposal sites used by us or on our behalf. In addition, offshore oil and natural gas exploration and production involves various hazards, including human exposure to regulated substances, which include naturally occurring radioactive and other materials. As such, we could be held liable for any regulated or otherwise and all consequences arising out of human exposure to such substances or for other damage resulting from the release of any regulated or otherwise hazardous substances to the environment, property or to natural resources, or affecting endangered species.

In addition, we expect continued and increasing attention to climate change issues. Various countries and regions have agreed to regulate emissions of greenhouse gases ("GHGs"), including methane (a primary component of natural gas) and carbon dioxide (a byproduct of oil and natural gas combustion). The regulation of GHGs or any treaty or other arrangement adopted with respect to climate change by any of the areas in which we, our customers and the end-users of our products operate may increase our compliance costs, such as for monitoring, sequestering or reducing emissions and may have an adverse impact on the global supply and demand for oil and natural gas, which could have a material adverse impact on our business or results of operations. The physical impacts of climate change in the areas in which we operate, including through increased severity and frequency of storms, floods and other weather events, could adversely impact our operations or disrupt transportation or other process-related services provided by our third-party contractors.

Environmental, health and safety laws are complex, change frequently and have tended to become increasingly stringent over time. Our costs of complying with current and future climate change, environmental, health and safety laws, the actions or omissions of our block partners and third party contractors and our liabilities arising from releases of, or exposure to, regulated substances may adversely affect our results of operations and financial condition. See "Item 1. Business—Environmental Matters."

We may be exposed to liabilities under the U.S. Foreign Corrupt Practices Act and other anti-corruption laws, and any determination that we violated the U.S. Foreign Corrupt Practices Act or other such laws could have a material adverse effect on our business.

We are subject to the U.S. Foreign Corrupt Practices Act ("FCPA") and other laws that prohibit improper payments or offers of payments to foreign government officials and political parties for the purpose of obtaining or retaining business or otherwise securing an improper business advantage. In addition, the United Kingdom has enacted the Bribery Act of 2011, and we may be subject to that legislation under certain circumstances. We do business and may do additional business in the future in countries and regions in which we may face, directly or indirectly, corrupt demands by officials. We face the risk of unauthorized payments or offers of payments by one of our employees or consultants. Our existing safeguards and any future improvements may prove to be less than effective in preventing such unauthorized payments, and our employees and consultants may engage in conduct for which we might be held responsible. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the U.S. government may seek to hold us liable for successor liability for FCPA violations committed by companies in which we invest in (for example, by way of acquiring equity interests in, participating as a joint venture partner with, acquiring the assets of, or entering into certain commercial transactions with) or that we acquire.

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We may incur substantial losses and become subject to liability claims as a result of future oil and natural gas operations, for which we may not have adequate insurance coverage.

We intend to maintain insurance against certain risks in the operation of the business we plan to develop and in amounts in which we believe to be reasonable. Such insurance, however, may contain exclusions and limitations on coverage. For example, we are not insured against political or terrorism risks. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition and results of operations.

Our derivative activities could result in financial losses or could reduce our income.

To achieve more predictable cash flows and to reduce our exposure to adverse fluctuations in the prices of oil and natural gas, we have and may in the future enter into derivative arrangements for a portion of our oil and natural gas production, including, but not limited to, puts, collars and fixed-price swaps. In addition, we currently, and may in the future, hold swaps designed to hedge our interest rate risk. We do not currently designate any of our derivative instruments as hedges for accounting purposes and record all derivative instruments on our balance sheet at fair value. Changes in the fair value of our derivative instruments are recognized in earnings. Accordingly, our earnings may fluctuate significantly as a result of changes in the fair value of our derivative instruments.

Derivative arrangements also expose us to the risk of financial loss in some circumstances, including when:

- production is less than the volume covered by the derivative instruments;
- the counter-party to the derivative instrument defaults on its contract obligations; or
- there is an increase in the differential between the underlying price and actual prices received in the derivative instrument.

In addition, these types of derivative arrangements may limit the benefit we could receive from increases in the prices for oil and natural gas or beneficial interest rate fluctuations and may expose us to cash margin requirements.

Our commercial debt facility and revolving credit facility both contain certain covenants that may inhibit our ability to make certain investments, incur additional indebtedness and engage in certain other transactions, which could adversely affect our ability to meet our future goals.

Our commercial debt facility and revolving credit facility include certain covenants that, among other things, restrict:

- our investments, loans and advances and certain of our subsidiaries' payment of dividends and other restricted payments;
- our incurrence of additional indebtedness;
- the granting of liens, other than liens created pursuant to the commercial debt facility and revolving credit facility and certain permitted liens;
- mergers, consolidations and sales of all or a substantial part of our business or licenses;
- the hedging, forward sale or swap of our production of crude oil or natural gas or other commodities;
- the sale of assets (other than production sold in the ordinary course of business); and

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- our capital expenditures that we can fund with our commercial debt facility and revolving credit facility.

Our commercial debt facility and revolving credit facility require us to maintain certain financial ratios, such as debt service coverage ratios and cash flow coverage ratios. All of these restrictive covenants may limit our ability to expand or pursue our business strategies. Our ability to comply with these and other provisions of our commercial debt facility and revolving credit facility may be impacted by changes in economic or business conditions, our results of operations or events beyond our control. The breach of any of these covenants could result in a default under our commercial debt facility and revolving credit facility, in which case, depending on the actions taken by the lenders thereunder or their successors or assignees, such lenders could elect to declare all amounts borrowed under our commercial debt facility and revolving credit facility, together with accrued interest, to be due and payable. If we were unable to repay such borrowings or interest, our lenders, successors or assignees could proceed against their collateral. If the indebtedness under our commercial debt facility and revolving credit facility were to be accelerated, our assets may not be sufficient to repay in full such indebtedness.

Our level of indebtedness may increase and thereby reduce our financial flexibility.

At December 31, 2012, we had \$1.0 billion outstanding and \$500.0 million of committed undrawn capacity under our commercial debt facility, of which \$340.4 million was available. As of December 31, 2012, we had zero outstanding and \$260.0 million of committed undrawn capacity under the revolving credit facility, all of which was available. In the future, we may incur significant indebtedness in order to make investments or acquisitions or to explore, appraise or develop our oil and natural gas assets.

Our level of indebtedness could affect our operations in several ways, including the following:

- a significant portion or all of our cash flows, when generated, could be used to service our indebtedness;
- a high level of indebtedness could increase our vulnerability to general adverse economic and industry conditions;
- the covenants contained in the agreements governing our outstanding indebtedness will limit our ability to borrow additional funds, dispose of assets, pay dividends and make certain investments;
- a high level of indebtedness may place us at a competitive disadvantage compared to our competitors that are less leveraged and therefore, may be able to take advantage of opportunities that our indebtedness could prevent us from pursuing;
- our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;
- additional hedging instruments may be required as a result of our indebtedness;
- a high level of indebtedness may make it more likely that a reduction in our borrowing base following a periodic redetermination could require us to repay a portion of our then-outstanding bank borrowings; and
- a high level of indebtedness may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes.

A high level of indebtedness increases the risk that we may default on our debt obligations. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions, risks associated with exploring for and producing oil and natural gas, oil and natural gas prices and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to

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generate sufficient cash flows to pay the interest on our indebtedness and future working capital, borrowings or equity financing may not be available to pay or refinance such indebtedness. Factors that will affect our ability to raise cash through an offering of our equity securities or a refinancing of our indebtedness include financial market conditions, the value of our assets and our performance at the time we need capital.

We may be subject to risks in connection with acquisitions and the integration of significant acquisitions may be difficult.

We periodically evaluate acquisitions of prospects and licenses, reserves and other strategic transactions that appear to fit within our overall business strategy. The successful acquisition of these assets requires an assessment of several factors, including:

- recoverable reserves;
- future oil and natural gas prices and their appropriate differentials;
- development and operating costs; and
- potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain. In connection with these assessments, we perform a review of the subject assets that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the assets to fully assess their deficiencies and potential recoverable reserves. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. We may not be entitled to contractual indemnification for environmental liabilities and could acquire assets on an "as is" basis. Significant acquisitions and other strategic transactions may involve other risks, including:

- diversion of our management's attention to evaluating, negotiating and integrating significant acquisitions and strategic transactions;
- the challenge and cost of integrating acquired operations, information management and other technology systems and business cultures with those of ours while carrying on our ongoing business;
- difficulty associated with coordinating geographically separate organizations; and
- the challenge of attracting and retaining personnel associated with acquired operations.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of our business. Members of our senior management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage our business. If our senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer.

If we fail to realize the anticipated benefits of a significant acquisition, our results of operations may be adversely affected.

The success of a significant acquisition will depend, in part, on our ability to realize anticipated growth opportunities from combining the acquired assets or operations with those of ours. Even if a combination is successful, it may not be possible to realize the full benefits we may expect in estimated proved reserves, production volume, cost savings from operating synergies or other benefits anticipated

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from an acquisition or realize these benefits within the expected time frame. Anticipated benefits of an acquisition may be offset by operating losses relating to changes in commodity prices, increased interest expense associated with debt incurred or assumed in connection with the transaction, adverse changes in oil and gas industry conditions, or by risks and uncertainties relating to the exploratory prospects of the combined assets or operations, or an increase in operating or other costs or other difficulties, including the assumption of environmental or other liabilities in connection with the acquisition. If we fail to realize the benefits we anticipate from an acquisition, our results of operations may be adversely affected.

Our bye-laws contain a provision renouncing our interest and expectancy in certain corporate opportunities, which could adversely affect our business or future prospects.

Our bye-laws provide that, to the fullest extent permitted by applicable law, we renounce any right, interest or expectancy in, or in being offered an opportunity to participate in, any business opportunity that may be from time to time be presented to certain of our affiliates or any of their respective officers, directors, agents, shareholders, members, partners, affiliates and subsidiaries (other than us and our subsidiaries) or business opportunities that such parties participate in or desire to participate in, even if the opportunity is one that we might reasonably have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no such person shall be liable to us for breach of any statutory, fiduciary, contractual or other duty, as a director or otherwise, by reason of the fact that such person pursues or acquires any such business opportunity, directs any such business opportunity to another person or fails to present any such business opportunity, or information regarding any such business opportunity, to us unless, in the case of any such person who is our director, such person fails to present any business opportunity that is expressly offered to such person solely in his or her capacity as our director.

As a result, our directors and certain of our affiliates and their respective affiliates may become aware, from time to time, of certain business opportunities, such as acquisition opportunities, and may direct such opportunities to other businesses in which they or their affiliates have invested, in which case we may not become aware of or otherwise have the ability to pursue such opportunity. Further, such businesses may choose to compete with us for these opportunities. As a result, our renouncing of our interest and expectancy in any business opportunity that may be from time to time presented to our directors and certain of our affiliates and their respective affiliates could adversely impact our business or future prospects if attractive business opportunities are procured by such parties for their own benefit rather than for ours.

We receive certain beneficial tax treatment as a result of being an exempted company incorporated pursuant to the laws of Bermuda. Changes in that treatment could have a material adverse effect on our net income, our cash flow and our financial condition.

We are an exempted company incorporated pursuant to the laws of Bermuda and operate through subsidiaries in a number of countries throughout the world. Consequently, we are subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the United States, Bermuda, Ghana, and other jurisdictions in which we or any of our subsidiaries operate or are resident. In recent years, legislation has been introduced in the Congress of the United States that would reform the U.S. tax laws as they apply to certain non-U.S. entities and operations, including legislation that would treat a foreign corporation as a U.S. corporation for U.S. federal income tax purposes if substantially all of its senior management is located in the United States. If this or similar legislation is passed that changes our U.S. tax position, it could have a material adverse effect on our net income, our cash flow and our financial condition.

We may become subject to taxes in Bermuda after March 31, 2035, which may have a material adverse effect on our results of operations.

The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, has given us an assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to us or any of our operations, shares, debentures or other obligations until March 31, 2035, except insofar as such tax applies to persons ordinarily resident in Bermuda or to any taxes payable by us in respect of real property owned or leased by us in Bermuda.

The impact of Bermuda's letter of commitment to the Organization for Economic Cooperation and Development to eliminate harmful tax practices is uncertain and could adversely affect our tax status in Bermuda.

The Organization for Economic Cooperation and Development ("OECD") has published reports and launched a global initiative among member and non-member countries on measures to limit harmful tax competition. These measures are largely directed at counteracting the effects of tax havens and preferential tax regimes in countries around the world. According to the OECD, Bermuda is a jurisdiction that has substantially implemented the internationally agreed tax standard and as such is listed on the OECD "white" list. However, we are not able to predict whether any changes will be made to this classification or whether such changes will subject us to additional taxes.

The adoption of financial reform legislation by the United States Congress in 2010, and its implementing regulations, could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price and other risks associated with our business.

We use derivative instruments to manage our commodity price and interest rate risk. The United States Congress adopted comprehensive financial reform legislation in 2010 that establishes federal oversight and regulation of the over-the-counter derivatives market and entities, such as ours, that participate in that market. The legislation, known as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), was signed into law by the President on July 21, 2010. Many of the provisions of the Dodd-Frank Act require implementing regulations by agencies including the Commodity Futures Trading Commission (the "CFTC") and the SEC. The adopting and implementation of these regulations is underway but has not yet been completed.

Of particular importance to us, the CFTC has the authority to, under certain findings, establish position limits for certain futures, options on futures and swap contracts. Certain bona fide hedging transactions or positions would be exempt from these position limits. The CFTC adopted final position limit rules for 28 physical commodity contracts and related futures, options on futures and swaps on November 18, 2011, but these rules were vacated by the United States District Court for Columbia on September 28, 2012 after a lawsuit was brought by market participants. The CFTC has authorized an appeal, and it is unclear when these rules or similar rules might come into effect. Depending on the final form of any such rules, they may affect our ability to cost-effectively hedge our commodity risks.

The financial reform legislation may also require us to comply with margin requirements and with certain clearing and trade-execution requirements in connection with our derivatives activities. While there are likely to be exceptions from many of these requirements for commercial end users of derivatives like us, the final contours of many of these exceptions, and whether we choose to use them, is uncertain at this time. The Dodd-Frank Act and its implementing regulations may also require the counterparties to our derivative instruments to register with the CFTC and become subject to substantial regulation or even spin off some of their derivatives activities to a separate entity, which may not be as creditworthy as the current counterparty. These requirements and others could

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significantly increase the cost of derivatives contracts (including through requirements to clear swaps and to post collateral, each of which could adversely affect our available liquidity), materially alter the terms of derivatives contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Our revenues could also be adversely affected if a consequence of the legislation and regulations is to lower commodity prices.

We may become a "passive foreign investment company" for U.S. federal income tax purposes, which could create adverse tax consequences for U.S. investors.

U.S. investors that hold stock in a "passive foreign investment company" ("PFIC") are subject to special rules that can create adverse U.S. federal income tax consequences, including imputed interest charges and recharacterization of certain gains and distributions. Based on management estimates and projections of future revenue, we do not believe that we will be a PFIC for the current taxable year and we do not expect to become one in the foreseeable future. Because PFIC status is a factual determination that is made annually and thus is subject to change, there can be no assurance that we will not be a PFIC for any taxable year.

We could incur a liability in connection with securities litigation.

On January 10, 2012, a lawsuit was filed in the 68th Judicial District Court of Dallas County, Texas, against Kosmos Energy Ltd., all of our directors, certain officers of the Company, Warburg Pincus LLC, Blackstone Capital Partners and the underwriters of our IPO, alleging violations of the federal securities laws. Specifically, the plaintiff alleged, among other things, that the defendants made materially false statements and omissions in the documents related to the IPO concerning anticipated gross oil production from the Jubilee Field and that the defendants failed to disclose that several wells were not producing as expected due to design defects that will purportedly cost hundreds of millions of dollars to remediate and will purportedly keep such wells from producing as expected for several years. The plaintiff seeks to certify the lawsuit as a class action lawsuit. This lawsuit has been removed from the Dallas County State court in which it was originally filed to the United States Federal District Court for the Northern District of Texas, Dallas Division and has been consolidated along with three substantially similar lawsuits into one lawsuit. We intend to defend vigorously against the lawsuit and do not believe it will have a material adverse effect on our business. However, if we are unsuccessful in this litigation and any loss exceeds our available insurance, this could have a material adverse effect on our results of operations.

From time to time, we also are involved in various other legal and regulatory proceedings arising in the normal course of business. While we cannot predict the occurrence or outcome of these proceedings with certainty, we do not believe that an adverse result in any pending legal or regulatory proceeding, individually or in the aggregate, would be material to our consolidated financial condition or cash flows; however, an unfavorable outcome could have a material adverse effect on our results of operations for a specific interim period or year.

Risks Relating to Our Common Shares

Our share price may be volatile, and purchasers of our common shares could incur substantial losses.

Our share price may be volatile. The stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The market price for our common shares may be influenced by many factors, including, but not limited to:

- the price of oil and natural gas;
- the success of our exploration and development operations, and the marketing of any oil and natural gas we produce;
- regulatory developments in Bermuda, the United States and foreign countries where we operate;
- the recruitment or departure of key personnel;
- quarterly or annual variations in our financial results or those of companies that are perceived to be similar to us;
- market conditions in the industries in which we compete and issuance of new or changed securities;
- analysts' reports or recommendations;
- the failure of securities analysts to cover our common shares or changes in financial estimates by analysts;
- the inability to meet the financial estimates of analysts who follow our common shares;
- the issuance or sale of any additional securities of ours;
- investor perception of our company and of the industry in which we compete; and
- general economic, political and market conditions.

A substantial portion of our total issued and outstanding common shares may be sold into the market at any time. This could cause the market price of our common shares to drop significantly, even if our business is doing well.

All of the shares sold in our IPO are freely tradable without restrictions or further registration under the federal securities laws, unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). Substantially all of the remaining common shares are restricted securities as defined in Rule 144 under the Securities Act (unless they have been sold pursuant to Rule 144 to date). Restricted securities may be sold in the U.S. public market only if registered or if they qualify for an exemption from registration, including by reason of Rule 144 or Rule 701 under the Securities Act. All of our restricted shares are eligible for sale in the public market, subject in certain circumstances to the volume, manner of sale limitations with respect to shares held by our affiliates and other limitations under Rule 144. Additionally, we have registered all our common shares that we may issue under our employee benefit plans. These shares can be freely sold in the public market upon issuance, unless pursuant to their terms these share awards have transfer restrictions attached to them. Sales of a substantial number of our common shares, or the perception in the market that the holders of a large number of shares intend to sell common shares, could reduce the market price of our common shares.

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The concentration of our share capital ownership among our largest shareholders, and their affiliates, will limit your ability to influence corporate matters.

Our two largest shareholders collectively own approximately 65% of our issued and outstanding common shares. Consequently, these shareholders have significant influence over all matters that require approval by our shareholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership will limit your ability to influence corporate matters, and as a result, actions may be taken that you may not view as beneficial.

Holder of our common shares will be diluted if additional shares are issued.

We may issue additional common shares, preferred shares, warrants, rights, units and debt securities for general corporate purposes, including, but not limited to, repayment or refinancing of borrowings, working capital, capital expenditures, investments and acquisitions. We continue to actively seek to expand our business through complementary or strategic acquisitions, and we may issue additional common shares in connection with those acquisitions. We also issue restricted shares to our executive officers, employees and independent directors as part of their compensation. If we issue additional common shares in the future, it may have a dilutive effect on our current outstanding shareholders.

We are a "controlled company" within the meaning of the NYSE rules and, as a result, qualify for and rely on exemptions from certain corporate governance requirements.

Funds affiliated with Warburg Pincus LLC and The Blackstone Group L.P., respectively, continue to control a majority of the voting power of our issued and outstanding common shares, and we are a "controlled company" within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a "controlled company" and may elect not to comply with certain NYSE corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
- the nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- there be an annual self assessment evaluation of the nominating and corporate governance and compensation committees.

We have elected to be treated as a controlled company and utilize these exemptions, including the exemption for a board of directors composed of a majority of independent directors. In addition, although we have adopted charters for our audit, nominating and corporate governance and compensation committees and conduct annual self-assessments for these committees, currently, only our audit committee is composed entirely of independent directors. Accordingly, you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.

We do not intend to pay dividends on our common shares and, consequently, your only opportunity to achieve a return on your investment is if the price of our shares appreciates.

We do not plan to declare dividends on shares of our common shares in the foreseeable future. Additionally, certain of our subsidiaries are currently restricted in their ability to pay dividends to us pursuant to the terms of our commercial debt facility unless they meet certain conditions, financial and

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otherwise. Consequently, investors must rely on sales of their common shares after price appreciation, which may never occur, as the only way to realize a return on their investment.

We are a Bermuda company and a significant portion of our assets are located outside the United States. As a result, it may be difficult for shareholders to enforce civil liability provisions of the federal or state securities laws of the United States.

We are a Bermuda exempted company. As a result, the rights of holders of our common shares will be governed by Bermuda law and our memorandum of association and bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. One of our directors is not a resident of the United States, and a substantial portion of our assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on that person in the United States or to enforce in the United States judgments obtained in U.S. courts against us or that person based on the civil liability provisions of the U.S. securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against us or our directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against us or our directors or officers under the securities laws of other jurisdictions.

Bermuda law differs from the laws in effect in the United States and might afford less protection to shareholders.

Our shareholders could have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of the United States. As a Bermuda company, we are governed by the Companies Act 1981 of Bermuda (the "Bermuda Companies Act"). The Bermuda Companies Act differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, mergers and acquisitions, takeovers, shareholder lawsuits and indemnification of directors. Set forth below is a summary of these provisions, as well as modifications adopted pursuant to our bye-laws, which differ in certain respects from provisions of Delaware corporate law. Because the following statements are summaries, they do not discuss all aspects of Bermuda law that may be relevant to us and our shareholders.

Interested Directors. Under Bermuda law and our bye-laws, as long as a director discloses a direct or indirect interest in any contract or arrangement with us as required by law, such director is entitled to vote in respect of any such contract or arrangement in which he or she is interested, unless disqualified from doing so by the chairman of the meeting, and such a contract or arrangement will not be voidable solely as a result of the interested director's participation in its approval. In addition, the director will not be liable to us for any profit realized from the transaction. In contrast, under Delaware law, such a contract or arrangement is voidable unless it is approved by a majority of disinterested directors or by a vote of shareholders, in each case if the material facts as to the interested director's relationship or interests are disclosed or are known to the disinterested directors or shareholders, or such contract or arrangement is fair to the corporation as of the time it is approved or ratified. Additionally, such interested director could be held liable for a transaction in which such director derived an improper personal benefit.

Mergers and Similar Arrangements. The amalgamation of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation agreement to be approved by the company's board of directors and by its shareholders. Unless the company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such meeting is required to approve the amalgamation agreement, and the quorum for such meeting must be two persons holding or representing more than one-third of the issued shares of the company. Our bye-laws provide that an amalgamation (other than with a wholly owned subsidiary, per the Bermuda Companies Act) that has been approved by the board must only be approved by shareholders owning a majority of the

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issued and outstanding shares entitled to vote. Under Bermuda law, in the event of an amalgamation of a Bermuda company with another company or corporation, a shareholder of the Bermuda company who is not satisfied that fair value has been offered for such shareholder's shares may, within one month of notice of the shareholders meeting, apply to the Supreme Court of Bermuda to appraise the fair value of those shares. Under Delaware law, with certain exceptions, a merger, consolidation or sale of all or substantially all the assets of a corporation must be approved by the board of directors and a majority of the issued and outstanding shares entitled to vote thereon. Under Delaware law, a shareholder of a corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights pursuant to which such shareholder may receive cash in the amount of the fair value of the shares held by such shareholder (as determined by a court) in lieu of the consideration such shareholder would otherwise receive in the transaction.

Shareholders' Suit. Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

Our bye-laws contain a provision by virtue of which we and our shareholders waive any claim or right of action that they have, both individually and on our behalf, against any director or officer in relation to any action or failure to take action by such director or officer, except in respect of any fraud or dishonesty of such director or officer. Class actions and derivative actions generally are available to shareholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

Indemnification of Directors. We may indemnify our directors and officers in their capacity as directors or officers for any loss arising or liability attaching to them by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which a director or officer may be guilty in relation to the company other than in respect of his own fraud or dishonesty. Under Delaware law, a corporation may indemnify a director or officer of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in defense of an action, suit or proceeding by reason of such position if such director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, such director or officer had no reasonable cause to believe his or her conduct was unlawful. In addition, we have entered into customary indemnification agreements with our directors.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

See "Item 1. Business." We also have various operating leases for rental of office space, office and field equipment, and vehicles. See Note 17 of Notes to the Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for the future minimum rental payments. Such information is incorporated herein by reference.

Item 3. Legal Proceedings

On January 10, 2012, a lawsuit was filed in the 68th Judicial District Court of Dallas County, Texas, against Kosmos Energy Ltd., all of our directors, certain officers of the Company, Warburg Pincus LLC, Blackstone Capital Partners and the underwriters of our IPO, alleging violations of the federal securities laws. Specifically, the plaintiff alleged, among other things, that the defendants made materially false statements and omissions in the documents related to the IPO concerning anticipated gross oil production from the Jubilee Field and that the defendants failed to disclose that several wells were not producing as expected due to design defects that will purportedly cost hundreds of millions of dollars to remediate and will purportedly keep such wells from producing as expected for several years. The plaintiff seeks to certify the lawsuit as a class action lawsuit. This lawsuit has been removed from the Dallas County State court in which it was originally filed to the United States Federal District Court for the Northern District of Texas, Dallas Division and has been consolidated along with three substantially similar lawsuits into one lawsuit. We believe that these claims are without merit and intend to defend this lawsuit vigorously. We are cooperating with our directors and officers liability insurance carrier regarding the vigorous defense of the lawsuit. We currently believe that the potential amount of losses resulting from this lawsuit in the future, if any, will not exceed the policy limits of our directors' and officers' insurance.

From time to time, we also are involved in various other legal and regulatory proceedings arising in the normal course of business. While we cannot predict the occurrence or outcome of these proceedings with certainty, we do not believe that an adverse result in any pending legal or regulatory proceeding, individually or in the aggregate, would be material to our consolidated financial condition or cash flows; however, an unfavorable outcome could have a material adverse effect on our results of operations for a specific interim period or year.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Shares Trading Summary

Our common shares are traded on the NYSE under the symbol "KOS." The following table shows the quarterly high and low sale prices of our common shares since our common shares commenced trading on May 11, 2011 in connection with our IPO.

	2012		2011	
	High	Low	High	Low
First Quarter	\$ 15.13	\$ 12.30	\$ N/A	\$ N/A
Second Quarter	13.70	10.03	19.70	16.49
Third Quarter	11.75	8.19	17.40	10.61
Fourth Quarter	12.65	9.55	16.55	10.10

As of February 18, 2013, based on information from the Company's transfer agent, Computershare Trust Company, N.A., the number of holders of record of Kosmos' common shares was 221. On February 18, 2013, the last reported sale price of Kosmos' common shares, as reported on the NYSE, was \$10.61 per share.

We have never paid any dividends on our common shares. At the present time, we intend to retain all of our future earnings, if any, generated by our operations for the development and growth of our business. Additionally, we are subject to Bermuda legal constraints that may affect our ability to pay dividends on our common shares and make other payments. Under the Bermuda Companies Act, we may not declare or pay a dividend if there are reasonable grounds for believing that we are, or would after the payment be, unable to pay our liabilities as they become due or that the realizable value of our assets would thereafter be less than the aggregate of our liabilities, issued share capital and share premium accounts. Certain of our subsidiaries are also currently restricted in their ability to pay dividends to us pursuant to the terms of the Facility and the Corporate Revolver unless we meet certain conditions, financial and otherwise. Any decision to pay dividends in the future is at the discretion of our board of directors and depends on our financial condition, results of operations, capital requirements and other factors that our board of directors deems relevant and currently we do not anticipate paying any dividends in the foreseeable future.

Issuer Purchases of Equity Securities

In May 2012, we purchased 0.8 million common shares for \$8.4 million from certain of our employees pursuant to net share settlement arrangements in our long-term incentive plan in order to facilitate withholding tax payments upon the vesting of equity awards granted under the plans.

Unregistered Sales of Equity Securities and Use of Proceeds

Our IPO of common shares was effected through a Registration Statement on Form S-1 (File No. 333-171700) that was declared effective by the SEC on May 10, 2011, which (combined with the Registration Statement on Form S-1 (File No. 333-174116)) registered an aggregate of 38.0 million of our common shares at a public offering price of \$18.00 per share. Our IPO resulted in gross proceeds of approximately \$621.3 million. Our net proceeds from the sale of an aggregate of 34.5 million common shares after underwriting discounts and commissions and offering expenses of \$40.9 million were approximately \$580.4 million.

There has been no material change in our planned use of proceeds from the IPO from that described in our final prospectus dated May 10, 2011 and filed with the SEC pursuant to Rule 424(b).

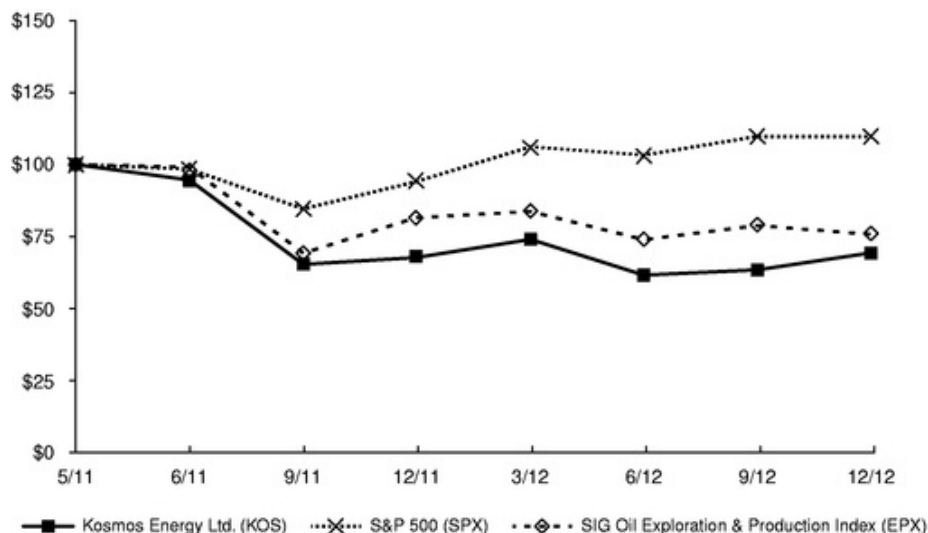
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During 2012, we used net proceeds to repay indebtedness under our Facility and for exploration activities and general corporate purposes. Pending use of the remaining net proceeds, we have invested these net proceeds in institutionally-managed accounts that consists of highly rated investment funds.

Share Performance Graph

The following Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filings.

The following graph illustrates changes over the period from May 11, 2011 (date our common shares commenced trading on the NYSE) through December 31, 2012, in cumulative total stockholder return on our common shares as measured against the cumulative total return of the S&P 500 Index and the SIG Oil Exploration & Production Index. The graph tracks the performance of a \$100 investment in our common shares and in each index (with the reinvestment of all dividends).



	May 11, 2011	December 31,	
		2011	2012
Kosmos Energy Ltd. (KOS)	\$ 100.00	\$ 68.11	\$ 68.61
S&P 500 (SPX)	100.00	94.04	109.09
SIG Oil Exploration & Production Index (EPX)	100.00	81.40	75.76

Item 6. Selected Financial Data

The following selected consolidated financial information set forth below as of and for the five years ended, December 31, 2012, should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data."

Consolidated Statements of Operations Information:

	Years Ended December 31,				
	2012	2011(1)	2010	2009	2008
(In thousands, except per share data)					
Revenues and other income:					
Oil and gas revenue	\$ 667,951	\$ 666,912	\$ —	\$ —	\$ —
Interest income	1,108	9,093	4,231	985	1,637
Other income	3,150	775	5,109	9,210	5,956
Total revenues and other income	672,209	676,780	9,340	10,195	7,593
Costs and expenses:					
Oil and gas production	95,109	83,551	—	—	—
Exploration expenses	97,712	126,409	73,126	22,127	15,373
General and administrative	160,027	113,579	98,967	55,619	40,015
Depletion, depreciation and amortization	185,707	140,469	2,423	1,911	719
Amortization—deferred financing costs	8,984	16,193	28,827	2,492	—
Interest expense	52,207	65,749	59,582	6,774	1
Derivatives, net	31,490	11,777	28,319	—	—
Loss on extinguishment of debt	5,342	59,643	—	—	—
Doubtful accounts expense	—	(39,782)	39,782	—	—
Other expenses, net	1,475	149	1,094	46	21
Total costs and expenses	638,053	577,737	332,120	88,969	56,129
Income (loss) before income taxes	34,156	99,043	(322,780)	(78,774)	(48,536)
Income tax expense (benefit)	101,184	76,686	(77,108)	973	269
Net income (loss)	\$ (67,028)	\$ 22,357	\$ (245,672)	\$ (79,747)	\$ (48,805)
Accretion to redemption value of convertible preferred units	—	(24,442)	(77,313)	(51,528)	(21,449)
Net loss attributable to common shareholders/unit holders	\$ (67,028)	\$ (2,085)	\$ (322,985)	\$ (131,275)	\$ (70,254)
Net income (loss) per share attributable to common shareholders (the year ended December 31, 2011 represents the period from May 16, 2011 to December 31, 2011)(2):					
Basic	\$ (0.18)	\$ 0.09			
Diluted	\$ (0.18)	\$ 0.09			
Weighted average number of shares used to compute net income (loss) per share (the year ended December 31, 2011 represents the period from May 16, 2011 to December 31, 2011)(2):					
Basic	371,847	368,474			
Diluted	371,847	368,607			

(1) Pursuant to the terms of our corporate reorganization that was completed simultaneously with the closing of the IPO, all of the interests in Kosmos Energy Holdings were exchanged for newly issued common

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shares of Kosmos Energy Ltd. based on these interests' relative rights as set forth in Kosmos Energy Holdings' then-current operating agreement. This included convertible preferred units of Kosmos Energy Holdings which were redeemed upon the consummation of the qualified public offering (as defined in the operating agreement in effect prior to the IPO) into common shares of Kosmos Energy Ltd. based on the pre-offering equity value of such interests.

- (2) For the year ended December 31, 2011, we have presented net income (loss) per share attributable to common shareholders (including weighted average number of shares used to compute net income (loss) per share attributable to common shareholders) from the date of our corporate reorganization, May 16, 2011, to December 31, 2011. Net income for the period from May 16, 2011 through December 31, 2011 was \$36.1 million. For the periods presented prior to our corporate reorganization, we do not calculate historical net income (loss) per share attributable to common shareholders because we did not have a common unit of ownership in those periods.

Consolidated Balance Sheets Information:

	As of December 31,				
	2012	2011	2010	2009	2008
	(In thousands)				
Cash and cash equivalents	\$ 515,164	\$ 673,092	\$ 100,415	\$ 139,505	\$ 147,794
Total current assets	750,118	1,112,481	559,920	256,728	205,708
Total property and equipment, net	1,525,762	1,377,041	998,000	604,007	208,146
Total other assets	90,243	62,412	133,615	161,322	1,611
Total assets	2,366,123	2,551,934	1,691,535	1,022,057	415,465
Total current liabilities	190,253	339,607	482,057	139,647	68,698
Total long-term liabilities	1,146,964	1,191,601	845,383	287,022	444
Total convertible preferred units	—	—	978,506	813,244	499,656
Total shareholders' equity/unit holdings equity	1,028,906	1,020,726	(614,411)	(217,856)	(153,333)
Total liabilities, convertible preferred units and shareholders' equity/unit holdings equity	2,366,123	2,551,934	1,691,535	1,022,057	415,465

Consolidated Statements of Cash Flows Information:

	Years Ended December 31,				
	2012	2011	2010	2009	2008
	(In thousands)				
Net cash provided by (used in):					
Operating activities	\$ 371,530	\$ 364,909	\$ (191,800)	\$ (27,591)	\$ (65,671)
Investing activities	(402,662)	(385,140)	(589,975)	(500,393)	(156,882)
Financing activities	(126,796)	592,908	742,685	519,695	331,084

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Cautionary Statement Regarding Forward-Looking Statements" and "Item 1A. Risk Factors." The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this annual report on Form 10-K.

Overview

We are a leading independent oil and gas exploration and production company focused on frontier and emerging areas in Africa and South America. Our asset portfolio includes existing production and other major project developments offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Mauritania, Morocco and Suriname and onshore Cameroon.

We were incorporated pursuant to the laws of Bermuda as Kosmos Energy Ltd. in January 2011 to become a holding company for Kosmos Energy Holdings. Pursuant to the terms of a corporate reorganization that was completed immediately prior to the closing of Kosmos Energy Ltd.'s IPO on May 16, 2011, all of the interests in Kosmos Energy Holdings were exchanged for newly issued common shares of Kosmos Energy Ltd. As a result, Kosmos Energy Holdings became wholly owned by Kosmos Energy Ltd.

Recent Developments

On November 23, 2012, we entered into the revolving credit facility (the "Corporate Revolver"). The total size of the Corporate Revolver is \$300 million, with \$260 million of commitments initially available to us and an additional \$40 million of commitments being available if such lenders choose to increase their commitments or if commitments from new financial institutions are added. In connection with the Corporate Revolver, we also amended and restated the \$2.0 billion commercial debt facility (the "Facility") to cancel \$500 million of unused commitments, cancel the uncommitted \$1.0 billion accordion and add certain financial covenants, among other things. As a result of the transaction, \$5.3 million of deferred financing costs were written off as a loss on extinguishment of debt.

Ghana

During 2012, we had six liftings of oil totaling 5,905 MBbl from the Jubilee Field production resulting in revenues of \$668.0 million. Our average realized price was \$113.12 per barrel.

We have received an approval for the Phase 1A PoD of the Jubilee Field, with production from Phase 1A commencing in late 2012. Drilling of the Phase 1A wells is expected to be completed in 2013 and includes eight additional wells, including five production wells and three water injection wells.

In January 2012, the Ntomme-2A appraisal well confirmed a downdip extension of the Ntomme Field on the DT Block. The well encountered high-quality stacked reservoir sandstones. A drill stem test was performed on the well in May 2012, which successfully flowed oil from multiple zones in the reservoir and confirmed continuity with the Ntomme discovery well. Fluid samples recovered from the well indicate an oil gravity of approximately 35 degrees API.

In March 2012, the Enyenra-4A appraisal well confirmed a downdip extension of the Enyenra light oil field on the DT Block. Analysis of well results, including wireline logs, reservoir pressures and fluid samples, indicated the Enyenra-4A well encountered oil-bearing pay. Fluid samples recovered from the well indicate an oil gravity of approximately 34 degrees API. In March 2012, the Owo-1RA (discovery well of the Enyenra field) drill stem test was successful in encountering oil flow across three zones.

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Drilling of the Teak-4A appraisal well was completed in May 2012. The well encountered non-commercial reservoirs and accordingly was plugged and abandoned. Total well related costs incurred from inception of \$15.0 million are included in exploration expenses in the accompanying consolidated statement of operations for 2012.

In July 2012, the Wawa-1 exploration well made a hydrocarbon discovery on the DT Block. Analysis of well results, including wireline logs, reservoir pressures and fluid samples, indicated the well encountered gas-condensate and oil-bearing pay. Fluid samples recovered from the well indicate an oil gravity of between 38 and 44 degrees API.

In August 2012, a drill stem test performed on the Akasa-1 well on the WCTP Block was successful in encountering oil flow.

In November 2012, we submitted a declaration of commerciality and plan of development covering the Tweneboa, Enyenra and Ntomme discoveries (the "TEN PoD") on the DT Block. The TEN PoD plans for a flexible and expandable development, with an initial base capacity of 80,000 barrels of oil per day. The final development concept is subject to approval from the government of Ghana.

Drilling of the Okure-1 exploration well on the DT Block was completed in December 2012. The well encountered non-commercial reservoirs and accordingly was plugged and abandoned. Total well related costs incurred from inception of \$13.8 million are included in exploration expenses in the accompanying consolidated statement of operations for 2012.

The Sapele-1 exploration well on the DT Block was spud in December 2012. Drilling of the well was completed in February 2013. The well is not considered a productive well and accordingly will be plugged and abandoned.

In January 2013, we relinquished the discovery area associated with the Banda discovery on the WCTP Block, as we do not consider this discovery to be commercially viable. As the exploration phase of the WCTP PA has expired, we no longer have any rights to this discovery area (unless we enter into a new petroleum agreement with the Ghana Ministry of Energy and the Ghana National Petroleum Company covering this and other relinquished areas of the WCTP Block). This relinquishment is not expected to impact our consolidated financial statements for the quarter ended March 31, 2013, as we have previously recorded the unsuccessful well costs associated with the Banda-1 exploration well as exploration expenses.

Cameroon

In January 2012, Kosmos entered into a petroleum contract with the Republic of Cameroon for the Fako Block. Kosmos is the operator and has a 100% participating interest in the block. The Republic of Cameroon has an option to acquire an interest of up to 15% in a commercial discovery on the block. The block covers 318,519 acres (1,289square kilometers) and borders the southeast portion of our Ndian River Block in the Rio del Rey Basin.

In October 2012, the current renewal period of the Ndian River Block was extended through November 19, 2013 and carries a one-well obligation. The Sipo-1 exploration well on the Ndian River Block spud in February 2013. This well is expected to reach its target depth in April 2013.

Mauritania

In April 2012, we completed negotiations with Mauritania's Ministry of Petroleum, Energy and Mines and executed separate petroleum contracts covering Blocks C8, C12 and C13 offshore Mauritania. Kosmos is the operator and has a 90% participating interest in each of these blocks. The government of Mauritania has a 10% carried interest during the exploration period and the option to participate in any discovery on these blocks, and if it elects to exercise such option its participation

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interest would be between 10% and 14%. The first phase of the exploration period of the petroleum contract covering each of the blocks is four years in duration. These contracts were officially gazetted by the Government of Mauritania on June 15, 2012, thereby establishing the effective date for the petroleum contracts.

In order to conform the southern boundaries of Blocks C8 and C13 with the Mauritanian border with Senegal, the petroleum contracts were amended in September 2012. The total area covered by the blocks is now 6.6 million acres (26,775 square kilometers). The blocks are located within the western margin of the proven Mauritanian salt basin, on the Atlantic passive margin. The source rock in the basin is the same age and type as the source rock generated by the petroleum system in the Jubilee Field. Additionally, we believe the play model in the basin is similar to the play model found in the Jubilee Field. A petroleum system in Mauritania has been proven by the presence of offshore producing fields in adjacent blocks to those which we hold.

During the first half of 2013, we anticipate initiating a 2D seismic data acquisition program on approximately 6,000 line-kilometers, covering portions of all three blocks. Based on interpretation of results of the 2D seismic data, a 3D seismic program will be targeted for commencement in 2013.

Morocco

In March 2012, we completed a 4,925 square kilometer 3D seismic acquisition program which covered the Essaouira Offshore Block and the Fom Assaka Block, both in the Agadir Basin offshore Morocco. Processing and interpretation of the data continues.

In October 2012, the Moroccan government issued a joint ministerial order approving our acquisition of the additional 18.75% participating interest from Pathfinder, a wholly owned subsidiary of Fastnet, one of our block partners. Upon receipt of this order, we closed the acquisition of such additional participating interest with Pathfinder. We expect final governmental processes required to officially reflect the acquisition under Moroccan law to be completed in due course. After giving effect to the acquisition, our participating interest in the Fom Assaka Offshore Block is 56.25%.

In September 2012, Kosmos entered into an agreement to acquire an additional 37.5% participating interest in the Essaouira Offshore Block from Canamens Energy Morocco SARL, one of our block partners. Certain governmental approvals and processes are still required to be completed before this acquisition can be closed. After completing the acquisition, our participating interest in the Essaouira Offshore Block will be 75%.

In September 2012, Kosmos made its election under the Tarhazoute Reconnaissance Contract to enter into a petroleum contract. Negotiation of the petroleum contract and associated documents is currently ongoing. We anticipate we will be the operator of the license and hold a 75% participating interest.

Suriname

In November 2012, Kosmos closed an agreement with Chevron under which Kosmos assigned half of its interest in Block 42 and Block 45, offshore Suriname, to Chevron. Each party now has a 50% participating interest in Block 42 and Block 45.

In October 2012, we completed a 3D seismic data acquisition program which covered approximately 3,900 square kilometers of portions of Block 42 and Block 45, both in the Suriname-Guyana Basin. Processing of the data is ongoing.

Results of Operations

All of our results, as presented in the table below, represent operations from the Jubilee Field in Ghana. Certain operating results and statistics for the comparative years of 2012, 2011 and 2010 are included in the following table:

	<u>Years Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
	(In thousands, except per barrel data)		
Sales volumes:			
MBbl	5,905	5,971	—
Revenues:			
Oil sales	\$ 667,951	\$ 666,912	\$ —
Average sales price per Bbl	113.12	111.70	—
Costs:			
Oil production, excluding workovers	\$ 50,640	\$ 83,551	\$ —
Oil production, workovers	44,469	—	—
Total oil production costs	\$ 95,109	\$ 83,551	—
Depletion	\$ 178,568	\$ 135,532	—
Average cost per Bbl:			
Oil production, excluding workovers	\$ 8.58	\$ 13.99	\$ —
Oil production, workovers	7.53	—	—
Total oil production costs	16.11	13.99	—
Depletion	30.24	22.70	—
Oil production cost and depletion costs	\$ 46.35	\$ 36.69	\$ —

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The discussion of the results of operations and the period-to-period comparisons presented below analyze our historical results. The following discussion may not be indicative of future results.

Year Ended December 31, 2012 vs. 2011

	Years Ended December 31,		Increase (Decrease)
	2012	2011	
	(In thousands)		
Revenues and other income:			
Oil and gas revenue	\$ 667,951	\$ 666,912	\$ 1,039
Interest income	1,108	9,093	(7,985)
Other income	3,150	775	2,375
Total revenues and other income	672,209	676,780	(4,571)
Costs and expenses:			
Oil and gas production	95,109	83,551	11,558
Exploration expenses	97,712	126,409	(28,697)
General and administrative	160,027	113,579	46,448
Depletion and depreciation	185,707	140,469	45,238
Amortization—deferred financing costs	8,984	16,193	(7,209)
Interest expense	52,207	65,749	(13,542)
Derivatives, net	31,490	11,777	19,713
Loss on extinguishment of debt	5,342	59,643	(54,301)
Doubtful accounts expense	—	(39,782)	39,782
Other expenses, net	1,475	149	1,326
Total costs and expenses	638,053	577,737	60,316
Income before income taxes	34,156	99,043	(64,887)
Income tax expense	101,184	76,686	24,498
Net income (loss)	\$ (67,028)	\$ 22,357	\$ (89,385)

Oil and gas revenue. Oil and gas revenue increased by \$1.0 million during the year ended December 31, 2012 as compared to the year ended December 31, 2011 primarily due to a higher realized price per barrel. We lifted and sold approximately 5,905 MBbl at an average realized price per barrel of \$113.12 in 2012 and approximately 5,971 MBbl at an average realized price per barrel of \$111.70 in 2011.

Interest income. Interest income decreased by \$8.0 million during the year ended December 31, 2012, as compared to the year ended December 31, 2011, primarily due to interest on notes receivable. The related notes receivable was satisfied in December 2011 as part of the acquisition of the FPSO we are using to produce hydrocarbons from the Jubilee Field.

Other income. Other income increased by \$2.4 million during the year ended December 31, 2012, as compared to the year ended December 31, 2011, primarily due to an increase in technical services fees and overhead charges billed to partners.

Oil and gas production. Oil and gas production costs increased by \$11.6 million during the year ended December 31, 2012 as compared to the year ended December 31, 2011 primarily due to \$44.5 million of workover costs related to acid stimulations on Jubilee Field wells, offset by a decrease due to the purchase of the FPSO in December 2011. During the year ended December 31, 2012, the amortization of costs capitalized in connection with the purchase of the FPSO were expensed as

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depletion. Our average production cost per barrel was \$16.11 and \$13.99 for the years ended December 31, 2012 and 2011, respectively.

Exploration expenses. Exploration expenses decreased by \$28.7 million during the year ended December 31, 2012, as compared to the year ended December 31, 2011. During the year ended December 31, 2012, we incurred \$53.9 million for seismic costs for Morocco, Suriname, Ghana and Cameroon; \$32.2 million of unsuccessful well costs, primarily related to the Ghana Teak-4A appraisal well and Ghana Okure-1 exploration well; and \$9.9 million of new business costs. During the year ended December 31, 2011, we incurred \$32.8 million for seismic costs and \$91.3 million of unsuccessful well costs, primarily related to the Cameroon N'gata-1, Ghana Makore-1, Ghana Banda-1 and Ghana Odum exploration wells.

General and administrative. General and administrative costs increased by \$46.4 million during the year ended December 31, 2012, as compared to the year ended December 31, 2011, primarily due to increases in non-cash expenses of \$32.4 million for equity-based compensation and an increase in staffing. Total non-cash general and administrative costs were \$83.4 million and \$51.0 million for the years ended December 31, 2012 and 2011, respectively.

Depletion and depreciation. Depletion and depreciation increased \$45.2 million during the year ended December 31, 2012, as compared with the year ended December 31, 2011, primarily due to an increase in the cost basis of our oil and gas properties related to the purchase of the FPSO and an increase in the number of completed wells.

Amortization—deferred financing costs and Loss on extinguishment of debt. In March 2011, we refinanced our existing commercial debt facilities. As part of the transaction, we incurred approximately \$52.3 million of deferred financing costs, in addition to our existing unamortized deferred financing costs of \$68.6 million. As a result of the transaction, we recorded a \$59.6 million loss on the extinguishment of debt. The remaining costs were capitalized and are being amortized over the term of the Facility. The related amortization of deferred financing costs for the Facility decreased by \$7.5 million during the year ended December 31, 2012, as compared to the year ended December 31, 2011, due to the decrease in capitalized deferred financing costs and the longer term associated with the Facility. In November 2012, we amended the Facility and secured a \$300 million Corporate Revolver. As a result of these transactions, \$5.3 million of deferred financing costs were written off as a loss on extinguishment of debt.

Interest expense. Interest expense decreased by \$13.5 million during the year ended December 31, 2012, as compared to the year ended December 31, 2011, primarily due to a decrease in the unrealized loss on the interest rate derivative instruments related to changes in fair value and a lower weighted average interest rate on the Facility, partially offset by an accrual for transaction taxes during the year ended December 31, 2012.

Derivatives, net. Derivatives, net increased \$19.7 million during the year ended December 31, 2012, as compared with December 31, 2011, due to the change in fair value and notional amount of the commodity derivative instruments.

Doubtful accounts expense. During the year ended December 31, 2011, we released a \$39.8 million allowance for doubtful accounts related to a receivable previously in default. We received the full amount of the receivable during the third quarter of 2011.

Income tax expense. The Company recognized an income tax provision attributable to earnings of \$101.2 million and \$76.7 million during 2012 and 2011, respectively. The Company's effective tax rates for 2012 and 2011 were 296.2% and 77.4%, respectively. The large variance in income taxes between 2012 and 2011 is due to the impact of the book/tax difference related to the decrease in fair value of certain vested equity awards. The large effective tax rate in 2012 is due to losses incurred in

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jurisdictions in which we are not subject to taxes and, therefore, do not generate any income tax benefits; losses in jurisdictions in which we have valuation allowances against our deferred tax assets and therefore we do not realize any tax benefit on such losses; and the impact on deferred tax assets based on the book/tax difference related to the decrease in fair value of certain vested equity awards.

Year Ended December 31, 2011 vs. 2010

	Years Ended December 31,		Increase (Decrease)
	2011	2010	
(In thousands)			
Revenues and other income:			
Oil and gas revenue	\$ 666,912	\$ —	\$ 666,912
Interest income	9,093	4,231	4,862
Other income	775	5,109	(4,334)
Total revenues and other income	676,780	9,340	667,440
Costs and expenses:			
Oil and gas production	83,551	—	83,551
Exploration expenses	126,409	73,126	53,283
General and administrative	113,579	98,967	14,612
Depletion and depreciation	140,469	2,423	138,046
Amortization—deferred financing costs	16,193	28,827	(12,634)
Interest expense	65,749	59,582	6,167
Derivatives, net	11,777	28,319	(16,542)
Loss on extinguishment of debt	59,643	—	59,643
Doubtful accounts expense	(39,782)	39,782	(79,564)
Other expenses, net	149	1,094	(945)
Total costs and expenses	577,737	332,120	245,617
Income (loss) before income taxes	99,043	(322,780)	421,823
Income tax expense (benefit)	76,686	(77,108)	153,794
Net income (loss)	<u>\$ 22,357</u>	<u>\$ (245,672)</u>	<u>\$ 268,029</u>

Oil and gas revenue. During the year ended December 31, 2011, we recorded oil sales of \$666.9 million due to oil production from the Jubilee Field. We lifted and sold approximately 5,971 MBbl at an average realized price per barrel of \$111.70. In 2010, we had no oil sales and, therefore, no associated revenues.

Interest income. Interest income increased by \$4.9 million during the year ended December 31, 2011, as compared to the year ended December 31, 2010, primarily due to interest on notes receivable. The related note receivable was satisfied in December 2011 as part of the acquisition of the FPSO we are using to produce hydrocarbons from the Jubilee Field.

Other income. Other income decreased by \$4.3 million during the year ended December 31, 2011, as compared to the year ended December 31, 2010, primarily due to a decrease in technical services fees and overhead charges billed to partners for services provided on the Jubilee Field Phase 1 development.

Oil and gas production. During the year ended December 31, 2011, we recorded oil and gas production costs of \$83.6 million related to oil production from the Jubilee Field. Our average production cost per barrel was \$13.99. In 2010, there were no oil sales and, therefore, no associated oil and gas production costs.

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Exploration expenses. Exploration expenses increased by \$53.3 million during the year ended December 31, 2011, as compared to the year ended December 31, 2010. During the year ended December 31, 2011, we incurred \$32.8 million for seismic costs and \$91.3 million of unsuccessful well costs, primarily related to the Cameroon N'gata-1, Ghana Makore-1, Ghana Banda-1 and Ghana Odum exploration wells. During the year ended December 31, 2010, the Company incurred \$59.4 million of unsuccessful well costs primarily related to the Ghana Dahoma-1 and Cameroon Mombe-1 wells and \$13.0 million for seismic costs.

General and administrative. General and administrative costs increased by \$14.6 million during the year ended December 31, 2011, as compared to the year ended December 31, 2010, primarily due to an increase in staffing and increases in non-cash expenses of \$37.2 million for equity-based compensation, partially offset by decreases in cash expenses for professional fees. Total non-cash general and administrative costs were \$51.0 million and \$13.8 million for the years ended December 31, 2011 and 2010, respectively.

Depletion and depreciation. Depletion and depreciation increased \$138.0 million during the year ended December 31, 2011, as compared with the year ended December 31, 2010, due to production from the Jubilee Field. In 2010, there were no oil sales and, therefore, no associated depletion.

Amortization—deferred financing costs and Loss on extinguishment of debt. During the year ended December 31, 2011, we incurred approximately \$52.3 million of deferred financing costs as part of our debt refinancing, in addition to our existing unamortized deferred financing costs of \$68.6 million. As a result of the debt refinancing, we recorded a \$59.6 million loss on the extinguishment of debt. The remaining costs were capitalized and are being amortized over the term of the Facility. The related amortization of deferred financing costs decreased by \$12.6 million during the year ended December 31, 2011, as compared to the year ended December 31, 2010, due to the decrease in capitalized deferred financing costs and the longer term associated with the Facility.

Interest expense. Interest expense increased by \$6.2 million during the year ended December 31, 2011, as compared to the year ended December 31, 2010, primarily due to a decrease in capitalized interest and higher average outstanding debt during the year ended December 31, 2011.

Derivatives, net. Derivatives, net decreased \$16.5 million during the year ended December 31, 2011, as compared with December 31, 2010, due to the change in fair value of the commodity derivative instruments.

Doubtful accounts expense. During the year ended December 31, 2011, we released a \$39.8 million allowance for doubtful accounts related to a receivable previously in default that was provided for in 2010. We received the full amount of the receivable during the third quarter of 2011.

Income tax expense (benefit). The Company recognized an income tax provision attributable to earnings of \$76.7 million during 2011 and an income tax benefit of \$77.1 million during 2010. The Company's effective tax rates for 2011 and 2010 were 77.4% and 23.9%, respectively. The large variance in income taxes between 2011 and 2010 is due to the release of a valuation allowance related to the Ghana operations in 2010. The large effective tax rate in 2011 is primarily due to the fact that no tax benefit is currently being provided on losses in jurisdictions with a full valuation allowance and jurisdictions where no income tax is assessed.

Liquidity and Capital Resources

We are actively engaged in an ongoing process of anticipating and meeting our funding requirements related to exploring for and developing oil and natural gas resources in Africa and South America. We have historically secured funding from issuances of equity and commercial debt facilities to meet our ongoing liquidity requirements. We received our first oil sales in January 2011 from Jubilee

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Field production, which generated cash flows from operations during 2012 and 2011. Accordingly, the cash flows generated from our operating activities may also provide an additional source of future funding.

Significant Sources of Capital

Facility

In March 2011, the Company secured a \$2.0 billion commercial debt facility (the "Facility") from a number of financial institutions and extinguished the then existing commercial debt facilities. The Facility was syndicated to certain participants of the existing facilities, as well as new participants. The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities.

In February 2012, the Company amended the Facility. The terms and conditions of the Facility remained consistent with the original terms and conditions, however, the International Finance Corporation entered the Facility. The total commitment under the Facility remained unchanged at \$2.0 billion.

In November 2012, the Company again amended the Facility. As part of the amendment, we cancelled \$500.0 million of unused commitments from the Facility, reducing the total commitments to \$1.5 billion. As a result of the transaction, \$5.3 million of deferred financing costs were written off as a loss on extinguishment of debt. As of December 31, 2012, borrowings under the Facility totaled \$1.0 billion and the undrawn availability under the Facility was \$340.4 million.

Interest is the aggregate of the applicable margin (3.25% to 4.75%, depending on the amount of the Facility that is being utilized and the length of time that has passed from the date the Facility was entered into), LIBOR and mandatory cost (if any, as defined in the Facility). Interest is payable on the last day of each interest period (and, if the interest period is longer than six months, on the dates falling at six-month intervals after the first day of the interest period). We pay commitment fees on the undrawn and unavailable portion of the total commitments. Commitment fees are equal to 40% per annum of the then-applicable respective margin when a commitment is available for utilization and, equal to 20% per annum of the then-applicable respective margin when a commitment is not available for utilization. We recognize interest expense in accordance with ASC 835—Interest, which requires interest expense to be recognized using the effective interest method. We determined the effective interest rate based on the estimated level of future borrowings under the Facility.

The Facility provides a revolving-credit and letter of credit facility for an availability period that expires on May 15, 2014 (in the case of the revolving-credit facility) and on the final maturity date (in the case of the letter of credit facility). The available facility amount is subject to borrowing base constraints and is also constrained by an amortization schedule (once repayments under the Facility begin). Beginning on May 15, 2014, outstanding borrowings will be subject to an amortization schedule. The first required payment could be as early as March 31, 2014, subject to the level of outstanding borrowings and the borrowing base constraints. The Facility has a final maturity date of March 29, 2018.

We have the right to cancel all the undrawn commitments under the Facility. The amount of funds available to be borrowed under the Facility, also known as the borrowing base amount, is determined each year on March 31 and September 30 as part of a forecast that is prepared by and agreed to by us and the Technical and Modeling Banks. The formula to calculate the borrowing base amount is based, in part, on the sum of the net present values of net cash flows and relevant capital expenditures reduced by certain percentages.

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If an event of default exists under the Facility, the lenders can accelerate the maturity and exercise other rights and remedies, including the enforcement of security granted pursuant to the Facility over certain assets held by us.

We were in compliance with the financial covenants contained in the Facility as of the October 15, 2012 forecast (the most recent assessment date), which requires the maintenance of:

- the field life cover ratio (as defined in the glossary), not less than 1.30x; and
- the loan life cover ratio (as defined in the glossary), not less than 1.10x.

In connection with the November 2012 amendment to the Facility, certain terms of the Facility were amended as follows:

- the addition of certain financial covenants such that the Company is required every six months or on a pro forma basis upon giving effect to certain specified transactions to maintain:
 - the debt cover ratio (as defined in the glossary), not more than 3.5x; and
 - the interest cover ratio (as defined in the glossary), not less than 2.25x;
- to allow proceeds from any project permitted to be funded by the Facility to be used, in accordance with certain payment priority provisions, to pay amounts of interest due under, and fees and expenses related to, the \$300.0 million Corporate Revolver and certain other debt that may be incurred by the Company;
- the cancellation of the right of the Company to increase the Facility commitments beyond \$2.0 billion (i.e. the cancellation of the uncommitted \$1.0 billion accordion);
- to permit (i) subsidiaries of the Company (other than certain of the Company's indirect subsidiaries which hold interests in Kosmos Energy Ghana HC) to incur certain indebtedness and guarantees, and grant certain liens over their assets, and (ii) the Ghana Obligors to guarantee the Corporate Revolver and certain other debt that may be incurred by the Company on a subordinated basis, in each case to the extent permitted by the Amended and Restated Facility Agreement and the intercreditor agreement entered into by us and the lenders under the Facility and the Corporate Revolver;
- the exclusion of certain of the Company's subsidiaries doing business in Cameroon and Morocco from (i) the restrictions contained in the charge granted to the lenders under the Facility over the Company's subsidiary, Kosmos Energy Operating, being the intermediate parent of such subsidiaries doing business in Cameroon and Morocco, and (ii) the receipt of funds from draws under the Facility; and
- to make certain other amendments to the terms of the Facility.

Corporate Revolver

In November 2012, we secured a Corporate Revolver from a number of financial institutions. As of December 31, 2012, we had \$260.0 million of commitments under the Corporate Revolver. Availability under the Corporate Revolver may be increased up to \$300.0 million if existing lenders increase their commitments or if commitments from new financial institutions are added. The Corporate Revolver is available for all subsidiaries for general corporate purposes and for oil and gas exploration, appraisal and development programs and corporate activities.

As of December 31, 2012, there were no borrowings outstanding under the Corporate Revolver and the undrawn availability under the Corporate Revolver was \$260.0 million.

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Interest is the aggregate of the applicable margin (6.0%), LIBOR and mandatory cost (if any, as defined in the Corporate Revolver). Interest is payable on the last day of each interest period (and, if the interest period is longer than six months, on the dates falling at six-month intervals after the first day of the interest period). We pay commitment fees on the undrawn portion of the total commitments. Commitment fees for the lenders are equal to 40% per annum of the respective margin when a commitment is available for utilization.

The Corporate Revolver has a 3-year availability period that expires on November 20, 2015. The available amount is not subject to borrowing base constraints. We have the right to cancel all the undrawn commitments under the Corporate Revolver. We are required to repay certain amounts due under the Corporate Revolver with sales of certain subsidiaries or sales of certain assets. If an event of default exists under the Corporate Revolver, the lenders can accelerate the maturity and exercise other rights and remedies, including the enforcement of security granted pursuant to the Corporate Revolver over certain assets held by us.

We were in compliance with the financial covenants contained in the Corporate Revolver as of November 23, 2012 (the most recent assessment date), which requires the maintenance of:

- the debt cover ratio (as defined in the glossary), not more than 3.5x; and
- the interest cover ratio (as defined in the glossary), not less than 2.25x.

The U.S. and many foreign economies continue to experience uncertainty driven by varying macroeconomic conditions. Although some of these economies have shown signs of improvement, macroeconomic recovery remains uneven. Uncertainty in the macroeconomic environment and associated global economic conditions have resulted in extreme volatility in credit, equity, and foreign currency markets, including the European sovereign debt markets and volatility in various other markets. If any of the financial institutions within our Facility or Corporate Revolver are unable to perform on their commitments, our liquidity could be impacted. We actively monitor all of the financial institutions participating in our Facility and Corporate Revolver. None of the financial institutions have indicated to us that they may be unable to perform on their commitments. In addition, we periodically review our banking and financing relationships, considering the stability of the institutions and other aspects of the relationships. Based on our monitoring activities, we currently believe our banks will be able to perform on their commitments.

Capital Expenditures and Investments

We expect to incur substantial costs as we continue to develop our oil and natural gas prospects and as we:

- complete our 2013 exploration and appraisal drilling program in our license areas;
- develop our discoveries that we determine to be commercially viable;
- purchase and analyze seismic and other geological and geophysical data to identify future prospects; and
- invest in additional oil and natural gas leases and licenses.

We have relied on a number of assumptions in budgeting for our future activities. These include the number of wells we plan to drill, our participating interests in our prospects, the costs involved in developing or participating in the development of a prospect, the timing of third-party projects, and the availability of suitable equipment and qualified personnel. These assumptions are inherently subject to significant business, political, economic, regulatory, environmental and competitive uncertainties, contingencies and risks, all of which are difficult to predict and many of which are beyond our control. We may need to raise additional funds more quickly if one or more of our assumptions proves to be

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incorrect or if we choose to expand our hydrocarbon asset acquisition, exploration, appraisal, development efforts or any other activity more rapidly than we presently anticipate. We may decide to raise additional funds before we need them if the conditions for raising capital are favorable. We may seek to sell equity or debt securities or obtain additional bank credit facilities. The sale of equity securities could result in dilution to our shareholders. The incurrence of additional indebtedness could result in increased fixed obligations and additional covenants that could restrict our operations.

2013 Capital Program

We estimate we will incur approximately \$525.0 million of capital expenditures for the year ending December 31, 2013. This capital expenditure budget consists of:

- approximately 55% for developmental related expenditures offshore Ghana; and
- approximately 45% for exploration and appraisal related expenditures, including new venture opportunities.

The ultimate amount of capital we will spend may fluctuate materially based on market conditions and the success of our drilling results. Our future financial condition and liquidity will be impacted by, among other factors, our level of production of oil and the prices we receive from the sale of these commodities, the success of our exploration and appraisal drilling program, the number of commercially viable oil and natural gas discoveries made and the quantities of oil and natural gas discovered, the speed with which we can bring such discoveries to production, and the actual cost of exploration, appraisal and development of our oil and natural gas assets.

The following table presents our liquidity and financial position as of December 31, 2012:

	<u>December 31, 2012</u>
	(In thousands)
Cash and cash equivalents	\$ 515,164
Drawings under the Facility	1,000,000
Net debt	484,836
Availability under the Facility	\$ 340,371
Availability under the Corporate Revolver	260,000
Available borrowings plus cash and cash equivalents	1,115,535

Cash Flows

	<u>Years Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
	(In thousands)		
Net cash provided by (used in):			
Operating activities	\$ 371,530	\$ 364,909	\$ (191,800)
Investing activities	(402,662)	(385,140)	(589,975)
Financing activities	(126,796)	592,908	742,685

Operating activities. Net cash provided by operating activities in 2012 was \$371.5 million compared with net cash provided by operating activities of \$364.9 million in 2011 and net cash used in operating activities of \$191.8 million in 2010. The increase in cash provided by operating activities in 2012 when compared to 2011 was primarily due to positive change in working capital items which offset a decrease in results from operations. The increase in cash provided by operating activities in 2011 when compared to 2010 was primarily due to sales of oil from the Jubilee Field which did not exist in 2010.

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Investing activities. Net cash used in investing activities in 2012 was \$402.7 million compared with \$385.1 million and \$590.0 million in 2011 and 2010, respectively. The increase in cash used in investing activities in 2012 when compared to 2011 was primarily attributable to changes in restricted cash, notes receivable and expenditures for oil and gas assets primarily in Ghana for development activities. The decrease in cash used in 2011 when compared to 2010 was primarily attributable to changes in restricted cash, notes receivable and expenditures for oil and gas assets primarily in Ghana for development activities. During 2012, we set aside \$23.7 million of restricted cash to support our exploration related activities. During 2011, we released \$112.0 million of restricted cash and set aside \$26.4 million primarily related to requirements under the Facility.

Financing activities. Net cash used in financing activities in 2012 was \$126.8 million compared with net cash provided by financing activities of \$592.9 million and \$742.7 million in 2011 and 2010, respectively. The decrease in cash provided by financing activities for 2012 when compared to 2011 was primarily due to net proceeds received from the IPO of \$580.4 million received in 2011 and an increase in net payments under long-term debt. The decrease in cash provided in 2011 when compared to 2010 was primarily due to a decrease in net borrowings under long-term debt of \$695.0 million which offset net proceeds from the IPO of \$580.4 million.

Contractual Obligations

The following table summarizes by period the payments due for our estimated contractual obligations as of December 31, 2012:

	Payments Due By Year ⁽³⁾						
	Total	2013	2014	2015	2016	2017	Thereafter
	(In thousands)						
Operating							
leases	\$ 21,562	\$ 2,821	\$ 2,921	\$ 3,022	\$ 3,122	\$ 3,223	\$ 6,453
Facility ⁽¹⁾	1,000,000	—	191,185	162,668	229,481	333,333	83,333
Interest							
payments							
on long-							
term							
debt ⁽²⁾	181,945	46,273	45,936	36,131	34,346	18,080	1,179

- (1) The amounts included in the table represent principal maturities only. The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of December 31, 2012. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter. As of December 31, 2012, there were no borrowings under the Corporate Revolver.
- (2) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curves at the reporting date and commitment fees related to the Facility and Corporate Revolver.
- (3) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator and excludes commitments for exploration activities, including well commitments, in our petroleum contracts.

The following table presents maturities by expected maturity dates under the Facility, the weighted average interest rates expected to be paid on the Facility given current contractual terms and market conditions, and the debt's estimated fair value. Weighted-average interest rates are based on implied

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forward rates in the yield curve at the reporting date. This table does not take into account amortization of deferred financing costs.

	Years Ending December 31,						Liability
	2013	2014	2015	2016	2017	Thereafter	Fair Value at December 31, 2012
(In thousands, except percentages)							
Variable rate debt:							
Facility(1)	\$ —	\$ 191,185	\$ 162,668	\$ 229,481	\$ 333,333	\$ 83,333	\$(1,000,000)
Weighted average interest rate(2)							
	3.52%	4.09%	4.47%	5.81%	6.44%	6.89%	
Interest rate swaps:							
Notional debt							
amount(3)(5)	\$ 91,683	\$ 47,033	\$ 16,875	\$ 6,250	\$ —	\$ —	\$ (2,555)
Fixed rate payable							
	2.22%	2.22%	2.22%	2.22%			
Variable rate receivable(4)							
	0.49%	0.57%	0.75%	1.11%			
Notional debt							
amount(3)(5)	\$ 91,683	\$ 47,033	\$ 16,875	\$ 6,250	\$ —	\$ —	\$ (2,713)
Fixed rate payable							
	2.31%	2.31%	2.31%	2.31%			
Variable rate receivable(4)							
	0.49%	0.57%	0.75%	1.11%			
Notional debt							
amount(3)(5)	\$ 19,057	\$ 1,868	\$ —	\$ —	\$ —	\$ —	\$ (98)
Fixed rate payable							
	0.98%	0.98%					
Variable rate receivable(4)							
	0.49%	0.55%					
Notional debt							
amount(3)(5)	\$ 24,680	\$ 38,434	\$ 23,137	\$ —	\$ —	\$ —	\$ (573)
Fixed rate payable							
	1.34%	1.34%	1.34%				
Variable rate receivable(4)							
	0.49%	0.57%	0.68%				

- (1) The amounts included in the table represent principal maturities only. The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of December 31, 2012. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter. As of December 31, 2012, there were no borrowings under the Corporate Revolver.
- (2) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curves at the reporting date. Excludes commitment fees related to the Facility and Corporate Revolver.
- (3) Represents weighted average notional contract amounts of interest rate derivatives.
- (4) Based on implied forward rates in the yield curve at the reporting date.
- (5) In the final year of maturity, represents notional amount from January - June.

Off-Balance Sheet Arrangements

As of December 31, 2012, we did not have any off-balance sheet arrangements.

Critical Accounting Policies

This discussion of financial condition and results of operations is based upon the information reported in our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of our financial statements requires us to make assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities as of the date the financial statements are available to be issued. We base our assumptions and estimates on historical experience and other sources that we believe to be reasonable at the time. Actual results may vary from our estimates. Our significant accounting policies are detailed in "Item 8. Financial Statements and Supplementary Data—Note 2—Accounting Policies." We have outlined below certain accounting policies that are of particular importance to the presentation of our financial position and results of operations and require the application of significant judgment or estimates by our management.

Revenue Recognition. We use the sales method of accounting for oil and gas revenues. Under this method, we recognize revenues on the volumes sold based on the provisional sales prices. The volumes sold may be more or less than the volumes to which we are entitled based on our ownership interest in the property. These differences result in a condition known in the industry as a production imbalance. A receivable or liability is recognized only to the extent that we have an imbalance on a specific property greater than the expected remaining proved reserves on such property. As of December 31, 2012 and 2011, we had no oil and gas imbalances recorded in our consolidated financial statements.

Our oil and gas revenues are based on provisional price contracts which contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from oil sales at the spot price on the date of sale. The embedded derivative, which is not designated as a hedge for accounting purposes, is marked to market through oil and gas revenue each period until the final settlement occurs, which generally is limited to the month after the sale occurs.

Exploration and Development Costs. We follow the successful efforts method of accounting for our oil and gas properties. Acquisition costs for proved and unproved properties are capitalized when incurred. Costs of unproved properties are transferred to proved properties when a determination that proved reserves have been found. Exploration costs, including geological and geophysical costs and costs of carrying unproved properties, are charged to expense as incurred. Exploratory drilling costs are capitalized when incurred. If exploratory wells are determined to be commercially unsuccessful or dry holes, the applicable costs are expensed. Costs incurred to drill and equip development wells, including unsuccessful development wells, are capitalized. Costs incurred to operate and maintain wells and equipment and to lift crude oil and natural gas to the surface are expensed.

Receivables. Our receivables consist of joint interest billings, oil sales, notes and other receivables for which we generally do not require collateral security. Receivables from joint interest owners are stated at amounts due, net of any allowances for doubtful accounts. We determine our allowance by considering the length of time past due, future net revenues of the debtor's ownership interest in oil and natural gas properties we operate, and the owner's ability to pay its obligation, among other things.

Income Taxes. We account for income taxes as required by the ASC 740—Income Taxes ("ASC 740"). We make certain estimates and judgments in determining our income tax expense for financial reporting purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities that arise from differences in the timing and recognition of revenue and expense for tax and financial reporting purposes. Our federal, state and international tax returns are generally not prepared or filed before the consolidated financial statements are prepared; therefore, we estimate the tax basis of our assets and liabilities at the end of each period as well as the effects of tax rate changes, tax credits, and net operating loss carryforwards. Adjustments related to these estimates are recorded in our tax provision in the period in which we file our income tax returns. Further, we must assess the likelihood that we will be able to realize or utilize our deferred tax assets. If realization is not more likely than not, we must record a valuation allowance against such deferred tax assets for the amount we would not expect to recover, which would result in no benefit for the deferred tax amounts. As of December 31, 2012 and 2011, we have a valuation allowance to reduce certain deferred tax assets to amounts that are more likely than not to be realized. If our estimates and judgments regarding our ability to realize our deferred tax assets change, the benefits associated with those deferred tax assets may increase or decrease in the period our estimates and judgments change. On a quarterly basis, management evaluates the need for and adequacy of valuation allowances based on the expected realizability of the deferred tax assets and adjusts the amount of such allowances, if necessary.

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ASC 740 provides a more-likely-than-not standard in evaluating whether a valuation allowance is necessary after weighing all of the available evidence. When evaluating the need for a valuation allowance, we consider all available positive and negative evidence, including the following:

- the status of our operations in the particular taxing jurisdiction including whether we have commenced production from a commercial discovery;
- whether a commercial discovery has resulted in significant proved reserves that have been independently verified;
- the amounts and history of taxable income or losses in a particular jurisdiction;
- projections of future taxable income, including the sensitivity of such projections to changes in production volumes and prices;
- the existence, or lack thereof, of statutory limitations on the period that net operating losses may be carried forward in a jurisdiction; and
- the creation and timing of future taxable income associated with the turn around of deferred tax liabilities in excess of deferred tax assets.

Derivative Instruments and Hedging Activities. We utilize oil derivative contracts to mitigate our exposure to commodity price risk associated with our anticipated future oil production. These derivative contracts consist of three-way collars. We also use interest rate swap contracts to mitigate our exposure to interest rate fluctuations related to our long-term debt. Our derivative financial instruments are recorded on the balance sheet as either assets or a liabilities measured at fair value. We do not apply hedge accounting to our oil derivative contracts. Effective June 1, 2010, we discontinued hedge accounting on our interest rate swap contracts and accordingly the changes in the fair value of the instruments are recognized in earnings in the period of change. The effective portions of the discontinued hedges as of May 31, 2010, are included in accumulated other comprehensive income or loss ("AOCI") in the equity section of the accompanying consolidated balance sheets, and are being transferred to earnings when the hedged transaction settles.

Estimates of Proved Oil and Natural Gas Reserves. Reserve quantities and the related estimates of future net cash flows affect our periodic calculations of depletion and assessment of impairment of our oil and natural gas properties. Proved oil and natural gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future periods from known reservoirs under existing economic and operating conditions. As additional proved reserves are discovered, reserve quantities and future cash flows will be estimated by independent petroleum consultants and prepared in accordance with guidelines established by the SEC and the FASB. The accuracy of these reserve estimates is a function of:

- the engineering and geological interpretation of available data;
- estimates of the amount and timing of future operating cost, production taxes, development cost and workover cost;
- the accuracy of various mandated economic assumptions; and
- the judgments of the persons preparing the estimates.

Asset Retirement Obligations. We account for asset retirement obligations as required by the ASC 410—Asset Retirement and Environmental Obligations. Under these standards, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable

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estimate of fair value can be made. If a tangible long-lived asset with an existing asset retirement obligation is acquired, a liability for that obligation shall be recognized at the asset's acquisition date as if that obligation were incurred on that date. In addition, a liability for the fair value of a conditional asset retirement obligation is recorded if the fair value of the liability can be reasonably estimated. We capitalize the asset retirement costs by increasing the carrying amount of the related long-lived asset by the same amount as the liability. We record increases in the discounted abandonment liability resulting from the passage of time in depletion and depreciation in the consolidated statement of operations. Estimating the future restoration and removal costs requires management to make estimates and judgments because most of the removal obligations are many years in the future and contracts and regulations often have vague descriptions of what constitutes removal. Additionally, asset removal technologies and costs are constantly changing, as are regulatory, political, environmental, safety and public relations considerations.

Inherent in the present value calculation are numerous assumptions and judgments including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement and changes in the legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions impact the present value of the existing asset retirement obligations, a corresponding adjustment is made to the oil and gas property balance.

Impairment of Long-Lived Assets. We review our long-lived assets for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. ASC 360—Property, Plant and Equipment requires an impairment loss to be recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment shall be based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Assets to be disposed of and assets not expected to provide any future service potential to us are recorded at the lower of carrying amount or fair value less cost to sell.

New Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities," to improve reporting and transparency of offsetting (netting) assets and liabilities and the related effects on the financial statements. This ASU is effective for fiscal years and interim periods within those years beginning on or after January 1, 2013. We do not expect the adoption of this ASU will have a material effect on our consolidated financial statements.

Item 7A. Qualitative and Quantitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. The term "market risks" as it relates to our currently anticipated transactions refers to the risk of loss arising from changes in commodity prices and interest rates. These disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage ongoing market risk exposures. We enter into market-risk sensitive instruments for purposes other than to speculate.

We manage market and counterparty credit risk in accordance with policies and guidelines. In accordance with these policies and guidelines, our management determines the appropriate timing and extent of derivative transactions. See "Item 8. Financial Statements and Supplementary Data —Note 2—Accounting Policies, Note 10—Derivative Financial Information and Note 11—Fair Value

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Measurements" for a description of the accounting procedures we follow relative to our derivative financial instruments.

The following table reconciles the changes that occurred in fair values of our open derivative contracts during the year ended December 31, 2012:

	Derivative Contracts Assets (Liabilities)		
	Commodities	Interest Rates	Total
(In thousands)			
Fair value of contracts outstanding as of December 31, 2011	\$ (24,760)	\$ (8,074)	\$ (32,834)
Changes in contract fair value	(15,838)	(2,464)	(18,302)
Contract maturities (settlements)	23,995	4,599	28,594
Fair value of contracts outstanding as of December 31, 2012	\$ (16,603)	\$ (5,939)	\$ (22,542)

Commodity Derivative Instruments

We enter into various oil derivative contracts to mitigate our exposure to commodity price risk associated with anticipated future oil production. These contracts currently consist of three-way collars.

Commodity Price Sensitivity

The following table provides information about our oil derivative financial instruments that were sensitive to changes in oil prices as of December 31, 2012:

Term(3)	Type of Contract	MBbl	Weighted Average Price per Bbl				Liability Fair Value at December 31, 2012(1)(2)
			Deferred Premium	Floor	Ceiling	Calls	
2013:							
January	Three-way						
—December	ollars	1,500	\$ 4.82	\$95.00	\$105.00	\$125.00	\$ 12,187
January	Three-way						
—December	ollars	1,004	—	87.50	115.00	135.00	923
January	Three-way						
—December	ollars	1,000	—	90.00	115.39	135.00	423
January	Three-way						
—December	ollars	1,000	—	90.08	115.00	135.00	530
2014:							
January	Three-way						
—December	ollars	1,500	1.22	85.00	115.00	140.00	267

- (1) Fair values are based on the average forward Dated Brent oil prices on December 31, 2012 which by year are: 2013—\$107.28 and 2014—\$102.20. These fair values are subject to changes in the underlying commodity price. The average forward Dated Brent oil prices based on February 18, 2013 market quotes by year are: 2013—\$113.98 and 2014—\$107.13.
- (2) Excludes \$3.4 million of cash settlements made on our purchased puts and swaps with calls which were settled in the month subsequent to period end.
- (3) In January 2013, we entered into costless three-way collar contracts for 1.0 MMBbl from January 2014 through December 2014 with a floor price of \$85.00 per Bbl, a weighted average ceiling price of \$115.01 per Bbl and a call price of \$140.00 per Bbl. The

three-way collar contracts are indexed to Dated Brent prices.

Interest Rate Derivative Instruments

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations" for specific information regarding the terms of our interest rate derivative instruments that are sensitive to changes in interest rates.

Interest Rate Sensitivity

At December 31, 2012, we had indebtedness outstanding under the Facility of \$1.0 billion, of which \$746.4 million bore interest at floating rates. The interest rate on this indebtedness as of December 31, 2012 was approximately 3.5%. If LIBOR increased 10% at this level of floating rate debt, we would pay an additional \$0.2 million in interest expense per year on the Facility. We pay commitment fees on the \$340.4 million of undrawn availability and \$159.6 million of unavailable commitments under the Facility and on the \$260.0 million of undrawn availability under the Corporate Revolver, which are not subject to changes in interest rates.

As of December 31, 2012, the fair market value of our interest rate swaps was a net liability of approximately \$5.9 million. If LIBOR increased by 10%, we estimate the liability would decrease to approximately \$5.7 million, and if LIBOR decreased by 10%, we estimate the liability would increase to approximately \$6.2 million.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Kosmos Energy Ltd.

We have audited the accompanying consolidated balance sheets of Kosmos Energy Ltd. as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity/unit holdings equity and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedules included at Item 15(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kosmos Energy Ltd. at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the financial information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Kosmos Energy Ltd.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Dallas, Texas
February 25, 2013

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Kosmos Energy Ltd.

We have audited Kosmos Energy Ltd.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Kosmos Energy Ltd.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting appearing in Item 9A. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Kosmos Energy Ltd. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Kosmos Energy Ltd. as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity/unit holdings equity and cash flows for each of the three years in the period ended December 31, 2012 of Kosmos Energy Ltd. and our report dated February 25, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Dallas, Texas

February 25, 2013

KOSMOS ENERGY LTD.**CONSOLIDATED BALANCE SHEETS****(In thousands, except share data)**

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 515,164	\$ 673,092
Restricted cash	21,341	23,747
Receivables:		
Joint interest billings	21,539	199,699
Oil sales	108,995	109,475
Other	3,682	981
Inventories	33,281	27,101
Prepaid expenses and other	10,470	13,913
Current deferred tax assets	34,585	64,473
Derivatives	1,061	—
Total current assets	750,118	1,112,481
Property and equipment:		
Oil and gas properties	1,510,312	1,367,265
Other property	15,450	9,776
Property and equipment, net	1,525,762	1,377,041
Other assets:		
Restricted cash	29,884	3,800
Deferred financing costs, net of accumulated amortization of \$13,922 and \$6,582, respectively	50,214	54,847
Long-term deferred tax assets	10,145	3,765
Total assets	\$2,366,123	\$2,551,934
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 128,855	\$ 278,006
Accrued liabilities	41,021	37,194
Derivatives	20,377	24,407
Total current liabilities	190,253	339,607
Long-term liabilities:		
Long-term debt	1,000,000	1,110,000
Derivatives	3,226	8,427
Asset retirement obligations	27,484	20,670
Deferred tax liability	104,137	47,608
Other long-term liabilities	12,117	4,896
Total long-term liabilities	1,146,964	1,191,601
Shareholders' equity:		
Preference shares, \$0.01 par value; 200,000,000 authorized shares; zero issued at December 31, 2012 and 2011	—	—
Common shares, \$0.01 par value; 2,000,000,000 authorized shares; 391,423,703 and 390,530,946 issued at December 31, 2012 and 2011, respectively	3,914	3,905
Additional paid-in capital	1,712,880	1,629,453
Accumulated deficit	(683,176)	(616,148)
Accumulated other comprehensive income	3,685	3,522

Treasury stock, at cost, 2,731,941 and 649,818 shares at December 31, 2012 and 2011, respectively	(8,397)	(6)
Total shareholders' equity	<u>1,028,906</u>	<u>1,020,726</u>
Total liabilities and shareholders' equity	<u>\$2,366,123</u>	<u>\$2,551,934</u>

See accompanying notes.

KOSMOS ENERGY LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	<u>December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues and other income:			
Oil and gas revenue	\$ 667,951	\$ 666,912	\$ —
Interest income	1,108	9,093	4,231
Other income	3,150	775	5,109
Total revenues and other income	<u>672,209</u>	<u>676,780</u>	<u>9,340</u>
Costs and expenses:			
Oil and gas production	95,109	83,551	—
Exploration expenses	97,712	126,409	73,126
General and administrative	160,027	113,579	98,967
Depletion and depreciation	185,707	140,469	2,423
Amortization—deferred financing costs	8,984	16,193	28,827
Interest expense	52,207	65,749	59,582
Derivatives, net	31,490	11,777	28,319
Loss on extinguishment of debt	5,342	59,643	—
Doubtful accounts expense	—	(39,782)	39,782
Other expenses, net	1,475	149	1,094
Total costs and expenses	<u>638,053</u>	<u>577,737</u>	<u>332,120</u>
Income (loss) before income taxes	34,156	99,043	(322,780)
Income tax expense (benefit)	101,184	76,686	(77,108)
Net income (loss)	(67,028)	22,357	(245,672)
Accretion to redemption value of convertible preferred units	—	(24,442)	(77,313)
Net loss attributable to common shareholders/unit holders	<u>\$ (67,028)</u>	<u>\$ (2,085)</u>	<u>\$ (322,985)</u>
Net income (loss) per share attributable to common shareholders (the year ended December 31, 2011 represents the period from May 16, 2011 to December 31, 2011) (Note 16):			
Basic	<u>\$ (0.18)</u>	<u>\$ 0.09</u>	
Diluted	<u>\$ (0.18)</u>	<u>\$ 0.09</u>	
Weighted average number of shares used to compute net income (loss) per share (the year ended December 31, 2011 represents the period from May 16, 2011 to December 31, 2011) (Note 16):			
Basic	<u>371,847</u>	<u>368,474</u>	
Diluted	<u>371,847</u>	<u>368,607</u>	

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Years Ended December 31,		
	2012	2011	2010
Net income (loss)	\$ (67,028)	\$ 22,357	\$ (245,672)
Other comprehensive income :			
Change in fair value of cash flow hedges	—	—	(4,838)
Reclassification adjustments for derivative losses included in net income (loss)	163	2,934	5,426
Income tax benefit	1,027	(1,027)	—
Other comprehensive income	1,190	1,907	588
Comprehensive income (loss)	<u>\$ (65,838)</u>	<u>\$ 24,264</u>	<u>\$ (245,084)</u>

See accompanying notes.

KOSMOS ENERGY LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY/UNIT HOLDINGS EQUITY

(In thousands)

	Common Units		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Units	Amount	Shares	Amount					
	Balance as of								
December 31, 2009	18,667	\$ 516	—	\$ —	19,108	\$ (237,480)	—	\$ —	(217,856)
Issuance of profit units	411	—	—	—	—	—	—	—	—
Relinquishments of profit units	(8)	—	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	13,791	—	—	—	13,791
Derivatives, net	—	—	—	—	—	—	588	—	588
Accrete convertible preferred units to redemption amount	—	—	—	—	(21,143)	(132,363)	—	—	(153,506)
Accrete value of Series C Convertible Preferred Units	—	—	—	—	(11,756)	—	—	—	(11,756)
Net loss	—	—	—	—	—	(245,672)	—	—	(245,672)
Balance as of									
December 31, 2010	19,070	516	—	—	—	(615,515)	588	—	(614,411)
Issuance of profit units	1,783	—	—	—	—	—	—	—	—
Relinquishments of profit units	(2,686)	—	—	—	—	—	—	—	—
Accrete convertible preferred units to redemption amount	—	—	—	—	(1,452)	(22,990)	—	—	(24,442)
Common and restricted shares issued upon corporate reorganization	(18,167)	(516)	341,177	3,412	1,000,052	—	—	—	1,002,948
Common shares issued at initial public offering, net of offering costs	—	—	34,518	345	580,029	—	—	—	580,374
Equity-based compensation	—	—	—	—	50,966	—	—	—	50,966
Derivatives, net	—	—	—	—	—	—	2,934	—	2,934
Restricted stock awards	—	—	14,836	148	(148)	—	—	—	—
Restricted stock forfeitures	—	—	—	—	6	—	—	(6)	—
Net income	—	—	—	—	—	22,357	—	—	22,357
Balance as of									
December 31, 2011	—	—	390,531	3,905	1,629,453	(616,148)	3,522	(6)	1,020,726
Equity-based compensation	—	—	—	—	83,423	—	—	—	83,423
Derivatives, net	—	—	—	—	—	—	163	—	163
Restricted stock awards	—	—	893	9	(9)	—	—	—	—
Restricted stock forfeitures	—	—	—	—	13	—	—	(13)	—
Purchase of treasury stock	—	—	—	—	—	—	—	(8,378)	(8,378)
Net loss	—	—	—	—	—	(67,028)	—	—	(67,028)
Balance as of									
December 31, 2012	—	\$ —	391,424	3,914	\$1,712,880	(683,176)	\$ 3,685	\$(8,397)	\$1,028,906

See accompanying notes.

KOSMOS ENERGY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended December 31,		
	2012	2011	2010
Operating activities			
Net income (loss)	\$ (67,028)	\$ 22,357	\$ (245,672)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depletion, depreciation and amortization	194,691	156,662	31,250
Deferred income taxes	80,036	56,457	(77,614)
Unsuccessful well costs	32,229	91,254	59,401
Non-cash change in fair value of derivatives	18,465	21,014	34,545
Cash settlements on derivatives	(28,594)	(19,203)	—
Equity-based compensation	83,423	50,966	13,791
Doubtful accounts expense	—	(39,782)	39,782
Loss on extinguishment of debt	5,342	59,643	—
Other	7,890	2,953	721
Changes in assets and liabilities:			
(Increase) decrease in receivables	176,905	(122,859)	(100,605)
(Increase) decrease in inventories	(7,385)	4,176	(12,699)
(Increase) decrease in prepaid expenses and other	3,443	(635)	(12,429)
Increase (decrease) in accounts payable	(126,401)	89,214	65,800
Increase (decrease) in accrued liabilities	(1,486)	(7,308)	11,929
Net cash provided by (used in) operating activities	371,530	364,909	(191,800)
Investing activities			
Oil and gas assets	(368,990)	(478,943)	(444,712)
Other property	(9,994)	(4,303)	(1,452)
Notes receivable	—	13,653	(61,811)
Restricted cash	(23,678)	84,453	(82,000)
Net cash used in investing activities	(402,662)	(385,140)	(589,975)
Financing activities			
Borrowings under long-term debt	—	1,503,000	760,000
Payments on long-term debt	(110,000)	(1,438,000)	—
Net proceeds from the initial public offering	—	580,374	—
Purchase of treasury stock	(8,378)	—	—
Deferred financing costs	(8,418)	(52,466)	(17,315)
Net cash provided by (used in) financing activities	(126,796)	592,908	742,685
Net increase (decrease) in cash and cash equivalents	(157,928)	572,677	(39,090)
Cash and cash equivalents at beginning of period	673,092	100,415	139,505
Cash and cash equivalents at end of period	\$ 515,164	\$ 673,092	\$ 100,415
Supplemental cash flow information			
Cash paid for:			
Interest	\$ 41,234	\$ 56,845	\$ 52,472
Income taxes	\$ 22,020	\$ 15,550	\$ 762
Non-cash activities:			
Notes receivable applied to FPSO purchase	\$ —	\$ (102,783)	\$ —
Deemed payment and termination of notes receivable	\$ —	\$ —	\$ 90,197

— — —

See accompanying notes.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements

1. Organization

Kosmos Energy Ltd. was incorporated pursuant to the laws of Bermuda in January 2011 to become a holding company for Kosmos Energy Holdings. Kosmos Energy Holdings is a privately held Cayman Islands company that was formed in March 2004. As a holding company, Kosmos Energy Ltd.'s management operations are conducted through a wholly owned subsidiary, Kosmos Energy, LLC. The terms "Kosmos," the "Company," "we," "us," "our," "ours," and similar terms when used in the present tense or prospectively or for historical periods since May 16, 2011 refer to Kosmos Energy Ltd. and its wholly owned subsidiaries and for historical periods prior to May 16, 2011 refer to Kosmos Energy Holdings and its wholly owned subsidiaries, unless the context indicates otherwise.

We are a leading independent oil and gas exploration and production company focused on frontier and emerging areas in Africa and South America. Our asset portfolio includes existing production and other major project developments offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Mauritania, Morocco and Suriname and onshore Cameroon.

In May 2011, contemporaneous with Kosmos Energy Ltd.'s initial public offering ("IPO"), the Series A Convertible Preferred Units, Series B Convertible Preferred Units and Series C Convertible Preferred Units (collectively the "Convertible Preferred Units") and common units of Kosmos Energy Holdings were exchanged into common shares of Kosmos Energy Ltd. based on the pre-offering equity value of such interests in our corporate reorganization (the "corporate reorganization"). This resulted in the Convertible Preferred Units and the common units being exchanged into 277.7 million and 63.5 million common shares of Kosmos Energy Ltd., respectively, or 341.2 million common shares in the aggregate. The 341.2 million common shares included 10.0 million service vesting restricted stock awards issued to management and employees in exchange for unvested profit units in connection with our corporate reorganization. The common shares have one vote per share and a par value of \$0.01. As a result of this corporate reorganization, Kosmos Energy Holdings became wholly owned by Kosmos Energy Ltd. Subsequent to this exchange, we have one class of common stock with issued and outstanding shares.

Kosmos Energy Ltd. completed its IPO of 33.0 million common shares on May 16, 2011. In June 2011, the Company closed the sale of an additional 1.5 million common shares pursuant to the over-allotment option exercised by the underwriters of the IPO. This partial exercise of the over-allotment option brings the total number of common shares sold in the offering to 34.5 million. Our net proceeds from the sale of 34.5 million common shares, after underwriting discounts and commissions and offering expenses, were \$580.4 million.

We have one reportable segment, which is the exploration and production of oil and natural gas. Substantially all of our long-lived assets and product sales are related to production located offshore Ghana.

2. Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Kosmos Energy Ltd. and its wholly owned subsidiaries. All intercompany transactions have been eliminated.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

2. Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Actual results could differ from these estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current year presentation. Such reclassifications had no impact on our reported net income, current assets, total assets, current liabilities, total liabilities or shareholders equity.

Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits and funds invested in highly liquid instruments with original maturities of three months or less at the date of purchase.

Restricted Cash

In accordance with our commercial debt facility, we are required to maintain a restricted cash balance that is sufficient to meet the payment of interest and fees for the next six-month period. As of December 31, 2012 and 2011, we had \$21.3 million and \$23.7 million, respectively, in current restricted cash to meet this requirement. Additionally, as of December 31, 2012 and 2011, we had \$29.9 million and \$3.8 million, respectively, of long-term restricted cash used to cash collateralize performance guarantees related to our petroleum agreements.

Receivables

Our receivables consist of joint interest billings, oil sales and other receivables for which the Company generally does not require collateral security. Receivables from joint interest owners are stated at amounts due, net of any allowances for doubtful accounts. We determine our allowance by considering the length of time past due, future net revenues of the debtor's ownership interest in oil and natural gas properties we operate, and the owner's ability to pay its obligation, among other things. We did not have any allowances for doubtful accounts as of December 31, 2012 and 2011.

Inventories

Inventories consisted of \$33.1 million and \$26.9 million of materials and supplies and \$0.2 million and \$0.2 million of hydrocarbons as of December 31, 2012 and 2011, respectively. The Company's materials and supplies inventory primarily consists of casing and wellheads and is stated at the lower of cost, using the weighted average cost method, or market.

Hydrocarbon inventory is carried at the lower of cost, using the weighted average cost method, or market. Hydrocarbon inventory costs include expenditures and other charges (including depletion) directly and indirectly incurred in bringing the inventory to its existing condition. Selling expenses and general and administrative expenses are reported as period costs and excluded from inventory costs.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

2. Accounting Policies (Continued)

Exploration and Development Costs

The Company follows the successful efforts method of accounting for its oil and gas properties. Acquisition costs for proved and unproved properties are capitalized when incurred. Costs of unproved properties are transferred to proved properties when a determination that proved reserves have been found. Exploration costs, including geological and geophysical costs and costs of carrying unproved properties, are expensed as incurred. Exploratory drilling costs are capitalized when incurred. If exploratory wells are determined to be commercially unsuccessful or dry holes, the applicable costs are expensed and recorded in exploration expense on the consolidated statement of operations. Costs incurred to drill and equip development wells, including unsuccessful development wells, are capitalized. Costs incurred to operate and maintain wells and equipment and to lift oil and natural gas to the surface are expensed as oil and gas production expense.

The Company evaluates unproved property, other than well related costs, periodically for impairment. These costs are generally related to the acquisition of leasehold costs. The impairment assessment considers results of exploration activities, commodity price outlooks, planned future sales or expiration of all or a portion of such projects. If the quantity of potential future reserves determined by such evaluations is not sufficient to fully recover the cost invested in each project, the Company will recognize an impairment loss at that time.

Depletion, Depreciation and Amortization

Proved properties and support equipment and facilities are depleted using the unit-of-production method based on estimated proved oil and natural gas reserves. Capitalized exploratory drilling costs that result in a discovery of proved reserves and development costs are amortized using the unit-of-production method based on estimated proved oil and natural gas reserves for the related field.

Depreciation and amortization of other property is computed using the straight-line method over the assets' estimated useful lives (not to exceed the lease term for leasehold improvements), ranging from one to eight years.

	Years Depreciated
Leasehold improvements	1 to 8
Office furniture, fixtures and computer equipment	3 to 7
Vehicles	5

Amortization of deferred financing costs is computed using the straight-line method over the life of the related debt.

Capitalized Interest

Interest costs from external borrowings are capitalized on major projects with an expected construction period of one year or longer. Capitalized interest is added to the cost of the underlying asset and is depleted on the unit-of-production method in the same manner as the underlying assets.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

2. Accounting Policies (Continued)

Asset Retirement Obligations

The Company accounts for asset retirement obligations as required by ASC 410—Asset Retirement and Environmental Obligations. Under these standards, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable estimate of fair value can be made. If a tangible long-lived asset with an existing asset retirement obligation is acquired, a liability for that obligation is recognized at the asset's acquisition date. In addition, a liability for the fair value of a conditional asset retirement obligation is recorded if the fair value of the liability can be reasonably estimated. We capitalize the asset retirement costs by increasing the carrying amount of the related long-lived asset by the same amount as the liability. We record increases in the discounted abandonment liability resulting from the passage of time in depletion and depreciation in the consolidated statement of operations.

Variable Interest Entity

A variable interest entity ("VIE"), as defined by ASC 810—Consolidation, is an entity that by design has insufficient equity to permit it to finance its activities without additional subordinated financial support or equity holders that lack the characteristics of a controlling financial interest. VIEs are consolidated by the primary beneficiary, which is the entity that has the power to direct the activities of the VIE that most significantly impact the VIE's performance and will absorb losses or receive benefits from the VIE that could potentially be significant to the VIE.

Our wholly owned subsidiary, Kosmos Energy Finance International, meets the definition of a VIE. The Company is the primary beneficiary of this VIE, which is consolidated in these financial statements.

Prior to the incorporation of Kosmos Energy Finance International on March 18, 2011, Kosmos Energy Finance International did not have any financial statement activity. Kosmos Energy Finance International's following assets and liabilities are shown on the face of the consolidated balance sheet as of December 31, 2012 and 2011: current restricted cash; deferred financing costs; long-term debt; and long-term derivatives liabilities. At December 31, 2012, Kosmos Energy Finance International had \$118.8 million in cash and cash equivalents, \$0.2 million in prepaid expenses and other, \$0.5 million in accrued liabilities and \$6.6 million in other long-term liabilities. At December 31, 2011, Kosmos Energy Finance International had \$231.6 million in cash and cash equivalents, \$0.1 million in other receivables, \$1.2 million in accrued liabilities and \$3.0 million in other long-term liabilities.

Impairment of Long-lived Assets

The Company reviews its long-lived assets for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. ASC 360—Property, Plant and Equipment requires an impairment loss to be recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment shall be based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

2. Accounting Policies (Continued)

Assets to be disposed of and assets not expected to provide any future service potential to the Company are recorded at the lower of carrying amount or fair value less cost to sell.

Derivative Instruments and Hedging Activities

We utilize oil derivative contracts to mitigate our exposure to commodity price risk associated with our anticipated future oil production. These derivative contracts consist of three-way collars. We also use interest rate swap contracts to mitigate our exposure to interest rate fluctuations related to our long-term debt. Our derivative financial instruments are recorded on the balance sheet as either assets or liabilities and are measured at fair value. We do not apply hedge accounting to our oil derivative contracts. Effective June 1, 2010, we discontinued hedge accounting on our interest rate swap contracts. Therefore, from that date forward, the changes in the fair value of the instruments are recognized in earnings during the period of change. The effective portions of the discontinued hedges as of May 31, 2010, are included in accumulated other comprehensive income or loss ("AOCI") in the equity section of the accompanying consolidated balance sheets, and are being transferred to earnings when the hedged transaction settles. See Note 10—Derivative Financial Instruments.

Estimates of Proved Oil and Natural Gas Reserves

Reserve quantities and the related estimates of future net cash flows affect our periodic calculations of depletion and assessment of impairment of our oil and natural gas properties. Proved oil and natural gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in future periods from known reservoirs under existing economic and operating conditions. As additional proved reserves are discovered, reserve quantities and future cash flows will be estimated by independent petroleum consultants and prepared in accordance with guidelines established by the Securities and Exchange Commission ("SEC") and the FASB. The accuracy of these reserve estimates is a function of:

- the engineering and geological interpretation of available data;
- estimates of the amount and timing of future operating cost, production taxes, development cost and workover cost;
- the accuracy of various mandated economic assumptions; and
- the judgments of the persons preparing the estimates.

Revenue Recognition

We use the sales method of accounting for oil and gas revenues. Under this method, we recognize revenues on the volumes sold based on the provisional sales prices. The volumes sold may be more or less than the volumes to which we are entitled based on our ownership interest in the property. These differences result in a condition known in the industry as a production imbalance. A receivable or liability is recognized only to the extent that we have an imbalance on a specific property greater than the expected remaining proved reserves on such property. As of December 31, 2012 and 2011, we had no oil and gas imbalances recorded in our consolidated financial statements.

Our oil and gas revenues are based on provisional price contracts which contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

2. Accounting Policies (Continued)

contract is the receivable from oil sales at the spot price on the date of sale. The embedded derivative, which is not designated as a hedge, is marked to market through oil and gas revenue each period until the final settlement occurs, which generally is limited to the month after the sale occurs.

Equity-based Compensation

For equity-based compensation awards, compensation expense is recognized in the Company's financial statements over the awards' vesting periods based on their grant date fair value. The Company utilizes (i) the closing stock price on the date of grant to determine the fair value of service vesting restricted stock awards and restricted stock units and (ii) a Monte Carlo simulation to determine the fair value of restricted stock awards and restricted stock units with a combination of market and service vesting criteria.

Treasury Stock

We record treasury stock purchases at cost. All of our treasury stock purchases are from our employees that surrendered shares to the Company to satisfy their minimum tax withholding requirements and were not part of a formal stock repurchase plan. Additionally, treasury stock includes forfeited restricted stock awards granted under our long-term incentive plan.

Income Taxes

The Company accounts for income taxes as required by ASC 740—Income Taxes. Under this method, deferred income taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. On a quarterly basis, management evaluates the need for and adequacy of valuation allowances based on the expected realizability of the deferred tax assets and adjusts the amount of such allowances, if necessary.

We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination by the tax authorities, based on the technical merits of the position. Accordingly, we measure tax benefits from such positions based on the most likely outcome to be realized.

Foreign Currency Translation

The U.S. dollar is the functional currency for the Company's foreign operations. Foreign currency transaction gains and losses and adjustments resulting from translating monetary assets and liabilities denominated in foreign currencies are included in other expenses. Cash balances held in foreign currencies are not significant, and as such, the effect of exchange rate changes is not material to any reporting period.

Concentration of Credit Risk

There are a variety of factors which affect the market for oil, including the proximity and capacity of transportation facilities, demand for oil, the marketing of competitive fuels and the effects of government regulations on oil production and sales. Our revenue can be materially affected by current

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

2. Accounting Policies (Continued)

economic conditions and the price of oil. However, based on the current demand for crude oil and the fact that alternative purchasers are readily available, we believe that the loss of our marketing agent and/or any of the purchasers identified by our marketing agent would not have a long-term material adverse effect on our financial position or results of operations. We have required our marketing agent to post a letter of credit covering the estimated proceeds from our revenue transactions, until such proceeds are received.

Recent Accounting Standards

In December 2011, the FASB issued ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities," to improve reporting and transparency of offsetting (netting) assets and liabilities and the related effects on the financial statements. This ASU is effective for fiscal years and interim periods within those years beginning on or after January 1, 2013. We do not expect the adoption of this ASU will have a material effect on our consolidated financial statements.

3. Acquisition of FPSO

Effective May 7, 2010, Tullow Ghana Limited, a subsidiary of Tullow Oil plc, ("Tullow") as Unit Operator for and on behalf of the Jubilee Unit partners under the Unitization and Unit Operating Agreement ("Jubilee UUOA"), entered into the Advance Payments Agreement with MODEC, Inc. ("MODEC") related to partial funding of the construction of the FPSO. The maturity date of the Advance Payments Agreement was extended from September 15, 2011 through the acquisition date of the FPSO.

On December 29, 2011, the Jubilee Unit partners acquired the FPSO we are using to produce hydrocarbons from the Jubilee Field from MODEC at a cost of \$202.6 million net to Kosmos. At the time of the acquisition of the FPSO, our note receivable under the Advance Payments Agreement was \$102.8 million. To fund the purchase, we paid \$99.8 million in cash and applied the note receivable due under the Advance Payments Agreement to the purchase. As of December 31, 2011 the remaining balance under the Advance Payments Agreement was zero. The acquisition was recorded as an increase to oil and gas property. Prior to the acquisition of the FPSO, the Jubilee Unit partners leased the FPSO from MODEC and the lease costs were recorded as oil and gas production costs.

4. Jubilee Field Unitization

The Jubilee Field in Ghana covers an area within both the West Cape Three Points ("WCTP") and Deepwater Tano ("DT") Blocks. Consistent with the Ghanaian Petroleum Law, the WCTP and DT Petroleum Agreements ("PAs") and as required by Ghana's Ministry of Energy, it was agreed the Jubilee Field would be unitized for optimal resource recovery. Kosmos and its partners negotiated a comprehensive unit operating agreement, the Jubilee UUOA, to unitize the Jubilee Field and govern each party's respective rights and duties in the Jubilee Unit. The Jubilee UUOA was executed by all parties and was effective July 16, 2009. The tract participations were 50% for each block. Tullow is the Unit Operator, and Kosmos is the Technical Operator for the development of the Jubilee Field. Pursuant to the terms of the Jubilee UUOA, the tract participations are subject to a process of redetermination. The initial redetermination process was completed on October 14, 2011. Any party to the Jubilee UUOA with more than a 10% Jubilee Unit Interest may call for a second redetermination after December 1, 2013. As a result of the initial redetermination process, the tract participation was

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

4. Jubilee Field Unitization (Continued)

determined to be 54.36660% for the WCTP Block and 45.63340% for the DT Block. Our Unit Interest was increased from 23.50868% (our percentage after Tullow's acquisition of EO Group Limited ("EO Group")—see Note 5—Joint Interest Billings) to 24.07710%. The consolidated financial statements are based on these re-determined tract participations for 2011 and 2012. The 2010 financial statements are based on the tract participation in effect during such year. As a result of the change in our Unit Interest in 2011, we recorded increases in joint interest billings receivables, oil and gas properties, notes receivable, inventories, oil and gas production expenses and general and administrative expenses of \$67.6 million, \$22.1 million, \$2.5 million, \$0.4 million, \$1.6 million and \$0.6 million, respectively, and an increase of \$94.9 million in accounts payable as of December 31, 2011. Our capital costs related to the increased Unit Interest was paid during 2012. Although the Jubilee Field is unitized, our participating interest in each block outside the Jubilee Unit area did not change. We remain operator of the WCTP Block outside the Jubilee Unit area.

5. Joint Interest Billings

The Company's joint interest billings consist of receivables from partners with interests in common oil and gas properties operated by the Company. Joint interest billings are classified on the face of the consolidated balance sheets as current receivables based on when collection is expected to occur. As of December 31, 2012 and 2011, we had \$21.5 million and \$199.7 million, respectively, included in current joint interest billings receivable.

EO Group's share of costs under the WCTP PA incurred attributable to its WCTP Block interest were paid by Kosmos until first production. EO Group was required to reimburse Kosmos for all development costs paid on EO Group's behalf upon commencement of production in 2010.

On July 22, 2011, Tullow acquired EO Group's entire 3.5% interest in the WCTP PA, including the correlative interest in the Jubilee Unit. As a result of the transaction, we received full repayment of the long-term joint interest billing receivable related to Jubilee Field development costs we paid on EO Group's behalf. The related valuation allowance of \$39.8 million was reversed during the second quarter of 2011. In addition, our participation interest in the Jubilee Unit increased 0.01738%. This resulted from the elimination of EO Group's carry by the other Jubilee owners of Ghana National Petroleum Corporation's ("GNPC") additional paying interest of 3.75% in the Jubilee Unit. Our participating interest in the remainder of the WCTP Block was not changed by the transaction and remains 30.875% (before giving effect to GNPC's optional additional paying interest).

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****6. Property and Equipment**

Property and equipment is stated at cost and consisted of the following:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
(In thousands)		
Oil and gas properties:		
Proved properties	\$ 682,276	\$ 607,338
Unproved properties	454,391	294,701
Support equipment and facilities	687,835	600,848
Total oil and gas properties	1,824,502	1,502,887
Less: accumulated depletion	(314,190)	(135,622)
Oil and gas properties, net	1,510,312	1,367,265
Other property	27,316	17,844
Less: accumulated depreciation	(11,866)	(8,068)
Other property, net	15,450	9,776
Property and equipment, net	<u>\$ 1,525,762</u>	<u>\$ 1,377,041</u>

We recorded depletion expense of \$178.6 million, \$135.5 million and zero for the years ended December 31, 2012, 2011 and 2010, respectively. The Company had depletion costs of nil included in crude oil inventory and other receivables as of December 31, 2012 and 2011.

In November 2012, Kosmos finalized the assignment of a 50% participating interest in our blocks offshore Suriname, Block 42 and Block 45, to Chevron Global Energy Inc. ("Chevron"). Kosmos retains a 50% participating interest in the blocks and remains the operator for the exploration phase of the petroleum contracts. In the fourth quarter of 2012, we received \$23.7 million in reimbursement of previously incurred expenses as a result of closing the transaction. Accordingly, exploration expense and general and administrative expense were reduced by \$22.7 million and \$1.0 million, respectively.

7. Suspended Well Costs

The Company capitalizes exploratory well costs into oil and gas properties until a determination is made that the well has either found proved reserves or is impaired. If proved reserves are found, the capitalized exploratory well costs are reclassified to proved properties. The well costs are charged to expense if the exploratory well is determined to be impaired.

The following table reflects the Company's capitalized exploratory well costs on completed wells as of and during years ended December 31, 2012, 2011 and 2010. The table excludes \$29.6 million,

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

7. Suspended Well Costs (Continued)

\$51.4 million and \$56.0 million in costs that were capitalized and subsequently expensed during the same year for the years ended December 31, 2012, 2011 and 2010, respectively.

	<u>Years Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
	(In thousands)		
Beginning balance	\$ 267,592	\$ 167,511	\$ 114,307
Additions to capitalized exploratory well costs pending the determination of proved reserves	107,527	139,949	55,706
Reclassification due to determination of proved reserves	—	—	—
Capitalized exploratory well costs charged to expense	(2,627)	(39,868)	(2,502)
Ending balance	<u>\$ 372,492</u>	<u>\$ 267,592</u>	<u>\$ 167,511</u>

The following table provides aging of capitalized exploratory well costs based on the date drilling was completed and the number of projects for which exploratory well costs have been capitalized for more than one year since the completion of drilling:

	<u>Years Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
	(In thousands, except well counts)		
Exploratory well costs capitalized for a period of one year or less	\$ 106,635	\$ 132,838	\$ 49,022
Exploratory well costs capitalized for a period one to three years	265,857	134,754	118,489
Ending balance	<u>\$ 372,492</u>	<u>\$ 267,592</u>	<u>\$ 167,511</u>
Number of projects that have exploratory well costs that have been capitalized for a period greater than one year	<u>7</u>	<u>3</u>	<u>3</u>

As of December 31, 2012, the projects with exploratory well costs capitalized for more than one year since the completion of drilling are related to Mahogany, Teak-1, Teak-2 and Akasa discoveries in the WCTP Block and the Tweneboa, Enyenra and Ntomme discoveries in the DT Block, which are all in Ghana.

Mahogany—Mahogany combined area covering parts of the Mahogany East discovery and the Mahogany Deep discovery, was declared commercial in September 2010, and a PoD was submitted to Ghana's Ministry of Energy as of May 2, 2011. In a letter dated May 16, 2011, the Ministry of Energy did not approve the PoD and requested that the WCTP Block partners take certain steps regarding notifications of discovery and commerciality; and requested other information. The WCTP Block partners believe the combined submission was proper and have held meetings with GNPC which resolved issues relating to the PoD work program. From May 2011, the Ministry of Energy, GNPC and the WCTP Block partners continued working to resolve other differences; however, the WCTPPA contains specific timelines for PoD approval and discussions, which expired at the end of June 2011. On June 30, 2011, we, as Operator of the WCTP Block and on behalf of the WCTP Block partners,

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

7. Suspended Well Costs (Continued)

delivered a Notice of Dispute to the Ministry of Energy and GNPC as provided under the WCTP PA, which is the initial step in triggering the formal dispute resolution process under the WCTP PA with the government of Ghana regarding approval of the Mahogany PoD. This Notice of Dispute establishes a process for negotiation and consultation for a period of 30 days (or longer if mutually agreed) among senior representatives from the Ministry of Energy, GNPC and the WCTP Block partners to resolve the matter. We and the WCTP Block partners are in discussions with the Ministry of Energy and GNPC to resolve differences on the PoD.

Teak-1 Discovery—Two appraisal wells have been drilled. Following additional appraisal and evaluation, a decision regarding commerciality of the Teak-1 discovery is expected to be made by the WCTP Block partners in 2013. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the WCTP PA.

Teak-2 Discovery—We have performed a gauge installation on the well and are reprocessing seismic data. Following additional appraisal and evaluation, a decision regarding commerciality of the Teak-2 discovery is expected to be made by the WCTP Block partners in 2013. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the WCTP PA.

Akasa Discovery—We have performed a drill stem test and gauge installation on the well and are analyzing the data. Following additional appraisal and evaluation, a decision regarding commerciality of the Akasa discovery is expected to be made by the WCTP Block partners in 2013. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the WCTP PA.

Ntomme Discovery—During 2012, we submitted a declaration of commerciality and PoD over the Tweneboa, Enyenra and Ntomme ("TEN") discoveries and are awaiting approval from the government of Ghana.

Tweneboa Discovery—During 2012, we submitted a declaration of commerciality and PoD over the TEN discoveries and are awaiting approval from the government of Ghana.

Enyenra Discovery—During 2012, we submitted a declaration of commerciality and PoD over the TEN discoveries and are awaiting approval from the government of Ghana.

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****8. Accounts Payable and Accrued Liabilities**

At December 31, 2012 and 2011, \$128.9 million and \$278.0 million, respectively, were recorded for invoices received but not paid. Accrued liabilities were \$41.0 million and \$37.2 million at December 31, 2012 and 2011, respectively, and consisted of the following:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
	(In thousands)	
Accrued liabilities:		
Accrued exploration, development and production	\$ 20,616	\$ 27,666
Accrued general and administrative expenses	5,089	2,159
Accrued taxes other than income	11,124	1,095
Accrued interest	—	1,208
Income taxes	4,192	5,066
	<u>\$ 41,021</u>	<u>\$ 37,194</u>

9. Debt*Facility*

In March 2011, the Company secured a \$2.0 billion commercial debt facility (the "Facility") from a number of financial institutions and extinguished the then existing commercial debt facilities. The Facility was syndicated to certain participants of the existing facilities, as well as new participants. The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities.

As part of the debt refinancing in March 2011, the repayment of borrowings under the existing facility attributable to financial institutions that did not participate in the Facility was accounted for as an extinguishment of debt, and existing unamortized debt issuance costs attributable to those participants were expensed. For participants in the existing facility that participated in the Facility, an analysis was performed to determine if an exchange of debt instruments with substantially different terms had occurred. As a result, we recorded a \$59.6 million loss on the extinguishment of debt. Additionally, we had \$61.3 million of deferred financing costs related to the Facility, which were being amortized over the term of the Facility.

In February 2012, the Company amended the Facility. The terms and conditions of the Facility remained consistent with the original terms and conditions, however, the International Finance Corporation entered the Facility. The total commitment under the Facility remained unchanged at \$2.0 billion.

In November 2012, the Company again amended the Facility. As part of the amendment, we cancelled \$500.0 million of unused commitments from the Facility, reducing the total commitments to \$1.5 billion. As a result of the transaction, \$5.3 million of deferred financing costs were written off as a loss on extinguishment of debt. As of December 31, 2012, we have \$55.8 million of deferred financing costs related to the Facility, which are being amortized over the term of the Facility.

As of December 31, 2012, borrowings under the Facility totaled \$1.0 billion and the undrawn availability under the Facility was \$340.4 million. Interest expense was \$31.6 million, \$45.2 million and \$39.0 million (net of capitalized interest of \$10.3 million, \$4.2 million and \$9.8 million) and

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

9. Debt (Continued)

commitment fees were \$6.7 million, \$8.0 million and \$8.2 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Interest is the aggregate of the applicable margin (3.25% to 4.75%, depending on the amount of the Facility that is being utilized and the length of time that has passed from the date the Facility was entered into); LIBOR; and mandatory cost (if any, as defined in the Facility). Interest is payable on the last day of each interest period (and, if the interest period is longer than six months, on the dates falling at six-month intervals after the first day of the interest period). We pay commitment fees on the undrawn and unavailable portion of the total commitments. Commitment fees are equal to 40% per annum of the then-applicable respective margin when a commitment is available for utilization and, equal to 20% per annum of the then-applicable respective margin when a commitment is not available for utilization. We recognize interest expense in accordance with ASC 835—Interest, which requires interest expense to be recognized using the effective interest method. We determined the effective interest rate based on the estimated level of borrowings under the Facility. Accordingly, we recognized \$3.6 million, \$3.0 million and zero of additional interest expense, which is included in the Facility interest expense amounts disclosed above, during the years ended December 31, 2012, 2011 and 2010, respectively.

The Facility provides a revolving-credit and letter of credit facility for an availability period that expires on May 15, 2014 (in the case of the revolving-credit facility) and on the final maturity date (in the case of the letter of credit facility). The available facility amount is subject to borrowing base constraints and is also constrained by an amortization schedule (once repayments under the Facility begin). Beginning on May 15, 2014, outstanding borrowings will be subject to an amortization schedule. The first required payment could be as early as March 31, 2014, subject to the level of outstanding borrowings and the borrowing base constraints. The Facility has a final maturity date of March 29, 2018.

Kosmos has the right to cancel all the undrawn commitments under the Facility. The amount of funds available to be borrowed under the Facility, also known as the borrowing base amount, is determined each year on March 31 and September 30 as part of a forecast that is prepared by and agreed to by us and the Technical and Modeling Banks. The formula to calculate the borrowing base amount is based, in part, on the sum of the net present values of net cash flows and relevant capital expenditures reduced by certain percentages.

If an event of default exists under the Facility, the lenders can accelerate the maturity and exercise other rights and remedies, including the enforcement of security granted pursuant to the Facility over certain assets held by us.

We were in compliance with the financial covenants contained in the Facility as of the October 15, 2012 (the most recent assessment date).

In connection with the November 2012 amendment to the Facility, certain terms of the Facility were amended as follows:

- the addition of certain financial covenants to allow proceeds from any project permitted to be funded by the Facility to be used, in accordance with certain payment priority provisions, to pay amounts of interest due under, and fees and expenses related to, the \$300.0 million revolving credit facility ("Corporate Revolver"—see below) and certain other debt that may be incurred by the Company

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

9. Debt (Continued)

- the cancellation of the right of the Company to increase the Facility commitments beyond \$2.0 billion (i.e. the cancellation of the uncommitted \$1.0 billion accordion);
- to permit (i) subsidiaries of the Company (other than certain of the Company's indirect subsidiaries which hold interests in Kosmos Energy Ghana HC) to incur certain indebtedness and guarantees, and grant certain liens over their assets, and (ii) the Ghana Obligors to guarantee the Corporate Revolver and certain other debt that may be incurred by the Company on a subordinated basis, in each case to the extent permitted by the Amended and Restated Facility Agreement and the intercreditor agreement entered into by us and the lenders under the Facility and the Corporate Revolver;
- the exclusion of certain of the Company's subsidiaries doing business in Cameroon and Morocco from (i) the restrictions contained in the charge granted to the lenders under the Facility over the Company's subsidiary, Kosmos Energy Operating, being the intermediate parent of such subsidiaries doing business in Cameroon and Morocco, and (ii) the receipt of funds from draws under the Facility; and
- to make certain other amendments to the terms of the Facility.

Corporate Revolver

In November 2012, we secured a Corporate Revolver from a number of financial institutions. As of December 31, 2012, we had \$260.0 million of commitments under the Corporate Revolver. Availability under the Corporate Revolver may be increased up to \$300.0 million if existing lenders increase their commitments or if commitments from new financial institutions are added. The Corporate Revolver is available for all subsidiaries for general corporate purposes and for oil and gas exploration, appraisal and development programs and corporate activities. As of December 31, 2012, we have \$8.3 million of deferred financing costs related to the Corporate Revolver, which are being amortized over its term.

As of December 31, 2012, there were no borrowings outstanding under the Corporate Revolver and the undrawn availability under the Corporate Revolver was \$260.0 million. Commitment fees were \$0.7 million for the year ended December 31, 2012.

Interest is the aggregate of the applicable margin (6.0%); LIBOR; and mandatory cost (if any, as defined in the Corporate Revolver). Interest is payable on the last day of each interest period (and, if the interest period is longer than six months, on the dates falling at six-month intervals after the first day of the interest period). We pay commitment fees on the undrawn portion of the total commitments. Commitment fees for the lenders are equal to 40% per annum of the respective margin when a commitment is available for utilization.

The Corporate Revolver has a 3-year availability period that expires on November 20, 2015. The available amount is not subject to borrowing base constraints. Kosmos has the right to cancel all the undrawn commitments under the Corporate Revolver. The Company is required to repay certain amounts due under the Corporate Revolver with sales of certain subsidiaries or sales of certain assets. If an event of default exists under the Corporate Revolver, the lenders can accelerate the maturity and exercise other rights and remedies, including the enforcement of security granted pursuant to the Corporate Revolver over certain assets held by us.

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****9. Debt (Continued)**

We were in compliance with the financial covenants contained in the Corporate Revolver as of the November 23, 2012 (the most recent assessment date).

At December 31, 2012, the scheduled maturities of debt during the five year period and thereafter are as follows:

	Payments Due by Year					Thereafter
	2013	2014	2015	2016	2017	
	(In thousands)					
Facility(1)	\$ —	\$ 191,185	\$ 162,668	\$ 229,481	\$ 333,333	\$ 83,333

- (1) The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of December 31, 2012. Any increases or decreases in the level of borrowings or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter.

10. Derivative Financial Instruments

We use financial derivative contracts to manage exposures to commodity price and interest rate fluctuations. We do not hold or issue derivative financial instruments for trading purposes.

We apply the provisions of ASC 815—Derivatives and Hedging, which require each derivative instrument to be recorded on the balance sheet at fair value. If a derivative has not been designated as a hedge or does not otherwise qualify for hedge accounting, it must be adjusted to fair value through earnings. We do not apply hedge accounting treatment to our oil derivative contracts and, therefore, the change in the fair value of these instruments are recognized in earnings in the period the change occurred. These fair value changes are shown in our statement of operations.

Effective June 1, 2010, we discontinued hedge accounting on all interest rate derivative instruments. Therefore, from that date forward, changes in the fair value of the instruments are recognized in earnings during the period of change. The effective portions of the discontinued hedges as of May 31, 2010, are included in AOCI in the equity section of the accompanying consolidated balance sheets, and are being transferred to earnings when the hedged transaction settles.

Oil Derivative Contracts

We enter into various oil derivative contracts to mitigate our exposure to commodity price risk associated with anticipated future oil production. These contracts currently consist of three-way collars.

We manage market and counterparty credit risk in accordance with our policies and guidelines. In accordance with these policies and guidelines, our management determines the appropriate timing and extent of derivative transactions. We have included an estimate of nonperformance risk in the fair value measurement of our commodity derivative contracts as required by ASC 820—Fair Value Measurements and Disclosures.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

10. Derivative Financial Instruments (Continued)

The following table sets forth the volumes in barrels underlying the Company's outstanding oil derivative contracts and the weighted average Dated Brent prices per Bbl for those contracts as of December 31, 2012.

Term(1)	Type of Contract	MBbl	Weighted Average Price per Bbl			
			Deferred Premium	Floor	Ceiling	Calls
2013:						
January	Three-way					
—December	collars	1,500	\$ 4.82	\$ 95.00	\$ 105.00	\$ 125.00
January	Three-way					
—December	collars	1,004	—	87.50	115.00	135.00
January	Three-way					
—December	collars	1,000	—	90.00	115.39	135.00
January	Three-way					
—December	collars	1,000	—	90.08	115.00	135.00
2014:						
January	Three-way					
—December	collars	1,500	1.22	85.00	115.00	140.00

- (1) In January 2013, we entered into costless three-way collar contracts for 1.0 MMBbl from January 2014 through December 2014 with a floor price of \$85.00 per Bbl, a weighted average ceiling price of \$115.01 per Bbl and a call price of \$140.00 per Bbl. The three-way collar contracts are indexed to Dated Brent prices.

Provisional Oil Sales

At December 31, 2012, we had sales volumes of 995.9 MBbl priced at an average of \$110.51 per Bbl, after differentials, which are subject to final pricing over the next month.

Interest Rate Swaps Derivative Contracts

The following table summarizes our open interest rate swaps, whereby we pay a fixed rate of interest and the counterparty pays a variable LIBOR-based rate, as of December 31, 2012:

Term	Weighted Average	Weighted Average	
	Notional Amount	Fixed Rate	Floating Rate
	(In thousands)		
January 2013—December 2013	\$ 227,103	2.06%	6-month LIBOR
January 2014—December 2014	133,434	1.99%	6-month LIBOR
January 2015—December 2015	45,319	2.03%	6-month LIBOR
January 2016—June 2016	12,500	2.27%	6-month LIBOR

Effective June 1, 2010, the Company discontinued hedge accounting on all existing interest rate derivative instruments. Prior to June 1, 2010, any ineffectiveness on the interest rate swaps was immaterial; therefore, no amount was recorded in earnings for ineffectiveness. We have included an estimate of nonperformance risk in the fair value measurement of our interest rate derivative contracts as required by ASC 820—Fair Value Measurements and Disclosures.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

10. Derivative Financial Instruments (Continued)

The following tables disclose the Company's derivative instruments as of December 31, 2012 and 2011 and gain/(loss) from derivatives during the years ended December 31 2012, 2011 and 2010:

<u>Type of Contract</u>	<u>Balance Sheet Location</u>	<u>Estimated Fair Value</u>	
		<u>Asset (Liability)</u>	
		<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
		<u>(In thousands)</u>	
Derivatives not designated as hedging instruments:			
Derivative asset:			
Commodity	Derivatives assets—current	\$ 1,061	\$ —
Derivative liability:			
Commodity(1)(2)	Derivatives liabilities—current	(17,005)	(20,303)
Interest rate	Derivatives liabilities—current	(3,372)	(4,104)
Commodity(3)	Derivatives liabilities—long-term	(659)	(4,457)
Interest rate	Derivatives liabilities—long-term	(2,567)	(3,970)
Total derivatives not designated as hedging instruments		<u>\$ (22,542)</u>	<u>\$ (32,834)</u>

- (1) Includes \$3.4 million and \$3.2 million, as of December 31, 2012 and December 31, 2011, respectively of cash settlements made on our purchased puts and swaps with calls which were settled in the month subsequent to period end.
- (2) Includes deferred premiums of \$7.6 million and \$22.4 million related to commodity derivative contracts as of December 31, 2012 and December 31, 2011, respectively.
- (3) Includes deferred premiums of \$2.4 million and \$6.6 million related to commodity derivative contracts as of December 31, 2012 and December 31, 2011, respectively.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

10. Derivative Financial Instruments (Continued)

Type of Contract	Location of Gain/ (Loss)	Amount of Gain/(Loss)		
		Years Ended December 31,		
		2012	2011	2010
(In thousands)				
Derivatives in cash flow hedging relationships:				
Interest rate	AOCI	\$ —	\$ —	\$ 588
Interest rate(1)	Interest expense	(163)	(2,934)	(5,426)
Total derivatives in cash flow hedging relationships		\$ (163)	\$ (2,934)	\$ (4,838)
Derivatives not designated as hedging instruments:				
Commodity(2)	Oil and gas revenue	\$ 15,652	\$ 3,246	\$ —
Commodity	Derivatives, net	(31,490)	(11,777)	(28,319)
Interest rate	Interest expense	(2,464)	(9,548)	(6,967)
Total derivatives not designated as hedging instruments		\$ (18,302)	\$ (18,079)	\$ (35,286)

(1) Amounts were reclassified from AOCI into earnings upon settlement.

(2) Amounts represent the mark-to-market portion of our provisional oil sales contracts.

In accordance with the mark-to-market method of accounting, the Company recognizes changes in fair values of its derivative contracts as gains or losses in earnings during the period in which they occur. The fair value of the effective portion of the interest rate derivative contracts on May 31, 2010, is reflected in AOCI and is being transferred to interest expense over the remaining term of the contracts. The Company expects to reclassify \$1.5 million of gains from AOCI to interest expense within the next 12 months. See Note 11—Fair Value Measurements for additional information regarding the Company's derivative instruments.

11. Fair Value Measurements

In accordance with ASC 820—Fair Value Measurements and Disclosures, fair value measurements are based upon inputs that market participants use in pricing an asset or liability, which are classified into two categories: observable inputs and unobservable inputs. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect a company's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. We prioritize the inputs used in measuring fair value into the following fair value hierarchy:

- Level 1—quoted prices for identical assets or liabilities in active markets.
- Level 2—quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data by correlation or other means.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

11. Fair Value Measurements (Continued)

- Level 3—unobservable inputs for the asset or liability. The fair value input hierarchy level to which an asset or liability measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2012 and 2011, for each fair value hierarchy level:

	Fair Value Measurements Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	(In thousands)			
December 31, 2012				
Assets:				
Money market accounts	\$ 172,741	\$ —	\$ —	\$ 172,741
Commodity derivatives	—	1,061	—	1,061
Liabilities:				
Commodity derivatives	—	(17,664)	—	(17,664)
Interest rate derivatives	—	(5,939)	—	(5,939)
Total	\$ 172,741	\$ (22,542)	\$ —	\$ 150,199
December 31, 2011				
Assets:				
Money market accounts(1)	\$ 489,761	\$ —	\$ —	\$ 489,761
Liabilities:				
Commodity derivatives	—	(24,760)	—	(24,760)
Interest rate derivatives	—	(8,074)	—	(8,074)
Total	\$ 489,761	\$ (32,834)	\$ —	\$ 456,927

(1) As reported in our annual report on Form 10-K for the year ended 2011, the Level 1 fair value measurements excluded \$27.5 million of restricted cash. The table above has been revised to properly include this amount.

All fair values have been adjusted for nonperformance risk resulting in a decrease of the commodity derivative liabilities of approximately \$0.3 million and a decrease of the interest rate derivatives of approximately of \$0.2 million as of December 31, 2012. When the accumulated net present value for all of the derivative contracts with a counterparty is in an asset position, the Company uses the counterparty's credit default swap ("CDS") rates to estimate non-performance risk. When the accumulated net present value for all derivative contracts for a counterparty are in a liability position, we use our internal rate of borrowing to estimate our non-performance risk.

The book values of cash and cash equivalents and restricted cash approximate fair value based on Level 1 inputs. Joint interest billings, oil sales and other receivables, and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The carrying values of our debt approximates fair value since they are subject to short-term floating interest rates that approximate the rates available to us for those periods. Our long-term receivables, if any, after any

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****11. Fair Value Measurements (Continued)**

allowances for doubtful accounts approximate fair value. The estimates of fair value of these items are based on Level 2 inputs.

Commodity Derivatives

Our commodity derivatives represent crude oil three-way collars for notional barrels of oil at fixed Dated Brent oil prices. The values attributable to the our oil derivatives are based on (i) the contracted notional volumes, (ii) independent active futures price quotes for Dated Brent, (iii) a credit-adjusted yield curve applicable to each counterparty by reference to the CDS market and (iv) an independently sourced estimate of volatility for Dated Brent. The volatility estimate was provided by certain independent brokers who are active in buying and selling oil options and was corroborated by market-quoted volatility factors. The deferred premium is included in the fair market value of the puts and compound options. See Note 10—Derivative Financial Instruments for additional information regarding the Company's derivative instruments.

Provisional Oil Sales

The value attributable to the provisional oil sales derivative is based on (i) the sales volumes subject to provisional pricing and (ii) an independently sourced forward curve over the term of the provisional pricing period.

Interest Rate Derivatives

As of December 31, 2012 and 2011 the Company had interest rate swaps with notional amounts of \$253.6 million and \$475.0 million, whereby the Company pays a fixed rate of interest and the counterparty pays a variable LIBOR-based rate. The values attributable to the Company's interest rate derivative contracts are based on (i) the contracted notional amounts, (ii) LIBOR yield curves provided by independent third parties and corroborated with forward active market-quoted LIBOR yield curves and (iii) a credit-adjusted yield curve as applicable to each counterparty by reference to the CDS market.

12. Asset Retirement Obligations

The following table summarizes the changes in the Company's asset retirement obligations:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
	(In thousands)	
Asset retirement obligations:		
Beginning asset retirement obligations	\$ 20,670	\$ 16,752
Liabilities incurred during period	1,775	1,702
Revisions in estimated retirement obligations	2,345	—
Liabilities settled during period	—	—
Accretion expense	2,694	2,216
Ending asset retirement obligations	<u>\$ 27,484</u>	<u>\$ 20,670</u>

The Ghanaian legal and regulatory regime regarding oil field abandonment and other environmental matters is evolving. Currently, no Ghanaian environmental regulations expressly require

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

12. Asset Retirement Obligations (Continued)

that companies abandon or remove offshore assets although under international industry standards we would do so. The Petroleum Law provides for restoration that includes removal of property and abandonment of wells, but further states the manner of such removal and abandonment will be as provided in the Regulations; however, such Regulations have not been promulgated. Under the Environmental Permit for the Jubilee Field, a decommissioning plan will be prepared and submitted to the Ghana Environmental Protection Agency. ASC 410—Asset Retirement and Environmental Obligations requires the Company to recognize this liability in the period in which the liability was incurred. We have recorded an asset retirement obligation for fields that have commenced production. Additional asset retirement obligations will be recorded in the period in which wells within such producing fields are commissioned.

13. Convertible Preferred Units

In May 2011, contemporaneous with Kosmos Energy Ltd.'s IPO, the Series A Convertible Preferred Units ("Series A Units"), Series B Convertible Preferred Units ("Series B Units") and Series C Convertible Preferred Units ("Series C Units") of Kosmos Energy Holdings were exchanged into our common shares based on the pre-offering equity value of such interests. This resulted in the Series A Units, Series B Units and Series C Units being exchanged into 163.1 million; 109.8 million; and 4.8 million common shares of Kosmos Energy Ltd., respectively, or 277.7 million common shares in the aggregate. The common shares have one vote per share and a par value of \$0.01. The exchange of the Convertible Preferred Units had the effect of increasing the book value of shareholders' equity by approximately \$1.0 billion. Accretion to redemption value of the Convertible Preferred Units was recorded through the date of the exchange. After the date of the exchange, the related accretion on the Convertible Preferred Units ceased to accrue and all rights of the holders with respect to the Convertible Preferred Units terminated, except for the right to receive shares of common shares issuable upon the exchange and the rights entitled to a holder of a common share. Subsequent to this exchange, we have one class of common stock with issued and outstanding shares.

The Convertible Preferred Units were issued in separate series at an issue price of \$10 per unit, \$25 per unit, and \$28.25 per unit, respectively. Under the Fourth Amended and Restated Operating Agreement of Kosmos Energy Holdings, as amended, (the "Agreement") governing Kosmos Energy Holdings, the Convertible Preferred Units received distributions, if any, equal to the "Accreted Value" of the units, prior to any distributions to the common unit holders. The Accreted Value was defined in the Agreement as the unit purchase price plus the preferred return amount per unit equal to 7% of the Accreted Value per annum (compounded quarterly) for the first nine years after the year of Kosmos Energy Holdings' initial operating agreement and 14% of the Accreted Value per annum (compounded quarterly) thereafter, unless a monetization event (as defined in the Agreement) occurred at which time the preferred return would revert to 7%. The holders of the Convertible Preferred Units received the accumulated preferred return upon the consummation of our IPO, as defined in the Agreement. The accumulated preferred return on the Convertible Preferred Units was recorded through the date of the offering. The amount was applied to additional paid-in capital first, with the remaining amount applied to the accumulated deficit. The Convertible Preferred Units were classified as mezzanine equity at December 31, 2010, as Kosmos Energy Holdings could not solely control the type of consideration issuable on the exchange and the Convertible Preferred Unit holders controlled Kosmos Energy Holdings' Board of Directors.

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****13. Convertible Preferred Units (Continued)**

We recorded accretion on the Convertible Preferred Units of \$24.4 million and \$77.3 million for the years ended December 31, 2011 and 2010, respectively.

14. Equity-based Compensation*Profit Units*

Prior to our corporate reorganization, Kosmos Energy Holdings issued common units designated as profit units with a threshold value ranging from \$0.85 to \$90 to employees, management and directors. Profit units, the defined term in the related agreements, were equity awards that were measured on the grant date and expensed over a vesting period of four years. Founding management and directors vested 20% as of the date of issuance and an additional 20% on the anniversary date for each of the next four years. Profit units issued to employees vested 50% on the second and fourth anniversaries of the issuance date.

The following is a summary of the Kosmos Energy Holdings' profit unit activity immediately prior to the corporate reorganization:

	<u>Profit Units</u> (In thousands)	<u>Weighted-Average Grant-Date Fair Value</u>
Outstanding at December 31, 2010	13,910	\$ 1.76
Granted	1,783	15.71
Relinquished	(2,503)	0.12
Outstanding at May 16, 2011	<u>13,190</u>	<u>3.96</u>

A summary of the status of the Kosmos Energy Holdings' unvested profit units immediately prior to the corporate reorganization were as follows:

	<u>Unvested Profit Units</u> (In thousands)	<u>Weighted-Average Grant-Date Fair Value</u>
Outstanding at December 31, 2010	3,464	\$ 1.60
Granted	1,783	15.71
Vested	(1,066)	1.09
Relinquished	(1,253)	0.10
Outstanding at May 16, 2011	<u>2,928</u>	<u>11.02</u>

Effective December 31, 2010, James C. Musselman retired as the Company's Chairman and Chief Executive Officer. The Company entered into a retirement agreement with Mr. Musselman on December 17, 2010. Pursuant to the retirement agreement, 1.2 million profit units of Kosmos Energy Holdings that were unvested as of his retirement date became fully vested as of such date, resulting in unit-based compensation of \$11.5 million in the fourth quarter of 2010.

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****14. Equity-based Compensation (Continued)**

Total profit unit compensation expense recognized in income was zero, \$1.2 million and \$13.8 million for the years ended December 31, 2012, 2011 and 2010, respectively. There was no income tax benefit realized related to the profit unit compensation expense.

The significant assumptions used to calculate the fair values of the profit units granted over the past three years, as calculated using a binomial tree, were as follows: no dividend yield, expected volatility ranging from approximately 25% to 66%; risk-free interest rate ranging from 1.3% to 5.1%; expected life ranging from 1.2 to 8.1 years; and projected turnover rate of 7.0% for employees and none for management.

Restricted Stock Awards and Restricted Stock Units

As part of the corporate reorganization, vested profit units were exchanged for 31.7 million common shares of Kosmos Energy Ltd., unvested profit units were exchanged for 10.0 million restricted stock awards and the \$90 profit units were cancelled. Based on the terms and conditions of the corporate reorganization, the exchange of profit units for common shares of Kosmos Energy Ltd. resulted in no incremental compensation costs.

In April 2011, the Board of Directors approved a Long-Term Incentive Plan (the "LTIP"), which provides for the granting of incentive awards in the form of stock options, stock appreciation rights, restricted stock awards, restricted stock units, among other award types. The LTIP provides for the issuance of 24.5 million shares pursuant to awards under the plan, in addition to the 10.0 million restricted stock awards exchanged for unvested profit units.

The following table shows the number of shares available for issuance pursuant to awards under the Company's LTIP at December 31, 2012:

	<u>Shares</u> <u>(In thousands)</u>
Approved and authorized awards(1)	24,503
Awards issued after May 16, 2011	(18,507)
Awards forfeited(2)	201
Awards available for future grant	<u>6,197</u>

(1) Excludes 10.0 million restricted stock awards that were exchanged for unvested profit units.

(2) Excludes forfeited restricted stock awards issued in connection with our initial public offering, which include the May 18, 2011 and June 15, 2011 award tranches, as awards forfeited from these tranches are not available for future grant.

We record compensation expense equal to the fair value of share-based payments over the vesting periods of the LTIP awards. We recorded compensation expense from awards granted under our LTIP of \$83.4 million and \$49.8 million during the years ended December 31, 2012 and 2011, respectively. The total tax benefit for the years ended December 31, 2012 and 2011 was \$28.8 million and \$17.3 million, respectively. Additionally, we expensed a tax shortfall related to equity-based compensation of \$8.1 million and zero for the years ended December 31, 2012 and 2011, respectively.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

14. Equity-based Compensation (Continued)

Subsequent to May 16, 2011, the Company granted both restricted stock awards and restricted stock units with service vesting criteria and granted both restricted stock awards and restricted stock units with a combination of market and service vesting criteria under the LTIP.

The following table reflects the outstanding restricted stock awards as of December 31, 2012:

	Service Vesting Restricted Stock Awards	Weighted- Average Grant-Date Fair Value	Market / Service Vesting Restricted Stock Awards	Weighted- Average Grant-Date Fair Value
	(In thousands)		(In thousands)	
Outstanding at May 16, 2011	—	\$ —	—	\$ —
Exchanged	10,033	2.79	—	—
Granted	11,314	18.10	3,522	13.30
Forfeited	(650)	2.70	—	—
Vested	(3,502)	0.36	—	—
Outstanding at December 31, 2011	17,195	13.36	3,522	13.21
Granted	590	12.05	303	9.45
Forfeited	(994)	13.87	(291)	12.68
Vested	(6,893)	8.05	—	—
Outstanding at December 31, 2012	9,898	16.92	3,534	12.93

The following table reflects the outstanding restricted stock units as of December 31, 2012:

	Service Vesting Restricted Stock Units	Weighted- Average Grant-Date Fair Value	Market / Service Vesting Restricted Stock Units	Weighted- Average Grant-Date Fair Value
	(In thousands)		(In thousands)	
Outstanding at May 16, 2011	—	\$ —	—	\$ —
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding at December 31, 2011	—	—	—	—
Granted	1,070	10.60	854	15.81
Forfeited	(47)	10.88	(29)	15.81
Vested	—	—	—	—
Outstanding at December 31, 2012	1,023	10.59	825	15.81

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

14. Equity-based Compensation (Continued)

As of December 31, 2012, total equity-based compensation to be recognized on unvested restricted stock awards and restricted stock units is \$174.0 million over a weighted average period of 2.55 years.

For equity-based compensation awards, compensation expense is recognized in the Company's financial statements over the awards' vesting periods based on their grant date fair value. The Company utilizes (i) the closing stock price on the date of grant to determine the fair value of service vesting restricted stock awards and service vesting restricted stock units and (ii) a Monte Carlo simulation to determine the fair value of restricted stock awards and restricted stock units with a combination of market and service vesting criteria.

For restricted stock awards with a combination of market and service vesting criteria, the number of common shares to be issued is determined by comparing the Company's total shareholder return with the total shareholder return of a predetermined group of peer companies over the performance period and can vest in up to 100% of the awards granted. The grant date fair value of these awards ranged from \$6.70 to \$13.57 per award. The Monte Carlo simulation model utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award grant and calculates the fair value of the award. The expected volatility utilized in the model was estimated using our historical volatility and the historical volatilities of our peer companies and ranged from 41.3% to 56.7%. The risk-free interest rate was based on the U.S. treasury rate for a term commensurate with the expected life of the grant and ranged from 0.5% to 1.1%.

For restricted stock units with a combination of market and service vesting criteria, the number of common shares to be issued is determined by comparing the Company's total shareholder return with the total shareholder return of a predetermined group of peer companies over the performance period and can vest in up to 200% of the awards granted. The grant date fair value of these awards was \$15.81 per award. The Monte Carlo simulation model utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award grant and calculates the fair value of the award. The expected volatility utilized in the model was estimated using our historical volatility and the historical volatilities of our peer companies and was 54.0%. The risk-free interest rate was based on the U.S. treasury rate for a term commensurate with the expected life of the grant and was 0.5%.

15. Income Taxes

Kosmos Energy Ltd. is a Bermuda company that is not subject to taxation at the corporate level. We provide for income taxes based on the laws and rates in effect in the countries in which our operations are conducted. The relationship between our pre-tax income or loss from continuing operations and our income tax expense or benefit varies from period to period as a result of various factors which include changes in total pre-tax income or loss, the jurisdictions in which our income is earned and the tax laws in those jurisdictions.

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****15. Income Taxes (Continued)**

The components of income (loss) before income taxes were as follows:

	Years Ended December 31,		
	2012	2011	2010
	(In thousands)		
Bermuda	\$ (11,651)	\$ (4,826)	\$ —
United States	14,342	8,808	1,476
Foreign—other	31,465	95,061	(324,256)
Income (loss) before income taxes	<u>\$ 34,156</u>	<u>\$ 99,043</u>	<u>\$ (322,780)</u>

The components of the provision for income taxes attributable to our income (loss) before income taxes consist of the following:

	Years Ended December 31,		
	2012	2011	2010
	(In thousands)		
Current:			
Bermuda	\$ —	\$ —	\$ —
United States	21,148	20,229	506
Foreign—other	—	—	—
Total current	<u>21,148</u>	<u>20,229</u>	<u>506</u>
Deferred:			
Bermuda	—	—	—
United States	(7,908)	(16,857)	(143)
Foreign—other	87,944	73,314	(77,471)
Total deferred	<u>80,036</u>	<u>56,457</u>	<u>(77,614)</u>
Income tax expense (benefit)	<u>\$ 101,184</u>	<u>\$ 76,686</u>	<u>\$ (77,108)</u>

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****15. Income Taxes (Continued)**

Our reconciliation of income expense (benefit) computed by applying our Bermuda statutory rate and the reported effective tax rate or income (loss) from continuing operations is as follows:

	Years Ended December 31,		
	2012	2011	2010
	(In thousands)		
Tax at Bermuda statutory rate	\$ —	\$ —	\$ —
Foreign income taxed at different rates	73,277	52,922	(74,841)
Change in valuation allowance	14,103	19,362	(3,611)
Non-deductible and other items	5,669	4,402	1,344
Tax shortfall on equity-based compensation	8,135	—	—
Total tax expense	\$ 101,184	\$ 76,686	\$ (77,108)
Effective tax rate ⁽¹⁾	296.2%	77.4%	23.9%

- (1) The effective tax rate during the years ended December 31, 2012, 2011 and 2010 was also impacted by losses of \$168.5 million, \$86.2 million and \$106.5 million, respectively, incurred in jurisdictions in which we are not subject to taxes and, therefore, do not generate any income tax benefits.

Deferred tax assets and liabilities, which are computed on the estimated income tax effect of temporary differences between financial and tax bases in assets and liabilities, are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****15. Income Taxes (Continued)**

differences become deductible. The tax effects of significant temporary differences giving rise to deferred tax assets and liabilities are as follows:

	<u>December 31.</u>	
	<u>2012</u>	<u>2011</u>
	(In thousands)	
Deferred tax assets:		
Ghana foreign capitalized operating expenses	\$ 4,240	\$ 6,355
Foreign net operating losses	41,569	92,154
Equity compensation	26,033	17,282
Unrealized derivative losses	5,714	7,622
Other	11,047	7,354
Total deferred tax assets	88,603	130,767
Valuation allowance	(63,605)	(49,502)
Total deferred tax assets, net	24,998	81,265
Deferred tax liabilities:		
Depletion, depreciation and amortization related to property and equipment	(84,405)	(60,635)
Total deferred tax liabilities	(84,405)	(60,635)
Net deferred tax asset (liability)	<u>\$ (59,407)</u>	<u>\$ 20,630</u>

The Company had net deferred tax assets in Ghana totaling approximately \$20.6 million at December 31, 2009 primarily relating to capitalized operating expenses incurred during the development phase of the Jubilee Field. Prior to the commencement of production from the Jubilee Field on November 28, 2010, the Company maintained a full valuation allowance against its net deferred tax asset. However, at December 31, 2010, the Company determined that it was more likely than not that the deferred tax asset for its Ghana operations would be recognized, resulting in the valuation allowance no longer being necessary. Therefore, we released the \$20.6 million deferred tax asset valuation allowance and recognized \$56.9 million of deferred tax assets generated during 2010.

As of December 31, 2012, our Ghana operations are in a net deferred tax liability position and we expect to utilize the remainder of the Ghana net operating loss carryforward during 2013.

The Company has recorded a full valuation allowance against the net deferred tax assets in Cameroon, Morocco, Suriname and Mauritania. The net change in the valuation allowance of \$14.1 million is due to the additional losses generated in those countries.

The Company has entered into various petroleum agreements in Morocco. These agreements provide for a tax holiday, at a 0% tax rate, for a period of 10 years beginning on the date of first production. The Company currently has recorded deferred tax assets of \$20.4 million, recorded at the Moroccan statutory rate of 30%, with an offsetting valuation allowance of \$20.4 million. We will re-evaluate our deferred tax position upon entering the tax holiday period and at such time may reduce the statutory rate applied to the deferred tax assets in Morocco to the extent those deferred tax assets are realized within the tax holiday period.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

15. Income Taxes (Continued)

The Company has foreign net operating loss carryforwards of \$72.7 million, which began to expire in 2012, and \$49.2 million, which do not expire.

A subsidiary of the Company files a U.S. federal income tax return and a Texas margin tax return. In addition to the United States, the Company files income tax returns in the countries in which the Company operates. The Company is open to U.S. federal income tax examinations for tax years 2009 through 2012 and to Texas margin tax examinations for the tax years 2008 through 2012. In addition, the Company is open to income tax examinations for years 2004 through 2012 in its significant other foreign jurisdictions (Ghana, Cameroon and Morocco).

As of December 31, 2012, the Company had no material uncertain tax positions. The Company's policy is to recognize potential interest and penalties related to income tax matters in income tax expense, but has had no need to accrue any to date.

16. Net Income (Loss) Per Share

In the calculation of basic net income per common share attributable to common shareholders, participating securities are allocated earnings based on actual dividend distributions received plus a proportionate share of undistributed net income attributable to common shareholders, if any, after recognizing distributed earnings. We calculate basic net income per common share attributable to common shareholders under the two-class method. The Company's participating securities, which consist solely of service vesting restricted stock awards (See Note 14—Equity-based Compensation), do not participate in undistributed net losses because they are not contractually obligated to do so. The computation of diluted net income (loss) per share attributable to common shareholders reflects the potential dilution that could occur if securities or other contracts to issue common shares that are dilutive were exercised or converted into common shares or resulted in the issuance of common shares that would then share in the earnings of the Company. During periods in which the Company realizes a loss from continuing operations attributable to common shareholders, securities would not be dilutive to net loss per share and conversion into common shares is assumed not to occur. Diluted net income (loss) per share attributable to common shareholders is calculated under both the two-class method and the treasury stock method and the more dilutive of the two calculations is presented.

Basic net income (loss) per share attributable to common shareholders is computed as (i) net income (loss) attributable to common shareholders, (ii) less income allocable to participating securities (iii) divided by weighted average basic shares outstanding. The Company's diluted net income (loss) per share attributable to common shareholders is computed as (i) basic net income (loss) attributable to common shareholders, (ii) plus diluted adjustments to income allocable to participating securities (iii) divided by weighted average diluted shares outstanding.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements (Continued)

16. Net Income (Loss) Per Share (Continued)

In the periods prior to our Corporate Reorganization, we do not calculate net income per share attributable to common shareholders because we did not have common stock outstanding, as defined in accounting literature, in those periods. For the year ended December 31, 2011, we have presented net income per share attributable to common shareholders from the date of our Corporate Reorganization, May 16, 2011 to December 31, 2011.

<u>(In thousands, except per share data)</u>	<u>Year Ended</u> <u>December 31, 2012</u>	<u>May 16, 2011 -</u> <u>December 31, 2011</u>
Net loss attributable to common shareholders/unit holders for the year ended December 31, 2011		\$ (2,085)
Net loss attributable to unit holders for the period from January 1, 2011 to May 15, 2011		(38,191)
Net income attributable to common shareholders for the period May 16, 2011 to December 31, 2011		<u>\$ 36,106</u>
Numerator:		
Net income (loss) attributable to common shareholders	\$ (67,028)	\$ 36,106
Less: Basic income allocable to participating securities(1)	—	1,643
Basic net income (loss) allocable to common shareholders	(67,028)	34,463
Diluted adjustments to income allocable to participating securities(1)	—	9
Diluted net income (loss) allocable to common shareholders	<u>\$ (67,028)</u>	<u>\$ 34,472</u>
Denominator:		
Weighted average number of shares used to compute net income (loss) per share:		
Basic	371,847	368,474
Restricted stock awards(1)(2)	—	133
Diluted	<u>371,847</u>	<u>368,607</u>
Net income (loss) per share attributable to common shareholders:		
Basic	\$ (0.18)	\$ 0.09
Diluted	<u>\$ (0.18)</u>	<u>\$ 0.09</u>

- (1) Our service vesting restricted stock awards represent participating securities because they participate in nonforfeitable dividends with common equity owners. Income allocable to participating securities represents the distributed and undistributed earnings attributable to the participating securities. Our restricted stock awards with market and service vesting criteria and all restricted stock units are not considered to be participating securities and,

KOSMOS ENERGY LTD.**Notes to Consolidated Financial Statements (Continued)****16. Net Income (Loss) Per Share (Continued)**

therefore, are excluded from the basic net income (loss) per common share calculation. Our service vesting restricted stock awards do not participate in undistributed net losses and, therefore, are excluded from the basic net income (loss) per common share calculation in periods we are in a net loss position.

- (2) For the year ended December 31, 2012 and for the period from May 16, 2011 through December 31, 2011, we excluded 15.3 million and 20.5 million outstanding restricted stock awards, respectively, from the computations of diluted net income per share because the effect would have been anti-dilutive.

17. Commitments and Contingencies

We are involved in litigation, regulatory examinations and administrative proceedings primarily arising in the ordinary course of our business in jurisdictions in which we do business. Although the outcome of these matters cannot be predicted with certainty, management believes none of these matters, either individually or in the aggregate, would have a material effect upon the Company's financial statements.

The Company leases facilities under various operating leases that expire through 2019, including our office space. Rent expense under these agreements, was \$4.3 million, \$2.3 million and \$1.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Future minimum rental commitments under these leases at December 31, 2012, are as follows:

	Payments Due By Year(1)						
	Total	2013	2014	2015	2016	2017	Thereafter
Operating leases	\$ 21,562	\$ 2,821	\$ 2,921	\$ 3,022	\$ 3,122	\$ 3,223	\$ 6,453

- (1) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator and excludes commitments for exploration activities, including well commitments, in our petroleum contracts.

18. Subsequent Event

Drilling of the Sapele-1 exploration well was completed in February 2013. The well is not considered a productive well and accordingly will be plugged and abandoned. The amount of costs related to this well which were capitalized at December 31, 2012 were immaterial.

KOSMOS ENERGY LTD.

Supplemental Oil and Gas Data (Unaudited)

Net proved oil and gas reserve estimates presented were prepared by Netherland, Sewell & Associates, Inc. ("NSAI"), independent petroleum engineers located in Dallas, Texas, adjusted for imbalances. NSAI have prepared the reserve estimates presented herein and meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers. We maintain an internal staff of petroleum engineers and geoscience professionals who work closely with our independent reserve engineers to ensure the integrity, accuracy and timeliness of data furnished to independent reserve engineers for their reserves estimation process.

Net Proved Developed and Undeveloped Reserves

The following table is a summary of net proved developed and undeveloped oil and gas reserves to Kosmos' interest in the Jubilee Field in Ghana.

	Oil (MMBbl)	Gas (Bcf)	Total (MMBoe)
Net proved undeveloped reserves at December 31, 2009	52	—	52
Extensions and discoveries	—	22	4
Production	—	—	—
Purchases of minerals-in-place	—	—	—
Net proved developed and undeveloped reserves at December 31, 2010	52	22	56
Extensions and discoveries	—	—	—
Production	(6)	(2)	(6)
Revisions in estimates(1)	1	4	1
Purchases of minerals-in-place	—	—	—
Net proved developed and undeveloped reserves at December 31, 2011(2)	47	24	51
Extensions and discoveries	—	—	—
Production	(6)	(1)	(6)
Revisions in estimates(3)	1	(14)	(2)
Purchases of minerals-in-place	—	—	—
Net proved developed and undeveloped reserves at December 31, 2012	42	9	43
Proved developed reserves(2)			
December 31, 2010	35	18	38
December 31, 2011	23	16	26
December 31, 2012	32	9	33
Proved undeveloped reserves(2)			
December 31, 2010	17	4	18
December 31, 2011	25	8	26
December 31, 2012	10	1	10

(1) The increase in estimated oil reserves is due to an increase in our Jubilee Field unit interest (see Note 4—Jubilee Field Unitization). The estimated increase in gas reserves

represents our increased Jubilee Field unit interest and an increase in estimated gas reserves to be utilized as fuel gas for the FPSO.

- (2) The sum of proved developed reserves and proved undeveloped reserves may not add to net proved developed and undeveloped reserves due to rounding.
- (3) The estimated decrease in gas reserves represents a decrease in estimated gas reserves to be utilized as fuel gas for the FPSO.

Net proved reserves were calculated utilizing the twelve month unweighted arithmetic average of the first-day-of-the-month oil price for each month for Brent crude in the period January through December 2012. The average Brent crude price of \$111.21 per barrel is adjusted for crude handling, transportation fees, quality, and a regional price differential. Based on the crude quality, these adjustments are estimated to be an additional \$1.40 per barrel; therefore, the adjusted oil price is \$112.61 per barrel. This oil price is held constant throughout the lives of the properties. There is no gas price used because gas reserves are consumed in operations as fuel.

Proved oil and gas reserves are defined by the SEC Rule 4.10(a) of Regulation S-X as those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recovered under current economic conditions, operating methods, and government regulations. Inherent uncertainties exist in estimating proved reserve quantities, projecting future production rates and timing of development expenditures.

Capitalized Costs Related to Oil and Gas Activities

The following table presents aggregate capitalized costs related to oil and gas activities:

	<u>Ghana</u>	<u>Other(1)</u>	<u>Total</u>
	(In thousands)		
<i>As of December 31, 2012</i>			
Unproved properties	\$ 421,918	\$ 32,473	\$ 454,391
Proved properties	1,370,111	—	1,370,111
	<u>1,792,029</u>	<u>32,473</u>	<u>1,824,502</u>
Accumulated depletion, depreciation and amortization	(314,190)	—	(314,190)
Net capitalized costs	<u>\$ 1,477,839</u>	<u>\$ 32,473</u>	<u>\$ 1,510,312</u>
<i>As of December 31, 2011</i>			
Unproved properties	\$ 290,736	\$ 3,966	\$ 294,702
Proved properties	1,208,185	—	1,208,185
	<u>1,498,921</u>	<u>3,966</u>	<u>1,502,887</u>
Accumulated depletion, depreciation and amortization	(135,622)	—	(135,622)
Net capitalized costs	<u>\$ 1,363,299</u>	<u>\$ 3,966</u>	<u>\$ 1,367,265</u>

- (1) Includes Africa, excluding Ghana, and South America.

Costs Incurred in Oil and Gas Activities

The following table reflects total costs incurred, both capitalized and expensed, for oil and gas property acquisition, exploration, and development activities for the year.

	<u>Ghana</u>	<u>Other(1)</u>	<u>Total</u>
	(In thousands)		
<i>Year ended December 31, 2012</i>			
Property acquisition:			
Unproved	\$ —	\$ 5,000	\$ 5,000
Proved	—	—	—
Exploration	173,463	78,939	252,402
Development	161,925	—	161,925
Total costs incurred	<u>\$ 335,388</u>	<u>\$ 83,939</u>	<u>\$ 419,327</u>
<i>Year ended December 31, 2011</i>			
Property acquisition:			
Unproved	\$ —	\$ 1,932	\$ 1,932
Proved	—	—	—
Exploration	187,272	33,758	221,030
Development	410,035	—	410,035
Total costs incurred	<u>\$ 597,307</u>	<u>\$ 35,690</u>	<u>\$ 632,997</u>
<i>Year ended December 31, 2010</i>			
Property acquisition:			
Unproved	\$ —	\$ —	\$ —
Proved	—	—	—
Exploration	109,624	32,304	141,928
Development	325,975	—	325,975
Total costs incurred	<u>\$ 435,599</u>	<u>\$ 32,304</u>	<u>\$ 467,903</u>

(1) Includes Africa, excluding Ghana, and South America.

Standardized Measure for Discounted Future Net Cash Flows

The following table provides projected future net cash flows based on the twelve month unweighted arithmetic average of the first-day-of-the-month oil price for Brent crude in the period January through December 2012. The average Brent crude price of \$111.21 per barrel is adjusted for crude handling, transportation fees, quality, and a regional price differential. Based on the crude quality, these adjustments are estimated to be an additional \$1.40 per barrel; therefore, the adjusted oil price is \$112.61 per barrel. Because prices used in the calculation are average prices for that year, the standardized measure could vary significantly from year to year based on market conditions that occur.

The projection should not be interpreted as representing the current value to Kosmos. Material revisions to estimates of proved reserves may occur in the future; development and production of the reserves may not occur in the periods assumed; actual prices realized are expected to vary significantly from those used; and actual costs may vary. Kosmos' investment and operating decisions are not based on the information presented, but on a wide range of reserve estimates that include probable as well as proved reserves and on a wide range of different price and cost assumptions.

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The standardized measure is intended to provide a better means to compare the value of Kosmos' proved reserves at a given time with those of other oil producing companies than is provided by comparing raw proved reserve quantities.

	Ghana
	(In millions)
At December 31, 2012	
Future cash inflows	\$ 4,708
Future production costs	(599)
Future development costs	(429)
Future Ghanaian tax expenses(1)	(1,068)
Future net cash flows	2,612
10% annual discount for estimated timing of cash flows	(540)
Standardized measure of discounted future net cash flows	\$ 2,072
At December 31, 2011	
Future cash inflows	\$ 5,230
Future production costs	(655)
Future development costs	(698)
Future Ghanaian tax expenses(1)	(1,027)
Future net cash flows	2,850
10% annual discount for estimated timing of cash flows	(834)
Standardized measure of discounted future net cash flows	\$ 2,016
At December 31, 2010	
Future cash inflows	\$ 4,141
Future production costs	(1,140)
Future development costs	(342)
Future Ghanaian tax expenses(1)	(618)
Future net cash flows	2,041
10% annual discount for estimated timing of cash flows	(511)
Standardized measure of discounted future net cash flows	\$ 1,530

- (1) Standardized Measure includes the effects of both future income tax expense related to the Company's proved oil and gas reserves levied at a corporate parent and intermediate subsidiary level on future net revenues and future tax expense levied at an asset level (in the Company's case, future Ghanaian tax expense levied under the WCTP and DT PAs). As the Company has been a tax exempted company incorporated pursuant to the laws of the Cayman Islands to date and is now a tax exempted company incorporated pursuant to the laws of Bermuda since the completion of the corporate reorganization, and as the Company's intermediate subsidiaries positioned between it and the subsidiary that is a signatory to the WCTP and DT PAs will continue to be tax exempted companies, the Company has not been and does not expect to be subject to future income tax expense related to its proved oil and gas reserves levied at a corporate parent or intermediate subsidiary level. Accordingly, the Company's Standardized Measure for the years ended December 31, 2012, 2011 and 2010, respectively, only reflect the effects of future Ghanaian tax expense levied under the WCTP and DT PAs.

Changes in the Standardized Measure for Discounted Cash Flows

	Ghana
	(In millions)
Balance at December 31, 2009	\$ 698
Net changes in prices	1,055
Net changes in production costs	(150)
Net changes in development costs	288
Extensions and discoveries	(12)
Net changes in Ghanaian tax expenses(1)	(267)
Accretion of discount	(82)
Balance at December 31, 2010	\$ 1,530
Sales and Transfers 2011	(583)
Net changes in prices and costs	1,547
Previously estimated development costs incurred during the period	175
Net changes in development costs	(489)
Revisions of previous quantity estimates	2
Changes in production timing	(66)
Net changes in Ghanaian tax expenses(1)	(248)
Accretion of discount	199
Redetermination(2)	92
Changes in timing and other	(143)
Balance at December 31, 2011	\$ 2,016
Sales and Transfers 2012	(573)
Net changes in prices and costs	32
Previously estimated development costs incurred during the period	158
Net changes in development costs	122
Revisions of previous quantity estimates	49
Net changes in Ghanaian tax expenses(1)	(105)
Accretion of discount	274
Changes in timing and other	99
Balance at December 31, 2012	\$ 2,072

(1) Standardized Measure includes the effects of both future income tax expense related to the Company's proved oil and gas reserves levied at a corporate parent and intermediate subsidiary level on future net revenues and future tax expense levied at an asset level (in the Company's case, future Ghanaian tax expense levied under the WCTP and DT PAs). As the Company has been a tax exempted company incorporated pursuant to the laws of the Cayman Islands to date and is now a tax exempted company incorporated pursuant to the laws of Bermuda since the completion of the corporate reorganization, and as the Company's intermediate subsidiaries positioned between it and the subsidiary that is a signatory to the WCTP and DT PAs will continue to be tax exempted companies, the Company has not been and does not expect to be subject to future income tax expense related to its proved oil and gas reserves levied at a corporate parent or intermediate subsidiary level. Accordingly, the Company's Standardized Measure for the years ended December 31, 2012, 2011 and 2010, respectively, only reflect the effects of future Ghanaian tax expense levied under the WCTP and DT PAs.

(2) Relates to an increase in our Jubilee Field unit interest (see Note 4—Jubilee Field Unitization).

KOSMOS ENERGY LTD.

Supplemental Quarterly Financial Information (Unaudited)

	<u>Quarter Ended</u>			
	<u>March 31,</u>	<u>June 30,</u>	<u>September 30,</u>	<u>December 31,</u>
	(In thousands, except per share data)			
2012				
Revenues	\$ 116,547	\$ 112,671	\$ 223,237	\$ 219,754
Expenses	137,802	114,993	233,564	151,694
Net income (loss)	(37,541)	(24,843)	(36,250)	31,606
Net income (loss) attributable to common shareholders	(37,541)	(24,843)	(36,250)	31,606
Net income (loss) attributable to common shareholders per share:				
Basic	(0.10)	(0.07)	(0.10)	0.08
Diluted	(0.10)	(0.07)	(0.10)	0.08
2011				
Revenues	\$ 95,410	\$ 126,853	\$ 232,845	\$ 221,672
Expenses	163,572	124,409	130,588	159,168
Net income (loss)	(54,651)	(9,091)	51,776	34,323
Net income (loss) attributable to common shareholders/unit holders	(71,498)	(16,686)	51,776	34,323
Net income (loss) attributable to common shareholders/unit holders per share:				
Basic (the quarter ended June 30, represents the period from May 16, 2011 to June 30, 2011)	N/A	(0.14)	0.13	0.09
Diluted (the quarter ended June 30, represents the period from May 16, 2011 to June 30, 2011)	N/A	(0.14)	0.13	0.09

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was performed under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer. This evaluation considered the various processes carried out under the direction of our disclosure committee in an effort to ensure that information required to be disclosed in the SEC reports we file or submit under the Exchange Act is accurate, complete and timely. However, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Consequently, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2012, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including that such information is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles. All internal control systems have inherent limitations, including the possibility of human error and the possible circumvention of or overriding of controls. The design of an internal control system is also based in part upon assumptions and judgments made by management. As a result, even an effective system of internal controls can provide no more than reasonable assurance with respect to the fair presentation of financial statements and the processes under which they were prepared. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of the end of the period covered by this report based on the framework in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, our Chief Executive Officer and our Chief

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Financial Officer concluded that our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this annual report on Form 10-K, has issued an attestation report on the effectiveness of internal control over financial reporting as of December 31, 2012 which is included in "Item 8. Financial Statements and Supplementary Data."

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information as to Item 10 will be set forth in the Proxy Statement for the Annual Meeting of Shareholders to be held during June 2013 and is incorporated herein by reference.

Item 11. Executive Compensation

Information as to Item 11 will be set forth in the Proxy Statement for the Annual Meeting of Shareholders to be held during June 2013 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information as to Item 12 will be set forth in the Proxy Statement for the Annual Meeting of Shareholders to be held during June 2013 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information as to Item 13 will be set forth in the Proxy Statement for the Annual Meeting of Shareholders to be held during June 2013 and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information as to Item 14 will be set forth in the Proxy Statement for the Annual Meeting of Shareholders to be held during June 2013 and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial statements

The financial statements filed as part of the Annual Report on Form 10-K are listed in the accompanying index to consolidated financial statements in Item 8, Financial Statements and Supplementary Data.

(2) Financial statement schedules

Schedule I—Condensed Parent Company Financial Statements

Under the terms of agreements governing the indebtedness of subsidiaries of Kosmos Energy Ltd. for 2012, 2011 and 2010 (collectively "KEL," the "Parent Company"), such subsidiaries are restricted from making dividend payments, loans or advances to KEL. Schedule I of Article 5-04 of Regulation S-X requires the condensed financial information of the Parent Company to be filed when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

The following condensed parent-only financial statements of KEL have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X and included herein. The Parent Company's 100% investment in its subsidiaries has been recorded using the equity basis of accounting in the accompanying condensed parent-only financial statements. The condensed financial statements should be read in conjunction with the consolidated financial statements of Kosmos Energy Ltd. and subsidiaries and notes thereto.

The terms "Kosmos," the "Company," and similar terms when used in the present tense or prospectively or for historical periods since May 16, 2011 refer to Kosmos Energy Ltd. and its wholly owned subsidiaries and for historical periods prior to May 16, 2011 refer to Kosmos Energy Holdings and its wholly owned subsidiaries, unless the context indicates otherwise. Certain prior period amounts have been reclassified to conform with the current year presentation. Such reclassifications had no impact on our reported net income, current assets, total assets, current liabilities, total liabilities or shareholders equity.

KOSMOS ENERGY LTD.

CONDENSED PARENT COMPANY BALANCE SHEETS

(In thousands, except share data)

	December 31,	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 132,574	\$ 352,872
Receivables from subsidiaries	373	—
Prepaid expenses and other	375	394
Total current assets	133,322	353,266
Investment in subsidiaries at equity	888,473	668,618
Deferred financing costs, net of accumulated amortization of \$283 and zero, respectively	7,992	—
Total assets	\$ 1,029,787	\$ 1,021,884
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable to subsidiaries	\$ —	\$ 1,158
Accrued liabilities	881	—
Total current liabilities	881	1,158
Shareholders' equity:		
Preference shares, \$0.01 par value; 200,000,000 authorized shares; zero issued at December 31, 2012 and 2011	—	—
Common shares, \$0.01 par value; 2,000,000,000 authorized shares; 391,423,703 and 390,530,946 issued at December 31, 2012 and 2011, respectively	3,914	3,905
Additional paid-in capital	1,712,880	1,629,453
Accumulated deficit	(683,176)	(616,148)
Accumulated other comprehensive income	3,685	3,522
Treasury stock, at cost, 2,731,941 and 649,818 shares at December 31, 2012 and 2011, respectively	(8,397)	(6)
Total shareholders' equity	1,028,906	1,020,726
Total liabilities and shareholders' equity	\$ 1,029,787	\$ 1,021,884

KOSMOS ENERGY LTD.**CONDENSED PARENT COMPANY STATEMENTS OF OPERATIONS****(In thousands)**

	December 31,		
	2012	2011	2010
Revenues and other income:			
Oil and gas revenue	\$ —	\$ —	\$ —
Interest income	400	248	44
Total revenues and other income	400	248	44
Costs and expenses:			
General and administrative	93,472	54,442	21,187
General and administrative—related party	(82,370)	(49,378)	16,830
Amortization—deferred financing costs	283	—	—
Interest expense	659	—	—
Other expenses, net	6	10	2
Equity in (earnings) losses of subsidiaries	55,378	(27,183)	207,697
Total costs and expenses	67,428	(22,109)	245,716
Income (loss) before income taxes	(67,028)	22,357	(245,672)
Income tax expense	—	—	—
Net income (loss)	<u>\$ (67,028)</u>	<u>\$ 22,357</u>	<u>\$ (245,672)</u>

KOSMOS ENERGY LTD.
CONDENSED PARENT COMPANY STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2012	2011	2010
Operating activities			
Net income (loss)	\$ (67,028)	\$ 22,357	\$ (245,672)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Equity in (earnings) losses of subsidiaries	55,378	(27,183)	207,697
Equity-based compensation	83,423	50,966	13,791
Amortization	283	—	—
Changes in assets and liabilities:			
(Increase) decrease in prepaid expenses and other	19	(394)	15
(Increase) decrease due to/from related party	(1,531)	1,158	3,878
Increase (decrease) in accrued liabilities	136	—	(213)
Net cash provided by (used in) operating activities	70,680	46,904	(20,504)
Investing activities			
Investment in subsidiaries	(275,070)	(274,406)	(30,722)
Other property	—	—	2
Net cash used in investing activities	(275,070)	(274,406)	(30,720)
Financing activities			
Net proceeds from the initial public offering	—	580,374	—
Purchase of treasury stock	(8,378)	—	—
Deferred financing costs	(7,530)	—	—
Net cash provided by financing activities	(15,908)	580,374	—
Net increase (decrease) in cash and cash equivalents	(220,298)	352,872	(51,224)
Cash and cash equivalents at beginning of period	352,872	—	51,224
Cash and cash equivalents at end of period	\$ 132,574	\$ 352,872	\$ —

Kosmos Energy Ltd.

Valuation and Qualifying Accounts

For the Years Ended December 31, 2012, 2011 and 2010

Description	Balance January 1,	Additions		Deductions From Reserves	Balance December 31,
		Charged to Costs and Expenses	Charged To Other Accounts		
2012					
Allowance for doubtful receivables	\$ —	\$ —	\$ —	\$ —	\$ —
Allowance for deferred tax asset	\$ 49,502	\$ 14,103	\$ —	\$ —	\$ 63,605
2011					
Allowance for doubtful receivables	\$ 39,782	\$ (39,782)	\$ —	\$ —	\$ —
Allowance for deferred tax asset	\$ 30,140	\$ 19,362	\$ —	\$ —	\$ 49,502
2010					
Allowance for doubtful receivables	\$ —	\$ 39,782	\$ —	\$ —	\$ 39,782
Allowance for deferred tax asset	\$ 33,749	\$ (3,609)	\$ —	\$ —	\$ 30,140

Schedules other than Schedule I and Schedule II have been omitted because they are not applicable or the required information is presented in the consolidated financial statements or the notes to consolidated financial statements.

(3) Exhibits

See "Index to Exhibits" on page 145 for a description of the exhibits filed as part of this report.

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOSEPH P. LANDY</u> Joseph P. Landy	Director	February 25, 2013
<u>/s/ PRAKASH A. MELWANI</u> Prakash A. Melwani	Director	February 25, 2013
<u>/s/ ADEBAYO O. OGUNLESI</u> Adebayo O. Ogunlesi	Director	February 25, 2013
<u>/s/ LARS H. THUNELL</u> Lars H. Thunell	Director	February 25, 2013
<u>/s/ CHRIS TONG</u> Chris Tong	Director	February 25, 2013
<u>/s/ CHRISTOPHER A. WRIGHT</u> Christopher A. Wright	Director	February 25, 2013

INDEX OF EXHIBITS

<u>Exhibit Number</u>	<u>Description of Document</u>
3.1	Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1/A filed March 23, 2011 (File No. 333-171700), and incorporated herein by reference).
3.2	Memorandum of Association of the Company (filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1/A filed March 23, 2011 (File No. 333-171700), and incorporated herein by reference).
3.3	Bye-laws of the Company (filed as Exhibit 4 to the Company's Registration Statement on Form 8-A filed May 6, 2011 (File No. 001-35167), and incorporated herein by reference).
4.1	Specimen share certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1/A filed April 25, 2011 (File No. 333-171700), and incorporated herein by reference).
9.1*	Shareholders Agreement, dated as of May 10, 2011, among Kosmos Energy Ltd. and the other parties signatory thereto.
10.1	Petroleum Agreement in respect of West Cape Three Points Block Offshore Ghana dated July 22, 2004 among the GNPC, Kosmos Ghana and the E.O. Group (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.2	Operating Agreement in respect of West Cape Three Points Block Offshore Ghana dated July 27, 2004 between Kosmos Ghana and E.O. Group (filed as Exhibit 10.2 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.3	Petroleum Agreement in respect of the Deepwater Tano Contract Area dated March 10, 2006 among GNPC, Tullow Ghana, Sabre and Kosmos Ghana (filed as Exhibit 10.3 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.4	Joint Operating Agreement in respect of the Deepwater Tano Contract Area, Offshore Ghana dated August 14, 2006, among Tullow Ghana, Sabre Oil and Gas Limited, and Kosmos Ghana (filed as Exhibit 10.4 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.5	Assignment Agreement in respect of the Deepwater Tano Block dated September 1, 2006, among Anadarko WCTP and Kosmos Ghana (filed as Exhibit 10.5 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.6	Unitization and Unit Operating Agreement covering the Jubilee Field Unit located offshore the Republic of Ghana dated July 13, 2009, among GNPC, Tullow, Kosmos Ghana, Anadarko WCTP, Sabre and E.O. Group (filed as Exhibit 10.6 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.7	Ndian River Production Sharing Contract dated November 20, 2006 between the Republic of Cameroon and Kosmos Cameroon (filed as Exhibit 10.8 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.8	Petroleum Agreement regarding the exploration for and exploitation of hydrocarbons in the area of interest named Boujdour Offshore dated May 3, 2006 between ONHYM and Kosmos Morocco (filed as Exhibit 10.14 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.9	Association Contract regarding the exploration for and exploitation of hydrocarbons in the Boujdour Offshore Block dated May 3, 2006 between ONHYM and Kosmos Morocco (filed as Exhibit 10.15 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.10	Memorandum of Understanding regarding a new petroleum agreement covering certain areas of the Boujdour Offshore Block dated September 27, 2010 between ONHYM and Kosmos Morocco (filed as Exhibit 10.16 to the Company's Registration Statement on Form S-1/A filed March 3, 2011 (File No. 333-171700), and incorporated herein by reference).
10.11	Facility Agreement, dated March 28, 2011 among Kosmos Finance International, Kosmos Operating, Kosmos International, Kosmos Development and Kosmos Ghana and the various financial institutions and others party thereto (filed as Exhibit 10.17 to the Company's Registration Statement on Form S-1/A filed April 25, 2011 (File No. 333-171700), and incorporated herein by reference).
10.12	Intercreditor Agreement, dated March 28, 2011 among BNP Paribas, Kosmos Finance International, Kosmos Operating, Kosmos International, Kosmos Development, Kosmos Ghana and the various financial institutions and others party thereto (filed as Exhibit 10.20 to the Company's Registration Statement on Form S-1/A filed April 25, 2011 (File No. 333-171700), and incorporated herein by reference).
10.13 [†]	Form of Long Term Incentive Plan (filed as Exhibit 10.21 to the Company's Registration Statement on Form S-1/A filed March 30, 2011 (File No. 333-171700), and incorporated herein by reference).
10.14 [†]	Form of Annual Incentive Plan (filed as Exhibit 10.22 to the Company's Registration Statement on Form S-1/A filed March 30, 2011 (File No. 333-171700), and incorporated herein by reference).
10.15 [†]	Form of Non-Qualified Stock Option Award Agreement (filed as Exhibit 10.23 to the Company's Registration Statement on Form S-1/A filed March 30, 2011 (File No. 333-171700), and incorporated herein by reference).
10.16 [†]	Form of Restricted Stock Award Agreement (Exchange) (filed as Exhibit 10.24 to the Company's Registration Statement on Form S-1/A filed March 30, 2011 (File No. 333-171700), and incorporated herein by reference).
10.17 [†]	Form of Restricted Stock Award Agreement (Service Vesting) (filed as Exhibit 10.25 to the Company's Registration Statement on Form S-1/A filed March 30, 2011 (File No. 333-171700), and incorporated herein by reference).

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.18†	Form of Restricted Stock Award Agreement (Performance Vesting) (filed as Exhibit 10.26 to the Company's Registration Statement on Form S-1/A filed March 30, 2011 (File No. 333-171700), and incorporated herein by reference).
10.19†	Form of RSU Award Agreement (Directors—Service Vesting) (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, and incorporated herein by reference)
10.20†	Form of RSU Award Agreement (Employees—Service Vesting) (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, and incorporated herein by reference)
10.21†	Form of RSU Award Agreement (Employees—Performance Vesting) (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, and incorporated herein by reference)
10.22	Form of Director Indemnification Agreement (filed as Exhibit 10.27 to the Company's Registration Statement on Form S-1/A filed April 14, 2011 (File No. 333-171700), and incorporated herein by reference).
10.23	Settlement Agreement, dated December 18, 2010 among Kosmos Ghana, Ghana National Petroleum Corporation and the Government of the Republic of Ghana (filed as Exhibit 10.32 to the Company's Registration Statement on Form S-1/A filed April 14, 2011 (File No. 333-171700), and incorporated herein by reference).
10.24†	Consulting Agreement dated October 31, 2011 between Kosmos Energy Ltd. and John R. Kemp (filed as Exhibit 10.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011, and incorporated herein by reference).
10.25†	Amendment No. 1 to Consulting Agreement dated February 23, 2012 between Kosmos Energy Ltd. and John R. Kemp (filed as Exhibit 10.33 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, and incorporated herein by reference).
10.26	Deed of Transfer and Amendment, dated February 17, 2012, among Kosmos Energy Finance International, Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Development, Kosmos Energy Ghana HC, BNP Paribas, Citibank N.A., Credit Suisse International, Société Générale London Branch and International Finance Corporation (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, and incorporated herein by reference).
10.27	Facility Agreement, dated February 17, 2012, among Kosmos Energy Finance International, Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Development, Kosmos Energy Ghana HC and International Finance Corporation (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, and incorporated herein by reference).
10.28*	Revolving Credit Facility Agreement, dated as of November 23, 2012, among Kosmos Energy Ltd., as Original Borrower, certain of its subsidiaries listed therein, as Original Guarantors, HSBC Bank plc, Société Générale, London Branch, Standard Chartered Bank, BNP Paribas, The Standard Bank of South Africa Limited and Banc of America Securities Limited, as Mandated Lead Arrangers, Standard Chartered Bank, as Facility Agent, BNP Paribas, as Security and Intercreditor Agent, and the financial institutions listed therein, as Original Lenders.



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<u>Exhibit Number</u>	<u>Description of Document</u>
10.29*	Deed of Guarantee and Indemnity, dated as of November 23, 2012, among Kosmos Energy Ltd., and Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Development, Kosmos Energy Ghana HC and Kosmos Energy Finance International, as Original Guarantors, and BNP Paribas, as Security and Intercreditor Agent.
10.30*	Deed of Amendment and Restatement relating to the Facility Agreement and a Charge over Shares in Kosmos Energy Operating, dated November 23, 2012, among Kosmos Energy Finance International, as Original Borrower, Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Development and Kosmos Energy Ghana HC, as Original Guarantors, Kosmos Energy Holdings, as Chargor, and BNP Paribas, as Facility Agent and Security Agent.
10.31*	Intercreditor Agreement, dated as of November 23, 2012, among Kosmos Energy Ltd., as HY Note Issuer and RCF Borrower, Kosmos Energy Finance International, as Original Senior Borrower, BNP Paribas, as Security Agent, Security and Intercreditor Agent and Proceeds Agent, and Standard Chartered Bank, as RCF Agent.
10.32*	Registration Rights Agreement, dated as of October 7, 2009, among Kosmos Energy Holdings and the other parties signatory thereto.
10.33*	Joinder Agreement to the Registration Rights Agreement, dated as of May 10, 2011, among Kosmos Energy Ltd. and the other parties signatory thereto.
10.34*	Amendment No. 1 to the Registration Rights Agreement, dated as of February 8, 2013, among Kosmos Energy Ltd. and the other parties signatory thereto.
10.35	Underwriting Agreement dated February 14, 2013 among the Company, the Underwriters named therein and certain Selling Shareholders named therein (filed as Exhibit 1.1 to the Company's Current Report on Form 8-K filed February 21, 2013 (File No. 001-35167), and incorporated herein by reference).
14.1	Code of Business Conduct and Ethics (filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011, and incorporated herein by reference).
21.1*	List of Subsidiaries.
23.1*	Consent of Ernst & Young LLP.
23.2*	Consent of Netherland, Sewell & Associates, Inc.
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Report of Netherland, Sewell & Associates, Inc.
101.INS*	XBRL Instance Document.



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Exhibit Number	Description of Document
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.

* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement.

SHAREHOLDERS AGREEMENT

by and among

KOSMOS ENERGY LTD.

and

EACH OF THE PARTIES IDENTIFIED ON SCHEDULE A

Dated as of May 10, 2011

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SHAREHOLDERS AGREEMENT

This SHAREHOLDERS AGREEMENT is entered into as of May 10, 2011 (and effective as set forth in Section 4.15) by and among Kosmos

Energy Ltd., an exempted company incorporated under the laws of Bermuda (the “Company”), and each of the parties identified on Schedule A.

RECITALS:

WHEREAS, the Company is currently contemplating an underwritten initial public offering (“IPO”) of its Common Shares (as defined in Section 1.1);

WHEREAS, immediately prior to the completion of the IPO, the Company will acquire all of the outstanding equity interests of Kosmos Energy Holdings, an exempted company incorporated under the laws of the Cayman Islands (“Old Kosmos”), pursuant to an exchange transaction and in connection therewith shall issue to the Investor Parties (as defined in Section 1.1) and other former shareholders of Old Kosmos its Common Shares; and

WHEREAS, in connection with, and effective upon, the completion of the IPO (such date of completion, the “IPO Date”) of the Company, the Company and the Investor Parties wish to set forth certain understandings between such parties, including with respect to certain governance matters;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the parties hereto hereby approve this Agreement and mutually covenant and agree with each other as follows:

ARTICLE I. DEFINED TERMS

1.1 Defined Terms As used in this Agreement, the following terms have the meanings set forth below:

“Affiliate” has the meaning ascribed thereto in Rule 12b-2 promulgated under the Exchange Act, as in effect on the date hereof.

“Agreement” means this Shareholders Agreement, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any similar form of, decision of, or determination by, any governmental authority or the Exchange, applicable to such Person or its Subsidiaries or their respective assets.

“Authorized Recipient” has the meaning set forth in Section 3.3.

“Blackstone Group” means the entities listed on Schedule A hereto under the heading “Blackstone Group” as such schedule may be amended from time to time, and their respective successors and Permitted Assigns.

“Board” means the board of directors of the Company.

“Business Day” means a day other than a Saturday, Sunday, federal or New York State holiday or other day on which commercial banks in New York, New York are authorized or required by law to close.

“Bye-Laws” means the bye-laws of the Company in force as at the IPO Date, as the same may be amended, restated, or otherwise modified from time to time.

“Class I Director” has the meaning set forth in Section 2.1(c).

“Class II Director” has the meaning set forth in Section 2.1(c).

“Class III Director” has the meaning set forth in Section 2.1(c).

“Company” has the meaning set forth in the Preamble.

“Common Shares” means the common shares, par value US\$0.01 per share, in the capital of the Company and any other shares of the Company into which such shares are reclassified or reconstituted.

“Confidential Information” has the meaning set forth in Section 3.3.

“control” (including its correlative meanings, “controlled by” and “under common control with”) means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of a Person.

“Directed Opportunity” has the meaning set forth in Section 3.6. “Director” means any member of the Board.

“Exchange” means the New York Stock Exchange or such other stock exchange or securities market on which the Common Shares are listed or quoted.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Independent Director” means an “independent director” as such term is used in the listing requirements of the Exchange.

“Investor Designee” has the meaning set forth in Section 2.1(a).

“Investor Group” means any of the Blackstone Group or the Warburg Group.

“Investor Parties” means each party to this Agreement (other than the Company), together with its Permitted Assigns.

“IPO” has the meaning set forth in the Recitals.

“IPO Date” has the meaning set forth in the Recitals.

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“IPO Expenses” means, with respect to any Person, any and all reasonable out-of-pocket expenses (other than underwriting discounts and commissions) incurred or accrued by such Person in connection with the IPO or any underwriting agreement entered into in accordance therewith, including, (i) all fees and expenses of complying with all applicable securities laws, (ii) all road show, printing, messenger and delivery expenses, (iii) the fees and disbursements of counsel and (iv) other fees and expenses of such Person.

“Law” means any statute, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

“Permitted Assigns” means with respect to any of the Investor Parties, their respective Affiliates who are a Transferee of Common Shares (which are transferred other than pursuant to a widely distributed public sale) that agrees in writing to become party to, and be bound to the same extent as its transferor by the terms of, this Agreement, in customary form; provided, that upon such Transfer, such Permitted Assign shall be deemed to be the “Investor Party” hereto for all purposes herein.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Representative” means, with respect to either Investor Group, the applicable Director(s) nominated by any member of such Investor Group (and/or any Observer appointed by such Investor Group), any individual appointed to a Board committee or committee of the Company or any of its Subsidiaries pursuant to a direct or indirect recommendation or nomination by any member of such Investor Group, and such Investor Group’s and each of its Affiliates’ respective directors, managers, officers, partners, members, principals, employees, professional advisers and agents.

“Specified Party” has the meaning set forth in Section 3.6.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which: (i) if a corporation, a majority of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, representatives or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; or (ii) if a limited liability company, partnership, association or other business entity, a majority of the total voting power of capital stock (or equivalent ownership interest) of the limited liability company, partnership, association or other business entity is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control the managing director or general partner of such limited liability company, partnership, association or other business entity.

“Total Number of Directors” means, as of any time of determination, the total number of Directors comprising the Board at such time.

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“Transfer” (including its correlative meanings, “Transferor”, Transferee” and “Transferred”) means, with respect to any security, directly or indirectly, to sell, contract to sell, give, assign, hypothecate, pledge, charge, encumber, grant a security interest in, offer, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any economic, voting or other rights in or to such security. When used as a noun, “Transfer” shall have such correlative meaning as the context may require.

“VCOC Shareholder” has the meaning set forth in Section 2.3(a).

“Warburg Group” means the entities listed on Schedule A hereto under the heading “Warburg Group” as such schedule may be amended from time to time, and their respective successors and Permitted Assigns.

1.2 Construction The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party. Unless the context otherwise requires: (i) “or” is disjunctive but not exclusive, (ii) words in the singular include the plural, and in the plural include the singular, (iii) whenever the words “include”, “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”, and (iv) the words “hereof”, “herein”, and “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified.

ARTICLE II. CORPORATE GOVERNANCE MATTERS

2.1 Board of Directors

(a) The members of the Board shall be nominated and elected in accordance with the Bye-laws and the provisions of this Agreement. On the IPO Date, the Board shall consist of nine members, each of which shall be a “Director”. As of the IPO Date, the initial Board shall be comprised of the following individuals:

John R. Kemp III
Brian F. Maxted
David I. Foley
Jeffrey A. Harris
David B. Krieger
Prakash A. Melwani
Adebayo O. Ogunlesi
Chris Tong
Christopher A. Wright

So long as the Board consists of nine Directors and subject to the remainder of this Section 2.1, (i) two such Directors shall be nominated by the Blackstone Group (which the Nominating and Corporate Governance Committee or similar committee of the Board shall nominate, and the entire Board shall recommend, for election by the Company’s shareholders at the next successive general meeting of shareholders), (ii) two such Directors shall be nominated by the Warburg Group (which the Nominating and Corporate Governance Committee or similar committee of the Board shall nominate, and the entire Board shall recommend, for election by the Company’s shareholders at the next successive general meeting of shareholders), (iii) one such Director shall be the then serving

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Chief Executive Officer of the Company, (iv) three such Directors shall be Independent Directors nominated by the Nominating and Corporate Governance Committee or similar committee (which the entire Board shall recommend for election by the Company’s shareholders at the next successive general meeting of shareholders), and (v) any other such Directors shall be nominated by the Nominating and Corporate Governance Committee or similar committee of the Board (which the entire Board shall recommend for election by the Company’s shareholders at the next successive general meeting of shareholders). Each specified Investor Group nominee shall be referred to herein as an “Investor Designee”.

(b) Notwithstanding anything herein to the contrary, following the IPO Date, each of (1) the Blackstone Group and/or their Permitted Assigns and (2) the Warburg Group and/or their Permitted Assigns, shall have the right, but not the obligation, to nominate to the Board a number of designees equal to:

(i) two Directors (or if the size of the Board is increased, twenty-five percent of the Total Number of Directors, rounded to the nearest whole number (with one-half being rounded upward)), so long as (x) such Investor Group collectively beneficially owns twenty percent or more of the issued and outstanding Common Shares (that are eligible to vote at an annual general meeting of shareholders) and (y) such Investor Group (and/or its respective Affiliates) collectively beneficially owns fifty percent or more of the Common Shares owned by such Investor Group immediately prior to the completion of the IPO; and

(ii) one Director (or if the size of the Board is increased, twelve and one half percent of the Total Number of Directors, rounded to the nearest whole number (with one-half being rounded upward)), so long as such Investor Group collectively beneficially owns seven and one half percent or more of the issued and outstanding Common Shares (that are eligible to vote at an annual general meeting of shareholders) (in the case of this clause (ii), if such Investor Group is not entitled to nominate additional Directors);

provided, that the foregoing clauses (i) and (ii) shall not limit the number of individuals the Blackstone Group and/or their Permitted Assigns and the Warburg Group and/or their Permitted Assigns may nominate to the Board; provided further, that other than as otherwise set forth in this Section 2.1 (including this Section 2.1(b)) the Board shall have no obligation to nominate and recommend for election designees nominated by the Blackstone Group and/or their Permitted Assigns or the Warburg Group and/or their Permitted Assigns.

For purposes of calculating the number of Directors that the Blackstone Group and/or the Warburg Group (and/or their respective Permitted Assigns) are entitled to designate pursuant to the immediately preceding sentence, any fractional amounts shall automatically be rounded to the nearest whole number (with one-half being rounded upward) and any such calculations shall be made on a pro forma basis, including, for the avoidance of doubt, taking into account

any increase in the size of the Board. In the event that the Blackstone Group and/or the Warburg Group (and/or their Permitted Assigns) has nominated less than the total number of designees such Investor Group (and/or their Permitted Assigns) shall be entitled to nominate pursuant to this [Section 2.1\(b\)](#), the Blackstone Group and/or the Warburg Group (and/or their Permitted Assigns) shall have the right, at any time, to nominate such additional designees to which it is entitled, in which case, the Directors shall take all necessary corporate action to (x) enable the Blackstone Group and Warburg Group (and/or their Permitted Assigns), as the case may be, to nominate such additional individuals, whether by increasing the size of the Board, subject to the maximum number of Directors set forth in Bye-law 29 of the Bye-laws of the Company, or otherwise and (y) to designate such additional individuals nominated by the Blackstone Group (and/or their Permitted

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Assigns) and/or the Warburg Group (and/or their Permitted Assigns) to fill such newly-created vacancies. In the event, and each time, that the number of Directors whom the Blackstone Group and/or the Warburg Group (and/or their respective Permitted Assigns) has the right to nominate decreases by one pursuant to this [Section 2.1\(b\)](#), one of the Investor Designees of such Investor Group shall, unless the Board otherwise requests, resign immediately (and such Investor Group shall use its best efforts to obtain a resignation of one of its Investor Designees) or the Company shall use its best efforts to cause one Investor Designee of such Investor Group to resign (or be removed) from the Board and each committee thereof.

(c) In accordance with the Bye-laws, from and after the date on which the Investor Parties (and/or their respective Affiliates) no longer constitute a group that beneficially owns more than fifty percent of the outstanding voting power of the Company (the “[Classifying Date](#)”), the Company shall cause the Directors to be, and the Directors shall be, divided into three classes designated Class I, Class II and Class III. Each class of Directors shall consist, as nearly as possible, of one third of the total number of Directors constituting the entire Board. The Board is hereby authorized to assign members of the Board in office at the Classifying Date to such classes. Each Director shall serve for a term ending on the date of the third annual general meeting of shareholders next following the annual general meeting of shareholders at which such Director was elected, provided that Directors initially designated as Class I Directors (“[Class I Directors](#)”) shall serve for a term ending on the date of the first annual general meeting of shareholders following the Classifying Date, Directors initially designated as Class II Directors (“[Class II Directors](#)”) shall serve for a term ending on the second annual general meeting of shareholders following the Classifying Date, and Directors initially designated as Class III Directors (“[Class III Directors](#)”) shall serve for a term ending on the date of the third annual general meeting of shareholders following the Classifying Date. The Investor Designees shall be allocated to the longest duration classes and, unless otherwise agreed by the Blackstone Group and the Warburg Group, the Investor Designees of each Investor Group shall be apportioned equitably within an applicable class as compared to the Investor Designees of the other Investor Group.

(d) In the event that a vacancy is created at any time by the removal, bankruptcy, death, disability or resignation of any Director designated pursuant to this [Section 2.1](#), the remaining Directors and the Company shall cause the vacancy created thereby to be filled, as soon as possible, (i) in the case of a vacancy created by an Investor Designee, by a new designee of the applicable Investor Group (and/or its Permitted Assigns) that had the right to designate such former Director, (ii) in the case of a vacancy created by the Chief Executive Officer and/or Independent Directors, so long as the Board shall consist of nine Directors, by a replacement Chief Executive Officer and/or Independent Director, as applicable, and (iii) in the case of any other vacancy, by a person nominated by the Nominating and Corporate Governance Committee, and in the case of each of clauses (i), (ii) and (iii), the Company hereby agrees to take, at any time and from time to time, all actions necessary to accomplish the filling of a vacancy pursuant to this [Section 2.1\(d\)](#).

(e) Each Investor Group shall have the right to appoint an Observer to the Board; provided, however, an Investor Group shall cease to have the right to designate an Observer to the Board in the event that such Investor Group ceases to have the right to designate a Director pursuant to this [Section 2.1](#). Each Observer shall have the same obligation to keep confidential any information furnished to it in connection with its role as Observer as Directors have in regards to such information, whether such obligation is as a result of provisions in this Agreement, the Bye-laws or any other legal or regulatory requirement to which the Directors are subject.

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(f) At each general meeting of shareholders of the Company at which Directors of the Company are to be elected, the Company agrees to include in the slate of nominees recommended by the Board the persons designated pursuant to this [Section 2.1](#) and to use its best efforts to cause the election of each such designee to the Board at each such meeting, including nominating such individuals to be elected as Directors as provided herein.

(g) Each Investor Party agrees to vote, and to procure the vote of each of its applicable Permitted Assigns to vote, in person or by proxy, or to act by written consent (if applicable) with respect to, all Common Shares or other equity securities of the Company having the right to vote for the election of Directors beneficially owned by it to cause the election of the Investor Designees, and for so long as the Board shall consist of nine Directors, the then serving Chief Executive Officer and three Independent Directors, nominated by the Nominating and Corporate Governance Committee or similar committee and in each case, recommended by the Board for election by the Company’s shareholders at the annual general meeting of shareholders and to take all other steps within such Person’s power to ensure that the composition of the Board is as set forth in this [Section 2.1](#). Notwithstanding anything in this [Section 2.1\(g\)](#) to the contrary, any obligation on the part of either Investor Group to vote, and/or to procure the vote of each of its applicable Permitted Assigns to vote, in person or by proxy, or to act by written consent (if applicable) for (i) the Chief Executive Officer and three Independent Directors pursuant to this [Section 2.1\(g\)](#) shall automatically terminate when the Investor Parties (and/or their respective Affiliates) no longer constitute a group that beneficially owns more than fifty percent of the outstanding voting power of the Company and (ii) any Investor Designees pursuant to this [Section 2.1\(g\)](#) shall automatically terminate on the date on which either Investor Group collectively beneficially owns less than seven and one half percent of the issued and outstanding Common Shares (provided, however, from and after the date on which the Investor Parties (and/or their respective Affiliates) no longer constitute a group that beneficially owns more than fifty percent of the outstanding voting power of the Company, any obligation on the part of the Investor Groups to vote, and/or to procure the vote of each of its applicable Permitted Assigns to vote, in person or by proxy, or to act by written consent (if applicable) for any Investor Designees shall automatically terminate (if not then already terminated) on the date on which either Investor Group acquires (individually, or aggregated with

acquisitions by the other Investor Group) 1.5% (or more) of the issued and outstanding Common Shares in any rolling 12-month period).

2.2 Committees. As of the IPO Date, the Board has designated each of the following committees: a Nominating and Corporate Governance Committee, a Compensation Committee, an Audit and Risk Committee and a Health Safety and Environmental Committee. As of the IPO Date, the Nominating and Corporate Governance Committee, Compensation Committee and Audit and Risk Committee shall be comprised of the persons identified in the section titled “*MANAGEMENT — Committees of the Board of Directors*” in the Company’s Form S-1/A filed with the U.S. Securities and Exchange Commission on March 21, 2011. As of the IPO Date, the Health Safety and Environmental Committee will be comprised of the following people: Christopher A. Wright, Chris Tong and Brian F. Maxted. Beginning with the annual general meeting of shareholders in 2012, or, in the event of a vacancy that arises prior to that date, and for so long as the Investor Parties (and/or their respective Affiliates) constitute a group that beneficially owns more than fifty percent of the outstanding voting power of the Company, and subject to applicable Law and Exchange governance standards, (x) the Investor Groups, by mutual agreement, shall have the right, but not the obligation, to designate members (who shall be their director designees) to board committees as follows: (i) 50% of the members of any Nominating and Corporate Governance Committee or similar committee of the Board, (ii) a majority of the members of any Compensation Committee or similar committee of the Board and (iii) one member by each Investor Group of any Health Safety and Environmental Committee or similar committee

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of the Board. Each committee of the Board shall include at least one Director who is not an Investor Designee. In the event that the Investor Parties (and/or their respective Affiliates) no longer constitute a group that beneficially owns more than fifty percent of the outstanding voting power of the Company, each Investor Group shall continue to have the right to designate at least one member of each committee of the Board for so long as may be permitted under applicable Law and Exchange governance standards; provided, however, an Investor Group shall cease to have such right to designate a committee member in the event that such Investor Group ceases to have the right to designate a Director pursuant to Section 2.1.

2.3 VCOC Matters.

(a) With respect to each Investor Party and, at the request of an Investor Party, each Affiliate thereof that indirectly has an interest in the Company, in each case that is intended to qualify as a “venture capital operating company” (as defined in 29 C.F.R. ss. 2510.3-101(d) (a “VCOC Shareholder”), the Company shall execute a side letter with each VCOC Shareholder in the form attached hereto as Annex A and each VCOC Shareholder shall have the supplemental rights and obligations provided in such side letter.

ARTICLE III. COVENANTS

3.1 Books and Records; Access. The Company shall, and shall cause its Subsidiaries to, keep proper books, records and accounts, (i) in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each of its Subsidiaries in accordance with U.S. generally accepted accounting principles and (ii) that will permit the Company and its Subsidiaries to prepare accurately its income tax returns. The Company shall, and shall cause its Subsidiaries to, permit each Investor Group and their respective Representatives, at reasonable times and upon reasonable prior notice to the Company, to review the books and records of the Company or any of such Subsidiaries and to discuss the affairs, finances and condition of the Company or any of such Subsidiaries with the officers of the Company or any such Subsidiary; provided, however, that the Company shall not be required to disclose any information of the Company subject to attorney-client privilege so long as the Company has used its reasonable best efforts to enter into an arrangement pursuant to which it may provide such information to such Investor Group without the loss of any such privilege.

3.2 Periodic Reporting.

(a) The Company will promptly deliver to each Investor Group when available one copy of each annual report on Form 10-K and quarterly report on Form 10-Q of the Company, as filed with the SEC. In the event the Company is not required to file an annual report on Form 10-K or quarterly report on Form 10-Q, the Company may, in lieu of the requirements of the preceding sentence, deliver, or cause to be delivered, the following to each Investor Group:

- (i) as soon as available, but not later than ninety days after the end of each fiscal year of the Company, a copy of the audited consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year and the related statements of operations and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous year, all in reasonable detail; and
- (ii) commencing with the fiscal period ending after March 31, 2011, as soon as available, but in any event not later than forty five days or such later time as permitted under applicable securities law after the end of each of the first three fiscal quarters of each fiscal

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year, the unaudited consolidated balance sheet of the Company and its Subsidiaries, and the related statements of operations and cash flows for such quarter and for the period commencing on the first day of the fiscal year and ending on the last day of such quarter;

(b) The Company shall deliver or cause to be delivered to each Investor Group:

- (i) to the extent otherwise prepared by the Company, operating and capital expenditure budgets and periodic information packages relating to the operations and cash flows of the Company and its Subsidiaries; and

(ii) such other reports and information as may be reasonably requested by any Investor Party (and/or any of its Permitted Assigns); provided, however, that the Company shall not be required to disclose any information of the Company subject to attorney-client privilege so long as the Company has used its reasonable best efforts to enter into an arrangement pursuant to which it may provide such information to the Investor Parties without the loss of any such privilege.

3.3 Confidentiality. Each Investor Party agrees to hold, and to use its reasonable efforts to cause its Authorized Recipients to hold, in strict confidence the books and records of the Company and all information relating to the Company's properties, operations, financial condition or affairs, in each case, which was furnished to it pursuant to the terms of this Agreement (collectively, "Confidential Information"). Notwithstanding anything herein to the contrary, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of an unauthorized disclosure by an Investor Party, (ii) is or becomes available to an Investor Party or any of its Authorized Recipients (as defined below) on a non-confidential basis from a third party source, which source, to the knowledge of such Investor Party, is not bound by a legal duty of confidentiality to the Company in respect of such Confidential Information or (iii) is independently developed by an Investor Party or its Authorized Recipients. Notwithstanding anything herein to the contrary, an Investor Party may disclose any Confidential Information to (x) any of its Representatives and (y) any other member of the Investor Group of which it is a member (the Persons in clause (x) and (y), collectively, "Authorized Recipients"). If an Investor Party or any of its Authorized Recipients is required or requested by law or regulation or any legal or judicial process to disclose any Confidential Information, or disclosure of Confidential Information is requested by any governmental authority having authority over such Investor Party or Authorized Recipient, such Investor Party or Authorized Recipient, as the case may be, may disclose only such portion of such Confidential Information as may be required or requested without liability hereunder.

3.4 Indemnification Agreements. The Company shall, as of the IPO Date, enter into and maintain in effect an indemnification agreement with each Investor Designee in such form as has been previously agreed to by each of the Company, the Blackstone Group and the Warburg Group.

3.5 IPO Expenses. The Company shall pay all IPO Expenses of the Company and each Investor Group in connection with the IPO.

3.6 Corporate Opportunities. To the fullest extent permitted by applicable law, the Company, on behalf of itself and its Subsidiaries, waives and renounces any right, interest or expectancy of the Company and/or its Subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to or business opportunities of which any of the Blackstone Group or the Warburg Group or any of their

respective officers, directors, agents, shareholders, members, partners, affiliates and subsidiaries (other than the Company and its Subsidiaries) (each, a "Specified Party") gain knowledge, even if the opportunity is competitive with the business of the Company or its Subsidiaries or one that the Company or its Subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so and each such Specified Party shall have no duty (statutory, fiduciary, contractual or otherwise) to communicate or offer such business opportunity to the Company and, to the fullest extent permitted by applicable law, shall not be liable to the Company or any of its Subsidiaries for breach of any statutory, fiduciary, contractual or other duty, as a director or otherwise, by reason of the fact that such Specified Party pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present or communicate such business opportunity, or information regarding such business opportunity, to the Company or its Subsidiaries. Notwithstanding anything in this Section 3.6 to the contrary, a Specified Party who is a director of the Company and who is offered a business opportunity for the Company or its Subsidiaries in his or her capacity solely as a director of the Company (a "Directed Opportunity") shall be obligated to communicate such Directed Opportunity to the Company; provided, however, that all of the protections of this Section 3.6 shall otherwise apply to the Specified Parties with respect to such Directed Opportunity, including the ability of the Specified Parties to pursue or acquire such Directed Opportunity, directly or indirectly, or to direct such Directed Opportunity to another person.

ARTICLE IV. MISCELLANEOUS

4.1 Termination. This Agreement shall terminate as it relates to each member of an Investor Group on the earlier to occur of: (i) such time as such Investor Group beneficially owns less than one percent of the issued and outstanding Common Shares and (ii) upon the delivery of a written notice by such Investor Group to the Company requesting that this Agreement terminate as it relates to each member of such Investor Group.

4.2 Notices. Any notice, communication, request, instruction or other document to be given hereunder by any party hereto to another party hereto shall be in writing, shall be and shall be deemed given when (i) delivered personally, (ii) five Business Days after being sent by certified or registered mail, postage prepaid, return receipt requested, (iii) one Business Day after being sent by Federal Express or other nationally recognized overnight courier, or (iv) sent by email (and subsequently confirmed by the recipient within twenty-four hours thereafter by telephone or reply email), in each case, to the parties at the following addresses (or at such other address for a party as shall be specified by notice from such party):

if to the Company:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Attn: Assistant Secretary
Email: bermuda@conyersdill.com

if to any member of the Blackstone Group:

c/o The Blackstone Group L.P.

Attn: David I. Foley
Prakash A. Melwani
Email: foley@blackstone.com
melwani@blackstone.com

with a required copy (which shall not constitute notice or constructive notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attn: Wilson S. Neely
Email: wneely@stblaw.com

if to any member of the Warburg Group:

c/o Warburg Pincus LLC
450 Lexington Ave
New York, New York 10017
Attn: Scott Arenare
Email: sarenare@warburgpincus.com

with a required copy (which shall not constitute notice or constructive notice) to:

Vinson & Elkins LLP
First City Tower
1001 Fannin Street, Suite 2500
Houston, Texas 77002
Attn: Scott N. Wulfe
Email: swulfe@velaw.com

4.3 Further Assurances. The parties hereto will use their best efforts to sign such further documents, cause such meetings to be held, resolutions passed, exercise their votes and do and perform and cause to be done such further acts and things as may be necessary in order to give full effect to this Agreement and every provision hereof; provided, however, that nothing herein shall require the Investor Parties to take any action that would cause such Investor Parties (and/or their respective Affiliates) to constitute a group after such Investor Parties' respective obligations to vote, and to procure the vote of each of its applicable Permitted Assigns to vote, in person or by proxy, or to act by written consent (if applicable) for the Investor Designees of the Investor Group terminate pursuant to Section 2.1(g).

4.4 Assignment. Neither the Company nor any of the Investor Parties shall assign or transfer all or any part of this Agreement without the prior written consent of the other parties hereto; provided, however, that the Investor Parties shall be entitled to assign, in whole or in part, to any of their Permitted Assigns without such prior written consent. Except as otherwise provided herein, this Agreement will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns.

4.5 Amendment; Waiver. This Agreement may be amended, supplemented or otherwise modified only by a written instrument executed by the parties hereto; provided, that (i) the Company shall promptly amend and update Schedule A following any applicable Transfer of Common Shares by an Investor Party to any of its Permitted Assigns, (ii) designate on such

updated Schedule A under the applicable heading as appropriate, whether such transferee is a member of the Blackstone Group or the Warburg Group (which designation shall be based on the transferor's prior designation as a member of either such Investor Group) and (iii) the Company shall provide prompt written notice of such updated Schedule A to each Investor Party. No waiver by any party of any of the provisions hereof will be effective unless explicitly set forth in writing and executed by the party so waiving. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including any investigation by or on behalf of any party, will be deemed to constitute a waiver by the party taking such action of compliance with any covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach.

4.6 Third Parties. Except with respect to Section 2.3, this Agreement does not create any rights, claims or benefits inuring to any Person that is not a party hereto nor create or establish any third party beneficiary hereto.

4.7 Governing Law. This Agreement will be governed by, and construed in accordance with, the laws of the State of New York.

4.8 Jurisdiction. The courts of the State of New York and the United States District Court located in New York, New York in the Borough of Manhattan shall have exclusive jurisdiction over the parties with respect to any dispute or controversy between them arising under or in connection with this agreement and, by execution and delivery of this agreement, each of the parties to this Agreement submits to the exclusive jurisdiction of those courts, including the in personam and subject matter jurisdiction of those courts, waives any objections to such jurisdiction on the grounds of venue or forum non conveniens, the absence of in personam or subject matter jurisdiction and any similar grounds, consents to service of process by mail (in accordance with the notice provisions of this Agreement) or any other manner permitted by Law, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

4.9 WAIVER OF JURY TRIAL. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF A LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (III) IT MAKES SUCH WAIVERS VOLUNTARILY AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 4.9.

4.10 Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement by any of them, the non-breaching party would be irreparably harmed and could not be made whole by monetary damages. Each party accordingly agrees to waive the defense in any action for specific performance that a remedy at law would be adequate and that the parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of this Agreement.

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4.11 Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. There are no agreements, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein. This Agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter.

4.12 Headings. The section headings contained in this Agreement are for reference purposes only and will not affect the meaning or interpretation of this Agreement.

4.13 Severability. If one or more of the provisions, paragraphs, words, clauses, phrases or sentences contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision, paragraph, word, clause, phrase or sentence in every other respect and of the remaining provisions, paragraphs, words, clauses, phrases or sentences hereof shall not be in any way impaired, it being intended that all rights, powers and privileges of the parties hereto shall be enforceable to the fullest extent permitted by Law.

4.14 Counterparts. This Agreement may be executed in any number of counterparts (including via facsimile or electronic mail in PDF format), each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.

4.15 Effectiveness. This Agreement shall become effective upon completion of the IPO on the IPO Date; provided, that this Agreement shall be of no force and effect (i) prior to the completion of the IPO and (ii) if the IPO has not been consummated within ten (10) Business Days from the date of this Agreement.

4.16 Bye-laws. In the event of any ambiguity or conflict arising between the terms of Section 2.1 or 2.2 of this Agreement and those of the Company's memorandum of association and/or Bye-laws, the terms of Sections 2.1 and 2.2 of this Agreement shall prevail. Once an Investor Group ceases to have the right to designate a director pursuant to the terms of this Agreement, such Investor Group agrees that it shall not seek to enforce such right to designate a director pursuant to Schedule A of the Company's Bye-laws; provided, however, that nothing shall prohibit such Investor Group from making any nominations of persons for election to the Board or the proposal of other business pursuant to, and in accordance with, the Company's Bye-laws.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement or caused this Agreement to be executed on its behalf as of the date first written above.

KOSMOS ENERGY LTD.

By: /s/ W.Greg Dunlevy
Name: W. Greg Dunlevy
Title: Executive Vice President and Chief Financial Officer

BLACKSTONE CAPITAL PARTNERS (CAYMAN) IV LP.

By: Blackstone Management Associates (Cayman) IV L.P.,
its General Partner

By: BCP IV GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

BLACKSTONE CAPITAL PARTNERS (CAYMAN) IV-A L.P.

By: Blackstone Management Associates (Cayman) IV L.P.,
its General Partner

By: BCP IV GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

**BLACKSTONE FAMILY INVESTMENT PARTNERSHIP (CAYMAN)
IV-A L.P.**

By: BCP IV GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

[Signature Page to Shareholders Agreement]

**BLACKSTONE PARTICIPATION PARTNERSHIP (CAYMAN) IV
L.P.**

By: BCP IV GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

**BLACKSTONE FAMILY INVESTMENT PARTNERSHIP (CAYMAN)
IV-A SMD L.P.**

By: Blackstone Family GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

WARBURG PINCUS INTERNATIONAL PARTNERS, L.P.

By: Warburg Pincus Partners LLC, its General Partner

By: Warburg Pincus & Co., its managing member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris

Title: Managing Director

WARBURG PINCUS NETHERLANDS INTERNATIONAL PARTNERS I, C.V.

By: Warburg Pincus Partners LLC, its General Partner

By: Warburg Pincus & Co., its managing member

By: /s/ Jeffrey A. Harris

Name: Jeffrey A. Harris

Title: Managing Director

WP-WPIP INVESTORS, L.P.

By: WP-WPIP Investors LLC, its General Partner

By: Warburg Pincus Partners LLC, its sole member

By: Warburg Pincus & Co., its managing member

By: /s/ Jeffrey A. Harris

Name: Jeffrey A. Harris

Title: Managing Director

[Signature Page to Shareholders Agreement]

WARBURG PINCUS PRIVATEEQUITY VIII, LP.

By: Warburg Pincus Partners LLC, its General Partner

By: Warburg Pincus & Co., its managing member

By: /s/ Jeffrey A. Harris

Name: Jeffrey A. Harris

Title: Managing Director

WARBURG PINCUS NETHERLANDS PRIVATE EQUITY VIII I, C.V.

By: Warburg Pincus Partners LLC, its General Partner

By: Warburg Pincus & Co., its managing member

By: /s/ Jeffrey A. Harris

Name: Jeffrey A. Harris

Title: Managing Director

WP-WPIP INVESTORS, L.P.

By: WP-WPIP Investors LLC, its General Partner

By: Warburg Pincus Partners LLC, its sole member

By: Warburg Pincus & Co., its managing member

By: /s/ Jeffrey A. Harris

Name: Jeffrey A. Harris

Title: Managing Director

[Signature Page to Shareholders Agreement]

(as of May 10, 2011)

Blackstone Group

1. Blackstone Capital Partners (Cayman) IV L.P.
2. Blackstone Capital Partners (Cayman) IV-A L.P.
3. Blackstone Family Investment Partnership (Cayman) IV-A L.P.
4. Blackstone Family Investment Partnership (Cayman) IV-A SMD L.P.
5. Blackstone Participation Partnership (Cayman) IV L.P.

Warburg Group

1. Warburg Pincus International Partners, L.P.
2. Warburg Pincus Netherlands International Partners I, C.V.
3. WP-WPIP Investors, L.P.
4. Warburg Pincus Private Equity VIII, L.P.
5. Warburg Pincus Netherlands Private Equity VIII I, C.V.
6. WP-WP VIII Investors, L.P.

KOSMOS ENERGY LTD.

[], 20[]

[VCOG INVESTOR]

[ADDRESS]

Dear Sir/Madam:

Reference is made to the Shareholders Agreement dated as of May 10, 2011 by and among Kosmos Energy Ltd. (the "Company"), [] (the "VCOG Investor") and the other shareholders of the Company identified therein (as amended, modified or supplemented from time to time, the "Shareholders Agreement") to which a form of this letter agreement is attached as Annex A.

The Company hereby agrees that for so long as a VCOG Investor, directly or indirectly through one or more conduit subsidiaries, continues to hold, together with its affiliates, securities of the Company representing (or convertible into equity securities of the Company representing) at least one percent of the total voting power of the Company's equity securities, without limitation or prejudice of any the rights provided to such VCOG Investor under the Shareholders Agreement or any other agreement relating to the Company, the Company shall:

- 1) Provide such VCOG Investor or its designated representative with:
 - (a) the right to visit and inspect any of the offices and properties of the Company and its subsidiaries and inspect and copy the books and records of the Company and its subsidiaries, at such times as the VCOG Investor shall reasonably request;
 - b. as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Company, consolidated balance sheets of the Company and its subsidiaries as of the end of such period, and consolidated statements of income and cash flows of the Company and its subsidiaries for the period then ended prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis, except as otherwise noted therein, and subject to the absence of footnotes and to year-end adjustments;
 - c. as soon as available and in any event within 120 days after the end of each fiscal year of the Company, a consolidated balance sheet of the Company and its subsidiaries as of the end of such year, and consolidated statements of income and cash flows of the Company and its subsidiaries for the year then ended prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis, except as otherwise noted therein, together with an auditor's report thereon of a firm of established national reputation;
 - d. to the extent the Company is required by law or pursuant to the terms of any outstanding indebtedness of the Company to prepare such reports, any annual reports, quarterly reports and other periodic reports pursuant to

Section 13 or 15(d) of the Securities Exchange Act of 1934, actually prepared by the Company as soon as available; and

- e. to the extent consistent with applicable law (and with respect to information which requires public disclosure, only following the Company's public disclosure thereof through applicable securities law filings or otherwise), copies of all materials provided to the Company's Board of Directors; provided, that the Company will not be obligated to furnish to the VCOC Investor or its designated representative with such portion of any such material as is reasonably necessary to protect any critical attorney-client privilege of the Company.
- 2) Make appropriate officers and/or directors of the Company available periodically and at such times as reasonably requested by such VCOC Investor for consultation with the VCOC Investor or its designated representative with respect to matters relating to the business and affairs of the Company and its subsidiaries;
- 3) To the extent consistent with applicable law (and with respect to events which require public disclosure, only following the Company's public disclosure thereof through applicable securities law filings or otherwise), inform such VCOC Investor or its designated representative in advance with respect to any significant corporate actions; and
- 4) If the VCOC Investor's regular outside counsel experienced in such matters determines in writing that other rights of consultation are reasonably necessary under applicable legal authorities promulgated after the date to preserve the qualification of the VCOC Investor's investment in the Company as a "venture capital investment" for purposes of the United States Department of Labor Regulation published at 29 C.F.R. Section 2510.3-101(d)(3)(i) (the "Plan Asset Regulation") provide such VCOC Investor or its designated representative which such other rights; provided, however, the parties agree that any such rights of consultation shall be of a nature consistent with and similar to those granted above in paragraph 2 and nothing in this letter agreement shall be deemed to require the Company to grant to the VCOC Investor any additional rights in respect of the governance or management of the Company.

The Company agrees to consider, in good faith, the recommendations of the VCOC Investor or its designated representative in connection with the matters on which it is consulted as described above, recognizing that the ultimate discretion with respect to all such matters shall be retained by the Company.

The VCOC Investor agrees, and will require each designated representative of the VCOC Investor to agree, to hold in confidence and not use or disclose to any third party (other than its legal counsel and accountants) any Confidential Information as defined below provided to or learned by such party in connection with the VCOC Investor's rights under this letter agreement.

Each Investor Party agrees to hold, and to use reasonable efforts to cause its Authorized Recipients to hold, in strict confidence the books and records of the Company and all information relating to the Company's properties, operations, financial condition or affairs, in each case, which was furnished to it pursuant to the terms of this Agreement (collectively,

"Confidential Information"). Notwithstanding anything herein to the contrary, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of an unauthorized disclosure by an Investor Party, (ii) is or becomes available to an Investor Party or any of its Authorized Recipients (as defined below) on a non-confidential basis from a third party source, which source, to the knowledge of such Investor Party, is not bound by a legal duty of confidentiality to the Company in respect of such Confidential Information or (iii) is independently developed by an Investor Party or its Authorized Recipients. Notwithstanding anything herein to the contrary, an Investor Party may disclose any Confidential Information to (x) any of its Representatives and (y) any other member of the Investor Group of which it is a member (the Persons in clause (x) and (y), collectively, "Authorized Recipients"). If an Investor Party or any of its Authorized Recipients is required or requested by law or regulation or any legal or judicial process to disclose any Confidential Information, or disclosure of Confidential Information is requested by any governmental authority having authority over such Investor Party or Authorized Recipient, such Investor Party or Authorized Recipient, as the case may be, may disclose only such portion of such Confidential Information as may be required or requested without liability hereunder.

This letter agreement and the rights and the duties of the parties hereto shall be governed by, and construed in accordance with, the laws of the State of Delaware and may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

KOSMOS ENERGY LTD.

By: _____

Name:

Title:

Agreed and acknowledged as of the date first above written:

[VCOC INVESTOR]

By: _____, its General Partner

By:

By:

Name:

Title:

EXECUTION FORM

DATED 23 NOVEMBER 2012

KOSMOS ENERGY LTD.

as Original Borrower

- and -

THE ENTITIES LISTED IN SCHEDULE 1

as Original Guarantors

- and -

**BANC OF AMERICA SECURITIES LIMITED, BNP PARIBAS,
HSBC BANK PLC, SOCIETE GENERALE, LONDON BRANCH,
THE STANDARD BANK OF SOUTH AFRICA LIMITED
AND STANDARD CHARTERED BANK**

as Mandated Lead Arrangers

- and -

STANDARD CHARTERED BANK

as Facility Agent

- and -

BNP PARIBAS

as Security and Intercreditor Agent

- and -

THE FINANCIAL INSTITUTIONS LISTED IN SCHEDULE 2

as Original Lenders

UP TO US\$300,000,000 REVOLVING CREDIT FACILITY AGREEMENT

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
(SRG/NSS)

512911287

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THIS AGREEMENT is dated 23 November 2012 and made between:

- (1) **KOSMOS ENERGY LTD.**, a company incorporated under the laws of Bermuda with registered number 45011 and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the “**Original Borrower**”, the “**Company**” or “**KEL**”);
- (2) THE ENTITIES listed in Schedule 1 as original guarantors (the “**Original Guarantors**”);
- (3) **BANC OF AMERICA SECURITIES LIMITED, BNP PARIBAS, HSBC BANK PLC, SOCIETE GENERALE, LONDON BRANCH, THE STANDARD BANK OF SOUTH AFRICA LIMITED AND STANDARD CHARTERED BANK** as mandated lead arrangers of the

Facility (each a “**Mandated Lead Arranger**” and together, the “**Mandated Lead Arrangers**”);

- (4) **THE FINANCIAL INSTITUTIONS** listed in Schedule 2 as original lenders (the “**Original Lenders**”);
 - (5) **STANDARD CHARTERED BANK** as facility agent of the Finance Parties under this Agreement (the “**Facility Agent**”); and
 - (6) **BNP PARIBAS** as security and intercreditor agent for the Secured Parties on the terms and conditions set out in the Intercreditor Agreements (the “**Security and Intercreditor Agent**” which expression includes its successors in title and assigns or any person appointed as an additional trustee for the purposes of and in accordance with the Intercreditor Agreements).
-

INTRODUCTION

- (1) The Original Lenders have agreed to provide a secured, revolving credit facility for loans of up to no more than USD 300 million.
 - (2) The parties have agreed to enter into this Agreement for the purpose of setting out the provisions on which such facility will be provided.
-

PART 1 INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Each of the defined terms and interpretative provisions set out below and in the above list of parties to this Agreement shall apply to this Agreement and each Finance Document, unless an express contrary intention appears in that Finance Document.

“**1992 ISDA Master Agreement**” means the Master Agreement (Multicurrency Cross Border) as published by the International Swaps and Derivatives Association, Inc.

“**2002 ISDA Master Agreement**” means the 2002 Master Agreement as published by the International Swaps and Derivatives Association, Inc.

“**Accession Letter**” means a document substantially in the form set out in Schedule 7 (*Form of Accession Letter*).

“**Accounting Reference Date**” means 31 December of each year.

“**Additional Borrower**” means a company which accedes to the terms of this Agreement as an additional borrower in accordance with clause 23.2 (*Additional Borrowers*).

“**Additional Commitment**” has the meaning given to it in clause 3.2 (*Additional Commitments*).

“**Additional Commitment Date**” has the meaning given to that term in clause 3.2 (*Additional Commitments*).

“**Additional Cost Rate**” has the meaning given to that term in Schedule 5 (*Mandatory Cost Formulae*) of this Agreement.

“**Additional Debt**” means, in relation to any debt, any money, debt or liability due, owing or incurred under or in connection with:

- (A) any refinancing, deferral, novation or extension of that debt;
 - (B) any further advance which may be made under any document, agreement or instrument supplemental to any relevant Finance Document together with any related interest, fees and costs;
 - (C) any claim for damages or restitution in the event of rescission of that debt or otherwise in connection with any relevant Finance Document;
 - (D) any claim against the Company flowing from any recovery by the Company or any liquidator, receiver, administrator, administrative receiver, compulsory
-

manager or other similar officer of a payment or discharge in respect of that debt on the grounds of preference or otherwise; and

- (E) any amount (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability,

unenforceability or non-allowability of the same in any insolvency or other proceedings.

“**Additional Guarantor**” means any Group member which becomes an Additional Guarantor in accordance with clause 23.4 (*Additional Guarantor*).

“**Additional Lender**” has the meaning given to that term in clause 3.2 (*Additional Commitments*).

“**Additional Obligor**” means an Additional Borrower or an Additional Guarantor.

“**Affected Facility Agent**” has the meaning given to that term in clause 24.12 (*Replacement of Administrative Parties*) of this Agreement.

“**Affiliate**” means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company.

“**Agent**” means each of the Facility Agent and the Security and Intercreditor Agent and “ **Agents**” shall be construed accordingly.

“**Agreement**” means this facility agreement as amended, supplemented or otherwise varied from time to time.

“**Amendment Notice Period**” has the meaning given it in clause 27.4 (*Accession to KEFI Intercreditor Agreement*).

“**Approved Accounting Principles**” means US generally accepted accounting principles to the extent applicable to the relevant financial statements.

“**Approved Auditor**” means any one of Deloitte LLP, Ernst & Young, PriceWaterhouse Coopers LLP or such other internationally recognised auditor as the Majority Lenders may approve from time to time (acting reasonably).

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Authorised Signatory**” means, in relation to a company or other legal person:

- (A) one or more directors who are duly authorised whether singly or jointly, to act to bind that company or other legal person; or
 - (B) a person or persons duly authorised by that company or other legal person to act to bind that company or other legal person.
-

“**Authority**” means any governmental, provincial or local government, department, authority, court, tribunal or other judicial or regulatory body, instrumentality or agency in any of the countries where the Borrower operates its business.

“**Availability Period**” means the period from and including the date of this Agreement to and including the date falling one month before the Termination Date.

“**Available Commitment**” means a Lender’s Commitment minus:

- (A) the amount of its participation in any outstanding Loans; and
- (B) in relation to any proposed Utilisation, the amount of its participation in any Loans that are due to be made on or before the proposed Utilisation Date,

other than that Lender’s participation in any Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date.

“**Available Facility**” means the aggregate for the time being of each Lender’s Available Commitment.

“**Base Currency**” has the meaning given to it in clause 28.7 (*Currency of account*).

“**Basel II**” has the meaning given to it in clause 14.3 (*Exceptions*).

“**Basel III**” means the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision on 16 December 2010.

“**Borrower**” means the Original Borrower or any Additional Borrower unless it has ceased to be a Borrower in accordance with clause 23 (*CHANGES TO THE OBLIGORS*).

“**Break Costs**” means the amount (if any) by which:

- (A) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or

Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (B) the amount which that Lender would be able to obtain by placing an amount equal to the total sum received by it on deposit with a leading bank in the London interbank market for a period starting on the date of receipt or recovery and ending on the last day of the current Interest Period.
-

The calculation of interest for the purposes of paragraph (A) shall exclude an amount equal to the Margin for the period referred to in that paragraph where the Company prepays a Loan in any of the following circumstances:

- (1) under clause 8.1 (*General*) of this Agreement or if clause 8.11 (*Right of repayment and cancellation in relation to a single Lender*) of this Agreement applies; or
- (2) a Market Disruption Event has occurred in relation to that Loan and no substitute basis for determining the rate of interest has been agreed.

“**Business Day**” means a day (other than a Saturday or Sunday) when banks are open for business in London, Johannesburg, Paris and New York.

“**Calculation Date**” means

- (A) 31 March and 30 September in each year commencing on and from 31 March 2013; and
- (B) a date (selected by the Company) which is within 30 days before the occurrence of each of the following events:
 - (i) the issuance of HY Notes;
 - (ii) any increase of the “Total Available Facility Amount” (as defined in the RBL Facility Agreement) or any refinancing of the RBL Facility Agreement;
 - (iii) any increase of the amount available under the Facility or any refinancing of the Facility;
 - (iv) the incurrence by any member of the Group of any new Financial Indebtedness (but, for the avoidance of doubt, not including the refinancing of any existing Financial Indebtedness, except as provided for in paragraphs (ii) and (iii) above); or
 - (v) a Ghana Petroleum Agreement Small Sale Event.

“**Calculation Trigger Event**” means any event listed in paragraphs B(i) to (v) of the definition of “**Calculation Date**”.

“**Change of Control**” has the meaning given to that term in clause 8.3 (*Change of Control*) of this Agreement.

“**Charge over Shares in KEH**” means the charge over shares in KEH dated on or about the date of this Agreement between the Company and the Security and Intercreditor Agent.

“**Charged Property**” means all of the assets which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**Commitment**” means:

- (A) in relation to an Original Lender, the amount set opposite its name under the heading “Commitment” in Schedule 2 (*The Original Lenders*) of this Agreement, the amount of any other Commitment transferred to it, the amount of any Additional Commitment assumed by it pursuant to clause 3.2 (*Additional Commitments*) and the amount of any Commitment as increased pursuant to clause 37.2(B) (*Exceptions*); and
- (B) in relation to any other Lender, the amount of any Commitment transferred to it, the amount of any Additional Commitment assumed by it pursuant to clause 3.2 (*Additional Commitments*) and the amount of any Commitment as increased pursuant to clause 37.2(B) (*Exceptions*),

to the extent not cancelled, reduced or transferred by it.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 9 (*Form of Compliance Certificate*) of this Agreement.

“**Conditions Precedent**” means the conditions precedent to initial utilisation of the Facility as set out in Part I of Schedule 3 (*Conditions Precedent*) of this Agreement.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in the form of Schedule 10 (*Form of Confidentiality Undertaking*) of this Agreement or in any other form agreed between the Company and the Mandated Lead Arrangers.

“**Consolidated Cash and Cash Equivalents**” means, in relation to the Group, at any time:

- (A) cash in hand or on deposit including, for the avoidance of doubt, restricted cash;
- (B) any investment in a liquidity fund, provided that such investment is capable of being withdrawn in cash on not more than 5 Business Days’ notice;
- (C) certificates of deposit, maturing within one year after the relevant date of calculation;
- (D) any investment in marketable obligations in Sterling, US Dollar or Euro having not more than three months to final maturity issued or guaranteed with a rating of A- or above by Standard and Poor’s (or its equivalent by Moody’s);
- (E) any other instrument, security or investment approved in writing by the Majority Lenders.

“**Consolidated Total Borrowings**” means, in relation to the Group, at any time the aggregate of the following:

- (A) the outstanding principal amount of any Financial Indebtedness incurred;
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- (B) any fixed or minimum premium payable on the repayment or redemption of any instrument referred to in paragraph (A) above; and

- (C) the outstanding principal amount of any indebtedness arising in connection with any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing,

including any interest treated as capitalised under applicable Approved Accounting Principles but without double-counting and, for the avoidance of doubt, excluding any such amount or indebtedness owed by one member of the Group to another member of the Group.

“**Consolidated Total Net Borrowings**” means, for any Measurement Period, Consolidated Total Borrowings less Consolidated Cash and Cash Equivalents each as at the last day of that Measurement Period.

“**Contractor**” means the contractor under the WCTP PA and the DWT PA respectively from time to time.

“**Deed of Guarantee**” means the guarantee dated on or about the date of this Agreement pursuant to which the Guarantors guarantee the obligations and liabilities of each Obligor to the Finance Parties under this Agreement.

“**Default**” means an Event of Default or event which, with the giving of notice, lapse of time, or fulfilment of any condition, would constitute an Event of Default.

“**Delegate**” means any delegate, agent, attorney or co trustee appointed by the Security and Intercreditor Agent.

“**Derivative Agreement**” means an ISDA Master Agreement or similar agreement pursuant to which Derivative Transactions are entered into by the Borrower with a counterparty.

“**Derivative Transaction**” means any transaction entered into under a Derivative Agreement, including (but not limited to) any transaction which is a forward rate agreement, option, future, swap, cap, floor and any combination of the foregoing.

“**Discharge Date**” means the first date on which all liabilities (whether actual or contingent) owed to the Finance Parties have finally been discharged and such Finance Parties are under no further obligation to provide financial accommodation under the Finance Documents.

“**Discharged Rights and Obligations**” has the meaning given to it in clause 22.5 (*Procedure for transfer*).

“**Dispute**” has the meaning given to it in clause 40.1 (*Submission*).

“**Disruption Event**” means either or both of:

- (A) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the

Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

- (B) the occurrence of any other event which results in a disruption (including, without limitation, disruption of a technical or systems-related nature) to the treasury or payments operations of a Party preventing or severely inhibiting that or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**DWT Block**” means the Deep Water Tano area offshore Ghana, being the area described in Annex 1 of the DWT PA, but excluding any portions of such area in respect of which the Contractor’s rights thereunder are from time to time relinquished or surrendered pursuant to the DWT PA.

“**DWT PA**” means the petroleum agreement dated 10 March 2006 between the Government of Ghana, represented by the Minister, the GNPC, Tullow Ghana Limited, Sabre Oil and Gas Limited and KEG in respect of the DWT Block (and all amendments and supplements thereto).

“**EBITDAX**” means, in relation to the Group for any Measurement Period, its consolidated income on ordinary activities before Tax for that period, but adjusted by:

- (A) adding back Net Interest Payable;
- (B) adding back depletion and depreciation charged to the consolidated profit and loss account of the Group;
- (C) adding back amounts amortised to the consolidated profit and loss account of the Group;
- (D) adding back any amount attributable to exploration expense (except to the extent that any such exploration expenses have been capitalised);
- (E) adding back any amount attributable to unrealised losses, and deducting any amount attributable to unrealised gains on the value of any Derivative Transaction;

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- (F) adding back any amount attributable to a loss and deducting any amount attributable to a gain against book value on the disposal of any non-current asset and any amount attributable to an impairment charge relating to a non current asset;
 - (G) adding back the amount attributable to any compensation which is paid by way of equity instruments in KEL;
 - (H) adding back or deducting (as applicable) the amount attributable to any other material item of an unusual or non-recurring nature which represent gains or losses, including (but not limited to) those arising on:
 - (i) the refinancing of or the extinguishment of any financing, in relation to any cost associated with the original financing which is subsequently written off as a consequence of that refinancing or extinguishment; and
 - (ii) the restructuring of the activities of an entity and the reversal of any provisions for the cost of restructuring,

for that Measurement Period. In addition, for the purposes of the calculation of the financial covenant contained in clause 19 (*Financial Covenants*), EBITDAX in relation to the Group for any Measurement Period shall be adjusted by:

- (I) including the EBITDAX of a subsidiary of the Company or attributable to a business or asset acquired during that Measurement Period for the part of the Measurement Period when it was not a member of the Group and/or the business or asset was not owned by a member of the Group; and
- (J) excluding the EBITDAX attributable to any subsidiary of the Company or to any business or asset sold during that Measurement Period.

“**Enforcement Action**” shall have the meaning given to that term in the Intercreditor Agreements.

“**EO**” means the EO Group Limited, a Cayman Islands company with registered company number 219175 whose registered office is at PMB CT 123, Cantonments, 112A Adole Crescent Way, Airport, Accra, Ghana (formerly known as the KG Group Limited).

“**Euro**” means the single currency of the Participating Member States.

“**Event of Default**” means any event or circumstance specified as such in clause 21 (*EVENTS OF DEFAULT*) of this Agreement.

“**Existing Lender**” has the meaning given to it in clause 22.1 (*Assignments and transfers and changes in Facility Office by the Lenders*).

“**Facility**” means the revolving credit facility made available under this Agreement as described in clause 3 (*THE FACILITY*) of this Agreement.

“**Facility Office**” means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice where notice is required under clause 24.14 (*Facility Agent relationship with the Lenders*)) as the office or offices through which it will perform its obligations under this Agreement.

“**Fee Letter**” means any letter or letters dated on or about the date of this Agreement between any Finance Party and the Company setting out any of the fees referred to in clause 12 (*FEES*) of this Agreement and any other fees payable by the Company to a Finance Party pursuant to a Finance Document or payable under the Facility.

“**Finance Document**” means this Agreement, the Intercreditor Agreements, each Security Document, the Deed of Guarantee, any Fee Letter and any other document designated as such by the Facility Agent and the Company.

“**Finance Party**” means each of the Mandated Lead Arrangers, the Lenders, the Facility Agent and the Security and Intercreditor Agent and “ **Finance Parties**” shall be construed accordingly.

“**Financial Covenants**” means the financial covenants listed under clause 19 (*Financial Covenants*) of this Agreement.

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (A) moneys borrowed;
- (B) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (C) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (D) the amount of any liability in respect of any lease or hire purchase contract which would be treated in the accounts of the relevant entity as a finance or capital lease;
- (E) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (F) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the market to market value shall be taken into account);
- (G) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition but which is classified as a borrowing in the accounts of the relevant entity;

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- (H) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group and which underlying liability would fall within one of the other paragraphs of this definition if it were a liability of a member of the Group; and
 - (I) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (A) to (H) above (but only to the extent that the Financial Indebtedness supported thereby is or is at any time in the future capable of being outstanding).

“**First Currency**” has the meaning given to it in clause 15.1 (*Currency indemnity*).

“**Ghana Petroleum Agreement Medium Sale Percentage Reduction** ” or “**GPAMSPR**” means the reduction of Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements, expressed as a percentage of such Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements as at the first date of this Agreement, which occurs as a result of a Ghana Petroleum Agreement Medium Sale Event.

“**Ghana Petroleum Agreement Large Sale Event**” means any event which reduces a Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements and where, following such reduction, a Ghana Petroleum Agreement Seller has an indirect or direct interest in the Ghana Petroleum Agreements which is 50 per cent. or less of such Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements as at the first date of this Agreement.

“**Ghana Petroleum Agreement Medium Sale Event**” means any event which reduces a Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements and where, following such reduction, a Ghana Petroleum Agreement Seller has an indirect or direct interest in the Ghana Petroleum Agreements which is less than $66 \frac{2}{3}$ per cent. but more than 50 per cent. of such Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements as at the first date of this Agreement.

“**Ghana Petroleum Agreement Medium Sale Event Cancellation Amount** ” means an amount equal to:

GPAMSPR x USD 300 million.

“**Ghana Petroleum Agreement Medium Sale Event Prepayment Amount**” means an amount equal to:

GPAMSPR x USD 300 million,

or, if less, the aggregate amount of all Loans outstanding at that time.

“**Ghana Petroleum Agreement Seller**” means KEI and/or KED and/or KEG, as applicable.

“**Ghana Petroleum Agreement Small Sale Event**” means any event which reduces a Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements and where, following such reduction, a Ghana Petroleum Agreement Seller has an indirect or direct interest in the Ghana Petroleum Agreements which (before and after such reduction) is (i) 100 per cent. or less; and (ii) more than $66\frac{2}{3}$ per cent.

“**Ghana Petroleum Agreement Small Sale Percentage Reduction**” means the reduction of a Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements, expressed as a percentage of such Ghana Petroleum Agreement Seller’s indirect or direct interest in the Ghana Petroleum Agreements as at the first date of this Agreement, which occurs as a result of a Ghana Petroleum Agreement Small Sale Event.

“**Ghana Obligor**” means KEO, KEI, KEFI, KED, KEG and an “Obligor” from time to time, as defined under the RBL Facility Agreement.

“**Ghana Petroleum Agreements**” means, together, the DWT PA and the WCTP PA (and all other amendments and supplements thereto).

“**GNPC**” means the Ghana National Petroleum Corporation, a public corporation established by Provisional National Defence Council Law 64 of 1983.

“**Government**” means the government of any country in which assets of the Group are situated.

“**Group**” means the Company and its subsidiaries.

“**Guarantor**” means an Original Guarantor or an Additional Guarantor.

“**HY Note Guarantor**” means any member of the Group which guarantees the obligations of the Company under any HY Notes.

“**HY Notes**” means any debenture, bond (other than performance bonds, bid bonds, retention bonds, advance payments bonds, letters of credit or trade credit related bonds), note, loan stock or other similar security issued by the Company.

“**HY Noteholders**” means the holders of HY Notes from time to time.

“**HY Noteholder Trustee**” means any collateral agent, trustee or other representative of the HY Noteholders.

“**Illegality Lender**” has the meaning given to that term in clause 8.2 (*Illegality*) of this Agreement.

“**Increased Costs**” has the meaning given to that term in clause 14.1 (*Increased costs*) of this Agreement.

“**Insolvency Event**” means, in relation to any Obligor, any circumstances described in clause 21.6 (*Insolvency*) of this Agreement.

“**Insolvency Proceedings**” means, in relation to any Obligor, any circumstances described in clause 21.7 (*Insolvency proceedings*) of this Agreement.

“**Intercreditor Agreements**” means both:

- (A) the KEFI Intercreditor Agreement; and
- (B) the KEL Intercreditor Agreement.

“**Interest Period**” means, in relation to a Loan, each period determined in accordance with clause 10 (*INTEREST PERIODS*) and, in relation to an Unpaid Sum, each period determined in accordance with clause 9.3 (*Default interest*) of this Agreement.

“**IPO**” means in relation to a company, a transaction in which shares in that company are sold or issued to investors and in connection with such sale or issue are admitted to trading on a regulated market or other stock exchange.

“**IPO Reorganisation**” means any Reorganisation implemented by the Company, or any of its Subsidiaries from time to time (or any group of them), which is undertaken for the purpose of facilitating an IPO.

“**ISDA Master Agreement**” means the 1992 ISDA Master Agreement or the 2002 ISDA Master Agreement, as the case may be.

“**KEB**” means Kosmos Energy Development, a company incorporated under the laws of the Cayman Islands with registered number 225879 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

“**KEFI**” means Kosmos Energy Finance International, a company incorporated under the laws of the Cayman Islands with registered number 253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

“**KEFI Intercreditor Agreement**” means the intercreditor agreement dated on or about the date of this agreement between the Security and Intercreditor Agent for and on behalf of the Finance Parties and the RBL Security Agent for and on behalf of the “Finance Parties” under (and as defined in) the RBL Facility Agreement.

“**KEG**” means Kosmos Energy Ghana HC, a company incorporated under the laws of the Cayman Islands with registered number 135710 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

“**KEH**” means Kosmos Energy Holdings, a company incorporated under the laws of the Cayman Islands with registered number 133483 and having its registered office at PO Box 32332, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

“**KEI**” means Kosmos Energy International, a company incorporated under the laws of the Cayman Islands with registered number 218274 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

“**KEL Intercreditor Agreement**” means the intercreditor agreement in the form set out in Schedule 11 (*KEL Intercreditor Agreement*).

“**KEO**” means Kosmos Energy Operating, a company incorporated under the laws of the Cayman Islands with registered number 231417 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

“**Lender**” means:

- (A) any Original Lender; and
- (B) any bank or financial institution which has become a Party as a lender in accordance with clause 3.2 (*Additional Commitments*) or clause 22 (*Changes to the Lenders*) of this Agreement,

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

“**Lender Accession Notice**” means a notice substantially in the form set out under Schedule 12 (Form of Lender Accession Notice) to be delivered by an Additional Lender pursuant to and in accordance with clause 3.2 (*Additional Commitments*).

“**Liabilities**” means all present and future liabilities and obligations at any time of any Obligor to any Lender under the Finance Documents, both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (A) any refinancing, novation, deferral or extension;
- (B) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (C) any claim for damages or restitution; and
- (D) any claim as a result of any recovery by any Obligor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non provability, unenforceability or non allowance of those amounts in any insolvency or other proceedings.

“**LIBOR**” means:

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- (A) the LIBOR Rate for the relevant Interest Period, as displayed on the appropriate page of the Reuters screen; or
- (B) if that page is replaced or service ceases to be available, such reasonable alternative page or service which the Facility Agent reasonably specifies; or
- (C) if no such rate or screen is available, the arithmetic mean of the rates (rounded to four decimal places) provided by three Reference Banks, as of the Specified Time on the Quotation Day for the currency of that Loan and a period comparable to the Interest Period of that Loan and, if any such rate is below zero, LIBOR will be deemed to be zero.

“**Loan**” means a loan made or to be made under this Agreement or the principal amount outstanding for the time being of that loan.

“**Majority Lenders**” means, as applicable, those Lenders whose participation in advances under the Facility are equal to 66 ²/₃ per cent. of the aggregate advances then outstanding or, if there are no advances outstanding, whose Commitments then aggregate at least 66 ²/₃ per cent. of the Total Commitments under the Facility.

“**Mandatory Cost**” means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 5 (*Mandatory Cost Formulae*).

“**Margin**” means 6.00 per cent. per annum.

“**Market Disruption Event**” has the meaning given to that term in clause 11.2 (*Market disruption*) of this Agreement.

“**Material Adverse Effect**” means, in relation to any event (or series of events) or circumstance which occurs or arises, that event (or events) or circumstance (or any effect or consequence thereof) which, in the opinion of the Majority Lenders, would reasonably be expected materially and adversely to affect the financial condition, operations, or business of any Obligor or the ability of any Obligor to perform its obligations under the Finance Documents in full and on the basis contemplated therein in a way which is materially prejudicial to the interests of the Lenders or results in the Obligors being unable to pay any amounts when due and payable under the Finance Documents.

“**Measurement Period**” means in respect of a Calculation Date, a period of 12 months ending on the Calculation Date in question.

“**Minister**” means the Ghanaian Government’s Minister for Energy.

“**Moody’s**” means Moody’s Investors Service, Inc., a Delaware corporation and any successor thereto and if such corporation shall for any reason no longer perform the functions of a securities rating agency, Moody’s shall be deemed to refer to any other internationally recognised rating agency agreed by the Facility Agent and the Company (both acting reasonably).

“**Net Interest Payable**” means, in relation to the Group for any Measurement Period, Total Interest Payable less Total Interest Receivable for the Group during that Measurement Period.

“**New Commitment Rebalancing**” has the meaning given to it in clause 3.2 (*Additional Commitments*) of this Agreement.

“**New Lender**” has the meaning given to it in clause 22.1 (*Assignments and transfers and changes in Facility Office by the Lenders*).

“**Non-Funding Lender**” means:

- (A) any Lender who fails to participate in any Utilisation in the amount and at the time required;
- (B) any Lender who has indicated publicly or to the Facility Agent or an Obligor that it does not intend to participate in all or part of any Utilisation;
- (C) any Lender which has repudiated its obligations under the Facility; or
- (D) any Lender in respect of which or in respect of whose holding company any of the events specified in clause 21.6 (*Insolvency*) or clause 21.7 (*Insolvency proceedings*) of this Agreement (disregarding paragraph (B) of clause 21.7 (*Insolvency proceedings*)) applies or has occurred.

“**Non-Ghana Obligor**” means an Obligor which is not a Ghana Obligor.

“**Notice Period**” has the meaning given it in clause 27.2 (*Execution of KEL Intercreditor Agreement*).

“**Obligor**” means the Borrowers and the Guarantors.

“**Original Guarantor**” means KEO, KEI, KED, KEG and KEFI.

“**Participating Member State**” means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Payment**” means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, defeasance or discharge of those Liabilities (or other liabilities or obligations).

“**Party**” means a party to a Finance Document.

“**Permitted Acquisition**” means any acquisitions or investments:

(A) which are made in the ordinary course of the day to day business of the acquiring company;

(B) which are funded by equity or debt subordinated on terms acceptable to the Majority Lenders (acting reasonably);

(C) which are permitted in accordance with the terms of the RBL Facility Agreement; or

(D) which are approved by the Majority Lenders (acting reasonably),

provided in each case that such acquisition or investment may not take place in Iran, Myanmar, North Korea, Sudan, Syria, Cuba, any country which is subject to Sanctions or any country designated by the Majority Lenders (acting reasonably).

“**Permitted Disposals**” means any sale, lease, transfer or other disposal:

(A) made in the ordinary course of business of the disposing entity;

(B) by a Non-Ghana Obligor of assets in exchange for other assets comparable or superior as to type, value and quality;

(C) by a Non-Ghana Obligor made for fair value and on an arm’s length basis;

(D) by a Non-Ghana Obligor which is not reasonably likely to have a Material Adverse Effect;

(E) of obsolete or redundant assets or waste;

(F) between a Non-Ghana Obligor and another member of the Group;

(G) made with the prior written consent of Majority Lenders;

(H) permitted in accordance with the terms of the RBL Facility Agreement or any “Finance Document” (as defined therein);

(I) by a Non-Ghana Obligor where the higher of the market value or consideration receivable (when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal, other than any permitted under paragraphs (A) to (F) above) does not exceed USD 50 million (or its equivalent in another currency or currencies) in any financial year; or

(J) of a Guarantor which is to retire pursuant to the terms of clause 23.7 (*Resignation of a Guarantor on disposal*).

“**Permitted Financial Indebtedness**” means any Financial Indebtedness (which shall not, in aggregate, exceed USD 2,000 million):

(A) arising under or contemplated by the Finance Documents and/or which is permitted in accordance with the terms of the RBL Facility Agreement or with the terms of any “Finance Document” (as defined therein);

(B) of any Ghana Obligor arising under any Project Finance; or

(C) subordinated to the Lenders on terms approved by the Majority Lenders (each acting reasonably).

“**Permitted Party**” has the meaning given to it in clause 22.7 (*Disclosure of information*).

“**Permitted Security**” means:

(A) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

- (B) any lien or right of set-off arising by operation of law and in the ordinary course of business (including pursuant to the counterparty's standard terms of business);
 - (C) any Security Interest over or affecting any asset acquired by a member of the Group after the date of this Agreement if:
 - (i) the Security Interest was not created in contemplation of the acquisition of that asset by a member of the Group;
 - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and
 - (iii) the Security Interest is removed or discharged within six months of the date of acquisition of such asset;
 - (D) any Security Interest over or affecting any asset of any company which becomes a member of the Group after the date of this Agreement, where the Security Interest is created prior to the date on which that company becomes a member of the Group, if:
 - (i) the Security Interest was not created in contemplation of the acquisition of that company;
 - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
 - (iii) the Security Interest is removed or discharged within six months of that company becoming a member of the Group;
 - (E) any Security Interest entered into pursuant to any Finance Document;
 - (F) any Security Interest over or affecting goods (or documents of title or contracts of insurance relating to such goods) arising in the course of trade or receivables financing in the ordinary course of business;
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- (G) any Security Interest provided in substitution for any Permitted Security over the same or substituted assets;
- (H) any Security Interest arising as a result of a disposal which is not prohibited under clause 20.8 (*Disposals*);
- (I) any Security Interest created or permitted to subsist with the prior written consent of the Majority Lenders;
- (J) any Security Interest which is permitted in accordance with the terms of the RBL Facility Agreement or with the terms of any "Finance Document" (as defined therein); and
- (K) any Security Interest which is granted in favour of the providers of any Project Finance to a Ghana Obligor.

"**Permitted Transferee**" shall have the meaning given to that term in clause 8.3 (*Change of Control*).

"**Person**" has the meaning given to it in clause 18.15 (*OFAC*).

"**Process Agent**" has the meaning given to it in clause 41 (*SERVICE OF PROCESS*).

"**Project Finance**" means any Financial Indebtedness to finance the ownership, acquisition, development, operation and/or maintenance of any asset or business (a "**Project**") and incurred by an Obligor in respect of which the person or person to whom any such Financial Indebtedness is, or may be, owed has or have no recourse to any member of the Group for the repayment thereof other than:

- (A) recourse to such Obligor for amounts limited to the cash flow from the Project; and/or
- (B) recourse to such Obligor generally, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation, representation or warranty to procure payment by another or an obligation, representation or warranty to comply or to procure compliance by another with any financial ratios or other test of financial condition) by the person against whom such recourse is available; and/or
- (C) if such Obligor has been established specifically for the purpose of constructing, developing, owning and/or operating the Project and such Obligor owns no other significant assets and carries on no other material business, recourse to all of the assets and undertaking of such Obligor and/or the shares in the capital of such Obligor and/or shareholder loans made to such Obligor and/or the shares in the capital of any direct or indirect holding company whose only material assets are a direct or indirect equity interest in such Obligor.

"**Qualifying Bank**" means an internationally recognised bank:

- (A) which is not subject to Sanctions; or
- (B) which does not have its principal place of business in a country which is subject to Sanctions; or
- (C) which is not a bank whose principal place of business is in a country notified by the Company to the Facility Agent prior to signing of this Agreement, or
- (D) whose long-term unguaranteed, unsecured securities or debt is rated at least Baa3 (Moody's) or a comparable rating from an internationally recognised credit rating agency (except that this shall not be a requirement if an Event of Default is continuing).

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined two Business Days before the first day of that period.

“**RBL Facility Agreement**” means the facility agreement dated 28 March 2011 between, amongst others, KEFI as original borrower, KEO, KEI, KED and KEG as original guarantors, BNP Paribas as facility agent and the original lenders named therein, as amended on 17 February 2012 and as amended on or about the date of this Agreement.

“**RBL Security Agent**” means the “Security Agent” as defined in the RBL Facility Agreement.

“**Receiver**” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

“**Reference Banks**” means the principal London offices of Societe Generale, London Branch and BNP Paribas, or such other Reference Banks appointed under clause 24.16 (*Reference Banks*) of this Agreement.

“**Reorganisation**” means (without limitation) any transaction, deemed transaction, step, procedure or agreement, including (but without limitation) the transfer, distribution, contribution or settlement of assets and/or liabilities.

“**Repeating Representations**” means the representations set out under:

- (A) clauses 18.1 (*Status*), 18.2 (*Legal validity*), 18.3 (*Non-conflict*) and 18.4 (*Powers and authority*) of this Agreement, each as at the time the power or authority was exercised only; and
- (B) clauses 18.5 (*Authorisations*), 18.8 (*Financial Statements and other factual information*), 18.9 (*Proceedings pending or threatened*), 18.10 (*Breach of laws*), 18.11 (*Ranking of security*), 18.12 (*Pari passu ranking*), 18.13 (*No immunity*) and 18.14 (*Ownership of Obligors*) of this Agreement.

“**Replacement Lender**” has the meaning given to that term in clause 8.11 (*Right of repayment and cancellation in relation to a single Lender*) of this Agreement.

“**Required Approvals**” means all material approvals, licenses, consents and authorisations necessary in connection with the execution, delivery, performance or enforcement of any Finance Document.

“**Resignation Letter**” means a letter substantially in the form set out in Schedule 8 (*Form of Resignation Letter*).

“**Rollover Loan**” means one or more Loans:

- (A) made or to be made on the same day that a maturing Loan is due to be repaid;
- (B) the aggregate amount of which is equal to or less than the amount of the maturing Loan; and
- (C) made or to be made to the same Borrower for the purpose of refinancing a maturing Loan.

“**Sanctions**” has the meaning given to it in clause 18.15 (*OFAC*).

“**Second Currency**” has the meaning given to it in clause 15.1 (*Currency indemnity*).

“**Secured Liabilities**” means at any time and without double counting, all present and future obligations and liabilities (actual or contingent) of each Obligor (whether or not for the payment of money and including any obligation to pay damages for breach of contract) which are, or are expressed to be, or may become due, owing or payable to any or all of the Secured Parties under or in connection with any of the Finance Documents, together with all costs, charges and expenses incurred by the Security and Intercreditor Agent or any Secured Party which any Obligor is obliged to pay under any Finance Document.

“**Secured Party**” means each of the Mandated Lead Arrangers, the Lenders, the Facility Agent and the Security and Intercreditor Agent.

“**Secured Property**” means:

- (A) the Transaction Security expressed to be granted in favour of the Security and Intercreditor Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
 - (B) all obligations expressed to be undertaken by an Obligor to pay amounts in respect of the Liabilities to the Security and Intercreditor Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by an Obligor in favour of the Security and Intercreditor Agent as trustee for the Secured Parties; and
 - (C) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security and Intercreditor Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties.
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“**Security and Intercreditor Agent’s Spot rate of Exchange**” means, in respect of the conversion of one currency (the “**First Currency**”) into another currency (the “**Second Currency**”) the Security and Intercreditor Agent’s spot rate of exchange for the purchase of the Second Currency with the First Currency in the London foreign exchange market at or about 11:00 am (London time) on a particular day, which shall be notified by the Security and Intercreditor Agent in accordance with paragraph 25.7(C) (*Security and Intercreditor Agent’s obligations*).

“**Security Document**” means:

- (A) the Charge over Shares in KEH;
- (B) the Deed of Guarantee;
- (C) any other document entered into at any time by any of the Obligors creating any guarantee, indemnity, Security Interest or other assurance against financial loss in favour of any of the Secured Parties as security for any of the Secured Liabilities; and
- (D) any Security Interest granted under any covenant for further assurance in any of the documents set out in paragraphs (a), (b) and (c) above.

“**Security Interest**” means a mortgage, charge, pledge, lien or other security interest or any other agreement or arrangement having a similar effect.

“**Service Document**” has the meaning given to it in clause 41 (*SERVICE OF PROCESS*).

“**Shareholder**” means any funds affiliated with Warburg Pincus and Blackstone Capital Partners or the Blackstone Group.

“**Shareholder Affiliate**” means any Affiliate of a Shareholder, any trust of which a Shareholder or any of its Affiliates is a trustee, any partnership of which a Shareholder or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, a Shareholder or any of its Affiliates, provided that any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by a Shareholder or any of its Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall constitute a Shareholder Affiliate.

“**Shareholder Distribution**” means the declaration, making or payment of a distribution to a shareholder (which shall include the payment of any loans provided by a shareholder).

“**Signing Date**” means the date on which each of the Finance Documents have been signed.

“**Specified Time**” means 11:00 a.m. London time on the relevant Quotation Day.

“**Sterling**” means the lawful currency of the United Kingdom.

“**Stock Exchange**” means an organised and regulated financial market for the buying and selling of interests in financial instruments where any securities issued by any Obligor are listed from time to time.

“**Sum**” has the meaning given to it in clause 15.1 (*Currency indemnity*).

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Termination Date**” means the date falling three years from the date of this Agreement or, if not a Business Day, the immediately preceding Business Day.

“**Third Parties Act**” means the Contracts (Rights of Third Parties Act) 1999.

“**Total Commitments**” means the aggregate of the Commitments of the Lenders, being USD 260 million at the date of this Agreement.

“**Total Interest Payable**” means, in relation to the Group for any Measurement Period, all interest and other financing charges paid or payable and incurred by the Group during that Measurement Period.

“**Total Interest Receivable**” means, in relation to the Group for any Measurement Period, all interest and other financing charges received or receivable by the Group during that Measurement Period.

“**Transaction Security**” means the Security created or evidenced or expressed to be created or evidenced under or pursuant to the Security Documents.

“**Transfer Certificate**” means a certificate substantially in the form set out in Schedule 6 (*Form of Transfer Certificate*) of this Agreement or any other form agreed between the Facility Agent and the Company.

“**Transfer Date**” means, in relation to a transfer, the later of:

- (A) the proposed Transfer Date specified in the Transfer Certificate; and
- (B) the date on which the Facility Agent executes the Transfer Certificate.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“**USD**” or “**US Dollar**” means the lawful currency of the United States of America.

“**Utilisation**” means a utilisation of the Facility by way of a Loan.

“**Utilisation Date**” means the date of a Utilisation, being the date on which a Loan is to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 4 (Utilisation Request) of this Agreement.

“**VAT**” means value added tax as provided for in the Value Added Tax Act 1994 or any regulations promulgated thereunder and any other tax of a similar nature.

“**WCTP Block**” means West Cape Three Points area offshore Ghana, being the area described in Annex 1 of the WCTP PA, but excluding any portions of such area in respect of which Contractor’s rights thereunder are from time to time relinquished or surrendered pursuant to the WCTP PA.

“**WCTP PA**” means the petroleum agreement dated 22 July 2004 between the Government of Ghana, represented by the Minister, the GNPC, KEG and EO in respect of the West Cape Three Points Block Off-shore Ghana (and all amendments and supplements thereto).

1.2 Construction of particular terms

Unless a contrary indication appears, any reference in this Agreement to:

- (A) “this Agreement” shall be construed as a reference to the agreement or document in which such reference appears together with all recitals and Schedules thereto;
- (B) a reference to “**assets**” includes properties, revenues and rights of every description;
- (C) an “**authorisation**” or “**consent**” shall be construed as including any authorisation, consent, approval, resolution, licence, exemption, permission, recording, notarisation, filing or registration;
- (D) an “**authorised officer**” shall be construed, in relation to any Party, as a reference to a director or other person duly authorised by such Party as notified by such Party to the Facility Agent as being authorised to sign any agreement, certificate or other document or to take any decision or action, as applicable. The provision of any certificate or the making of any certification by any authorised officer of the Company shall not create for that authorised officer any personal liability to the Finance Parties;
- (E) a “**calendar year**” is a reference to a period starting on (and including) 1 January and ending on (and including) the immediately following 31 December;
- (F) a “**certified copy**” shall be construed as a reference to a copy of that document, certified by an authorised officer of the relevant Party delivering it to be a complete, accurate and up-to-date copy of the original document;
- (G) a “**clause**” shall, subject to any contrary indication, be construed as a reference to a clause of the agreement or document in which such reference appears;

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- (H) “**continuing**” shall, in relation to any Default or Event of Default, be construed as meaning that such Default or Event of Default has not been remedied or waived;
- (I) the “**equivalent**” on any given date in any currency (the “first currency”) of an amount denominated in another currency (the “second currency”) is a reference to the amount of the first currency which could be purchased with the amount of the second currency at the spot rate of exchange quoted by the Facility Agent in the normal course of business at or about 11.00 a.m. on such date for the purchase of the first currency with the second currency in the London foreign exchange markets for delivery on the second Business Day thereafter;
- (J) the “**group**” of any person, shall be construed as a reference to that person, its subsidiaries and any holding company of that person and all other subsidiaries of any such holding company, from time to time;
- (K) a “**holding company**” of a company or corporation shall be construed as a reference to any company or corporation of which the first-mentioned company or corporation is a subsidiary;
- (L) “**include**” or “**including**” shall be deemed to be followed by “without limitation” or “but not limited to” whether or not they are followed by such phrase or words of like import;
- (M) a “**month**” or “**Month**” is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month (and references to “**months**” and “**Months**” shall be construed accordingly);
- (N) a “**person**” shall be construed as a reference to any person, trust, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;
- (O) a reference to a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of Law but, if not having the force of Law, being a regulation, rule, official directive, request or guideline with which a prudent person carrying on the same or a similar business to the Company would comply) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation;
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- (P) a “**right**” shall be construed as including any right, title, interest, claim, remedy, discretion, power or privilege, in each case whether actual, contingent, present or future;
- (Q) a “**Schedule**” shall, subject to any contrary indication, be construed as a reference to a schedule of the agreement or document in which such reference appears;
- (R) a “**subsidiary**” of a company or corporation means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006 which shall be construed as a reference to any company or corporation:
- (i) which is controlled, directly or indirectly, by the first-mentioned company or corporation;
 - (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or
 - (iii) which is a subsidiary of another subsidiary of the first-mentioned company or corporation,
- and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;
- (S) the “**winding-up**”, “**dissolution**” or “**administration**” of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, bankruptcy, winding-up, reorganisation, dissolution, administration, receivership, judicial custodianship, administrative receivership, arrangement, adjustment, protection or relief of debtors; and
- (T) a “**year**” is a reference to a period starting on one day in a month in a calendar year and ending on the numerically corresponding day in the same month in the next succeeding calendar year, save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless that day falls in the month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day Provided that, if a period starts on the last Business Day in a month, that period shall end on the last Business Day in that later month (and references to “**years**” shall be construed

accordingly).

1.3 Interpretation

- (A) Words importing the singular shall include the plural and vice versa.
- (B) Words indicating any gender shall include each other gender.

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- (C) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document to:
 - (i) any party or person shall be construed so as to include its and any subsequent successors, permitted transferees and permitted assigns in accordance with their respective interests;
 - (ii) such agreement or document or any other agreement or document shall be construed as a reference to each such agreement or document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented, in each case to the extent permitted under the Finance Documents; and
 - (iii) a time of day shall, save as otherwise provided in any agreement or document, be construed as a reference to London time.
 - (D) Section, Part, Clause and Schedule headings contained in, and any index or table of contents to, any agreement or document are for ease of reference only.

1.4 Third Party Rights

- (A) A person who is not a party to this Agreement has no right under the Third Parties Act to enforce or enjoy the benefit of any term of this Agreement.
 - (B) Notwithstanding any term of any Finance Document, this Agreement may be rescinded or varied without the consent of any person who is not a Party hereto.
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PART 2 CONDITIONS PRECEDENT AND CONDITION SUBSEQUENT

2. CONDITIONS PRECEDENT AND CONDITION SUBSEQUENT

2.1 Conditions Precedent to first Utilisation

The Company may not deliver a Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part I of Schedule 3 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent (acting reasonably), or their delivery has otherwise been waived in accordance with clause 2.4 (*Waivers of Conditions Precedent*). The Facility Agent (acting reasonably) shall notify the Company and the Lenders promptly upon being so satisfied.

2.2 Conditions Precedent to each Utilisation

The Lenders will only be obliged to comply with clause 6.5 (*Lenders' participation*) if, on the proposed Utilisation Date:

- (A) no Default or Event of Default is continuing or will result from the proposed Loan; and
- (B) an Authorised Signatory of the Company certifies that the Repeating Representations to be made by each Obligor are, in the light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects).

2.3 Conditions Precedent to the KEL Intercreditor Agreement

The Company shall not enter into the KEL Intercreditor Agreement unless the Facility Agent has received all of the documents and other evidence listed in Part III Schedule 3 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent (acting reasonably), or their delivery has otherwise been waived in accordance with clause 2.4 (*Waivers of Conditions Precedent*). The Facility Agent (acting reasonably) shall notify the Company and the Lenders promptly upon being so satisfied.

2.4 Waivers of Conditions Precedent

- (A) The Facility Agent, acting in accordance with the instructions of the Lenders, may waive the requirement under clause 2.1 (*Conditions Precedent to first Utilisation*) to deliver any one or more of the documents and other evidence listed in Schedule 3 (*Conditions Precedent*) as applicable.
 - (B) Satisfaction of any of the conditions set out in clause 2.2 (*Conditions Precedent to each Utilisation*) may be waived by the Facility Agent acting in accordance with the instructions of the Majority Lenders.
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- (C) Satisfaction of any of the conditions set out in clause 2.3 (*Conditions Precedent to the KEL Intercreditor Agreement*) may be waived by the Facility Agent acting in accordance with the instructions of the Majority Lenders.
- (D) Any waiver effected by the Facility Agent in accordance with this clause shall be binding on all Parties.
- (E) For the avoidance of doubt, no Utilisation may be made under the Facility, until the Facility Agent has confirmed all relevant Conditions Precedent have been satisfied (acting reasonably) or waived in accordance with this clause 2 (CONDITIONS PRECEDENT AND CONDITION SUBSEQUENT).

2.5 Condition subsequent

Kosmos shall procure that KEH shall accede to this Agreement and the Deed of Guarantee as an Additional Guarantor no later than the date falling three months after the date of this Agreement.

PART 3 OPERATION OF THE FACILITY

3. THE FACILITY

3.1 Facility Commitment amounts

- (A) Subject to the terms of the Finance Documents, the Lenders have agreed to make available to the Borrower a secured US Dollar revolving credit facility on the terms and conditions set out in this Agreement (the “**Facility**”) in an aggregate amount equal to the Total Commitments.
- (B) The Facility may be utilised by way of Loans (which, during the Availability Period only, shall include Rollover Loans).

3.2 Additional Commitments

- (A) KEL may notify the Facility Agent (such notice being an “**Additional Commitment Notice**”) that it has agreed with any Lender or any other bank or financial institution (in each case, an “**Additional Lender**”) to increase the Total Commitments by the provision of additional commitments under the Facility (each such increase or, as the case may be, assumption in commitments being an “**Additional Commitment**”), provided that,
 - (i) the Additional Commitment Notice shall be delivered prior to the expiry of the Availability Period;
 - (ii) the increase in and/or, as the case may be, assumption of Additional Commitments is to take effect before the expiry of the Availability Period and the maximum aggregate amount of Additional Commitments (including all previous increases in and/or assumptions of Additional Commitments) shall not exceed US\$40,000,000; and
 - (iii) no Event of Default is continuing or would arise as a result of the provision of the Additional Commitment; and
 - (iv) the terms of the Additional Commitment shall, for all purposes of this Agreement, be treated pursuant to the terms of this Agreement in the same manner as the existing Commitments.
 - (B) Each Additional Commitment Notice shall:
 - (i) confirm that the requirements of clause 3.2(A) above are fulfilled; and
 - (ii) specify the date upon which the Additional Commitment is anticipated to be made available to the Borrower (the “**Additional Commitment Date**”); and
 - (C) In the event that an Additional Lender is not a Party to this Agreement, KEL shall procure that on or prior to the Additional Commitment Date, such
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Additional Lender: delivers a Lender Accession Notice in the form set out in Schedule 12 (Form of Lender Accession Notice) duly completed and signed on behalf of the Additional Lender and specifying its Additional Commitment to the Facility Agent.

- (D) Subject to the conditions in paragraph (B) and (C) above being met, from the relevant Additional Commitment Date:
- (i) the Additional Lender shall make available the relevant Additional Commitment for Utilisation under the Facility in accordance with the terms of this Agreement (as amended);
 - (ii) the Additional Commitment shall rank *pari passu* with respect to existing Commitments; and
 - (iii) any necessary rebalancing of the Commitments and outstandings under the Facility and the Additional Commitment provided by the Additional Lender to ensure that they are *pro rata* (the “**New Commitment Rebalancing**”) will be made, at the Borrower’s election, by the Borrower either:
 - (a) making utilisations from the Additional Commitment in priority to utilisations from Commitments under the Facility or to effect a prepayment under the Facility to the existing Lenders (which amount may be redrawn by the Borrower); or
 - (b) making its first utilisation under the Additional Commitment on the last day of the then Interest Period,in each case to procure, as far as practicable, any New Commitment Rebalancing, following which all utilisations shall be made *pro rata*.
- (E) Each Additional Lender shall become a party to the Finance Documents (and be entitled to share in the Security created under the Security Documents, and benefit from the Deed of Guarantee, in accordance with the terms of the Finance Documents) if such Additional Lender accedes to the Finance Documents in accordance with the Finance Documents.
- (F) Each party (other than the relevant Additional Lender) irrevocably authorises and instructs the Facility Agent to execute on its behalf any Lender Accession Notice which has been duly completed and signed on behalf of that proposed Additional Lender and each Party agrees to be bound by such accession. The Facility Agent must promptly sign any such Lender Accession Notice (and in any event within three Business Days of receipt).
- (G) The Facility Agent shall only be obliged to execute a Lender Accession Notice delivered to it by an Additional Lender once the Facility Agent (acting reasonably) has, to the extent that the necessary information is not already available to it, received all required information to comply with all necessary
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“know your customer” or other similar checks under all applicable laws and regulations in relation to the accession of such Additional Lender.

- (H) On the date that the Facility Agent executes a Lender Accession Notice:
- (i) the Additional Lender party to that Lender Accession Notice, each other Finance Party and the Obligors shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had that Additional Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of that accession and with the Commitment specified by it as its Additional Commitment;
 - (ii) that Additional Lender shall become a Party to this Agreement as a “Lender”.
- (I) Clause 22.4 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this clause 3.2 in relation to an Additional Lender as if references in that clause to:
- (i) an “**Existing Lender**” were references to all the Lenders immediately prior to the relevant increase;
 - (ii) the “**New Lender**” were references to that “Additional Lender”; and
- a “re-transfer” and “re-assignment” were references to respectively a “transfer” and “assignment”.

4. FINANCE PARTIES’ RIGHTS AND OBLIGATIONS

- (A) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under any Finance Documents to which it is a Party does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (B) The rights of each Finance Party under or in connection with the Finance Documents to which it is a Party are separate and independent

rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

(C) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

5. PURPOSE

5.1 Purpose

(A) Subject to paragraph (B) below, the proceeds of any Loan may only be used by the Borrower towards the general corporate purposes of the Group.

(B) For the avoidance of doubt, the Obligors shall not use the proceeds of any Loan for the purpose of making a Shareholder Distribution, except in instances where the payment of a Shareholder Distribution is mandatory under the rules of any Stock Exchange.

5.2 Monitoring

No Finance Party is bound to monitor or verify the application of any Loan made pursuant to the Finance Documents.

6. UTILISATION

6.1 Availability Period

Subject to the satisfaction of the relevant Conditions Precedent, the Facility shall be available for drawing during the Availability Period.

6.2 Delivery of a Utilisation Request

A Borrower may borrow a loan under the Facility by delivery to the Facility Agent of a duly completed Utilisation Request not later than 10:00 am on the third Business Day prior to the proposed Utilisation Date and the Facility Agent shall deliver such Utilisation Request to the Lenders within one Business Day of receipt of the same by it. For this purpose, if the Facility Agent receives the Utilisation Request on a day which is not a Business Day or after 10:00 am on a Business Day, it will be treated as having received the Utilisation Request on the following Business Day.

6.3 Completion of a Utilisation Request

(A) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (i) the proposed Utilisation Date is a Business Day within the Availability Period;
- (ii) the amount of the Utilisation complies with clause 6.4 (*Amount*); and
- (iii) the proposed Interest Period complies with clause 10 (*INTEREST PERIODS*).

(B) Only one Loan may be requested in each Utilisation Request and a maximum of 3 Utilisation Requests may be requested in any one month.

(C) A Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation 10 or more Loans would be outstanding.

6.4 Amount

The amount of any proposed Loan under the Facility must be:

(A) a minimum of USD 1 million (or, in any event, such lesser amount as the Facility Agent may agree acting on the instructions of the Majority Lenders); and

(B) in integral multiples of USD 1 million (or, in any event, such lesser amount as the Facility Agent may agree acting on the instructions of the Majority Lenders),

or, if less, the Available Facility.

6.5 Lenders' participation

(A) If the conditions set out in this Agreement have been met, each Lender shall make its participation in the relevant Loan available by the Utilisation Date through its Facility Office in accordance with the terms of this Agreement.

- (B) The amount of a Lender's participation in that Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to the making of the relevant Loan.
 - (C) In providing the notification to the Lender pursuant to clause 6.2 (*Delivery of a Utilisation Request*), the Facility Agent shall notify each Lender of the amount of each Loan and the amount of its participation in each such Loan.
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PART 4
PAYMENTS, CANCELLATION, INTEREST AND FEES

7. REPAYMENT

7.1 Repayment of Loans

- (A) Each Borrower which has drawn a Loan shall repay that Loan on the last day of its Interest Period.
- (B) Without prejudice to each Borrower's obligation under paragraph (A) above, if:
 - (i) one or more Loans are to be made available to a Borrower:
 - (a) on the same day that a maturing Loan is due to be repaid by that Borrower;
 - (b) in whole or in part for the purpose of refinancing the maturing Loan; and
 - (ii) the proportion borne by each Lender's participation in the maturing Loan to the amount of that maturing Loan is the same as the proportion borne by that Lender's participation in the new Loans to the aggregate amount of those new Loans,
the aggregate amount of the new Loans shall, unless the Company notifies the Facility Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Loan so that:
 - (c) if the amount of the maturing Loan exceeds the aggregate amount of the new Loans:
 - (1) the relevant Borrower will only be required to make a payment under clause 28.1 (*Payments to the Facility Agent*) in an amount in the relevant currency equal to that excess; and
 - (2) each Lender's participation in the new Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Loan and that Lender will not be required to make a payment under clause 28.1 (*Payments to the Facility Agent*) in respect of its participation in the new Loans; and
 - (d) if the amount of the maturing Loan is equal to or less than the aggregate amount of the new Loans:

- (1) the relevant Borrower will not be required to make a payment under clause 28.1 (*Payments to the Facility Agent*); and
 - (2) each Lender will be required to make a payment under clause 28.1 (*Payments to the Facility Agent*) in respect of its participation in the new Loans only to the extent that its participation in the new Loans exceeds that Lender's participation in the maturing Loan and the remainder of that Lender's participation in the new Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Loan.
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8. PREPAYMENT AND CANCELLATION

8.1 General

- (A) Subject to there being no Event of Default outstanding and other than an obligation to make a prepayment upon a Change of Control, prepayments in respect of the Facility shall be paid at the end of the next Interest Period falling not less than 15 days after the date on which the event giving rise to the obligation to make the prepayment occurs.
- (B) Any amount prepaid may only be redrawn if such prepayment and Utilisation occurs prior to the expiry of the Availability Period.
- (C) Any prepayment shall be made with accrued interest on the amount prepaid and, subject to Break Costs (excluding any Margin), without premium or penalty.

8.2 Illegality

- (A) If it becomes unlawful in any applicable jurisdiction for a Lender (an “**Illegality Lender**”) to perform any of its obligations as contemplated by the Finance Documents, or to fund or maintain its participation in any Utilisation:
- (i) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
 - (ii) upon the Facility Agent notifying the Company, the Commitment of that Lender will be immediately cancelled; and
 - (iii) the Borrower shall either:
 - (a) if the Lender so requires, repay that Lender’s participation in the Utilisations made to the Borrower on the last day of the Interest Period for each Utilisation occurring after the Facility Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent
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- (being no earlier than the last day of any applicable grace period permitted by law); or
- (b) replace that Lender in accordance with paragraph (B) of clause 8.11 (*Right of repayment and cancellation in relation to a single Lender*) on or before the first date applicable under paragraph (i) above in respect of which a payment is due and payable.
- (B) If it becomes unlawful in any applicable jurisdiction for the Borrower to perform any of its obligations as contemplated by the Finance Documents:
- (i) the Borrower shall promptly notify the Facility Agent upon becoming aware of that event;
 - (ii) the Facility Agent shall notify the Lenders; and
 - (iii) the Borrower shall repay each Utilisation made to it on the last day of the Interest Period for that Utilisation occurring after the Facility Agent have notified the Lenders or, if earlier, the last day of any applicable grace period permitted by law.

8.3 Change of Control

- (A) Upon a Change of Control:
- (i) the Obligor shall promptly notify the Facility Agent upon becoming aware of the occurrence of that event; and
 - (ii) if the Majority Lenders so require, the Facility Agent shall, on not less than 30 days written notice to the Company, cancel the Commitments and the Borrower shall repay each Lender’s participation in any Utilisations on the last day of the then current period under the Facility, together with accrued interest and all other amounts accrued under the Finance Documents.
- (B) For the purpose of paragraph (A) above, “**Change of Control**” means any person (or persons with whom they act in concert) other than a Permitted Transferee acquiring, directly or indirectly, more than 50 per cent. of the ordinary share capital in any Ghana Obligor carrying a right to vote in general meetings of that company. For the avoidance of doubt, a Change of Control shall not occur on an IPO of any Shareholder (directly or indirectly) in the Borrower, or an IPO of any Ghana Obligor.
- (C) For the purposes of paragraph (B) above, any persons includes more than one person acting in concert and a “**Permitted Transferee**” means:
- (i) a Shareholder;
 - (ii) a Shareholder Affiliate; or
 - (iii) a person who is otherwise approved by the Majority Lenders (acting reasonably) provided that any Lender which does not grant its approval may, on not less than 30 days written notice to the Facility Agent and the Company, demand that its participation in the Facility be prepaid in full and that its Commitment be immediately cancelled, provided that the Company may, in accordance with paragraph (B) of clause 8.11 (*Right of repayment and cancellation in relation to a single Lender*), procure the replacement of that Lender or the transfer of its participation and Commitment to another Lender (with that Lender’s consent) rather than such prepayment and cancellation provided that such replacement or transfer is completed within the relevant notice period given by the relevant Lender. If such replacement or transfer does not occur within the relevant period, that Lender’s participation in the Facility shall be immediately due and payable in full by the Borrower and its Commitment immediately cancelled.
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8.4 Ghana Petroleum Agreement Medium Sale Event

Upon a Ghana Petroleum Agreement Medium Sale Event:

- (A) the Borrower shall promptly notify the Facility Agent upon becoming aware of the occurrence of that event; and
- (B) if the Majority Lenders so require, the Facility Agent shall, on not less than 30 days written notice to the Company, cancel the Commitments of the Lenders, on a pro rata basis, by the Ghana Petroleum Agreement Medium Sale Event Cancellation Amount and the Borrower shall repay each Lender's participation in any Utilisations pro rata, by the Ghana Petroleum Agreement Medium Sale Event Prepayment Amount, on the last day of the then current interest period under the Facility, together with accrued interest and all other amounts accrued under the Finance Documents.

8.5 Ghana Petroleum Agreement Large Sale Event

Upon a Ghana Petroleum Agreement Large Sale Event:

- (A) the Borrower shall promptly notify the Facility Agent upon becoming aware of the occurrence of that event; and
- (B) the Facility Agent shall, on not less than 30 days written notice to the Company, cancel the Commitments of the Lenders, on a pro rata basis, and the Borrower shall repay each Lender's participation in any Utilisations on the last day of the then current interest period under the Facility, together with accrued interest and all other amounts accrued under the Finance Documents.

8.6 Increase in Lender Commitment

In circumstances where the Commitment of any Lender is increased (excluding any increase as a result of an assumption of Additional Commitment pursuant to clause 3.2 (*Additional Commitments*) or a transfer made pursuant to clause 22 (*Changes to the*

Lenders), any other Lender shall (provided that such Lender voted against such increase) have the unilateral right to instruct the Facility Agent to, on not less than 30 days written notice to the Company, cancel the Commitment of that other Lender and require the Borrower to repay that other Lender's participation in any Utilisations in full, on the last day of the then current interest period under the Facility, together with accrued interest and all other amounts accrued under the Finance Documents.

8.7 Financial Covenants

In circumstances where the Majority Lenders have given their consent to amend any provision of clause 19 (*FINANCIAL COVENANTS*), any other Lender shall (provided that such Lender did not give such consent) have the unilateral right to instruct the Facility Agent to, on not less than 30 days written notice to the Company, cancel the Commitment of that other Lender and require the Borrower to repay that other Lender's participation in any Utilisations in full, on the last day of the then current interest period under the Facility, together with accrued interest and all other amounts accrued under the Finance Documents.

8.8 Automatic Cancellation

At the close of business in London on the last Business Day of the Availability Period for the Facility, the undrawn Commitment of each Lender under the Facility at that time shall be automatically cancelled.

8.9 Voluntary Cancellation

- (A) The Company may, by giving not less than ten Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice to the Facility Agent, without penalty, cancel the Available Facility in whole or in part (but if in part, in a minimum amount of USD 1 million or, if less, the relevant Commitments in the Available Facility). The relevant Commitments in respect of the Facility will be cancelled on a date specified in such notice, being a date not earlier than ten Business Days after the relevant notice is received by the Facility Agent.
 - (B) Any valid notice of cancellation will be irrevocable and will specify the date on which the cancellation shall take effect. No part of any Commitment which has been cancelled or which is the subject of a notice of cancellation may subsequently be utilised.
 - (C) When any cancellation of Commitments under the Facility takes effect, each Lender's Available Commitment under the Facility will be reduced by an amount which bears the same proportion to the total amount being cancelled as its Available Commitment under the Facility bears to the Available Facility (at that time).
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8.10 Voluntary Prepayment of Loans

- (A) Subject to clause 8.1 (*General*), a Utilisation may be prepaid whether in whole or in part by the Borrower without penalty upon ten Business Days' prior written notice to the Facility Agent.
- (B) Any valid notice of prepayment will be irrevocable and, unless a contrary indication appears in this Agreement, will specify the date on which the cancellation shall take effect. Any amount prepaid or repaid may not be redrawn if such prepayment or repayment and Utilisation occurs after the expiry of the Availability Period.
- (C) Prepayment shall take effect:
 - (i) on the last day of the then current Interest Period; or
 - (ii) on any other date subject to payment by the Borrower, on demand, of Break Costs (if any), in accordance with clause 11.4 (*Break Costs*).
- (D) Unless a contrary indication appears in this Agreement, when any prepayment of the whole or part of a Loan takes place, each Lender's participation in the relevant Loan shall be reduced rateably.

8.11 Right of repayment and cancellation in relation to a single Lender

- (A) If:
 - (i) the Company reasonably believes that the sum payable to any Lender by an Obligor is required to be increased under clause 13.2 (*Tax gross-up*);
 - (ii) the Company receives a notice from the Facility Agent under clause 13.3 (*Tax Indemnity*) or clause 14.1 (*Increased Costs*);
 - (iii) any Lender is or becomes a Non-Funding Lender;
 - (iv) any Lender is or becomes entitled to increase its rate of interest further to clause 11.2 (*Market disruption*); or
 - (v) the rating of any Lender's long-term unguaranteed, unsecured securities or debt is reduced to below Baa3 (Moody's) or a comparable rating from an internationally recognised credit rating agency,

the Company may, while (in the case of paragraph (i) and (ii) above) the circumstance giving rise to the belief or notice continues or (in the case of (iii), (iv) or (v) above) the relevant circumstance continues:

- (a) give the Facility Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations;
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- (b) in the case of a Non-Funding Lender or Illegality Lender, give the Facility Agent notice of cancellation of the Available Commitment of that Lender in relation to the Facility and reinstate all or part of such Available Commitment in accordance with paragraph (B) below; or
 - (c) replace that Lender in accordance with paragraph (B) below.
- (B) The Company may:
 - (i) in the circumstances set out in paragraph (A) above or pursuant to clause 8.1 (*General*) or clause 8.2 (*Illegality*) or clause 8.3(A)(ii) (*Change of Control*), replace an Existing Lender (as defined in clause 22 (*Changes to the Lenders*)), with one or more other Lenders (which need not be Existing Lenders) (each a "**Replacement Lender**"), which have agreed to purchase all or part of the Commitment and participations of that Existing Lender in Utilisations made to the Borrower pursuant to an assignment or transfer in accordance with the provisions of clause 22 (*Changes to the Lenders*); or
 - (ii) in the circumstances set out in paragraph (A)(iv)(a) of this clause 8.11, cancel the Available Commitments of the Non-Funding Lender or Illegality Lender in respect of the Facility and procure that one or more Replacement Lenders assume Commitments under the Facility in an aggregate amount not exceeding the Available Commitment of the relevant Non-Funding Lender or Illegality Lender in relation to the Facility,

in each case on condition that:

- (a) each assignment or transfer under this paragraph (B) shall be arranged by the Company (with such reasonable assistance from the Existing Lender as the Company may reasonably request); and
- (b) no Existing Lender shall be obliged to make any assignment or transfer pursuant to this paragraph (B) unless and until it has received payment from the Replacement Lender or Replacement Lenders in an aggregate amount equal to the outstanding principal

amount of the participations in the Utilisations owing to the Existing Lender, together with accrued and unpaid interest and fees (including, without limitation, any Break Costs to the date of payment) and all other amounts payable to the Existing Lender under this Agreement.

- (C) On receipt of a notice from the Company referred to in paragraph (A) above, the Commitment of that Lender shall immediately be reduced to zero.
- (D) On the last day of each Interest Period which ends after the Company has given notice of cancellation under paragraph (A) above (or, if earlier, the date specified by the Company in that notice), the Company shall repay that Lender's participation in the relevant Utilisation.

(E) Paragraphs (A) and (B) do not in any way limit the obligations of any Finance Party under clause 16.1 (*Mitigation*).

9. INTEREST

9.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (A) Margin;
- (B) LIBOR; and
- (C) Mandatory Cost (if any).

9.2 Payment of interest

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period (and, if the Interest Period is longer than six months, on the dates falling at six-monthly intervals after the first day of the Interest Period).

9.3 Default interest

- (A) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (B) below, is 1.0 per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Facility Agent (acting reasonably). Any interest accruing under this clause shall be immediately payable by the Obligor on demand by that Facility Agent.
- (B) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 1.0 per cent. higher than the rate which would have applied if the overdue amount had not become due.
- (C) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

9.4 Notification of rates of interest

The Facility Agent shall promptly notify the relevant Lenders and Borrower of the determination of a rate of interest under this Agreement.

10. INTEREST PERIODS

10.1 Selection of Interest Periods

- (A) The Borrower shall select an Interest Period for a Loan in the Utilisation Request for that Loan.
- (B) Subject to this clause, the Borrower may select an Interest Period of 1, 3 or 6 months or such other period as may be agreed between the Company and the Facility Agent.

(C) No Interest Period for a Loan under the Facility shall extend beyond the Termination Date.

10.2 Non-Business Days

If an Interest Period ends on a day which is not a Business Day, that Interest Period will instead end on the next Business Day, unless the next Business Day is in another month, in which case the Interest Period will end on the preceding Business Day.

11. CHANGES TO THE CALCULATION OF INTEREST

11.1 Absence of quotations

Subject to clause 11.2 (*Market disruption*), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

11.2 Market disruption

(A) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

- (i) the Margin;
- (ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select; and
- (iii) the Mandatory Cost, if any, applicable to that Lender's participation in the Loan.

(B) In this Agreement "**Market Disruption Event**" means if, on or about noon in London on the Quotation Day for the relevant Interest Period, none or only one of the Reference Banks supplies a rate to the Facility Agent to determine LIBOR for the Interest Period, or the Facility Agent receives notifications from a Lender or Lenders (whose participations exceed 35 per cent. in aggregate of all participations) that the cost to it of obtaining matching deposits in the London interbank market would be materially in excess of LIBOR.

(C) The Facility Agent shall notify the Borrower immediately upon receiving notice from the Lender(s).

11.3 Alternative basis of interest or funding

(A) If a Market Disruption Event occurs and the Facility Agent or the Borrower so requires, the Facility Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(B) Any alternative basis agreed pursuant to paragraph (A) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

11.4 Break Costs

(A) The Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by it on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

(B) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

(C) If, following a payment by the Borrower of all or part of a Loan or Unpaid Sum on a day other than the last day of an Interest Period for that Loan or Unpaid Sum, a Lender realises a profit, and no Event of Default is continuing, that Lender must pay an amount equal to that profit to the Borrower as soon as practicable.

12. FEES

12.1 Commitment fee

(A) The Borrower shall pay to the Facility Agent for the account of each Lender a commitment fee at a rate equal to 40 per cent. per annum of the Margin.

(B) The accrued commitment fee is payable quarterly (on each of 31 March, 30 June, 30 September and 31 December) in arrears on any undrawn and uncanceled portion of the Commitments for the period from and including the date of this Agreement until and including the

last day of the Availability Period.

- (C) Notwithstanding paragraphs (A) and (B) above, the Borrower shall not be required to pay any such commitment fees to the Facility Agent for the account of any Lender during the period in which such Lender is a Non-Funding Lender.

12.2 Front end fees

The Borrower shall pay to each Mandated Lead Arranger, front end fees in the amount and at the times agreed in a Fee Letter.

12.3 Facility Agent fee

The Borrower shall pay to the Facility Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

12.4 Security and Intercreditor Agent fee

The Borrower shall pay to the Security and Intercreditor Agent (for its own account) a fee in the amount and at the times agreed in a Fee Letter.

PART 5 TAXES, INCREASED COSTS AND INDEMNITIES

13. TAX GROSS UP AND INDEMNITIES

13.1 Definitions

- (A) In this Agreement:

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under clause 13.2 (*Tax gross-up*) or a payment under clause 13.3 (*Tax Indemnity*).

13.2 Tax gross-up

- (A) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (B) The Company shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly.
- (C) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (D) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (E) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party (acting reasonably) that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing Authority.
- (F) If an Obligor makes any payment to a Finance Party in respect of or relating to a Tax Deduction, but such Obligor was not obliged to make such payment, the relevant Finance Party shall within five Business Days of demand refund such payment to such Obligor.
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13.3 Tax Indemnity

- (A) Except as provided below, the Borrower shall (within five Business Days of demand by the Facility Agent) indemnify a Finance Party against any loss, liability or cost which that Finance Party determines will be or has been (directly or indirectly) suffered by that Finance Party for or on account of Tax, by that Finance Party in respect of a Finance Document.

- (B) Paragraph (A) above shall not apply:
- (i) with respect to any Tax assessed on a Finance Party under the law of the jurisdiction in which:
 - (a) that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (b) that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,if in either such case that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party or that Finance Party's Facility Office; or
 - (ii) to the extent a loss, liability or cost is compensated for by an increased payment under clause 13.2 (*Tax gross-up*); or
 - (iii) with respect to any Tax assessed prior to the date which is 180 days prior to the date on which the relevant Finance Party requests such a payment from the Borrower, unless a determination of the amount claimed could only be made on or after the first of those dates.
- (C) A Finance Party making, or intending to make a claim under paragraph (A) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall provide to the Company a copy of the notification by such Finance Party.
- (D) A Finance Party shall, on receiving a payment from an Obligor under this clause, notify the Facility Agent. The Finance Parties will undertake to use reasonable endeavours to obtain reliefs and remissions for taxes and deductions and to reimburse the Company for reliefs, remissions or credits obtained (but without any obligation to arrange its tax affairs other than as it sees fit nor to disclose any information about its tax affairs).

13.4 Tax Credit

- (A) If:-
- (i) an Obligor makes a Tax Payment, and
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- (ii) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment, and
 - (iii) that Finance Party has obtained, utilised and retained that Tax Credit,
- the Finance Party shall pay an amount to the Obligor which that Finance Party reasonably determines will leave it (after that payment) in the same after-Tax position as it would have been in but for its utilisation of the Tax Credit.
- (B) Nothing in this clause will:
- (i) interfere with the rights of any Finance Party to arrange its affairs in whatever manner it thinks fit; or
 - (ii) oblige any Finance Party to disclose any information relating to its Tax affairs or computations.

13.5 Stamp Taxes

- (A) The Company shall, within five Business Days of demand, pay and indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document other than in respect of an assignment or transfer by a Lender.

13.6 Value added tax

- (A) All consideration expressed to be payable under a Finance Document by any Party to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT against delivery of an appropriate VAT invoice.
- (B) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that obligation shall be deemed to extend to all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that neither the Finance Party nor any other member of any VAT group of which it is a member is entitled to credit or repayment of the VAT.

14. INCREASED COSTS

14.1 Increased costs

- (A) Subject to clause 14.3 (*Exceptions*) the Borrower shall, within five Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of the introduction of or any change in (or in the interpretation, administration or application by any governmental body or

regulatory Authority of) any law or regulation (whether or not having the force of law, but if not, being of a type with which that Finance Party or Affiliate is expected or required to comply), or as a result of the implementation or application of, or compliance with, Basel III or any law or regulation that implements or applies Basel III.

- (B) In this Agreement “**Increased Costs**” means:

- (i) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Finance Document,

which is (a) material and (b) incurred or suffered by a Finance Party or any of its Affiliates but only to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

14.2 Increased cost claims

- (A) A Finance Party intending to make a claim pursuant to clause 14.1 (*Increased costs*) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Company.
- (B) Each Finance Party shall provide a certificate confirming the amount of its Increased Costs.

14.3 Exceptions

- (A) Clause 14.1 (*Increased costs*) does not apply to the extent any Increased Cost is:
- (i) attributable to a Tax Deduction required by law to be made by an Obligor provided that this clause is without prejudice to any rights which the affected Lender may have under clause 13.2 (*Tax gross-up*) to receive a grossed up payment;
 - (ii) the subject of a claim under clause 13.3 (*Tax Indemnity*) (or might be or have been the subject of a claim under clause 13.3 (*Tax Indemnity*)) but for any of the exclusions in paragraph (B) of clause 13.3 (*Tax Indemnity*));
 - (iii) incurred prior to the date which is 180 days prior to the date on which the Finance Party makes a claim in accordance with clause 14.2 (*Increased cost claims*), unless a determination of the amount incurred could only be made on or after the first of those dates;
 - (iv) any of the types of cost dealt with by Schedule 5 (*Mandatory Cost Formulae*);
 - (v) attributable to the wilful breach by the relevant Finance Party or any of its Affiliates of any law or regulation; or
 - (vi) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment contained in Basel III) (“**Basel II**”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (B) In this clause 14.3 (*Exceptions*), a reference to a “**Tax Deduction**” has the same meaning given to the term in clause 13.1 (*Definitions*).

15. OTHER INDEMNITIES

15.1 Currency indemnity

- (A) If any sum due from an Obligor under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:

- (i) making or filing a claim or proof against that Obligor; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within five Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (a) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (B) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

15.2 Other indemnities

Each Obligor shall, within five Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

- (A) the occurrence of any Event of Default;

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- (B) a failure by an Obligor to pay any amount due under a Finance Document on its due date;
 - (C) funding, or making arrangements to fund, its participation in a Utilisation requested by the Borrower in a Utilisation Request but not made by reason of a Default or an act or omission on the part of an Obligor; and
 - (D) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by the Borrower.

15.3 Indemnity to the Facility Agent

Each Obligor shall promptly on demand, indemnify the Facility Agent against any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a direct result of:

- (A) investigating any event which it reasonably believes is a Default; and
- (B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised by an Obligor.

16. MITIGATION BY THE LENDERS

16.1 Mitigation

- (A) Each Finance Party shall, in consultation with the Company, use all reasonable endeavours to mitigate or remove any circumstances which arise and which would result in any facility ceasing to be available or any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 8.2 (*Illegality*), clause 13.2 (*Tax gross-up*), clause 14.1 (*Increased costs*) or clause 11.2 (*Market disruption*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (B) Paragraph (A) above does not in any way limit the obligations of any Obligor under the Finance Documents.
- (C) Each Finance Party shall notify the Facility Agent as soon as it becomes aware that any circumstances of the kind described in paragraph (A) above have arisen or may arise. The Facility Agent shall notify the Company promptly of any such notification from a Finance Party.

16.2 Limitation of liability

- (A) Each Obligor shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under clause 16.1 (*Mitigation*).
- (B) A Finance Party is not obliged to take any steps under clause 16.1 (*Mitigation*) if, in the *bona fide* opinion of that Finance Party (acting reasonably), to do so might in any way be prejudicial to it.

17. INFORMATION UNDERTAKINGS

The undertakings in this clause remain in force from the date of this Agreement until the Discharge Date.

17.1 Books of account and auditors

Each Obligor shall:

- (A) keep proper books of account relating to its business; and
- (B) appoint and maintain as its auditors any Approved Auditor.

17.2 Financial statements

- (A) The Borrower shall supply to the Facility Agent (in sufficient copies as most recently notified by the Facility Agent as being sufficient to allow one copy for each Lender):
 - (i) as soon as they become available, but in any event within 180 days of the end of each financial year, its audited consolidated financial statements for that financial year; and
 - (ii) within 90 days of the end of each quarter, its unaudited quarterly consolidated financial statements for that period.
- (B) If during any financial year of the Borrower there is a material change in the nature and extent of the accounting transactions which the Borrower enters into, it shall promptly inform the Facility Agent thereof and the Borrower shall, if instructed to do so by the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)), supply to the Facility Agent (in sufficient copies for each Lender), as soon as they become available, but in any event within 180 days of request, its audited consolidated financial statements for its last financial year.

17.3 Year-end

The Borrower shall not change its Accounting Reference Date without the consent of the Majority Lenders.

17.4 Form of financial statements

- (A) The Borrower must ensure that each set of financial statements supplied under this Agreement:
 - (i) is certified by an Authorised Signatory of the relevant Borrower as a true and correct copy; and
 - (ii) gives (if audited) a true and fair view of, or (if unaudited) fairly represents, the financial condition of the relevant Borrower for the period to the date on which those financial statements were drawn up.
- (B) Unless otherwise agreed with the Facility Agent, all accounts delivered under this Agreement shall be prepared in accordance with the Approved Accounting Principles.
- (C) The Borrower must notify the Facility Agent of any material change to the manner in which any audited financial statements delivered under this Agreement are prepared.
- (D) If requested by the Facility Agent, the Borrower must supply to the Facility Agent:
 - (i) a full description of any change notified under paragraph (B) above and the adjustments which would be required to be made to those financial statements in order to cause them to use the accounting policies, practices, procedures and reference period upon which such financial statements were prepared prior to such change; and
 - (ii) sufficient information, in such detail and format as may be required by the Facility Agent (acting reasonably), to enable the Lenders to make a proper comparison between the financial position shown by the set of financial statements prepared on the changed basis and its most recent audited financial statements delivered to the Facility Agent under this Agreement prior to such change.

17.5 Compliance Certificate

- (A) The Borrower must supply to the Facility Agent a Compliance Certificate with each set of financial statements sent to the Facility Agent under clauses 17.2 (*Financial statements*), above certifying the matters specified in clause 17.4(A) above and compliance with the financial covenants in clauses 19.1 (*Debt cover ratio*) and 19.2 (*Interest cover ratio*) below.
- (B) A Compliance Certificate supplied in accordance with (A) above must be signed by two Authorised Signatories of the Borrower.

17.6 Information: Miscellaneous

Each Obligor shall supply to the Facility Agent, in sufficient copies for all the Lenders, if the Facility Agent so requests:

- (A) all documents dispatched by each Obligor to its Shareholders (or any class of them) or its creditors generally, at the same time as they are dispatched;
 - (B) promptly after becoming aware of them, the details of any material litigation, arbitration or administrative proceedings which are currently threatened or pending against the Guarantor or any member of the Group; and
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- (C) promptly, such further information regarding the financial condition, assets, business and operations of the Guarantor or any member of the Group as the Facility Agent may reasonably request.

17.7 Notification of Default

Each Obligor must notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

17.8 “Know your customer” and “customer due diligence” requirements

- (A) If:
 - (i) the introduction of or any change in (or in the interpretation, administration or application by any government or regulatory Authority of) any law or regulation (having the force of law) made after the date of this Agreement;
 - (ii) any change in the ownership of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Facility Agent or any Lender (or, in the case of paragraph (C) below, any prospective new Lender) to comply with “know your customer”, “customer due diligence” or similar identification procedures in circumstances where the necessary information is not already available to it (or, in the case of paragraph (C) below, cannot be provided by the transferring Lender from information already provided to it), the Company shall, as soon as reasonably practicable upon the request of the Facility Agent or the relevant Lender, supply, or procure the supply of, such reasonable documentation and other evidence as is within an Obligor’s possession and control to enable the Facility Agent or such Lender to comply with all necessary “know your customer”, “customer due diligence” or other similar checks required under the relevant laws and regulations.

- (B) Each Lender shall promptly upon the request of the Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself) in order for the Facility Agent, as the case may be, to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
 - (C) The Borrower shall, by not less than 10 Business Days’ prior written notice to the Facility Agent, notify the Facility Agent (which shall promptly notify the Lenders) of its intention to request that one of the subsidiaries becomes an Additional Guarantor pursuant to this Agreement.
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- (D) Following the giving of any notice pursuant to paragraph (C) above, if the accession of such Additional Guarantor obliges the Facility Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Facility Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Facility Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the accession of such subsidiary to this Agreement as an Additional Guarantor.

17.9 Use of websites

- (A) Except as provided below, each Obligor may deliver any information under the Facility Agreement to the Facility Agent by posting it on an electronic website if:
 - (i) it maintains or has access to an electronic website for this purpose and provides the Facility Agent with the details and password

to access the website and the information; and

- (ii) the information posted is in a format required by this Agreement or is otherwise agreed between each Obligor and the Facility Agent (whose approval shall not be unreasonably withheld or delayed).

The Facility Agent must supply each relevant Lender with the address of and password for the website.

- (B) Notwithstanding the above, the Company must supply to the Facility Agent in paper form a copy of any information posted on the website together with sufficient copies for:
 - (i) any Lender who notifies the Facility Agent in writing (copied to each Obligor) that it does not wish to receive information via the website; and
 - (ii) within ten Business Days of request, any other Lender, if that Lender so requests.
- (C) Each Obligor must promptly upon becoming aware of its occurrence, notify the Facility Agent if:
 - (i) the website cannot be accessed;
 - (ii) the website or any information on the website is infected by any electronic virus or similar software;
 - (iii) the password for the website is changed; or

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- (iv) any information to be supplied under the Facility Agreement is posted on the website or amended after being posted.

If the circumstances in sub-paragraph (C)(i) or (ii) above occur, an Obligor must supply any information required under this Agreement in paper form until the circumstances giving rise to the notification are no longer continuing and the information can be provided in accordance with paragraph (A) above.

PART 7 REPRESENTATIONS, COVENANTS, EVENTS OF DEFAULT

18. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this clause to each Finance Party and acknowledges that each Finance Party has entered into the Finance Documents in full reliance on those representations and warranties.

18.1 Status

- (A) It is a limited liability or, as the case may be, an exempted company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (B) It has the power to own its assets and carry on its business as it is being conducted.

18.2 Legal validity

Each Finance Document to which it is a party constitutes, or will constitute when executed, its valid, legally binding and enforceable obligations in accordance with its terms (subject to any limitation on enforcement under law or general principles of equity or qualifications which are specifically set out in any legal opinion delivered as a Condition Precedent) and that, so far as it is aware having made all due and careful enquiries, each Finance Document is in full force and effect.

18.3 Non-conflict

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party do not conflict with:

- (A) any applicable law or regulation;
- (B) its constitutional documents; or
- (C) any agreement binding upon it,

to the extent which has, or could reasonably be expected to have, a Material Adverse Effect.

18.4 Powers and authority

It has (or had at the relevant time) the power and authority to execute and deliver the Finance Documents to which it is a party and it has the power and authority to perform its obligations under the Finance Documents to which it is a party and the transactions contemplated thereby.

18.5 Authorisations

All Required Approvals (except to the extent already provided as a Condition Precedent, or where required by any Authority in respect of any Security Interest granted (or to be granted) under the Security Documents) have been obtained or effected and are in full force and effect (where a failure to do so has or could reasonably be expected to have a Material Adverse Effect).

18.6 Stamp and registration duties

Except for registration fees, if any, payable in relation to the Charge over Shares in KEH, there is no stamp or registration duty or similar Tax or charge in respect of any Finance Document, which has not been made or paid within applicable time periods (where a failure to do so has, or could reasonably be expected to have, a Material Adverse Effect).

18.7 No Default

No Default has occurred and is outstanding.

18.8 Financial Statements and other factual information

- (A) The most recent audited financial statements and interim financial statements delivered to the Facility Agent in accordance with clause 17.2 (*Financial statements*) (which, at the Signing Date, is the unaudited opening balance sheet of the Borrower as at 30 September 2012):
- (i) have been prepared in accordance with the Approved Accounting Principles (if relevant); and
 - (ii) (if audited) give a true and fair view of, or (if unaudited) fairly represent, its financial condition for the relevant period.
- (B) All factual information provided by or under the express direction of the Borrower to the Finance Parties in connection with the Facility was believed by the Borrower at the time it was so provided to be true in all material respects.

18.9 Proceedings pending or threatened

Except as disclosed to the Facility Agent in writing prior to the Signing Date, no litigation, arbitration or administrative proceeding is pending or threatened which could reasonably be expected to be adversely determined against it and which, if so determined, has, or could reasonably be expected to have, a Material Adverse Effect.

18.10 Breach of laws

- (A) It has not breached any law or regulation which has, or could reasonably be expected to have, a Material Adverse Effect.
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- (B) It is in compliance with all environmental laws, a breach of which could reasonably be expected to give rise to a liability on it which has, or could reasonably be expected to have, a Material Adverse Effect and, so far as it is aware having made due and careful enquiry, there is no environmental claim outstanding against it which, if adversely determined, would give rise to a liability on it which has, or could reasonably be expected to have, a Material Adverse Effect.

18.11 Ranking of security

Subject to any limitations on enforcement under law or general principles of equity or qualifications set out in any legal opinion delivered as a Condition Precedent, each Security Document when executed confers the Security Interests it purports to confer over the assets referred to in that document and those assets are not subject to any other Security Interest that is not permitted pursuant to clause 20.6 (*Negative pledge*).

18.12 Pari passu ranking

Its payment obligations under the Finance Documents rank at least pari passu with all its other present unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.

18.13 No immunity

In any proceedings taken in any relevant jurisdiction in relation to the Finance Documents (or any of them), it shall not be entitled to claim for itself or any of its assets immunity from suit, execution or attachment or other legal process.

18.14 Ownership of Obligors

- (A) The Company beneficially owns, indirectly, all of the issued share capital of the Guarantors and the Borrowers (other than the Company).
- (B) The issued share capital of the Guarantors and the Borrowers is fully paid up and, to the extent beneficially owned by the Company, free of all encumbrances or other third party rights (other than pursuant to the Charge over Shares in KEH).

18.15 OFAC

Each Obligor represents that neither it nor any of its subsidiaries or, to their knowledge, any director, officer, employee, agent or representative of it or any of its subsidiaries is an individual or entity (“**Person**”) currently the subject of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of Treasury’s Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority (collectively, “**Sanctions**”), nor is it or any of its subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions.

18.16 Times for making representations

- (A) The representations set out in this clause 18 (other than the representations in clauses 18.4 (*Powers and authority*) and 18.5 (*Authorisations*)) are made by each Obligor on the date of this Agreement. The representation in clause 18.4 (*Powers and authority*) will be made as at the time that the power or authority is exercised only. Each Repeating Representation is deemed to be repeated by each Obligor on the date of each Utilisation Request, each Utilisation Date and on the first day of each Interest Period.
- (B) When a representation is repeated, it is applied to the facts and circumstances existing at the time of repetition.

19. FINANCIAL COVENANTS

19.1 Debt cover ratio

The Company undertakes that on each Calculation Date the ratio of Consolidated Total Net Borrowings to EBITDAX of the Group for the Measurement Period shall be less than or equal to 3.50 : 1.00.

19.2 Interest cover ratio

The Company undertakes that on each Calculation Date the ratio of EBITDAX of the Group to the Net Interest Payable of the Group for the Measurement Period shall be greater than or equal to 2.25 : 1.00.

19.3 Calculation of ratios on Calculation Date

- (A) The Company will give written notice to the Facility Agent of the anticipated occurrence of any Calculation Date together with pro forma calculations of the ratio of Consolidated Total Net Borrowings to EBITDAX of the Group and EBITDAX of the Group to the Net Interest Payable of the Group for the relevant Measurement Period.
 - (B) The pro forma calculations referred to in paragraph (A) above will:
 - (i) incorporate all debt and interest of the Group, ignoring any debt that must be mandatorily prepaid as a result of the relevant Calculation Trigger Event (and also ignoring any related interest) and including any debt envisaged to be incurred (and including any interest that would have been payable had that debt been incurred at the beginning of the relevant Measurement Period) by the Group pursuant to the relevant Calculation Trigger Event as though that debt had been incurred at the beginning of the relevant Measurement Period; and
 - (ii) ignore, in instances where the relevant Calculation Trigger Event is a Ghana Petroleum Agreement Small Sale Event, the Ghana Petroleum Agreement Small Sale Percentage Reduction and any amounts payable
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to the Group in connection with a Ghana Petroleum Agreement Small Sale Event.

- (C) The Company may only proceed with a Calculation Trigger Event which is listed in paragraph (B)(iv) or (B)(v) of the definition of Calculation Date if the pro forma calculations referred to in paragraph (A) above show that the financial covenants in clause 19.1 (*Debt cover ratio*) and in clause 19.2 (*Interest cover ratio*) would be met for the relevant Measurement Period, or otherwise only with the consent of the Majority Lenders.
- (D) The Company may only proceed with a Calculation Trigger Event which is listed in paragraph (B)(i), (B)(ii) or (B)(iii) of the definition of

Calculation Date if the pro forma calculations referred to in paragraph (A) above show that the financial covenants in clause 19.1 (*Debt cover ratio*) and in clause 19.2 (*Interest cover ratio*) would be met for the relevant Measurement Period, or otherwise only with the consent of each Lender.

20. GENERAL UNDERTAKINGS

The undertakings in this clause shall remain in force from the date of this Agreement until the Discharge Date.

20.1 Corporate existence

Each Obligor shall maintain its corporate existence.

20.2 Authorisations

Each Obligor shall promptly obtain and comply with Required Approvals where a failure to do so would have a Material Adverse Effect.

20.3 Compliance with laws

Each Obligor shall comply with all laws and regulations (including compliance with environmental laws, permits and licences) applicable to it where failure to do so would have a Material Adverse Effect.

20.4 Pari passu ranking

Each Obligor shall ensure that at all times its payment obligations to the Finance Parties under the Finance Documents rank at least *pari passu* as to priority of payment with all its other present and future unsecured and unsubordinated Financial Indebtedness, except for claims mandatorily preferred by operation of law applying generally.

20.5 Security

Each Obligor shall undertake all actions reasonably necessary (including the making or delivery of filings and payment of fees) to maintain the Security Interests under the Security Documents to which it is party in full force and effect (including the priority thereof).

20.6 Negative pledge

Other than Permitted Security, a Ghana Obligor shall not create or permit to exist any Security Interest over any of its assets.

20.7 Change of business

KEL shall procure that no substantial change is made to the general nature of the business of the Obligors or the Group taken as a whole from that carried on by the Group as at the date of this Agreement.

20.8 Disposals

Subject to clauses 8.4 (*Ghana Petroleum Agreement Medium Sale Event*), 8.5 (*Ghana Petroleum Agreement Large Sale Event*) and 19.3 (*Calculation of ratios on Calculation Date*), other than Permitted Disposals, an Obligor shall not, either in a single transaction or in a series of transactions and whether related or not, dispose of all or a material part of its assets.

20.9 Financial Indebtedness

Notwithstanding any other provision of this Agreement, in the event that the holders of HY Notes benefit from provisions relating to the restriction of Financial Indebtedness of the Group which are more onerous than those set out in this Agreement, KEL shall incorporate into this Agreement, *mutatis mutandis*, clauses which are equivalent to the relevant provisions of the HY Notes.

20.10 Ghana Financial Indebtedness

Other than Permitted Financial Indebtedness, a Ghana Obligor shall not incur any Financial Indebtedness.

20.11 Guarantees

Except in the case of Permitted Financial Indebtedness, no Ghana Obligor may, without the approval of the Majority Lenders (acting reasonably), enter into guarantees or indemnities in respect of obligations or liabilities of any person (excluding Ghana Obligors).

20.12 Mergers

No Obligor may enter into any amalgamation, consolidation, demerger, merger or reconstruction or winding-up without the consent of the Majority

Lenders, except on a solvent basis and in circumstances where the Obligor remains the legal entity following such amalgamation, consolidation, demerger, merger or reconstruction or winding-up.

20.13 Ghana Obligor loans

- (A) Except as provided in paragraph (B) below, no Ghana Obligor may be a creditor in respect of any Financial Indebtedness.
- (B) Paragraph (A) does not apply to:
 - (i) any loans made pursuant to a loan agreement between any Ghana Obligors;
 - (ii) any credit provided under a Project Agreement, the EO Participation Agreement or in relation to the FPSO located in the Jubilee Field (each term as defined in the RBL Facility Agreement);
 - (iii) any trade credit in the ordinary course of day to day business;
 - (iv) loans or other credit not exceeding USD 100 million in aggregate at any one time;
 - (v) any loans permitted under the RBL Facility Agreement; or
 - (vi) any other credit approved by the Majority Lenders (acting reasonably).

20.14 Non-Ghana Obligor loans

- (A) Except as provided in paragraph (B) below, no Non-Ghana Obligor may be a creditor in respect of any Financial Indebtedness.
- (B) Paragraph 20.14(A) does not apply to:
 - (i) any loans made in the ordinary course of day to day business;
 - (ii) any loans made to a member of the Group;
 - (iii) loans or other credit not exceeding USD 50 million in aggregate at any one time; or
 - (iv) any other loans or credit approved by the Majority Lenders (acting reasonably).

20.15 Tax affairs

Each Obligor must promptly file all tax returns required by law within the requisite time limits except to the extent contested in good faith and subject to adequate reserve or provision.

20.16 Permitted Acquisitions

No Ghana Obligor may, without the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)), make any acquisition of, or

investment in, any assets, rights or property (but excluding for the avoidance of doubt any payment of Financing Costs or Project Costs (in each case as defined in the RBL Facility Agreement)) which is not a Permitted Acquisition.

20.17 Distributions

- (A) Subject to paragraph (C) below, each Obligor may make, declare or pay a Shareholder Distribution, subject to there being no Default or Event of Default outstanding and provided that no Default or Event of Default would occur by making such Shareholder Distribution.
- (B) For the avoidance of doubt, nothing in paragraph (A) above shall restrict an Obligor from making a Shareholder Distribution at any time (including at a time when a Default or an Event of Default is continuing) to the extent that the payment of such Shareholder Distribution is mandatory under the rules of any Stock Exchange.
- (C) In the event that KEL issues HY Notes and agrees, under the terms of the HY Notes and any related documentation, to restrictions on the ability to make Shareholder Distributions which are different to those set out in this clause 20.17, KEL shall agree to be bound by the same restrictions set out therein as if those provisions were set out, *mutatis mutandis*, in full in this Agreement.

20.18 HY Note maturity date

KEL shall ensure that the maturity date of any HY Note issued will be after the Termination Date.

20.19 OFAC

Each Obligor represents and covenants that neither it nor any of its subsidiaries will, directly or, to such Obligor's knowledge, indirectly, use the proceeds of the Facility, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. Furthermore, each Obligor represents and covenants that it and each of its subsidiaries is in compliance with Council Regulation (EU) No 961/2010 of 25 October 2010 on restrictive measures against Iran and repealing Regulation (EC) No 423/2007.

20.20 Insurance

The Company and each Ghana Obligor shall maintain insurances, with reputable independent insurance companies or underwriters, on and in relation to their respective business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

20.21 Information undertakings

In the event that the RBL Facility Agreement is repaid and either not replaced or replaced by a facility with obligations relating to the supply of information which are substantially less onerous than those set out in the RBL Facility Agreement, KEL shall incorporate into this Agreement for information purposes only, *mutatis mutandis*, clauses which are equivalent to the following clauses of the RBL Facility Agreement (as such clauses existed as at the first date of this Agreement): 24.6 (*Project Information*), 24.8 (*Sources and Uses*), 24.9 (*Approved Development*), and 24.10 (*Compliance with Remedial Plan*).

20.22 Constitutional documents

Each Obligor shall notify the Facility Agent of any amendment to any of its constitutional documents in a manner that has, or could reasonably be expected to have, a Material Adverse Effect.

20.23 RBL Facility Agreement

KEL shall procure that no amendment or waiver of any term of the RBL Facility Agreement (or the "Finance Documents", as defined therein) may be made if the amendment or waiver is:

- (A) an amendment or waiver constituting an increase in the Margin (as defined in the KEFI Intercreditor Agreement), or the inclusion of an additional margin, relating to the Senior Liabilities (as defined in the KEFI Intercreditor Agreement) (as applicable) other than such an increase or addition which is contemplated by the original form of the Senior Finance Documents (as defined in the KEFI Intercreditor Agreement);
- (B) an amendment or waiver constituting an increase in, or addition of, any fees or commission other than such an increase or addition which is contemplated by the original form of the Senior Finance Documents or which is as a result of a refinancing of the Senior Liabilities; or
- (C) any amendment or waiver of the equity cure provisions in Clause 29.2 (Breach of financial covenant) of the RBL Facility Agreement in relation to breaches of the "LLCR", "FLCR", "ICR" or "DCR" financial covenants (each as defined in the RBL Facility Agreement).

20.24 Additional Commitments

KEL shall use its reasonable endeavours to procure that, no later than 3 months after the date of this Agreement, the Total Commitments are increased by US\$40,000,000 pursuant to clause 3.2 (*Additional Commitments*).

21. EVENTS OF DEFAULT

Each of the events or circumstances set out in this clause is an Event of Default (save for clause 21.15 (*Acceleration*), unless otherwise stated.

21.1 Non-payment

An Obligor does not pay any amount payable by it to any Finance Party (or to the Facility Agent for its own account) under the Finance Documents in the manner and on the date required under the Finance Documents within five Business Days of its due date.

21.2 Breach of financial covenant

The Company does not comply with the provisions of the Financial Covenants, provided that where the debt cover ratio or interest cover ratio has been breached, the Borrower shall have 45 days within which to remedy any breach of the relevant financial covenant by means of a prepayment and/or a cancellation of the Facility where any prepayment is funded by the provision of Additional Debt subordinated on terms acceptable to the Majority Lenders (acting reasonably), or by the contribution of equity to the capital of the Borrower or by taking such other remedial action as may be approved by the Majority Lenders provided always that the Borrower shall be entitled to remedy any such breach not more than twice in total and not more than once in any 12 month period.

21.3 Breach of other obligations

An Obligor does not comply with any other provision of the Finance Documents to which it is either a party or in respect of which it agrees to be bound pursuant to clauses 27.3 (*Authority of Facility Agent, the Company and the Security and Intercreditor Agent*) and 27.4 (*Accession to the KEFI Intercreditor Agreement*) and becomes bound pursuant to clauses 2.5 (*Agreement binding on Junior Obligors*) and 2.6 (*Agreement binding on Senior Obligors*) of the KEFI Intercreditor Agreement and clause 2.5 (*Agreement binding on Obligors*) of the KEL Intercreditor Agreement (other than in respect of non-payment or breach of a Financial Covenant), unless the non-compliance is:

- (A) capable of remedy; and
- (B) remedied within 30 days of the earlier of the Facility Agent giving notice or the Obligor becoming aware of the non-compliance.

21.4 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to be made (or, in the case of a representation or statement that contains a materiality concept, is or proves to have been incorrect or misleading in any respect when made or deemed to be made), unless the misrepresentation is:

- (A) capable of remedy; and
- (B) remedied within 30 days of the earlier of the Facility Agent giving notice or the relevant Obligor becoming aware of the misrepresentation.

21.5 Cross-default

- (A) Any Financial Indebtedness of any Obligor is not paid when due nor within any applicable grace period.
- (B) Any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) and such amount is not paid when due.
- (C) Notwithstanding paragraphs (A) and (B) above, no Event of Default will occur under this clause if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness is less than USD 100 million (or its equivalent in any other currency or currencies) or if the relevant event or default has been waived, or if such event or default is caused by a Disruption Event, provided that, in the case of a Disruption Event the requisite payment is made within five Business Days.

21.6 Insolvency

Any of the following occurs in respect of an Obligor:

- (A) it is, or is deemed for the purposes of any law to be, unable to, or admits its inability to, pay its debts as they fall due or is or becomes insolvent or a moratorium is declared in relation to its indebtedness generally; or
- (B) it stops or suspends or threatens to suspend, or announces an intention to stop or suspend making payment of all or any class of its debts as they fall due in default of the obligation to make the relevant payment.

21.7 Insolvency proceedings

- (A) Except as provided in paragraph (B) below, any of the following occurs in respect of an Obligor:
 - (i) a written resolution is passed or a resolution is passed at a meeting of its shareholders, directors or other officers to petition for or to file documents with a court or any registrar for its winding-up, administration or dissolution;
 - (ii) any person presents a petition, or files documents with a court or any registrar for its winding-up, administration or dissolution;
 - (iii) an order for its winding-up, administration or dissolution is made;
 - (iv) any liquidator, provisional liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any material part of its assets;

- (v) a moratorium is declared in relation to the indebtedness of an Obligor;
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- (vi) its shareholders, directors or other officers request the appointment of, or give notice of their intention to appoint a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, provisional liquidator, receiver, administrative receiver, administrator or similar officer;

- (vii) any composition, compromise, assignment or arrangement is made with any of its creditors; or

- (viii) any other analogous step or procedure is taken in any jurisdiction.

(B) Paragraph (A) does not apply to:

- (i) any step or procedure which is part of a re-organisation of an Obligor on a solvent basis with the consent of the Majority Lenders (acting reasonably); or

- (ii) an IPO Reorganisation; or

- (iii) in the case of sub-paragraph (ii) or (iv) (or any step or procedure under sub-paragraph (vi) that is analogous to sub-paragraph (ii) or (iv)), if the relevant step, petition or filing is made by a person other than an Obligor, shareholder or their respective officers or directors and the relevant Obligor is taking steps in good faith and with due diligence for such proceedings or action to be stayed, discontinued, revoked or set aside and the same is stayed, discontinued, revoked or set aside within a period of 60 days; or

- (iv) any Enforcement Action that applies to assets having an aggregate value of less than USD 100 million.

21.8 Creditors' process

Any attachment, sequestration, distress, execution or analogous event affects any asset(s) of an Obligor, having an aggregate value of at least USD 15 million, and is not discharged within 45 days.

21.9 Unlawfulness and Invalidity of the Finance Documents

If all or any part of a Finance Document is not, or ceases to be, a legal, valid, binding and enforceable obligation of an Obligor, and

- (A) the Company fails, within 30 days of becoming aware of the matter, to procure the execution of a substitute agreement or agreements on substantially the same terms and with a commercially qualified party or parties acceptable to the Majority Lenders (acting reasonably); or

- (B) the matter is not otherwise remedied within 30 days of an Obligor becoming aware of the matter.

21.10 Cessation of Business

An Obligor ceases, or threatens to cease, all or a substantial part of its business (as carried on the date of this Agreement).

21.11 Expropriation

The Government (or any other official central or local government body with due authority) states officially that it will take any step with a view to the seizure, expropriation, nationalisation, requisition or compulsory acquisition all or a material part of the assets of the Ghana Obligors or all or a material part of the rights of the Ghana Obligors in relation thereto and such act has, or could reasonably be expected to have, a Material Adverse Effect.

21.12 Repudiation of Finance Documents

Any Finance Document is repudiated or rescinded by an Obligor.

21.13 Material Litigation

Any material litigation, arbitration or administrative proceedings are commenced, threatened or pending against an Obligor which could reasonably be expected to be adversely determined against it and which, if so determined, has, or would have, a Material Adverse Effect.

21.14 Material Adverse Effect

Any event which, in the opinion of the Majority Lenders (acting reasonably), has a Material Adverse Effect but only following consultation between the Facility Agent and the Company over a period of not less than 30 days with a view to agreeing steps of mitigation (each Party acting reasonably with a view to appropriate remedial action being taken).

21.15 Acceleration

Subject to the terms of the Intercreditor Agreements, on and at any time after the occurrence of an Event of Default which is continuing, the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

- (A) cancel the Total Commitments whereupon they shall immediately be cancelled;
- (B) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (C) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders; and/or

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- (D) exercise or direct the Security and Intercreditor Agent to exercise any or all of its rights, remedies, powers or discretions under any of the Finance Documents.

21.16 Notification of Event of Default

The Facility Agent shall notify the Security and Intercreditor Agent of the occurrence of any Event of Default.

PART 8 CHANGES TO LENDERS AND OBLIGORS AND ROLES

22. CHANGES TO THE LENDERS

22.1 Assignments and transfers and changes in Facility Office by the Lenders

Subject to this clause, a Lender (the “**Existing Lender**”) may:

- (A) (i) assign any of its rights; or
- (ii) transfer by novation any of its rights and obligations,

to an Affiliate, another Lender, an Affiliate of another Lender or a Qualifying Bank, another bank or financial institution or to a trust or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets or such other institution as the Borrower may agree in writing (the “**New Lender**”), or

- (B) change its Facility Office.

22.2 Conditions of assignment and transfer or change in Facility Office

- (A) The consent of the Company is required for an assignment or transfer by an Existing Lender, unless the assignment or transfer is (i) to, or in favour of, another Lender, an Affiliate of a Lender or a Qualifying Bank, or (ii) made at a time when an Event of Default is continuing.
- (B) The consent of the Company is required for a change in Facility Office to a different jurisdiction. In the case of a change of Facility Office for which the Company’s consent is not required, the Lender must notify the Company of the new Facility Office promptly on the change taking effect.
- (C) The consent of the Company to an assignment or transfer or change in Facility Office must not be unreasonably withheld or delayed (and will be deemed to have been given five Business Days after the relevant Lender has requested it unless consent is expressly refused by the Company within that time).
- (D) An assignment will only be effective on:
 - (i) receipt by the Facility Agent of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and

- (ii) the New Lender entering into the documentation required for it to accede as a party to the relevant Finance Documents (including, but not limited to, the Intercreditor Agreements).
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(E) A transfer will only be effective if the procedure set out in clause 22.5 (*Procedure for transfer*) is complied with.

(F) If:

- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
- (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under clause 13 (*TAX GROSS UP AND INDEMNITIES*) or clause 14 (*INCREASED COSTS*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

(G) Each New Lender, by executing the relevant Transfer Certificate confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with the Finance Documents on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement.

(H) Any assignment or transfer of part of the Existing Lender's rights and/or obligations must be a minimum of USD 5 million (or, if less, the entire Commitment of the Existing Lender) and must not result in the Existing Lender retaining less than USD 5 million, unless the assignment or transfer is made at a time when an Event of Default is continuing.

22.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of USD 2,500.

22.4 Limitation of responsibility of Existing Lenders

(A) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

- (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
- (ii) the financial condition of any Obligor;
- (iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(B) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Facility and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and
- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(C) Nothing in any Finance Document obliges an Existing Lender to:

- (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this clause; or
- (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its

obligations under the Finance Documents or otherwise.

22.5 Procedure for transfer

- (A) Subject to the conditions set out in clause 22.2 (*Conditions of assignment and transfer or change in Facility Office*) a transfer is effected in accordance with paragraph (B) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate on behalf of the other Finance Parties and the Obligors as well as itself, and notify the Company of the date of the transfer and name of the New Lender. Each Finance Party and each Obligor irrevocably authorises the Facility Agent to sign such a Transfer Certificate on its behalf.
- (B) On the Transfer Date:
- (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another

under the Finance Documents shall be cancelled (being the “**Discharged Rights and Obligations**”);

- (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
- (iii) the Facility Agent, each Mandated Lead Arranger, the New Lender and the other Finance Parties shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent such Finance Parties and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
- (iv) the New Lender shall become a Party as a “**Lender**”.

22.6 Copy of Transfer Certificate or Lender Accession Notice to Borrower

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or Lender Accession Notice, send to the Company a copy of that Transfer Certificate or Lender Accession Notice.

22.7 Disclosure of information

Any Lender, its officers and agents may disclose to any of its Affiliates (including its head office, representative and branch offices in any jurisdiction) (each a “**Permitted Party**”) and:

- (A) to any person (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement (or any adviser on a need to know basis advising such person on any of the foregoing);
- (B) to a professional adviser or a service provider of the Permitted Parties on a need to know basis advising such person on the rights and obligations under the Finance Documents or to an auditor of any Permitted Party on a need to know basis;
- (C) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor (or any adviser of any of the foregoing on a need to know basis advising such person on the rights and obligations under the Finance Documents);
- (D) to any rating agency (provided only general terms are disclosed in relation to the rating of a portfolio of assets), insurer or insurance broker, a direct or

indirect provider of credit protection in respect of the Lender’s participation in the Facility only on a need to know basis;

- (E) to any court or tribunal or regulatory, supervisory, governmental or quasi-governmental authority with jurisdiction over the Permitted Parties who requires disclosure of that information (where the Permitted Party has a legal obligation to provide that information or, if not, is customarily obligated or required to comply with such requirement);
- (F) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation; or

- (G) to any person who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraphs (A) or (C) above,

any information about any Obligor, the Group and the Finance Documents as that Lender shall consider appropriate if, in relation to paragraphs (A) to (C) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking (unless such person is already subject to professional confidentiality requirements which are no less stringent than those which are set out in a Confidentiality Undertaking) and provided that it shall itself ensure that all such information is kept confidential and is protected with security measures and a degree of care that would apply to its own confidential information.

22.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this clause 22, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create any Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (A) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and
- (B) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities, except that no such charge, assignment or Security Interest shall:
- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those

required to be made or granted to the relevant Lender under the Finance Documents.

23. CHANGES TO THE OBLIGORS

23.1 Assignments and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

23.2 Additional Borrowers

- (A) Subject to compliance with the provisions of paragraphs (C) and (D) of clause 17.8 ("*Know your customer*" and "*customer due diligence*" requirements), the Company may request that any of its subsidiaries becomes an Additional Borrower. That subsidiary shall become an Additional Borrower if:
- (i) the Majority Lenders (or, if that Additional Borrower is incorporated in a jurisdiction in which no other Borrower is incorporated, all the Lenders) approve the addition of that subsidiary;
- (ii) the Additional Borrower is, or simultaneously becomes, a Guarantor;
- (iii) the Company delivers to the Facility Agent a duly completed and executed Accession Letter;
- (iv) the Company confirms that no Default is continuing or would occur as a result of that subsidiary becoming an Additional Borrower; and
- (v) the Facility Agent has received all of the documents and other evidence listed in Part II of Schedule 3 (*Conditions Precedent*) in relation to that Additional Borrower, each in form and substance satisfactory to the Facility Agent.
- (B) The Facility Agent shall notify the Company and the Lenders promptly upon being satisfied (acting reasonably) that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 3 (*Conditions Precedent*).
- (C) In the event that an Additional Borrower becomes a party to this Agreement:
- (i) the Company, on behalf of all Obligors; and
- (ii) the Facility Agent on behalf of all Finance Parties,

are hereby authorised to effect all amendments required to be made to the Finance Documents to which they are party to reflect the fact that there may be multiple borrowers of the Facility.

23.3 Resignation of a Borrower

- (A) The Company may request that a Borrower (other than the Company) ceases to be a Borrower by delivering to the Facility Agent a Resignation Letter.
- (B) The Facility Agent shall accept a Resignation Letter and notify the Company and the Lenders of its acceptance if:
 - (i) no Default is continuing or would result from the acceptance of the Resignation Letter (and the Company has confirmed this is the case); and
 - (ii) the Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents,

whereupon that company shall cease to be a Borrower and shall have no further rights or obligations under the Finance Documents.

23.4 Additional Guarantor

- (A) Subject to compliance with the provisions of paragraphs (C) and (D) of clause 17.8 ("*Know your customer*" and "*customer due diligence*" requirements), the Borrower may request that any of its subsidiaries becomes an Additional Guarantor and will procure that any HY Note Guarantor becomes an Additional Guarantor in accordance with, and as required under, clause 23.5. That subsidiary shall become an Additional Guarantor if:
 - (i) the Company delivers to the Facility Agent an Accession Letter duly completed and executed by that Additional Guarantor and the Company; and
 - (ii) the Facility Agent have received all of the documents and other evidence listed in Part II of Schedule 3 (*Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Facility Agent.
- (B) The Facility Agent shall notify the Company and the Lenders promptly upon being satisfied (acting reasonably) that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 3 (*Conditions Precedent*).

23.5 HY Note Guarantor

- (A) In the event that any member of the Group which is not already a Guarantor becomes a HY Note Guarantor, then, subject to paragraph (B) below, the Company shall procure that such Group member becomes an Additional Guarantor pursuant to the procedures set out in clause 23.4 (*Additional Guarantor*) within 30 days of such Group member becoming a HY Note Guarantor.

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- (B) The Company shall only be required to procure that a Group member becomes an Additional Guarantor as provided for in paragraph (A) above:
 - (i) to the extent that such accession is legally possible;
 - (ii) provided that no director or officer of the relevant Group member shall be personally liable to any person as a consequence of the provision of the guarantee; and
 - (iii) subject to any restrictions or limitations in any contracts to which the Group member is subject as at the date on which the obligation under paragraph (A) above arises (and which were not agreed to or imposed in contemplation of the guarantee being given).

23.6 Repetition of Representations

Delivery of an Accession Letter constitutes confirmation by the relevant subsidiary that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

23.7 Resignation of a Guarantor on disposal

- (A) Where the Company intends to sell, transfer or dispose of its interest (whether direct or indirect) in a Guarantor to a third party, the Company may request that such Guarantor be released as a Guarantor by delivering to the Facility Agent a Resignation Letter.
- (B) The Facility Agent shall accept a Resignation Letter and notify the Company and the Lenders of its acceptance, subject only to the completion of the sale, transfer or disposal of the interest in that Guarantor, provided that:

- (i) there is no Default outstanding at the relevant time (unless such Default would itself be cured by the release of the Guarantor and its disposal);
 - (ii) no Default would result from the acceptance of such Resignation Letter; and
 - (iii) no payment is due from the Guarantor under the Deed of Guarantee.
- (C) The resignation of that Guarantor shall not be effective until the date of the relevant disposal, at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under this Agreement as a Guarantor.

24. ROLE OF THE FACILITY AGENT AND THE ARRANGER

24.1 Appointment of the Facility Agent

- (A) Each Finance Party (other than the Facility Agent) appoints the Facility Agent to act in that capacity under and in connection with the Finance Documents.
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- (B) Each other Finance Party authorises the Facility Agent to exercise the rights, powers, authorities and discretions specifically given to it under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

24.2 Duties of the Facility Agent

- (A) The Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
- (B) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (C) If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.
- (D) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than to an Agent or a Mandated Lead Arranger) under this Agreement it shall promptly notify the other Finance Parties.
- (E) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

24.3 Role of the Mandated Lead Arrangers

Except as specifically provided in the Finance Documents, no Mandated Lead Arranger has obligations of any kind to any other Party under or in connection with any Finance Document.

24.4 No fiduciary duties

- (A) Except as specifically provided in the Finance Documents, nothing in this Agreement constitutes the Facility Agent or a Mandated Lead Arranger as a trustee or fiduciary of any other person.
- (B) Neither the Facility Agent nor any Mandated Lead Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

24.5 Business with the Group

The Facility Agent and each Mandated Lead Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

24.6 Rights and discretions of the Facility Agent

- (A) The Facility Agent may rely on:
- (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
 - (ii) any statement made by a director, Authorised Signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

- (B) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
 - (i) no Default has occurred (unless it has actual knowledge of a Default arising under clause 21.1 (*Non-payment*));
 - (ii) any right, power, authority or discretion vested in any Party or the Lenders (or any consistent majority of Lenders) has not been exercised; and
 - (iii) any notice or request made by the Company (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.
- (C) The Facility Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (D) The Facility Agent may act in relation to the Finance Documents through its personnel and agents.
- (E) The Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (F) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor any Mandated Lead Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

24.7 Lenders' instructions

- (A) Unless a contrary indication appears in a Finance Document, the Facility Agent shall (i) exercise any right, power, authority or discretion vested in it as Facility Agent in accordance with any instructions given to it by the Lenders in accordance with this Agreement and the Intercreditor Agreements (or, if so instructed, refrain from exercising any right, power, authority or discretion vested in it as Facility Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such instructions.
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- (B) The Facility Agent may refrain from acting in accordance with instructions given to it by the Lenders in accordance with this Agreement and the Intercreditor Agreements until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (C) In the absence of instructions in accordance with this Agreement and the Intercreditor Agreements the Facility Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (D) The Facility Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

24.8 Responsibility for documentation

Neither the Facility Agent nor any Mandated Lead Arranger:

- (A) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Facility Agent, a Mandated Lead Arranger, an Obligor or any other person given in or in connection with any Finance Document; or
- (B) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document.

24.9 Exclusion of liability

- (A) Without limiting paragraph (B) below (and without prejudice to the provisions of paragraph (E) of clause 28.9 (*Disruption to Payment Systems etc.*), the Facility Agent shall not be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
 - (B) No Party (other than the Facility Agent) may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against it or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Facility Agent may rely on this clause.
 - (C) The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
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24.10 Lenders' indemnity to the Facility Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by it (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 28.9 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by an Obligor pursuant to a Finance Document).

24.11 Resignation of the Facility Agent

- (A) The Facility Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the other Finance Parties and the Company.
 - (B) Alternatively, the Facility Agent may resign by giving notice to the other Finance Parties and the Company, in which case the Majority Lenders may appoint a successor Facility Agent.
 - (C) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (B) above within 30 days after notice of resignation was given, the Facility Agent may (with the prior written consent of the Company) appoint a successor Facility Agent (acting through an office in the United Kingdom).
 - (D) The retiring Facility Agent shall, at its own cost, make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents. This obligation shall not apply in the event the Facility Agent is required to resign pursuant to paragraph (G) below.
 - (E) The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.
 - (F) Upon the appointment of a successor, a retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this clause 24.11. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
 - (G) After consultation with the Company, the Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with paragraph (B) above.
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24.12 Replacement of Administrative Parties

- (A) If:
 - (i) in relation to the Facility Agent (or its holding company), clause 21.6 (*Insolvency*) or clause 21.7 (*Insolvency proceedings*) (disregarding paragraph (B) of that clause) applies or has occurred; or
 - (ii) if the Facility Agent or any of its Affiliates repudiates its obligations under the Facility or (in its capacity as Lender) becomes a Non-Funding Lender,the Company shall be entitled to request that Majority Lenders appoint within 10 Business Days either a co-Facility Agent or a replacement Facility Agent from one of their number or (subject to reasonable consultation with the Company), from outside the Lender group.
- (B) The Facility Agent to which either of the circumstances described in (A)(i) or (A)(ii) above applies (an "**Affected Facility Agent**") shall cease to be entitled to fees in respect of its role upon becoming an Affected Facility Agent.
- (C) The Affected Facility Agent shall provide all assistance and documentation reasonably required to the Company and the other Lenders to enable the uninterrupted administration of the Facility. This shall include the provision to the Company on request and in any event, within five Business Days, of an up to date list of participants in the Facility including names and contact details.

24.13 Confidentiality

- (A) In acting as agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division performing the role which shall be treated as a separate entity from any other of its divisions or departments.
- (B) If information is received by another division or department of the Facility Agent, it may be treated as confidential to that division or department and the Facility Agent shall not be deemed to have notice of it.

24.14 Facility Agent relationship with the Lenders

- (A) The Facility Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
 - (B) Each Lender shall supply the Facility Agent with any information required by that Facility Agent in order to calculate the Mandatory Cost in accordance with Schedule 5 (*Mandatory Cost Formulae*).
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24.15 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Facility Agent and each Mandated Lead Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (A) the financial condition, status and nature of the Guarantor and each member of the Group;
- (B) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (C) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (D) the adequacy, accuracy and/or completeness of any information provided by the Facility Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

24.16 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Facility Agent shall (in consultation with the Company) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

24.17 Deductions from amounts payable by Agents

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents, that Party shall be regarded as having received any amounts so deducted.

25. THE SECURITY AND INTERCREDITOR AGENT

25.1 Trust

- (A) The Security and Intercreditor Agent declares that it shall hold the Secured Property on trust for the Secured Parties on the terms contained in this Agreement.
- (B) Each of the Secured Parties to this Agreement agree that the Security and Intercreditor Agent shall have only those duties, obligations and responsibilities expressly specified in this Agreement or in the Security Documents to which the Security and Intercreditor Agent is expressed to be a party (and no others shall be implied).

25.2 No independent power

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any rights or powers arising under the Security Documents except through the Security and Intercreditor Agent.

25.3 KEL Intercreditor Agreement

At any time, if the KEL Intercreditor Agreement is in force and effect, this clause 25, clause 26 (*CHANGE OF SECURITY AND INTERCREDITOR AGENT AND DELEGATION*) and clause 31 (*INDEMNITIES*) shall be ignored, shall have no force or effect and the Parties to this Agreement shall observe their respective rights and obligations under this Agreement as if this clause 25, clause 26 (*CHANGE OF SECURITY AND INTERCREDITOR AGENT AND DELEGATION*) and clause 31 (*INDEMNITIES*) were removed in their entirety.

25.4 Instructions to Security and Intercreditor Agent and exercise of discretion

- (A) Subject to paragraphs (D) and (E) below, the Security and Intercreditor Agent shall act in accordance with any instructions given to it by the Majority Lenders or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Security and Intercreditor Agent and shall be entitled to assume that (i) any instructions received by it from the Facility Agent or a group of Lenders are duly given in accordance with the terms of the Finance Documents and (ii) unless it has received actual notice of revocation, that those instructions or directions have not been revoked.
 - (B) The Security and Intercreditor Agent shall be entitled to request instructions, or clarification of any direction, from the Majority Lenders as to whether, and in what manner, it should exercise or refrain from exercising any rights, powers, authorities and discretions and the Security and Intercreditor Agent may refrain from acting unless and until those instructions or clarification are received by it.
 - (C) Any instructions given to the Security and Intercreditor Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties.
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- (D) Paragraph (A) above shall not apply:
 - (i) where a contrary indication appears in this Agreement;
 - (ii) where this Agreement requires the Security and Intercreditor Agent to act in a specified manner or to take a specified action;
 - (iii) in respect of any provision which protects the Security and Intercreditor Agent's own position in its personal capacity as opposed to its role of Security and Intercreditor Agent for the Secured Parties.
- (E) In exercising any discretion to exercise a right, power or authority under this Agreement where either:
 - (i) it has not received any instructions from the Majority Lenders as to the exercise of that discretion; or
 - (ii) the exercise of that discretion is subject to paragraph (D)(iii) above,the Security and Intercreditor Agent shall do so having regard to the interests of all the Secured Parties.

25.5 Security and Intercreditor Agent's Actions

Without prejudice to the provisions of clause 25.4 (*Instructions to Security and Intercreditor Agent and exercise of discretion*), the Security and Intercreditor Agent may (but shall not be obliged to), in the absence of any instructions to the contrary, take such action in the exercise of any of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

25.6 Security and Intercreditor Agent's discretions

The Security and Intercreditor Agent may:

- (A) assume (unless it has received actual notice to the contrary from the Facility Agent) that (i) no Default has occurred and no Obligor is in breach of or in default of its obligations under any of the Finance Documents and (ii) any right, power, authority or discretion vested by any Finance Document in any person has not been exercised;
 - (B) engage, pay for and rely on the advice or services of any legal advisers, accountants, tax advisers, surveyors or other experts (whether obtained by the Security and Intercreditor Agent or by any other Secured Party) whose advice or services may at any time seem necessary, expedient or desirable;
 - (C) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Secured Party, any Lender or an Obligor, upon a certificate signed by or on behalf of that person; and
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- (D) refrain from acting in accordance with the instructions of any Secured Party (including bringing any legal action or proceeding arising out of or in connection with the Finance Documents) until it has received any indemnification and/or Security that it may in its discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in so acting.

25.7 Security and Intercreditor Agent's obligations

The Security and Intercreditor Agent shall promptly:

- (A) copy to the Facility Agent the contents of any notice or document received by it from any Obligor under any Finance Document;

- (B) forward to a Secured Party the original or a copy of any document which is delivered to the Security and Intercreditor Agent for that Secured Party by any other Party **provided that**, except where a Finance Document expressly provides otherwise, the Security and Intercreditor Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party;
- (C) to the extent that a Secured Party (other than the Security and Intercreditor Agent) is required to calculate a Dollar Currency Amount, and upon a request by that Secured Party, notify that Secured Party of the Security and Intercreditor Agent's Spot Rate of Exchange.

25.8 Excluded obligations

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security and Intercreditor Agent shall not:

- (A) be bound to enquire as to (i) whether or not any Default has occurred or (ii) the performance, default or any breach by an Obligor of its obligations under any of the Finance Documents;
- (B) be bound to account to any other Party for any sum or the profit element of any sum received by it for its own account;
- (C) be bound to disclose to any other person (including but not limited to any Secured Party) (i) any confidential information or (ii) any other information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty; or
- (D) have or be deemed to have any relationship of trust or agency with, any Obligor.

25.9 Exclusion of liability

None of the Security and Intercreditor Agent, any Receiver nor any Delegate shall accept responsibility or be liable for:

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- (A) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security and Intercreditor Agent or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
 - (B) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Secured Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;
 - (C) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Finance Documents, the Secured Property or otherwise, whether in accordance with an instruction from the Facility Agent or otherwise unless directly caused by its gross negligence or wilful misconduct;
 - (D) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Finance Documents, the Secured Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, the Finance Documents or the Secured Property; or
 - (E) any shortfall which arises on the enforcement or realisation of the Secured Property.

25.10 No proceedings

No Party (other than the Security and Intercreditor Agent, that Receiver or that Delegate) may take any proceedings against any officer, employee or agent of the Security and Intercreditor Agent, a Receiver or a Delegate in respect of any claim it might have against the Security and Intercreditor Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Secured Property and any officer, employee or agent of the Security and Intercreditor Agent, a Receiver or a Delegate may rely on this clause subject to the provisions of the Third Parties Rights Act.

25.11 Own responsibility

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Secured Party confirms to the Security and Intercreditor Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (A) the financial condition, status and nature of each Obligor;
 - (B) the legality, validity, effectiveness, adequacy and enforceability of any Finance Document, the Secured Property and any other agreement, arrangement or
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document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;

- (C) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Secured Property, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;
- (D) the adequacy, accuracy and/or completeness of any information provided by the Security and Intercreditor Agent or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (E) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property,

and each Secured Party warrants to the Security and Intercreditor Agent that it has not relied on and will not at any time rely on the Security and Intercreditor Agent in respect of any of these matters.

25.12 No responsibility to perfect Transaction Security

The Security and Intercreditor Agent shall not be liable for any failure to:

- (A) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Charged Property;
 - (B) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Finance Documents or the Transaction Security;
 - (C) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Finance Documents or of the Transaction Security;
 - (D) take, or to require any of the Obligors to take, any steps to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under the laws of any jurisdiction; or
 - (E) require any further assurances in relation to any of the Security Documents.
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25.13 Insurance by Security and Intercreditor Agent

- (A) The Security and Intercreditor Agent shall not be under any obligation to insure any of the Charged Property, to require any other person to maintain any insurance or to verify any obligation to arrange or maintain insurance contained in the Finance Documents. The Security and Intercreditor Agent shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy of any such insurance.
- (B) Where the Security and Intercreditor Agent is named on any insurance policy as an insured party, it shall not be responsible for any loss which may be suffered by reason of, directly or indirectly, its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Facility Agent shall have requested it to do so in writing and the Security and Intercreditor Agent shall have failed to do so within fourteen days after receipt of that request.

25.14 Custodians and nominees

The Security and Intercreditor Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any assets of the trust as the Security and Intercreditor Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security and Intercreditor Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

25.15 Acceptance of title

The Security and Intercreditor Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any of the Obligors or Group Companies may have to any of the Charged Property and shall not be liable for or bound to require any Obligor or Group Company to remedy any defect in its right or title.

25.16 Refrain from illegality

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security and Intercreditor Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction and the Security and Intercreditor Agent may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

25.17 Business with the Obligors

The Security and Intercreditor Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with any of the Obligors.

25.18 Winding up of trust

If the Security and Intercreditor Agent, with the approval of the Facility Agent, determines that (a) all of the Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged and (b) none of the Secured Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents:

- (A) the trusts set out in this Agreement shall be wound up and the Security and Intercreditor Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security and Intercreditor Agent under each of the Security Documents; and
- (B) any Retiring Security and Intercreditor Agent shall release, without recourse or warranty, all of its rights under each of the Security Documents.

25.19 Perpetuity period

The perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of 125 years from the date of this Agreement.

25.20 Powers supplemental

The rights, powers and discretions conferred upon the Security and Intercreditor Agent by this Agreement shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security and Intercreditor Agent by general law or otherwise.

25.21 Trustee division separate

- (A) In acting as trustee for the Secured Parties, the Security and Intercreditor Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any of its other divisions or departments.
 - (B) If information is received by another division or department of the Security and Intercreditor Agent, it may be treated as confidential to that division or department and the Security and Intercreditor Agent shall not be deemed to have notice of it.
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25.22 Disapplication

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security and Intercreditor Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

25.23 Obligors: Power of Attorney

Each Obligor by way of security for its obligations under this Agreement irrevocably appoints the Security and Intercreditor Agent to be its attorney to do anything which that Obligor has authorised the Security and Intercreditor Agent or any other Party to do under this Agreement or is itself required to do under this Agreement but has failed to do (and the Security and Intercreditor Agent may delegate that power on such terms as it sees fit).

26. CHANGE OF SECURITY AND INTERCREDITOR AGENT AND DELEGATION

26.1 Resignation of the Security and Intercreditor Agent

- (A) The Security and Intercreditor Agent may resign and appoint one of its affiliates as successor by giving notice to the Company and the Lenders.
- (B) Alternatively the Security and Intercreditor Agent may resign by giving notice to the other Lenders in which case the Majority Lenders may appoint a successor Security and Intercreditor Agent.

- (C) If the Majority Lenders have not appointed a successor Security and Intercreditor Agent in accordance with paragraph (B) above within 30 days after the notice of resignation was given, the Security and Intercreditor Agent (after consultation with the Facility Agent) may appoint a successor Security and Intercreditor Agent.
- (D) The retiring Security and Intercreditor Agent (the “**Retiring Security and Intercreditor Agent**”) shall, at its own cost, make available to the successor Security and Intercreditor Agent such documents and records and provide such assistance as the successor Security and Intercreditor Agent may reasonably request for the purposes of performing its functions as Security and Intercreditor Agent under the Finance Documents.
- (E) The Security and Intercreditor Agent’s resignation notice shall only take effect upon (i) the appointment of a successor and (ii) the transfer of all of the Secured Property to that successor.
- (F) Upon the appointment of a successor, the Retiring Security and Intercreditor Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph 25.18(B) (*Winding up of*

trust) and under paragraph (D) above) but shall, in respect of any act or omission by it whilst it was the Security and Intercreditor Agent, remain entitled to the benefit of clauses 25 (*THE SECURITY AND INTERCREDITOR AGENT*), clause 31.1 (*Obligors’ indemnity*) and clause 31.3 (*Lenders’ indemnity*). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original Party.

- (G) The Majority Lenders may, by notice to the Security and Intercreditor Agent, require it to resign in accordance with paragraph (B) above. In this event, the Security and Intercreditor Agent shall resign in accordance with paragraph (B) above but the cost referred to in paragraph (D) above shall be for the account of KEL.

26.2 Delegation

- (A) Each of the Security and Intercreditor Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of the rights, powers and discretions vested in it by any of the Finance Documents.
- (B) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security and Intercreditor Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties and it shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub delegate.

26.3 Additional Security and Intercreditor Agents

- (A) The Security and Intercreditor Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co trustee jointly with it (i) if it considers that appointment to be in the interests of the Secured Parties or (ii) for the purposes of conforming to any legal requirements, restrictions or conditions which the Security and Intercreditor Agent deems to be relevant or (iii) for obtaining or enforcing any judgment in any jurisdiction, and the Security and Intercreditor Agent shall give prior notice to the Company and the Facility Agent of that appointment.
- (B) Any person so appointed shall have the rights, powers and discretions (not exceeding those conferred on the Security and Intercreditor Agent by this Agreement) and the duties and obligations that are conferred or imposed by the instrument of appointment.
- (C) The remuneration that the Security and Intercreditor Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security and Intercreditor Agent.

27. INTERCREDITOR ARRANGEMENTS

27.1 Pari passu ranking

Any issue of HY Notes by the Company shall rank pari passu in terms of both payment and security with the rights and obligations of the Company under this Agreement, the Deed of Guarantee and the Charge over Shares in KEH in accordance with the terms set out in the KEL Intercreditor Agreement.

27.2 Execution of KEL Intercreditor Agreement

If the Company wishes to issue HY Notes, then within five Business Days (the “**Notice Period**”) of written request by the Company, the Facility Agent will, for and on behalf of all Finance Parties and the Company will, for and on behalf of the Obligors, enter into the KEL Intercreditor Agreement substantially in the form set out in Schedule 11 (*KEL Intercreditor Agreement*) together with such amendments and/or additions as any

collateral agent, trustee or other representative of the HY Noteholders (whether appointed at that time or not) may reasonably require, and provided that the Majority Lenders have not determined within the Notice Period that such amendments and/or additions would materially and adversely prejudice their interests. If the Majority Lenders do make such a determination, then the Facility Agent shall promptly notify the Company in writing of that decision setting out in reasonable detail the basis and reasons for that decision and the changes which the Majority Lenders (acting reasonably) would require for the Security and Intercreditor Agent to enter into the KEL Intercreditor Agreement. If such changes are made, then the Security and Intercreditor Agent will then promptly enter into the KEL Intercreditor Agreement reflecting the relevant amendments and/or additions together with the changes required by the Majority Lenders. For the avoidance of doubt, the Company shall not issue any HY Notes unless on or prior to such issuance, the HY Noteholder Trustee enters into the KEL Intercreditor Agreement (as amended pursuant to this clause).

27.3 Authority of Facility Agent, the Company and the Security and Intercreditor Agent

The Facility Agent is irrevocably authorised for and on behalf of each Finance Party and the Company is irrevocably authorised for and on behalf of each Obligor to enter into the Intercreditor Agreements (including any amendments thereto) in a form as substantially approved by the Majority Lenders (in relation to the KEL Intercreditor Agreement, when required pursuant to clause 27.2 above). The Security and Intercreditor Agent is irrevocably authorised for and on behalf of each Finance Party and the Company is irrevocably authorised for and on behalf of each Obligor to enter into the Deed of Guarantee and any deed of subordination entered into pursuant to the requirements of clause 4(B) of the Deed of Guarantee. In all cases, each Finance Party and each Obligor shall be bound by the terms of each such agreements when executed by the Facility Agent or the Security and Intercreditor Agent and the Company respectively, including any terms which impose obligations upon the Finance Parties or the Obligors, respectively.

27.4 Accession to the KEFI Intercreditor Agreement

- (A) Each Finance Party and each Obligor agrees that any collateral agent, trustee or other representative of the HY Noteholders may enter into and accede to the KEFI Intercreditor Agreement, the Deed of Guarantee and the Charge over Shares in KEH for and on behalf of itself and each HY Noteholder without the requirement for any consent or approvals from the Finance Parties or the Obligors (or any of them). Such accession shall confer upon the HY Noteholders all of the rights and privileges set out in the relevant agreement. The Company may by five Business Days written Notice (the “**Amendment Notice Period**”) to the Facility Agent request that such amendments and/or additions be made to the KEFI Intercreditor Agreement as any collateral agent, trustee or other representative of the HY Noteholders (whether appointed at that time or not) may reasonably require (the “**HY Noteholder Trustee Amendments**”). During the Amendment Notice Period, either:
- (i) the Security and Intercreditor Agent shall enter into any agreement effecting the HY Noteholder Trustee Amendments, on the instructions of the Majority Lenders; or
 - (ii) the Facility Agent shall notify the Company in writing of any determination by the Majority Lenders that the HY Noteholder Trustee Amendments would materially and adversely prejudice their interests.
- (B) If, on the instructions of the Majority Lenders, the Facility Agent is required to make the notification described in paragraph (A)(ii) above, the Facility Agent shall promptly contact the Company in writing setting out in reasonable detail the basis and reasons for that decision and the changes which the Majority Lenders (acting reasonably) would require for the Security and Intercreditor Agent to enter into the KEFI Intercreditor Agreement with the HY Noteholder Trustee Amendments incorporated. If such changes are made, then the Security and Intercreditor Agent will be deemed to have been instructed by the Majority Lenders promptly to enter into any agreement effecting the HY Noteholder Amendments, together with the changes required by the Majority Lenders.
- (C) For the avoidance of doubt, the Company shall not issue any HY Notes unless on or prior to such issuance, the HY Noteholder Trustee accedes to the KEFI Intercreditor Agreement (as amended pursuant to this clause 27.4).

27.5 Role of Facility Agent

The Facility Agent is irrevocably authorised for and on behalf of each Finance Party and the Company is irrevocably authorised for and on behalf of each Obligor to enter into any agreement amending the KEFI Intercreditor Agreement for the purpose of effecting any amendment as referred to in clause 27.4 above, and each Finance Party and each Obligor shall be bound by the terms of any such amendment.

PART 9 ADMINISTRATION, COSTS AND EXPENSES

28. PAYMENT MECHANICS

28.1 Payments to the Facility Agent

- (A) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Facility Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(B) Payment shall be made to such account in London (or, as the case may be, Paris or New York) as the Facility Agent specifies.

28.2 Distributions by the Facility Agent

Subject to the terms of the Intercreditor Agreements, each payment received by the Facility Agent under the Finance Documents for another Party shall be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank in London (or, as the case may be, Paris or New York).

28.3 Clawback

- (A) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility Agent is not obliged to pay that sum to that other Party (or enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (B) If the Facility Agent pays an amount to another Party and it proves to be the case that the Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Facility Agent shall on demand refund the same to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

28.4 Partial Payments

- (A) If the Facility Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

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- (i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Facility Agent under the Finance Documents;
 - (ii) **secondly**, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;
 - (iii) **thirdly**, in or towards payment pro rata of any principal due but unpaid under this Agreement; and
 - (iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(B) The Facility Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (A)(i) to (iv) above.

(C) Paragraphs (A) and (B) above will override any appropriation made by an Obligor.

28.5 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

28.6 Business Days

- (A) Subject to paragraph (C) below, any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (B) During any extension of the due date for payment of any principal or Unpaid Sum under the Finance Documents, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.
- (C) Notwithstanding paragraph (A) above, a payment due on the Termination Date shall be made on the Termination Date.

28.7 Currency of account

- (A) Subject to paragraphs (B) to (E) below, the base currency is the currency of account and payment for any sum due from an Obligor under any Finance Document and is the US Dollar (“**Base Currency**”).
- (B) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated on its due date.
- (C) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
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- (D) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
 - (E) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

28.8 Change of currency

- (A) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent acting reasonably (after consultation with the Company); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).
- (B) If a change in any currency of a country occurs, the Parties will enter negotiations in good faith with a view to agreeing any amendments which may be necessary to this Agreement to comply with any generally accepted conventions and market practice in the London interbank market and otherwise to reflect the change in currency.

28.9 Disruption to Payment Systems etc.

If the Facility Agent determine (acting reasonably) that a Disruption Event has occurred or the Facility Agent is notified by the Company that a Disruption Event has occurred:

- (A) the Facility Agent may, and shall if requested to do so by the Company, consult with the Company with a view to agreeing with the Company such changes to the operation or administration of the Facility (including, without limitation, changes to the timing and mechanics of payments due under the Finance Documents) as the Facility Agent may deem necessary in the circumstances;
- (B) the Facility Agent shall not be obliged to consult with the Company in relation to any changes mentioned in paragraph (A) above if, in its reasonable opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (C) the Facility Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (A) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

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- (D) any such changes agreed upon by the Facility Agent and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of clause 37 (*AMENDMENTS AND WAIVERS*);
 - (E) the Facility Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause; and
 - (F) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (D) above.

29. SET-OFF

Subject to the terms of the Intercreditor Agreements and without prejudice to the rights of the Finance Parties at law, at any time after an Event of Default has occurred which is continuing, a Finance Party (other than a Non-Funding Lender) may, on giving notice to the Obligor, set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

30. COSTS AND EXPENSES

30.1 Transaction expenses

The Company shall within fifteen Business Days of demand, pay the Facility Agent and each Mandated Lead Arranger the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, and execution of:

- (A) this Agreement and any other documents referred to in this Agreement; and

(B) any other Finance Documents executed after the date of this Agreement.

30.2 Amendment costs

If:

- (A) an Obligor requests an amendment, waiver or consent; or
- (B) an amendment is required pursuant to clause 28.8 (*Change of currency*),

the Company shall, within fifteen Business Days of demand, reimburse the Facility Agent for the amount of all costs and expenses (including legal fees) reasonably

incurred by the Facility Agent in responding to, evaluating, negotiating or complying with that request or requirement.

30.3 Enforcement costs

The Company shall, within five Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement or attempted enforcement of, or the preservation of any rights under, any Finance Document.

31. INDEMNITIES

31.1 Obligors' indemnity

Each Obligor shall promptly indemnify the Security and Intercreditor Agent and every Receiver and Delegate against any cost, loss or liability (together with any applicable VAT) incurred by any of them:

- (A) in relation to or as a result of:
 - (i) any failure by the Company to comply with obligations under clause 30 (*COSTS AND EXPENSES*);
 - (ii) the taking, holding, protection or enforcement of the Transaction Security;
 - (iii) the exercise of any of the rights, powers, discretions and remedies vested in the Security and Intercreditor Agent, each Receiver and each Delegate by the Finance Documents or by law; or
 - (iv) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or
- (B) which otherwise relates to any of the Secured Property or the performance of the terms of this Agreement (otherwise than as a result of its gross negligence or wilful misconduct).

31.2 Priority of indemnity

The Security and Intercreditor Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in clause 31.1 (*Obligors' indemnity*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

31.3 Lenders' indemnity

Each Lender shall (in the proportion that the Liabilities due to it bears to the aggregate of the Liabilities due to all the Lenders for the time being (or, if the Liabilities due to each of those Lenders is zero, immediately prior to their being reduced to zero)), indemnify

the Security and Intercreditor Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant Security and Intercreditor Agent's, Receiver's or Delegate's gross negligence or wilful misconduct in acting as Security and Intercreditor Agent, Receiver or Delegate under the Finance Documents (unless the Security and Intercreditor Agent, Receiver or Delegate has been reimbursed by an Obligor pursuant to a Finance Document) and the Obligors shall jointly and severally indemnify each Lender against any payment made by it under this clause 31.

32. NOTICES

32.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter or, as appropriate, electronic mail.

32.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (A) in the case of the Obligors, that identified with its name below;
- (B) in the case of each Lender or any other Initial Obligor, that notified in writing to the Facility Agent on or prior to the date on which it becomes a Party; and
- (C) in the case of the Facility Agent, that identified with its name below,

or any substitute address or fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

Contact details of the Original Borrower

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 441 292 4720

Fax: +1 214 445 9705

Attention: Company Secretary

Attention: Jason Doughty

Contact details of the Original Guarantors

P.O. Box 32322
4th Floor, Century Yard
Cricket Square
Elgin Avenue
George Town
Grand Cayman
KY1-1209
Cayman Islands

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: (345) 946 4090

Fax: +1 214 445 9705

Attention: Andrew Johnson

Attention: Jason Doughty

Contact details of the Facility Agent

Address: Standard Chartered Bank
5th Floor
1 Basinghall Avenue
London
EC2V 5DD

Fax: +44 207 885 3632

Attention: Matthew Breadon

Contact details of the Security and Intercreditor Agent

Address: BNP Paribas
16 Rue de Hanovre

75078 Paris Cedex 2
France

Fax: 33 1 42 98 49 25

Attention: Phoi-Van Phuong

32.3 Delivery

(A) Subject to clause 32.5 (*Electronic communication*), any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

-
- (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post with postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under clause 32.2 (*Addresses*), if addressed to that department or officer.

- (B) Any communication or document to be made or delivered to the Facility Agent will be effective only when actually received by the Facility Agent and then only if it is expressly marked for the attention of the department or officer identified with the Facility Agent's signature below (or any substitute department or officer as the Facility Agent shall specify for this purpose).
- (C) All notices from or to an Obligor shall be sent through the Facility Agent.
- (D) Any communication or document made or delivered to the Company in accordance with this clause will be deemed to have been made or delivered to each of the Obligors.

32.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to clause 32.2 (*Addresses*) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

32.5 Electronic communication

- (A) Any communication to be made between the Facility Agent and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Facility Agent and the relevant Lender:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (B) Any electronic communication made between the Facility Agent and a Lender will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Facility Agent only if it is addressed in such a manner as the Facility Agent shall specify for this purpose.

32.6 English language

- (A) Any notice given under or in connection with any Finance Document must be in English.
- (B) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.
- (C) The Security and Intercreditor Agent and/or receiving party shall be entitled to assume the accuracy of and rely upon any English

translation of any document provided pursuant to this clause 32.6 and the English translation shall prevail unless the document is a statutory or other official document. Translation costs are for the account of the Obligors.

33. CALCULATIONS AND CERTIFICATES

33.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

33.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest or proven error, prima facie evidence of the matters to which it relates.

33.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days.

34. DISCLOSURE TO NUMBERING SERVICE PROVIDERS

(A) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:

- (i) names of Obligors;
- (ii) country of domicile of Obligors;
- (iii) place of incorporation of Obligors;
- (iv) date of this Agreement;
- (v) the names of the Facility Agent and Mandated Lead Arrangers;
- (vi) date of each amendment and restatement of this Agreement;
- (vii) amount of Total Commitments;
- (viii) currencies of the Facility;
- (ix) type of Facility;
- (x) ranking of Facility;
- (xi) Termination Date for the Facility;
- (xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and
- (xiii) such other information agreed between such Finance Party and the Company,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(B) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(C) The Company represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (A) above is, nor will at any time be, unpublished price-sensitive information.

(D) The Facility Agent shall notify the Company and the other Finance Parties of:

- (i) the name of any numbering service provider appointed by the Facility Agent in respect of this Agreement, the Facility and/or one or more Obligors; and

- (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligor by such numbering service provider.

35. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

36. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

37. AMENDMENTS AND WAIVERS

37.1 Required consents

- (A) Subject to clause 37.2 (*Exceptions*) and to paragraph (D) below, any term of the Finance Documents (other than a waiver of a Condition Precedent or a Condition Subsequent, which shall be made pursuant to clause 2.4 (*Waivers of Conditions Precedent*)) may be amended or waived only with the consent of the Majority Lenders and the Obligor and any such amendment or waiver will be binding on all Parties.
- (B) The consent of the Security and Intercreditor Agent shall be required in relation to any proposed amendment or waiver of clause 25 (*THE SECURITY AND INTERCREDITOR AGENT*), clause 26 (*CHANGE OF SECURITY AND INTERCREDITOR AGENT AND DELEGATION*) or clause 31 (*INDEMNITIES*).
- (C) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this clause.
- (D) Notwithstanding the terms of this clause 37, in relation to an amendment, variation or waiver of the terms of the Intercreditor Agreements or the KEH Charge over Shares in KEH, the terms of the Intercreditor Agreements shall prevail.

37.2 Exceptions

- (A) The following may not be effected without the consent of all the Lenders.
 - (i) amending the definition of “**Majority Lenders**”;
 - (ii) amending, varying or waiving clause 4 (*FINANCE PARTIES' RIGHTS AND OBLIGATIONS*) and/or any other term of any Finance Document which relates to the rights and/or obligations of each Finance Party being several;
 - (iii) varying the date for, or altering the amount or currency of, any payment to Lenders under the Finance Documents;
 - (iv) extending the Commitment of a Lender;
 - (v) amending varying or waiving a term of any Finance Document which expressly requires the consent of all the Lenders;
 - (vi) amending, varying or waiving this clause; or
 - (vii) any release of Security Interests granted pursuant to any Security Document or amendment, waiver or variation of the obligations of any Obligor pursuant to the Deed of Guarantee.
- (B) The Commitment of a Lender may not be increased (excluding any increase as a result of an assumption of Additional Commitment pursuant to clause 3.2 (*Additional Commitments*)) or a transfer made pursuant to clause 22 (*Changes to the Lenders*) without the consent of that Lender and the Majority Lenders.
- (C) An amendment or waiver which relates to the rights or obligations of the Facility Agent may not be effected without the consent of the Facility Agent.
- (D) If a Lender (i) becomes a Non-Funding Lender or (ii) does not accept or reject a request for an amendment, waiver, consent or approval within fifteen Business Days (or such longer period as the Company may specify) of such request being made, that Lender's Commitment shall not be included for the purposes of calculating Total Commitments under the Facility when ascertaining whether a certain percentage of Total Commitments has been obtained to approve the amendment, waiver, consent or approval, provided that (other than in the case of

(i) above) no more than 25 per cent. of Lender votes (by Commitment) may be disregarded in such a way.

37.3 Exclusions

Subject to clause 37.2 (*Exceptions*), if a Lender does not accept or reject a request for an amendment or waiver within ten Business Days of receipt of such request (or such longer period as the Company and the Facility Agent may agree), or abstains from accepting or rejecting a request for an amendment or waiver, or if the Lender is a Non Funding Lender, its Commitments shall not be included for the purpose of calculating the Total Commitments when ascertaining whether the consent of a Lender or Lenders whose Commitments aggregate more than the required percentage of the Total Commitments has been obtained in respect of such request.

37.4 Disenfranchisement of Shareholder Affiliates

Notwithstanding any other provisions of this Agreement, for so long as a Shareholder Affiliate is a Lender and/or to the extent that a Shareholder Affiliate beneficially owns a Commitment or has entered into a sub-participation agreement relating to a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated, such

Shareholder Affiliate shall not be entitled to exercise any rights to vote as Lender in respect of any matters requiring decision by the Lenders under the terms of this Agreement or any of the Finance Documents. Each such Shareholder Affiliate acknowledges and agrees that:

- (A) in the event that a matter requires decision by one or more Lenders under this Agreement or any of the Finance Documents,
 - (i) the Commitment of such Shareholder Affiliate and any associated participation of such Shareholder Affiliate in a Loan shall be deemed to be zero; and
 - (ii) such Shareholder Affiliate shall be deemed not to be a Lender;
- (B) in relation to any meeting or conference call to which all or any number of Lenders are invited to attend or participate, it shall not attend or participate in the same if so requested by the Facility Agent or, unless the Facility Agent otherwise agree, be entitled to receive the agenda or any minutes of the same; and
- (C) it shall not, unless the Facility Agent otherwise agree, be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Facility Agent or one or more of the Lenders.

38. COUNTERPARTS

- (A) This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart.
- (B) Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument.

PART 10 GOVERNING LAW AND ENFORCEMENT

39. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

40. JURISDICTION

40.1 Submission

The parties hereby irrevocably agree for the exclusive benefit of the Secured Parties that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement, or any non-contractual obligations arising out of or in connection with it) (a “**Dispute**”).

40.2 Forum convenience

The parties hereby irrevocably agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly irrevocably agree not to argue to the contrary.

40.3 Concurrent jurisdiction

This clause 40 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

41. SERVICE OF PROCESS

- (A) Without prejudice to any other mode of service allowed under any relevant law, each of the Obligors:
- (i) irrevocably appoints Trusec Limited of 2 Lambs Passage, London, EC1Y 8BB (the “**Process Agent**”) as its agent for service of process in relation to any Dispute before the English courts in connection with any Finance Document;
 - (ii) irrevocably agrees that any Service Document may be sufficiently and effectively served on it in connection with any Dispute in England and Wales by service on the Process Agent (or any replacement agent appointed pursuant to paragraph (B) of this clause 41 (*SERVICE OF PROCESS*)); and
 - (iii) irrevocably agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
-
- (B) If the agent referred to in paragraph (A) of this clause 41 (or any replacement agent appointed pursuant to this paragraph (B)) at any time ceases for any reason to act as such, as the case may be, each Obligor shall as soon as reasonably practicable appoint a replacement agent to accept service having an address for service in England or Wales and shall notify the Facility Agent of the name and address of the replacement agent; failing such appointment and notification, the agent referred to in paragraph (A) of this clause 41 (or any replacement agent appointed pursuant to this paragraph (B)) shall continue to be authorised to act as agent for service of process in relation to any proceedings before the English courts on behalf of the relevant party and shall constitute good service.
- (C) Any document addressed in accordance with paragraph (A) of this clause 41 shall be deemed to have been duly served if:
- (i) left at the specified address, when it is left; or
 - (ii) sent by first class post, two clear Business Days after posting.
- (D) For the purposes of this clause 41, “**Service Document**” means a writ, summons, order, judgment or other document relating to or in connection with any Dispute. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Schedule 1 The Original Guarantors

<u>Name</u>	<u>Jurisdiction of Incorporation</u>	<u>Registered Number</u>
Kosmos Energy Operating	Cayman Islands	231417
Kosmos Energy International	Cayman Islands	218274
Kosmos Energy Development	Cayman Islands	225879
Kosmos Energy Ghana HC	Cayman Islands	135710
Kosmos Energy Finance International	Cayman Islands	253656

Schedule 2 The Original Lenders

<u>Original Lender</u>	<u>Commitment (USD)</u>
Bank of America, N.A.	35,000,000
BNP Paribas	50,000,000
HSBC Bank Plc	50,000,000
Societe Generale, London Branch	37,500,000
Standard Chartered Bank	50,000,000
The Standard Bank of South Africa Limited	37,500,000

Schedule 3
Conditions Precedent

Part I
Conditions Precedent to First Utilisation

1. Provision of each of the following Finance Documents, duly executed by each of the parties to them:
 - (i) this Agreement;
 - (ii) the Charge over Shares in KEH;
 - (iii) the Deed of Guarantee;
 - (iv) the KEFI Intercreditor Agreement;
 - (v) the Facility Agent Fee Letter;
 - (vi) the front end Fee Letter; and
 - (vii) the Security and Intercreditor Agent Fee Letter.
2. Provision of certified copies of each Obligor's constitutional documents and the director and shareholder corporate resolutions authorising entry into and performance of the Finance Documents to which they are a party and certification as to solvency.
3. Provision of the specimen signatures of the persons authorised by each of the Obligor's corporate resolutions referred to at paragraph 2 above to execute the Finance Documents and all other documents and notices required in connection with such Finance Documents.
4. Receipt by the Facility Agent of appropriate legal opinions from Maples and Calder, Conyers Dill & Pearman Limited, Clifford Chance LLP, Appleby (Bermuda) Limited and Walkers.
5. The Charge over Shares in KEH entered into pursuant to condition precedent 1 above is perfected and fully valid and (a) blank stock transfer form and any share certificates (if any) is delivered to the Security and Intercreditor Agent; (b) a certified copy register of members is delivered to the Security and Intercreditor Agent in relation to KEH; and (c) a letter of undertaking from KEH is delivered to the Security and Intercreditor Agent in relation to KEH.
6. Provision to the Security and Intercreditor Agent of executed but undated letters of resignation and release together with dated letters of authority to date the same from each of the directors of KEH in the forms set out in Parts I and II of Schedule 5 (*Letters of Resignation*) to the Charge over Shares in KEH.
7. The Original Borrower shall provide a certified copy of its most recent audited accounts.

-
8. Provision of a certificate from the Borrower that all Required Approvals on the date of the proposed Utilisation have been obtained (including a schedule of all such Required Approvals).
 9. Provision of such documentation and other evidence to the satisfaction by the Facility Agent and the Lenders of their respective "know your customer" checks or similar identification procedures.
-

Part II
Conditions Precedent Required to be Delivered by an Additional Obligor

1. Provision of an Accession Letter, duly executed by the Additional Obligor and the Borrower.
2. Provision of certified copies of the Additional Obligor's constitutional documents and certificates of incorporation (or equivalent).
3. A copy of a resolution of the board of directors of the Additional Obligor approving the terms of, and the transactions contemplated by, the Accession Letter and the Finance Documents and resolving that one or more specified persons execute the Accession Letter and any other documents and notices in connection with the Finance Documents.

4. A specimen signature of each person authorised to execute the Accession Letter and any other documents and notices in connection with the Finance Documents.
 5. A certificate of the Additional Obligor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.
 6. A certificate of an Authorised Signatory of the Additional Obligor certifying that each copy document listed in this Part II of Schedule 3 is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Letter.
 7. A copy of any Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.
 8. If available, the latest audited financial statements of the Additional Obligor.
 9. Receipt by the Facility Agent of any appropriate legal opinions.
 10. If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in clause 41 (*SERVICE OF PROCESS*), if not an Obligor, has accepted its appointment in relation to the proposed Additional Obligor.
-

Part III
Conditions Precedent to KEL Intercreditor Agreement

1. Provision of certified copies of each Obligor's constitutional documents and the director and shareholder corporate resolutions and specimen signatures authorising entry into and performance of the KEL Intercreditor Agreement and certification as to solvency.
 2. Receipt by the Facility Agent of appropriate legal opinions.
 3. Provision of the specimen signatures of the persons authorised by each of the Obligor's corporate resolutions referred to at paragraph 1 above to execute the KEL Intercreditor Agreement and all other documents and notices required in connection with the KEL Intercreditor Agreement.
-

Schedule 4
Utilisation Request

From: KOSMOS ENERGY LTD. (the "**Borrower**")

To: Standard Chartered Bank (the "**Facility Agent**")

Dated:

Dear Sirs

KOSMOS ENERGY LTD. — Facility Agreement
dated [] (the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request in respect of a Utilisation under the Facility. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow a Loan under the Facility on the following terms:

Proposed Utilisation Date:	[]	(or, if that is not a Business Day, the next Business Day)
Amount:	[]	under or, if less, the Total Available Commitment
Amount attributable to Interest payments	[]	
Interest Period:	[]	
3. We hereby certify that:
 - (a) no Default or Event of Default is continuing or will result from the proposed Loan;

- (b) [This Loan is to be made in [whole]/[part] for the purpose of refinancing [*identify maturing Loan*].]
- (d) the making of the Utilisation would not result in the aggregate principal amount outstanding under the Facility exceeding the Borrowing Base Amount; and
- (e) the Repeating Representations are, in the light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects).

-
4. The proceeds of this Loan should be credited to [*account*] and to the extent an amount has been attributed to Interest payments above, such amount shall be applied towards the payment of Interest on the Facility.
5. This Utilisation Request is irrevocable and is a Finance Document.

Yours faithfully

Authorised Signatory for
KOSMOS ENERGY LTD.

Schedule 5 Mandatory Cost Formulae

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other Authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Facility Agent shall calculate, as a percentage rate, a rate (the “**Additional Cost Rate**”) for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Facility Agent as a weighted average of the Lenders’ Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum.
3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Facility Agent. This percentage will be certified by that Lender in its notice to the Facility Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender’s participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.
4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Facility Agent as follows:

in relation to a Loan in any currency other than sterling:

$$\frac{Ex0.01}{300} \text{ per cent. per annum}$$

Where:

“A” is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest-free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

“B” is the percentage rate of interest (excluding the Margin and the Mandatory Cost and, if the Loan is an Unpaid Sum, the additional rate of interest specified in paragraph (A) of clause 9.3 (*Default interest*)) payable for the relevant Interest Period on the Loan.

“C” is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest-bearing Special Deposits with the Bank of England.

“D” is the percentage rate per annum payable by the Bank of England to the Facility Agent on interest-bearing Special Deposits.

“E” is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Facility Agent as being the average of the most recent rates of

charge supplied by the Reference Banks to that Facility Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:
- (A) “**Eligible Liabilities**” and “**Special Deposits**” have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England.
 - (B) “**Fees Rules**” means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits.
 - (C) “**Fee Tariffs**” means the fee tariffs specified in the Fees Rules under activity group A.1 Deposit acceptors (ignoring any minimum fee or zero-rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and
 - (D) “**Tariff Base**” has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.
6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.
7. If requested by the Facility Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to that Facility Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.
8. Each Lender shall supply any information required by the Facility Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:
- (A) the jurisdiction of its Facility Office; and
 - (B) any other information that the Facility Agent may reasonably require for such purpose.
- Each Lender shall promptly notify the Facility Agent of any change to the information provided by it pursuant to this paragraph.
9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Facility Agent based upon the information supplied to it pursuant to paragraphs 7 and 8

above and on the assumption that, unless a Lender notifies the Facility Agent to the contrary, each Lender’s obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.

10. The Facility Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.
11. The Facility Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.
12. Any determination by the Facility Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest or proven error, be conclusive and binding on all Parties.
13. The Facility Agent may from time to time, after consultation with the Company and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England or the Financial Services Authority or the European Central Bank (or, in any case, any other Authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest or proven error, be conclusive and binding on all Parties.
-

Schedule 6
Form of Transfer Certificate

To: Standard Chartered Bank as the “**Facility Agent**”

From: [the Existing Lender] (the “Existing Lender”) and [the New Lender] (the “New Lender”)

Dated:

Dear Sirs

**KOSMOS ENERGY LTD. — Facility Agreement
dated [] (the “Agreement”)**

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
 2. We refer to clause 22.5 (*Procedure for transfer*):
 - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the Schedule in accordance with clause 22.5 (*Procedure for transfer*).
 - (b) The proposed Transfer Date is [].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 32.2 (*Addresses*) are set out in the Schedule.
 3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (C) of clause 22.4 (*Limitation of responsibility of Existing Lenders*).
 4. The New Lender confirms that it is a Qualifying Lender.
 5. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
 6. This Transfer Certificate is governed by English law.
-

**THE SCHEDULE
Commitments/rights and obligations to be transferred**

[Insert relevant details]

[*Facility Office address, fax number and attention details for notices and account details for payments*]

[Existing Lender]

[New Lender]

By:

By:

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [].

Standard Chartered Bank

By:

**Schedule 7
Form of Accession Letter**

From: [*name of subsidiary*] (the “Company”) and KOSMOS ENERGY LTD.
(the “Borrower”)

To: Standard Chartered Bank (the “Facility Agent”)

Dated:

Dear Sirs

KOSMOS ENERGY LTD. — Facility Agreement

dated [] (the "Agreement")

1. We refer to the Agreement. This is an Accession Letter. Terms defined in the Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.
2. The Company agrees to become an Additional [Borrower]/[Guarantor] and to be bound by the terms of the Agreement and the Intercreditor Agreements as an Additional [Borrower]/[Guarantor] pursuant to clause [23.2 [(*Additional Borrowers*)]/23.4 (*Additional Guarantor*)] of the Agreement. The Company is a company duly incorporated under the laws of [*name of relevant jurisdiction*].
3. The Company's administrative details are as follows:
Address:
Fax No:
Attention:
4. This Accession Letter is governed by English law.

This Accession Letter is entered into by deed.

[*name of subsidiary*]

KOSMOS ENERGY LTD.

Schedule 8
Form of Resignation Letter

From: [*resigning Obligor*] and KOSMOS ENERGY LTD.

To: Standard Chartered Bank (the "Facility Agent")

Dated:

Dear Sirs

KOSMOS ENERGY LTD. — Facility Agreement
dated [] (the "Agreement")

1. We refer to the Agreement. This is a Resignation Letter. Terms defined in the Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
2. Pursuant to clause [23.3 (*Resignation of a Borrower*)]/23.7 (*Resignation of a Guarantor on disposal*)] of the Agreement, we request that [*resigning Obligor*] be released from its obligations as a [Borrower/Guarantor] under the Agreement.
3. We confirm that:
 - (a) no Default is continuing or would result from the acceptance of this request; and
 - (b) [].
4. This Resignation Letter is governed by English law.

[*resigning Obligor*]

KOSMOS ENERGY LTD.

Schedule 9
Form of Compliance Certificate

To: Standard Chartered Bank (the "Facility Agent")

From: KOSMOS ENERGY LTD. (the "Borrower")

Dated:

Dear Sirs

KOSMOS ENERGY LTD. — Facility Agreement
dated [] (the “Agreement”)

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that the financial statements supplied to the Facility Agent pursuant to clause 17.2 (*Financial statements*) of the Agreement:
 - (A) is certified by an Authorised Signatory of the Borrower as a true and correct copy; and
 - (B) [gives a true and fair view of](1) / [fairly represents](2) the financial condition of the Borrower for the period to the date on which those financial statements were drawn up.
3. We confirm that as at [], being the last occurring Calculation Date:
 - (A) the debt cover ratio was []; and
 - (B) the interest cover ratio was [].
4. We set out below the calculations establishing the figures in paragraph 2 above:
[]
5. We confirm that as at [], so far as we are aware having made diligent enquiries, no Default has occurred or is continuing. (3)

(1) Insert if audited.

(2) Insert if unaudited.

(3) Note — If this statement cannot be made, the certificate should identify any Default that has occurred or is continuing and the action taken, or proposed to be taken, to remedy it.

Yours faithfully

Authorised Signatory for
KOSMOS ENERGY LTD.

Authorised Signatory for
KOSMOS ENERGY LTD.

Schedule 10
Form of Confidentiality Undertaking

To: [Purchaser's details]

Re:

KOSMOS ENERGY LTD. (the “**Company**”) and its USD 300 million revolving credit facility dated [] 2012 (the “**Facility**”)

[insert date]

Dear Sirs

We understand that you are considering participating in the Facility. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. *Confidentiality Undertaking:* You undertake:

- (A) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures with a degree of care not less than that which you would apply to your own confidential information;
 - (B) to keep confidential and not disclose to anyone except as provided for by paragraph 2 below the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us;
 - (C) to use the Confidential Information only for the Permitted Purpose;
 - (D) to ensure that any person to whom you pass any Confidential Information in accordance with paragraph 2 (unless disclosed under paragraph 2(B) below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and
 - (E) not to make enquiries in relation to the Confidential Information of any other person, whether a third party or any member of the Group or any of their officers, directors, employees or professional advisers, save for such officers, directors, employees or professional advisers as may be expressly nominated by us for this purpose, provided that this paragraph shall not prevent or restrict you from conducting and completing all necessary and appropriate due diligence in accordance with your normal credit and underwriting approval processes and as required to be performed in order to obtain any requisite credit or underwriting approvals in relation to your possible participation in the Facility.
-

2. *Permitted Disclosure:* We agree that you may disclose Confidential Information:

- (A) to members of the Participant Group and their officers, directors, employees, consultants and professional advisers but only to the extent necessary for the proper fulfilment of the Permitted Purpose, provided that:
 - (i) such information is disclosed strictly on a need to know basis and provided that the Confidential Information may not be disclosed to any person in the Participant Group who is not working directly on matters concerning your participation in the Facility; and
 - (ii) appropriate information barriers or other procedures as may be necessary are in place to ensure there can be no unauthorised disclosure of, or access to, the Confidential Information to any such person referred to in subparagraph (i) above;
- (B) (i) where required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group; or
- (C) with our prior written consent.

3. *Notification of Required or Unauthorised Disclosure:* You agree (to the extent permitted by law) to inform us of the full circumstances of any disclosure under paragraph 2(b) (in advance where reasonable and practicable) or immediately upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. *Return of Copies:* If we so request in writing, you shall return all Confidential Information supplied to you by us or any member of the Group and destroy or permanently erase all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body, or where the Confidential Information has been disclosed in accordance with paragraph 2(B) above.

5. *Continuing Obligations:* The obligations in the preceding paragraphs of this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us, irrespective of their outcome. Notwithstanding the previous sentence, the obligations in this letter shall cease twelve months after you have returned all Confidential Information and destroyed or permanently erased all copies of Confidential Information made by you to the extent required pursuant to paragraph 4 above.

6. *No Representation; Consequences of Breach, etc:* You acknowledge and agree that:

- (A) neither we nor any of our officers, employees or advisers, and no other member of the Group and none of the officers, employees or advisers of any member of the Group (each a “**Relevant Person**”), (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any other member of the Group or be otherwise liable to you or any other person in respect of the Confidential Information or any such information; and

- (B) we and other members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you or any other person.
7. *Inside Information:* You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing and you undertake not to use any Confidential Information for any unlawful purpose. As a result of being given the Confidential Information you may well become insiders and, therefore, be unable to take certain actions which you would otherwise be able to take.
8. *No Waiver; Amendments, etc:* This letter shall not affect any other obligation owed by you to any member of the Group. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us and you.
9. *Nature of Undertakings:* The undertakings and acknowledgements given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of each other member of the Group.
10. *Third party rights:*
- (A) Each other member of the Group and each Relevant Person (each a “**Third Party**”) may enforce the terms of this letter by virtue of the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”). This paragraph 10(A) confers a benefit on each Third Party, and, subject to the remaining provisions of this paragraph 10, is intended to be enforceable by each Third Party by virtue of the Third Parties Act.
- (B) Subject to paragraph 10(a), a person who is not a party to this letter has no right under the Third Parties Act to enforce or enjoy the benefit of any term of this letter.
-

- (C) Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any person to rescind or vary this letter at any time.
11. *Counterparts:* This letter may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this letter, but all the counterparts shall together constitute one and the same instrument.
12. *Governing Law and Jurisdiction:* Any matter, claim or dispute, whether contractual or non-contractual, arising out of or in connection with this letter (including the agreement constituted by your acknowledgement of its terms), is to be governed by and determined in accordance with English law, and the parties submit to the non-exclusive jurisdiction of the English courts.
13. *Definitions and Construction:* In this letter (including the acknowledgement set out below):
- “**Confidential Information**” means any and all information relating to the Company, the Group and the Facility, provided to you by us or any member of the Group or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information and information regarding all discussions and negotiations between us (including information regarding the outcome of such discussions or negotiations), but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any member of the Group or any of our affiliates or advisers or is lawfully obtained by you after that date, other than from a source which is connected with the Group and which, in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;
- “**Group**” means, in respect of a person, that person and that person’s Holding Companies and each of their respective Subsidiaries;
- “**Holding Company**” means, in relation to a company, any other company in respect of which it is a Subsidiary;
- “**Participant Group**” means you, and each of your Holding Companies and Subsidiaries;
- “**Permitted Purpose**” means considering and evaluating whether to enter into contracts with us in relation to your participation in the Facility; and
- “**Subsidiary**” means a subsidiary within the meaning of section 1159 of the Companies Act 2006.
-

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

For and on behalf of [*Seller's details*].

To: [*Seller's details*]

We acknowledge and agree to the above:

For and on behalf of [*Purchaser's details*]

Schedule 11
KEL Intercreditor Agreement

AGREED FORM

DATED [•]

BNP PARIBAS
as Security and Intercreditor Agent

- and -

STANDARD CHARTERED BANK
as RCF Agent

- and -

[•]
as HY Noteholder Trustee

- and -

KOSMOS ENERGY LTD.
as RCF Borrower

and

HY Note Issuer

KEL INTERCREDITOR AND SECURITY SHARING AGREEMENT

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
(SRG/ JKW)

513389380

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THIS AGREEMENT is dated 2012 and made between:

- (1) **BNP PARIBAS** as security and intercreditor agent of the RCF Agent, the RCF Lenders, the HY Noteholder Trustee and the HY Noteholders (the “**Security and Intercreditor Agent**”).
- (2) **STANDARD CHARTERED BANK** as agent of the RCF Lenders (The “**RCF Agent**”).
- (3) [•] as trustee of the HY Noteholders (the “**HY Noteholder Trustee**”) for itself and for and on behalf of the HY Noteholders.
- (4) **KOSMOS ENERGY LTD** or “**KEL**” a company incorporated under the laws of Bermuda with registered number 45011 and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda in its capacities as (i) high yield note issuer (the “**HY Note Issuer**”); and

(ii) RCF Borrower (the “**RCF Borrower**”);

WHEREAS:

On [●], KEL entered into the RCF Agreement and, on or around the date of this Agreement, KEL has issued HY Notes. It has been agreed, among other matters, that the liabilities outstanding under the RCF Agreement and under the HY Note Documents should rank *pari passu* in accordance with the terms of this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Acceleration Event**” means (as applicable):

- (a) the RCF Agent exercising any of its rights under Clause 21.15 (*Acceleration*) of the RCF Agreement; and/or
- (b) the HY Noteholder Trustee exercising any of its rights of acceleration and/or enforcement under the HY Note Indenture.

“**Adjusted Voting Entitlement**” means the number of votes to which each HY Noteholder and each RCF Lender shall be entitled from time to time, calculated as (i) in the case of each HY Noteholder, one vote for each US\$ 1.00 of Credit Participations under the HY Notes; and (ii) in the case of each RCF Lender, two votes for each US\$ 1.00 of Credit Participations under the RCF.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Agent**” means the RCF Agent and/or the HY Noteholder Trustee, as the context so requires.

“**Agent Accession Undertaking**” means an undertaking substantially in the form set out in Schedule 1 (*Form of Agent Accession Undertaking*).

“**Borrowing Liabilities**” means, in relation to an Obligor, the liabilities (not being Guarantee Liabilities) it may have as a principal debtor to a Creditor, or Obligor in respect of Financial Indebtedness arising under the Finance Documents (whether incurred solely or jointly).

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Paris and New York.

“**Charge over Shares in KEH**” means the first ranking charge governed by English law dated on or around the date of the RCF Agreement, granted by KEL over its shares in Kosmos Energy Holdings in favour of the Security and Intercreditor Agent, for and on behalf of the Secured Parties.

“**Charged Property**” means all of the assets which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**Commitment**” means (as applicable):

- (a) in relation to an “Original Lender” (as defined in the RCF Agreement), the amount set opposite its name under the heading “Commitment” in Schedule 2 to the RCF Agreement and the amount of any other Commitment transferred to it; and
- (b) in relation to any other “Lender” (as defined in the RCF Agreement), the amount of any Commitment transferred to it,

to the extent not cancelled, reduced or transferred by it.

“**Consent**” means any consent, approval, release or waiver or agreement to any amendment.

“**Credit Participation**” means, in relation to a Creditor, all amounts actually and contingently accrued to it under the HY Notes and the amount of its Commitment under the RCF, if any.

“**Creditor**” means a RCF Lender or a HY Noteholder, or both of them (as the context requires).

“**Deed of Guarantee**” means the deed of guarantee and indemnity entered into on or around the date of the RCF Agreement between *inter alios*, the Security and Intercreditor Agent and each Guarantor (as defined therein).

“**Default**” means a “Default” (as defined in the RCF Agreement) and a “[Default]” (as defined in the HY Note Indenture).

“**Delegate**” means any delegate, agent, attorney or co trustee appointed by the Security and Intercreditor Agent.

“**Disposal Proceeds**” has the meaning given to that term in Clause 8 (*DISPOSALS*).

“**Distress Event**” means any of:

- (a) an Acceleration Event; or
- (b) the enforcement of any Transaction Security in accordance with the terms of the Security Documents.

“**Distressed Disposal**” means a disposal of an asset of a member of the Group which is:

- (a) being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable in accordance with the terms of the Finance Documents;
- (b) being effected by enforcement of the Transaction Security in accordance with the terms of the Security Documents; or
- (c) being effected, after the occurrence of a Distress Event, by a member of the Group to a person or persons which is not a member of the Group.

“**Dollar Currency Amount**” means, in relation to an amount, that amount converted (to the extent not already denominated in USD) into USD at the Security and Intercreditor Agent’s Spot Rate of Exchange on the Business Day prior to the relevant calculation.

“**Enforcement Action**” means:

- (a) in relation to any Liabilities:
 - (i) the acceleration of any Liabilities or the making of any declaration that any Liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Finance Party to perform its obligations under, or of any voluntary or mandatory prepayment arising under, the Finance Documents);
 - (ii) the making of any declaration that any Liabilities are payable on demand;
 - (iii) the making of a demand in relation to a Liability that is payable on demand;
 - (iv) the making of any demand against any member of the Group in relation to any Guarantee Liabilities of that member of the Group;
-
- (v) the exercise of any right to require any member of the Group to acquire any Liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any Liability);
 - (vi) the exercise of any right of set off, account combination or payment netting against any member of the Group in respect of any Liabilities other than the exercise of any such right which is otherwise expressly permitted under the RCF Agreement or the HY Note Indenture; and
 - (vii) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any Liabilities;
- (b) the taking of any steps to enforce or require the enforcement of any Transaction Security (including the crystallisation of any floating charge forming part of the Transaction Security);
 - (c) the entering into of any composition, compromise, assignment or arrangement with any member of the Group which owes any Liabilities, or has given any Security, guarantee or indemnity or other assurance against loss in respect of the Liabilities (other than any action permitted under Clause 13 (*CHANGES TO THE PARTIES*)); or
 - (d) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, provisional liquidator, receiver, administrator or similar officer) in relation to, the winding up, dissolution, administration, reorganisation merger or consolidation of any member of the Group which owes any Liabilities, or has given any Security, guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, or any of such member of the Group’s assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action: the taking of any action falling within paragraph (a)(vii) above or this paragraph (d) which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods.

“**Event of Default**” means, as applicable, an “Event of Default” (as defined in the RCF Agreement) and an “[Event of Default]” (as defined in the HY Note Indenture).

“**Fee Letter**” means any letter or letters between the Company and any Finance Party setting out any fees payable by the Company to a Finance Party pursuant to a Finance Document.

“**Final Discharge Date**” means the first date on which all Liabilities have been fully and finally discharged, whether or not as the result of an Enforcement Action, and the

Creditors are under no further obligation to provide financial accommodation to any of the Obligor under the Finance Documents.

“**Finance Document**” means this Agreement, the KEFI Intercreditor Agreement, the RCF Agreement, the HY Note Indenture, the Deed of Guarantee, any Fee Letter each Security Document and any other document designated as such by the Security and Intercreditor Agent and KEL.

“**Finance Party**” means a “Finance Party” as defined in the RCF Agreement, any HY Noteholder and any HY Noteholder Trustee.

“**Group**” means KEL and each of its direct and indirect Subsidiaries for the time being and “**Group Company**” means any one of them.

“**Guarantee Liabilities**” means, in relation to a member of the Group, the liabilities under the Finance Documents (present or future, actual or contingent and whether incurred solely or jointly) it may have to a Finance Party or Obligor as or as a result of its being a guarantor or surety (including, without limitation, liabilities arising by way of guarantee, indemnity, contribution or subrogation and in particular any guarantee or indemnity arising under or in respect of the Finance Documents).

“**Holding Company**” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“**HY Enforcement Recovery**” has the meaning given to it in clause 19.5(B)(ii) (*Enforcement Action*).

“**HY Note Indenture**” means the indenture pursuant to which all or any of the HY Notes are constituted or any other agreement under which HY Notes are constituted and any other agreement under which any guarantee for the HY Notes is given (including but not limited to the Deed of Guarantee).

“**HY Noteholder**” means a holder of HY Notes from time to time.

“**HY Noteholder Trustee**” means any collateral agent, trustee or other representative of the HY Noteholders.

“**HY Noteholder Trustee Liabilities**” means all present and future liabilities and obligations, actual and contingent, of any Obligor to the HY Noteholder Trustee under or in connection with the Finance Documents.

“**HY Notes**” means the [•] per cent. senior secured notes dated [•] to be issued on or around the date of this Agreement, pursuant to the terms of the HY Note Indenture.

“**Insolvency Event**” means, in relation to any member of the Group:

- (a) any resolution is passed or order made for the winding up, dissolution or administration of that member of the Group or a moratorium is declared in relation to any indebtedness of that member of the Group;
- (b) any composition, compromise, assignment or arrangement is made with any of its creditors;
- (c) the appointment of any liquidator, provisional liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of that member of the Group or any of its assets; or
- (d) any analogous procedure or step is taken in any jurisdiction.

“**Instructing Group**” means, at any time, any HY Noteholders and/or RCF Lenders whose Adjusted Voting Entitlement at that time aggregate more than 66²/₃ per cent. of the total Adjusted Voting Entitlement of all HY Noteholders and all RCF Lenders at that time.

“**Intercreditor Amendment**” means any amendment or waiver which is subject to Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*).

“**KEFI Intercreditor Agreement**” means the intercreditor agreement dated on or around the date of the RCF Agreement (as amended from time to time) relating to certain senior facilities (the “**Senior Facilities**”) provided to Kosmos Energy Finance International (“**KEFI**”), entered into between, among others, the RCF Agent, KEFI, KEL, the Security and Intercreditor Agent, the security agent for the lenders of the Senior Facilities and the

Proceeds Agent (as defined therein).

“**Liabilities**” means all present and future liabilities and obligations at any time of any Obligor to any Finance Party under the Finance Documents, both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (c) any claim for damages or restitution; and
- (d) any claim as a result of any recovery by any Obligor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non provability, unenforceability or non allowance of those amounts in any insolvency or other proceedings.

“**Majority Creditors**” means, at any time, prior to a Distress Event occurring, those Creditors whose Credit Participations at that time aggregate more than 50 per cent. of the total Credit Participations at that time and thereafter those Creditors whose Credit Participations at that time aggregate more than $66\frac{2}{3}$ per cent. of the total Credit Participations at that time.

“**Mandatory Prepayment**” means a mandatory prepayment of any of the Liabilities pursuant either to Clause 8 (*PREPAYMENT AND CANCELLATION*) of the RCF Agreement or Clause [●] of the HY Note Indenture.

“**Margin**” means the “Margin” as defined in the RCF Agreement and on the HY Notes under the HY Note Indenture from time to time (and however described), as the context so requires.

“**Non-Distressed Disposal**” has the meaning given to such term in paragraph 8.1(B) (*Non-Distressed Disposals*).

“**Obligor**” means the RCF Borrower, the HY Note Issuer, the members of the Group party to the Deed of Guarantee as “Guarantors” (as defined therein) and any person which becomes a Party as an Obligor in accordance with the terms of the relevant Finance Document.

“**Obligor Liabilities**” means, in relation to any Obligor, any liabilities owed to any other Obligor (whether actual or contingent and whether incurred solely or jointly) by that Obligor.

“**Party**” means a party to this Agreement.

“**Payment**” means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, defeasance or discharge of those Liabilities (or other liabilities or obligations).

“**Permitted Payment**” means a Payment made in accordance with Clause 3.1 (*Payment of Liabilities*).

“**RCF**” means the revolving credit facility made available by the RCF Lenders to, amongst others, the RCF Borrower pursuant to the RCF Agreement.

“**RCF Agent Liabilities**” means all present and future liabilities and obligations, actual and contingent, of any Obligor to the RCF Agent under or in connection with the Finance Documents.

“**RCF Agreement**” means the agreement dated [●] pursuant to which the RCF is made available.

“**RCF Lender**” means a “Lender” (as defined under the RCF Agreement).

“**Receiver**” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

“**Recoveries**” has the meaning given to that term in Clause 10.1 (*Order of Application*).

“**Relevant Liabilities**” means:

- (a) in the case of a Finance Party:

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- (i) the Liabilities owed to that Finance Party ranking (in accordance with the terms of this Agreement) *pari passu* with or in priority

to that Finance Party (as the case may be) together with all RCF Agent Liabilities and all HY Noteholder Trustee Liabilities; and

- (ii) all present and future liabilities and obligations, actual and contingent, of the Obligors to the Security and Intercreditor Agent; and
- (b) in the case of an Obligor, the Liabilities owed to the Finance Parties together with the RCF Agent Liabilities, the HY Noteholder Trustee Liabilities and all present and future liabilities and obligations, actual and contingent, of the Obligors to the Security and Intercreditor Agent.

“Retiring Security and Intercreditor Agent” has the meaning given to that term in Clause 26 (*Change Of Security And Intercreditor Agent And Delegation*).

“Secured Party” means a “Secured Party” as defined in the RCF Agreement, any HY Noteholder, any HY Noteholder Trustee and any Receiver or Delegate.

“Secured Property” means:

- (a) the Transaction Security expressed to be granted in favour of the Security and Intercreditor Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by an Obligor to pay amounts in respect of the Liabilities to the Security and Intercreditor Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by an Obligor in favour of the Security and Intercreditor Agent as trustee for the Secured Parties;
- (c) the Security and Intercreditor Agent’s interest in any trust fund created pursuant to Clause 5 (*TURNOVER OF RECEIPTS*); and
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security and Intercreditor Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties.

“Security and Intercreditor Agent’s Spot Rate of Exchange” means, in respect of the conversion of one currency (the “**First Currency**”) into another currency (the “**Second Currency**”) the Security and Intercreditor Agent’s spot rate of exchange for the purchase of the Second Currency with the First Currency in the London foreign exchange market at or about 11:00 am (London time) on a particular day, which shall be notified by the Security and Intercreditor Agent in accordance with paragraph 25.7(C) (*Security and Intercreditor Agent’s obligations*).

“Security” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Security Documents” means:

- (a) the Charge over Shares in KEH;
- (b) the Deed of Guarantee;
- (c) any other document entered into at any time by any of the Obligors creating any guarantee, indemnity, Security or other assurance against financial loss in favour of any of the Secured Parties as security for any of the Liabilities; and
- (d) any Security granted under any covenant for further assurance in any of the documents set out in paragraphs (a), (b) and (c) above.

“Sponsor Affiliate” means each of Blackstone Capital Partners (Cayman) IV LP, Warburg Pincus Private Equity VIII, L.P. and Warburg Pincus International Partners, L.P. (each a “**Sponsor Management Company**”), each of their Affiliates, any trust of which a Sponsor Management Company or any of their Affiliates is a trustee, any partnership of which a Sponsor Management Company or any of their Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, a Sponsor Management Company or any of their Affiliates provided that any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by a Sponsor Management Company or any of their Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute a Sponsor Affiliate.

“Subsidiary” means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“**Taxes**” includes any present or future tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Third Parties Rights Act**” has the meaning given to that term in Clause 1.3 (*Third Party Rights*).

“**Transaction Security**” means the Security created or evidenced or expressed to be created or evidenced under or pursuant to the Security Documents.

“**Trust Indenture Act**” means the Trust Indenture Act of 1939, as amended, and the rules and regulations promulgated thereunder.

1.2 Construction

(A) Unless a contrary indication appears, the rules of construction and interpretation set out in Clause 1.2 (*Construction of particular terms*) and Clause 1.3 (*Interpretation*) of the RCF Agreement shall apply to this Agreement. In addition a reference in this Agreement to:

- (i) any “**Agent**”, “**RCF Borrower**”, “**Creditor**”, “**Obligor**”, “**Party**”, “**Security and Intercreditor Agent**”, “**RCF Agent**” or “**HY Noteholder Trustee**” shall be construed to be a reference to it in its capacity as such and not in any other capacity;
- (ii) any “**Agent**”, “**RCF Borrower**”, “**Creditor**”, “**Obligor**”, “**Party**”, “**Security and Intercreditor Agent**”, “**RCF Agent**” or “**HY Noteholder Trustee**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security and Intercreditor Agent, any person for the time being appointed as Security and Intercreditor Agent or Security and Intercreditor Agents in accordance with this Agreement;
- (iii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iv) a “**Finance Document**” or any other agreement or instrument is (other than a reference to a “**Finance Document**” or any other agreement or instrument in “**original form**”) a reference to that Finance Document, or other agreement or instrument, as amended, novated, supplemented, extended or restated as permitted by this Agreement;
- (v) “**enforcing**” (or any derivation) the Transaction Security shall include the appointment of an administrator of an Obligor by the Security and Intercreditor Agent;
- (vi) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (vii) the “**original form**” of a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document, agreement or instrument as originally entered into;
- (viii) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint

venture, consortium or partnership (whether or not having separate legal personality);

- (ix) “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self regulatory or other authority or organisation; and
- (x) a provision of law is a reference to that provision as amended or re enacted.

(B) Section, Clause and Schedule headings are for ease of reference only.

(C) A Default or an Event of Default is “**continuing**” if it has not been remedied or waived.

1.3 Third Party Rights

(A) Unless expressly provided to the contrary in this Agreement, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Rights Act**”) to enforce or to enjoy the benefit of any term of this Agreement.

(B) This Agreement confers benefits on the Finance Parties and the Obligors, who are not party to this Agreement (each, for the purposes of this Clause 1.3 (*Third Party Rights*), a “**Third Party**”). It is intended that any benefit conferred on a Third Party should be enforceable by that

Third Party by virtue of the Third Parties Rights Act.

- (C) Notwithstanding any term of this Agreement, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.
- (D) Any Receiver, Delegate or any other person described in Clause 25.10 (*No Proceedings*) may, subject to this Clause 1.3 (*Third Party Rights*) and the Third Parties Rights Act, rely on any Clause of this Agreement which expressly confers rights on it.

2. RANKING AND PRIORITY

2.1 Creditor Liabilities

Each of the Parties agrees that the Liabilities owed by the Obligors to the Finance Parties shall rank in right and priority of payment *pari passu* and without any preference between them.

2.2 Transaction Security

Each of the Parties agrees that the Transaction Security shall rank and secure the Liabilities *pari passu* and without any preference between them (but only to the extent that such Transaction Security is expressed to secure those Liabilities).

2.3 Agreement binding on HY Noteholders

The HY Noteholder Trustee hereby confirms that in entering into this Agreement it is acting on its own behalf and as the agent of each HY Noteholder and that it is authorised by the terms of the HY Note Indenture to enter into this Agreement for and on behalf of each HY Noteholder from time to time and to bind each HY Noteholder under and subject to the terms of this Agreement.

2.4 Agreement binding on RCF Lenders

The RCF Agent hereby confirms that in entering into this Agreement it is acting on its own behalf and as the agent of each RCF Lender and that it is authorised by the terms of the RCF Agreement to enter into this Agreement for and on behalf of each RCF Lender from time to time and to bind each RCF Lender under and subject to the terms of this Agreement.

2.5 Agreement binding on Obligors

KEL hereby confirms that in entering into this Agreement it is acting on its own behalf and as agent of each Obligor and that it is authorised by the terms of the Finance Documents to enter into this Agreement for and on behalf of each Obligor from time to time and to bind each Obligor under and subject to the terms of this Agreement.

3. CREDITORS AND LIABILITIES

3.1 Payment of Liabilities

- (A) The Obligors may make Payments of the Liabilities at any time in accordance with the Finance Documents.
- (B) Any Payment of the Liabilities which is made by an Obligor shall be made to the Security and Intercreditor Agent, for and on behalf of the Secured Parties.

3.2 Amendments and Waivers

- (A) Subject to paragraphs (B) and (C) below, the Creditors may, respectively, amend or waive the terms of any Finance Document to which they are a party in accordance with the terms of the relevant Finance Document at any time.
 - (B) The RCF Lenders and the HY Noteholders may not amend or waive the terms of any Finance Document to which they are a party if the amendment or waiver is, in relation to the original form of the relevant Finance Document (as applicable):
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- (i) an amendment or waiver constituting an increase in the Margin, or the inclusion of an additional margin, relating to the Liabilities (as applicable) other than such an increase or addition which is contemplated by that Finance Document;
- (ii) an amendment or waiver constituting an increase in, or addition of, any fees or commission other than such an increase or addition which is contemplated by that Finance Document; or
- (iii) an amendment or waiver which results in any deferral of any scheduled repayment of the Liabilities to a date more than 150 days

after the Final Discharge Date for the Liabilities.

- (C) Without prejudice to Clause 8.2 (*Distressed Disposals*), the RCF Lenders and the HY Noteholders may not:
- (i) amend or waive the terms of any Finance Document to which they are a party if the amendment or waiver:
 - (a) would have the effect of changing, or relates to, the nature or scope of the guarantee and indemnity granted pursuant to the Deed of Guarantee; or
 - (b) relates to the release of any guarantee and indemnity granted pursuant to the Deed of Guarantee unless expressly envisaged by the original form of a Finance Document or relating to a sale or disposal of an asset which is a Non-Distressed Disposal; or
 - (ii) consent to the resignation of an Obligor which has granted a guarantee and indemnity pursuant to the Deed of Guarantee unless each RCF Lender or HY Noteholder (as applicable) has notified the Security and Intercreditor Agent that no payment is due to it from that Obligor under the Deed of Guarantee,

unless (where the RCF Agreement is proposed to be amended) the prior consent of the HY Noteholders is obtained and (where the HY Note Indenture is proposed to be amended) the prior consent of the RCF Lenders is obtained.

3.3 Designation of Finance Documents

Neither Agent shall designate or agree to designate a document a "Finance Document" without the prior consent of the other if the terms of that document effect a change which would otherwise require a consent under Clause 3.2 (*Amendments and Waivers*).

3.4 Security

The RCF Lenders and the HY Noteholders, respectively, may take, accept or receive the benefit of:

- (A) any Security in respect of the Liabilities in addition to the Transaction Security if and to the extent legally possible, at the same time, it is also offered either:
- (i) to the Security and Intercreditor Agent as trustee for the other Secured Parties in respect of their Liabilities; or
 - (ii) in the case of any jurisdiction in which effective Security cannot be granted in favour of the Security and Intercreditor Agent as trustee for the Secured Parties:
 - (a) to the other Secured Parties in respect of their Liabilities; or
 - (b) to the Security and Intercreditor Agent under a parallel debt structure for the benefit of the other Secured Parties,
- and ranks in the same order of priority as that contemplated in Clause 2.2 (*Transaction Security*); and
- (iii) any guarantee, indemnity or other assurance against loss in respect of the Liabilities in addition to those in the Deed of Guarantee if and to the extent legally possible, at the same time it is also offered to the other Secured Parties in respect of their Liabilities and ranks in the same order of priority as that contemplated in Clause 2 (*RANKING AND PRIORITY*).

3.5 Option to purchase: HY Noteholders

- (A) Subject to paragraph (B) below, all the HY Noteholders (acting as a whole) may at any time after a Distress Event has occurred pursuant to the Finance Documents, by giving not less than 10 Business Days' notice to the RCF Agent, require the transfer to them (or to a nominee or nominees), in accordance with Clause 22.1 (*Assignments and transfers and changes in Facility Office by the Lenders*) of the RCF Agreement, of all, but not part, of the rights, benefits and obligations in respect of the Liabilities under the RCF if:
- (i) that transfer is lawful and subject to paragraph (ii) below, otherwise permitted by the terms of the RCF Agreement (provided that for these purposes Clause 22.2 (*Conditions of assignment and transfer or change in Facility Office*) of the RCF Agreement will be ignored);
 - (ii) any conditions relating to such a transfer contained in the RCF Agreement are complied with, other than any requirement to obtain the consent of, or consult with, any Obligor relating to such transfer, which consent or consultation shall not be required;
 - (iii) the RCF Agent, on behalf of the RCF Lenders, is paid (no later than at the time of such transfer) an amount equal to the aggregate of:
 - (a) all of the Liabilities under the RCF at that time (whether or not due), including all amounts that would have been payable

under

the RCF Agreement if the RCF Liabilities were being prepaid by the relevant Obligor on the date of that payment; and

- (b) all costs and expenses (including legal fees) incurred by the RCF Agent and/or the RCF Lenders as a consequence of giving effect to that transfer;
 - (iv) as a result of that transfer the RCF Lenders have no further actual or contingent liability to any Obligor under the RCF Agreement;
 - (v) an indemnity is provided from each HY Noteholder (or from another third party acceptable to all the RCF Lenders) in a form satisfactory to each RCF Lender in respect of all losses which may be sustained or incurred by any RCF Lender in consequence of any sum received or recovered by any RCF Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any RCF Lender for any reason; and
 - (vi) the transfer is made without recourse to, or representation or warranty from, the RCF Lenders, except that each RCF Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorise the making by it of that transfer.
- (B) The RCF Agent shall, within 5 Business Days of a request by all the HY Noteholders (acting as a whole) notify the HY Noteholders of the sum of the amounts described in paragraphs (A)(iii)(a) and (A)(iii)(b) above.

4. EFFECT OF INSOLVENCY EVENT

4.1 Payment of distributions

- (A) After the occurrence of an Insolvency Event in relation to an Obligor, any Party entitled to receive a distribution out of the assets of that Obligor in respect of Liabilities owed to that Party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that Obligor to pay that distribution to the Security and Intercreditor Agent until the Liabilities owing to the Secured Parties have been paid in full.
- (B) The Security and Intercreditor Agent shall apply distributions paid to it under paragraph (A) above in accordance with Clause 10 (*APPLICATION OF PROCEEDS*).

4.2 Set Off

To the extent that any Obligor's Liabilities are discharged by way of set off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that Obligor, any Finance Party which benefited from that set off shall pay an amount equal to the amount of the Liabilities owed to it which are discharged by that set off to the Security and

Intercreditor Agent for application in accordance with Clause 10 (*APPLICATION OF PROCEEDS*).

4.3 Non cash distributions

If the Security and Intercreditor Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any of the Liabilities, the Liabilities will not be reduced by that distribution until and except to the extent that the realisation proceeds are actually applied towards the Liabilities.

4.4 Filing of claims

After the occurrence of an Insolvency Event in relation to any Obligor, the Security and Intercreditor Agent (acting in accordance with Clause 4.6 (*Security and Intercreditor Agent instructions*)) is irrevocably authorised, on behalf of each Creditor, to:

- (A) take any Enforcement Action (in accordance with the terms of this Agreement) against that Obligor;
- (B) demand, sue, prove and give receipt for any or all of that Obligor's Liabilities;
- (C) collect and receive all distributions on, or on account of, any or all of that Obligor's Liabilities; and
- (D) file claims, take proceedings and do all other things the Security and Intercreditor Agent considers reasonably necessary to recover that Obligor's Liabilities.

4.5 Creditors' actions

Save as prohibited by any applicable law or regulation, each Finance Party will (insofar as the Security and Intercreditor Agent in each case acts in accordance with Clause 4.6 (*Security and Intercreditor Agent instructions*)):

- (A) do all things that the Security and Intercreditor Agent requests in order to give effect to this Clause 4 (*EFFECT OF INSOLVENCY EVENT*); and
- (B) if the Security and Intercreditor Agent is not entitled to take any of the actions contemplated by this Clause 4 (*EFFECT OF INSOLVENCY EVENT*) or if the Security and Intercreditor Agent requests that a Finance Party take that action, undertake that action itself in accordance with the instructions of the Security and Intercreditor Agent or grant a power of attorney to the Security and Intercreditor Agent (on such terms as the Security and Intercreditor Agent may reasonably require) to enable the Security and Intercreditor Agent to take such action.

4.6 Security and Intercreditor Agent instructions

For the purposes of Clause 4.4 (*Filing of claims*) and Clause 4.5 (*Creditors' actions*) the Security and Intercreditor Agent shall act:

- (A) on the instructions of the group of Creditors entitled, at that time, to give instructions under Clause 7.1 (*Enforcement Instructions*) or Clause 7.2 (*Manner of enforcement*); or
- (B) in the absence of any such instructions, as the Security and Intercreditor Agent sees fit.

5. TURNOVER OF RECEIPTS

5.1 Turnover by the Creditors

Subject to Clause 5.2 (*Permitted assurance and receipts*), if at any time prior to the Final Discharge Date, any Finance Party receives or recovers:

- (A) any Payment or distribution of, or on account of or in relation to, any of the Liabilities which is not either:
 - (i) a Permitted Payment; or
 - (ii) made in accordance with Clause 10 (*APPLICATION OF PROCEEDS*);
- (B) other than where Clause 4.2 (*Set Off*) applies, any amount by way of set off in respect of any of the Liabilities owed to it which does not give effect to a Permitted Payment;
- (C) notwithstanding paragraphs (A) and (B) above, and other than where Clause 4.2 (*Set-Off*) applies, any amount:
 - (i) on account of, or in relation to, any of the Liabilities:
 - (a) after the occurrence of a Distress Event; or
 - (b) as a result of any other litigation or proceedings against an Obligor (other than after the occurrence of an Insolvency Event in respect of that Obligor); or
 - (ii) by way of set-off in respect of any of the Liabilities owed to it after the occurrence of a Distress Event;
- (D) the proceeds of any enforcement of any Transaction Security except in accordance with Clause 10 (*APPLICATION OF PROCEEDS*); or
- (E) other than where Clause 4.2 (*Set-Off*) applies, any distribution in cash or in kind or Payment of, or on account of or in relation to, any of the Liabilities owed by any Obligor which is not in accordance with Clause 10 (*APPLICATION OF PROCEEDS*) and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Obligor,

that Finance Party will:

- (i) in relation to receipts and recoveries not received or recovered by way of set-off:
 - (a) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Security and Intercreditor Agent and promptly pay that amount to the Security and Intercreditor Agent for application in accordance with the terms of this Agreement; and

- (b) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Security and Intercreditor Agent for application in accordance with the terms of this Agreement; and
- (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security and Intercreditor Agent for application in accordance with the terms of this Agreement.

5.2 Permitted assurance and receipts

Nothing in this Agreement shall restrict the ability of any Finance Party to:

- (A) arrange with any person which is not an Obligor any assurance against loss in respect of, or reduction of its credit exposure to, an Obligor (including assurance by way of credit based derivative or sub participation); or
- (B) make any assignment or transfer,

which is permitted by the Finance Documents to which it is a party and that Finance Party shall not be obliged to account to any other Party for any sum received by it as a result of that action.

5.3 Sums received by Obligors

If any of the Obligors receives or recovers any sum from an Obligor which, under the terms of any of the Finance Documents, should have been paid to the Security and Intercreditor Agent, that Obligor will:

- (A) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Security and Intercreditor Agent and promptly pay that amount to the Security and Intercreditor Agent for application in accordance with Clause 10 (*APPLICATION OF PROCEEDS*).
 - (B) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Security and Intercreditor Agent for application in accordance with Clause 10 (*APPLICATION OF PROCEEDS*).
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5.4 Saving provision

If, for any reason, any of the trusts expressed to be created in this Clause 5 (*TURNOVER OF RECEIPTS*) should fail or be unenforceable, the affected Creditor or Obligor will promptly pay an amount equal to that receipt or recovery to the Security and Intercreditor Agent to be held on trust by the Security and Intercreditor Agent for application in accordance with the terms of this Agreement.

6. REDISTRIBUTION

6.1 Recovering Creditor's rights

- (A) Any amount paid by a Finance Party (a "**Recovering Finance Party**") to the Security and Intercreditor Agent under Clause 4 (*EFFECT OF INSOLVENCY EVENT*) or Clause 5 (*TURNOVER OF RECEIPTS*) shall be treated as having been paid by the relevant Obligor and distributed to the Finance Parties (each a "**Sharing Finance Party**") in accordance with the terms of this Agreement.
- (B) On a distribution by the Security and Intercreditor Agent under paragraph (A) above of a Payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party an amount equal to the amount received or recovered by the Recovering Finance Party and paid to the Security and Intercreditor Agent (the "**Shared Amount**") will be treated as not having been paid by that Obligor.

6.2 Reversal of redistribution

- (A) If any part of the Shared Amount received or recovered by a Recovering Finance Party becomes repayable to an Obligor and is repaid by that Recovering Finance Party to that Obligor, then:
 - (i) each Sharing Finance Party shall, upon request of the Security and Intercreditor Agent, pay to the Security and Intercreditor Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Shared Amount (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Shared Amount which that Recovering Finance Party is required to pay) (the "**Redistributed Amount**"); and
 - (ii) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.
- (B) The Security and Intercreditor Agent shall not be obliged to pay any Redistributed Amount to a Recovering Finance Party under paragraph (A)(i) above until it has been able to establish to its satisfaction that it has actually received that Redistributed Amount from the relevant Sharing Finance Party.

7. ENFORCEMENT OF TRANSACTION SECURITY

7.1 Enforcement Instructions

- (A) The Security and Intercreditor Agent will refrain from taking Enforcement Action unless instructed otherwise by the Instructing Group.
- (B) Subject to the Transaction Security having become enforceable in accordance with the terms of the Security Documents, the Instructing Group may give or refrain from giving instructions to the Security and Intercreditor Agent to take, or refrain from taking, Enforcement Action as they see fit.
- (C) The Security and Intercreditor Agent is entitled to rely on and comply with instructions given in accordance with this Clause 7.1 (*Enforcement Instructions*).
- (D) In the event that the Security and Intercreditor Agent is authorised by an Instructing Group and intends to take Enforcement Action, the Security and Intercreditor Agent shall consult with KEL for a period of not less than 20 Business Days (the “**Enforcement Consultation Period**”). No Enforcement Action may be taken during the Enforcement Consultation Period. At the end of the Enforcement Consultation Period the Security and Intercreditor Agent shall be required to seek instructions in relation to the Enforcement Action in question from an Instructing Group. An Enforcement Consultation Period shall not be required if:
 - (i) KEL has suffered an Insolvency Event which is continuing;
 - (ii) any other person is carrying out Enforcement Action against any Group Company; or
 - (iii) an Instructing Group determine that any delay in taking Enforcement Action would have a material adverse effect on the interests of the Secured Parties.

7.2 Manner of enforcement

- (A) If Enforcement Action is authorised to be taken in accordance with the terms of the Security Documents and pursuant to Clause 7.1 (*Enforcement Instructions*), the Security and Intercreditor Agent shall take such Enforcement Action:
 - (i) in such a manner (including, without limitation, the selection of any administrator of any Obligor to be appointed by the Security and Intercreditor Agent) as the Instructing Group shall instruct or, in the absence of any such instructions, as the Security and Intercreditor Agent sees fit; and
 - (ii) in relation to all of the Liabilities.

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- (B) Notwithstanding paragraph (A) above, if in connection with any Enforcement Action the Security and Intercreditor Agent (or any receiver) sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any of the Transaction Security, the Security and Intercreditor Agent shall only effect such sale or disposal following the provision of a certificate from an internationally recognised investment bank that such sale or disposal is at a fair market valuation, and for cash consideration for material disposals.

7.3 Exercise of voting rights

- (A) Each Creditor agrees with the Security and Intercreditor Agent that it will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre insolvency or rehabilitation or similar proceedings relating to any Obligor as instructed by the Security and Intercreditor Agent.
- (B) The Security and Intercreditor Agent shall give instructions for the purposes of paragraph (A) of this Clause 7.3 (*Exercise of voting rights*) as directed by an Instructing Group.

7.4 Waiver of rights

To the extent permitted under applicable law and subject to Clause 7.1 (*Enforcement Instructions*), Clause 7.2 (*Manner of enforcement*), Clause 8.2(C) (*Distressed Disposals*) and Clause 10 (*APPLICATION OF PROCEEDS*), each of the Secured Parties and the Obligors waives all rights it may otherwise have to require that the Transaction Security be enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Transaction Security or of any other security interest, which is capable of being applied in or towards discharge of any of the Liabilities is so applied.

8. DISPOSALS

8.1 Non-Distressed Disposals

(A) In this Clause 8.1 (*Non-Distressed Disposals*):

“**Disposal Proceeds**” means the proceeds of a Non-Distressed Disposal (as defined in paragraph (B) below).

(B) If, in respect of a disposal of:

- (i) an asset by an Obligor or Group Company; or
- (ii) an asset which is subject to the Transaction Security

to a person or persons which are not members of the Group:

- (a) that disposal is permitted under the Finance Documents; and

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- (b) that disposal is not a Distressed Disposal,

(a “**Non-Distressed Disposal**”),

the Security and Intercreditor Agent is irrevocably authorised (at the cost of the relevant Obligor or Group Company and without any consent, sanction, authority or further confirmation from any Creditor or Obligor or Group Company) but subject to paragraph (C) below:

- (iii) to release the Transaction Security or any other claim (relating to a Finance Document) over any relevant asset or Obligor;
- (iv) where any relevant asset consists of shares in the capital of an Obligor or Group Company to release the Transaction Security or any other claim, including any guarantee (relating to a Finance Document) against that Obligor or Group Company and against that Obligor’s or Group Company’s assets;
- (v) to execute and deliver or enter into any release of the Transaction Security or any claim described in paragraphs (iii) and (iv) above and issue any certificates of non crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Security and Intercreditor Agent, be considered necessary or desirable.

(C) If that Non-Distressed Disposal is not made, each release of Transaction Security or any claim described in paragraph (B) above shall have no effect and the Transaction Security or claim subject to that release shall continue in such force and effect as if that release had not been effected.

(D) Any Disposal Proceeds required by the Finance Documents to be applied in mandatory prepayment of the Liabilities shall be so applied in accordance with the terms of the Finance Documents.

8.2 Distressed Disposals

(A) Subject to paragraph (C) below, if a Distressed Disposal is being effected, the Security and Intercreditor Agent shall, and is irrevocably authorised (at the cost of the relevant Obligor or Group Company and without any consent, sanction, authority or further confirmation from any Finance Party, any Obligor or Group Company):

- (i) *release of Transaction Security*: to release the Transaction Security or any other claim, including any guarantee, over any relevant asset or Obligor and execute and deliver or enter into any release of that Transaction Security or claim and issue any certificates of non crystallisation of any floating charge or consent to dealing that may, in the discretion of the Security and Intercreditor Agent, be considered necessary or desirable;

- (ii) *release of liabilities and Transaction Security on a share sale (Obligor)*: if any relevant asset which is disposed of consists of shares in the capital of a Group Company, to release:

- (a) that Group Company and any Subsidiary of that Group Company from all or any part of:

- (1) its Borrowing Liabilities; and
- (2) its Guarantee Liabilities.

- (b) any Transaction Security granted by that Group Company or any Subsidiary of that Group Company;

- (c) any other claim of another Obligor over that Obligor’s assets or over the assets of any Subsidiary of that Obligor,

on behalf of the relevant Creditors and Group Companies;

(iii) *disposal of liabilities on a share sale*: if any relevant asset which is disposed of consists of shares in the capital of a Group Company and the Security and Intercreditor Agent (acting in accordance with paragraph (C) below) decides to dispose of all or any part of:

- (a) the Liabilities; or
- (b) the Obligor Liabilities,

owed by any Obligor:

- (c) (if the Security and Intercreditor Agent (acting in accordance with paragraph (C) below) does not intend that any transferee of those Liabilities or Obligor Liabilities (the “**Transferee**”) will be treated as a Creditor or a Secured Party for the purposes of this Agreement) to execute and deliver or enter into any agreement to dispose of all or part of those Liabilities or Obligor Liabilities **provided that** notwithstanding any other provision of any Finance Document the Transferee shall not be treated as a Creditor or a Secured Party for the purposes of this Agreement; and
 - (d) (if the Security and Intercreditor Agent (acting in accordance with paragraph (C) below) does intend that any Transferee will be treated as a Creditor or a Secured Party for the purposes of this Agreement) to execute and deliver or enter into any agreement to dispose of:
 - (1) all (and not part only) of the Liabilities owed to the Creditors; and
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- (2) all or part of any other Liabilities and the Obligor Liabilities,

on behalf of, in each case, the relevant Creditors and Obligors;

(iv) *transfer of obligations in respect of liabilities on a share sale*: if any relevant asset which is disposed of consists of shares in the capital of an Obligor (the “**Disposed Entity**”) and the Security and Intercreditor Agent (acting in accordance with paragraph (C) below) decides to transfer to another Obligor or Group Company (the “**Receiving Entity**”) all or any part of the Disposed Entity’s obligations or any obligations of any Subsidiary of that Disposed Entity in respect of the Obligor Liabilities to execute and deliver or enter into any agreement to:

- (a) agree to the transfer of all or part of the obligations in respect of those Obligor Liabilities on behalf of the relevant Obligors to which those obligations are owed and on behalf of the Obligors which owe those obligations; and
- (b) to accept the transfer of all or part of the obligations in respect of those Obligor Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Obligor Liabilities are to be transferred.

- (B) The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of Liabilities or Obligor Liabilities pursuant to paragraph (A)(iii) above) shall be paid to the Security and Intercreditor Agent for application in accordance with Clause 10 (*APPLICATION OF PROCEEDS*) as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of Liabilities or Obligor Liabilities has occurred pursuant to paragraph (A)(iii)(d) above, as if that disposal of Liabilities or Obligor Liabilities had not occurred.
 - (C) In the case of a Distressed Disposal (or a disposal of Liabilities pursuant to paragraph (A)(iii)(d) above) effected by or at the request of the Security and Intercreditor Agent (acting in accordance with paragraph (D) below), the Security and Intercreditor Agent shall only effect such sale or disposal following the provision of a certificate from an internationally recognised investment bank (acting reasonably) that such sale or disposal is at a fair market valuation, and for cash consideration for material disposals.
 - (D) For the purposes of paragraphs (A)(i), (A)(ii), (A)(iii), (A)(iv) and (C) above, the Security and Intercreditor Agent shall act:
 - (i) if the relevant Distressed Disposal is being effected by way of enforcement of the Transaction Security, in accordance with Clause 7.2 (*Manner of enforcement*); and
 - (ii) in any other case:
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- (a) on the instructions of the Instructing Group; or
- (b) in the absence of any such instructions, as the Security and Intercreditor Agent sees fit.

9. PERMITTED REFINANCING

9.1 Permitted Refinancing

Notwithstanding any other term of this Agreement, it is agreed that, in the event the Liabilities are amended, restated, refinanced, replaced or restructured in whole or in part (a “**New Financing**”), then any Transaction Security may be reconstituted, amended or replaced with Security (“**New Security**”) on substantially the same terms as the Transaction Security in force immediately prior to the New Financing.

9.2 Further assurance

It is agreed that, in the event of a New Financing, each Party shall, at the cost of KEL, do or procure the doing of all acts and/or execute or procure the execution of all documents, notices and filings in a form satisfactory to KEL and the creditors under the New Financing (who may for these purposes act through an agent) (each acting reasonably) which KEL and the creditors under the New Financing (who may for these purposes act through an agent) (each acting reasonably) consider necessary or appropriate to give full effect to the New Financing, and any New Security.

10. APPLICATION OF PROCEEDS

10.1 Order of application

Subject to Clause 10.2 (*Prospective liabilities*), all amounts from time to time received or recovered by the Security and Intercreditor Agent in respect of the Liabilities pursuant to the terms of any Finance Document or in connection with the realisation or enforcement of all or any part of the Transaction Security (for the purposes of this Clause 10 (*APPLICATION OF PROCEEDS*), the “**Recoveries**”) shall be held by the Security and Intercreditor Agent on trust to apply them at any time as the Security and Intercreditor Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this Clause 10 (*APPLICATION OF PROCEEDS*)), in the following order of priority:

- (A) in discharging any sums owing to the Security and Intercreditor Agent, any Receiver or any Delegate;
- (B) in accordance with the terms of the KEFI Intercreditor Agreement (if in force and effect and if applicable);
- (C) in payment of all costs and expenses incurred by the Agents or any Creditor in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of this Agreement or any action taken at the request of the Security and Intercreditor Agent under Clause 4.5 (*Creditors’ actions*);

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- (D) in payment to the RCF Agent for the RCF Agent Liabilities and in payment to the HY Noteholder Trustee for the HY Noteholder Trustee Liabilities (to the extent such liabilities relate to the non-payment of fees due);

- (E) in payment to:

- (i) the RCF Agent on behalf of the RCF Lenders; and
 - (ii) the HY Noteholder Trustee on behalf of the HY Noteholders,

for application towards the discharge of the Liabilities (on a *pro rata* basis between the Liabilities of each RCF Lender and each HY Noteholder) provided that such payments shall be deemed to be paid firstly, towards any interest payments under the RCF and the HY Notes due but unpaid and secondly, towards the remaining Liabilities;

- (F) if none of the Obligors is under any further actual or contingent liability under any Finance Document, in payment to any person to whom the Security and Intercreditor Agent is obliged to pay in priority to any Obligor; and
- (G) the balance, if any, in payment to the relevant Obligor.

10.2 Prospective liabilities

Following a Distress Event the Security and Intercreditor Agent may, in its discretion, hold any amount of the Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security and Intercreditor Agent with such financial institution (including itself) and for so long as the Security and Intercreditor Agent shall think fit (the interest being credited to the relevant account) for later application under Clause 10.1 (*Order of Application*) in respect of:

- (A) any sum to any Security and Intercreditor Agent, any Receiver or any Delegate; and
- (B) any part of the Liabilities, the RCF Agent Liabilities or the HY Noteholder Trustee Liabilities,

that the Security and Intercreditor Agent reasonably considers, in each case, might become due or owing at any time in the future.

10.3 Investment of proceeds

Prior to the application of any proceeds in accordance with Clause 10.1 (*Order of Application*) the Security and Intercreditor Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security and Intercreditor Agent with such financial institution (including itself) and for so long as the Security and Intercreditor Agent shall think fit (the interest being credited to the relevant account) pending the application from time to time of those monies in the Security and Intercreditor Agent's discretion in accordance with the provisions of this Clause 10 (*APPLICATION OF PROCEEDS*).

10.4 Currency Conversion

- (A) For the purpose of, or pending the discharge of, any of the Liabilities the Security and Intercreditor Agent may convert any moneys received or recovered by the Security and Intercreditor Agent from one currency to another, at the Security and Intercreditor Agent's Spot Rate of Exchange.
- (B) The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

10.5 Permitted Deductions

The Security and Intercreditor Agent shall be entitled, in its discretion, (a) to set aside by way of reserve amounts required to meet and (b) to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement, and to pay all Taxes which may be assessed against it in respect of any of the Charged Property, or as a consequence of performing its duties, or by virtue of its capacity as Security and Intercreditor Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

10.6 Good Discharge

- (A) Any payment to be made in respect of the Liabilities by the Security and Intercreditor Agent may be made to the relevant Agent on behalf of a Finance Party and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security and Intercreditor Agent.
- (B) The Security and Intercreditor Agent is under no obligation to make the payments to the Agents under paragraph (A) above in the same currency as that in which the Liabilities owing to the relevant Finance Party are denominated.

10.7 Calculation of Amounts

For the purpose of calculating any person's share of any sum payable to or by it, the Security and Intercreditor Agent shall be entitled to:

- (A) notionally convert the Liabilities owed to any person into a common base currency (decided in its discretion by the Security and Intercreditor Agent), that notional conversion to be made at the Security and Intercreditor Agent's Spot Rate of Exchange; and
- (B) assume that all moneys received or recovered as a result of the enforcement or realisation of the Secured Property are applied in discharge of the Liabilities in accordance with the terms of the Finance Documents under which those Liabilities have arisen.

11. THE SECURITY AND INTERCREDITOR AGENT

11.1 Trust

- (A) The Security and Intercreditor Agent declares that it shall hold the Secured Property received pursuant to Clauses 4 (*EFFECT OF INSOLVENCY EVENT*), 5 (*TURNOVER OF RECEIPTS*) and 6 (*REDISTRIBUTION*) on trust for the Secured Parties on the terms contained in this Agreement.
- (B) Each of the parties to this Agreement agrees that the Security and Intercreditor Agent shall have only those duties, obligations and responsibilities expressly specified in this Agreement or in the Security Documents to which the Security and Intercreditor Agent is expressed to be a party (and no others shall be implied).

11.2 No independent power

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any rights or powers arising under the Security Documents except through the Security and Intercreditor Agent.

11.3 Instructions to Security and Intercreditor Agent and exercise of discretion

- (A) Subject to paragraphs 25.4(D) and (E) below, the Security and Intercreditor Agent shall act in accordance with any instructions given to it by the Majority Creditors or, if so instructed by the Majority Creditors, refrain from exercising any right, power, authority or discretion vested in it as Security and Intercreditor Agent and shall be entitled to assume that (i) any instructions received by it from an Agent, the Creditors or a group of Creditors are duly given in accordance with the terms of the Finance Documents and (ii) unless it has received actual notice of revocation, that those instructions or directions have not been revoked.
- (B) The Security and Intercreditor Agent shall be entitled to request instructions, or clarification of any direction, from the Majority Creditors as to whether, and in
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what manner, it should exercise or refrain from exercising any rights, powers, authorities and discretions and the Security and Intercreditor Agent may refrain from acting unless and until those instructions or clarification are received by it.

- (C) Save as provided in Clause 7 (*ENFORCEMENT OF TRANSACTION SECURITY*), any instructions given to the Security and Intercreditor Agent by the Majority Creditors shall override any conflicting instructions given by any other Parties.
- (D) Paragraph 25.4(A) above shall not apply:
- (i) where a contrary indication appears in this Agreement;
 - (ii) where this Agreement requires the Security and Intercreditor Agent to act in a specified manner or to take a specified action;
 - (iii) in respect of any provision which protects the Security and Intercreditor Agent's own position in its personal capacity as opposed to its role of Security and Intercreditor Agent for the Secured Parties including, without limitation, the provisions set out in Clauses 25.6 (*Security and Intercreditor Agent's discretions*) to Clause 25.22 (*Disapplication*);
 - (iv) in respect of the exercise of the Security and Intercreditor Agent's discretion to exercise a right, power or authority under any of:
 - (a) Clause 8.1 (*Non-Distressed Disposals*);
 - (b) Clause 10.1 (*Order of application*);
 - (c) Clause 10.2 (*Prospective liabilities*); and
 - (d) Clause 10.5 (*Permitted Deductions*).
- (E) If giving effect to instructions given by the Majority Creditors would (in the Security and Intercreditor Agent's opinion) have an effect equivalent to an Intercreditor Amendment, the Security and Intercreditor Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security and Intercreditor Agent) whose consent would have been required in respect of that Intercreditor Amendment.
- (F) In exercising any discretion to exercise a right, power or authority under this Agreement where either:
- (i) it has not received any instructions from the Majority Creditors as to the exercise of that discretion; or
 - (ii) the exercise of that discretion is subject to paragraph (D)(iv) above,
- the Security and Intercreditor Agent shall do so having regard to the interests of all the Secured Parties.
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11.4 Security and Intercreditor Agent's Actions

Without prejudice to the provisions of Clause 7 (*ENFORCEMENT OF TRANSACTION SECURITY*) and Clause 25.3 (*Instructions to Security and Intercreditor Agent and exercise of discretion*), the Security and Intercreditor Agent may (but shall not be obliged to), in the absence of any instructions to the contrary, take such action in the exercise of any of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

11.5 Security and Intercreditor Agent's discretions

The Security and Intercreditor Agent may:

- (A) assume (unless it has received actual notice to the contrary from one of the Agents) that (i) no Default has occurred and no Obligor is in breach of or in default of its obligations under any of the Finance Documents and (ii) any right, power, authority or discretion vested by any Finance Document in any person has not been exercised;

- (B) if it receives any instructions or directions under Clause 7 (*ENFORCEMENT OF TRANSACTION SECURITY*) to take any action in relation to the Transaction Security, assume that all applicable conditions under the Finance Documents for taking that action have been satisfied;
- (C) engage, pay for and rely on the advice or services of any legal advisers, accountants, tax advisers, surveyors or other experts (whether obtained by the Security and Intercreditor Agent or by any other Secured Party) whose advice or services may at any time seem necessary, expedient or desirable;
- (D) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Secured Party, any Creditor or an Obligor, upon a certificate signed by or on behalf of that person; and
- (E) refrain from acting in accordance with the instructions of any Party (including bringing any legal action or proceeding arising out of or in connection with the Finance Documents) until it has received any indemnification and/or security that it may in its discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in so acting.

11.6 Security and Intercreditor Agent's obligations

The Security and Intercreditor Agent shall promptly:

- (A) copy to each Agent the contents of any notice or document received by it from any Obligor under any Finance Document;
- (B) forward to a Party the original or a copy of any document which is delivered to the Security and Intercreditor Agent for that Party by any other Party **provided that**, except where a Finance Document expressly provides otherwise, the

Security and Intercreditor Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party;

- (C) inform each Agent of the occurrence of any Default or any default by an Obligor in the due performance of or compliance with its obligations under any Finance Document of which the Security and Intercreditor Agent has received notice from any other party to this Agreement; and
- (D) to the extent that a Party (other than the Security and Intercreditor Agent) is required to calculate a Dollar Currency Amount, and upon a request by that Party, notify that Party of the relevant Security and Intercreditor Agent's Spot Rate of Exchange.

11.7 Excluded obligations

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security and Intercreditor Agent shall not:

- (A) be bound to enquire as to (i) whether or not any Default has occurred or (ii) the performance, default or any breach by an Obligor of its obligations under any of the Finance Documents;
- (B) be bound to account to any other Party for any sum or the profit element of any sum received by it for its own account;
- (C) be bound to disclose to any other person (including but not limited to any Secured Party) (i) any confidential information or (ii) any other information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty;
- (D) have or be deemed to have any relationship of trust or agency with, any Obligor.

11.8 Exclusion of liability

None of the Security and Intercreditor Agent, any Receiver nor any Delegate shall accept responsibility or be liable for:

- (A) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security and Intercreditor Agent or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (B) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Secured Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;

- (C) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Finance Documents, the Secured Property or otherwise, whether in accordance with an instruction from an Agent or otherwise unless directly caused

by its gross negligence or wilful misconduct;

- (D) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Finance Documents, the Secured Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, the Finance Documents or the Secured Property; or
- (E) any shortfall which arises on the enforcement or realisation of the Secured Property.

11.9 No proceedings

No Party (other than the Security and Intercreditor Agent, that Receiver or that Delegate) may take any proceedings against any officer, employee or agent of the Security and Intercreditor Agent, a Receiver or a Delegate in respect of any claim it might have against the Security and Intercreditor Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to this Agreement or any Secured Property and any officer, employee or agent of the Security and Intercreditor Agent, a Receiver or a Delegate may rely on this Clause 11.9 (*No proceedings*) subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Rights Act.

11.10 Own responsibility

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Secured Party confirms to the Security and Intercreditor Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (A) the financial condition, status and nature of each Obligor;
- (B) the legality, validity, effectiveness, adequacy and enforceability of any Finance Document, the Secured Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;
- (C) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Secured Property, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;
- (D) the adequacy, accuracy and/or completeness of any information provided by the Security and Intercreditor Agent or by any other person under or in connection

with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

- (E) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property,

and each Secured Party warrants to the Security and Intercreditor Agent that it has not relied on and will not at any time rely on the Security and Intercreditor Agent in respect of any of these matters.

11.11 No responsibility to perfect Transaction Security

The Security and Intercreditor Agent shall not be liable for any failure to:

- (A) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Charged Property;
- (B) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Finance Documents or the Transaction Security;
- (C) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Finance Documents or of the Transaction Security;
- (D) take, or to require any of the Obligors to take, any steps to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under the laws of any jurisdiction; or
- (E) require any further assurances in relation to any of the Security Documents.

11.12 Insurance by Security and Intercreditor Agent

- (A) The Security and Intercreditor Agent shall not be under any obligation to insure any of the Charged Property, to require any other person to maintain any insurance or to verify any obligation to arrange or maintain insurance contained in the Finance Documents. The Security and Intercreditor Agent shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy of any such insurance.
- (B) Where the Security and Intercreditor Agent is named on any insurance policy as an insured party, it shall not be responsible for any loss which may be suffered by reason of, directly or indirectly, its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless an Agent shall have requested it to do so in writing and the

Security and Intercreditor Agent shall have failed to do so within fourteen days after receipt of that request.

11.13 Custodians and nominees

The Security and Intercreditor Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any assets of the trust as the Security and Intercreditor Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security and Intercreditor Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

11.14 Acceptance of title

The Security and Intercreditor Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any of the Obligors or Group Companies may have to any of the Charged Property and shall not be liable for or bound to require any Obligor or Group Company to remedy any defect in its right or title.

11.15 Refrain from illegality

Notwithstanding anything to the contrary expressed or implied in this Agreement, the Security and Intercreditor Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction and the Security and Intercreditor Agent may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

11.16 Business with the Obligors

The Security and Intercreditor Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with any of the Obligors.

11.17 Winding up of trust

If the Security and Intercreditor Agent is informed by all of the Agents that (a) all of the Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged and (b) none of the Secured Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents the trusts set out in this Agreement shall be wound up.

11.18 Perpetuity period

The perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of 125 years from the date of this Agreement.

11.19 Powers supplemental

The rights, powers and discretions conferred upon the Security and Intercreditor Agent by this Agreement shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security and Intercreditor Agent by general law or otherwise.

11.20 Trustee division separate

- (A) In acting as trustee for the Secured Parties, the Security and Intercreditor Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any of its other divisions or departments.
- (B) If information is received by another division or department of the Security and Intercreditor Agent, it may be treated as confidential to that division or department and the Security and Intercreditor Agent shall not be deemed to have notice of it.

11.21 Disapplication

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security and Intercreditor Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

11.22 Obligors: Power of Attorney

Each Obligor by way of security for its obligations under this Agreement irrevocably appoints the Security and Intercreditor Agent to be its attorney to do anything which that Obligor has authorised the Security and Intercreditor Agent or any other Party to do under this Agreement or is itself required to do under this Agreement but has failed to do (and the Security and Intercreditor Agent may delegate that power on such terms as it sees fit).

12. CHANGE OF SECURITY AND INTERCREDITOR AGENT AND DELEGATION

12.1 Resignation of the Security and Intercreditor Agent

- (A) The Security and Intercreditor Agent may resign and appoint one of its affiliates as successor by giving notice to KEL and the Creditors.
- (B) Alternatively the Security and Intercreditor Agent may resign by giving notice to the other Parties in which case the Majority Creditors may appoint a successor Security and Intercreditor Agent.
- (C) If the Majority Creditors have not appointed a successor Security and Intercreditor Agent in accordance with paragraph 26.1(B) above within 30 days after the notice of resignation was given, the Security and Intercreditor Agent

(after consultation with the Agents) may appoint a successor Security and Intercreditor Agent.

- (D) The retiring Security and Intercreditor Agent (the “**Retiring Security and Intercreditor Agent**”) shall, at its own cost, make available to the successor Security and Intercreditor Agent such documents and records and provide such assistance as the successor Security and Intercreditor Agent may reasonably request for the purposes of performing its functions as Security and Intercreditor Agent under this Agreement.
- (E) The Security and Intercreditor Agent’s resignation notice shall only take effect upon (i) the appointment of a successor and (ii) the transfer of all of the Secured Property to that successor.
- (F) Upon the appointment of a successor, the Retiring Security and Intercreditor Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under Clause 25.18 (*Winding up of trust*) and under paragraph 26.1(D) above) but shall, in respect of any act or omission by it whilst it was the Security and Intercreditor Agent, remain entitled to the benefit of Clauses 11 (*THE SECURITY AND INTERCREDITOR AGENT*), 31.1 (*Obligors’ indemnity*) and 31.3 (*Creditors’ indemnity*). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original Party.
- (G) The Majority Creditors may, by notice to the Security and Intercreditor Agent, require it to resign in accordance with paragraph 26.1(B) above. In this event, the Security and Intercreditor Agent shall resign in accordance with paragraph 26.1(B) above but the cost referred to in paragraph 26.1(D) above shall be for the account of KEL.

12.2 Delegation

- (A) Each of the Security and Intercreditor Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of the rights, powers and discretions vested in it by any of the Finance Documents.
- (B) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security and Intercreditor Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties and it shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub delegate.

12.3 Additional Security and Intercreditor Agents

- (A) The Security and Intercreditor Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co trustee jointly with it

(i) if it considers that appointment to be in the interests of the Secured Parties; or (ii) for the purposes of conforming to any legal

requirements, restrictions or conditions which the Security and Intercreditor Agent deems to be relevant or (iii) for obtaining or enforcing any judgment in any jurisdiction, and the Security and Intercreditor Agent shall give prior notice to KEL and each of the Agents of that appointment.

- (B) Any person so appointed shall have the rights, powers and discretions (not exceeding those conferred on the Security and Intercreditor Agent by this Agreement) and the duties and obligations that are conferred or imposed by the instrument of appointment.
- (C) The remuneration that the Security and Intercreditor Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security and Intercreditor Agent.

13. CHANGES TO THE PARTIES

13.1 Assignments and transfers

No Party may assign any of its rights and benefits or transfer any of its rights, benefits and obligations in respect of any Finance Documents or the Liabilities except as permitted by this Clause 13 (*CHANGES TO THE PARTIES*).

13.2 Change of Creditor

Subject to Clause 13.3 (*Change of Agent*), a Finance Party may assign any of its rights and benefits or transfer by novation any of its rights, benefits and obligations in respect of any Finance Document to which it is party or the related Liabilities if that assignment or transfer is in accordance with the terms of the RCF Agreement or the HY Note Indenture, as applicable.

13.3 Change of Agent

No person shall become an Agent unless at the same time, it accedes to this Agreement as a RCF Agent or a HY Noteholder Trustee, as applicable, pursuant to Clause 13.4 (*Agent Accession Undertaking*).

13.4 Agent Accession Undertaking

With effect from the date of acceptance by the Security and Intercreditor Agent of an Agent Accession Undertaking or, if later, the date specified in that Agent Accession Undertaking, and otherwise with effect from the date specified in the Agent Accession Undertaking, in each case duly executed and delivered to the Parties by the relevant acceding party:

- (A) any Party ceasing entirely to be an Agent shall be discharged from further obligations towards the Security and Intercreditor Agent and other Parties under

this Agreement and their respective rights against one another shall be cancelled (except in each case for those rights which arose prior to that date); and

- (B) as from that date, the replacement or new Agent shall assume the same obligations, and become entitled to the same rights, as if it had been an original Party to this Agreement in that capacity.

13.5 Additional Agents

- (A) Each of the Parties appoints the Security and Intercreditor Agent to receive on its behalf each Agent Accession Undertaking delivered to the Security and Intercreditor Agent and the Security and Intercreditor Agent shall, subject to paragraph (B) below, as soon as reasonably practicable after receipt by it, sign and accept the same if it appears on its face to have been completed, executed and, where applicable, delivered in the form contemplated by this Agreement.
- (B) The Security and Intercreditor Agent shall only be obliged to sign and accept an Agent Accession Undertaking received by it once it is satisfied that it has complied with all necessary “know your customer” or similar other checks under all applicable laws and regulations in relation to the accession by the prospective party to this Agreement.
- (C) Each Party shall promptly upon the request of the Security and Intercreditor Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Security and Intercreditor Agent (for itself) from time to time in order for the Security and Intercreditor Agent to carry out and be satisfied with the results of all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

14. COSTS AND EXPENSES

14.1 Security and Intercreditor Agent’s ongoing costs

- (A) In the event of (i) a Default; (ii) the Security and Intercreditor Agent considering it necessary or expedient; or (iii) the Security and

Intercreditor Agent being requested by an Obligor or the Majority Creditors to undertake duties which the Security and Intercreditor Agent and KEL agree to be of an exceptional nature and/or outside the scope of the normal duties of the Security and Intercreditor Agent under the Finance Documents, KEL shall pay to the Security and Intercreditor Agent any additional remuneration (together with any applicable VAT) that may be agreed between them.

- (B) If the Security and Intercreditor Agent and KEL fail to agree upon the nature of those duties or upon any additional remuneration, that dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security and Intercreditor Agent and approved by KEL or, failing approval, nominated (on the application of the Security and Intercreditor Agent) by the President for the time being of the Law Society of England and Wales

(the costs of the nomination and of the investment bank being payable by KEL) and the determination of any investment bank shall be final and binding upon the parties to this Agreement.

14.2 Transaction expenses

KEL shall, within 15 Business Days, pay the Security and Intercreditor Agent the amount of all costs and expenses (including legal fees) (together with any applicable VAT) reasonably incurred by the Security and Intercreditor Agent and any Receiver or Delegate in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (A) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (B) any other Finance Documents executed after the date of this Agreement.

14.3 Stamp taxes

KEL shall (in accordance with the terms of the other Finance Documents) pay and, within five Business Days of demand, indemnify the Security and Intercreditor Agent against any cost, loss or liability the Security and Intercreditor Agent incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

14.4 Interest on demand

If any Creditor or Obligor fails to pay any amount payable by it under this Agreement on its due date, interest shall accrue on the overdue amount (and be compounded with it) from the due date up to the date of actual payment (both before and after judgment and to the extent interest at a default rate is not otherwise being paid on that sum) at the rate which is one per cent. per annum over the rate at which the Security and Intercreditor Agent was being offered, by leading banks in the London interbank market, deposits in an amount comparable to the unpaid amounts in the currencies of those amounts for any period(s) that the Security and Intercreditor Agent may from time to time select.

14.5 Enforcement and preservation costs

KEL shall, within five Business Days of demand, pay to the Security and Intercreditor Agent the amount of all costs and expenses (including legal fees and together with any applicable VAT) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security and Intercreditor Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

15. INDEMNITIES

15.1 Obligors' indemnity

Each Obligor shall promptly indemnify the Security and Intercreditor Agent and every Receiver and Delegate against any cost, loss or liability (together with any applicable VAT) incurred by any of them:

- (A) in relation to or as a result of:
- (i) any failure by KEL to comply with obligations under Clause 14 (*COSTS AND EXPENSES*);
 - (ii) the taking, holding, protection or enforcement of the Transaction Security;
 - (iii) the exercise of any of the rights, powers, discretions and remedies vested in the Security and Intercreditor Agent, each Receiver and each Delegate by the Finance Documents or by law; or
 - (iv) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;
- or

- (B) which otherwise relates to any of the Secured Property or the performance of the terms of this Agreement (otherwise than as a result of its gross negligence or wilful misconduct).

Each Obligor expressly acknowledges and agrees that the continuation of its indemnity obligations under this Clause 31.1 (*Obligors' indemnity*) will not be prejudiced by any release or disposal under Clause 8.2 (*Distressed Disposals*) taking into account the operation of that Clause 8.2 (*Distressed Disposals*).

15.2 Priority of indemnity

The Security and Intercreditor Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in Clause 31.1 (*Obligors' indemnity*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

15.3 Creditors' indemnity

Each Creditor shall (in the proportion that the Liabilities due to it bears to the aggregate of the Liabilities due to all the Creditors for the time being (or, if the Liabilities due to each of those Creditors is zero, immediately prior to their being reduced to zero)), indemnify the Security and Intercreditor Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant Security and Intercreditor Agent's, Receiver's or Delegate's gross negligence or wilful misconduct in acting as Security and Intercreditor Agent, Receiver or Delegate under the Finance Documents and unless the relevant Security and Intercreditor Agent, Receiver or Delegate has already been reimbursed by an Obligor pursuant to a Finance Document) and the Obligors shall jointly and severally indemnify each Creditor against any payment made by it under this Clause 31 (*Indemnities*).

15.4 Borrower's indemnity to Creditors

KEL shall promptly and as principal obligor indemnify each Creditor against any cost, loss or liability (together with any applicable VAT), whether or not reasonably foreseeable, incurred by any of them in relation to or arising out of the operation of Clause 8.2 (*Distressed Disposals*).

16. INFORMATION

16.1 Information and dealing

- (A) The Creditors shall provide to the Security and Intercreditor Agent from time to time (through their respective Agents in the case of a Creditor) any information that the Security and Intercreditor Agent may reasonably specify as being necessary or desirable to enable the Security and Intercreditor Agent to perform its functions as trustee.
- (B) Each Creditor shall deal with the Security and Intercreditor Agent exclusively through its Agent.

16.2 Disclosure

Notwithstanding any agreement to the contrary, each of the Obligors consents, until the Final Discharge Date, to the disclosure by any of the Creditors, the Agents and the Security and Intercreditor Agent to each other (whether or not through an Agent or the Security and Intercreditor Agent) of such information concerning the Obligors obtained by it in that capacity as any Creditor, any Agent or the Security and Intercreditor Agent shall see fit.

16.3 Notification of prescribed events

- (A) If an Event of Default either occurs or ceases to be continuing the relevant Agent shall, upon becoming aware of that occurrence or cessation, notify the Security and Intercreditor Agent and the Security and Intercreditor Agent shall, upon receiving that notification, notify each other Agent.
-

- (B) If an Acceleration Event occurs the relevant Agent shall notify the Security and Intercreditor Agent and the Security and Intercreditor Agent shall, upon receiving that notification, notify each other Agent.
- (C) If the Security and Intercreditor Agent enforces, or takes formal steps to enforce, any of the Transaction Security it shall notify each Party of that action.
- (D) If any Creditor exercises any right it may have to enforce, or to take formal steps to enforce, any of the Transaction Security it shall notify the Security and Intercreditor Agent and the Security and Intercreditor Agent shall, upon receiving that notification, notify each Party of that action.
- (E) If a Mandatory Prepayment is waived the relevant Agent shall notify the Security and Intercreditor Agent of the amount of the Mandatory

Prepayment waived and the Security and Intercreditor Agent shall, upon receiving that notification, notify each other Agent.

17. NOTICES

17.1 Communications in writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter.

17.2 Security and Intercreditor Agent's communications with Creditors

The Security and Intercreditor Agent shall be entitled to carry out all dealings with the Creditors through their respective Agents and may give to the Agents, as applicable, any notice or other communication required to be given by the Security and Intercreditor Agent to a Creditor.

17.3 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is:

(A) in the case of KEL:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 441 292 4720

Fax: +1 214 445 9705

Attention: Company Secretary

Attention: Jason Doughty

(B) in the case of the Security and Intercreditor Agent:

Address: BNP Paribas
16 Rue de Hanovre
75078 Paris Cedex 2
France

Fax: 33 1 42 98 49 25

Attention: Phoi-Van Phuong

Email: phoi-van.phuong@bnpparibas.com

(C) in the case of the RCF Agent:

Address: Standard Chartered Bank
5th Floor
1 Basinghall Avenue
London
EC2V 5DD

Fax: +44 207 885 3632

Attention: Matthew Breadon

(D) in the case of the HY Noteholder Trustee [•]; and

(E) in the case of each other Party, that notified in writing to the Security and Intercreditor Agent on or prior to the date on which it becomes a Party,

or any substitute address, fax number or department or officer which that Party may notify to the Security and Intercreditor Agent (or the Security and Intercreditor Agent may notify to the other Parties, if a change is made by the Security and Intercreditor Agent) by not less than five Business Days' notice.

17.4 Delivery

(A) Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 17.3 (*Addresses*), if addressed to that department or officer.

(B) Any communication or document to be made or delivered to the Security and Intercreditor Agent will be effective only when actually received by the Security and Intercreditor Agent and then only if it is expressly marked for the attention of the department or officer identified with the Security and Intercreditor Agent's signature below (or any substitute department or officer as the Security and Intercreditor Agent shall specify for this purpose).

(C) Any communication or document made or delivered to KEL in accordance with this Clause 17.4 (*Delivery*) will be deemed to have been made or delivered to each of the Obligors.

17.5 Notification of address and fax number

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 17.3 (*Addresses*) or changing its own address or fax number, the Security and Intercreditor Agent shall notify the other Parties.

17.6 Electronic communication

(A) Any communication to be made between the Security and Intercreditor Agent and an Agent or a Creditor under or in connection with this Agreement may be made by electronic mail or other electronic means, if the Security and Intercreditor Agent and the relevant Agent or Creditor:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(iii) notify each other of any change to their address or any other such information supplied by them.

(B) Any electronic communication made between the Security and Intercreditor Agent and an Agent or Creditor will be effective only when actually received in readable form and in the case of any electronic communication made by a Creditor or Agent to the Security and Intercreditor Agent only if it is addressed in such a manner as the Security and Intercreditor Agent shall specify for this purpose.

17.7 English language

(A) Any notice given under or in connection with this Agreement must be in English.

(B) All other documents provided under or in connection with this Agreement must be:

(i) in English; or

(ii) if not in English, and if so required by the Security and Intercreditor Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

(C) The Security and Intercreditor Agent and/or receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document provided pursuant to this Clause 17.7 (*English language*) and the English translation shall prevail unless the document is a statutory or other official document. Translation costs are for the account of the Obligors.

18. PRESERVATION

18.1 Partial invalidity

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of that provision under the law of any other jurisdiction will in any way be affected or impaired.

18.2 No impairment

If, at any time after its date, any provision of this Agreement is not binding on or enforceable in accordance with its terms against a person expressed to be a party to that Finance Document, neither the binding nature nor the enforceability of that provision or any other provision of that Finance Document will be impaired as against the other party or parties to that Finance Document.

18.3 Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Party, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

18.4 Waiver of defences

The provisions of this Agreement will not be affected by an act, omission, matter or thing which, but for this Clause 18.4 (*Waiver of defences*), would reduce, release or

prejudice the ranking of liabilities and priorities expressed to be created by this Agreement including (without limitation and whether or not known to any Party):

- (A) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (B) the release of any Obligor or any other person under the terms of any composition or arrangement with any creditor of any Obligor;
- (C) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non presentation or non observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- (D) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Obligor or other person;
- (E) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or security;
- (F) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security;
- (G) any intermediate Payment of any of the Liabilities owing to the Creditors in whole or in part; or
- (H) any insolvency or similar proceedings.

18.5 Priorities not affected

Except as otherwise provided in this Agreement the priorities referred to in Clause 2 (*RANKING AND PRIORITY*) will:

- (A) not be affected by any reduction or increase in the principal amount secured by the Transaction Security in respect of the Liabilities owing to the Creditors or by any intermediate reduction or increase in, amendment or variation to any of the Finance Documents, or by any variation or satisfaction of, any of the Liabilities or any other circumstances;
- (B) apply regardless of the order in which or dates upon which this Agreement and the other Finance Documents are executed or registered or notice of them is given to any person; and
- (C) secure the Liabilities owing to the Creditors in the order specified, regardless of the date upon which any of the Liabilities arise or of any fluctuations in the amount of any of the Liabilities outstanding.

19. CONSENTS, AMENDMENTS AND OVERRIDE

19.1 Required consents

- (A) Subject to paragraph (B) below, to Clause 19.4 (*Exceptions*) and to Clause 19.5 (*Snooze/Lose*), this Agreement may be amended or waived only with the consent of the Majority Creditors.
- (B) An amendment or waiver that has the effect of changing or which relates to Clause 11 (*THE SECURITY AND INTERCREDITOR AGENT*), Clause 26 (*Change Of Security And Intercreditor Agent And Delegation*), Clause 31.1 (*Obligors' indemnity*), Clause 15.2 (*Priority of indemnity*), Clause 31.3 (*Lenders' indemnity*) or this paragraph (B) shall not be made without the consent of the Security and Intercreditor Agent.
- (C) An amendment or waiver that has the effect of changing or which relates to Clause 2 (*RANKING AND PRIORITY*), Clause 3 (*CREDITORS AND LIABILITIES*), Clause 5.1 (*Turnover by the Creditors*), Clause 5.4 (*Saving provision*), Clause 6 (*REDISTRIBUTION*), Clause 7 (*ENFORCEMENT OF TRANSACTION SECURITY*), Clause 3.5 (*Option to purchase: HY Noteholders*), Clause 10 (*APPLICATION OF PROCEEDS*), paragraphs 25.4(D)(iii), 11.3(E) and 25.4(E) (*KEL Intercreditor Agreement*)
- (D) At any time, if the *KEL Intercreditor Agreement* is in force and effect, this clause 25, clause 26 (*CHANGE OF SECURITY AND INTERCREDITOR AGENT AND DELEGATION*) and clause 31 (*INDEMNITIES*) shall be ignored, shall have no force or effect and the Parties to this Agreement shall observe their respective rights and obligations under this Agreement as if this clause 25, clause 26 (*CHANGE OF SECURITY AND INTERCREDITOR AGENT AND DELEGATION*) and clause 31 (*INDEMNITIES*) were removed in their entirety.
- (E) Instructions to Security and Intercreditor Agent and exercise of discretion) or this Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*), shall not be made without the consent of the Instructing Group.

19.2 Amendments and Waivers: Security Documents and KEFI Intercreditor Agreement

- (A) Subject to paragraph (B) below and to Clause 19.4 (*Exceptions*) and unless the provisions of any Finance Document expressly provide otherwise, the Security and Intercreditor Agent may, if authorised by an Instructing Group, and if KEL consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Security Documents or the KEFI Intercreditor Agreement which shall be binding on each Party.
- (B) Subject to paragraph 19.4(C) (*Exceptions*), the prior consent of the Creditors is required to authorise any amendment or waiver of, or consent under, any Security Document which would affect the nature or scope of the Charged Property or the manner in which the proceeds of enforcement of the Transaction Security are distributed.

19.3 Effectiveness

Any amendment, waiver or consent given in accordance with this Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*) will be binding on all Parties, each Obligor and each Creditor and the Security and Intercreditor Agent may effect, on behalf of any Agent or Creditor, any amendment, waiver or consent permitted by this Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*).

19.4 Exceptions

- (A) Subject to paragraph (C) below, if the amendment, waiver or consent may impose new or additional obligations on or withdraw or reduce the rights of any Party other than:
 - (i) in the case of a Creditor, in a way which affects or would affect Creditors of that Party's class generally; or
 - (ii) in the case of an Obligor, to the extent consented to by KEL under paragraph 19.2(A) (*Amendments and Waivers: Security Documents and KEFI Intercreditor Agreement*),the consent of that Party is required.
- (B) Subject to paragraph (C) below, an amendment, waiver or consent which relates to the rights or obligations of an Agent or the Security and Intercreditor Agent (including, without limitation, any ability of the Security and Intercreditor Agent to act in its discretion under this Agreement) may not be effected without the consent of that Agent or, as the case may be, the Security and Intercreditor Agent.
- (C) Neither paragraph (A) nor (B) above, nor Clause 19.2(B) (*Amendments and Waivers: Security Documents and KEFI Intercreditor Agreement*) shall apply:
 - (i) to any release of Transaction Security, claim or Liabilities; or
 - (ii) to any consent

which, in each case, the Security and Intercreditor Agent gives in accordance with Clause 8 (*DISPOSALS*).

19.5 Enforcement Action

(A) For the avoidance of doubt, as between on the one hand, the Finance Party and, on the other hand, the Obligors, nothing in this Agreement shall give the Finance Parties a greater or any additional right in relation to taking a particular Enforcement Action (including as to the time at which such Enforcement Action may be taken and/or the circumstances under which any Enforcement Action may be taken) than exists under the terms of the other Finance Documents or at law.

(B) Notwithstanding any provision of this Agreement to the contrary, should the HY Note Indenture be qualified under the Trust Indenture Act or otherwise subject to Section 316 of the Trust Indenture Act, the right of any HY Noteholder to:

- (i) receive payment of the principal of and interest on the HY Notes held by them, on or after the respective due dates expressed in the HY Note Indenture; or
- (ii) to institute suit for the enforcement of any such payment on or after such respective dates (giving rise, if such payment or part thereof is recovered, to a “**HY Enforcement Recovery**”),

shall not be impaired or affected without the consent of such HY Noteholder, except to the extent permitted by the Trust Indenture Act. Clause 5.1 (Turnover by the Creditors) shall apply to any HY Enforcement Recovery, which shall be paid to the Security and Intercreditor Agent for application in accordance with Clause 10 (APPLICATION OF PROCEEDS) and the other terms of this Agreement.

19.6 Snooze/Lose

(A) If in relation to:

- (i) a request for a Consent in relation to any of the terms of this Agreement;
- (ii) a request to participate in any other vote of Creditors under the terms of this Agreement;
- (iii) a request to approve any other action under this Agreement; or
- (iv) a request to provide any confirmation or notification under this Agreement;

any Creditor:

- (1) fails to respond to that request within 10 Business Days of that request being made; or
- (2) (in the case of paragraphs (i) to (iii) above and if so requested by the Security and Intercreditor Agent), fails to provide details of its Credit Participation to the Security and Intercreditor Agent within the timescale specified by the Security and Intercreditor Agent;
- (v) in the case of paragraphs (i) to (iii) above, that Creditor’s Credit Participation (as the case may be) shall be deemed to be zero for the purpose of calculating the Credit Participations when ascertaining whether any relevant percentage of Credit Participations has been obtained to give that Consent, carry that vote or approve that action;

(vi) in the case of paragraph (iv) above, that confirmation or notification shall be deemed to have been given.

19.7 Disenfranchisement of Sponsor Affiliates

(A) For so long as a Sponsor Affiliate beneficially owns a Commitment or Credit Participation or (ii) has entered into a sub-participation agreement relating to a Commitment or Credit Participation or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated:

- (i) in ascertaining:
 - (a) an Instructing Group or the Majority Creditors; or
 - (b) whether:
 - (1) any relevant percentage of Commitments or Credit Participations; or
 - (2) the agreement of any specified group of Creditors,

has been obtained to approve any request for a Consent or to carry any other vote or approve any action under this Agreement,

that Commitment or Credit Participation shall be deemed to be zero and, subject to paragraph (ii) below, that Sponsor Affiliate (or the person with whom it has entered into that sub-participation, other agreement or arrangement (a “**Counterparty**”)) shall be deemed not to be a Creditor.

- (ii) Paragraph (A) above shall not apply to the extent that a Counterparty (other than a Sponsor Affiliate) is a Creditor by virtue otherwise than by beneficially owning the relevant Commitment or Credit Participation.

(B) Each Sponsor Affiliate that is a Creditor agrees that:

- (i) in relation to any meeting or conference call to which all the Creditors are invited to attend or participate, it shall not attend or participate in the same if so requested by the Security and Intercreditor Agent or, unless the Security and Intercreditor Agent otherwise agrees, be entitled to receive the agenda or any minutes of the same; and
- (ii) it shall not, unless the Security and Intercreditor Agent otherwise agrees, be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Security and Intercreditor Agent or one or more of the Creditors.

19.8 Calculation of Credit Participations

For the purpose of ascertaining whether any relevant percentage of Credit Participations has been obtained under this Agreement, the Security and Intercreditor Agent may notionally convert the Credit Participations into their Dollar Currency Amounts.

19.9 No liability

None of the Creditors, the HY Noteholder Trustee or the RCF Agent will be liable to any other Creditor, Agent or Obligor for any Consent given or deemed to be given under this Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*).

19.10 Agreement to override

Unless expressly stated otherwise in this Agreement, this Agreement overrides anything in the Finance Documents to the contrary, except for the KEFI Intercreditor Agreement, which shall prevail in the event that there is any conflict between it and this Agreement.

20. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

21. GOVERNING LAW

This Agreement, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

22. JURISDICTION

22.1 Submission

The parties hereby irrevocably agree for the exclusive benefit of the Secured Parties that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement, or any non-contractual obligations arising out of or in connection with it) (a “**Dispute**”).

22.2 Forum convenience

The parties hereby irrevocably agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly irrevocably agree not to argue to the contrary.

22.3 Concurrent jurisdiction

This Clause 22 (*JURISDICTION*) is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions

23. SERVICE OF PROCESS

- (A) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (unless incorporated in England and Wales):
 - (i) irrevocably appoints Trusec Limited of 2 Lambs Passage, London, EC1Y 8BB as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement; and
 - (ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned;
- (B) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, KEL (in the case of an agent for service of process for an Obligor), must immediately (and in any event within 30 days of such event taking place) appoint another agent on terms acceptable to the RCF Agent. Failing this, the RCF Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

**SCHEDULE 12
FORM OF AGENT ACCESSION UNDERTAKING**

To: **BNP PARIBAS** as Security and Intercreditor Agent for itself and each of the other parties to the Intercreditor Agreement referred to below.

To: **STANDARD CHARTERED BANK** as RCF Agent.

To: [●] as HY Noteholder Trustee.

From: [*Acceding Agent*]

THIS UNDERTAKING is made on [date] by [*insert full name of new Agent*] (the “**Acceding Agent**”) in relation to the intercreditor agreement (the “**Intercreditor Agreement**”) dated [●] 2012 between, among others, [●] as Security and Intercreditor Agent, [●] as RCF Agent and [●] as HY Noteholder Trustee, (each as defined in the Intercreditor Agreement). Terms defined in the Intercreditor Agreement shall, unless otherwise defined in this Undertaking, bear the same meanings when used in this Undertaking.

In consideration of the Acceding Agent being accepted as an Agent for the purposes of the Intercreditor Agreement, the Acceding Agent confirms that, as from [date], it intends to be party to the Intercreditor Agreement as an Agent and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by an Agent and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.

This Undertaking is governed by English law.

THIS UNDERTAKING has been entered into on the date stated above and is delivered on the date stated above].

Acceding Agent

[*insert full name of Acceding Agent*]

By:

Address:

Fax:

Accepted by the Security and Intercreditor Agent

for and on behalf of

BNP PARIBAS

Date:

Accepted by the RCF Agent

for and on behalf of

STANDARD CHARTERED BANK

Date:

Accepted by the HY Noteholder Trustee

for and on behalf of

[•]

Date:

SIGNATURES

The RCF Borrower

KOSMOS ENERGY LTD.

By:

Name: Neal Shah
Title: Attorney-in-fact

The HY Note Issuer

KOSMOS ENERGY LTD.

By:

Name: Neal Shah
Title: Attorney-in-fact

The Security and Intercreditor Agent

BNP PARIBAS

By:

Name:
Title:

The RCF Agent

STANDARD CHARTERED BANK

By:

Name:

Title:

The HY Noteholder Trustee

[•]

By:

Name:

Title:

**Schedule 13
Form of Lender Accession Notice**

To: **STANDARD CHARTERED BANK** as Facility Agent

From: [Additional Lender]

Dated:

Dear Sirs,

**Kosmos Energy Ltd. - Facility Agreement
dated (the "Facility Agreement")**

1. We refer to the Agreement and the Facility Agreement. This is a Lender Accession Notice. Terms defined in the Facility Agreement relating to the Agreement have the same meaning in this Lender Accession Notice unless given a different meaning in this Lender Accession Notice.
2. [Additional Lender] agrees:
 - (a) to be bound by the terms of the Finance Documents (other than the KEL Intercreditor Agreement [and the KEFI Intercreditor Agreement] (4)) as a Lender pursuant to clause [3.2] (Additional Commitment) of the Facility Agreement;
 - (b) to be bound by the terms of the KEL Intercreditor Agreement as a RCF Lender; and
 - (c) [to be bound by the terms of the KEFI Intercreditor Agreement as a RCF Lender.]
3. [Additional Lender]'s Additional Commitment is USD [].
4. [Additional Lender's] administrative details are as follows:

Account details:	[]
Facility Office Address:	[]
Telephone No.:	[]
Fax No.:	[]

(4) Exclude if KEFI Intercreditor Agreement is no longer in force.

Attention: []

5. The Additional Lender expressly acknowledges the limitations on the Lenders' obligations set out in paragraph (I) of clause 3.2 (*Additional Commitments*).
6. This Lender Accession Notice may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Lender Accession Notice.
7. This Lender Accession Notice is governed by English law.
8. This Lender Accession Notice has been delivered as a deed on the date stated at the beginning of this Lender Accession Notice.

[Additional Lender]

By:

This Lender Accession Notice is accepted by the Facility Agent and the Additional Commitment Date is confirmed as [].

Standard Chartered Bank

By:

SIGNATURES

Original Borrower

KOSMOS ENERGY LTD.

By: /s/ Neal Shah

Name: Neal Shah
Title: Attorney-in-fact

Original Guarantors

KOSMOS ENERGY OPERATING

By: /s/ Neal Shah

Name: Neal Shah
Title: Attorney-in-fact

KOSMOS ENERGY INTERNATIONAL

By: /s/ Neal Shah

Name: Neal Shah
Title: Attorney-in-fact

KOSMOS ENERGY DEVELOPMENT

By: /s/ Neal Shah

Name: Neal Shah
Title: Attorney-in-fact

KOSMOS ENERGY GHANA HC

By: /s/ Neal Shah

Name: Neal Shah
Title: Attorney-in-fact

KOSMOS ENERGY FINANCE INTERNATIONAL

By: /s/ Neal Shah

Name: Neal Shah
Title: Attorney-in-fact

The Mandated Lead Arrangers

BANC OF AMERICA SECURITIES LIMITED

By: /s/ Amit Bhagat

Name: Amit Bhagat
Title: Director

BNP PARIBAS

By: /s/ Olivier Warnan

Name: Olivier Warnan
Title: Director

BNP PARIBAS

By: /s/ Xavier Venereau

Name: Xavier Venereau
Title: Managing Director

HSBC BANK PLC

By: /s/ Kenny Eng

Name: Kenny Eng
Title: Associate Director

SOCIETE GENERALE, LONDON BRANCH

By: /s/ Maria Martin

Name: Maria Martin
Title: Vice President

THE STANDARD BANK OF SOUTH AFRICA LIMITED

By: /s/ Alistair Reid

Name: Alistair Reid
Title: Executive

THE STANDARD BANK OF SOUTH AFRICA LIMITED

By: /s/ Pablo Gonzalez

Name: Pablo Gonzalez
Title: Executive

STANDARD CHARTERED BANK

By: /s/ F Duta

Name: F Duta
Title: Managing Director

The Original Lenders

Bank of America, N.A.

By: /s/ Amit Bhagat

Name: Amit Bhagat
Title: Director

BNP PARIBAS

By: /s/ Olivier Warnan

Name: Olivier Warnan
Title: Director

BNP PARIBAS

By: /s/ Xavier Venereau

Name: Xavier Venereau
Title: Managing Director

HSBC BANK PLC

By: /s/ Kenny Eng

Name: Kenny Eng
Title: Associate Director

SOCIETE GENERALE, LONDON BRANCH

By: /s/ Maria Martin

Name: Maria Martin
Title: Vice President

THE STANDARD BANK OF SOUTH AFRICA LIMITED

By: /s/ Alistair Reid

Name: Alistair Reid
Title: Executive

THE STANDARD BANK OF SOUTH AFRICA LIMITED

By: /s/ Pablo Gonzalez

Name: Pablo Gonzalez
Title: Executive

STANDARD CHARTERED BANK

By: /s/ F Duta

Name: F Duta
Title: Managing Director

Facility Agent

STANDARD CHARTERED BANK

By: /s/ Paul Thompson

Name: Paul Thompson
Title: Director

Security and Intercreditor Agent

BNP PARIBAS

By: /s/ Eric de Menibus

Name: Eric de Menibus
Title: Deputy Director

BNP PARIBAS

By: /s/ Christophe Rouze

Name: Christophe Rouze
Title: Head of Business Management

EXECUTION FORM

DATED 23 NOVEMBER 2012

KOSMOS ENERGY LTD.
as the Company

- and -

**KOSMOS ENERGY OPERATING, KOSMOS ENERGY INTERNATIONAL,
KOSMOS ENERGY DEVELOPMENT, KOSMOS ENERGY GHANA HC AND
KOSMOS ENERGY FINANCE INTERNATIONAL**
as Original Guarantors

- and -

BNP PARIBAS
as Security and Intercreditor Agent
on behalf of the Beneficiaries

**DEED OF GUARANTEE AND INDEMNITY
IN RESPECT OF AN UP TO USD 300 MILLION
FACILITY AGREEMENT
AND CERTAIN SENIOR SECURED HIGH YIELD NOTES**

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
(SRG/NSS)
513308054

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THIS DEED is dated 23 November, 2012 and made between:

- (1) **KOSMOS ENERGY LTD.** a company incorporated under the laws of Bermuda with registered number 45011 and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the “**Company**”); and
 - (2) **KOSMOS ENERGY OPERATING** a company incorporated under the laws of the Cayman Islands with registered number 231417 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands;
 - (3) **KOSMOS ENERGY INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number 218274 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands;
 - (4) **KOSMOS ENERGY DEVELOPMENT** a company incorporated under the laws of the Cayman Islands with registered number 225879 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands;
 - (5) **KOSMOS ENERGY GHANA HC** a company incorporated under the laws of the Cayman Islands with registered number 135710 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands; and
 - (6) **KOSMOS ENERGY FINANCE INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number 253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands,

(together, the “**Original Guarantors**”); and
 - (7) **BNP PARIBAS** as security and intercreditor agent for the Beneficiaries (the “**Security and Intercreditor Agent**”).
-

BACKGROUND

- (A) On or about the date of this Deed, a USD 300 million revolving credit facility agreement (the “**Facility Agreement**”) was entered into between, amongst others, the Company as Original Borrower, the Original Guarantors, BNP Paribas as security and intercreditor agent, Standard Chartered Bank as facility agent and the original lenders named therein.
- (B) The Company intends to issue senior secured notes from time to time pursuant to the terms of the HY Note Indenture.
- (C) The Guarantors have agreed, as set out in this Deed, to guarantee the obligations and liabilities of each Borrower to the Beneficiaries under the Finance Documents.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Facility Agreement shall, unless otherwise defined in this Deed, have the same meaning when used in this Deed and, in addition:

“**Accession Deed**” means a document substantially in the form set out in Schedule 1 (*Form of Accession Deed*) to this Deed.

“**Amendment Notice Period**” has the meaning given to it in Clause 8 (*ACCESSION OF HY NOTEHOLDER TRUSTEE*) of this Deed.

“**Beneficiary**” means each of the Finance Parties, the HY Noteholders and the HY Noteholder Trustee, and “**Beneficiaries**” shall be construed accordingly.

“**Borrower**” means the Original Borrower, the Additional Borrowers and each issuer of HY Notes from time to time.

“**Deed of Subordination**” means a deed of subordination substantially in the form of Schedule 2 (*Form of Deed of Subordination*).

“**Dispute**” has the meaning given to it in Clause 23.1 (*Submission*) of this Deed.

“**Fee Letter**” means any letter or letters between the Company and any Finance Party, and, if applicable, the Noteholder Trustee, setting out any fees payable by the Company to a Finance Party, and, if applicable, the Noteholder Trustee, pursuant to a Finance Document.

“**Finance Document**” means this Deed, the Facility Agreement, the HY Note Indenture, the Intercreditor Agreements, each Security Document, any Fee Letter and any other document designated as such by the Security and Intercreditor Agent and the Company.

“**Guaranteed Obligations**” has the meaning given to it in Clause 3.1 (*Guarantee and indemnity*) of this Deed.

“**HY Note Indenture**” means the indenture pursuant to which all or any of the HY Notes are constituted or any other agreement under which HY Notes are constituted and any

other agreement under which any guarantee for the HY Notes is given (including this Deed).

“**HY Noteholder**” means a holder of HY Notes from time to time.

“**HY Noteholder Trustee**” means any collateral agent, trustee or other representative of the HY Noteholders.

“**HY Notes**” means any debenture, bond (other than performance bonds, bid bonds, retention bonds, advance payments bonds, letters of credit or trade credit related bonds), note, loan stock or other similar security issued by the Company.

“**Judgment**” has the meaning given to it in Clause 23.4 (*Judgments*) of this Deed.

“**Obligor**” means any Borrower and any Guarantor.

“**Process Agent**” has the meaning given to it in Clause 25 (*SERVICE OF PROCESS*) of this Deed.

“**Project Finance**” means any Financial Indebtedness:

- (A) to finance the ownership, acquisition, development, operation and/or maintenance of any asset or business (a “**Project**”) and incurred by a Guarantor in respect of which the person or person to whom any such Financial Indebtedness is, or may be, owed has or have no recourse to any member of the Group for the repayment thereof other than:
 - (i) recourse to such Guarantor for amounts limited to the cash flow from the Project; and/or

- (ii) recourse to such Guarantor generally, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation, representation or warranty to procure payment by another or an obligation, representation or warranty to comply or to procure compliance by another with any financial ratios or other test of financial condition) by the person against whom such recourse is available; and/or
 - (iii) if such Guarantor has been established specifically for the purpose of constructing, developing, owning and/or operating the Project and such Guarantor owns no other significant assets and carries on no other material business, recourse to all of the assets and undertaking of such Guarantor and/or the shares in the capital of such Guarantor and/or shareholder loans made to such Guarantor and/or the shares in the capital of any direct or indirect holding company whose only material assets are a direct or indirect equity interest in such Guarantor; or
- (B) which the Majority Lenders or, if the HY Noteholder Trustee has acceded to this Deed pursuant to Clause 8 (*ACCESSION OF HY NOTEHOLDER TRUSTEE*), the Majority Creditors, agree in writing may be treated as Project Finance.
-

“**RBL Facility Agreement**” means the facility agreement dated 28 March 2011 between, amongst others, KEFI as original borrower, KEO, KEI, KED and KEG as original guarantors, BNP Paribas as facility agent and the original lenders named therein, as amended on 17 February 2012 and as amended on or about the date of this Agreement.

“**RBL Security Agent**” means the “Security Agent” (as defined under the RBL Agreement).

“**Retiring Guarantor**” has the meaning given to it in Clause 3.8 (*Release of Guarantors’ right of contribution*) of this Deed.

“**Service Document**” has the meaning given to it in Clause 25 (*SERVICE OF PROCESS*) of this Deed.

“**Subordinating Guarantor**” means a Guarantor that is not also an “Obligor” under the RBL Facility Agreement.

1.2 Construction of particular terms and interpretation

Unless a contrary indication appears in this Deed, the provisions of Clauses 1.2 (*Construction of particular terms*) and 1.3 (*Interpretation*) of the Facility Agreement shall apply as if set out in full in this Deed, save that references to the Facility Agreement shall be construed as references to this Deed.

1.3 Third Party Rights

- (A) The RBL Security Agent may enforce the terms of Clause 5.1 (*The KEFI Intercreditor Agreement*) of this Deed by virtue of the Third Parties Act. This Clause 1.3(A) confers a benefit on the RBL Security Agent, and, subject to the remaining provisions of this Clause 1.3, is intended to be enforceable by the RBL Security Agent by virtue of the Third Parties Act.
 - (B) This Agreement confers benefits on the Beneficiaries, who are not party to this Agreement (each, for the purposes of this clause, a “**Third Party**”). It is intended that any benefit conferred on a Third Party should be enforceable by that Third Party by virtue of the Third Parties Act.
 - (C) Subject to paragraphs (A) and (B) above, a person who is not a party to this Deed has no right under the Third Parties Act to enforce or enjoy the benefit of any term of this Deed.
 - (D) Notwithstanding any term of any Finance Document, this Deed may be rescinded or varied without the consent of any person who is not a party hereto.
-

2. EVIDENCE OF INDEBTEDNESS

2.1 Evidence of indebtedness

For all purposes in connection with the exercise by the Security and Intercreditor Agent of any of its rights and powers hereunder, including any Dispute, a copy of a certificate signed by an authorised signatory on behalf of the Security and Intercreditor Agent as to the amount of any indebtedness comprised in the Guaranteed Obligations or as to any applicable rate of interest shall, in the absence of manifest or proven error, be conclusive evidence against any Guarantor as to the amount or rate thereof.

2.2 Default interest

If any Guarantor fails to pay any sum payable by it under this Deed on the due date for payment of that sum, the Guarantor shall, without double

counting, pay interest on such sum at the rate and in accordance with Clause 9.3 (*Default Interest*) of the Facility Agreement.

3. GUARANTEE AND INDEMNITY

3.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (A) guarantees to each Beneficiary punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents (the "**Guaranteed Obligations**");
- (B) undertakes with each Beneficiary that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (C) indemnifies each Beneficiary immediately on demand against any cost, loss or liability suffered by that Beneficiary if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Beneficiary would otherwise have been entitled to recover.

For the avoidance of doubt, Clause 3.1(B) (*Guarantee and indemnity*) of this Deed shall become immediately enforceable and the Beneficiaries shall be entitled, without notice to the Guarantors or prior authorisation from any court, to claim payment from the Guarantors under Clause 3.1 (*Guarantee and indemnity*) of this Deed.

3.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

3.3 Reinstatement

If any payment by an Obligor or any discharge given by a Beneficiary (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (A) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (B) each Beneficiary shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

3.4 Waiver of defences

The obligations of each Guarantor under this Clause 3 will not be affected by an act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this Clause 3 (without limitation and whether or not known to it or any Beneficiary) including:

- (A) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (B) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (C) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (D) any incapacity or lack of power, authority or legal personality or dissolution or change in the members or status of an Obligor or any other person;
- (E) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (F) any amalgamation, merger or reconstruction that may be effected by the Security and Intercreditor Agent or any Beneficiary with any other person, including any reconstruction by the Security and Intercreditor Agent or any Beneficiary involving the formation of a new company and the transfer of all or any of their assets to that company, or any sale or transfer of the whole or any part of the undertaking and assets of the Security and Intercreditor Agent or any Beneficiary to any other person;
- (G) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or

security; or

(H) any insolvency or similar proceedings.

3.5 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Beneficiary to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 3. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

3.6 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Beneficiary (or any trustee or agent on its behalf) may:

- (A) refrain from applying or enforcing any other moneys, security or rights held or received by that Beneficiary (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (B) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Deed.

3.7 Deferral of Guarantors' rights

- (A) Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Security and Intercreditor Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:
 - (i) to be indemnified by an Obligor;
 - (ii) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
 - (iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Beneficiaries under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Beneficiary;
 - (iv) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under this Deed;
 - (v) to exercise any right of set-off against any Obligor; and/or
 - (vi) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

-
- (B) If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Beneficiaries by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Beneficiaries and shall promptly pay or transfer the same to the Security and Intercreditor Agent or as it may direct for application in accordance with Clause 28 (*PAYMENT MECHANICS*) of the Facility Agreement or, if the HY Noteholder Trustee has acceded to this Deed pursuant to Clause 8 (*ACCESSION OF HY NOTEHOLDER TRUSTEE*), in accordance with the ranking priorities under the KEL Intercreditor Agreement.

3.8 Release of Guarantors' right of contribution

If any Guarantor ceases to be a Guarantor (a "**Retiring Guarantor**") in accordance with the terms of the Finance Documents or Clause 6 (*RELEASE*) of this Deed, then on the date such Retiring Guarantor ceases to be a Guarantor:

- (A) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (B) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Beneficiaries under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

3.9 Additional security

This Deed is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Beneficiary.

3.10 Further advances

The Guarantors guarantee the obligations and liabilities of each Borrower to the Finance Parties in respect of all further advances under the Facility Agreement or HY Notes issuance under the HY Note Indenture.

3.11 No prejudice

The guarantee and indemnity created by or pursuant to this Deed shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to the Guarantors, the Security and Intercreditor Agent or the Beneficiaries or by any other thing which might otherwise prejudice that guarantee and indemnity.

4. SUBORDINATION

(A) Each of the Beneficiaries, the Security and Intercreditor Agent, the HY Noteholder Trustee (to the extent it is a party to this Deed), the Guarantors and the Borrower agree that the rights and benefits of the Beneficiaries to make any claim or demand or to take any action against the Subordinating Guarantors or to enforce the guarantee and indemnity pursuant to the terms of this Deed, shall be expressly subordinated to the Security Interests of any lender providing Project Finance to a Subordinating Guarantor, including any such Project Finance arising after the date of this Deed.

(B) In the event that any Subordinating Guarantor raises or wishes to raise Project Finance, then the Security and Intercreditor Agent will, on behalf of itself and on behalf of each Beneficiary, promptly, upon written request by the Company, enter into a Deed of Subordination subordinating the interests of the Beneficiaries hereunder to the interests of the providers of such Project Finance.

5. RIGHTS OF THE BENEFICIARIES

5.1 The KEFI Intercreditor Agreement

As between the Beneficiaries, the Security and Intercreditor Agent undertakes on behalf of itself and each Beneficiary in favour of the RBL Security Agent that the rights under this Deed may only be enforced at the times and subject to and in accordance with the terms and conditions of the KEFI Intercreditor Agreement.

5.2 No Rights for any Guarantor

No Guarantor shall have any rights, whether express or implied, under this Clause 5.

6. RELEASE

If:

(A) each Borrower's obligations under the Finance Documents have been unconditionally and irrevocably paid or discharged in full and none of the Beneficiaries has any further liability or obligation to advance any funds under the Finance Documents; or

(B) security or a guarantee for each Borrower's obligations under the Finance Documents, in either case, acceptable to the Security and Intercreditor Agent, has been provided in substitution for this Deed; or

(C) a Guarantor is unconditionally entitled pursuant to any provision of the Finance Documents to be released from its liabilities,

the Security and Intercreditor Agent shall, subject to Clause 3.3 (*Reinstatement*), release the Guarantor or Guarantors from the liabilities under this Deed.

7. ADDITIONAL GUARANTOR

Any person that becomes an Additional Guarantor pursuant to the provisions of Clause 23.4 (*Additional Guarantor*) of the Facility Agreement, shall deliver to the Security and Intercreditor Agent an Accession Deed duly completed and executed by that Additional Guarantor.

8. ACCESSION OF HY NOTEHOLDER TRUSTEE

- (A) Each party to this Deed agrees that any collateral agent, trustee or other representative of the HY Noteholders may enter into and accede to this Deed as a Beneficiary for and on behalf of itself and each HY Noteholder without the requirement for any consent or approvals from any party to this Deed from time to time. Such accession shall confer upon the HY Noteholders all of the rights and privileges set out in this Deed. The Company may by five Business Days written notice (the “**Amendment Notice Period**”) to the Security and Intercreditor Agent request that such amendments and/or additions be made to this Deed as any collateral agent, trustee or other representative of the HY Noteholders (whether appointed at that time or not) may reasonably require (the “**HY Noteholder Trustee Amendments**”). During the Amendment Notice Period, either:
- (i) the Security and Intercreditor Agent shall enter into any agreement effecting the HY Noteholder Trustee Amendments, on the instructions of the Majority Lenders; or
 - (ii) the Facility Agent shall notify the Company in writing of any determination by the Majority Lenders that the HY Noteholder Trustee Amendments would materially and adversely prejudice their interests.
- (B) If, on the instructions of the Majority Lenders, the Facility Agent is required to make the notification described in paragraph (A)(ii) above, the Facility Agent shall promptly contact the Company in writing, setting out in reasonable detail the basis and reasons for that decision and the changes which the Majority Lenders (acting reasonably) would require for the Security and Intercreditor Agent to enter into the revised version of this Deed with the HY Noteholder Trustee Amendments incorporated. If such changes are made, then the Security and Intercreditor Agent will be deemed to have been instructed by the Majority Lenders promptly to enter into any agreement effecting the HY Noteholder Amendments, together with the changes required by the Majority Lenders.
- (C) For the avoidance of doubt, the Company shall not issue any HY Notes unless on or prior to such issuance, the HY Noteholder Trustee enters into the KEL Intercreditor Agreement (as amended pursuant to this clause).

9. **SUSPENSE ACCOUNT**

The Security and Intercreditor Agent may, at its sole discretion, place and retain on a suspense account, for as long as it considers fit, any monies received, recovered or realised under or in connection with this Deed to the extent of the Guaranteed

Obligations, without any obligation on the part of the Security and Intercreditor Agent to apply them in or towards the discharge of such Guaranteed Obligations.

10. **NEW ACCOUNT**

At any time after:

- (A) any Beneficiary receives, or is deemed to be affected by, notice (either actual or constructive) of any subsequent Security Interest or any disposition affecting the Guaranteed Obligations or part thereof; or
- (B) any corporate, legal proceeding or other procedure or step taken for or with a view to the rehabilitation, administration, custodianship, receivership, liquidation, winding-up or dissolution of any Guarantor,

any Beneficiary may open a new account in the name of a Guarantor (whether or not it permits any existing account to continue). If the Beneficiary does not open such a new account, it shall nevertheless be treated as if it had done so at the time when the notice was received or was deemed to have been received or, as the case may be, the corporate, legal proceeding or other procedure or step was taken. As from that time, all payments made by the Guarantors to the Security and Intercreditor Agent or any other Beneficiary or received by the Security and Intercreditor or any other Beneficiary for the account of any Obligor or any Beneficiary shall be credited or treated as having been credited to the new account and will not operate to reduce the amount secured by this Deed at any time.

11. **ENFORCEMENT POWERS**

11.1 **Set-off**

The Security and Intercreditor Agent may, without prejudice to any of the Beneficiaries’ other rights, set off any matured obligation owed by any Beneficiary to a Guarantor (regardless of the place of payment, banking branch or currency of either obligation) against any or all of the Guaranteed Obligations which are due and unpaid. For this purpose the Security and Intercreditor Agent may convert one currency into another at the rate of exchange determined by the Security and Intercreditor Agent in its absolute discretion to be prevailing at the date and time of set-off

11.2 **Other rights**

The Security and Intercreditor Agent may do all such acts and things it may consider necessary or expedient for the exercise of any of the rights conferred upon it under or in connection with this Deed or any applicable law and may concur in the doing of anything which the Intercreditor Agent has the right to do and to do any such thing jointly with any other person.

11.3 **Other rights of the Beneficiaries**

The Beneficiaries shall not, prior to the first date on which all of the Borrowers' obligations under the Finance Documents have been unconditionally and irrevocably discharged, have any independent power to enforce this Deed or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to this

Deed except through the Security and Intercreditor Agent. The Security and Intercreditor Agent shall take such action (including but not limited to the exercise of all rights, powers and discretions and the grants of all consents or releases) or refrain from taking action pursuant to this Deed as it may be instructed in writing by the Beneficiaries. The Guarantors shall not be concerned with whether the Security and Intercreditor Agent shall be acting in accordance with any instructions from the Beneficiaries and shall be conclusively entitled to assume that the Security and Intercreditor Agent has all the necessary right, title and authority.

12. INDEMNITY

- (A) The Security and Intercreditor Agent shall be entitled to be indemnified on demand, on an after Tax basis, by the Guarantors in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of any of its rights and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in anyway relating to this Deed, and the Security and Intercreditor Agent may retain and pay all sums in respect of them out of any moneys received.
- (B) No payment to the Security and Intercreditor Agent (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Guarantors in respect of which it was made unless and until the Security and Intercreditor Agent shall have received payment in full in the currency in which such obligation or liability was incurred and to the extent that the amount of any such payment shall on actual conversion into such currency fall short of such obligation or liability actual or contingent expressed in that currency the Security and Intercreditor Agent shall have a further separate cause of action against the Guarantors, and the Guarantors shall, as an original and independent obligation under this Deed, indemnify within five Business Days of demand, the Security and Intercreditor Agent against the amount of any such shortfall.
- (C) The obligations contained in this Clause 12 shall survive the expiration of this Deed.

13. COSTS AND EXPENSES

13.1 Transaction expenses and amendment costs

The Guarantors shall within fifteen Business Days of demand pay to the Security and Intercreditor Agent all costs and expenses (including legal fees) reasonably incurred by it in connection with the negotiation, preparation, printing and execution of this Deed or in responding to evaluating, negotiating or complying with an amendment, waiver or consent requested by a Guarantor.

13.2 Enforcement costs

The Guarantors shall, within five Business Days of demand, pay to the Security and Intercreditor Agent the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with the enforcement or attempted enforcement of, or the preservation of rights under, this Deed.

14. STAMP TAXES

The Guarantors shall, within five Business Days of demand, pay and indemnify the Security and Intercreditor Agent against any cost, loss or liability incurred by it in relation to all stamp duty, registration and other similar Taxes payable in respect of this Deed (other than in respect of an assignment or transfer by a Lender) in accordance with Clause 13.5 (*Stamp Taxes*) of the Facility Agreement.

15. ASSIGNMENT

15.1 Assignment by the Security and Intercreditor Agent

The Security and Intercreditor Agent may at any time transfer all or any of its rights and obligations under this Deed to any successor or additional Security and Intercreditor Agent appointed in accordance with the terms of the Finance Documents and upon such assignment and transfer taking effect, the replacement Security and Intercreditor Agent shall be and be deemed to be acting as agent and trustee for each Beneficiary (as well as for itself) for the purposes of this Deed in place of the previous Security and Intercreditor Agent.

15.2 Assignment by the Guarantors

The rights, interests and obligations of the Guarantors under this Deed are personal to each Guarantor. Accordingly, they are not capable of being assigned, transferred or delegated in any manner. Each Guarantor undertakes that it shall not at any time assign or transfer, or attempt to assign, transfer, delegate or create any trust over any of its rights, interests or obligations under or in respect of this Deed.

15.3 Beneficiaries

- (A) Each party to this Deed agrees that the Security and Intercreditor Agent's interests and rights under and in respect of this Deed shall be held by them as agent and, to the fullest extent possible under applicable law, trustee for the Beneficiaries for the time being and from time to time on the terms set out in the Finance Documents. Accordingly, unless the context requires otherwise, all references in this Deed to the Security and Intercreditor Agent mean the Security and Intercreditor Agent in that capacity as agent and trustee, and each party to this Deed also agrees that the Beneficiaries for the time being and from time to time shall have the benefit of this Deed.
- (B) Neither any assignment provided for or referred to in this Deed, nor the receipt by any of the Beneficiaries of any payment pursuant to this Deed, shall cause any of the Beneficiaries to be under any obligation or liability to any other party or to be responsible for any other party's failure to perform its obligations hereunder or thereunder.

16. AMENDMENTS AND WAIVERS

- (A) Other than pursuant to Clause 37 (*AMENDMENTS AND WAIVERS*) of the Facility Agreement, or, if the HY Noteholder Trustee has acceded to this Deed pursuant to Clause 8 (*ACCESSION OF HY NOTEHOLDER TRUSTEE*), other than pursuant to Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*) of

the KEL Intercreditor Agreement, this Deed may not be amended, modified or waived in any respect whatsoever, without the prior written consent of the Security and Intercreditor Agent given with express reference to this Clause 16 and expressly stated to be intended to operate as the Security and Intercreditor Agent's consent to such amendment, modification or waiver on behalf of the Beneficiaries and, in the case of an amendment or modification, without the written agreement of each Guarantor.

- (B) The Security and Intercreditor Agent shall be entitled to disclose such information concerning the Guarantors and this Deed to any actual or proposed direct or indirect successor where such person to whom the information is to be given has entered into a Confidentiality Undertaking or as the Security and Intercreditor Agent may be required to be disclosed by any applicable law.

17. EXERCISE OF RIGHTS AND REMEDIES

- (A) No delay or omission on the part of the Security and Intercreditor Agent in exercising any right, power or remedy provided by any applicable law or under this Deed or any Finance Document shall:
 - (i) impair such right, power or remedy; or
 - (ii) operate as a waiver of that right, power or remedy.
- (B) The single or partial exercise of any right, power or remedy provided by any applicable law, or under this Deed shall, except where the terms of this Deed provide expressly to the contrary, not preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.
- (C) The rights, powers and remedies provided in this Deed are cumulative and not exclusive of any rights, powers and remedies provided by any applicable law.

18. INVALIDITY AND SEVERABILITY

- (A) If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the applicable law of any relevant jurisdiction, that shall not affect or impair:
 - (i) the legality, validity or enforceability in that jurisdiction of any other provision of this Deed; or
 - (ii) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed,and the parties shall enter into good faith negotiations (but without any liability whatsoever in the event of no agreement being reached) to replace the invalid, illegal or unenforceable provision with a view to obtaining the same commercial effect as this Deed would have had if such provision had been legal, valid and enforceable.
- (B) To the extent that any Guarantor may be entitled to claim or invoke any defence, or benefit from any claim or defence, that this Deed or any other

Finance Document or any provision of this Deed or any other Finance Document is illegal, invalid, unenforceable or void under or contrary to any law in the Cayman Islands or Ghana, each Guarantor expressly, unconditionally and irrevocably agrees not to make such a claim or

invoke such a defence or permit such a claim or defence to be raised or invoked on its behalf. Each Guarantor expressly, unconditionally and irrevocably waives any right to make such a claim or raise such a defence.

19. NOTICES

19.1 Communications in writing

Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made by facsimile or letter.

19.2 Addresses

The address and facsimile number (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with this Deed is that identified with its name below, or any substitute address, facsimile number or department or officer as the parties may notify to each other by not less than five Business Days' notice.

Contact details of the Company

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 441 292 4720

Fax: +1 214 445 9705

Attention: Company Secretary

Attention: Jason Doughty;

Contact details of the Original Guarantors

P.O. Box 32322
4th Floor, Century Yard
Cricket Square
Elgin Avenue
George Town
Grand Cayman
KY1-1209
Cayman Islands

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: (345) 946 4090

Fax: +1 214 445 9705

Attention: Andrew Johnson

Attention: Jason Doughty;

Contact details of the Security and Intercreditor Agent

Address: BNP Paribas
16 Rue de Hanovre
75078 Paris Cedex 2
France

Fax: 33 1 42 98 49 25

Attention: Phoi-Van Phuong

Email: phoi-van.phuong@bnpparibas.com

19.3 Delivery

(A) Subject to Clause 19.4 (*Electronic communication*), any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:

- (i) if by way of facsimile, when received in legible form; or
- (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage

prepaid in an envelope addressed to that other person at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 19.2 (*Addresses*), if addressed to that department or officer.

- (B) Any communication or document to be made or delivered to the Security and Intercreditor Agent will be effective only when actually received by it and then only if it is expressly marked for the attention of the department or officer identified with the Security and Intercreditor Agent's signature below (or any

substitute department or officer as the Security and Intercreditor Agent shall specify for this purpose).

- (C) Any communication or document made or delivered to the Company in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.
- (D) Notices or communications received after or outside normal business hours or on a day which is not a Business Day in the place of receipt shall be deemed to be given on the next Business Day in the place of receipt.

19.4 Electronic communication

- (A) Any communication to be made between the parties under or in connection with this Deed may be made by electronic mail or other electronic means, if the parties:
- (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (B) Any electronic communication made between the parties will be effective only when actually received in readable form and in the case of any electronic communication made by any Guarantor to the Security and Intercreditor Agent only if it is addressed in such a manner as they shall specify for this purpose.

19.5 English language

- (A) Any notice, document, certificate or other communication given under or in connection with this Deed must be in English.
- (B) All other documents provided under or in connection with this Deed must be:
- (i) in English; or
 - (ii) if not in English, and if so required by the Security and Intercreditor Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.
- (C) The Security and Intercreditor Agent and/or receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document provided pursuant to this Clause 19.5 and the English translation shall prevail unless the document is a statutory or other official document. Translation costs are for the account of the Guarantors.

20. COUNTERPARTS

- (A) This Deed may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.
- (B) Each counterpart shall constitute an original of this Deed, but all the counterparts shall together constitute one and the same instrument.

21. EXECUTION AS A DEED

Each of the parties intends this Deed to be a deed and confirms that it is executed and delivered as a deed, notwithstanding the fact that any one or more of the parties may only execute it under hand.

22. GOVERNING LAW

This Deed, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

23. JURISDICTION

23.1 Submission

The parties hereby irrevocably agree for the exclusive benefit of the Security and Intercreditor Agent that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed, or any non-contractual obligation arising out of or in connection with it) (a “**Dispute**”).

23.2 Forum convenience

The parties hereby irrevocably agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly irrevocably agree not to argue to the contrary.

23.3 Concurrent jurisdiction

This Clause 23 is for the benefit of the Beneficiaries only. As a result, no Beneficiary shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Beneficiaries may take concurrent proceedings in any number of jurisdictions.

23.4 Judgments

Each Guarantor unconditionally and irrevocably agrees, with respect to any final order or judgment in any Dispute brought in any court as is referred to in this Clause 23 (for the purposes of this Clause 23.4, a “**Judgment**”), that:

- (A) it will not claim or permit a claim to be made on its behalf, and hereby irrevocably waives any right to claim, that a Judgment is not conclusive and binding upon it and may not be enforced in the courts of any other jurisdiction including, without limitation, the Cayman Islands and Ghana;
- (B) it shall be bound by and recognise any Judgment and shall do those things within its power which it can do, without exposing itself to any claim or additional obligation or liability, to assist in the enforcement or execution of the Judgment in the Cayman Islands and Ghana;
- (C) it shall not claim, invoke or permit to be invoked on its behalf or for its benefit any right it may have under the laws of the Cayman Islands and Ghana, or any

other state or jurisdiction, to prevent, delay, hinder, nullify or in any other way obstruct the enforcement or execution of the Judgment; and

- (D) to the extent permitted by law, it shall not, and shall irrevocably waive any right to, challenge the Judgment on any ground or the enforcement or execution of the Judgment in any jurisdiction (other than by way of appeal in the original jurisdiction).

24. WAIVER OF SOVEREIGN IMMUNITY

- (A) To the extent that any Guarantor may in any jurisdiction claim for itself or its assets any immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), each Guarantor hereby irrevocably agrees not to claim, and hereby irrevocably waives, such immunity to the full extent permitted by the laws of such jurisdiction.
- (B) Each Guarantor hereby consents generally in respect of any legal action or proceeding arising out of or in connection with this Deed to the giving of any relief or the issue of any process in connection with the Finance Documents including, without limitation, the making, enforcement or execution against any property or assets whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in the Dispute.
- (C) Each Guarantor irrevocably and unconditionally acknowledges that the execution, delivery and performance of this Deed and all the Finance Documents constitute private and commercial (and not public or governmental) acts of the Guarantors done and performed for private and commercial (and not public or governmental) purposes.

25. SERVICE OF PROCESS

- (A) Without prejudice to any other mode of service allowed under any relevant law, each Guarantor:
 - (i) irrevocably appoints Trusec Limited of 2 Lambs Passage, London, EC1Y 8BB (the “**Process Agent**”) as its agent for service of

process in relation to any Dispute before the English courts in connection with any Finance Document;

- (ii) irrevocably agrees that any Service Document may be sufficiently and effectively served on it in connection with any Dispute in England and Wales by service on the Process Agent (or any replacement agent appointed pursuant to paragraph (B) of this Clause 25; and
 - (iii) irrevocably agrees that failure by a process agent to notify any Guarantor of the process will not invalidate the proceedings concerned.
- (B) If the agent referred to in paragraph (A) of this Clause 25 (or any replacement agent appointed pursuant to this paragraph (B)) at any time ceases for any reason to act as such, as the case may be, the Guarantors shall as soon as

reasonably practicable appoint a replacement agent to accept service having an address for service in England or Wales and shall notify the Security and Intercreditor Agent of the name and address of the replacement agent; failing such appointment and notification, the agent referred to in paragraph (A) of this Clause 25 (or any replacement agent appointed pursuant to this paragraph (B)) shall continue to be authorised to act as agent for service of process in relation to any proceedings before the English courts on behalf of the relevant party and shall constitute good service.

- (C) Any document addressed in accordance with Clause 25(A) shall be deemed to have been duly served if:
- (i) left at the specified address, when it is left; or
 - (ii) sent by first class post, two clear Business Days after posting.
- (D) For the purposes of this Clause 25, “**Service Document**” means a writ, summons, order, judgment or other document relating to or in connection with any Dispute.

Nothing contained herein shall affect the right to serve process in any other manner permitted by law

IN WITNESS of which this Deed has been executed and delivered as a deed on the date stated at the beginning of this Deed.

**SCHEDULE 1
FORM OF ACCESSION DEED**

To: **BNP PARIBAS** as Security and Intercreditor Agent

From: [●]

Dated:

Dear Sirs

**Deed of Guarantee
dated [] (the “Deed”)**

1. We refer to the Deed. This is an Accession Deed. Terms defined in the Deed have the same meaning in this Accession Deed unless given a different meaning in this Accession Deed.
2. [●] agrees to be bound by the terms of the Deed as a Guarantor.
3. [●] is a company duly incorporated under the law of [name of relevant jurisdiction].
4. [●] administrative details are as follows:
Address:
Fax No:
Attention:
5. This Accession Deed is governed by English law.

IN WITNESS of which this Accession Deed has been executed and delivered by [•] on the date which first appears above.

[Executed and delivered as a deed by _____) Director
by [•] acting by a director and its _____) Secretary/
secretary/two directors _____) Director]

This Accession Deed is accepted by the Security and Intercreditor Agent.

BNP PARIBAS

By: _____ Date: _____

**SCHEDULE 2
FORM OF DEED OF SUBORDINATION**

THIS DEED is dated [_____] and made between:

- (1) [•] (the “**Subordinating Guarantor**”);
- (2) **BNP PARIBAS** in its capacity as Security and Intercreditor Agent for the Beneficiaries on the terms and conditions set out in the Facility Agreement, HY Note Indenture and the KEL Intercreditor Agreement (the “**Security and Intercreditor Agent**”) which expression includes its successors in title and assigns or any person appointed as an additional trustee for the purpose of and in accordance with the Facility Agreement, HY Note Indenture and the KEL Intercreditor Agreement; and
- (3) [*insert details of the relevant agent for the finance parties under the relevant project financing*].

BACKGROUND:

- (1) Under the Facility Agreement, the Lenders have agreed to make available a revolving loan facility of up to no more than USD 300 million to the Borrower.
- (2) The Project Finance Provider has agreed to make, or may in the future make, Project Finance available to the Subordinating Guarantor.
- (3) The Subordinating Guarantor and the Beneficiaries have agreed that the Subordinated Guarantee (as defined below) shall be subordinated to the claims of the Project Finance Provider on the terms of this Deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

“**Deed of Guarantee**” means the deed of guarantee dated [*date*] and entered into between, inter alios, the Subordinating Guarantor and the Security and Intercreditor Agent on behalf of the Beneficiaries.

“**Project Finance Liabilities**” means at any time and without double counting, all present and future obligations and liabilities (actual or contingent) of the Subordinating Guarantor (whether or not for the payment of money and including any obligation to pay damages for breach of contract) which are, or are expressed to be, or may become due, owing or payable to the Project Finance Provider under or in connection with the provision of Project Finance, together with all costs, charges and expenses incurred by the Project Finance Provider which the Subordinating Guarantor is obliged to pay under the terms of the Project Finance.

“**Project Finance Provider**” means [_____].

“**Subordinated Guarantee**” means all present and future moneys, debts, obligations and liabilities which are, or are expressed to be, or may

become due, owing or payable by the Subordinating Guarantor to the Beneficiaries pursuant to the terms of the Deed of Guarantee.

“**Subordination Period**” means the period beginning on the date of this Deed and ending on the date on which all the Project Finance Liabilities have been unconditionally and irrevocably paid or discharged or satisfied in full and all commitments of the Project Finance Provider have expired or been cancelled.

1.2 Incorporation of defined terms

Terms defined and incorporated by reference in Clause 1.1 (*Definitions*) of the Deed of Guarantee shall have the same meaning and construction when used herein.

1.3 Construction of particular terms

The rules of construction and interpretation set out in Clause 1.2 (*Construction of particular terms and interpretation*) of the Deed of Guarantee shall apply to this Deed as if expressly set out herein.

1.4 Third Party Rights

- (A) Subject to Clause 1.4(B), the parties to this Deed do not intend that any term of this Deed should be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed.
- (B) Each of the Beneficiaries shall have the right to enforce the terms of this Deed.

2. RANKING

- (A) The Project Finance Liabilities shall rank senior in priority to the Subordinated Guarantee.
- (B) Except as provided in this Deed, any payment in respect of the Subordinated Guarantee is conditional upon the expiry of the Subordination Period.

3. UNDERTAKINGS

3.1 Undertakings of the Subordinating Guarantor

- (A) During the Subordination Period the Subordinating Guarantor shall not, and the Security and Intercreditor Agent shall not require the Subordinating Guarantor to:
 - (i) pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of the Subordinated Guarantee whether in cash or in kind;
 - (ii) exercise any set-off against the Subordinated Guarantee;
 - (iii) amend, terminate or give any waiver or consent under the Deed of Guarantee, other than any amendment, termination, waiver or consent purely of a technical or administrative nature; or
 - (iv) take or omit to take any action whereby the ranking and/or subordination contemplated by this Deed might be impaired or terminated.
- (B) Notwithstanding paragraph (A) above, the Subordinating Guarantor may do anything prohibited by paragraph (A) above with the prior written consent of the Security and Intercreditor Agent.

3.2 Undertakings of the Security and Intercreditor Agent

- (A) During the Subordination Period, the Security and Intercreditor Agent shall not:
 - (i) demand or receive payment, repayment or prepayment of any principal, interest or other amount on or in respect of, or any distribution in respect of, the Subordinated Guarantee in cash or in kind or apply any money or property in or towards discharge of the Subordinated Guarantee;
 - (ii) exercise any set-off against the Subordinated Guarantee;
 - (iii) amend, terminate or give any waiver or consent under the Deed of Guarantee, other than any amendment, termination, waiver or consent purely of a technical or administrative nature;
 - (iv) take or omit to take any action whereby the ranking and/or subordination contemplated by this Deed might be impaired;

- (v) take any enforcement action in relation to the Subordinated Guarantee; or
 - (vi) assign, transfer or otherwise dispose of any of its rights, benefit, title or interest in or to the Subordinated Guarantee.
- (B) Notwithstanding paragraph (A) above, the Security and Intercreditor Agent may do anything prohibited by paragraph (A) above with the prior written consent of the Beneficiaries.

4. **TURNOVER**

During the Subordination Period, if the Security and Intercreditor Agent received or recovers:

- (A) a payment in cash or in kind or distribution in respect of any of the Subordinated Guarantee from the Subordinating Guarantor or any other source; or
- (B) the proceeds of any enforcement of any Subordinated Guarantee,

in each case, in contravention of Clause 2 (*RANKING*) or 3 (*UNDERTAKINGS*) (each a “**Turnover Payment**”), the Security and Intercreditor Agent shall:

- (i) within three (3) Business Days notify details of the receipt or recovery to the Project Finance Provider;
- (ii) hold any such assets and moneys received or recovered by it (up to a maximum of an amount equal to the Project Finance Liabilities), on trust for the Project Finance Provider for application against the Project Finance Liabilities; and
- (iii) within three (3) Business Days, pay an amount equal to such receipt or recovery (up to a maximum of an amount equal to the Project Finance Liabilities) to the Project Finance Provider for application against the Project Finance Liabilities.

and, provided that the Security and Intercreditor Agent complies with the provisions of this Clause 4 (*TURNOVER*), an amount equal to the relevant Turnover Payment will be treated as not having been paid.

5. **PROTECTION OF SUBORDINATION**

5.1 **Continuing subordination**

The subordination provisions in this Deed shall remain in full force and effect by way of continuing subordination and shall not be affected in any way by any intermediate payment or discharge in whole or in part of the Project Finance Liabilities.

5.2 **Waiver of defences**

Neither the subordination in this Deed nor the obligations of the Subordinating Guarantor or the Security and Intercreditor Agent shall be affected in any way by an act, omission, matter or thing which, but for this Clause 5, would reduce, release or prejudice the subordination or any of those obligations in whole or in part, including, without limitation, the following:

- (A) any time, waiver or consent granted to, or composition with, any person;
- (B) the release of any person under the terms of any composition or arrangement with any creditor of any person;
- (C) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (D) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
- (E) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatever

nature) or replacement of any Finance Document or any other document or security;

- (F) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security;
- (G) any insolvency or similar proceedings; or

- (H) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any person under any Finance Document resulting from any insolvency, liquidation or dissolution proceedings or from any law, regulation or order.

5.3 Immediate recourse

The Beneficiaries waive any right they may have of first requiring the Security and Intercreditor Agent (or any other trustee or agent on their behalf) to proceed against or enforce any other rights or security or claim payment from any person claiming the benefit of this Deed. The Security and Intercreditor Agent may refrain from applying or enforcing any money, rights or security.

5.4 Appropriations

The Security and Intercreditor Agent (or any trustee or agent on its behalf) may, subject to its obligations under this Deed:

- (A) apply any moneys or other assets received or recovered by it under this Deed or from any person against the Project Finance Liabilities; and
- (B) unless or until such moneys or other assets received or recovered by it under this Deed in aggregate are sufficient to end the Subordination Period if otherwise applied in accordance with the provisions of this Deed, hold in an interest-bearing suspense account any moneys or other assets received from any person.

6. PRESERVATION OF DEBT

6.1 Preservation of Subordinated Guarantee

Notwithstanding any term of this Deed postponing, subordinating or preventing the payment of all or any part of the Subordinated Guarantee, the Subordinating Guarantor shall, as between the Subordinating Guarantor and the Security and Intercreditor Agent, be deemed to remain owing or due and payable (and interest, default interest or indemnity payments shall continue to accrue) in accordance with the Deed of Guarantee.

6.2 No liability

The Security and Intercreditor Agent will have no liability to the Subordinating Guarantor or to the Beneficiaries for any act, default, or omission in relation to the manner of exercise or any non-exercise of its rights, remedies, powers, authorities or discretions

under this Deed or any failure to collect or preserve any Subordinated Guarantee or delay in doing so.

7. SUBROGATION

If any of the Project Finance Liabilities are wholly or partially paid out of any proceeds received in respect of or on account of the Subordinated Guarantee, the Subordinating Guarantor will to that extent be subrogated to the Project Finance Liabilities so paid (and all securities and guarantees for those Project Finance Liabilities), but not before the expiry of the Subordination Period.

8. NO OBJECTION BY THE BENEFICIARIES

The Beneficiaries are deemed to consent to, and the Beneficiaries shall not have any claim or remedy against the Subordinating Guarantor or the Security and Intercreditor Agent by reason of:

- (A) the entry by any of them into any agreement between the Project Finance Provider and the Subordinating Guarantor;
- (B) any waiver or consent given by the Project Finance Provider under any agreement; or
- (C) any requirement or condition imposed by or on behalf of the Project Finance Provider under any agreement,

from time to time which breaches any provisions of the Deed of Guarantee.

9. POWER OF ATTORNEY

- (A) During the Subordination Period, the Beneficiaries, by way of security for their obligations under this Deed, irrevocably appoint the Security and Intercreditor Agent as its attorney (with full power of substitution and delegation), on its behalf and in its name or otherwise as its act and deed, and in such manner as the attorney thinks fit to do anything which the Beneficiaries are obliged to do under this Deed but has not done, and the taking of action by the attorney shall (as between it and any third party) be conclusive evidence of its right to take such action.
- (B) The Beneficiaries ratify and confirm and agree to ratify and confirm everything that such attorney does or purports to do in the exercise or purported exercise of the power of attorney granted by it in this Clause 9.

10. FAILURE OF TRUSTS

If any trust intended to arise pursuant to any provision of this Deed fails or for any reason (including the laws of any jurisdiction in which any assets, moneys, payments or distributions may be situated) cannot be given effect to, the Beneficiaries will pay to the Security and Intercreditor Agent for application against the Project Finance Liabilities an amount equal to the amount (or the value of the relevant assets) intended to be so held on trust for the Security and Intercreditor Agent.

11. TRUSTS

(A) The Security and Intercreditor Agent shall hold the benefit of this Deed upon trust for itself and the Beneficiaries.

(B) The perpetuity period of the trusts created under this Deed shall be 125 years.

12. NON-CREATION OF CHARGE

No provision of this Deed is intended to or shall create a charge or other security.

13. CERTIFICATES AND DETERMINATIONS

Any certification or determination by the Security and Intercreditor Agent of a rate or amount under this Deed will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

14. CHANGES TO THE PARTIES

14.1 The Subordinating Guarantor and the Beneficiaries

Neither the Subordinating Guarantor nor the Beneficiaries may assign or transfer any of their rights or obligations under this Deed unless: (A) such Beneficiary or Subordinating Guarantor is, at that time, permitted to assign or transfer its rights pursuant to the terms of the Finance Documents; or (B) prior written consent of the Security and Intercreditor Agent is obtained.

14.2 The Security and Intercreditor Agent

(A) The Security and Intercreditor Agent may assign or otherwise dispose of all or any of its rights under this Deed as permitted under the Finance Documents.

(B) References in this Deed to the Security and Intercreditor Agent include any successor in title and assigns or any person appointed as an additional trustee for the purposes of and in accordance with the Finance Documents.

15. INFORMATION

15.1 Defaults

Any Beneficiary will notify the Security and Intercreditor Agent, of the occurrence of a breach of the Deed of Guarantee, promptly upon becoming aware of it.

15.2 Amounts of Subordinated Guarantee

Any Beneficiary will, on request by the Security and Intercreditor Agent from time to time notify it of details of the amount outstanding under the Subordinated Guarantee.

16. NOTICES

16.1 Communications in writing

Any communication or document to be made or delivered under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made or delivered by fax or letter.

16.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with this Deed is that identified below or otherwise as notified to the other

parties on the date of this Deed, or any substitute address, fax number or department or officer as the party notifies to the other parties by not less than five Business Days' notice.

Contact details of the Security and Intercreditor Agent

Name: Phoi-Van Phuong
Email: phoi-van.phuong@bnpparibas.com
Address: BNP Paribas
16 rue de Hanovre
75078 Paris Cedex 2
France
Fax: 33 1 42 98 49 25

Contact details of the Subordinating Guarantor

Copy:

Name: [•]	Name: [•]
Email: [•]	Email: [•]
Address: [•]	Address: [•]
Tel: [•]	Tel: [•]
Fax: [•]	Fax: [•]

Contact details of [agent for the finance parties under the project financing]

Copy:

Name: [•]	Name: [•]
Email: [•]	Email: [•]
Address: [•]	Address: [•]
Tel: [•]	Tel: [•]
Fax: [•]	Fax: [•]

16.3 Delivery

Any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:

- (A) if by way of fax, when received in legible form; or
- (B) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 16.2 (*Addresses*), if addressed to that department or officer.

16.4 English language

- (A) Any notice, document, certificate or other communication given under or in connection with this Deed must be in English.
- (E) All other documents provided under or in connection with this Deed must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Security and Intercreditor Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

- (F) The Security and Intercreditor Agent and/or receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document provided pursuant to this Clause 16.4 and the English translation shall prevail unless the document is a statutory or other official document. Translation costs are for the account of the Subordinating Guarantors.
-

17. REMEDIES AND WAIVERS

No delay or omission by the Security and Intercreditor Agent in exercising any right provided by law or under this Deed shall impair, affect, or operate as a waiver of, that or any other right. The single or partial exercise by the Security and Intercreditor Agent of any right shall not, unless otherwise expressly stated, preclude or prejudice any other or further exercise of that, or the exercise of any other, right. The rights of the parties under this Deed are in addition to and do not affect any other rights available to them by law.

18. PARTIAL INVALIDITY

- (A) If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction or any other jurisdiction will in any way be affected or impaired.
- (B) The parties shall enter into good faith negotiations, but without any liability whatsoever in the event of no agreement being reached, to replace any illegal, invalid or unenforceable provision with a view to obtaining the same commercial effect as this Deed would have had if such provision had been legal, valid and enforceable.

19. AMENDMENTS

No amendment may be made to this Deed (whether in writing or otherwise) without the prior written consent of the parties to this Deed.

20. COUNTERPARTS

- (G) This Deed may be executed in any number of counterparts, and by the parties on separate counterparts, but will not be effective until each party has executed at least one counterpart.
- (H) Each counterpart shall constitute an original of this Deed, but all the counterparts will together constitute one and the same instrument.

21. EXECUTION AS A DEED

Each of the parties to this Deed intends it to be a deed and confirms that it is executed and delivered as a deed, in each case notwithstanding the fact that any one or more of the parties may only execute it under hand.

22. GOVERNING LAW

This Deed, and any non-contractual obligation arising out of or in connection with it, shall be governed by and construed in accordance with English law.

23. JURISDICTION

23.1 Submission

The parties hereby irrevocably agree for the exclusive benefit of [•] that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with it) (a “Dispute”).

23.2 Forum convenience

The parties hereby irrevocably agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly irrevocably agree not to argue to the contrary.

23.3 Concurrent jurisdiction

This Clause 23 is for the benefit of [•] only. As a result, [•] shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, [•] may take concurrent proceedings in any number of jurisdictions

24. SERVICE OF PROCESS

- (A) Without prejudice to any other mode of service allowed under any relevant law the Subordinating Guarantor irrevocably appoints [*name*] of [*address*] as their agent for service of process in relation to any proceedings before the English courts in connection with this Deed.
- (B) The Subordinating Guarantor agrees that failure by a process agent to notify the relevant party of the process will not invalidate the proceedings concerned.

25 FURTHER ASSURANCE

Each of the Subordinating Guarantor and the Beneficiaries agree that it will promptly, at the direction of the Security and Intercreditor Agent (acting reasonably), execute and deliver at its own expense any document (to be executed as a deed or under hand) and do any act or thing in order to confirm or establish the validity and enforceability of the subordination effected by, and the obligations of the Subordinating Guarantor and the Beneficiaries under, this Deed.

IN WITNESS of which this document has been executed as a deed and delivered on the date stated at the beginning of this Deed.

SIGNATURES

The Company

Executed and delivered as a Deed by)

KOSMOS ENERGY LTD.)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 31 October 2012)

in the presence of:)

Per: /s/ Neal Shah

Title: Attorney-in-Fact

Nadia Schaub)

Name: Neal Shah

Witness's Signature

/s/ Nadia Schaub

(Name) Slaughter and May

(Address) One Bunhill Row, London EC1Y 8YY

(Occupation) Solicitor

Contact details:

Address: Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Fax: +1 441 292 4720

Attention: Company Secretary

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705

Attention: Jason Doughty

Executed and delivered as a Deed by)

KOSMOS ENERGY OPERATING)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

Nadia Schaub)

Witness's Signature

/s/ Nadia Schaub

(Name) Slaughter and May

(Address) One Bunhill Row, London EC1Y 8YY

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090
Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Executed and delivered as a Deed by)

KOSMOS ENERGY INTERNATIONAL)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

)

Per: /s/ Neal Shah

Title: Attorney-in-Fact

Name: Neal Shah

Per: /s/ Neal Shah

Title: Attorney-in-Fact

Nadia Schaub)

Name: Neal Shah

Witness's Signature

/s/ Nadia Schaub

(Name) Slaughter and May

(Address) One Bunhill Row, London EC1Y 8YY

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090
Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Executed and delivered as a Deed by)

KOSMOS ENERGY DEVELOPMENT)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

Per: /s/ Neal Shah

Title: Attorney-in-Fact

Nadia Schaub)

Name: Neal Shah

Witness's Signature

/s/ Nadia Schaub

(Name) Slaughter and May

(Address) One Bunhill Row, London EC1Y 8YY

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
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8176 Park Lane
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Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Executed and delivered as a Deed by)

KOSMOS ENERGY GHANA HC)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

Per: /s/ Neal Shah

) Title: Attorney-in-Fact

Nadia Schaub)

Name: Neal Shah

Witness's Signature

/s/ Nadia Schaub

(Name) Slaughter and May

(Address) One Bunhill Row, London EC1Y 8YY

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090
Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Executed and delivered as a Deed by)
KOSMOS ENERGY FINANCE INTERNATIONAL)
acting by Neal Shah)
expressly authorised in accordance with)
a power of attorney dated 5 November 2012)
in the presence of:)

Nadia Schaub)

Per: /s/ Neal Shah
Title: Attorney-in-Fact
Name: Neal Shah

Witness's Signature

/s/ Nadia Schaub

(Name) Slaughter and May
(Address) One Bunhill Row, London EC1Y 8YY
(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090
Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Security and Intercreditor Agent on behalf of the Beneficiaries

Executed as a deed by **BNP PARIBAS**)
acting by its duly appointed attorneys in)
the presence of:)
)
)
)
)
)
)

Per: /s/ Eric de Menibus
Title: Deputy Director
Name: Eric de Menibus

Witness's Signature /s/ Alexandra Arhab

(Name) Arhab
(Address) 16 rue de Hanovre, 75078 Paris

(Occupation) Bank Employee

)
)
)
)
)
)
)
)
)

Per: /s/ Christophe Rouze

Title: Head of Business Management

Name: Christophe Rouze

Witness's Signature /s/ Alexandra Arhab

(Name) Arhab

(Address) 16 rue de Hanovre, 75078 Paris

(Occupation) Bank Employee

Address: BNP Paribas
16 rue de Hanovre
75078 Paris Cedex 2
France

Fax number: 33 1 42 98 49 25

Attention: Phoi-Van Phuong

EXECUTION FORM

DATED 23 NOVEMBER 2012

KOSMOS ENERGY FINANCE INTERNATIONAL
as Original Borrower

- and -

KOSMOS ENERGY OPERATING, KOSMOS ENERGY INTERNATIONAL, KOSMOS ENERGY DEVELOPMENT and KOSMOS ENERGY GHANA HC
as Original Guarantors

- and -

KOSMOS ENERGY HOLDINGS
as Chargor

- and -

BNP PARIBAS
as Facility Agent

and

Security Agent

**DEED OF AMENDMENT AND RESTATEMENT RELATING TO A USD 2 BILLION FACILITY AGREEMENT DATED 28 MARCH 2011
AND A CHARGE OVER SHARES IN KEO DATED 28 MARCH 2011**

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
(SRG/NSS)

513352804

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THIS DEED is dated 23 November 2012 and made between:

- (1) **KOSMOS ENERGY FINANCE INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number 253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (the “**Original Borrower**”);
 - (2) **KOSMOS ENERGY OPERATING** a company incorporated under the laws of the Cayman Islands with registered number 231417 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands;
 - (3) **KOSMOS ENERGY INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number 218274 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands;
 - (4) **KOSMOS ENERGY DEVELOPMENT** a company incorporated under the laws of the Cayman Islands with registered number 225879 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands; and
 - (5) **KOSMOS ENERGY GHANA HC** a company incorporated under the laws of the Cayman Islands with registered number 135710 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands,
- together, the “**Original Guarantors**”; and
- (6) **KOSMOS ENERGY HOLDINGS** a company incorporated under the laws of the Cayman Islands with registered number 133483 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (the “**Chargor**”);
 - (7) **BNP PARIBAS** in its capacity as agent of the Finance Parties under the Facility Agreement (the “**Facility Agent**”); and
 - (8) **BNP PARIBAS** in its capacity as agent of the Secured Parties on the terms set out in the Intercreditor Agreement (as defined in the Facility Agreement) (the “**Security Agent**”).

BACKGROUND

- (A) On 28 March 2011, a facility agreement (the “**Facility Agreement**”) was entered into between, amongst others, Kosmos Energy Finance International, Kosmos Energy Ghana HC, Kosmos Energy Development, BNP Paribas as facility agent and security trustee and the original lenders named therein, as amended on 17 February 2012 and 24 April 2012.
- (B) It was a condition precedent to the Facility Agreement being utilised that the Chargor enters into the Charge over Shares in KEO.
- (C) Kosmos Energy Limited now wishes to enter into a corporate revolving credit facility and also wishes to issue high yield notes in the future. In order to facilitate these new arrangements, certain of the Finance Documents are required to be amended.
- (D) The Parties have agreed to amend the terms of the Facility Agreement as set out in Clause 3 (*Amendments to the Facility Agreement*) and the terms of the Charge over Shares in KEO as set out in Clause 4 (*Amendments to the Charge Over Shares in KEO*) of this Deed.
- (E) These amendments have, in accordance with Clause 42.1 (*Required consents*) of the Facility Agreement, been agreed by the Majority Lenders and, in respect to the amendment to Clause 42.2 (*Exceptions*) of the Facility Agreement, all the Lenders.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Facility Agreement

(A) Terms defined in the Facility Agreement have the same meaning in this Deed, unless a contrary intention is stated. In addition:

“**Effective Date**” means the date in which the Facility Agent (for itself and on behalf of the Finance Parties) has received in form and substance satisfactory to it the following:

- (i) a legal opinion from Clifford Chance LLP; and
- (ii) a legal opinion from Walkers.

(B) The principles of construction set out in the Facility Agreement shall have effect as if set out in this Deed.

1.2 Scope

This Deed is supplemental to and amends the Facility Agreement and the Charge over Shares in KEO.

1.3 Designation

In accordance with the Facility Agreement, the Original Borrower and the Facility Agent designate this Deed as a Finance Document.

2. EFFECTIVE DATE

Other than Clause 1 (*Interpretation*), Clause 2 (*Effective Date*), Clause 6 (*Miscellaneous*), Clause 7 (*Execution as a Deed*) and Clause 8 (*Governing Law*), the provisions of this Deed shall be effective on and from the Effective Date. Clause 1 (*Interpretation*), Clause 2 (*Effective Date*), Clause 6 (*Miscellaneous*), Clause 7 (*Execution as a Deed*) and Clause 8 (*Governing Law*), are effective on and from the date of this Deed.

3. AMENDMENTS TO THE FACILITY AGREEMENT

With effect from the date of this Deed, the Facility Agreement shall be amended to take the form set out in Schedule 1 to this Deed, which accordingly restates the Facility Agreement as amended by this Deed.

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4. AMENDMENTS TO THE CHARGE OVER SHARES IN KEO

With effect from the date of this Deed, the Charge over Shares in KEO shall be amended to take the form set out in Schedule 2 to this Deed, which accordingly restates the Charge over Shares in KEO as amended by this Deed.

5. REPRESENTATIONS AND WARRANTIES

Each of the representations and warranties under Clause 26 (*Representations*) of the Facility Agreement shall be incorporated into this Deed and shall be made by each Obligor to each party (other than an Obligor) to this Deed as at the date of this Deed as if each were set out in full herein.

6. MISCELLANEOUS

6.1 Construction

(A) With effect from the date of this Deed, references to the Facility Agreement, however expressed, will be read and construed as references to the Facility Agreement as amended and restated in the form set out in Schedule 1 to this Deed.

(B) With effect from the date of this Deed, references to the Charge over Shares in KEO, however expressed, will be read and construed as references to the Charge over Shares in KEO as amended and restated in the form set out in Schedule 2 to this Deed.

6.2 Incorporation of terms

The provisions of Clause 1.4(B) and (C) (*Third Party Rights*), Clause 36 (*Costs and Expenses*), 37 (*Notices*), Clause 40 (*Partial Invalidity*), Clause 41 (*Remedies and waivers*) and Clause 45 (*Jurisdiction*) of the Facility Agreement shall be incorporated into this Deed as if set out in full in this Deed and as if references in those Clauses to “this Agreement” or “the Finance Documents” are references to this Deed.

6.3 Confirmation of Guarantees and Security

Each Obligor confirms for the benefit of the Finance Parties that with effect from the date of this Deed:

- (A) subject to the terms of this Deed, the Facility Agreement, the Charge over Shares in KEO and the other Finance Documents will remain in full force and effect, and:
- (i) the Facility Agreement and this Deed will be read and construed as one document; and
 - (ii) the Charge over Shares in KEO and this Deed will be read and construed as one document.

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- (B) the guarantee and indemnity obligations set out under Clause 25 (*Guarantee and Indemnity*) of the Facility Agreement (the “**Guarantee and Indemnity Obligations**”) shall remain in full force and effect notwithstanding the designation of any new document as a Finance Document or any additions, amendments, novation, substitution, or supplements of or to the Finance Documents and the imposition of any amended, new or more onerous obligations under the Finance Documents in relation to any Obligor and that the Guarantee and Indemnity Obligations extend to any new obligations assumed by any Obligor under any amended or new Finance Documents; and
- (C) the Security Interests created by it pursuant to the Security Documents to which it is a party shall:
- (i) remain in full force and effect notwithstanding the designation of any new document as a Finance Document or any additions, amendments, novation, substitution, or supplements of or to the Finance Documents and the imposition of any amended, new or more onerous obligations under the Finance Documents in relation to any Obligor including but not limited to the amendments referred to in this Deed; and
 - (ii) continue to secure its Secured Liabilities under the Finance Documents as amended (including, but not limited to, under the Facility Agreement and Charge over Shares in KEO as amended pursuant to this Deed).

6.4 Counterparts

- (A) This Deed may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.
- (B) Each counterpart shall constitute an original of this Deed, but all the counterparts shall together constitute one and the same instrument

7. EXECUTION AS A DEED

Each of the parties intends this Deed to be a deed and confirms that it is executed and delivered as a deed, notwithstanding the fact that any one or more of the parties may only execute it under hand.

8. GOVERNING LAW

This Deed (and any non-contractual obligations arising out of it or in connection with it) shall be governed by and interpreted in accordance with the laws of England and Wales.

IN WITNESS of which this document has been signed by the Facility Agent on behalf of the Finance Parties and the Security Agent on behalf of the Secured Parties and executed as a deed by the Original Borrower and each Original Guarantor and is delivered on the date stated at the beginning of this Deed.

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SCHEDULE 1 AMENDED AND RESTATED FACILITY AGREEMENT

AMENDED AND RESTATED PURSUANT TO A DEED OF TRANSFER AND AMENDMENT, TWO LETTERS OF AMENDMENT AND A DEED OF AMENDMENT AND RESTATEMENT DATED

DATED 28 March 2011

**KOSMOS ENERGY FINANCE INTERNATIONAL
as Original Borrower**

- and -

KOSMOS ENERGY OPERATING, KOSMOS ENERGY INTERNATIONAL, KOSMOS ENERGY DEVELOPMENT and KOSMOS ENERGY GHANA HC

as Guarantors

- and -

ABSA CAPITAL (A DIVISION OF ABSA BANK LIMITED), BNP PARIBAS, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HSBC BANK PLC, SOCIÉTÉ GÉNÉRALE, LONDON BRANCH AND STANDARD CHARTERED BANK
as Mandated Lead Arrangers and Underwriters

- and -

THE FINANCIAL INSTITUTIONS LISTED IN SCHEDULE 2
as Original Lenders

FACILITY AGREEMENT

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
(SRG/JKW)

513309236

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THIS AGREEMENT is dated 28 March 2011 and made between:

(1) **KOSMOS ENERGY FINANCE INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number

253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (the “**Original Borrower**” or “**KEFI**”);

- (2) **KOSMOS ENERGY OPERATING** a company incorporated under the laws of the Cayman Islands with registered number 231417 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (“**KEO**”);
- (3) **KOSMOS ENERGY INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number 218274 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (“**KEI**”);
- (4) **KOSMOS ENERGY DEVELOPMENT** a company incorporated under the laws of the Cayman Islands with registered number 225879 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (“**KED**”);
- (5) **KOSMOS ENERGY GHANA HC** a company incorporated under the laws of the Cayman Islands with registered number 135710 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (“**KEG**”);
- (6) **ABSA CAPITAL (A DIVISION OF ABSA BANK LIMITED), BNP PARIBAS, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HSBC BANK PLC, SOCIÉTÉ GÉNÉRALE LONDON BRANCH AND STANDARD CHARTERED BANK** as mandated lead arrangers of the Facility (each a “**Mandated Lead Arranger**” and together, the “**Mandated Lead Arrangers**”);
- (7) **ABSA CAPITAL (A DIVISION OF ABSA BANK LIMITED), BNP PARIBAS, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HSBC BANK PLC, SOCIÉTÉ GÉNÉRALE LONDON BRANCH AND STANDARD CHARTERED BANK** as underwriters of the Facility (each an “**Underwriter**” and together, the “**Underwriters**”);
- (8) **THE FINANCIAL INSTITUTIONS** listed in Schedule 2 as lenders (the “**Original Lenders**”);
- (9) **SOCIÉTÉ GÉNÉRALE, LONDON BRANCH** as the lead technical bank, **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as co-technical bank and **HSBC BANK PLC** as co-technical bank (together referred to as the “**Technical Bank**”);
- (10) **SOCIÉTÉ GÉNÉRALE, LONDON BRANCH** as the lead modelling bank and **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as co-modelling bank (together referred to as the “**Modelling Bank**”);
- (11) **HSBC BANK PLC** as the documentation bank (the “**Documentation Bank**”);

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- (12) **STANDARD CHARTERED BANK** as onshore account bank on the terms and conditions set out in the KEG Onshore Project Accounts Agreement (the “**Onshore Account Bank**”);
- (13) **HSBC BANK PLC** as offshore account bank on the terms and conditions set out in the KEG Offshore Project Accounts Agreement and the Borrower Offshore Project Accounts Agreement (the “**Offshore Account Bank**”);
- (14) **BNP PARIBAS** as agent of the Finance Parties under this Agreement (the “**Facility Agent**”);
- (15) **BNP PARIBAS** in its capacity as Security Agent for the Secured Parties on the terms and conditions set out in the Intercreditor Agreement (the “**Security Agent**” which expression includes its successors in title and assigns or any person appointed as an additional trustee for the purpose of and in accordance with the Intercreditor Agreement); and
- (16) **BNP PARIBAS** as the intercreditor agent (the “**Intercreditor Agent**”).

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INTRODUCTION

- (1) The Original Lenders have agreed to provide a secured, revolving and amortising loan and letter of credit facility for loans of up to USD 2 billion.
- (2) The parties have agreed to enter into this Agreement for the purpose of setting out the provisions on which such facility will be provided.

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PART 1
INTERPRETATION

9. Definitions and Interpretation

9.1 Definitions

Each of the defined terms and interpretative provisions set out below and in the above list of parties to this Agreement shall apply to this Agreement and each Finance Document, unless an express contrary intention appears in that Finance Document.

“**1992 ISDA Master Agreement**” means the Master Agreement (Multicurrency Cross Border) as published by the International Swaps and Derivatives Association, Inc.

“**2002 ISDA Master Agreement**” means the 2002 Master Agreement as published by the International Swaps and Derivatives Association, Inc.

“**Accession Letter**” means a document substantially in the form set out in Schedule 9 Form of Accession Letter (*Form of Accession Letter*) of this Agreement.

“**Account Bank**” means, as the context so requires, either the Onshore Account Bank, the Offshore Account Bank, or both of them.

“**Accounting Reference Date**” means 31 December of each year.

“**Action Plan**” means the plan agreed between the Borrower and the IFC, a copy of which is attached hereto as Appendix 4 (*Action Plan*) to the IFC Facility Agreement, setting out specific social and environmental measures to be undertaken to enable compliance with the Performance Standards, as such Action Plan may be amended or supplemented from time to time in accordance with this Agreement.

“**Additional Borrower**” means a company which accedes to the terms of this Agreement as an additional borrower in accordance with clause 39 (*Changes to the Obligors*) of this Agreement.

“**Additional Cost Rate**” has the meaning given to that term in Schedule 6 (*Mandatory Cost Formulae*) of this Agreement.

“**Additional Debt**” means, in relation to any debt, any money, debt or liability due, owing or incurred under or in connection with:

- (A) any refinancing, deferral, novation or extension of that debt;
- (B) any further advance which may be made under any document, agreement or instrument supplemental to any relevant Finance Document together with any related interest, fees and costs;
- (C) any claim for damages or restitution in the event of rescission of that debt or otherwise in connection with any relevant Finance Document;

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(D) any claim against Kosmos flowing from any recovery by Kosmos or any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer of a payment or discharge in respect of that debt on the grounds of preference or otherwise; and

(E) any amount (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

“**Additional Guarantor**” means a company which accedes to the terms of this Agreement as an additional guarantor in accordance with clause 39 (*Changes to the Obligors*) of this Agreement.

“**Additional Obligor**” means an Additional Borrower or an Additional Guarantor.

“**Additional Oil Entitlement**” shall have the meaning given to that term in the relevant Petroleum Agreement.

“**Affected Administrative Party**” has the meaning given to that term in clause 40.12 (*Replacement of Administrative Parties*) of this Agreement.

“**Affiliate**” means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company.

“**Agent**” means each of the Facility Agent, the Security Agent, the Intercreditor Agent, the Technical Bank and the Modelling Bank and “**Agents**” shall be construed accordingly.

“**Agreed Form**” means in a form agreed between the Borrower (and/or KEG) and the Facility Agent.

“**Agreed Insurances**” means the insurances to be implemented and maintained by the Obligors in accordance with the Schedule of Insurances, to be

formulated in consultation with the Insurance Consultant, but excluding any insurances to the extent that the cover to be maintained is not available on reasonable commercial terms or no longer reflects insurance which would be implemented and maintained in accordance with good oil industry practice or ceases to be generally available in the market and provided that a maximum aggregate of up to 30 per cent. of reinsurance may be effected through a self-insurance programmes of the Obligors (such self-insurance being captive insurance and excluding non-insurance).

“**Agreement**” means this facility agreement as amended pursuant to the Deed of Transfer and Amendment and as amended, supplemented or otherwise varied from time to time.

“**Amendment Notice Period**” has the meaning given to that term in clause 40.18 (*Accession to the KEFI Intercreditor Agreement*) of this Agreement.

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“**Amortisation Schedule**” means the amortisation schedule set out in Schedule 5 (*Amortisation Schedule*) of this Agreement, as amended, supplemented or replaced from time to time.

“**Approved Accounting Principles**” means US generally accepted accounting principles to the extent applicable to the relevant financial statements.

“**Approved Auditor**” means any one of Deloitte LLP, Ernst & Young, PriceWaterhouse Coopers LLP or such other internationally recognised auditor as the Majority Lenders may approve from time to time (acting reasonably).

“**Approved Development**” means any Petroleum Asset in which an Obligor has an interest and which the Majority Lenders have agreed (acting reasonably) shall be a Borrowing Base Asset.

“**Assignments**” means the KEG Offshore Security Assignment, the KEG Onshore Security Assignment and the Assignment of Reinsurance Rights, together with any other Security Document entered into after the Signing Date which may give rise to a liability to pay stamp duty, documentary taxes or any other similar tax, charge or impost.

“**Assignment of Reinsurance Rights**” means the deed of insurance and reinsurance assignment to be entered into in accordance with the terms of this Agreement, between the insurers, the Security Agent and KEG.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Authorised Investment**” means, at any time (subject to such being available), any of the following:

- (A) a US Dollar denominated institutional money market fund with at least USD 1 billion of funds and an average rate of maturity not exceeding one year;
- (B) a US Dollar denominated freely negotiable and marketable bond, treasury bill or debt security of a remaining maturity not exceeding one year issued by the United States of America or any agency or instrumentality thereof, or by any other sovereign government with a long-term credit rating of at least A2 by Moody’s or A by Standard & Poor’s at such time;
- (C) a US Dollar denominated time deposit (of an original maturity not exceeding six months) made in London or New York or any other place agreed between the Borrower and the Facility Agent with a bank authorised to carry on business there whose long-term debt securities are, at such time, rated at least A2 by Moody’s or A by Standard & Poor’s;
- (D) a US Dollar denominated instrument with a maturity of less than one year which has a short-term rating at such time of at least P1 by Moody’s or A1 by Standard & Poor’s or instruments with a maturity of less than one year issued by, or guaranteed by, entities whose short-term securities are rated at such time at least P1 by Moody’s or A1 by Standard & Poor’s; or

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(E) any other investment agreed between the Facility Agent and the Borrower.

“**Authorised Signatory**” means, in relation to a company or other legal person:

- (A) one or more directors who are duly authorised whether singly or jointly, to act to bind that company or other legal person; or
- (B) a person or persons duly authorised by that company or other legal person to act to bind that company or other legal person.

“**Authority**” means any governmental, provincial or local government, department, authority, court, tribunal or other judicial or regulatory body, instrumentality or agency in any of the countries where the Borrower operates its business.

“**Availability Period**” means the availability period in respect of the Facility as specified in clause 14.1 (*Availability Period*) of this Agreement.

“**Available Commitment**” means, at any time, a Lender’s Commitment minus:

- (C) the amount of its participation in any outstanding Loans; and
- (D) in relation to any proposed Utilisation, the amount of its participation in any Loans that are due to be made on or before the proposed Utilisation Date,

other than that Lender’s participation in any Loans that are due to be repaid or prepaid on or before expiry of the Availability Period or all or a part of any Letters of Credit that have been cash collateralised by the Borrower depositing funds into the LC Cash Collateral Account.

“**Base Currency**” has the meaning given to it in clause 42.7 (*Currency of account*).

“**Basel II**” has the meaning given to it in clause 24.3 (*Exceptions*).

“**Basel III**” means the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision on 16 December 2010.

“**BBA Cure Period**” has the meaning given to it in paragraph (A)(i) of clause 18.3 (*Aggregate outstandings exceed the Borrowing Base Amount*) of this Agreement.

“**Borrower**” means the Original Borrower or any Additional Borrower unless it has ceased to be a Borrower in accordance with clause 39 (*Changes to the Obligors*).

“**Borrower Insurance Proceeds Account**” means an account designated “Borrower — Insurance Proceeds Account” established by the Original Borrower with the Offshore Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**Borrower Offshore Proceeds Account**” means an account designated “Borrower — Offshore” established by the Original Borrower with the Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**Borrower Offshore Project Accounts Agreement**” means the offshore project accounts agreement, dated on or about the date of this Agreement, between the Original Borrower, the Offshore Account Bank, the Facility Agent and the Security Agent.

“**Borrower Offshore Security Assignment**” means the English law security assignment and debenture, dated on or about the date of this Agreement, between the Original Borrower and the Security Agent.

“**Borrowing Base Amount**” means the amount determined on a Forecast Date in accordance with clause 27.6 (*Calculation of Borrowing Base Amount*) of this Agreement.

“**Borrowing Base Assets**” means KEG’s interest in, and all rights in respect of, Jubilee Field Phase 1, Phase 1a and Phase 1b and any other Ghana Block Asset when a plan of development applicable to that asset has been approved in accordance with the relevant Petroleum Agreement, including the Entitlement to all Unit Substances, and the assets in any Permitted Acquisition or Approved Development (which can be either Developed Assets or Developing Assets). In determining the reserves attributable to the Jubilee Field Phase 1, Phase 1a and Phase 1b and any Developed Assets, such determination shall take account of the proved and probable (2P) reserves, and in respect of Developing Assets, shall take account of proved (1P) reserves only.

“**Break Costs**” means the amount (if any) by which:

- (A) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:
- (B) the amount which that Lender would be able to obtain by placing an amount equal to the total sum received by it on deposit with a leading bank in the London interbank market for a period starting on the date of receipt or recovery and ending on the last day of the current Interest Period.

The calculation of interest for the purposes of paragraph (A) shall exclude an amount equal to the Margin for the period referred to in that paragraph where Kosmos repays a Loan in any of the following circumstances:

(1) under clause 18.1 (*General*) of this Agreement or if clause 18.10 (*Right of repayment and cancellation in relation to a single Lender*) of this Agreement applies; or

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(2) a Market Disruption Event has occurred in relation to that Loan and no substitute basis for determining the rate of interest has been agreed.

“**Business Day**” means a day (other than a Saturday or Sunday) when banks are open for business in London, Paris and New York.

“**Cameroon Block Assets**” means all activities, assets and developments in the Kombe-Nsepe Permit area and the Ndian River Block (including exploration), as such areas are described in the relevant Project Agreements set out below.

“**Cameroon Blocks**” means all of the blocks in the Kombe-Nsepe Permit area and the Ndian River Block, as such areas are described in the relevant Project Agreements set out below.

“**CAO**” means Compliance Advisor Ombudsman, the independent accountability mechanism for IFC that impartially responds to environmental and social concerns of affected communities and aims to enhance outcomes.

“**Cash Waterfall**” means the order of priority for application of amounts withdrawn from the Offshore Proceeds Accounts and the Onshore Working Capital Accounts as set out in clause 29.2 (*Withdrawals — No Default Outstanding*) of this Agreement.

“**Change of Control**” has the meaning given to that term in clause 18.6 (*Change of Control*) of this Agreement.

“**Charge over Shares in KED**” means the charge over shares in KED dated on or about the date of this Agreement between KEI and the Security Agent.

“**Charge over Shares in KEG**” means the charge over shares in KEG dated on or about the date of this Agreement between KED and the Security Agent.

“**Charge over Shares in KEH**” means the charge over shares in KEH between KEL and the “Security and Intercreditor Agent”, as defined in the Revolving Credit Facility Agreement.

“**Charge over Shares in KEI**” means the charge over shares in KEI dated on or about the date of this Agreement between KEO and the Security Agent.

“**Charge over Shares in KEO**” means the limited recourse charge over shares in KEO dated on or about the date of this Agreement between KEH as chargor, KEO and the Security Agent.

“**Charge over Shares in the Original Borrower**” means the limited recourse charge over shares in the Original Borrower dated on or about the date of this Agreement between KEI as chargor, the Original Borrower and the Security Agent.

“**Charges over Shares**” means the Charge over Shares in KED, the Charge over Shares in KEG, the Charge over Shares in KEI, the Charge over Shares in KEO and the Charge over Shares in the Original Borrower.

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“**Commitment**” means:

- (A) in relation to an Original Lender, the amount set opposite its name under the heading “Commitment” in Schedule 2 of this Agreement and the amount of any other Commitment transferred to it;
- (B) in relation to IFC, the IFC Facility Commitment;
- (C) in relation to any other Lender, the amount of any Commitment transferred to it,

to the extent not cancelled, reduced or transferred by it.

“**Completion**” means, in respect of a Developing Asset, the date on which the applicable Completion Test has been satisfied (as determined by the Technical Bank acting reasonably).

“**Completion Test**” means, in respect of a Developing Asset, the tests as agreed between the Original Borrower and the Technical Bank (acting reasonably) and approved by the Majority Lenders (acting reasonably) which must be completed to show that such asset should reasonably be considered to be a commercially producing asset (being substantially equivalent to the date of commencement of commercial production under

applicable Project Agreements) in order for a Developing Asset to be included in the Borrowing Base Assets as a Developed Asset.

“**Compliance Certificate**” means a certificate, substantially in the form set out in Schedule 11 (*Form of Compliance Certificate*) of this Agreement

“**Conditions Precedent**” means the conditions precedent to initial utilisation of the Facility as set out in Part I of Schedule 3 (*Conditions Precedent*) of this Agreement.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in the form of Schedule 13 (*Form of Confidentiality Undertaking*) of this Agreement or in any other form agreed between Kosmos and the Mandated Lead Arrangers.

“**Consolidated Cash and Cash Equivalents**” means, in relation to the KEL Group, at any time:

- (A) cash in hand or on deposit including, for the avoidance of doubt, restricted cash;
- (B) any investment in a liquidity fund, provided that such investment is capable of being withdrawn in cash on not more than 5 Business Days’ notice;
- (C) certificates of deposit, maturing within one year after the relevant date of calculation;
- (D) any investment in marketable obligations in Sterling, US Dollar or Euro having not more than three months to final maturity issued or guaranteed with a rating of A- or above by Standard and Poor’s (or its equivalent by Moody’s);

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- (E) any other instrument, security or investment approved in writing by the Majority Lenders.

“**Consolidated Total Borrowings**” means, in relation to the KEL Group, at any time the aggregate of the following:

- (A) the outstanding principal amount of any Financial Indebtedness incurred;
- (B) any fixed or minimum premium payable on the repayment or redemption of any instrument referred to in paragraph (A) above; and
- (C) the outstanding principal amount of any indebtedness arising in connection with any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing,

including any interest, fees and expenses treated as capitalised under applicable Approved Accounting Principles but without double-counting and, for the avoidance of doubt, excluding any such amount or indebtedness owed by one member of the KEL Group to another member of the KEL Group.

“**Consolidated Total Net Borrowings**” means, for any Measurement Period, Consolidated Total Borrowings less Consolidated Cash and Cash Equivalents each as at the last day of that Measurement Period.

“**Consultants**” means the Technical Consultant, Environmental Consultant, the Reserves Consultant and the Insurance Consultant.

“**Contract Area**” shall have the meaning given to that term in the WCTP PA or the DWT PA, as appropriate, or in any new petroleum agreements in Ghana applying to any part of such areas.

“**Contractor**” means the contractor under the WCTP PA and the DWT PA respectively from time to time.

“**Convertible Currency**” means any freely convertible and transferable currency.

“**Crude Oil**” shall have the meaning given to that term in the UUOA.

“**DCR**” means the debt cover ratio calculated pursuant to clause 35(B)(i) (*Financial Covenants*).

“**Debt Service Reserve Account**” or “**DSRA**” means an account designated “Kosmos - DSRA” established by the Original Borrower in respect of the Facility with the Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**Deed of Acknowledgment and Release**” means the Deed of Acknowledgment and Release between KEH, KEI, KED, KEFI, KEG and KEO.

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“**Deed of Subordination**” means each deed of subordination in respect of Financial Indebtedness of either (i) the Obligors owed to each other, or

(ii) Obligors owed to KEH, in each case substantially in the form of Schedule 14 (*Form of Deed of Subordination*).

“**Deed of Transfer and Amendment**” means the deed of amendment and transfer dated 14 February 2012 between, inter alios, the Original Borrower, the Lenders, the Security Agent, the Facility Agent, the Intercreditor Agent and the IFC.

“**Default**” means an Event of Default or event which, with the giving of notice, lapse of time, or fulfilment of any condition, would constitute an Event of Default.

“**Definitions Agreement**” means the definitions agreement dated 13 July 2009 (as amended on 29 October, 2009, 24 December, 2009 and 23 August, 2010) between, inter alios, Kosmos Energy Finance (as original borrower), certain other Obligors and the Finance Parties named therein setting out the definitions and the rules of construction and interpretation used in the Finance Documents relating to the financing for the Jubilee Field Phase 1.

“**Derivative Agreement**” means an ISDA Master Agreement or similar agreement pursuant to which Derivative Transactions are entered into by the Borrower with a counterparty.

“**Derivative Transaction**” means any transaction entered into under a Derivative Agreement, including (but not limited to) any transaction which is a forward rate agreement, option, future, swap, cap, floor and any combination of the foregoing.

“**Developed Assets**” means each of Jubilee Field Phase 1, Phase 1a and Phase 1b, and any Developing Assets which have achieved Completion and, as applicable, Approved Developments and Permitted Acquisitions which have been approved as Developed Assets in accordance with clause 27.8.

“**Developing Assets**” means the Ghana Block Assets and, as applicable, Approved Developments and Permitted Acquisitions which are to be counted as Developing Assets.

“**Development Work Program and Budget**” shall have the meaning given to that term in the UUAOA.

“**Discharge Date**” means the first date on which all liabilities (whether actual or contingent) owed to the Finance Parties (other than the Hedging Counterparties) have finally been discharged and such Finance Parties are under no further obligation to provide financial accommodation under the Finance Documents.

“**Discharged Rights and Obligations**” has the meaning given to it in clause 38.5 (*Procedure for transfer*).

“**Dispute**” has the meaning given to it in clause 53.1 (*Submission*).

“**Disruption Event**” means either or both of:

- (A) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (B) the occurrence of any other event which results in a disruption (including, without limitation, disruption of a technical or systems-related nature) to the treasury or payments operations of a Party preventing or severely inhibiting that or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**Distributions Reserve Account**” means each account designated “Kosmos - DRA” which is established and maintained by an Obligor pursuant to clause 28.6 (*Distributions Reserve Account*) of this Agreement, with any bank and in any jurisdiction (and to the extent such account is held by HSBC Bank plc, it is not held in its capacity as Account Bank).

“**Dividend Release Test**” means the conditions to be satisfied under clause 36.23 (*Distributions*) of this Agreement for the payment of a Shareholder Distribution.

“**DWT Block**” means the Deep Water Tano area offshore Ghana, being the area described in Annex 1 of the DWT PA, but excluding any portions of such area in respect of which the Contractor’s rights thereunder are from time to time relinquished or surrendered pursuant to the DWT PA.

“**DWT JOA**” means the joint operating agreement dated 15 August 2006 between Tullow Ghana Limited, Sabre Oil and Gas Limited and KEG in respect of the DWT Block (and all amendments and supplements thereto).

“**DWT PA**” means the petroleum agreement dated 10 March 2006 between the Government, represented by the Minister, the GNPC, Tullow Ghana

Limited, Sabre Oil and Gas Limited and KEG in respect of the DWT Block (and all amendments and supplements thereto).

“**EBITDAX**” means, in relation to the Group for any Measurement Period, its consolidated income on ordinary activities before Tax for that period, but adjusted by:

(A) adding back Net Interest Payable;

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(B) adding back depletion and depreciation charged to the consolidated profit and loss account of the Group in accordance with the Approved Accounting Principles;

(C) adding back amounts amortised to the consolidated profit and loss account of the Group;

(D) adding back any amount attributable to exploration expense (except to the extent that any such exploration expenses have been capitalised);

(E) adding back any amount attributable to unrealised losses, and deducting any amount attributable to unrealised gains on the value of any Derivative Transaction;

(F) adding back any amount attributable to a loss and deducting any amount attributable to a gain against book value on the disposal of any non-current asset and any amount attributable to an impairment charge relating to a non current asset;

(G) adding back the amount attributable to any compensation which is paid by way of equity instruments in KEL;

(H) adding back or deducting (as applicable) the amount attributable to any other material item of an unusual or non-recurring nature which represent gains or losses, including (but not limited to) those arising on:

(i) the refinancing of or the extinguishment of any financing, in relation to any cost associated with the original financing which is subsequently written off as a consequence of that refinancing or extinguishment; and

(ii) the restructuring of the activities of an entity and the reversal of any provisions for the cost of restructuring,

for that Measurement Period. In addition, for the purposes of the calculation of the financial covenants contained in clause 35(B)(i) (*Financial Covenants*), EBITDAX in relation to the KEL Group for any Measurement Period shall be adjusted by:

(F) including the EBITDAX of a subsidiary of KEL or attributable to a business or asset acquired during that Measurement Period for the part of the Measurement Period when it was not a member of the KEL Group and/or the business or asset was not owned by a member of the KEL Group; and

(G) excluding the EBITDAX attributable to any subsidiary of KEL or to any business or asset sold during that Measurement Period.]

“**Economic Assumptions**” means the economic assumptions agreed or determined in accordance with clause 27.1 (*Forecast Procedures*) of this Agreement.

“**EHS Guidelines**” means the applicable and relevant sections of the General Environmental, Safety and Health Guidelines and the Industry Sector Guidelines for

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Offshore Oil and Gas Development (both dated April 30, 2007), except as noted in the ESRS, copies of which have been delivered to and receipt of which has been acknowledged by the Borrower.

“**Enforcement Action**” shall have the meaning given to that term in the Intercreditor Agreement.

“**Entitlement**” means Kosmos’s entitlement to and lifting by tankers of its share of crude oil delivered from a Field.

“**Environmental Consultant**” means Shaw Consultants International, Inc., (or any other reputable environmental consultant agreed to by the Technical and Modelling Bank (acting reasonably)) appointed in accordance with a scope of work and budget for fees and expenses agreed with the Borrower, the Facility Agent and the Technical and Modelling Bank.

“**EO**” means the EO Group Limited, a Cayman Islands company with registered company number 219175 whose registered office is at PMB CT 123, Cantonments, 112A Adole Crescent Way, Airport, Accra, Ghana (formerly known as the KG Group Limited).

“**EO Participation Agreement**” means the participation agreement dated 1 June 2004 between KEG and EO (including, for the avoidance of doubt, any amendment, restatement or supplemental agreements or arrangements in relation thereto).

“**Equator Principles**” means those principles so titled and set out in a paper entitled “The ‘Equator Principles’: A financial industry benchmark for determining, assessing and managing social & environmental risk in project financing” dated July 2006 and developed and adopted by the International Finance Corporation and various other financial institutions, as amended from time to time.

“**ESRS**” means the Environmental and Social Review Summary, as disclosed on 16 October 2011.

“**Event of Default**” means any event or circumstance specified as such in clause 37 (*Events of Default*) of this Agreement.

“**Existing Finance Documents**” means the Finance Documents as defined in the Definitions Agreement.

“**Existing Lender**” has the meaning given to it in clause 38.1 (*Assignments and transfers and changes in Facility Office by the Lenders*).

“**Facility**” means the facilities made available under this Agreement as described in clause 11 (*The Facility*) of this Agreement.

“**Facility Office**” means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice where notice is required under clause 40.14

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(*Facility Agent relationship with the Lenders*) of this Agreement) as the office or offices through which it will perform its obligations under this Agreement.

“**Fee Letter**” means any letter or letters dated on or about the date of this Agreement between any Finance Party and Kosmos setting out any of the fees referred to in clause 22 (*Fees*) of this Agreement and any other fees payable by Kosmos to a Finance Party pursuant to a Finance Document or payable under this Facility.

“**Field**” means the Jubilee Field, the Ghana Block Assets, the Cameroon Block Assets, the Morocco Block Assets and any other onshore or offshore block or oil and gas field or reserves in which an Obligor has from time to time, directly or indirectly, acquired an interest pursuant to a Permitted Acquisition.

“**Field Depletion Date**” means the projected date on which it is determined (in accordance with the Forecast Assumptions) that Net Cash Flow is negative on each remaining Forecast Date following that projected date.

“**Field Life Cover Ratio**” or “**FLCR**” means the ratio of (i) the net present value of Net Cash Flow (calculated on the basis of the Forecast Assumptions) from the relevant Forecast Date until the Field Depletion Date plus the net present value of Relevant Capital Expenditure to (ii) the aggregate of all Loans outstanding under the Facility on that Forecast Date.

“**Final IFC Facility Commitment**” means the aggregate amount of all Commitments under the IFC Facility, such amount to be not less than the IFC Target Commitment.

“**Final Information Memorandum**” means the information memorandum agreed between the Original Borrower and the Mandated Lead Arrangers and used by the Mandated Lead Arrangers during primary syndication of the Facility.

“**Final Maturity Date**” means the earlier of 7 years from the date of Financial Close and the Reserve Tail Date.

“**Final Repayment Date**” means the final repayment date for the Facility determined in accordance with clause 17 (*Repayment*) and/or the Amortisation Schedule, and references to the Final Repayment Date shall be construed as a reference to any Revised Final Repayment Date which may be determined in accordance with clause 17.2 (*Amendment to Amortisation Schedule*) of this Agreement.

“**Final Reports**” means the reports prepared by the Insurance Consultant, the Reserves Consultant, the Technical Consultant and the Environmental Consultant in relation to the Borrowing Base Assets.

“**Finance Document**” means this Agreement, the Intercreditor Agreement, the KEFI Intercreditor Agreement, each Hedging Agreement, each Intercompany Loan Agreement, each Security Document, each Deed of Acknowledgment and Release, each Deed of Subordination, the IFC Facility Agreement, the Deed of Transfer and Amendment and each Fee Letter with an Agent and any other document designated as such by the Original Borrower and the Facility Agent.

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“**Finance Party**” means each of the Mandated Lead Arrangers, the Lenders, the Hedging Counterparties, the LC Issuing Banks, the LC Lenders, the Account Bank, the Facility Agent, the Security Agent, the Intercreditor Agent, the Modelling Bank and the Technical Bank, and “**Finance Parties**” shall be construed accordingly.

“**Financial Close**” means the date on which the Facility Agent notifies the Original Borrower and the Lenders that it has received all of the Conditions Precedent in form and substance satisfactory to it (acting reasonably) and/or waived receipt of those Conditions Precedent in accordance with clause 10.1 (*Conditions Precedent to first Utilisation*).

“**Financial Covenants**” means the financial covenants listed under clause 35 (*Financial Covenants*) of this Agreement.

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (A) moneys borrowed;
- (B) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (C) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (D) the amount of any liability in respect of any lease or hire purchase contract which would be treated in the accounts of the relevant entity as a finance or capital lease;
- (E) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (F) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the market to market value shall be taken into account);
- (G) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition but which is classified as a borrowing in the accounts of the relevant entity;
- (H) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group and which underlying liability would fall within one of the other paragraphs of this definition if it were a liability of a member of the Group; and
- (I) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (A) to (H) above (but only to the extent that

the Financial Indebtedness supported thereby is or is at any time in the future capable of being outstanding).

“**Financing Costs**” means all amounts of interest, fees, commitment fees, or other costs and scheduled principal instalments payable by the Obligor under the Finance Documents.

“**First Currency**” has the meaning given to it in clause 25.1 (*Currency indemnity*).

“**Forecast**” means each Forecast prepared in accordance with clause 27 (*Forecasts and Calculations*) of this Agreement.

“**Forecast Assumptions**” means the assumptions used in the production of a Forecast.

“**Forecast Date**” means:

- (A) the date of Financial Close;
- (B) the date on which an asset becomes a Borrowing Base Asset;
- (C) 31 March and 30 September in each year commencing on and from a date to be agreed between the Technical and Modelling Bank and Kosmos which will fall between 15 June 2011 and 15 August 2011, it being understood that the Forecast Date on which the Forecast Period beginning on 15 December 2011 ends shall be 19 April 2012 and not 31 March 2012;
- (D) any other date which falls no more than 90 days after the date on which the Reserves Consultant has, at the request of the Original Borrower, produced a new or updated reserves report;
- (E) the date of disposal of a Borrowing Base Asset (other than a Permitted Disposal which falls under any of paragraphs (B) and (E) to (K) of the definition of “Permitted Disposal” set out below); and
- (F) on request by the Majority Lenders on any date after the Signing Date and before the date falling 12 months after the Signing Date upon which the Majority Lenders (acting reasonably) determine that an event (or series of events) or circumstance or any effect or consequence thereof has occurred (other than any fluctuation or change in crude oil prices) that could reasonably be expected to have a Material Adverse Effect, provided that, before making such determination, the Majority Lenders must first consult with Kosmos in good faith for not less

than 5 Business Days.

“**Forecast Period**” means, in the case of the first Forecast Period, the period commencing on the date of Financial Close and ending at close of business on the first Forecast Date and, in the case of any subsequent Forecast Period, the period commencing on the expiry of the immediately preceding Forecast Period and ending at close of business on the next Forecast Date.

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“**Forecasting Procedures**” means the procedures set out under clause 27 (*Forecasts and Calculations*) of this Agreement for preparing a Forecast.

“**FPSO**” means a floating production, storage and offloading vessel.

“**FPSO Agreement**” means an agreement entered into by Tullow Ghana Limited (and its successors under the UUOA) in relation to the Jubilee Field Phase 1 for the construction, installation, lease, operations and maintenance of an FPSO dated 7 May 2010 (as amended from time to time).

“**FPSO Construction Financing**” means any financing arrangements in relation to the construction of the FPSO to which an Obligor or member of the Group is a party.

“**Ghanaian Cedi**” means the lawful currency of Ghana.

“**Ghana**” means the Republic of Ghana, West Africa.

“**Ghana Block Assets**” means, other than Jubilee Field Phase 1, Phase 1a and Phase 1b, all other activities, assets and developments in the Contract Areas (including exploration).

“**Ghana Blocks**” means the WCTP Block and the DWT Block.

“**Ghana Working Capital Cedi Account**” means a Ghanaian Cedi account designated “Kosmos — Onshore Working Capital Account” established by Kosmos with the Onshore Account Bank in Ghana pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**Ghana Working Capital USD Account**” means a USD account designated “Kosmos — Onshore Working Capital Account” established by Kosmos with the Onshore Account Bank in Ghana pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**GNPC**” means the Ghana National Petroleum Corporation, a public corporation established by Provisional National Defence Council Law 64 of 1983.

“**Government**” means the government of Ghana or, as appropriate, the government of any other country in which a Borrowing Base Asset is situated.

“**Gross Revenues**” means, for the relevant period of determination and without double counting, the USD equivalent of each of the following amounts to the extent received (or projected to be received or which are credits to an interest or account of an Obligor) by or on behalf of an Obligor (including the USD equivalent of any payment in kind) during that period from or in respect of the Borrowing Base Assets (other than any amount received or held on behalf of an Interested Third Party which is not related to a Borrowing Base Asset whether in cash or in kind):

(A) amounts received or to be received from the sale of crude oil, condensate, natural gas liquids and all output and product from the Borrowing Base Assets or otherwise received or to be received pursuant to any Project Agreement;

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(B) amounts representing interest on the Project Accounts and interest or distributions or income of any kind in respect of Authorised Investments;

(C) all refunds of tax of any kind;

(D) all Insurance Proceeds;

(E) all damages or other payments for termination or non-performance or failure to perform or variation under any contract;

(F) all net amounts received under any Derivative Agreement;

(G) all amounts received in respect of any Permitted Disposal; and

(H) all other amounts which fall to be credited to the profit and loss account of an Obligor for the financial year in which the relevant period falls.

“**Group**” means KEO and the Original Borrower and each of their subsidiaries.

“**Guarantor**” means the Original Guarantor or an Additional Guarantor.

“**Hedging Agreement**” means an ISDA Master Agreement or similar agreement pursuant to which Hedging Transactions are entered into by the Borrower with a Hedging Counterparty and where the liability of the Obligors thereunder are secured by the Security Documents.

“**Hedging Counterparty**” means:

- (a) any person which is named on the signing pages of the Intercreditor Agreement as a Hedging Counterparty and;
- (b) any person which becomes a Party as a Hedging Counterparty pursuant to Clause 13.5 (*Agent Accession Undertaking*) of the Intercreditor Agreement.

“**Hedging Transaction**” means any transaction entered into under a Hedging Agreement, including (but not limited to) any transaction which is a forward rate agreement, option, future, swap, cap, floor and any combination of the foregoing.

“**HY Noteholder Trustee Amendments**” has the meaning given to that term in clause 40.18(A) (*Accession to the KEFI Intercreditor Agreement*)

“**HY Noteholders**” means the holders of the HY Notes from time to time.

“**HY Notes**” means the senior secured notes issued by KEL from time to time pursuant to the terms of the HY Note Indenture.

“**HY Note Indenture**” means the indenture pursuant to which all or any of the HY Notes are constituted or any other agreement under which HY Notes are constituted and any other agreement under which any guarantee for the HY Notes is given.

“**ICR**” means the interest cover ratio calculated pursuant to clause 35(B)(ii) (*Financial Covenants*).

“**IFC**” means International Finance Corporation.

“**IFC Acceleration Trigger Event**” means (i) an Event of Default under Clause 37 (*Events of Default*) of this Agreement relating to the failure to pay interest or principal on the IFC Facility, (ii) an Event of Default under Clause 37.3 (*Breach of other obligations*) of this Agreement in relation to Clause 13 (*Covenants*) of the IFC Facility Agreement, or (iii) an Event of Default under Clause 37.3 (*Breach of other obligations*) of this Agreement in relation to any obligation under this Agreement.

“**IFC Facility**” means the facility described in Clause 11.1(A)(ii) and provided by the IFC in accordance with the terms of the IFC Facility Agreement and this Agreement.

“**IFC Facility Agreement**” means the facility agreement entered into on 14 February 2012 between, inter alios, IFC and the Original Borrower.

“**IFC Facility Automatic Increase Date**” means the earlier of:

- (A) the date on which the IFC Target Commitment is to be met, as agreed between IFC, the Facility Agent and the Original Borrower; and
- (B) the IFC Increase Date.

“**IFC Facility Commitment**” means:

- (A) on and from the Effective Date until (but not including) the IFC Facility Automatic Increase Date, the Initial IFC Facility Commitment; and
- (B) on and from the IFC Facility Automatic Increase Date, the Final IFC Facility Commitment.

“**IFC Inconvertibility Payments**” means any due and payable amount owed to IFC that is received by, or for the account of, IFC from or on account of the obligations of, any Obligor in a Convertible Currency during an Inconvertibility Event as a consequence of any IFC Preferential Treatment.

“**IFC Increase Date**” means 30 September 2012.

“**IFC Loan**” means the principal amount of each borrowing under the IFC Facility or, as the context requires, the principal amount outstanding of that borrowing, including Loans transferred to IFC pursuant to the Deed of Transfer and Amendment.

“**IFC Preferential Treatment**” means IFC being afforded preferential treatment by a Relevant Authority by foreign exchange being made available to IFC for the purpose of paying obligations owed to it.

“**IFC Target Commitment**” means USD 100,000,000 (one hundred million US Dollars).

“**Illegality Lender**” has the meaning given to that term in clause 18.2 (*Illegality*) of this Agreement.

“**Inconvertibility Event**” means circumstances in which a Relevant Authority is not generally permitting the conversion of local currency into Convertible Currencies or the remittance of Convertible Currencies in order to pay obligations denominated in Convertible Currencies.

“**Increased Costs**” has the meaning given to that term in clause 24.1 (*Increased costs*) of this Agreement.

“**Initial IFC Facility Commitment**” means the initial Commitment of IFC under the IFC Facility, being USD 67,000,000 (sixty-seven million US Dollars).

“**Insolvency Event**” means, in relation to any Obligor, any circumstances described in clause 37.6 (*Insolvency*) of this Agreement.

“**Insolvency Proceedings**” means, in relation to any Obligor, any circumstances described in clause 37.7 (*Insolvency proceedings*) of this Agreement.

“**Insurance**” or “**Insurances**” means any or all of the contracts of insurance which Kosmos is required from time to time to purchase or procure and maintain pursuant to the Schedule of Insurances.

“**Insurance Consultant**” means the appointed insurance consultant, currently Moore-McNeil, LLC, appointed in accordance with a scope of work and budget for fees and expenses agreed with the Borrower, the Facility Agent and the Technical and Modelling Bank.

“**Insurance Consultant Appointment Letter**” means the letter between Kosmos, the Facility Agent and the Insurance Consultant setting out the terms of appointment of the Insurance Consultant, in the Agreed Form.

“**Insurance Proceeds**” means all moneys which may at any time be or become payable to or received by an Obligor (other than proceeds in respect of third party liability insurances) under or pursuant to the Agreed Insurances and any reinsurance contract in which the relevant Obligor has an interest.

“**Insurance Proceeds Accounts**” means any of the KED Insurance Proceeds Account, the KEG Insurance Proceeds Account, the KEI Insurance Proceeds Account, the KEO Insurance Proceeds Account, the Borrower Insurance Proceeds Account and any account deemed to be an “Insurance Proceeds Account” in accordance with clause 28 (*Bank Accounts and Cash Management*) and which is secured in favour of the Secured Parties, each an “**Insurance Proceeds Account**”.

“**Intercompany Borrower**” means a borrower under an Intercompany Loan Agreement.

“**Intercompany Loan Agreement**” means each loan agreement in Agreed Form pursuant to which a Borrower makes advances to an Obligor from the proceeds of a Utilisation under the Facility.

“**Intercreditor Agreement**” means the intercreditor agreement, entered into on or about the date of this Agreement, between, amongst others, the Facility Agent, the Lenders, the Hedging Counterparties, the Original Borrower and the Security Agent.

“**Interest Period**” means, in relation to a Loan, each period determined in accordance with clause 20 (*Interest Periods*) of this Agreement and, in relation to an Unpaid Sum, each period determined in accordance with clause 19.4 (*Default interest*) of this Agreement.

“**Interested Third Party**” has the meaning given to the term in clause 28.2(A)(iii) (*Other bank accounts*) of this Agreement.

“**IPO**” means in relation to a company, a transaction in which shares in that company are sold or issued to investors and in connection with such sale or issue are admitted to trading on a regulated market or other stock exchange.

“**IPO Reorganisation**” means any Reorganisation implemented by KEH, or any of its Subsidiaries from time to time (or any group of them), which is undertaken for the purpose of facilitating an IPO.

“**ISDA Master Agreement**” means the 1992 ISDA Master Agreement or the 2002 ISDA Master Agreement, as the case may be.

“**Joint Operating Agreements**” means:

(A) the DWT JOA; and

(B) the WCTP JOA.

“**Jubilee Field**” means the hydrocarbon accumulation so named that is located approximately 63km offshore Ghana and which extends across the Ghana Blocks.

“**Jubilee Field Phase 1**” means the Phase 1 development of the Jubilee Field, as described in the Phase 1 Plan of Development for the Jubilee Field, including the Project Infrastructure and all appraisal, exploration, construction, operations, maintenance and exploitation works and activities, and the treatment, processing, storage, delivery, lifting and sale of Unit Substances therefrom.

“**KED Insurance Proceeds Account**” means an account designated “KED — Insurance Proceeds Account” established by KED with the Offshore Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**KED Offshore Proceeds Account**” means an account designated “Kosmos Energy Development — Offshore” established by KED with the Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

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“**KED Offshore Security Assignment**” means the English law security assignment and debenture, dated on or about the date of this Agreement, between KED and the Security Agent.

“**KEFI Intercreditor Agreement**” means the intercreditor agreement between the Security Agent, KEFI, KEL, Standard Chartered Bank as RCF Agent and BNP Paribas as security and intercreditor agent and as proceeds agent, for and on behalf of the Finance Parties and the “Security and Intercreditor Agent” for and on behalf of the “Finance Parties”, both terms as defined in the KEL Guarantee.

“**KEG Insurance Proceeds Account**” means an account designated “KEG — Insurance Proceeds Account” established by KEG with the Offshore Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**KEG Offshore Proceeds Account**” means an account or accounts where the designated name includes the words “Kosmos Energy Ghana HC — Offshore” established by KEG with the Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**KEG Offshore Project Accounts Agreement**” means the offshore project accounts agreement, dated on or about the date of this Agreement, between KEG, the Offshore Account Bank, the Facility Agent and the Security Agent.

“**KEG Offshore Security Assignment**” means the English law security assignment and debenture, dated on or about the date of this Agreement, between KEG and the Security Agent.

“**KEG Onshore Project Accounts Agreement**” means the onshore project accounts agreement, dated on or about the date of this Agreement, between KEG, the Onshore Account Bank, the Facility Agent and the Security Agent.

“**KEG Onshore Security Assignment**” means the Ghanaian law debenture, dated on or about the date of this Agreement, between KEG and the Security Agent.

“**KEH**” means Kosmos Energy Holdings, a company incorporated under the laws of the Cayman Islands with registered number 133483 and having its registered office at PO Box 32332, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

“**KEI and KEO Offshore Security Assignment**” means the English law security assignment dated on or about the date of this Agreement between KEI, KEO and the Security Agent.

“**KEI Insurance Proceeds Account**” means an account designated “KEI — Insurance Proceeds Account” established by KEI with the Offshore Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

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“**KEI Offshore Proceeds Account**” means an account designated “Kosmos Energy International — Offshore” established by KEI with the Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**KEI Offshore Security Assignment**” means the English law security assignment and debenture, dated on or about the date of this Agreement, between KEI and the Security Agent.

“**KEL**” means Kosmos Energy Ltd., a company incorporated under the laws of Bermuda with registered number 45011 and having its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

“**KEL Group**” means KEL and each of its direct and indirect subsidiaries.

“**KEL Guarantee**” means the deed of guarantee entered by BNP Paribas as security and intercreditor agent, Kosmos Energy Limited, Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Development, Kosmos Energy Ghana HC and Kosmos Energy Finance International, dated on or around the date of this Agreement.

“**KEO Insurance Proceeds Account**” means an account designated “KEO — Insurance Proceeds Account” established by KEO with the Offshore Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**KEO Offshore Proceeds Account**” means an account designated “Kosmos Energy Operating — Offshore” established by KEO with the Account Bank in London pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement which is secured in favour of the Secured Parties.

“**KEO Offshore Security Assignment**” means the English law security assignment and debenture, dated on or about the date of this Agreement, between KEO and the Security Agent.

“**Kosmos**” means KEG or the Borrower, as the context so requires.

“**LC Cash Collateral Account**” means an account designated “Kosmos - LC Cash Collateral Account” which is established and maintained by the Original Borrower pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement, with the relevant LC Issuing Bank or Lender (as applicable, in accordance with the terms of clause 15.1(B)(viii)(a)), which is secured in favour of the relevant LC Issuing Bank or Lender, as applicable.

“**LC Issuing Bank**” means the Mandated Lead Arrangers and Underwriters and such other Lenders (other than IFC) (each an LC Issuing Bank) appointed to such role from time to time and who issue, pursuant to clause 15.6 (*Issue of Letters of Credit*) of this Agreement, a Letter of Credit.

“**LC Lender**” means each Lender participating in a Letter of Credit, unless otherwise agreed.

“**Lender**” means:

- (A) any Original Lender and IFC; and
- (B) any bank or financial institution which has become a Party as a lender in accordance with clause 38 (*Changes to the Lenders*) of this Agreement,

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

“**Lender Acceleration Trigger Event**” means either (i) an Event of Default under Clause 37 (*Events of Default*) of this Agreement relating to the failure to pay interest or principal on a Facility, or (ii) an Event of Default under Clause 37.3 (*Breach of other obligations*) of this Agreement in relation to any obligation under this Agreement.

“**Letter of Credit**” means a letter of credit:

- (E) substantially in the form set out in Schedule 12 (*Form of Letter of Credit*) of this Agreement subject to such amendments as any beneficiary may reasonably require;
- (F) in such form as already issued by Kosmos on the date of this Agreement (together with such amendments as may reasonably be required by the beneficiary thereunder); or
- (G) in any other form requested by Kosmos and agreed by the Facility Agent (pursuant to instructions from the Majority Lenders (acting reasonably)) and each LC Lender.

“**LIBOR**” means the British Bankers’ Association Interest Settlement Rate for the relevant Interest Period, as displayed on the appropriate page of the Reuters screen or, if that page is replaced or service ceases to be available, such reasonable alternative page or service which the Facility Agent reasonably specifies, or if no such rate or screen is available, the arithmetic mean of the rates (rounded to four decimal places) provided by three Reference Banks.

“**Liquidity Statement**” has the meaning given to it in clause 32.8 (*Sources and Uses*).

“**Loan**” means:

- (A) in respect of the Non-IFC Facility, each loan or Letter of Credit made or to be made under this Agreement or the principal amount outstanding for the time being of that loan or Letter of Credit; and
- (B) in respect of the IFC Facility, each loan made or to be made under the IFC Facility Agreement or the principal amount outstanding for the time being of that loan.

“**Loan Life Cover Ratio**” or “**LLCR**” means the ratio of (i) the net present value of Net Cash Flow (calculated on the basis of the Forecast Assumptions) from the relevant

Forecast Date until the Final Maturity Date plus the net present value of Relevant Capital Expenditure to (ii) the aggregate of all Loans outstanding under the Facility on that Forecast Date.

“**Majority Lenders**” means, as applicable, those Lenders whose participation in advances under the Facility are equal to 66 ²/₃ per cent. of the aggregate advances then outstanding, or if there are no advances outstanding, whose Commitments then aggregate at least 66 ²/₃ per cent. of the Total Commitments under the Facility.

“**Mandatory Cost**” means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 6 (*Mandatory Cost Formulae*) of this Agreement.

“**Margin**” means the percentage rate per annum determined in accordance with clause 19.2 (*Margin*) of this Agreement.

“**Market Disruption Event**” has the meaning given to that term in clause 21.2 (*Market disruption*) of this Agreement.

“**Material Adverse Effect**” means, in relation to any event (or series of events) or circumstance which occurs or arises (other than fluctuations in Crude Oil prices), that event (or events) or circumstance (or any effect or consequence thereof), in the opinion of the Majority Lenders, would reasonably be expected materially and adversely to affect the financial condition, operations, or business of any Obligor or the Borrowing Base Assets, or the ability of any Obligor to perform its obligations under the Finance Documents in full and on the basis contemplated therein in a way which is materially prejudicial to the interests of the Lenders or results in the Obligors being unable to pay any amounts when due and payable under the Finance Documents.

“**Material Contracts**” means the following contracts and agreements in Agreed Form at the Signing Date:

- (A) The Drilling Contract for the provision of a semi-submersible drilling unit ‘Eirik Raude’ and associated drilling services between Tullow Oil plc and Ocean Rig 2 AS (as contractor) dated 15 February 2008.
- (B) The Atwood Hunter Offshore Drilling Contract made between Kosmos Energy Ghana HC, Noble Energy EG Ltd and Alpha Offshore Drilling Services Company dated 23 June 2008
- (C) The Atwood Hunter Rig Sharing Agreement between Kosmos Energy Ghana HC, Noble Energy EG Ltd and Alpha Offshore Drilling Services Company dated June 24, 2008.
- (D) The agreement for the construction, installation, lease, operations and maintenance of a floating, production, storage and offloading facility to be signed between Tullow Ghana Limited and Jubilee Ghana MV21 B.V. as the contractor entered into as of 7 May 2010.

(E) Daywork Drilling Contract — Offshore (Deepwater Millennium), is made between Anadarko Petroleum Corporation, and Transocean Offshore Deepwater Holdings Limited, effective date April 17, 2008.

(F) Master Crude Sales Agreement, Trafigura Beheer B.V., Amsterdam, Branch Office Lucerne, and Kosmos Energy Ghana HC; effective date September 24, 2010 and as per first and second amendments dated January 17, 2011 and February 2, 2011.

(G) Jubilee Field Unit Crude Oil Lifting Agreement between, Ghana National Petroleum Corporation, Tullow Ghana Limited, Kosmos Energy Ghana HC, Anadarko WCTP Company, Sabre Oil & Gas Holdings Limited and EO Group Limited, dated December 8, 2010.

“**Measurement Period**” means, in respect of the calculation of the DCR or the ICR, the period of 12 months ending on the Forecast Date in question.

“**Minister**” means the Government’s Minister for Energy.

“**Model**” means the computer model in the Agreed Form at the Signing Date, as such model may be updated from time to time pursuant to clause 27 (*Forecasts and Calculations*) of this Agreement.

“**Model Auditor**” means Operis Group plc appointed in accordance with a scope of work and budget for fees and expenses agreed with the Borrower, the Facility Agent and the Technical and Modelling Bank.

“**Model Auditor Appointment Letter**” means the letter between Kosmos, the Facility Agent, the Technical and Modelling Bank and the Model Auditor setting out the terms of appointment of the Model Auditor in the Agreed Form.

“**Moody’s**” means Moody’s Investors Service, Inc., a Delaware corporation and any successor thereto and if such corporation shall for any reason no longer perform the functions of a securities rating agency, Moody’s shall be deemed to refer to any other internationally recognised rating agency agreed by the Facility Agent and Kosmos (both acting reasonably).

“**Morocco Block Assets**” means all activities, assets and developments in the Boujdour Offshore area of interest in Morocco (including exploration), as such area of interest is further described in the relevant Project Agreements defined below.

“**Morocco Blocks**” means all of the blocks in the Boujdour Offshore area of interest as such area of interest is further described in the relevant Project Agreements defined below.

“**Net Cash Flow**” means, for any relevant period (but without any double counting):

- (A) Net Revenues; minus
- (B) Project Costs,

projected to be paid or received during that period converted if necessary into USD at the rate of exchange used in the Forecast Assumptions on the date of projected receipt or payment.

“**Net Interest Payable**” means, in relation to the KEL Group for any Measurement Period, Total Interest Payable less Total Interest Receivable for the KEL Group during that Measurement Period.

“**Net Revenues**” means Gross Revenues minus Royalty Payments and Additional Oil Entitlement payments.

“**New Lender**” has the meaning given to it in clause 38.1 (*Assignments and transfers and changes in Facility Office by the Lenders*).

“**New Project Agreement**” means any project agreement relating to any Approved Development or Permitted Acquisition over which the Lenders have, or are to receive, a Security Interest.

“**Non-Funding Lender**” means:

- (A) any Lender who fails to participate in any Utilisation in the amount and at the time required;
- (B) any Lender who has indicated publicly or to the Facility Agent or an Obligor that it does not intend to participate in all or part of any Utilisation;
- (C) any Lender which has repudiated its obligations under the Facility; or
- (D) any Lender in respect of which or in respect of whose holding company any of the events specified in clause 37.6 (*Insolvency*) or clause 37.7 (*Insolvency proceedings*) of this Agreement (disregarding paragraph (B) of clause 37.7) (*Insolvency proceedings*) applies or has occurred.

“**Non-IFC Facility**” means a facility not provided under the IFC Facility as described in Clause 11.1(A)(i).

“**Obligors**” means the Borrowers and the Guarantors.

“**Offshore Proceeds Accounts**” means any of the KED Offshore Proceeds Account, the Borrower Offshore Proceeds Account, the KEG Offshore Proceeds Account, the KEI Offshore Proceeds Account, the KEO Offshore Proceeds Account, the Borrower Offshore Proceeds Account and any account deemed to be an “Offshore Proceeds Account” in accordance with clause 28.1 (*Project Accounts*), and which is secured in favour of the Secured Parties, each an “**Offshore Proceeds Account**”.

“**Onshore Working Capital Accounts**” means the Ghana Working Capital Cedi Account and the Ghana Working Capital USD Account.

“**Operator**” means, in relation to each Borrowing Base Asset or each Developing Asset, the relevant operator of that Borrowing Base Asset or Developing Asset.

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“**Operator Report**” means the semi-annual report prepared by the Operator in relation to each Borrowing Base Asset and each Developing Asset.

“**ORGL LC**” means the Letter of Credit dated 24 December 2010 issued by BNP Paribas to Ocean Rig Ghana Limited as beneficiary originally at the request of KEF in respect of the obligations of Tullow Ghana Limited to the beneficiary thereof, a copy of which is appended in Schedule 16 (*Copy of ORGL LC*), under which the amount of USD 23,000,000 is outstanding as at the date of this Agreement.

“**Original Guarantor**” means KEO, KEI and KED, KEG and any subsidiary of a Borrower which owns Borrowing Base Assets.

“**Participating Interest**” has the meaning given to it in the relevant Petroleum Agreement and details of each such participating interest as at the date of this Agreement are as set out in clause 34.14 (*Assets*) of this Agreement.

“**Participating Member State**” means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Party**” means a party to a Finance Document.

“**Performance Standards**” means IFC’s Performance Standards on Social & Environmental Sustainability, dated 1 January 2012, as updated, amended and/or re-issued by the IFC, copies and/or details of which have been delivered to and receipt of which has been acknowledged by the Borrower.

“**Permitted Acquisition**” means any acquisitions or investments:

- (A) which are made in the ordinary course of the day to day business of the acquiring company;
- (B) which are funded by equity or debt subordinated on terms acceptable to the Majority Lenders (acting reasonably);
- (C) which are in respect of the implementation and development of the Borrowing Base Assets;
- (D) which are included within a Forecast;
- (E) in respect of which the aggregate consideration paid (which shall exclude the amount of any debt assumed) does not in any calendar year exceed USD 50 million, or such higher figure as the Majority Lenders may agree (acting reasonably);
- (F) by an Obligor which are to be Borrowing Base Assets as approved by the Majority Lenders (acting reasonably); or
- (G) which are approved by the Majority Lenders (acting reasonably),

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provided in each case that such acquisition or investment may not take place in Iran, Myanmar, North Korea, Sudan, Syria, Cuba, any country which is subject to a Sanctions Regime or any country designated by the Majority Lenders (acting reasonably).

“**Permitted Disposals**” means any:

- (A) disposal permitted in accordance with clause 36.8 (*Disposals*) of this Agreement;
- (B) disposals made in the ordinary course of the day to day business of operating the Borrowing Base Assets;
- (C) disposals expressly permitted under any Project Agreement;
- (D) disposals of cash for purposes not prohibited by the Finance Documents;
- (E) disposals expressly required in order to comply with its obligations under the Project Agreements;
- (F) disposals of assets in exchange for other assets of comparable, or superior as to, type, value and quality;
- (G) disposals of obsolete assets;

- (H) disposals from one Obligor to another or from a subsidiary to an Obligor;
- (I) disposals on arms length terms for market value of its Entitlements from a Field or petroleum products to which an Obligor is entitled by virtue of its ownership or investment in a Petroleum Asset;
- (J) disposals on arms length terms with a net market value not exceeding USD 50 million in any calendar year or, from the date of this Agreement, USD 100 million in aggregate; and
- (K) disposals not falling within (A) to (J) above which are consented to by the Majority Lenders.

“**Permitted Financial Indebtedness**” means:

- (A) any Financial Indebtedness arising under or contemplated by the Finance Documents;
- (B) any Financial Indebtedness the proceeds of which are applied, promptly on receipt by Kosmos, in making or procuring the making of a prepayment of all amounts outstanding under the Finance Documents in full;
- (C) any Financial Indebtedness subordinated to the Lenders on terms approved by the Majority Lenders (each acting reasonably) provided that there shall be no subordination in respect of amounts held in any Distributions Reserve Account;

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- (D) any guarantee granted by an Obligor in favour of the Revolving Credit Facility Lenders and/or the HY Noteholders, which in either case is subordinated in accordance with the terms of the KEFI Intercreditor Agreement, or otherwise on terms acceptable to the Majority Lenders;
- (E) any Financial Indebtedness owed to an Obligor;
- (F) any Financial Indebtedness arising under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed USD 100 million (or its equivalent in other currencies) at any time;
- (G) any Financial Indebtedness arising under any Derivative Agreement that Kosmos may enter further to the provisions of clause 36.17(A) (*Hedging*); or
- (H) any Financial Indebtedness otherwise approved by the Majority Lenders (such approval not to be unreasonably withheld or delayed).

“**Permitted Party**” has the meaning given to it in clause 38.7 (*Disclosure of information*).

“**Permitted Security**” means:

- (A) any netting or set-off arrangement entered into in the ordinary course of financing arrangements for the purpose of netting or setting off debit and credit balances;
- (B) any lien securing obligations no more than 90 days overdue arising by operation of law;
- (C) any Security Interest arising under or contemplated by the Finance Documents or pursuant to the express terms of any Project Agreement;
- (D) any title retention provisions in a supplier’s standard conditions of supply of goods;
- (E) any Security Interest created over or in respect of any Distributions Reserve Accounts; and
- (F) any Security Interest not falling within (A) to (E) above which is consented to by the Majority Lenders.

“**Permitted Transferee**” shall have the meaning given to that term in clause 18.6 (*Change of Control*) of this Agreement.

“**Petroleum Agreements**” means the DWT PA and the WCTP PA (and all amendments and supplements thereto).

“**Petroleum Asset**” means any assets related to the exploration for or exploitation, production, treatment, processing, transportation, storage, marketing and sale of petroleum products including, but without limitation, any contractual rights under any

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agreement entered into in relation to or incidental or ancillary thereto, any equity or participating interest in any entity which has such an interest or which conducts such activities and any right which would allow a person to obtain title to or an interest in any petroleum products.

“**Phase 1 Plan of Development for the Jubilee Field**” means the relevant plan for the development of the Jubilee Field (Phase 1) approved by the Government.

“**Process Agent**” has the meaning given to it in clause 54 (*Service of Process*).

“**Project Accounts**” means any or all of each Debt Service Reserve Account, the LC Cash Collateral Account, the Offshore Proceeds Accounts, the Onshore Working Capital Accounts and the Insurance Proceeds Accounts, in each case, as established pursuant to clause 28 (*Bank Accounts and Cash Management*) of this Agreement and any account established further to clause 18.3 (*Aggregate outstandings exceed the Borrowing Base Amount*) of this Agreement, with such accounts being secured in favour of the Secured Parties.

“**Project Accounts Agreements**” means the KEG Offshore Project Accounts Agreement, the KEG Onshore Project Accounts Agreement and the Borrower Offshore Project Accounts Agreement.

“**Project Agreements**” means (when entered into by the relevant Obligor):

- (A) each Petroleum Agreement;
- (B) the Joint Operating Agreements;
- (C) the UUOA; and
- (D) each New Project Agreement and any other agreement which the Facility Agent and the Original Borrower agree shall be a Project Agreement,

as such documents may be updated, amended or replaced from time to time.

“**Project Costs**” means all costs and expenses (including without limitation exploration costs and any costs incurred under any Derivative Agreement pursuant to any Derivative Transaction, but, for the avoidance of doubt, excluding any Scheduled KEL Debt Payments and excluding any other payments relating to the Revolving Credit Facility or the HY Notes) in relation to:

- (A) Borrowing Base Assets;
- (B) the Ghana Block Assets in the following 12 months; and
- (C) any other project, venture, Field or Petroleum Asset which can be funded by headroom under the Borrowing Base Amount, such headroom in any Forecast Period being the amount by which the Borrowing Base Amount exceeds the projected aggregate costs and expenses shown in the then current Forecast for that period for (A) and (B) above.

“**Project Infrastructure**” means:

- (A) the FPSO for the Jubilee Field Phase 1;
- (B) a taut-leg mooring system for that vessel;
- (C) seven production wells;
- (D) five production drill centers;
- (E) five production manifolds;
- (F) four water injection wells;
- (G) two water-injection drill centers;
- (H) two water injection manifolds;
- (I) three gas-injection wells;
- (J) one gas-injection drill center;
- (K) one gas-injection manifold;
- (L) two riser bases;
- (M) six subsea distribution units; and

(N) associated flowlines, risers, umbilicals and jumpers.

“**Qualifying Bank**” means an internationally recognised bank:

- (A) which is not on a sanctions list or subject to a sanctions regime issued, imposed or administered by the United States or any member country of the European Union, or the European Union itself or the United Nations (or any agency of any of them) (a “ **Sanctions Regime**”); or
- (B) which does not have its principal place of business in a country which is subject to a Sanctions Regime; or
- (C) which is not a bank whose principal place of business is in a country notified by Kosmos to the Facility Agent prior to signing of this Agreement; or
- (D) whose long-term unguaranteed, unsecured securities or debt is rated at least Baa3 (Moody’s) or a comparable rating from an internationally recognised credit rating agency (except that this shall not be a requirement if an Event of Default is continuing).

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined two Business Days before the first day of that period.

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“**Reference Banks**” means the principal London offices of Société Générale, London Branch and BNP PARIBAS, or such other Reference Banks appointed under clause 40.16 (*Reference Banks*) of this Agreement.

“**Relevant Authority**” means the central bank of the country in which any Obligor is formed or operates, or any other governmental entity or government in any such country having the power to regulate foreign exchange.

“**Relevant Capital Expenditure**” means capital expenditure incurred or to be incurred in relation to the Borrowing Base Assets and Ghana Block Assets in the next twelve months or, in respect of exploration and appraisal costs for Ghana Block Assets, in the next six months as determined pursuant to a Forecast and which is or will be funded by the Facility or by contributions to the capital of an Obligor (including loans subordinated on terms acceptable to the Facility Agent (acting reasonably)).

“**Relevant Lender**” has the meaning ascribed to such term in Clause 16.10 (*Cash Collateralisation*).

“**Reorganisation**” means (without limitation) any transaction, deemed transaction, step, procedure or agreement, including (but without limitation) the transfer, distribution, contribution or settlement of assets and/or liabilities.

“**Repayment Date**” means the date specified as such in the Amortisation Schedule, as may be adjusted in accordance with clause 42.6 (*Business Days*) of this Agreement.

“**Repayment Instalment**” means each repayment instalment required pursuant to the Amortisation Schedule (as adjusted from time to time).

“**Repeating Representations**” means the representations set out under:

- (A) clauses 34.1 (*Status*), 34.2 (*Legal validity*), 34.3 (*Non-conflict*), 34.4 (*Powers and authority*) of this Agreement, each as at the time the power or authority was exercised only; and
- (B) clauses 34.5 (*Authorisations*), 34.9 (*Financial Statements and other factual information*), 34.10 (*Proceedings pending or threatened*), 34.11 (*Breach of laws*), 34.12 (*Ranking of security*), 34.13 (*Pari passu ranking*), 34.14 (*Assets*), 34.15 (*Project Agreements*), 34.16 (*No Immunity*) and 34.17 (*Ownership of Obligors*) of this Agreement.

“**Replacement Lender**” has the meaning given to that term in clause 18.10 (*Right of repayment and cancellation in relation to a single Lender*) of this Agreement.

“**Required Approvals**” means all material approvals, licenses, consents and authorisations necessary in connection with the execution, delivery, performance or enforcement of any Finance Document or the development, construction and ownership of the relevant Obligor’s interest in a Borrowing Base Asset

“**Required Balance**” means the greater of the balances which is required to meet the payment either of: (a) interest and fees only due and payable in the next six months on

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the Facility; and (b) Scheduled KEL Debt Payments due and payable in the next six months.

“**Reserve Tail Date**” means, at any time, the semi-annual Repayment Date immediately preceding the date on which a Forecast projects that the aggregate economically recoverable reserves remaining to be produced from the Borrowing Base Assets (as reflected in the current Forecast) is projected to be equal to or less than 25 per cent. of the aggregate of the economically recoverable reserves from the Borrowing Base Assets reflected in the Forecast agreed as a condition to first Utilisation. The Reserve Tail Date will be re-determined by each Forecast by reference to the aggregate of reserves for the Borrowing Base Assets adjusted for any reserves upgrades or downgrades, for additional reserves acquired pursuant to any Approved Development or Permitted Acquisition and for any disposal of reserves.

“**Reserves Consultant**” means Netherland Sewell & Associates, Inc., (or any other reputable consultant agreed to by the Technical and Modelling Bank (acting reasonably)) appointed in accordance with a scope of work and budget for fees and expenses agreed with the Borrower, the Facility Agent and the Technical and Modelling Bank.

“**Reserves Consultant Appointment Letter**” means the letter between Kosmos, the Facility Agent, the Technical and Modelling Bank and the Reserves Consultant setting out the terms of appointment of the Reserves Consultant, in the Agreed Form.

“**Resignation Letter**” means a letter substantially in the form set out in Schedule 10 (*Form of Resignation Letter*),

“**Retiring Guarantor**” has the meaning given to it in clause 33.8 (*Release of Guarantors’ right of contribution*).

“**Revised Final Repayment Date**” has the meaning given to that term in clause 17.2 (*Amendment to Amortisation Schedule*) of this Agreement.

“**Revolving Credit Facility**” means the revolving credit facility of up to US\$300 million provided to KEL pursuant to the terms of the Revolving Credit Facility Agreement.

“**Revolving Credit Facility Agreement**” means the agreement under which the Revolving Credit Facility is made available.

“**Revolving Credit Facility Lender**” means a “Lender”, as defined under the Revolving Credit Facility Agreement.

“**Rollover Loan**” means one or more Loans:

- (A) made or to be made on the same day that a maturing Loan is due to be repaid;
- (B) the aggregate amount of which is equal to or less than the amount of the maturing Loan;

- (C) made or to be made to the same Borrower for the purpose of refinancing a maturing Loan.

“**Royalty Payments**” means royalties payable to the Government by a contractor out of, or calculated by reference to, petroleum to which such contractor is entitled under the terms and conditions of the relevant Petroleum Agreement.

“**Sanctions Regime**” has the meaning given to it in paragraph (A) of the definition of “Qualifying Bank”.

“**Schedule of Insurances**” means the schedule of insurances in the Agreed Form (and initialled by the Borrower and/or KEG and the Facility Agent) setting out the insurances to be maintained by the Obligors.

“**Scheduled KEL Debt Payment Distribution**” means a shareholder distribution as calculated and defined in clause 36.24 (*Scheduled KEL Debt Payment Distributions*) of this Agreement.

“**Scheduled KEL Debt Payments**” means the scheduled interest, fees, costs and expenses (including tax gross up) related to the Revolving Credit Facility and the HY Notes but, for the avoidance of doubt, not including any principal related to the Revolving Credit Facility or the HY Notes.

“**S&E Management System**” means the Project’s social and environmental management system for the identification, assessment and management of Project risks on an ongoing basis.

“**Second Currency**” has the meaning given to it in clause 25.1 (*Currency indemnity*).

“**Secured Liabilities**” means at any time and without double counting, all present and future obligations and liabilities (actual or contingent) of each Obligor (whether or not for the payment of money and including any obligation to pay damages for breach of contract) which are, or are expressed to be, or may become due, owing or payable to any or all of the Secured Parties under or in connection with any of the Finance Documents, together with all costs, charges and expenses incurred by the Security Agent or any Secured Party which any Obligor is obliged to pay under any Finance Document.

“**Secured Party**” means each party to a Finance Document (other than an Obligor or Intercompany Borrower).

“**Security Documents**” means each of the following documents:

- (H) the KEG Offshore Security Assignment;
- (I) the KEG Onshore Security Assignment;
- (J) the KED Offshore Security Assignment;
- (K) the KEI Offshore Security Assignment;

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- (L) the KEO Offshore Security Assignment;
- (M) the Borrower Offshore Security Assignment;
- (N) the KEI and KEO Offshore Security Assignment;
- (O) the Charge over Shares in KED;
- (P) the Charge over Shares in KEG;
- (Q) the Charge over Shares in KEO;
- (R) the Charge over Shares in KEI;
- (S) the Charge over Shares in the Original Borrower;
- (T) the Assignment of Reinsurance Rights;
- (U) the KEG Offshore Project Accounts Agreement;
- (V) the KEG Onshore Project Accounts Agreement;
- (W) the Borrower Offshore Project Accounts Agreement; and
- (R) subject to the provisions of the Intercreditor Agreement, each other document evidencing or creating any Security Interest held or obtained from an Obligor for or in respect of any Secured Liabilities.

“**Security Interest**” means a mortgage, charge, pledge, lien or other security interest or any other agreement or arrangement having a similar effect.

“**Service Document**” has the meaning given to it in clause 54 (*Service of Process*).

“**Shareholder**” means any funds affiliated with Warburg Pincus and Blackstone Capital Partners or the Blackstone Group.

“**Shareholder Affiliate**” means any Affiliate of a Shareholder, any trust of which a Shareholder or any of its Affiliates is a trustee, any partnership of which a Shareholder or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, a Shareholder or any of its Affiliates, provided that any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by a Shareholder or any of its Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall constitute a Shareholder Affiliate.

“**Shareholder Distribution**” means a shareholder distribution as calculated and defined in clause 36.23 (*Distributions*) of this Agreement.

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“**Signing Date**” means 28 March 2011.

“**Sources and Uses Statement**” has the meaning given to it in clause 32.8 (*Sources and Uses*).

“**Specified Time**” means 11:00 a.m. London time on the relevant Quotation Day.

“**Standard and Poor’s**” means Standard & Poor’s Ratings Service, a division of the McGraw-Hill Companies, Inc., and any successor thereto and if such corporation shall for any reason no longer perform the functions of a securities rating agency, Standard & Poor’s shall be deemed to refer to

any other internationally recognised rating agency agreed by the Facility Agent and Kosmos (both acting reasonably).

“**Standstill Period**” means a period of 30 days from the date an IFC Acceleration Trigger Event occurs.

“**Subordinated Creditor**” means any Obligor whose rights are subordinated to those of the Creditors pursuant to a Deed of Subordination.

“**Subordinated Debt**” means all present and future moneys, debts, obligations and liabilities which are, or are expressed to be, or may become due, owing or payable by any Obligor to any Affiliate (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise) together with any related Additional Debt.

“**Successful Syndication**” means the Underwriters each reduce their participation in the Facility to a final hold of not more than USD 200 million.

“**Sum**” has the meaning given to it in clause 25.1 (*Currency indemnity*).

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Technical and Environmental Consultant Appointment Letter**” means the letter between Kosmos, the Facility Agent and the Technical Consultant, the Technical and Modelling Bank and Environmental Consultant setting out the terms of appointment of the Technical Consultant and Environmental Consultant, in the Agreed Form.

“**Technical and Modelling Bank**” means the Technical Bank and the Modelling Bank, provided that if the Technical Bank and the Modelling Bank cannot reach agreement on a certain issue, then the opinion of the Technical Consultant will be requested (to the extent a Technical Consultant is not already appointed and the parties do not agree on a replacement within 5 Business Days of notification of the failure to reach agreement, the Technical Bank and the Modelling Bank shall request the President of the Energy Institute of London to appoint an independent consultant within 5 Business Days). If no agreement can be reached after consulting the relevant Consultant, the three parties forming the Technical Bank (or in case of a modelling issue the two parties forming the Modelling Bank and the Consultant) will vote and the final decision shall be determined by a two-thirds majority vote.

“**Technical Assumptions**” means the technical assumptions agreed or determined in accordance with clause 27.1 (*Forecast Procedures*) of this Agreement.

“**Technical Consultant**” means Shaw Consultants International, Inc. (or any other reputable technical consultant agreed to by the Technical and Modelling Bank (acting reasonably)), appointed in accordance with a scope of work and budget for fees and expenses agreed with the Borrower, the Facility Agent and the Technical and Modelling Bank.

“**Third Parties Act**” has the meaning given to it in clause 9.4 (*Third Party Rights*).

“**Total Available Facility Amount**” means at any time the amount calculated as such pursuant to clause 11.2 (*Total Available Facility Amount*) of this Agreement.

“**Total Commitments**” means the aggregate of the Commitments of the Lenders.

“**Total Facility Amount**” means at any time, the total facility made available under the Facility but as reduced by the amount of any cancellation of the Facility.

“**Total Interest Payable**” means, in relation to the KEL Group for any Measurement Period, all interest and other financing charges paid or payable and incurred by the KEL Group during that Measurement Period.

“**Total Interest Receivable**” means, in relation to the KEL Group for any Measurement Period, all interest and other financing charges received or receivable by the KEL Group during that Measurement Period.

“**Transaction Document**” means each Finance Document and each Project Agreement.

“**Transfer Certificate**” means a certificate substantially in the form set out in Schedule 7 (*Form of Transfer Certificate*) of this Agreement or any other form agreed between the Facility Agent and Kosmos.

“**Transfer Date**” means, in relation to a transfer, the later of:

- (A) the proposed Transfer Date specified in the Transfer Certificate; and
- (B) the date on which the Facility Agent executes the Transfer Certificate.

“**Unit Operator**” has the meaning given to it in the UUOA.

“**Unit Substances**” shall have the meaning given to that term in the UUOA.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“**USD**” or “**US Dollar**” means the lawful currency of the United States of America.

“**Utilisation**” means a utilisation of the Facility by way of a Loan.

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“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 4 (*Utilisation Requests*) of this Agreement or in the Agreed Form.

“**UUOA**” means the unitization and unit operating agreement entered into between GNPC, Tullow Ghana Limited, KEG, Anadarko WCTP Company, Sabre Oil and Gas Holdings Limited and EO dated 13 July 2009.

“**VAT**” means value added tax as provided for in the Value Added Tax Act 1994 or any regulations promulgated thereunder and any other tax of a similar nature.

“**WCTP Block**” means West Cape Three Points area offshore Ghana, being the area described in Annex 1 of the WCTP PA, but excluding any portions of such area in respect of which Contractor’s rights thereunder are from time to time relinquished or surrendered pursuant to the WCTP PA.

“**WCTP JOA**” means the joint operating agreement dated 27 July 2004 between KEG and EO in respect of the West Cape Three Points Block Off-shore Ghana (and all amendments and supplements thereto).

“**WCTP PA**” means the petroleum agreement dated 22 July 2004 between the Government, represented by the Minister, the GNPC, KEG and EO in respect of the West Cape Three Points Block Off-shore Ghana (and all amendments and supplements thereto).

9.2 Construction of particular terms

Unless a contrary indication appears, any reference in this Agreement to:

- (A) “**this Agreement**” shall be construed as a reference to the agreement or document in which such reference appears together with all recitals and Schedules thereto;
- (B) a reference to “**assets**” includes properties, revenues and rights of every description;
- (C) an “**authorisation**” or “**consent**” shall be construed as including any authorisation, consent, approval, resolution, licence, exemption, permission, recording, notarisation, filing or registration;
- (D) an “**authorised officer**” shall be construed, in relation to any Party, as a reference to a Director or other person duly authorised by such Party as notified by such Party to the Facility Agent as being authorised to sign any agreement, certificate or other document or to take any decision or action, as applicable. The provision of any certificate or the making of any certification by any authorised officer of Kosmos shall not create for that authorised officer any personal liability to the Finance Parties;

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- (E) a “**calendar year**” is a reference to a period starting on (and including) 1 January and ending on (and including) the immediately following 31 December;
- (F) a “**certified copy**” shall be construed as a reference to a copy of that document, certified by an authorised officer of the relevant Party delivering it to be a complete, accurate and up-to-date copy of the original document;
- (G) a “**clause**” shall, subject to any contrary indication, be construed as a reference to a clause of the agreement or document in which such reference appears;
- (H) “**continuing**” shall, in relation to any Default or Event of Default, be construed as meaning that such Default or Event of Default has not been remedied or waived;
- (I) the “**equivalent**” on any given date in any currency (the “**first currency**”) of an amount denominated in another currency (the “**second currency**”) is a reference to the amount of the first currency which could be purchased with the amount of the second currency at the spot rate of exchange quoted by the Facility Agent in the normal course of business at or about 11.00 a.m. on such date for the purchase of the

first currency with the second currency in the London foreign exchange markets for delivery on the second Business Day thereafter;

- (J) the “**group**” of any person, shall be construed as a reference to that person, its subsidiaries and any holding company of that person and all other subsidiaries of any such holding company, from time to time;
- (K) a “**holding company**” of a company or corporation shall be construed as a reference to any company or corporation of which the first-mentioned company or corporation is a subsidiary;
- (L) “**include**” or “**including**” shall be deemed to be followed by “without limitation” or “but not limited to” whether or not they are followed by such phrase or words of like import;
- (M) a “**month**” or “**Month**” is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month (and references to “**months**” and “**Months**” shall be construed accordingly);
- (N) a “**person**” shall be construed as a reference to any person, trust, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

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- (O) a reference to a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of Law but, if not having the force of Law, being a regulation, rule, official directive, request or guideline with which a prudent person carrying on the same or a similar business to Kosmos would comply) of any governmental body, Agency, department or regulatory, self-regulatory or other authority or organisation;
- (P) a “**right**” shall be construed as including any right, title, interest, claim, remedy, discretion, power or privilege, in each case whether actual, contingent, present or future;
- (Q) a “**Schedule**” shall, subject to any contrary indication, be construed as a reference to a schedule of the agreement or document in which such reference appears;
- (R) a “**subsidiary**” of a company or corporation means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006 which shall be construed as a reference to any company or corporation:
 - (i) which is controlled, directly or indirectly, by the first-mentioned company or corporation;
 - (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or
 - (iii) which is a subsidiary of another subsidiary of the first-mentioned company or corporation,and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;
- (S) the “**winding-up**”, “**dissolution**” or “**administration**” of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, bankruptcy, winding-up, reorganisation, dissolution, administration, receivership, judicial custodianship, administrative receivership, arrangement, adjustment, protection or relief of debtors; and
- (T) a “**year**” is a reference to a period starting on one day in a month in a calendar year and ending on the numerically corresponding day in the same month in the next succeeding calendar year, save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless that day falls in the month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day Provided that, if a period starts on the last

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Business Day in a month, that period shall end on the last Business Day in that later month (and references to “**years**” shall be construed accordingly).

9.3 Interpretation

- (A) Words importing the singular shall include the plural and vice versa.
- (B) Words indicating any gender shall include each other gender.
- (C) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document to:
 - (i) any party or person shall be construed so as to include its and any subsequent successors, permitted transferees and permitted assigns in accordance with their respective interests;
 - (ii) such agreement or document or any other agreement or document shall be construed as a reference to each such agreement or document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented, in each case to the extent permitted under the Finance Documents;
 - (iii) a time of day shall, save as otherwise provided in any agreement or document, be construed as a reference to London time.
- (D) Section, Part, Clause and Schedule headings contained in, and any index or table of contents to, any agreement or document are for ease of reference only.

9.4 Third Party Rights

- (A) Any Hedging Counterparty may enforce the terms of clause 29.2 (*Withdrawals — No Default Outstanding*), clause 33 (*Guarantee and Indemnity*) and clause 50.2(C) (*Exceptions*) of this Agreement by virtue of the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”). This clause 9.4(A) confers a benefit on each such Hedging Counterparty, and, subject to the remaining provisions of this clause 9.4, is intended to be enforceable by each Hedging Counterparty by virtue of the Third Parties Act.
- (B) Subject to paragraph (A) above, a person who is not a party to this Agreement has no right under the Third Parties Act to enforce or enjoy the benefit of any term of this Agreement.
- (C) Notwithstanding any term of any Finance Document, this Agreement may be rescinded or varied without the consent of any person who is not a Party hereto.

PART 2 CONDITIONS PRECEDENT

10. Conditions Precedent

10.1 Conditions Precedent to first Utilisation

Kosmos may not deliver a Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part I of Schedule 3 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent (acting reasonably), or their delivery has otherwise been waived in accordance with clause 10.3 (*Waivers of Conditions Precedent*). The Facility Agent (acting reasonably) shall notify Kosmos and the Lenders promptly upon being so satisfied.

10.2 Conditions Precedent to each Utilisation

The Lenders will only be obliged to comply with clause 14.5 (*Lenders' participation*) if, on the proposed Utilisation Date:

- (A) no Default or Event of Default is continuing or will result from the proposed Loan;
- (B) an Authorised Signatory of Kosmos certifies that
 - (i) the funds from that Utilisation are expected to be applied in payment of amounts subject to and in accordance with the Cash Waterfall within 90 days of the relevant drawdown date (other than making a distribution in accordance with paragraph (vii) of the Cash Waterfall) or are otherwise required to maintain a reasonable and prudent level of working capital in the Project Accounts;
 - (ii) the aggregate principal amount outstanding under the Facility does not exceed the Borrowing Base Amount, and the making of the Utilisation would not result in the aggregate principal amount outstanding under the Facility exceeding the Borrowing Base Amount; and
 - (iii) the Repeating Representations to be made by each Obligor are, in the light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects);

- (C) in respect of a Utilisation of the IFC Facility only (and to the satisfaction of IFC only) the Borrower has satisfied the conditions for the Utilisation of the IFC Facility in accordance with the terms of the IFC Facility Agreement.

10.3 Waivers of Conditions Precedent

- (A) The Facility Agent as applicable, acting in accordance with the instructions of the Lenders, may waive the requirement under clause 10.1 (*Conditions*

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Precedent to first Utilisation) to deliver any one or more of the documents and other evidence listed in Schedule 3 (*Conditions Precedent*), as applicable.

- (B) Satisfaction of any of the conditions set out in clause 10.2 (*Conditions Precedent to each Utilisation*) may be waived by the Facility Agent acting in accordance with the instructions of the Majority Lenders.
- (C) Any waiver effected by the Facility Agent in accordance with this clause shall be binding on all Parties.
- (D) For avoidance of doubt, no Utilisation may be made under the Facility, until the Facility Agent has confirmed all relevant Conditions Precedent have been satisfied (acting reasonably) or waived in accordance with this clause 10 (*Conditions Precedent*).
- (E) Prior to the first Utilisation of the Facility (and not thereafter), any Default or Event of Default which arises by virtue of the fact that the Security Interests granted pursuant to the Security Documents are second-ranking (due to the subsistence during such period of Security Interests (as defined in the Existing Finance Documents) which were granted pursuant to the Existing Finance Documents), shall be deemed not to have arisen.

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PART 3 OPERATION OF THE FACILITY

11. The Facility

11.1 Facility Commitment amounts

- (A) Subject to the terms of the Finance Documents:
- (i) the Lenders (other than IFC) have agreed to make available to the Borrower a secured US Dollar revolving loan facility and a letter of credit facility on the terms and conditions set out in this Agreement (the “**Non-IFC Facility**”); and
- (ii) IFC has agreed to make available to the Borrower a secured US Dollar revolving loan facility on the terms and conditions set out in the IFC Facility Agreement) (the “**IFC Facility**”),

(together the “Facility”) in an aggregate amount equal to the Total Commitments.

- (B) The Facility may be utilised by way of:
- (i) Loans (which, during the Availability Period only, shall include Rollover Loans); and
- (ii) Letters of Credit up to an aggregate amount not exceeding USD 200 million.

11.2 Total Available Facility Amount

- (A) The Total Available Facility Amount shall be computed in accordance with this clause 11.2.
- (B) If at any time the aggregate amount of all Loans exceeds the Borrowing Base Amount, the Total Available Facility Amount shall be zero.
- (C) Subject to paragraph (B) above, the Total Available Facility Amount shall be an amount equal to the lesser of:
- (i) the Total Facility Amount less (1) the amount of all Loans which have not been either prepaid or repaid and (2) the aggregate amount of any Letters of Credit issued, or to be issued, under the Facility (only to the extent not cash collateralised by amounts standing to the credit of the LC Cash Collateral Account); and
- (ii) the Borrowing Base Amount less (1) the amount of all Loans and (2) the aggregate amount of any Letters of Credit issued, or to be

where the Borrowing Base Amount is determined by reference to the most recent Forecast prepared in accordance with the Forecasting Procedures.

- (D) For the avoidance of doubt, if at any time a Letter of Credit is cash collateralised in whole in or part in accordance with clause 15.1(B) of this Agreement, the Total Available Facility Amount shall, subject always to paragraphs (B) and (C) above, automatically increase by the amount of such deposit. Conversely, in the event that the whole or any part of the cash collateral is withdrawn in accordance with clause 15.1(B) of this Agreement, then the Total Available Facility Amount will reduce by the amount of such withdrawal.

12. Finance Parties' Rights and Obligations

- (A) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under any Finance Documents to which it is a Party does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (B) The rights of each Finance Party under or in connection with the Finance Documents to which it is a Party are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (C) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

13. Purpose

13.1 Purpose

The proceeds of any Loan or Letter of Credit may only be used by the Borrower for the following purposes:

- (A) in the case of a first Utilisation of the Facility, to repay all amounts outstanding under the Existing Finance Documents in full;
- (B) to pay Project Costs (including Relevant Capital Expenditure);
- (C) to pay Financing Costs (other than principal and interest);
- (D) to make advances to an Obligor under an Intercompany Loan Agreement to enable such Obligor to pay Project Costs;
- (E) to fund the DSRA and the LC Cash Collateral Account;
- (F) to meet all costs and expenses incurred in respect of making any Permitted Acquisition; and
- (G) to issue Letters of Credit under the Facility.

13.2 Monitoring

No Finance Party is bound to monitor or verify the application of any Loan made pursuant to the Finance Documents.

14. Utilisation

14.1 Availability Period

Subject to the satisfaction of the relevant Conditions Precedent:

- (A) the Non-IFC Facility shall be available for drawing during the period from and including the Signing Date to and including 15 May 2014; and
- (B) the IFC Facility shall be available for drawing during the period from and including the date of the Effective Date (as defined in the IFC Facility Agreement) to and including 15 May 2014.

14.2 Delivery of a Utilisation Request

A Borrower may borrow a loan under the Facility by delivery to the Facility Agent of a duly completed Utilisation Request not later than 10:00 am on the third Business Day (or in the case of the first Utilisation only, the second Business Day) prior to the proposed Utilisation Date and the Facility Agent shall deliver such Utilisation Request to the Lenders within one Business Day of receipt of the same by it. For this purpose, if the Facility Agent receives the Utilisation Request on a day which is not a Business Day or after 10:00 am on a Business Day, it will be treated as having received the Utilisation Request on the following Business Day.

14.3 Completion of a Utilisation Request

- (A) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
 - (i) the proposed Utilisation Date is a Business Day within the Availability Period;
 - (ii) the amount of the Utilisation complies with clause 14.4 (*Amount*); and
 - (iii) the proposed Interest Period complies with clause 20 (*Interest Periods*).
- (B) Only one Loan may be requested in each Utilisation Request and a maximum of 3 Utilisation Requests may be requested in any one month.
- (C) A Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation 10 or more Loans would be outstanding.

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14.4 Amount

Kosmos must notify the Facility Agent and the Technical and Modelling Bank (giving notice of not less than three Business Days' prior to the Utilisation Date) of the amount of any proposed Loan under the Facility that must be:

- (A) a minimum of USD 10 million (or, in any event, such lesser amount as the Facility Agent may agree); and
- (B) an integral multiples of USD 10 million (or, in any event, such lesser amount as the Facility Agent may agree),

or, if less, the balance of the Facility.

14.5 Lenders' participation

- (A) If the conditions set out in this Agreement have been met, each Lender under the Non-IFC Facility shall make its participation in the relevant Loan available by the Utilisation Date through its Facility Office in accordance with the terms of this Agreement.
- (B) The amount of a Lender's participation in that Loan will be equal to the proportion borne by its Available Commitment to the Available Commitments under the Non-IFC Facility immediately prior to the making of the relevant Loan.
- (C) The Facility Agent shall notify each Lender of the amount of each Loan under the Non-IFC Facility and the amount of its participation in each such Loan not less than 3 Business Days before the Utilisation Date.
- (D) A Business Day for the purposes of clause 14 (*Utilisation*) shall mean a day (other than a Saturday or Sunday) when banks are open for business in London, New York and Paris.

15. Letters of Credit — Utilisation

15.1 General

- (A) In this clause 15 and clause 16 (*Letters of Credit — General Provisions*):
 - (i) “**Expiry Date**” means, for a Letter of Credit, the last day of its Term;
 - (ii) “**LC Proportion**” means, in relation to a Lender (other than IFC) in respect of any Letter of Credit, the proportion (expressed as a percentage) borne by the Available Commitment of such Lender under the Facility to the aggregate Available Commitments of all the Lenders (other than IFC) under the Facility immediately prior to the issue of that Letter of Credit, adjusted to reflect any assignment or transfer under this Agreement to or by that Lender;

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- (iii) “**Renewal or Extension Request**” means a written notice delivered to the Facility Agent in accordance with clause 15.7

(Renewal or extension of a Letter of Credit);

- (iv) “**Start Date**” means, for a Letter of Credit, the first day of its Term; and
 - (v) “**Term**” means each period determined under this Agreement for which an LC Issuing Bank is under a liability under a Letter of Credit.
- (B) Any reference in this Agreement to:
- (i) a “**Finance Party**” includes each of the LC Lenders and each of the LC Issuing Banks;
 - (ii) an amount borrowed under the Facility includes any amount utilised by way of Letter of Credit;
 - (iii) a Utilisation under the Facility made or to be made to the Borrower includes a Letter of Credit issued on its behalf;
 - (iv) a Lender funding its participation in a Utilisation under the Facility includes a Lender (other than IFC) participating in a Letter of Credit;
 - (v) amounts outstanding under the Facility include amounts outstanding under or in respect of any Letter of Credit;
 - (vi) an outstanding amount of a Letter of Credit at any time is the maximum amount that is or may be payable in respect of that Letter of Credit at that time;
 - (vii) the Borrower “**repaying**” or “**prepaying**” a Letter of Credit means:
 - (a) the Borrower providing cash collateral for that Letter of Credit by depositing funds into the LC Cash Collateral Account;
 - (b) the maximum amount payable under the Letter of Credit being reduced in accordance with its terms; or
 - (c) an LC Issuing Bank being satisfied (acting reasonably) that it has no further liability under that Letter of Credit,and the amount, subject to the Cash Waterfall, by which a Letter of Credit is repaid or prepaid under sub-paragraphs (viii)(a) and (viii)(b) below is the amount of the relevant cash collateral or reduction; and
 - (viii) the Borrower providing “**cash collateral**” for a Letter of Credit means the Borrower paying an amount in the currency of the Letter of Credit in to the LC Cash Collateral Account and the following conditions are met:

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- (a) the account is with the LC Issuing Bank (if the cash collateral is to be provided for all the Lenders) or with a Lender (if the cash collateral is to be provided for that Lender);
 - (b) withdrawals from the LC Cash Collateral Account may only be made at any time provided that:
 - (1) there is no Default or Event of Default outstanding at the time;
 - (2) the withdrawal does not occur during a BBA Cure Period;
 - (3) the latest Sources and Uses Statement does not show that there is a shortfall in funding projected to be available to meet Project Costs; and
 - (4) the Available Commitment at that time is equal to or exceeds the amount of the withdrawal; and
 - (c) any amount withdrawn from the LC Cash Collateral Account is deposited into the account from which the original payment was made into the LC Cash Collateral Account.
- (C) Clause 14 (*Utilisation*) does not apply to a Utilisation by way of Letter of Credit.
- (D) For the avoidance of doubt, in determining the amount of the Available Commitment and a Lender’s LC Proportion of a proposed Letter of Credit for the purposes of this Agreement the Available Commitment of a Lender will be calculated taking account of any cash collateral provided for outstanding Letters of Credit, subject to the Total Available Facility Amount not exceeding the lesser of (i) the Total Facility Amount and (ii) the Borrowing Base Amount.
- (E) A “**Business Day**” for the purposes of clause 15 (*Letters of Credit — Utilisation*) shall mean a day (other than a Saturday or Sunday) when banks are open for business in London, New York and Paris.

- (F) The ORGL LC shall be deemed to have been issued by BNP Paribas as LC Issuing Bank (such appointment as LC Issuing Bank being solely in respect of the ORGL LC) pursuant to a Utilisation Request submitted by the Borrower in accordance with the terms of this Agreement and such utilisation shall be deemed to have occurred immediately after the first Utilisation under the Facility (the “**ORGL LC Utilisation**”). For the avoidance of doubt:
- (i) BNP Paribas shall pay the cash collateral already posted with it pursuant to the ORGL LC to the Distribution Reserve Account; and
 - (ii) no conditions other than those which are required in order to facilitate the first Utilisation will be required to be satisfied in order for the ORGL LC Utilisation to be effective.

15.2 Letter of Credit Option

- (A) The Non-IFC Facility may also be utilised by way of Letters of Credit at any time prior to the Final Maturity Date.
- (B) Letters of Credit may be issued under the Non-IFC Facility by any LC Issuing Bank or LC Issuing Banks as may be selected by the Borrower.
- (C) The Borrower may at any time request any or all Lenders to agree to become a LC Issuing Bank. If any such Lender or Lenders so agree, the Borrower may in its absolute discretion decide which of those Lenders (if any) it wishes to appoint as a LC Issuing Bank.
- (D) The Borrower may appoint any Lender as an LC Issuing Bank at any time by notice in writing to the Facility Agent (accompanied by a deed of accession in the form agreed between the Agent and the Borrower, signed by the relevant Lender confirming its appointment as an LC Issuing Bank), following receipt of which the Facility Agent shall promptly countersign any such deed of accession on behalf of the Finance Parties (and in any event within 3 Business Days of receipt of the notice) and notify the Finance Parties (with a copy to the Borrower) that the relevant Lender has become an LC Issuing Bank.

15.3 Delivery of a Utilisation Request for Letters of Credit

Subject to a LC Issuing Bank having been appointed, the Borrower may request a Letter of Credit to be issued by delivery to the Facility Agent and one or more LC Issuing Banks (as may be selected by the Borrower) of a duly completed Utilisation Request substantially in the form of Part II of Schedule 4 (*Utilisation Requests*) not later than the third Business Day prior to the proposed Utilisation Date and a maximum of 3 such Utilisation Requests may be delivered in any one month, provided that there shall not, at any time, be more than 10 Letters of Credit outstanding.

15.4 Completion of a Utilisation Request for Letters of Credit

Each Utilisation Request for a Letter of Credit is irrevocable and will not be regarded as having been duly completed unless:

- (A) it specifies that it is for a Letter of Credit;
- (B) it specifies the amount that is to be utilised under the Non-IFC Facility;
- (C) the proposed Utilisation Date is a Business Day within the Availability Period;
- (D) the currency and amount of the Letter of Credit comply with clause 15.5 (*Amount*);
- (E) the form of Letter of Credit is attached;
- (F) the Expiry Date of the Letter of Credit falls on or before the Final Repayment Date for the Non-IFC Facility; and

- (G) the delivery instructions for the Letter of Credit are specified.

15.5 Amount

The amount of the proposed Letter of Credit must be an amount which is not more than the Total Available Facility Amount and which is a minimum of USD 5 million or, if less, the Total Available Facility Amount and which otherwise complies with clause 15.6(B)(ii).

15.6 Issue of Letters of Credit

- (A) If the conditions set out in this Agreement have been met, the relevant LC Issuing Bank shall issue the Letter of Credit on the Utilisation Date.

- (B) The relevant LC Issuing Bank will only be obliged to comply with paragraph (A) above if on the date of the Utilisation Request or Renewal or Extension Request and on the proposed Utilisation Date:
- (i) in the case of a Letter of Credit renewed in accordance with clause 15.7 (*Renewal or extension of a Letter of Credit*), no Event of Default is continuing or would result from the proposed Utilisation and, in the case of any other Utilisation, no Default is continuing or would result from the proposed Utilisation;
 - (ii) the making of the proposed Utilisation would not result in (i) the aggregate principal amount outstanding under the Facility exceeding the lesser of the Total Facility Amount and the Borrowing Base Amount or (ii) the aggregate of all outstanding Letters of Credit issued by the LC Issuing Banks exceeding USD 200 million;
 - (iii) the Repeating Representations to be made by each Obligor are true in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects); and
 - (iv) the LC Issuing Bank and the Lenders have completed all applicable know-your-customer and compliance requirements which are required by law in relation to the beneficiary of the Letter of Credit.
- (C) The amount of each Lender's participation in each Letter of Credit will be equal to the proportion borne by the Available Commitment of such Lender under the Non-IFC Facility to the aggregate Available Commitments of all the Lenders under the Non-IFC Facility immediately prior to the issue of the Letter of Credit.
- (D) The Facility Agent shall notify the LC Issuing Bank and each Lender (other than IFC) of the details of the requested Letter of Credit and its participation in that Letter of Credit by the Specified Time.

15.7 Renewal or extension of a Letter of Credit

- (A) The Borrower may request any Letter of Credit issued on its behalf be renewed or extended by delivery to the Facility Agent and the relevant LC Issuing Bank

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of a Renewal or Extension Request by the sixth Business Day before the date of the proposed renewal.

- (B) The Lenders shall treat any Renewal or Extension Request in the same way as a Utilisation Request for a Letter of Credit except that the conditions set out in paragraph (E) of clause 15.4 (*Completion of a Utilisation Request for Letters of Credit*) shall not apply.
- (C) The terms of each renewed or extended Letter of Credit shall be the same as those of the relevant Letter of Credit immediately prior to its renewal, except that:
- (i) its amount may be less than the amount of the Letter of Credit immediately prior to its renewal or extension;
 - (ii) (in relation to a renewal only) its Term shall start on the date which was the Expiry Date of the Letter of Credit immediately prior to its renewal, and shall end on the proposed Expiry Date specified in the Renewal or Extension Request subject to clause 15.4(F); and
 - (iii) (in relation to an extension only) its Term shall start on the date which was the Start Date of the Letter of Credit immediately prior to its extension, and shall end on the proposed Expiry Date specified in the Renewal or Extension Request subject to clause 15.4(F)
- (D) If the conditions set out in this Agreement have been met, the relevant LC Issuing Bank shall re-issue and/or amend any Letter of Credit pursuant to a Renewal or Extension Request.

16. Letters of Credit — General Provisions

16.1 When immediately repayable or prepayable

If a Letter of Credit or any amount outstanding under a Letter of Credit becomes payable, the Borrower shall repay or prepay that amount within five Business Days of demand by the relevant LC Issuing Bank.

16.2 Fee payable in respect of Letters of Credit

- (A) The Borrower shall pay to each of the LC Issuing Banks a fronting fee in respect of each Letter of Credit issued by it, in the amount and at the times agreed in the letter between each relevant LC Issuing Bank and the Borrower. A reference in this Agreement to a Fee Letter shall include the letter referred to in this paragraph.
- (B)

- (i) Subject to (ii) below, the Borrower shall pay to the Facility Agent (for the account of each LC Lender) a letter of credit fee computed at the same rate as the Margin on the outstanding amount of each Letter of Credit

for the period from the issue of that Letter of Credit until its Expiry Date. This fee shall be distributed according to each LC Lender's LC Proportion of that Letter of Credit.

- (ii) The Borrower shall be entitled to deduct, from the letter of credit fee calculated as described in (i) above and paid to the Facility Agent, in respect of each Relevant Lender, an amount which is the product of the Margin and any Borrower Replacement Collateral (as defined in clause 16.10 below) held in respect of such Relevant Lender (the "**RL Reduction**"). The net fee distributed by the Facility Agent to each Relevant Lender shall be the fee calculated according to such Relevant Lender's LC Proportion then reduced by the amount of the RL Reduction.
- (C) The accrued letter of credit fee on a Letter of Credit shall be payable quarterly (on each of 31 March, 30 June, 30 September and 31 December and as from the first of such dates falling after the date of issue of that Letter of Credit) and on the Expiry Date for that Letter of Credit.
- (D) If the Borrower uses cash collateral to cover any part of a Letter of Credit then the fronting fee payable to the relevant LC Issuing Bank and the letter of credit fee payable for the account of each LC Lender shall not (in respect of the part of the Letter of Credit covered by the cash collateral) be payable.

16.3 Claims under a Letter of Credit

- (A) The Borrower irrevocably and unconditionally authorises each LC Issuing Bank to pay any claim made or purported to be made under a Letter of Credit and which appears on its face to be in order (a "**claim**").
- (B) The Borrower shall immediately on demand pay to the Facility Agent for the account of the relevant LC Issuing Bank an amount equal to the amount of any claim under that Letter of Credit.
- (C) The Borrower acknowledges that the LC Issuing Bank:
 - (i) is not obliged to carry out any investigation or seek any confirmation from any other person before paying a claim; and
 - (ii) deals in documents only and will not be concerned with the legality of a claim or any underlying transaction or any available set-off, counterclaim or other defence of any person.
- (D) The obligations of the Borrower under this clause will not be affected by:
 - (i) the sufficiency, accuracy or genuineness of any claim or any other document; or
 - (ii) any incapacity of, or limitation on the powers of, any person signing a claim or other document.

16.4 Indemnities

- (A) The Borrower shall immediately on demand indemnify each LC Issuing Bank against any cost, loss or liability incurred by such LC Issuing Bank (otherwise than by reason of such LC Issuing Bank's gross negligence or wilful misconduct and otherwise in respect of the obligation of any Lender to provide cash collateral pursuant to Clause 16.10) in acting as an LC Issuing Bank under any Letter of Credit.
- (B) Each Lender (other than IFC) shall (according to its LC Proportion) immediately on demand by the Facility Agent (acting on the instructions of the relevant LC Issuing Bank), indemnify each LC Issuing Bank against any cost, loss or liability incurred by the LC Issuing Bank (otherwise than by reason of such LC Issuing Bank's gross negligence or wilful misconduct) in acting as such LC Issuing Bank under any Letter of Credit (unless that LC Issuing Bank has been reimbursed by the Borrower pursuant to a Finance Document).
- (C) The Borrower shall immediately on demand reimburse any Lender for any payment it makes to an LC Issuing Bank under this clause 16.4 (*Indemnities*) (other than any Cash Deposit made pursuant to Clause 16.10 but including in respect of any amount withdrawn from the Cash Deposit and payment to any LC Issuing Bank under Clause 16.10(C) or 16.10(D)). In the absence of reimbursement of the LC Issuing Bank or Lenders by the Borrower pursuant to this clause 16.4 within 5 Business Days of demand (the "**LC Payment Date**"), the Borrower shall be deemed to have requested a Loan of an amount (in Dollars) equal to the outstanding amount payable on the LC Payment Date and the Borrower shall be treated as having agreed to borrow that Loan on the LC Payment Date. The proceeds of each Loan made available by the Lenders in accordance with this clause 16.4(C) and deemed to be made to the Borrower shall be paid to the LC

Issuing Bank (or, as the case may be, the Facility Agent on behalf of the Lenders) in satisfaction of the obligations of the Borrower in accordance with this clause 16.4 to reimburse the LC Issuing Bank or Lenders for the amount of the outstanding payment.

- (D) The obligations of each Lender and the Borrower under this clause are continuing obligations and will extend to the ultimate balance of sums payable by that Lender or, as the case may be, the Borrower in respect of any Letter of Credit, regardless of any intermediate payment or discharge in whole or in part.
- (E) The obligations of a Lender or a Borrower under this clause will not be affected by any act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this clause (without limitation and whether or not known to it or any other person) including:
 - (i) any time, waiver or consent granted to, or composition with, any Obligor, any beneficiary under a Letter of Credit or any other person;
 - (ii) the release of any other Obligor or any other person under the terms of any composition or arrangement;

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- (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor, any beneficiary under a Letter of Credit or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor, any beneficiary under a Letter of Credit or any other person;
- (v) any amendment (however fundamental) or replacement of a Finance Document, any Letter of Credit or any other document or security;
- (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document, any Letter of Credit or any other document or security; or
- (vii) any insolvency or similar proceedings.

16.5 Rights of contribution

The Borrower will not be entitled to any right of contribution or indemnity from any Finance Party in respect of any payment it may make under this clause 16.

16.6 Role of a LC Issuing Bank

- (A) Nothing in this Agreement constitutes a LC Issuing Bank as a trustee or fiduciary of any other person.
- (B) An LC Issuing Bank shall not be bound to account to any Lender for any sum, or the profit element of any sum received by it for its own account.
- (C) An LC Issuing Bank may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.
- (D) An LC Issuing Bank may rely on:
 - (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
 - (ii) any statement made by a director, Authorised Signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (E) An LC Issuing Bank may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (F) An LC Issuing Bank may act in relation to the Finance Documents through its personnel and agents.

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- (G) An LC Issuing Bank is not responsible for:

- (i) the adequacy, accuracy and/or completeness of any information (whether oral or written) provided by any Party (including itself), or any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; or
- (ii) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

16.7 Exclusion of liability

- (A) Without limiting paragraph (B) below, the LC Issuing Bank will not be liable for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
- (B) No Party (other than the LC Issuing Bank) may take any proceedings against any officer, employee or agent of the LC Issuing Bank in respect of any claim it might have against the LC Issuing Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the LC Issuing Bank may rely on this clause subject to clause 9.4 (*Third Party Rights*) and the provisions of the Third Parties Act.

16.8 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each LC Lender confirms to the LC Issuing Bank that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including, but not limited to, those listed in paragraphs (A) to (D) of clause 40.15 (*Credit appraisal by the Lenders*).

16.9 Amendments and Waivers

Notwithstanding any other provision of any Finance Document, an amendment or waiver which relates to the rights or obligations of an LC Issuing Bank may not be effected without the consent of the LC Issuing Bank.

16.10 Cash collateralisation

- (A) If and for so long as:
 - (i) the long-term senior unsecured credit rating of a Lender is, or is reduced to, below A-(Standard & Poor's) or A3 (Moody's); or

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- (ii) it becomes unlawful in any applicable jurisdiction for a Lender to perform its obligations under Clause 8.4 (*Indemnities*) of this Agreement,

(any such Lender being a “**Relevant Lender**”) then, within two (2) Business Days of the date of publication by S&P or Moody's of such rating downgrade or the date upon which the obligations become unlawful, the Relevant Lender shall, unless otherwise agreed by the LC Issuing Bank, as security for (but without prejudice to) its obligations under Clause 16.4 (*Indemnities*), pay to the LC Issuing Bank an amount equal to its LC Proportion of the aggregate outstandings under all issued Letters of Credit at such date (the “**Cash Deposit**”). The Relevant Lender shall, within ten (10) Business Days of any increase in such aggregate outstandings, pay to the LC Issuing Bank an amount equal to its LC Proportion of any such increase (unless otherwise agreed by the Issuing Bank) (and any additional amount so paid shall form part of the Cash Deposit). If requested by the LC Issuing Bank, the Relevant Lender shall enter into security documentation over the Cash Deposit in form and substance satisfactory to the LC Issuing Bank (acting reasonably).

- (B) Any Cash Deposit made pursuant to this Clause 16.10 shall be placed by the LC Issuing Bank in a separately designated bank account and shall bear interest (at the rate of interest customarily given by the LC Issuing Bank for short-term cash deposits in amounts equal to such Cash Deposit) from (and including) the date of deposit of any amounts in, until (but excluding) the date of withdrawal of any amounts from, such account (such amount held being the “**Borrower Replacement Collateral**”).
- (C) The LC Issuing Bank shall only withdraw amounts standing to the credit of such account:
 - (i) for payment to the LC Issuing Bank up to (and including) the amount of the Cash Deposit in accordance with Clause (D) below; and
 - (ii) in excess of the Cash Deposit, for payment to the Relevant Lender, if so instructed by the Relevant Lender.
- (D) Without prejudice to the provisions of Clause 16.4(B), each Relevant Lender hereby irrevocably authorises the LC Issuing Bank to withdraw from any account established pursuant to this Clause 16.10 in relation to such Relevant Lender such Relevant Lender's LC Proportion of the amount specified in any claim made under a Letter of Credit, up to the amount of the Relevant Lender's Cash Deposit in discharge of such Relevant Lender's obligations to it under Clause 16.4(B).

- (E) If and to the extent the Relevant Lender at any time fails to comply with its payment obligations under Clause 16.10(A), then (without prejudice to Clause 16.4(B)):
- (i) the Relevant Lender hereby irrevocably authorises the Agent to apply its entitlement to sums received by the Agent from any source in respect

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of payment under, and/or any other sum received by the Agent under or in respect of, the Finance Documents, towards such payment obligations;

- (ii) the Borrower and the LC Issuing Bank may (in their sole discretion) agree that the Borrower shall pay an amount to the LC Issuing Bank:
- (a) which may or may not be equal to the Relevant Lender's Cash Deposit or such part thereof as is unpaid by the Relevant Lender; and
- (b) which shall be placed by the LC Issuing Bank in a separately designated bank account and shall bear interest (at the rate of interest customarily given by the LC Issuing Bank for short-term cash deposits in amounts equal to such amounts) from (and including) the date of deposit of any amounts in, until (but excluding) the date of withdrawal of any amounts from, such account,
- and
- (iii) the LC Issuing Bank may withdraw amounts standing to the credit of such account:
- (a) to pay the LC Issuing Bank such Relevant Lender's LC Proportion of any claim made under a Letter of Credit; and
- (b) as otherwise agreed between the Borrower and the LC Issuing Bank.

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PART 4 PAYMENTS, CANCELLATION, INTEREST AND FEES

17. Repayment

17.1 Repayment of the Facility

- (A) Subject to paragraph (B) below, all Loans outstanding under the Facility will be repaid semi-annually on each successive 15 June and 15 December commencing on 15 June 2014. Repayment Instalments will be sufficient to ensure that the Amortisation Schedule is met.
- (B) Any repayment made during the Availability Period may be redrawn, but any repayment may not be redrawn after the expiry of the Availability Period.

17.2 Amendment to Amortisation Schedule

In the event that the Reserve Tail Date is earlier than the Final Maturity Date, the Amortisation Schedule will be amended so that:

- (A) the final Repayment Instalment for the Facility is to be paid on the Reserve Tail Date (the "**Revised Final Repayment Date**"); and
- (B) the Repayment Instalment payable on each Repayment Date shall be adjusted on a pro rata basis so as to ensure that all Loans under the Facility are fully repaid on the Reserve Tail Date.

18. Prepayment and Cancellation

18.1 General

- (A) Subject to there being no Event of Default outstanding and other than an obligation to make a prepayment where the aggregate outstandings under the Facility exceed the Borrowing Base Amount at the end of the BBA Cure Period or upon a Change of Control, prepayments in respect of the Facility shall be paid at the end of the next Interest Period falling not less than 15 days after the date on which the event giving rise to the obligation to make the prepayment occurs, and shall be applied pro rata to each Repayment Instalment under the Facility.

- (B) Any amount prepaid may only be redrawn if such prepayment and Utilisation occurs prior to expiry of the Availability Period.
- (C) Any prepayment shall be made with accrued interest on the amount prepaid and, subject to Break Costs (excluding any Margin), without premium or penalty.

18.2 Illegality

- (A) If it becomes unlawful in any applicable jurisdiction for a Lender (an “**Illegality Lender**”) to perform any of its obligations as contemplated by the Finance Documents, or to fund or maintain its participation in any Utilisation:
 - (i) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
 - (ii) upon the Facility Agent notifying Kosmos, the Commitment of that Lender will be immediately cancelled; and
 - (iii) the Borrower shall either:
 - (a) if the Lender so requires, repay that Lender’s participation in the Utilisations made to the Borrower on the last day of the Interest Period for each Utilisation occurring after the Facility Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law); or
 - (b) replace that Lender in accordance with paragraph (B) of clause 18.10 (*Right of repayment and cancellation in relation to a single Lender*) on or before the first date applicable under paragraph (a) above in respect of which a payment is due and payable.
- (B) If it becomes unlawful in any applicable jurisdiction for the Borrower to perform any of its obligations as contemplated by the Finance Documents:
 - (i) the Borrower shall promptly notify the Facility Agent upon becoming aware of that event;
 - (ii) the Facility Agent shall notify the Lenders; and
 - (iii) the Borrower shall repay each Utilisation made to it on the last day of the Interest Period for that Utilisation occurring after the Facility Agent have notified the Lenders or, if earlier, the last day of any applicable grace period permitted by law.
- (C) If it becomes unlawful for an LC Issuing Bank to issue or leave outstanding any Letter of Credit, the relevant LC Issuing Bank shall promptly notify the Facility Agent upon becoming aware of that event, and upon the Facility Agent notifying the Borrower, (i) the Facility shall cease to be available for the issue of Letters of Credit unless and until the relevant LC Issuing Bank is replaced by another Lender in accordance with paragraph (B) of clause 18.10 (*Right of repayment and cancellation in relation to a single Lender*) and (ii) the Borrower shall prepay all Letters of Credit issued by such LC Issuing Bank and use its reasonable

endeavours to procure the release of such LC Issuing Bank from all outstanding Letters of Credit.

18.3 Aggregate outstandings exceed the Borrowing Base Amount

- (A) In the event that a Forecast shows that the aggregate of the outstandings under the Facility on the relevant Forecast Date exceeds the Borrowing Base Amount as determined in such Forecast, the Borrower shall, within 90 days of the date of the relevant Forecast (in addition to Repayment Instalments under the Amortisation Schedule), make an additional mandatory repayment of the Facility as necessary to ensure that the aggregate of the outstandings under the Facility does not exceed the Borrowing Base Amount provided always that:
 - (i) subject to (ii) below, an Event of Default shall arise in respect of such mandatory prepayment only if such prepayment has not been made in full after a period of 90 days from the relevant Forecast Date (the “**BBA Cure Period**”); and
 - (ii) such mandatory repayment will be required at the expiry of the BBA Cure Period only if, at such time, a Forecast prepared immediately prior to the expiry of the BBA Cure Period confirms that the aggregate of the outstandings under the Facility exceeds the Borrowing Base Amount.
- (B) The Obligors shall be entitled to make any such mandatory prepayment by (i) depositing cash into an account with the Account Bank secured in favour of the Lenders (which shall be a Project Account) which has been established solely for this purpose or (ii) procuring a letter of credit on terms approved by the Facility Agent (acting reasonably), in favour of the Facility Agent, in each case, in an amount equal to the mandatory prepayment required. Any excess standing to the credit of such account on any Forecast Date shall be released and may be

withdrawn by the Borrower and applied for any purpose as it sees fit (without reference to the Cash Waterfall) provided that prior to being paid into such account none of the Secured Parties had any rights to such amounts (if any Secured Parties had any rights to such amount, such amount shall be paid into an Offshore Proceeds Account).

18.4 Permitted disposals

If, as a result of a Permitted Disposal, the amount outstanding under the Facility exceeds the Borrowing Base Amount, then the required amount of proceeds from such Permitted Disposal to ensure that there is no such excess, after having taken into account the impact of the Permitted Disposal on the Borrowing Base Amount will be used to make a prepayment of the Facility.

18.5 Insurance Receipts

- (A) All Insurance Proceeds received by an Obligor in excess of 10 million shall be paid into and retained in the Insurance Proceeds Account until applied in accordance with the terms of this clause.

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- (B) All net proceeds of any insurance claim received by an Obligor in respect of a Borrowing Base Asset shall, unless the Majority Lenders otherwise agree, first be applied in prepayment of the Facility:
- (i) where the aggregate amount of the insurance proceeds received is in excess of USD 100 million (less expenses); or
 - (ii) if less than USD 100 million but more than USD 10 million, to the extent not applied or committed to be applied to meet a third party claim or to cover operating losses of, or in the reinstatement of, a Borrowing Base Asset or purchase of a replacement Borrowing Base Asset or otherwise in amelioration of the loss to a Borrowing Base Asset or reinvestment in the Borrowing Base Asset within, in each case, one year of receipt.

18.6 Change of Control

- (A) Upon a Change of Control:
- (i) the Obligor shall promptly notify the Facility Agent upon becoming aware of the occurrence of that event; and
 - (ii) if the Majority Lenders so require, the Facility Agent shall, on not less than 30 days written notice to Kosmos, cancel the Commitments and the Borrower shall repay each Lender's participation in any Utilisations on the last day of the then current period under the Facility, together with accrued interest and all other amounts accrued under the Finance Documents.
- (B) For the purposes of paragraph (A) above, a “**Change of Control**” means any person (or persons with whom they act in concert) other than a Permitted Transferee acquiring, directly or indirectly, more than 50 per cent. of the ordinary share capital in any Obligor carrying a right to vote in general meetings of that company. For the avoidance of doubt, a Change of Control shall not occur on an IPO of any Shareholder (directly or indirectly) in KEO or the Borrower, or an IPO of any Obligor.
- (C) For the purposes of paragraph (B) above, any persons includes more than one person acting in concert and a “**Permitted Transferee**” means:
- (i) an Affiliate of a Shareholder or KEH, so long as they remain an Affiliate (including any funds associated with Warburg Pincus and Blackstone Capital Partners or the Blackstone Group); or
 - (ii) a person who is otherwise approved by the Majority Lenders (acting reasonably) provided that any Lender which does not grant its approval may, on not less than 30 days written notice to the Facility Agent and Kosmos, demand that its participation in the Facility be prepaid in full and that its Commitment be immediately cancelled, provided that Kosmos may, in accordance with paragraph (B) of clause 18.10 (*Right of repayment and cancellation in relation to a single Lender*), procure

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the replacement of that Lender or the transfer of its participation and Commitment to another Lender (with that Lender's consent) rather than such prepayment and cancellation provided that such replacement or transfer is completed within the relevant notice period given by the relevant Lender. If such replacement or transfer does not occur within the relevant period, that Lender's participation in the Facility shall be immediately due and payable in full by the Borrower and its Commitment immediately cancelled.

18.7 Automatic Cancellation

At the close of business in London on the last Business Day of the Availability Period for the Facility, the undrawn Commitment of each Lender

under the Facility at that time shall be automatically cancelled.

18.8 Voluntary Cancellation

- (A) Kosmos may, by giving not less than ten Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice to the Facility Agent, without penalty, cancel the undrawn Commitments under any Facility in whole or in part (but if in part, in a minimum amount of USD 1 million or, if less, the balance of the undrawn Commitments). The relevant Commitments in respect of the Facility will be cancelled on a date specified in such notice, being a date not earlier than ten Business Days after the relevant notice is received by that Facility Agent.
- (B) Any valid notice of cancellation will be irrevocable and will specify the date on which the cancellation shall take effect. No part of any Commitment which has been cancelled or which is the subject of a notice of cancellation may subsequently be utilised.
- (C) When any cancellation of Commitments under the Facility takes effect, each Lender's Available Commitment under the Facility will be reduced by an amount which bears the same proportion to the total amount being cancelled as its Available Commitment under the Facility bears to the Available Commitment (at that time) under the Facility.

18.9 Voluntary Prepayment of Loans

- (A) Subject to clause 18.1 (*General*), a Utilisation may be prepaid whether in whole or in part by the Borrower without penalty upon ten Business Days' prior written notice to the Facility Agent.
- (B) Any valid notice of prepayment will be irrevocable and, unless a contrary indication appears in this Agreement, will specify the date on which the cancellation shall take effect. Any amount prepaid or repaid may not be redrawn if such prepayment or repayment and Utilisation occurs after the expiry of the Availability Period.

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- (C) Prepayment shall take effect:
 - (i) on the last day of the then current Interest Period; or
 - (ii) on any other date subject to payment by the Borrower, on demand of Break Costs (if any), in accordance with clause 21.4 (*Break Costs*).
- (D) Unless a contrary indication appears in this Agreement, when any prepayment of the whole or part of a Loan takes place, each Lender's participation in the relevant Loan shall be reduced rateably.

18.10 Right of repayment and cancellation in relation to a single Lender

- (A) If:
 - (i) Kosmos reasonably believes that the sum payable to any Lender by an Obligor is required to be increased under clause 23.2 (*Tax gross-up*);
 - (ii) Kosmos receives a notice from the Facility Agent under clause 23.3 (*Tax Indemnity*) or clause 24 (*Increased Costs*);
 - (iii) any Lender is or becomes a Non-Funding Lender; or
 - (iv) any Lender is or becomes entitled to increase its rate of interest further to clause 21.2 (*Market disruption*),

Kosmos may, while (in the case of paragraph (i) and (ii) above) the circumstance giving rise to the belief or notice continues or (in the case of (iii) or (iv) above) the relevant circumstance continues:

- (a) give the Facility Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations;
 - (b) in the case of a Non-Funding Lender or Illegality Lender, give the Facility Agent notice of cancellation of the Available Commitment of that Lender in relation to the Facility and reinstate all or part of such Available Commitment in accordance with paragraph (B) below;
 - (c) or replace that Lender in accordance with paragraph (B) below.
- (B) Kosmos may:
 - (i) in the circumstances set out in paragraph (A) above or pursuant to clause 18.1 (*General*) or clause 18.2 (*Illegality*) or clause

18.6(A)(ii) (*Change of Control*), replace an Existing Lender (as defined in clause 38 (*Changes to the Lenders*)), with one or more other Lenders (which need not be Existing Lenders) (each a “**Replacement Lender**”), which have agreed to purchase all or part of the Commitment and participations of that Existing Lender in Utilisations made to Kosmos

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pursuant to an assignment or transfer in accordance with the provisions of clause 38 (*Changes to the Lenders*); or

- (ii) in the circumstances set out in paragraph (A)(iv)(a) of this clause 18.10, cancel the Available Commitments of the Non-Funding Lender or Illegality Lender in respect of the Facility and procure that one or more Replacement Lenders assume Commitments under the Facility in an aggregate amount not exceeding the Available Commitment of the relevant Non-Funding Lender or Illegality Lender in relation to the Facility,

in each case on condition that:

- (a) each assignment or transfer under this paragraph (B) shall be arranged by Kosmos (with such reasonable assistance from the Existing Lender as Kosmos may reasonably request); and
- (b) no Existing Lender shall be obliged to make any assignment or transfer pursuant to this paragraph (B) unless and until it has received payment from the Replacement Lender or Replacement Lenders in an aggregate amount equal to the outstanding principal amount of the participations in the Utilisations owing to the Existing Lender, together with accrued and unpaid interest and fees (including, without limitation, any Break Costs to the date of payment) and all other amounts payable to the Existing Lender under this Agreement.
- (C) On receipt of a notice from Kosmos referred to in paragraph (A) above, the Commitment of that Lender shall immediately be reduced to zero.
- (D) On the last day of each Interest Period which ends after Kosmos has given notice under paragraph (A) above (or, if earlier, the date specified by Kosmos in that notice), Kosmos shall repay that Lender’s participation in the relevant Utilisation.
- (E) Paragraphs (A) and (B) do not in any way limit the obligations of any Finance Party under clause 26.1 (*Mitigation*).

19. Interest

19.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (A) Margin;
- (B) LIBOR; and
- (C) Mandatory Cost (if any).

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19.2 Margin

The Margin applicable to a Loan shall be a percentage per annum, based on utilisation of the Facility, as follows:

Years (counting from and including the year of the Signing Date)	Utilisation of Facility is less than or equal to 75% of the Total Facility Amount	Utilisation of Facility is more than 75% of the Total Facility Amount
1 to 3 (inclusive)	3.25%	3.50%
4 to 5 (inclusive)	3.75%	4.00%
6 to 7 (inclusive)	4.50%	4.75%

19.3 Payment of interest

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period (and, if the Interest Period is longer than six months, on the dates falling at six-monthly intervals after the first day of the Interest Period).

19.4 Default interest

- (A) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (B) below, is 1.0 per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Facility Agent (acting reasonably). Any interest accruing under this clause shall be immediately payable by the Obligor on demand by that Facility Agent.
- (B) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
- (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 1.0 per cent. higher than the rate which would have applied if the overdue amount had not become due.
- (C) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

19.5 Notification of rates of interest

The Facility Agent shall promptly notify the relevant Lenders and Kosmos of the determination of a rate of interest under this Agreement.

20. Interest Periods

20.1 Selection of Interest Periods

- (A) The Borrower shall select an Interest Period for a Loan in the Utilisation Request for that Loan.
- (B) Subject to this clause, the Borrower may select an Interest Period of 1, 3 or 6 months or such other period as may be agreed between Kosmos and the Facility Agent.
- (C) No Interest Period for a Loan under the Facility shall extend beyond the Final Maturity Date.
- (D) The first Interest Period of each Loan shall commence on the Utilisation Date and end on the same day as the end of the selected Interest Period. In the case of each Loan (other than the first Loan under the Facility), each subsequent Interest Period shall end on the same day as the current Interest Period of any outstanding Loan made under the Facility.

20.2 Non-Business Days

If an Interest Period ends on a day which is not a Business Day, that Interest Period will instead end on the next Business Day, unless the next Business Day is in another month, in which case the Interest Period will end on the preceding Business Day.

20.3 Consolidation and division of Loans

- (A) Subject to paragraph (B) below, if two or more Interest Periods for Loans under the Facility end on the same date, those Loans will, unless Kosmos specifies to the contrary in the Utilisation Request or in a notice to the Facility Agent, be consolidated into, and treated as, a single Loan under the Facility on the last day of the Interest Period.
- (B) If Kosmos requests (in either a Utilisation Request or otherwise in a notice to the Facility Agent) that a Loan be divided into two or more Loans, that Loan will, on the last day of its Interest Period, be so divided into the amounts specified in such request, being an aggregate amount equal to the amount of the Loan immediately before its division.

21. Changes to the Calculation of Interest

21.1 Absence of quotations

Subject to clause 21.2 (*Market disruption*), if LIBOR is to be determined by reference to the Reference Banks but up to four Reference Banks do not supply a quotation by the Specified Time, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

21.2 Market disruption

- (A) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
- (i) the Margin;
 - (ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select; and
 - (iii) the Mandatory Cost, if any, applicable to that Lender's participation in the Loan.
- (B) In this Agreement "**Market Disruption Event**" means if, on or about noon in London on the Quotation Day for the relevant Interest Period none or only one of the Reference Banks supplies a rate to the Facility Agent to determine LIBOR for the Interest Period, or the Facility Agent receives notifications from a Lender or Lenders (whose participations exceed 35 per cent. in aggregate of all participations) that the cost to it of obtaining matching deposits in the London interbank market would be materially in excess of LIBOR.
- (C) The Facility Agent shall notify Kosmos immediately upon receiving notice from the Lender(s).

21.3 Alternative basis of interest or funding

- (A) If a Market Disruption Event occurs and the Facility Agent or the Borrower so requires, the Facility Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.
- (B) Any alternative basis agreed pursuant to paragraph (A) above shall, with the prior consent of all the Lenders and Kosmos, be binding on all Parties.

21.4 Break Costs

- (A) Kosmos shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by it on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (B) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.
- (C) If, following a payment by Kosmos of all or part of a Loan or Unpaid Sum on a day other than the last day of an Interest Period for that Loan or Unpaid Sum, a Lender realises a profit, and no Event of Default is continuing, that Lender must pay an amount equal to that profit to Kosmos as soon as practicable.

22. Fees

22.1 Commitment fee

- (A) The Borrower shall pay to the Facility Agent in respect of the Non-IFC Facility for the account of each Lender (other than IFC) and in respect of the IFC Facility to IFC directly for the account of IFC, a fee computed as follows:
- (i) when Commitment is available for utilisation, at a rate equal to 40 per cent. per annum of the then applicable Margin; and
 - (ii) when Commitment is not then available for utilisation, at a rate equal to 20 per cent. per annum of the then applicable Margin.
- (B) The accrued commitment fee is payable quarterly (on each of 31 March, 30 June, 30 September and 31 December) in arrears on any undrawn and uncanceled portion of the Commitments for the period from:
- (i) in respect of the Non-IFC Facility, the date of this Agreement until and including the last day of the Availability Period; and
 - (ii) in respect of the IFC Facility, the date of the IFC Facility Agreement until and including the last day of the Availability Period.
- (C) Notwithstanding paragraphs (A) and (B) above, the Borrower shall not be required to pay any such commitment fees to the Facility Agent for the account of any Lender in respect of a Non-IFC Facility and to IFC for the account of IFC in respect of the IFC Facility in each case during the period in which such Lender is a Non-Funding Lender.

22.2 Front end and underwriting fees

The Borrower shall pay to each Original Lender, front end and underwriting fees in the amount and at the times agreed in a Fee Letter.

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22.3 Facility Agent fee

The Borrower shall pay to the Facility Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

22.4 Security Agent fee

The Borrower shall pay to the Security Agent (for its own account) a trustee fee in the amount and at the times agreed in a Fee Letter.

22.5 The Technical Bank fee

The Borrower shall pay to the lead technical bank and to each co-technical bank (for its own account in each case) a technical bank fee in the amount and at the times agreed in a Fee Letter.

22.6 The Modelling Bank fee

The Borrower shall pay to the lead modelling bank and the co-modelling bank (for its own account in each case) a modelling bank fee in the amount and at the times agreed in a Fee Letter.

22.7 The Documentation Bank fee

The Borrower shall pay to the Documentation Bank (for its own account) a documentation bank fee in the amount and at the times agreed in a Fee Letter.

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**PART 5
TAXES, INCREASED COSTS AND INDEMNITIES**

23. Tax Gross Up and Indemnities

23.1 Definitions

In this Agreement:

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under clause 23.2 (*Tax gross-up*) or a payment under clause 23.3 (*Tax Indemnity*).

23.2 Tax gross-up

- (A) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (B) Kosmos shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly.
- (C) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (D) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (E) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party (acting reasonably) that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing Authority.
- (F) If an Obligor makes any payment to a Finance Party in respect of or relating to a Tax Deduction, but such Obligor was not obliged to make

such payment, the relevant Finance Party shall within five Business Days of demand refund such payment to such Obligor.

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23.3 Tax Indemnity

- (A) Except as provided below, the Borrower shall (within five Business Days of demand by the Facility Agent) indemnify a Finance Party against any loss, liability or cost which that Finance Party determines will be or has been (directly or indirectly) suffered by that Finance Party for or on account of Tax, by that Finance Party in respect of a Finance Document.
- (B) Paragraph (A) above shall not apply:
- (i) with respect to any Tax assessed on a Finance Party under the law of the jurisdiction in which:
 - (a) that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (b) that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction, if in either such case that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party or that Finance Party's Facility Office; or
 - (ii) to the extent a loss, liability or cost is compensated for by an increased payment under clause 23.2 (*Tax gross-up*); or
 - (iii) with respect to any Tax assessed prior to the date which is 180 days prior to the date on which the relevant Finance Party requests such a payment from the Borrower, unless a determination of the amount claimed could only be made on or after the first of those dates.
- (C) A Finance Party making, or intending to make a claim under paragraph (A) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall provide to Kosmos a copy of the notification by such Finance Party.
- (D) A Finance Party shall, on receiving a payment from an Obligor under this clause, notify the Facility Agent. The Finance Parties will undertake to use reasonable endeavours to obtain reliefs and remissions for taxes and deductions and to reimburse Kosmos for reliefs, remissions or credits obtained (but without any obligation to arrange its tax affairs other than as it sees fit nor to disclose any information about its tax affairs).

23.4 Tax Credit

- (A) If:-
- (i) an Obligor makes a Tax Payment, and

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- (ii) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment, and
- (iii) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party reasonably determines will leave it (after that payment) in the same after-Tax position as it would have been in but for its utilisation of the Tax Credit.

- (B) Nothing in this clause will:
- (i) interfere with the rights of any Finance Party to arrange its affairs in whatever manner it thinks fit; or
 - (ii) oblige any Finance Party to disclose any information relating to its Tax affairs or computations.

23.5 Stamp Taxes

Kosmos shall, within five Business Days of demand, pay and indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document other than in respect of an assignment or transfer by a Lender or any breach by any Finance Party of the terms of clauses 36.28 (*Due execution of security assignments*) and 36.30 (*Lenders' custody of documents*).

23.6 Value added tax

- (A) All consideration expressed to be payable under a Finance Document by any Party to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT against delivery of an appropriate VAT invoice.
- (B) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that obligation shall be deemed to extend to all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that neither the Finance Party nor any other member of any VAT group of which it is a member is entitled to credit or repayment of the VAT.

24. Increased Costs

24.1 Increased costs

- (A) Subject to clause 24.3 (*Exceptions*) the Borrower shall, within five Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of the introduction of or any change in (or in the

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interpretation, administration or application by any governmental body or regulatory Authority of) any law or regulation (whether or not having the force of law, but if not, being of a type with which that Finance Party or Affiliate is expected or required to comply), or as a result of the implementation or application of, or compliance with, Basel III or any law or regulation that implements or applies Basel III.

- (B) In this Agreement “**Increased Costs**” means:
 - (i) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
 - (ii) an additional or increased cost; or
 - (iii) a reduction of any amount due and payable under any Finance Document,

which is (a) material and (b) incurred or suffered by a Finance Party or any of its Affiliates but only to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

24.2 Increased cost claims

- (A) A Finance Party intending to make a claim pursuant to clause 24.1 (*Increased costs*) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the company.
- (B) Each Finance Party shall provide a certificate confirming the amount of its Increased Costs.

24.3 Exceptions

- (A) clause 24.1 (*Increased costs*) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor provided that this clause is without prejudice to any rights which the affected Lender may have under clause 15.2 (*Tax gross-up*) to receive a grossed up payment;
 - (ii) the subject of a claim under clause 23.3 (*Tax Indemnity*) (or might be or have been the subject of a claim under clause 23.3 (*Tax Indemnity*)) but for any of the exclusions in paragraph (B) of clause 23.3 (*Tax Indemnity*));
 - (iii) incurred prior to the date which is 180 days prior to the date on which the Finance Party makes a claim in accordance with clause 24.2 (*Increased cost claims*), unless a determination of the amount incurred could only be made on or after the first of those dates;

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- (iv) any of the types of cost dealt with by Schedule 6 (*Mandatory Cost Formulae*);
- (v) attributable to the wilful breach by the relevant Finance Party or any of its Affiliates of any law or regulation; or

- (vi) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment contained in Basel III) (“**Basel II**”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

(B) In this clause 24.3 (*Exceptions*), a reference to a “**Tax Deduction**” has the same meaning given to the term in clause 23.1 (*Definitions*).

25. Other Indemnities

25.1 Currency indemnity

(A) If any sum due from an Obligor under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:

- (i) making or filing a claim or proof against that Obligor; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within five Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (a) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(B) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

25.2 Other indemnities

Each Obligor shall, within five Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

- (A) the occurrence of any Event of Default;

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- (B) a failure by an Obligor to pay any amount due under a Finance Document on its due date;
- (C) funding, or making arrangements to fund, its participation in a Utilisation requested by the Borrower in a Utilisation Request but not made by reason of a Default or an act or omission on the part of an Obligor; and
- (D) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by Kosmos.

25.3 Indemnity to the Facility Agent

Each Obligor shall promptly on demand, indemnify the Facility Agent against any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a direct result of:

- (A) investigating any event which it reasonably believes is a Default; and
- (B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised by an Obligor.

26. Mitigation by the Lenders

26.1 Mitigation

- (A) Each Finance Party shall, in consultation with Kosmos, use all reasonable endeavours to mitigate or remove any circumstances which arise and which would result in any facility ceasing to be available or any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 18.2 (*Illegality*), clause 23.2 (*Tax gross-up*), clause 24.1 (*Increased costs*) or clause 21.2 (*Market disruption*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (B) Paragraph (A) above does not in any way limit the obligations of any Obligor under the Finance Documents.
- (C) Each Finance Party shall notify the Facility Agent as soon as it becomes aware that any circumstances of the kind described in paragraph

(A) above have arisen or may arise. The Facility Agent shall notify Kosmos promptly of any such notification from a Finance Party.

26.2 Limitation of liability

- (A) Each Obligor shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under clause 26.1 (*Mitigation*).
- (B) A Finance Party is not obliged to take any steps under clause 26.1 (*Mitigation*) if, in the *bona fide* opinion of that Finance Party (acting reasonably), to do so might in any way be prejudicial to it.

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PART 6 FORECASTS AND CALCULATIONS AND BORROWING BASE AMOUNT

27. Forecasts and Calculations

27.1 Forecast Procedures

- (A) Not less than 30 Business Days before any proposed or required Forecast Date, the Borrower and the Technical and Modelling Bank shall consult together with a view to preparing and agreeing the relevant Forecast including the Forecast Assumptions and all associated calculations and information. Kosmos shall ensure that a new or updated reserves report is prepared by the Reserves Consultant for the Forecast prepared for 15 June 2011 and for each Forecast prepared on subsequent Forecast Dates falling at twelve monthly intervals (or such earlier dates as Kosmos may elect). Each party shall consult in good faith and act reasonably, and shall make available sufficiently experienced personnel, with a view to reaching agreement as soon as reasonably practicable. Each Forecast (and all Forecast Assumptions used) shall have due and proper regard to any reasonable view expressed by any of the Consultants in a report delivered for the purpose of preparing the Forecast, any plan of development, work program and budget and the provisions and requirements of the Project Agreements (and any updates thereto). Any product pricing proposal by the Technical and Modelling Bank shall be reasonable in the circumstances and shall be made in accordance with current business practices, applied on a consistent, reasonable and non-discriminatory basis and reflecting market practice at the time.
- (B) The Borrower shall provide its proposed Forecast to each Lender 15 Business Days before the relevant Forecast Date and the Technical and Modelling Bank shall provide its commentary on such Forecast, including whether it agrees or disagrees with such Forecast (including, if applicable, details of the grounds for its determination not to agree with the Forecast). Each Lender shall have 10 Business Days to approve the Forecast and, once approved by the Majority Lenders, that Forecast will apply for the relevant Forecast Period. If any such Lender has not objected in writing to the Forecast within such 10 Business Day period, then such Lender shall be deemed to have approved the Forecast. A Forecast shall only be deemed to have been accepted by such Lenders if it has been approved (or deemed approved) by the Majority Lenders. In making any objection, such Lenders must act reasonably and no objection may be made other than on the grounds that a Forecast Assumption which has been used in the Forecast is not reasonable in the circumstances, or on the grounds of proven or manifest error.
- (C) In making any determination in the Forecasting Procedures the Majority Lenders shall give due and proper regard to any information provided (including any report delivered by the Consultants for the purposes of the Forecast) or representations made by the Borrower and the Technical and Modelling Bank. Any determination shall take due and proper regard of any plan of development, work program and budget (and any updates thereto) and the provisions and requirements of the Project Agreements. Any determination in relation to

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product prices shall be reasonable in the circumstances and shall be made in accordance with current business practices, applied on a consistent, reasonable and non-discriminatory basis and reflecting market practice at the time.

- (D) If the Majority Lenders do not approve the Forecast, the Borrower and the Technical and Modelling Bank shall prepare a revised Forecast which satisfies, in all reasonable respects, the objections of the Majority Lenders.
- (E) If, for any reason, a Forecast is not agreed prior to the applicable Forecast Date, the then applicable Forecast shall continue to apply until the new Forecast is prepared and agreed in accordance with the Forecast Procedures.

27.2 Contents of Forecast

- (A) Each Forecast will set out or include:
 - (i) the Technical Assumptions and Economic Assumptions upon which the Forecast is based (including, without limitation, on product prices);

- (ii) an updated Model;
 - (iii) the calculation of the Borrowing Base Amount;
 - (iv) the calculation of any mandatory prepayment required because the aggregate of outstandings under the Facility exceeds the Borrowing Base Amount;
 - (v) calculations of the Field Life Cover Ratio and the Loan Life Cover Ratio;
 - (vi) the calculation of the Reserve Tail Date;
 - (vii) the aggregate economically recoverable proved (1P) reserves and the proved and probable (2P) reserves remaining to be produced from the Borrowing Base Assets (reflecting any updated reserves report produced by the Reserves Consultant in respect of that Forecast, or if no such updated reserves report has been produced, reflecting the immediately preceding reserves report as may be updated by Kosmos with the agreement of the Technical Consultant and the Technical and Modelling Bank (acting reasonably));
 - (viii) the revised Amortisation Schedule (if required) or confirmation that no revision to the Amortisation Schedule is required pursuant to clause 17.2 (*Amendment to Amortisation Schedule*); and
 - (ix) such other reasonable information as the Technical and Modelling Bank or the Facility Agent may reasonably require.
- (B) All projections and calculations to be made under this clause shall be expressed and made in US Dollars (at the Facility Agent's spot rate of exchange at the time if so required (which the Facility Agent will provide promptly on request)).

27.3 New Borrowing Base Assets

Whenever a new asset becomes, or is to become, a Borrowing Base Asset, a new Forecast must first be prepared and provided to each Lender, in accordance with this clause 27 (*Forecasts and Calculations*), together with a Sources and Uses Statement, including that asset.

27.4 Manner of Calculations

- (A) All the calculations required for each Forecast will be calculated using the Model on the basis of the Technical Assumptions and Economic Assumptions determined for the purposes of that Forecast.
- (B) Where the manner of determining any of the calculations required for a Forecast differs between the programme on which the Model operates and the provisions of the Finance Documents, the Finance Documents will prevail.

27.5 Borrowing Base Amount

The Borrowing Base Amount shall be determined on each Forecast Date pursuant to a Forecast prepared in accordance with the Forecasting Procedures. The Borrowing Base Amount so determined shall apply for the duration of the next succeeding Forecast Period or until a new Forecast is prepared.

27.6 Calculation of Borrowing Base Amount

- (A) The Borrowing Base Amount for the purposes of the Facility shall be the lesser of:
 - (i) the sum of: (a) the net present value of Net Cash Flow until the Field Depletion Date plus (b) the net present value of Relevant Capital Expenditure, divided by 1.5;
 - (ii) the sum of: (a) the net present value of Net Cash Flow until the Final Maturity Date plus (b) the net present value of Relevant Capital Expenditure, divided by 1.3.
- (B) The discount rate utilised to determine the net present values referred to in paragraph (A) above shall be eight per cent. and shall be applied in calculating the net present value of cash flows.

27.7 Model

- (A) The Facility Agent, the Technical and Modelling Bank and Kosmos may each make proposals with regard to amendments to the Model which it believes:
 - (i) in good faith are required for the purpose of correcting any manifest error in the form or structure of the Model; or
 - (ii) to incorporate additional assumptions.

- (B) If the Facility Agent, Technical and Modelling Bank and Kosmos are unable to agree on the required changes to the Model within 15 Business Days from the date on which such changes were proposed, then the matter shall, on the request of Kosmos or the Technical and Modelling Bank, or on the initiation of the Facility Agent, be referred for resolution to an appropriate expert appointed by the Facility Agent (being a person having appropriate independent expertise with respect to, but no interest in, the outcome of the matter referred to it).
- (C) The costs of any references to an expert and the costs, if any, incurred in giving effect to any agreed revision to the Model will be borne by Kosmos except, in the case of the costs of any reference to an expert only, if the expert determines that any proposal by the Technical and Modelling Bank or the Facility Agent in respect of the changes to the Model which are in dispute could not be regarded as reasonable and are rejected by such expert, in which case such costs shall be borne by the Lenders.
- (D) Any amendments to the Model will not be made until such time as such amendment has been agreed or determined (as appropriate) pursuant to paragraphs (A) and (B) above. Prior to such amendment being incorporated into the Model, the Model will continue to be utilised without such amendment.
- (E) Where the manner of determining any of the calculations required for a Forecast is amended as a consequence of any amendments made to the Model, the Finance Documents shall be deemed to be amended to reflect any such amendment.

27.8 Approved Developments and Permitted Acquisitions

Prior to requesting the consent of the Majority Lenders to the carrying out of any Approved Development (or the inclusion of any Field or Petroleum Asset (or any part thereof) in the Borrowing Base Assets as an Approved Development) or to the making of any Permitted Acquisition, the Technical and Modelling Bank and the Borrower shall consult in good faith, and acting reasonably, they shall prepare a proposal for the consideration of each Lender which includes all relevant information for the Lenders to make an informed decision on whether to grant the requisite consent (including appropriate reports from the Technical Consultant, the Environmental Consultant, the Reserves Consultant and the Insurance Consultant). Any Approved Development or Permitted Acquisition must be compliant with the Equator Principles (as confirmed by the Environmental Consultant). The Technical and Modelling Bank shall include its recommendation with the proposal on whether consent should be given. In considering whether to grant any such consent, the Lenders shall act reasonably and shall take due and proper regard of any recommendation of the Technical and Modelling Bank (but without any liability on the part of the Technical and Modelling Bank and each Lender being deemed to make its own independent assessment) and the information provided with the proposal. If the Majority Lenders refuse their consent, they shall provide the Borrower with reasonable details of the reasons why they have refused their consent. A Permitted Acquisition may not take place in Iran, Libya, Myanmar, North Korea, Sudan, Syria, Cuba, any country which is on a sanctions list issued by the United States, the European Union (or any member state) or the United Nations or any country designated by the Majority Lenders (acting reasonably).

PART 7 BANKS ACCOUNTS, CASH MANAGEMENT AND RESERVE EQUITY

28. Bank Accounts and Cash Management

28.1 Project Accounts

- (A) Each Obligor shall establish and maintain each of the Project Accounts, as required under the terms of this Agreement, with the Account Bank in London or such other jurisdiction approved by the Facility Agent (acting reasonably).
- (B) The Project Accounts (other than the Ghana Working Capital Cedi Account which shall be denominated in Ghanaian Cedi) shall be denominated in US Dollars. Any sum constituting interest paid in respect of the credit balance on any Project Account shall be treated in the same manner as any other sum credited to a Project Account.
- (C) Each Project Account will be a separate account at the Account Bank. The Project Accounts will be maintained until the Discharge Date.
- (D) Amounts may be deposited into the Onshore Working Capital Accounts, to the extent necessary, to meet local onshore payments only, provided that the aggregate balance in such accounts may not exceed USD 10 million (or equivalent) or such higher amount agreed by the Facility Agent (acting reasonably).
- (E) Subject to paragraph (D) above and to the order of payments provided for in the Cash Waterfall, Kosmos shall maintain the balance of the Offshore Proceeds Accounts and the Onshore Working Capital Accounts, which, when aggregated and taken together with amounts paid in advance for its liabilities under the Project Agreements, is prudent and reasonable.

28.2 Other bank accounts

- (A) Each Obligor shall not open or maintain any bank accounts other than:

- (i) the Project Accounts (including such other accounts established by KEG with the Account Bank which would be Project Accounts but for the execution of the Onshore Security Assignment and the Offshore Security Assignment by all the parties thereto in accordance with this Agreement), which shall not be overdrawn at any time and any withdrawals from such Project Accounts shall only be made out of cleared funds;
- (ii) the Distributions Reserve Accounts, which shall not be overdrawn at any time; and
- (iii) such accounts as may be necessary or appropriate for it to perform its obligations as an operator in relation to the Ghana Blocks and, except into which moneys received from, or for the account of, any other party

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may be paid as required (but any money being related to any carried interest (including in respect of the carried interest of EO) in relation to any Borrowing Base Asset shall be paid into an Offshore Proceeds Account) (an “**Interested Third Party**”),

provided that in no event shall such accounts referred to in (ii) and (iii) above, or any moneys standing to the credit of such accounts referred to in (ii) and (iii) above, be available to the Lenders (except on an unsecured basis following the occurrence of any of the events described in clause 37.6 (*Insolvency*) and/or clause 37.7 (*Insolvency proceedings*)) or subject to any restrictions under the Finance Documents and shall not be subject to any Security Interest in favour of any Finance Party (but may be secured in favour of any other person other than the Finance Parties).

- (B) The Lenders will account to KEH and/or the relevant Obligor if and to the extent they receive any proceeds from any account referred to in clause 28.2(A)(ii) or (A)(iii) above, and shall hold any such moneys to the account of, and on trust for, KEH.
- (C) Any Lender that is in receipt of proceeds as described in paragraph (B) above shall:
 - (i) within five Business Days notify details of the receipt or recovery to Kosmos, KEH and the Facility Agent; and
 - (ii) within five Business Days of demand by KEH, pay an amount equal to such receipt or recovery to KEH.

28.3 Appointment of Account Bank

- (A) Any appointment of or change to the Account Bank will become effective only upon the Account Bank executing, or new Account Bank acceding to the terms of, the Project Accounts Agreements or such other terms as may be approved by Kosmos and the Facility Agent (acting reasonably).
- (B) Kosmos may, with the consent of the Facility Agent (not to be unreasonably withheld or delayed), change the Account Bank to another bank which meets the requirements of paragraph (C) below, but subject to paragraph (A) above and clause 28.1 (*Project Accounts*). If the Account Bank resigns, then Kosmos will appoint a replacement Account Bank which meets the requirements of paragraph (C), but subject to paragraph (A) and clause 28.1 (*Project Accounts*).
- (C) Each Account Bank shall be a bank whose long-term unguaranteed, unsecured securities or debt has a rating of A- or higher from Standard and Poor’s or A3 or higher from Moody’s (or equivalent) or such lower rating as the Facility Agent and Kosmos shall agree in writing.

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28.4 Security Documents and Project Accounts Agreements

- (A) The Project Accounts shall be subject to a first ranking Security Interest in favour of the Secured Parties. Kosmos shall forthwith upon any change to the Account Bank, or upon opening any Project Account which is not subject to the security constituted by the relevant Security Documents, execute and deliver to the Security Agent such supplemental Security Documents as the Security Agent and the Facility Agent may reasonably require in order to create a first priority Security Interest over that Project Account in favour of the Finance Parties. Such supplemental Security Documents must be in a form and in substance satisfactory to the Facility Agent and the Security Agent.
- (B) Kosmos shall, before any Project Account is opened, procure that the Obligor and the Account Bank have entered into the Project Accounts Agreements.
- (C) In the case of execution of any of the Security Documents and Project Accounts Agreements referred to in paragraphs (A) and (B) above, Kosmos shall deliver to the Facility Agent documents which are the equivalent of those referred to in paragraph 1 of Schedule 3 (*Conditions Precedent*) in respect of such Security Documents and Project Accounts Agreements, together with any legal opinions which the Facility Agent may reasonably require, such legal opinions to be provided at the reasonable expense of Kosmos. All such documents must be in a

form and in substance satisfactory to the Facility Agent.

- (D) The detailed operating procedures for the Project Accounts will be agreed between Kosmos and the Account Bank, but in the event of any inconsistency between those procedures and the Project Accounts Agreements or this Agreement, the provisions of this Agreement shall prevail.

28.5 Control on withdrawals following Default

If a Default has occurred and is continuing and has not been waived, no Obligor may withdraw any moneys from the Project Accounts except:

- (A) with the prior consent of the Facility Agent;
- (B) to meet an Obligor's payment obligations under the Finance Documents (but not any payment obligations owed to any Junior Finance Party or the Proceeds Agent, each as defined in the KEFI Intercreditor Agreement) or the Project Agreements on the relevant due date; or
- (C) to pay for Project Costs not included in paragraph (B) above where:
 - (i) the payment in question has been budgeted for and the Facility Agent have given their written consent to the relevant expenditure or cost being incurred; or
 - (ii) the failure to make the payment in question would materially and adversely affect the business or financial condition of Kosmos or any other Obligor.

28.6 Distributions Reserve Account

- (A) Each Obligor may maintain a Distributions Reserve Account into which the amount of any permitted distribution under clause 36.23 (*Distributions*), permitted indebtedness (other than drawdowns under the Facility) and contributions to the capital of an Obligor may be credited subject to compliance with the Cash Waterfall and such amounts shall not be subordinated to the rights of the Lenders. Amounts standing to the credit of the Distributions Reserve Accounts shall not be available to the Finance Parties whether as secured or unsecured creditors of Kosmos and irrespective of whether an Event of Default has occurred. The Obligors may grant security over their Distributions Reserve Account in favour of any person and shall not be required to grant any Security Interest over the Distributions Reserve Account in favour of the Finance Parties. Sums standing to the credit of the Distributions Reserve Accounts may be withdrawn and applied as the Obligor sees fit.
- (B) The Lenders will account to KEH and/or the relevant Obligor if and to the extent they receive any proceeds from a Distributions Reserve Account, and shall hold any such moneys to the account of, and on trust for, KEH. If any other person has a Security Interest or claim against amounts standing to the credit of a Distributions Reserve Account, any such interest or claim shall be limited to these amounts and they shall not have recourse to the assets of any Obligor generally, nor shall they be entitled to make any claim or enforce against, or initiate any Insolvency Proceedings of any kind, against any Obligor.
- (C) Any Lender that is in receipt of proceeds as described in paragraph (B) above, shall turnover such proceeds to KEH in accordance with paragraph (C) of clause 28.2 (*Other bank accounts*) above.

29. Operation of the Offshore Proceeds Accounts

29.1 Payments in

Unless a Finance Document expressly requires an amount to be paid into any other Project Account, each Obligor must ensure that:

- (A) all Gross Revenues received;
- (B) the proceeds of any Loan;
- (C) the proceeds of repayment of any loan made pursuant to any FPSO Construction Financing;
- (D) the proceeds of any Permitted Disposals; and
- (E) any other amount payable to, or received by an Obligor (including payments received under any offtake contract (and the Obligors shall direct any person making such payments that any such payment shall be paid into that account only)), but excluding any amount which may be credited to the Distribution Reserve Account of Kosmos,

are paid directly into an Offshore Proceeds Account.

29.2 Withdrawals – No Default Outstanding

- (A) Unless otherwise provided and unless there is a Default outstanding, amounts may only be withdrawn from the Offshore Proceeds Accounts and the Onshore Working Capital Accounts (including by way of transfer to any other account) if they are applied for the following purposes and subject to the following priority:
- (i) first, payment of Project Costs provided that, if the latest Sources And Uses Statement shows that there is a shortfall in funding projected to be available, then such available funding must, unless the Majority Lenders otherwise agree, be allocated to meet costs in the following order of priority:
 - (a) Borrowing Base Assets;
 - (b) Ghana Block Assets; and
 - (c) any other Project Costs.

In the event that there is any projected shortfall in funding, then the Facility may not be used for a purpose set out above unless each of the other purposes higher in the order of priority is fully funded by committed and available funding for the then applicable Forecast Period (including amounts under the Facility and assuming that there is no Default or Event of Default under the Finance Documents).

- (ii) secondly, *pari passu*, payment of (or the funding of an Obligor, including by way of payment under any Intercompany Loan Agreement, to enable it to pay) any Financing Costs (excluding any payments of principal) under the Facility due but unpaid (applied to overdue amounts first, unpaid fees second, and unpaid interest third) or scheduled payments due but unpaid under a Hedging Agreement;
- (iii) thirdly, *pari passu*, payments of (or the funding of an Obligor, including by way of payment under any Intercompany Loan Agreement to enable it to pay) principal under the Facility due but unpaid (applied to overdue amounts first and then to unpaid principal payments) and payment of (or the funding of the Borrower, including by way of payment under any Intercompany Loan Agreement to enable it to pay) any liabilities, including any early termination payment, due but unpaid under a Hedging Agreement;
- (iv) fourthly, payment of any mandatory prepayments required because the outstandings under the Facility exceed the Borrowing Base Amount as determined by the most recent Forecast;
- (v) fifthly, payment of Scheduled KEL Debt Payments which are made by way of a Scheduled KEL Debt Payment Distribution;

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- (vi) sixthly, payments required to be made into the DSRA up to the Required Balance;
- (vii) seventhly, prepayments under the Finance Documents and/or providing cash collateral under any Letter of Credit; and
- (viii) lastly, so long as the Dividend Release Test is met, to make distributions to its shareholders at the Borrower's discretion, which shall include making payments to the Distribution Reserve Account and payments under any Intercompany Loan Agreement provided that the amount distributed shall be based on the aggregate amount standing to the credit of the Offshore Proceeds Accounts on the relevant payment date after the amounts in (i) to (vi) above have been deducted.

30. Debt Service Reserve Account

30.1 Funding of Debt Service Reserve Account

- (A) Kosmos shall ensure on an ongoing basis that deposits are made into the Debt Service Reserve Account in accordance with the Cash Waterfall until the balance of such account is not less than the Required Balance. The funding of the Debt Service Reserve Account shall continue in accordance with the Cash Waterfall until the Discharge Date.
- (B) Failure to maintain the Required Balance standing to the credit of the Debt Service Reserve Account shall not constitute an Event of Default for the purposes of clause 37 (*Events of Default*), but failure to apply amounts from the Project Accounts during the relevant Forecast Period in accordance with the Cash Waterfall shall constitute an Event of Default for the purposes of clause 37 (*Events of Default*).
- (C) Notwithstanding the provisions of paragraphs (A) and (B) above, Kosmos may (without being restricted by the Cash Waterfall) make a Utilisation under the Facility to fund the Debt Service Reserve Account.

30.2 Withdrawals from Debt Service Reserve Account

- (A) Subject to paragraph (B) below, amounts standing to the credit of the Debt Service Reserve Account may be withdrawn only to pay any Financing Costs under the Facility and to make Scheduled KEL Debt Payments in accordance with the Cash Waterfall.
- (B) In addition, withdrawals may be made from the Debt Service Reserve Account to the extent the amount withdrawn is equal to or less than the amount (if any) by which the amount standing to the credit of the Debt Service Reserve Account exceeds the applicable Required Balance at that time. Any such withdrawal may be applied in accordance with, and for the purposes set out in, the Cash Waterfall.

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31. Authorised Investments

31.1 Power of investment

Subject always to clause 28.1 (*Project Accounts*), Kosmos may require that such part of the amounts standing to the credit of any of the Project Accounts as it may consider prudent (having reasonable grounds for so considering) shall be invested from time to time in Authorised Investments in accordance with this clause and in a manner consistent with the provisions of clause 36.17(A) (*Hedging*).

31.2 Type of investment

- (A) Kosmos shall use its reasonable endeavours to procure that there are maintained from time to time a prudent spread of Authorised Investments and that the maturity of Authorised Investments is such that they can be liquidated to enable all payment obligations under the Finance Documents to be met on the due date.
- (B) If any Authorised Investment ceases to be an Authorised Investment, Kosmos will, as soon as reasonably practicable upon becoming aware of this, procure that the relevant investment is replaced by an Authorised Investment or cash, provided that if it does not propose liquidating the relevant investment earlier than its maturity, it shall notify the Facility Agent that such investment is no longer an Authorised Investment promptly upon becoming aware of this and, subject to it having provided such notice, it will not be obliged to liquidate such investment before its maturity date unless either of the Facility Agent, acting reasonably, requests it to do so.

31.3 Realisations

- (A) Upon the realisation (whether by way of disposal, maturity or otherwise) of any Authorised Investment, the net proceeds of realisation shall either immediately be credited directly to the Project Account from which the Authorised Investment or such investment was made, or (unless a Default has occurred and is continuing) immediately be invested in another Authorised Investment, whichever Kosmos directs.
- (B) Upon the receipt of any interest, dividends or other income from or in respect of any Authorised Investment, such interest, dividends or other income shall be credited to the Project Account concerned with the Authorised Investment or such other investment from which such interest, dividend or other income derives, or (if such interest, dividend or other income is derived from an Authorised Investment and such Authorised Investment is to be retained after such interest, dividend or other income is received and Kosmos so requests) the relevant interest, dividend or other income shall be reinvested in that Authorised Investment.

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31.4 Project Accounts include Authorised Investments

- (A) Any reference in this Agreement to the balance standing to the credit of one of the Project Accounts shall be deemed to include a reference to the Authorised Investments in which all or part of such balance is for the time being invested. (other than for the purposes of determining the balance required to comply with clause 28.1 (*Project Accounts*)). In the event of any dispute as to the value of any Authorised Investment for the purpose of determining the amount deemed to be standing to the credit of a Project Account, that value shall be determined by the Facility Agent acting reasonably and in good faith and following consultation with Kosmos and having given due consideration to any representations given by Kosmos within the period required by the Facility Agent (which period shall not, in any event, be of shorter duration than five Business Days). If Kosmos so requests, the Facility Agent will give Kosmos details of the basis or method of its determination.
- (B) Kosmos may, by notice in writing to the Facility Agent and the Account Bank, deem an Authorised Investment to be concerned with a different Project Account so as to transfer Authorised Investments between Project Accounts, if:
 - (i) the aggregate amount standing to the credit of each Project Account remains the same; or
 - (ii) the transfer of an equivalent amount between those Project Accounts would be permitted.

31.5 Security over Authorised Investments

Prior to the Borrower making any Authorised Investment in England, the Borrower shall ensure that it has entered into the Offshore Security Assignment. To the extent that any Authorised Investment is made in a jurisdiction other than England, the Borrower shall execute and deliver, such other security as the Facility Agent may reasonably require from time to time in order to ensure that such Authorised Investment is secured to the Finance Parties by way of first priority security, in a form and substance satisfactory to the Facility Agent and the Security Agent, acting reasonably.

31.6 Interest on balances in Project Accounts

Each sum credited to a Project Account from time to time shall, from the time it is so credited until the time it is withdrawn therefrom (whether for the purpose of making an Authorised Investment or otherwise for application in accordance with the terms of this Agreement), bear interest at such rate as Kosmos may from time to time agree with the relevant Account Bank.

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PART 8 FINANCIAL AND PROJECT INFORMATION

32. Information Undertakings

The undertakings in this clause remain in force from the date of this Agreement until the Discharge Date.

32.1 Books of account and auditors

Each Obligor shall:

- (A) keep proper books of account relating to its business; and
- (B) appoint and maintain as its auditors any Approved Auditor.

32.2 Financial statements

- (A) Before (but for the avoidance of doubt not after) KEL or any of its Subsidiaries from time to time undertakes an IPO, the Borrower shall procure that KEL shall supply to the Facility Agent (in sufficient copies as most recently notified by the Facility Agent as being sufficient to allow one copy for each Lender):
 - (i) as soon as they become available, but in any event within 180 days of the end of each financial year, its audited consolidated financial statements for that financial year;
 - (ii) within 90 days of the end of each semi-annual period, its unaudited semi-annual consolidated financial statements for that period; and
 - (iii) within 90 days of the end of each quarter, its quarterly management reports for that period.
- (B) After (but for the avoidance of doubt not before) KEL or any of its Subsidiaries from time to time undertakes an IPO, the Borrower shall procure that KEL shall supply to the Facility Agent (in sufficient copies as most recently notified by the Facility Agent as being sufficient to allow one copy for each Lender):
 - (i) as soon as they become available, but in any event within 180 days of the end of each financial year, its audited consolidated financial statements for that financial year;
 - (ii) within 90 days of the end of each semi-annual period, its unaudited semi-annual consolidated financial statements for that period; and
 - (iii) within 90 days of the end of each quarter, its quarterly management reports for that period.
- (C) KEO shall supply to the Facility Agent (in sufficient copies as most recently notified by the Facility Agent as being sufficient to allow one copy for each

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Lender) within 90 days of the end of each quarter, its quarterly management reports for that period.

- (D) If any audited consolidated financial statements which have been provided to the Facility Agent pursuant to either Clause (A)(i) or (B)(i) above contain an auditors' qualification then, in each case if instructed to do so by the Facility Agent (acting only on the instructions

of the Majority Lenders):

- (i) KEO shall supply to the Facility Agent (in sufficient copies as most recently notified by the Facility Agent as being sufficient to allow one copy for each Lender), as soon as practicable, but in any event within 120 days of being so requested, its audited financial statements for its last financial year; and
 - (ii) the Borrower shall supply to the Facility Agent (in sufficient copies as most recently notified by the Facility Agent as being sufficient to allow one copy for each Lender), as soon as practicable, but in any event within 120 days of being so requested, its audited financial statements for its last financial year.
- (E) If during any financial year of the Borrower there is a material change in the nature and extent of the accounting transactions which the Borrower enters into, it shall promptly inform the Facility Agent thereof and the Borrower shall, if instructed to do so by the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)), supply to the Facility Agent (in sufficient copies for each Lender), as soon as they become available, but in any event within 180 days of request, its audited consolidated financial statements for its last financial year.

32.3 Year-end

Neither KEO nor the Borrower shall change its Accounting Reference Date without the consent of the Majority Lenders.

32.4 Form of financial statements

- (A) KEO and the Borrower must ensure that each set of financial statements supplied under the Facility Agreement:
- (i) is certified by an Authorised Signatory of the relevant company as a true and correct copy; and
 - (ii) gives (if audited) a true and fair view of, or (if unaudited) fairly represents, the financial condition of the relevant company for the period to the date on which those financial statements were drawn up.
- (B) Unless otherwise agreed with the Facility Agent, all accounts of KEH, KEL, KEO and the Borrower delivered under the Facility Agreement shall be prepared in accordance with the Approved Accounting Principles.

- (C) KEO and the Borrower must notify the Facility Agent of any material change to the manner in which any audited financial statements delivered under the Facility Agreement are prepared.
- (D) If requested by the Facility Agent, each of KEH, KEL, KEO and the Borrower must supply to the Facility Agent:
- (i) a full description of any change notified under paragraph (B) above and the adjustments which would be required to be made to those financial statements in order to cause them to use the accounting policies, practices, procedures and reference period upon which such financial statements were prepared prior to such change; and
 - (ii) sufficient information, in such detail and format as may be required by the Facility Agent (acting reasonably), to enable the Lenders to make a proper comparison between the financial position shown by the set of financial statements prepared on the changed basis and its most recent audited financial statements delivered to the Facility Agent under the Facility Agreement prior to such change.

32.5 Compliance Certificate

- (A) KEO and the Borrower must supply (and, in the case of the Borrower, procure that KEH and KEL supply) to the Facility Agent a compliance certificate with each set of financial statements sent to the Facility Agent under Clauses 32.2(A), 32.2(B), 32.2(C), 32.2(D) above certifying the matters specified in clause 32.4(A)(ii) above.
- (B) A compliance certificate supplied in accordance with (A) above must be signed by two Authorised Signatories of KEH, KEL, KEO or the Borrower, as applicable.

32.6 Project Information

- (A) Each Obligor must (as soon as reasonably practicable) supply to the Facility Agent, in sufficient copies for all the Lenders if the Facility Agent so requests:
- (i) any new updates to each and amendments to each agreed budget, or development and/or work programme in relation to each Borrowing Base Asset owned by it as soon as reasonably practicable following receipt from the relevant Operator (and, in any event, within 21 days of receipt) and, at least semi-annually, the latest Operator Report for each Borrowing Base Asset and each Developing Asset owned by it (as soon as reasonably practicable and, in any event, within 21 days of the end of the semi-annual

period when it must be provided);

- (ii) copies of all reports provided to any Government Authority by the Operator which have been copied to Kosmos (and in any event within 21 days of receipt);

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- (iii) such technical and commercial information which Kosmos has in its possession relating to a Field or Petroleum Assets or its or their condition and which is relevant to the interests of the Lenders under the Finance Documents as the Facility Agent may reasonably request from time to time (following prior consultation with Kosmos); and

- (iv) promptly, details of any material updates or amendments to any Project Agreement.

(B) The terms of appointment of the Technical Consultant shall require it (in consultation with the Technical and Modelling Bank) to prepare and deliver the following reports and information to the Technical and Modelling Bank and Kosmos for distribution to the Lenders:

- (i) a quarterly report on the Project Costs which have been incurred, reconciled against draw-downs made, equity contributed and cash held in the Project Accounts;

- (ii) a semi-annual report on the progress of each Developing Asset, including confirmation of the projected date for Completion and the aggregate of Project Costs required to achieve Completion (reconciled against the most recent Forecast) and whether there are, in its opinion, any other material issues or concerns of which it is aware in relation to the Developing Asset which should be brought to the attention of the Lenders;

- (iii) a semi-annual report on the operation of each Developed Asset, including the amount and timing of all Entitlement lifted by the Obligors and details of the disposal of that Entitlement (including price); and

- (iv) in any of the foregoing reports, such additional information or commentary as the Technical and Modelling Bank may reasonably require (following prior consultation with Kosmos) in order for the Lenders (in the context of their interests under the Finance Documents) to be properly informed about the progress, implementation, development and operation of the Borrowing Base Assets,

and the Borrower shall provide the Technical Consultant and the Technical and Modelling Bank with reasonable assistance and provide each of them with such information and other documents as the Technical Consultant and/or the Technical and Modelling Bank may reasonably request in order for the Technical Consultant to prepare and deliver the reports and information referred to in (i) to (iv) above and/or the Technical and Modelling Bank to consider and review such reports and information. Such assistance shall include facilitating visits by the Technical Consultant and the Technical and Modelling Bank to the Borrowing Base Assets and the construction/fabrication facilities of any Obligor's contractors.

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32.7 Information: Miscellaneous

Each Obligor shall supply to the Facility Agent, in sufficient copies for all the Lenders, if the Facility Agent so requests:

- (A) all documents dispatched by each Obligor to its Shareholders (or any class of them) or its creditors generally, at the same time as they are dispatched;

- (B) all reports and/or other documents dispatched by the Borrower further to Clause 13.4 (*Reporting*) of the IFC Facility Agreement;

- (C) promptly after becoming aware of them, the details of any material litigation, arbitration or administrative proceedings which are currently threatened or pending against the Guarantor or any member of the Group or in respect of or relevant to an interest in a Borrowing Base Asset or any Ghana Block Assets;

- (D) promptly after they have been issued, copies of any insurance policies in respect of all Agreed Insurances and any renewals in respect of such insurance policies;

- (E) promptly after becoming aware of them, details of any claims made under any Insurance where the claim is for a sum in excess of USD 5 million; and

- (F) promptly, such further information regarding the financial condition, assets, business and operations of the Guarantor or any member of the Group as the Facility Agent may reasonably request.

32.8 Sources and Uses

- (A) Kosmos must supply to the Facility Agent on each Forecast Date and may supply to the Facility Agent at any other time (in sufficient copies for all the Lenders if the Facility Agent so requests) for the following twelve month period:
- (i) a sources and uses statement (“**Sources and Uses Statement**”) in the form set out in Part I of Schedule 15 to this Agreement; and
 - (ii) a liquidity statement (“**Liquidity Statement**”) in the form set out in Part II of Schedule 15 to this Agreement.
- (B) In relation to any Sources and Uses Statement and/or any Liquidity Statement prepared on a Forecast Date, in the event that the aggregate costs to be applied under any Sources and Uses Statement and/or any Liquidity Statement delivered to the Facility Agent under paragraph (A) above exceed the funding which is projected to be available to meet those costs (respectively), then the Borrower shall consult with the Facility Agent and the Technical and Modelling Bank in good faith with a view to agreeing a plan pursuant to which the Borrower will be able to meet any projected shortfall in funding.
- (C) Notwithstanding paragraph (B) above, within 30 days of the relevant Forecast Date, the Borrower shall deliver to the Facility Agent the Borrower’s remedial

plan for the funding of any projected shortfall in funding shown in a Sources and Uses Statement and/or a Liquidity Statement and the Borrower shall use all reasonable endeavours to comply with such plan (or any update thereto which it delivers to the Facility Agent), and shall consult on a regular basis with the Facility Agent and the Technical and Modelling Bank on the remedial steps being taken to fund any projected shortfall in funding.

- (D) In the event that the sum of Project Costs and Scheduled KEL Debt Payments specified under any Sources and Uses Statement delivered to the Facility Agent under paragraph (A)(i) above exceeds the funding which is projected to be available to meet those Project Costs and Scheduled KEL Debt Payments, then a Junior Payment Stop Event (as defined in the KEFI Intercreditor Agreement) will be deemed to have occurred in accordance with the process set out in Clause 4.4 (*Issue of Junior Payment Stop Notice*) of the KEFI Intercreditor Agreement. Notwithstanding this clause 32.8(D), nothing shall block the payment of Scheduled KEL Debt Payments or the making of a Scheduled KEL Debt Payment Distribution which is paid or made from amounts standing to the credit of the Distributions Reserve Account.
- (E) A Default or an Event of Default will not occur under any circumstances if a Sources and Uses Statement or a Liquidity Statement shows a shortfall in funding.

32.9 Approved Development

Kosmos must supply to the Facility Agent (in sufficient copies for all the Lenders if the Facility Agent so requests) quarterly (and monthly, but only to the extent available) project reports in respect of an Approved Development.

32.10 Compliance with Remedial Plan

The Borrower shall use all reasonable endeavours to implement the remedial plan (or amended plan provided to the Facility Agent) and shall continue to consult on a regular basis with (and when requested by) the Facility Agent and the Technical Bank on implementation of the plan.

32.11 Notification of Default

Each Obligor must notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) and any material default under or material breach of any Project Agreement promptly upon becoming aware of its occurrence.

32.12 “Know your customer” and “customer due diligence” requirements

- (A) If:
- (i) the introduction of or any change in (or in the interpretation, administration or application by any government or regulatory Authority of) any law or regulation (having the force of law) made after the date of the Facility Agreement;

- (ii) any change in the ownership of an Obligor after the date of the Facility Agreement; or
- (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under the Facility Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Facility Agent or any Lender (or, in the case of paragraph (C) below, any prospective new Lender) to comply with “know your customer”, “customer due diligence” or similar identification procedures in circumstances where the necessary information is not already available to it (or, in the case of paragraph (C) below, cannot be provided by the transferring Lender from information already provided to it), Kosmos shall, as soon as reasonably practicable upon the request of the Facility Agent or the relevant Lender, supply, or procure the supply of, such reasonable documentation and other evidence as is within an Obligor’s possession and control to enable the Facility Agent or such Lender to comply with all necessary “know your customer”, “customer due diligence” or other similar checks required under the relevant laws and regulations.

- (B) Each Lender shall promptly upon the request of the Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself) in order for the Facility Agent, as the case may be, to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (C) The Borrower shall, by not less than 10 Business Days’ prior written notice to the Facility Agent, notify the Facility Agent (which shall promptly notify the Lenders) of its intention to request that one of the subsidiaries (other than a subsidiary of a Borrower which owns Borrowing Base Assets) becomes an Additional Guarantor pursuant to the Facility Agreement.
- (D) Following the giving of any notice pursuant to paragraph (C) above, if the accession of such Additional Guarantor obliges the Facility Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Facility Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Facility Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the accession of such subsidiary to the Facility Agreement as an Additional Guarantor.

32.13 Use of websites

- (A) Except as provided below, each Obligor may deliver any information under the Facility Agreement to the Facility Agent by posting it on to an electronic website if:
 - (i) it maintains or has access to an electronic website for this purpose and provides the Facility Agent with the details and password to access the website and the information; and
 - (ii) the information posted is in a format required by the Facility Agreement or is otherwise agreed between each Obligor and the Facility Agent (whose approval shall not be unreasonably withheld or delayed).

The Facility Agent must supply each relevant Lender with the address of and password for the website.

- (B) Notwithstanding the above, Kosmos must supply to the Facility Agent in paper form a copy of any information posted on the website together with sufficient copies for:
 - (i) any Lender who notifies the Facility Agent in writing (copied to each Obligor) that it does not wish to receive information via the website; and
 - (ii) within ten Business Days of request, any other Lender, if that Lender so requests.
- (C) Each Obligor must promptly upon becoming aware of its occurrence, notify the Facility Agent if:
 - (i) the website cannot be accessed;
 - (ii) the website or any information on the website is infected by any electronic virus or similar software;
 - (iii) the password for the website is changed; or
 - (iv) any information to be supplied under the Facility Agreement is posted on the website or amended after being posted.
- (D) If the circumstances in sub-paragraph (C)(i) or (ii) above occur, an Obligor must supply any information required under the Facility Agreement in paper form until the circumstances giving rise to the notification are no longer continuing and the information can be provided in accordance with paragraph (A) above.

PART 9
GUARANTEE

33. Guarantee and Indemnity

33.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (A) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;
- (B) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (C) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

33.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

33.3 Reinstatement

If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (A) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (B) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

33.4 Waiver of defences

The obligations of each Guarantor under this clause 33 will not be affected by an act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this clause 33 (without limitation and whether or not known to it or any Finance Party) including:

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- (A) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (B) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (C) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (D) any incapacity or lack of power, authority or legal personality or dissolution or change in the members or status of an Obligor or any other person;
- (E) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (F) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (G) any insolvency or similar proceedings.

33.5 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this clause 33. This waiver applies

irrespective of any law or any provision of a Finance Document to the contrary.

33.6 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (A) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (B) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this clause 33.

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33.7 Deferral of Guarantors' rights

- (A) Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:
 - (i) to be indemnified by an Obligor;
 - (ii) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents; and/or
 - (iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.
- (B) If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with clause 42 (*Payment Mechanics*) of this Agreement.

33.8 Release of Guarantors' right of contribution

If any Guarantor ceases to be a Guarantor (a "**Retiring Guarantor**") in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (A) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (B) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

33.9 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

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PART 10 REPRESENTATIONS, COVENANTS, EVENTS OF DEFAULT

34. Representations

Each Obligor makes the representations and warranties set out in this clause to each Finance Party and acknowledges that each Finance Party has entered into the Finance Documents in full reliance on those representations and warranties.

34.1 Status

- (A) It is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (B) It has the power to own its assets and carry on its business as it is being conducted.

34.2 Legal validity

Each Transaction Document to which it is a party constitutes, or will constitute when executed, its valid, legally binding and enforceable obligations in accordance with its terms (subject to any limitation on enforcement under law or general principles of equity or qualifications which are specifically set out in any legal opinion delivered as a Condition Precedent) and that, so far as it is aware having made all due and careful enquiries, each Transaction Document is in full force and effect.

34.3 Non-conflict

The entry into and performance by it of, and the transactions contemplated by, the Transaction Documents to which it is a party do not conflict with:

- (A) any applicable law or regulation;
- (B) its constitutional documents; or
- (C) any agreement binding upon it,

to the extent which has, or could reasonably be expected to have, a Material Adverse Effect.

34.4 Powers and authority

It has (or had at the relevant time) the power and authority to execute and deliver the Transaction Documents to which it is a party and it has the power and authority to perform its obligations under the Transaction Documents to which it is a party and the transactions contemplated thereby.

34.5 Authorisations

Except for the registration of any Security Document, all Required Approvals (except to the extent already provided as a Condition Precedent, or where required by any Authority in respect of any Security Interest granted (or to be granted) under the Security Documents) have been obtained or effected and are in full force and effect (where a failure to do so has or could reasonably be expected to have a Material Adverse Effect).

34.6 Stamp and registration duties

Except for registration fees, if any, payable in relation to the Security Documents, there is no stamp or registration duty or similar Tax or charge in respect of any Transaction Document, which has not been made or paid within applicable time periods (where a failure to do so has, or could reasonably be expected to have, a Material Adverse Effect).

34.7 No Default

No Default has occurred and is outstanding.

34.8 Final Information Memorandum

- (A) The factual information in the Final Information Memorandum (other than that referred to in paragraph (B) below) was true in all material respects on the date of the Final Information Memorandum and did not omit anything material which was known to Kosmos at the time or contain anything that was materially misleading and, except to the extent advised in writing to the Facility Agent by Kosmos on or prior to Financial Close, so far as Kosmos is aware having made due and careful enquiry, no information has been disclosed to it nor have circumstances arisen nor has any event occurred since the date of the Final Information Memorandum which renders the information contained in the Final Information Memorandum materially misleading or materially incorrect.
- (B) The statements of opinion, projections and forecasts in the Final Information Memorandum attributable to Kosmos were made in good faith, with due care and on what Kosmos believed to be reasonable assumptions at the relevant time and representing the views of Kosmos at the time.

34.9 Financial Statements and other factual information

- (A) The most recent audited financial statements and interim financial statements delivered to the Facility Agent in accordance with clause 32.2 (*Financial statements*) (which, at the Signing Date, is the unaudited opening balance sheet of the Borrower as at 18 March 2011):

- (i) have been prepared in accordance with the Approved Accounting Principles (if relevant); and

- (ii) (if audited) give a true and fair view of, or (if unaudited) fairly represent, its financial condition for the relevant period.

- (B) All factual information provided by or under the express direction of KEO and the Borrower to the Finance Parties in connection with the Facility was believed by KEO and the Borrower at the time it was so provided to be true in all material respects.

34.10 Proceedings pending or threatened

Except as disclosed to the Facility Agent in writing prior to the Signing Date, no litigation, arbitration or administrative proceeding is pending or threatened which could reasonably be expected to be adversely determined against it and which, if so determined, has, or could reasonably be expected to have, a Material Adverse Effect.

34.11 Breach of laws

- (A) It has not breached any law or regulation which has, or could reasonably be expected to have, a Material Adverse Effect.
- (B) It is in compliance with all environmental laws, a breach of which could reasonably be expected to give rise to a liability on it which has, or could reasonably be expected to have, a Material Adverse Effect and, so far as it is aware having made due and careful enquiry, there is no environmental claim outstanding against it which, if adversely determined, would give rise to a liability on it which has, or could reasonably be expected to have, a Material Adverse Effect.

34.12 Ranking of security

Subject to any limitations on enforcement under law or general principles of equity or qualifications set out in any legal opinion delivered as a Condition Precedent, each Security Document when executed confers the Security Interests it purports to confer over the assets referred to in that Security Document and those assets are not subject to any other Security Interest that is not permitted pursuant to clause 36.6 (*Negative pledge*).

34.13 Pari passu ranking

Its payment obligations under the Finance Documents rank at least pari passu with all its other present unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.

34.14 Assets

KEG holds the legal and beneficial interest in a 30.875 per cent Participating Interest in the WCTP Block; and the legal and beneficial interest in an 18 per cent Participating Interest in the DWT Block.

34.15 Project Agreements

As at the Signing Date or, if later, the date a Project Agreement is delivered to the Facility Agent, so far as it is aware having made all due and careful enquiries:

- (A) each copy of a Project Agreement delivered to the Facility Agent under the Facility Agreement is true and complete;
- (B) there is no other agreement in connection with, or arrangements which amend, supplement or affect any Project Agreement in any material respect; and
- (C) no Obligor has a material obligation (being an obligation or liability exceeding USD 50 million) under any agreement which is not a Project Agreement, a Finance Document, or a Material Contract.

34.16 No Immunity

In any proceedings taken in any relevant jurisdiction in relation to the Transaction Documents (or any of them), it shall not be entitled to claim for itself or any of its assets immunity from suit, execution or attachment or other legal process.

34.17 Ownership of Obligors

- (A) KEH beneficially owns, indirectly, all of the issued share capital of the Guarantors and the Borrower.

- (B) The issued share capital of the Guarantors and the Borrower is fully paid up and, to the extent beneficially owned by KEH, free of all encumbrances or other third party rights (other than pursuant to the Security Documents).

34.18 Times for making representations

- (A) The representations set out in this clause 26.18 (other than the representations in clauses 34.8 (*Final Information Memorandum*), 34.4 (*Powers and authority*), 34.5 (*Authorisations*) and 34.15(B) (*Project Agreements*)) are made by each Obligor on the date of this Agreement. The representation in clause 34.8 (*Final Information Memorandum*) will be made on the date of the Final Information Memorandum and the representation in clause 34.4 (*Powers and authority*) will be made as at the time that the power or authority is exercised only. Each Repeating Representation is deemed to be repeated by each Obligor on the date of each Utilisation Request, each Utilisation Date and on the first day of each Interest Period.
- (B) When a representation is repeated, it is applied to the facts and circumstances existing at the time of repetition.

35. Financial Covenants

- (A) On any Forecast Date, Kosmos shall ensure that:

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- (i) the Field Life Cover Ratio shall not be less than 1.30; and
- (ii) the Loan Life Cover Ratio shall not be less than 1.10,

in each case, as calculated by the Technical and Modelling Bank (acting reasonably) on the basis of all information made available to it.

- (B) On any Forecast Date, Kosmos shall ensure that:

- (i) the ratio of Consolidated Total Net Borrowings to EBITDAX shall be less than or equal to 3.50 : 1.00; and
- (ii) the ratio of EBITDAX to the Net Interest Payable shall be greater than or equal to 2.25 : 1.00.

- (C) No later than three Business Days following each Forecast Date, Kosmos shall send to the Facility Agent, a certificate signed by two authorised representatives setting out its calculation of the financial ratios referred to in this clause 35 as at such date.

36. General Undertakings

The undertakings in this clause shall remain in force from the date of this Agreement until the Discharge Date.

36.1 Corporate existence

Each Obligor shall maintain its corporate existence.

36.2 Authorisations

Each Obligor shall promptly obtain and comply with Required Approvals where a failure to do so would have a Material Adverse Effect.

36.3 Compliance with laws

Each Obligor shall comply with all laws and regulations (including compliance with environmental laws, permits and licences and compliance with the Equator Principles) applicable to it where failure to do so would have a Material Adverse Effect.

36.4 Pari passu ranking

Each Obligor shall ensure that at all times its payment obligations to the Finance Parties under the Finance Documents rank at least *pari passu* as to priority of payment with all its other present and future unsecured and unsubordinated Financial Indebtedness, except for claims mandatorily preferred by operation of law applying generally.

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36.5 Security

Subject to clause 36.28 (*Due execution of security assignments*) and clause 36.31 (*Security Documents: consents, ranking and perfection*), each Obligor shall undertake all actions reasonably necessary (including the making or delivery of filings and payment of fees) to maintain the Security

Interests under the Security Documents to which it is a party in full force and effect (including the priority thereof).

36.6 Negative pledge

Other than Permitted Security, an Obligor shall not create or permit to exist any Security Interest over any of its assets.

36.7 Conduct of other business

Kosmos shall not conduct any business other than activities in connection with, or related, ancillary or incidental to, its interest in the Borrowing Base Assets.

36.8 Disposals

- (A) Other than Permitted Disposals, an Obligor shall not, either in a single transaction or in a series of transactions and whether related or not, dispose of all or a material part of its assets.
- (B) If an Obligor wishes to make a Permitted Disposal of an asset which is subject to a Security Interest in favour of the Finance Parties, then the Finance Parties shall, promptly upon request from Kosmos, absolutely and unconditionally release and discharge the relevant asset from that Security Interest and shall do all things necessary at the cost and expense of Kosmos to effect such discharge.
- (C) The shares in the capital of KEO or the Borrower may at any time be transferred to another holding company in which event the existing security over such shares shall be released subject to such new holding company providing substitute security over all shares in the capital of KEO or the Borrower, as the case may be, on substantially the same terms and conditions.

36.9 Financial Indebtedness

Other than Permitted Financial Indebtedness, an Obligor shall not incur any Financial Indebtedness.

36.10 Material contracts

No Obligor will enter into any contract or agreement that imposes material obligations on it except:-

- (A) contracts or agreements entered into in the ordinary course of business and on arm's length terms (including in relation to Approved Developments and Permitted Acquisitions);

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- (B) the Project Agreements and the EO Participation Agreement and contracts and agreements required or contemplated therein or in respect of the development and implementation of Kosmos's interest in the Fields and the Ghana Blocks;
- (C) contracts or agreements otherwise permitted or contemplated by the Finance Documents;
- (D) where the obligations and liabilities of the Obligor thereunder are fully funded by Permitted Financial Indebtedness or equity contributions;
or
- (E) with the approval of the Majority Lenders (acting reasonably).

36.11 Guarantees

Except in the case of Permitted Financial Indebtedness, no Obligor may, without the approval of the Majority Lenders (acting reasonably), enter into guarantees or indemnities in respect of obligations or liabilities of any other person (excluding Obligors).

36.12 Mergers

No Obligor may enter into any amalgamation, consolidation, demerger, merger or reconstruction or winding-up without the consent of the Majority Lenders, except on a solvent basis and in circumstances where the Obligor remains the legal entity following such amalgamation, consolidation, demerger, merger or reconstruction or winding-up.

36.13 Loans

- (A) Except as provided in (B) below, no Obligor may be a creditor in respect of any Financial Indebtedness.
- (B) Paragraph (A) does not apply to:
 - (i) any loans made pursuant to an Intercompany Loan Agreement;

- (ii) any credit provided under a Project Agreement, the EO Participation Agreement or in relation to the FPSO located in the Jubilee Field;
- (iii) any trade credit in the ordinary course of day to day business;
- (iv) loans or other credit not exceeding USD 100 million in aggregate at any one time; or
- (v) any other credit approved by the Majority Lenders (acting reasonably).

36.14 Operation

As far as it is able to do so by exercising its rights under a Project Agreement to which it is a party, each Obligor will use its reasonable endeavours to procure that the Borrowing Base Assets are developed, operated and maintained in all material respects in

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accordance with the terms of that Project Agreement and applicable law and in accordance with good international oil industry practice.

36.15 Compliance with Project Agreements

- (A) Each Obligor must comply with its obligations under the Project Agreements to which it is a party where failure to do so would have a Material Adverse Effect.
- (B) In the event an Obligor fails to pay any sum due under any Project Agreement it shall take such steps as shall be reasonably available to it so as to permit such payment to be made on its behalf by any Finance Party or any person acting on behalf of any Finance Party.

36.16 Insurances

Each Obligor will maintain all Agreed Insurances which it maintains in its own name, promptly pay all premiums and other monies payable under all its Agreed Insurances and promptly on request produce to the Security Agent a copy of each policy and evidence (reasonably acceptable to the Security Agent) of payment of such sums (and allow the Lenders to implement such insurance at the cost of the Borrower and the event of any default in that regard) and exercise its rights under the Project Agreements to procure (as far as it is able) the maintenance of the Agreed Insurances.

36.17 Hedging

- (A) The Borrower will maintain in place at all times a prudent risk management policy relating to managing its exposure to interest rates and fluctuations in the price of Crude Oil. In relation to hedging which is implemented to manage exposure to fluctuations in the price of Crude Oil, the volume which may be hedged by instruments creating contingent liabilities will be capped at 75 per cent. of 2P Developed Assets which are producing. To the extent that this 75 per cent. cap is exceeded at any time, the Borrower and the Hedging Counterparties shall, for so long as such excess subsists, negotiate in good faith with a view to agreeing a way forward which rectifies such excess.
- (B) The Borrower will have the right to implement any hedging by either (i) entering into Hedging Agreements with one or more Hedging Counterparties; and/or (ii) entering into Derivative Agreements with counterparties who do not accede to the terms of the Intercreditor Agreement and where the relevant payments thereunder are a Project Cost.
- (C) Each Underwriter will have a right to bid for its pro rata share of any hedging proposed by an Obligor.

36.18 Borrowing Base Assets

Each Borrowing Base Asset will at all times be owned by a member of the Group.

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36.19 Project Agreements

- (A) No Obligor will agree to any amendment, waiver or termination of a Project Agreement which would have a Material Adverse Effect or approve or vote in favour of any work programme, budget or development plan which would commit an Obligor to expenditure which it would not be able to meet from funds available to it, after taking account of forecast Project Costs and Financing Costs.
- (B) No term or condition of any Finance Document shall prevent any Obligor from complying with its express obligations under any Project Agreement, or require an Obligor to act or omit to act in a manner which would or might reasonably be expected to result in a breach of any provision of a Project Agreement including, but without limitation, Kosmos' obligations under the EO Participation Agreement.
- (C) In the event that an Obligor has an obligation under a Project Agreement to make a payment in respect of a Project Cost because of the

default by another party in paying its share of the relevant Project Cost, then the Obligor shall promptly notify the Facility Agent of the additional payment obligation (including reasonable details of how it arose and any steps being taken by the parties in relation to the relevant default and such other additional information as the Facility Agent may reasonably request). In such an event, the Facility Agent will have the right (acting reasonably) to request a sources and uses test to be performed.

36.20 Eligible offtakers

Kosmos will enter into agreements for the sale of its Entitlement with offtakers whom Kosmos determines, acting reasonably and in accordance with a prudent marketing policy which it shall have in place from time to time, have the financial capability and technical capacity to perform their obligations in accordance with the relevant terms and taking account of the nature and size of the transaction. Financial capability may be measured by applying suitable ratings tests, through credit support structures (including specific payment terms, guarantees, security and letters of credit), the identity of the offtaker (such as their market experience and reputation and whether they are part of a larger corporate group), course of dealings, or such other reasonable criteria as Kosmos may apply from time to time. In assessing technical capacity, Kosmos shall have regard to the experience of the offtaker, whether the offtaker is sufficiently well equipped technically and managerially to perform its obligations, and the availability of third party services and support.

36.21 Tax affairs

Each Obligor must promptly file all tax returns required by law within the requisite time limits except to the extent contested in good faith and subject to adequate reserve or provision.

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36.22 Permitted Acquisitions

No Obligor may, without the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)), make any acquisition of, or investment in, any assets, rights or property (but excluding for the avoidance of doubt any payment of Financing Costs or Project Costs) which is not a Permitted Acquisition.

36.23 Distributions

- (A) Except for a Scheduled KEL Debt Payment Distribution (in relation to which clause 36.24 (*Scheduled KEL Debt Payment Distributions*) below, shall apply), each Obligor may make, declare or pay a distribution (including any payment under any subordinated loan agreement falling within the terms of sub-paragraph (C) of the definition of Permitted Financial Indebtedness and including any funding pursuant to, or payment under, any Intercompany Loan Agreement) (a “**Shareholder Distribution**”), subject to:
- (i) there being no Default or Event of Default outstanding and no Default or Event of Default would be caused by such Shareholder Distribution;
 - (ii) the latest Sources and Uses Statement not indicating a projected shortfall in funding to meet projected Project Costs (ignoring for these purposes any Scheduled KEL Debt Payments);
 - (iii) a limit on the amount of any Shareholder Distribution (which is not otherwise restricted by the terms of this clause 36.23) in accordance with paragraph (C) below.
 - (iv) no Shareholder Distribution being permitted during a BBA Cure Period; and
 - (v) such Shareholder Distribution being made, declared, or paid in compliance with the Cash Waterfall.
- (B) Any Shareholder Distribution permitted to be paid hereunder may be paid directly to the recipient or deposited into the Distributions Reserve Account, in accordance with the terms of the Facility Agreement.
- (C) In the event that the latest Sources and Uses Statement indicates a projected shortfall (including for these purposes, any Scheduled KEL Debt Payments) the maximum Shareholder Distribution that shall be permitted at that time shall be an amount equal to:
- (i) the aggregate of all sources which are set out in column A of the relevant Sources and Uses Statement; minus
 - (ii) the aggregate of all uses which are set out in column B of the relevant Sources and Uses Statement (ignoring for these purposes any Scheduled KEL Debt Payments).

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36.24 Scheduled KEL Debt Payment Distributions

- (A) Each Obligor may make, declare or pay a distribution, or make any payment under an intercompany loan which constitutes Permitted Financial Indebtedness, in relation to a Scheduled KEL Debt Payment (a “**Scheduled KEL Debt Payment Distribution**”), to the extent that such payment is due and payable, subject to:
- (i) the terms of clause 28.5 (*Control on withdrawals following Default*) of this Agreement; and
 - (ii) no Junior Payment Stop Event having occurred and being continuing in accordance with the terms of clause 32.8(D) (*Sources and Uses*) of this Agreement and clause 4.4 (*Issue of Junior Payment Stop Notice*) of the KEFI Intercreditor Agreement;
 - (iii) no Scheduled KEL Debt Payment Distribution being permitted during a BBA Cure Period; and
 - (iv) such Scheduled KEL Debt Payment Distribution being made, declared, or paid in compliance with the Cash Waterfall.
- (B) Any distribution or payment permitted to be paid hereunder may be paid directly to the recipient or deposited into the Distributions Reserve Account, in accordance with the terms of the Facility Agreement.
- (C) Nothing in this clause 36.24 shall block the payment of Scheduled KEL Debt Payments or the making of a Scheduled KEL Debt Payment which is paid or made from amounts standing to the credit of the Distributions Reserve Account.

36.25 Constitutional documents

Each Obligor will not agree to any amendment to any of its constitutional documents in a manner that could adversely affect the interests of the Finance Parties.

36.26 Further assurance

Subject to clause 36.28 (*Due execution of security assignments*) and clause 36.31 (*Security Documents: consents, ranking and perfection*) each of the Obligors shall, at its own expense, promptly do all things, take all such action and execute all such other documents and instruments as may be requested by the Facility Agent from time to time and to the extent they are reasonably required or necessary for the purpose of giving effect to the provisions of the Finance Documents and the Project Agreements and for the purpose of perfecting and protecting the Lenders’ rights with respect to the Security Interests which are required to be created or perfected by the Finance Documents when required thereunder.

36.27 Delivery of certain documents

The Borrower shall use its reasonable endeavours to procure the delivery of the final report from the Technical Consultant to the Facility Agent in form and substance satisfactory to it no later than 15 Business Days from the date of this Agreement.

36.28 Due execution of security assignments

- (A) The Security Agent shall have safe custody and control of the Assignments (which term shall, for the avoidance of doubt for the purposes of this clause 36.28 (*Due execution of security assignments*)), be deemed not to include the Assignment of Reinsurance Rights until its execution by KEG and the relevant insurers, it being agreed that Kosmos shall take all such steps as may be reasonable (taking into account all of the circumstances at the time and the steps taken previously by Kosmos) to procure its execution by KEG and the relevant insurers). The Security Agent shall execute and date such documents for and on behalf of the Finance Parties in any of the following circumstances:
- (i) if a Default has occurred and is continuing and the Majority Senior Lenders have instructed the Security Agent to execute and date the Assignments for and on behalf of the Finance Parties; or
 - (ii) if instructed to do so at any time by the Borrower.
- (B) Each party to this Agreement irrevocably authorises the Security Agent to execute the Assignments for and on behalf of the Finance Parties and to date the Assignments when it is required to do so under paragraph (A) above. The Assignments shall be of no force or effect until they are duly executed by the Security Agent and dated for and on behalf of the Finance Parties in accordance with this clause 36.28 (*Due execution of security assignments*).
- (C) In the event that the Security Agent signs and dates the Assignments in accordance with this clause 36.28 (*Due execution of security assignments*), then the Borrower shall (and the Facility Agent may) without the requirement for any further authorisation from any Obligor make a Utilisation under the Facility to meet the payment of any stamp duty which is payable as a consequence of the Assignments being signed and dated. The Borrower shall (and the Facility Agent shall if it effects the Utilisation under the Facility) apply the relevant funds promptly in payment of the relevant stamp duty and shall ensure that the Assignments are stamped and registered as soon as practicable (and in any event within any time period required by law). The Borrower (or the Facility Agent, as the case may be) shall in each case notify the Security Agent and each Finance Party upon making the payment of any stamp duty and the stamping and registration of the Assignments.

36.29 Stamp duty and other impost waiver

The Borrower shall use its reasonable endeavours to seek a waiver or exemption from any stamp duty, documentary taxes or any other similar tax, charge or impost which may be payable upon the execution of any of the Assignments, or to obtain confirmation

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that no such duty, taxes, charges or impost would be payable upon execution. In the event that such waiver, exemption or confirmation is successfully obtained in relation to any Assignment, the Borrower shall promptly instruct the Security Trustee to execute and date such Assignment(s) for and on behalf of the Finance Parties in accordance with Clause 36.28(A)(ii) above.

36.30 Lenders' custody of documents

- (A) Each Lender undertakes that it shall not deliver any Finance Document or any other document or agreement into a country that would result in such Finance Document, other document or agreement (or any party to it) becoming subject to (or liable for payment of) any stamp duty, documentary taxes or any other similar tax, charge or impost (or impose any obligation upon a member of the Group of KEH to reimburse any other person for such a payment).
- (B) Paragraph (A) above shall not apply to a Lender at any time at which such Lender (i) has a right to take Enforcement Action; (ii) has the written consent of the Borrower; or (iii) is required to deliver such Finance Document or other document or agreement by any order or a court or regulatory authority or other legal or regulatory requirement.

36.31 Security Documents: consents, ranking and perfection

- (A) No Obligor shall be required to grant any assignment of rights under any contract, or Security Interest over any asset (including contracts and rights), where the consent of any Government or any governmental body, regulatory body or state-owned or controlled company or enterprise is required for the granting of such assignment or Security Interest.
- (B) With the exception of those consents referred to in clause (A) above, Kosmos shall use reasonable endeavours to seek any other required third party consents required in relation to any Security Document, provided that the obtaining of such consent shall not be a condition precedent to any Utilisation of the Facility and provided that there shall be no fixed date by which such consent must be obtained.
- (C) Kosmos shall use reasonable endeavours to obtain acknowledgments to any notices of assignment served in relation to any Security Document, provided that receipt of such acknowledgments shall not be a condition precedent to any Utilisation of the Facility.
- (D) Where required by the terms of any agreement which is binding upon any Obligor, any Security Interest granted in favour of the Lenders shall be subordinated to the interests of the parties under such agreement.
- (E) With the exception of the Charges over Shares, perfection of any Security Interest shall not be a condition precedent to first Utilisation.

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36.32 IPO Reorganisation

The Finance Parties agree that, notwithstanding the terms of any Finance Document which, but for this Clause, may have prevented an Obligor from participating in and/or implementing an IPO Reorganisation, each Obligor may participate in and implement such an IPO Reorganisation and no term or condition of any Finance Document which would, but for this Clause, prevent an IPO Reorganisation, shall prevent such an IPO Reorganisation or require KEH, or any Obligor or any of their respective Subsidiaries to act, or omit to act, in a manner which would or might reasonably be expected to prevent, impede, restrict or result in the obstruction of, or delay to, an IPO Reorganisation, provided that: (i) such IPO Reorganisation is for the purposes of an IPO substantially as described in the Form S-1 filed by Kosmos Energy Ltd. with the United States Securities and Exchange Commission on 14 January 2011 (including any updated filing in relation to such Form S-1); and (ii) the interests of the Finance Parties are not materially prejudiced. Without limitation (and without prejudice to Clause 36.8(C), the foregoing shall require the Finance Parties to release and discharge the Security Interests created pursuant to any Security Document, provided that immediately upon such release substantially equivalent security is granted in favour of the Finance Parties on substantially similar terms and such that the position of the Finance Parties is not materially prejudiced. Nothing in this Clause 36.32 shall prevent any Obligor from acting or omitting to act in any way (including implementing an IPO Reorganisation) which would otherwise be permitted by the terms of the Finance Documents.

36.33 Ghanaian security

- (A) The Borrower shall use reasonable endeavours to obtain a legal opinion from Ghanaian counsel confirming that the consent obtained on 18 December 2010 from the Ghana National Petroleum Corporation and the Ministry of Energy of Ghana, which was required in relation to the grant of certain Security Interests (the "**Ghana Security Interests**") contemplated by the Security Documents (as defined in the Existing Finance Documents), would extend to the grant of such Security Interests in favour of the Finance Parties in the context of the Finance

Documents.

- (B) If such a legal opinion is obtained, the Borrower shall then promptly enter into security documents in the required form in order to grant to the Finance Parties equivalent Security Interests to the Ghana Security Interests in the context of the Finance Documents. Such security documents will be held by the Security Agent in accordance with Clause 36.28 (*Due execution of security assignments*) above.

36.34 IFC access

- (A) The Borrower and each Guarantor shall (and shall procure that each contractor acting on their behalf shall), upon IFC's request (acting reasonably), such request to be made with reasonable prior notice to the relevant Borrower and Guarantor (except if a Default is continuing):

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- (i) permit representatives of the IFC and the CAO, during normal office hours, to visit and inspect any of the assets or premises relating to Borrowing Base Assets (operated by the Borrower or a Guarantor) and any construction or fabrication facilities of any contractor of the Borrower or Guarantor; and
- (ii) use all reasonable endeavours to procure permission from the relevant operator for representatives of the IFC and the CAO, during normal office hours, to visit and inspect any of the Borrowing Base Assets which are not operated by the Borrower or Guarantor;
- (iii) permit representatives of the IFC and the CAO, during normal office hours, to have access to those employees of the Borrower and the Guarantors who have or may have knowledge of matters with respect to which IFC and/or the CAO seeks information; and
- (iv) provide all reasonable assistance, co-operation and information in connection to such visits or access.
- (B) The exercise by an IFC representative and/or the CAO, and in respect of the CAO at its own expense, under paragraph (A) above of any right to conduct site visits and/or of any access right shall be at the sole risk and expense of such IFC representative (to the extent that such expense exceeds USD 30,000 per annum) and/or CAO.
- (C) When conducting site visits or utilising access rights pursuant to paragraph (A) above, any IFC representative and/or the CAO shall follow all reasonable instructions of Kosmos and/or its contractors (as applicable) and shall comply with procedures for the maintenance and security of the relevant assets or premises as Kosmos and/or its contractors (as applicable) shall reasonably direct (including but not limited to being escorted).

36.35 Amortisation Schedule

Kosmos shall use reasonable endeavours to agree with the Lenders by 31 December 2013 a revised Amortisation Schedule which reflects the reduction of the Total Commitments on the date upon which this Agreement was amended and restated in November 2012, from USD 2,000 million to USD 1,500 million. A Default or an Event of Default will not occur solely due to a failure to reach such agreement. In the event of a failure to reach such an agreement on or before 31 December 2013, Kosmos and the Lenders shall be deemed to have agreed to amend the Amortisation Schedule (and the Amortisation Schedule shall be so amended with immediate effect) in order to reflect a pro rata reduction of all Commitments and a pro rata reduction of all amounts set out in the column titled "Amortisation Amount" of the Amortisation Schedule.

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36.36 HY Notes maturity date

Kosmos shall procure that the maturity date of any HY Notes does not fall before the Final Repayment Date.

36.37 HY Noteholder Trustee accession

Kosmos shall procure that no HY Notes shall be issued unless and until any HY Noteholder Trustee has acceded to the KEFI Intercreditor Agreement, or otherwise with the consent of each Lender.

37. Events of Default

Each of the events or circumstances set out in this clause is an Event of Default (save for clause 37.17 (*Acceleration — all Lenders*) and clause 37.18 (*Acceleration — IFC and Lenders*), unless otherwise stated.

37.1 Non-payment

An Obligor does not pay any amount payable by it to any Finance Party (or to the Facility Agent for its own account) under the Finance Documents in the manner and on the date required under the Finance Documents within five Business Days of its due date.

37.2 Breach of financial covenant

Kosmos does not comply with the provisions of the Financial Covenants, provided that where the LLCR, FLCR, ICR or DCR has been breached, the Borrower shall have 45 days within which to remedy any breach of the relevant financial covenant by means of a prepayment and/or a cancellation of the Facility where any prepayment is funded by the provision of Additional Debt subordinated on terms acceptable to the Majority Lenders (acting reasonably), or by the contribution of equity to the capital of the Borrower or by taking such other remedial action as may be approved by the Majority Lenders provided always that the Borrower shall be entitled to remedy any such breach not more than twice in total and not more than once in any 12 month period.

37.3 Breach of other obligations

An Obligor does not comply with any other provision of the Finance Documents (other than in respect of non-payment or breach of a Financial Covenant), unless the non-compliance is:

- (A) capable of remedy; and
- (B) remedied within 30 days of the earlier of the Facility Agent giving notice or the Obligor becoming aware of the non-compliance.

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37.4 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to be made (or, in the case of a representation or statement that contains a materiality concept, is or proves to have been incorrect or misleading in any respect when made or deemed to be made), unless the misrepresentation is:

- (A) capable of remedy; and
- (B) remedied within 30 days of the earlier of the Facility Agent giving notice or the relevant Obligor becoming aware of the misrepresentation.

37.5 Cross-default

- (A) Except in relation to paragraph (C) below, any Financial Indebtedness of any Obligor is not paid when due nor within any applicable grace period.
- (B) Except in relation to paragraph (C) below, any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) and such amount is not paid when due.
- (C) A Junior Event of Default (as defined in the KEFI Intercreditor Agreement) has occurred and the Security Agent has not, no later than 30 days of such occurrence, received a notice from the Security and Intercreditor Agent (as defined in the KEFI Intercreditor Agreement) stating that such Junior Event of Default is no longer continuing.
- (D) Notwithstanding paragraphs (A) and (B) above, no Event of Default will occur under this clause if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness is less than USD 100 million (or its equivalent in any other currency or currencies) or if the relevant event or default has been waived, or if such event or default is caused by a Disruption Event, provided that, in the case of a Disruption Event the requisite payment is made within five Business Days.

37.6 Insolvency

Any of the following occurs in respect of an Obligor:

- (A) it is, or is deemed for the purposes of any law to be, unable to, or admits its inability to, pay its debts as they fall due or is or becomes insolvent or a moratorium is declared in relation to its indebtedness generally; or
- (B) it stops or suspends or threatens to suspend, or announces an intention to stop or suspend making payment of all or any class of its debts as they fall due in default of the obligation to make the relevant payment.

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37.7 Insolvency proceedings

- (A) Except as provided in paragraph (B) below, any of the following occurs in respect of an Obligor:

- (i) a written resolution is passed or a resolution is passed at a meeting of its shareholders, directors or other officers to petition for or to file documents with a court or any registrar for its winding-up, administration or dissolution;
 - (ii) any person presents a petition, or files documents with a court or any registrar for its winding-up, administration or dissolution;
 - (iii) an order for its winding-up, administration or dissolution is made;
 - (iv) any liquidator, provisional liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any material part of its assets;
 - (v) a moratorium is declared in relation to the indebtedness of an Obligor;
 - (vi) its shareholders, directors or other officers request the appointment of, or give notice of their intention to appoint a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, provisional liquidator, receiver, administrative receiver, administrator or similar officer;
 - (vii) any composition, compromise, assignment or arrangement is made with any of its creditors; or
 - (viii) any other analogous step or procedure is taken in any jurisdiction.
- (B) Paragraph (A) does not apply to:
- (i) any step or procedure which is part of a re-organisation of an Obligor on a solvent basis with the consent of the Majority Lenders (acting reasonably); or
 - (ii) an IPO Reorganisation; or
 - (iii) in the case of sub-paragraph (ii) or (iv) (or any step or procedure under sub-paragraph (vi) that is analogous to sub-paragraph (ii) or (iv)), if the relevant step, petition or filing is made by a person other than an Obligor, shareholder or their respective officers or directors and the relevant Obligor is taking steps in good faith and with due diligence for such proceedings or action to be stayed, discontinued, revoked or set aside and the same is stayed, discontinued, revoked or set aside within a period of 60 days; or

- (iv) any enforcement action that applies to assets having an aggregate value of less than USD 100 million.

37.8 Creditors' process

Any attachment, sequestration, distress, execution or analogous event affects any asset(s) of an Obligor, having an aggregate value of at least USD 15 million, and is not discharged within 45 days.

37.9 Unlawfulness and Invalidity of the Finance Documents and Project Agreements

If:

- (A) all or any part of a Finance Document is not, or ceases to be, a legal, valid, binding and enforceable obligation of an Obligor;
- (B) following its execution, all or any part of a Project Agreement is not or ceases to be, a legal, valid, binding and enforceable obligation of an Obligor in circumstances which would have a Material Adverse Effect; or
- (C) following its execution, all or any part of a Project Agreement is suspended, terminated or revoked in circumstances which would have a Material Adverse Effect,

and:

- (i) Kosmos fails, within 60 days (or, in the case of a Finance Document, 30 days) of becoming aware of the matter, to procure the execution of a substitute agreement or agreements on substantially the same terms and with a commercially qualified party or parties acceptable to the Majority Lenders (acting reasonably); or
- (ii) the matter is not otherwise remedied within 60 days (or, in the case of a Finance Document, 30 days) of an Obligor becoming aware of the matter.

37.10 Cessation of Business

An Obligor ceases, or threatens to cease, all or a substantial part of its business (as carried on the date of the Facility Agreement).

37.11 Abandonment

- (A) A Borrowing Base Asset is abandoned (other than as a consequence of unsuccessful exploration activities) in whole or in part and where such abandonment has or could reasonably be expected to have a Material Adverse Effect.
- (B) Without limiting the above paragraph, Kosmos will be deemed to have abandoned a Borrowing Base Asset if, after the relevant Completion, no

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petroleum is produced at a commercial level for a continuous period of 180 days and all necessary steps are not being diligently pursued with a view to recommencing production as soon as practically possible.

37.12 Expropriation

The Government (or any other official central or local government body with due authority) states officially that it will take any step with a view to the seizure, expropriation, nationalisation, requisition or compulsory acquisition of any member of the Group or all or a material part of the Borrowing Base Assets or all or a material part of the rights of any member of the Group in relation thereto and such act has, or could reasonably be expected to have, a Material Adverse Effect.

37.13 Repudiation of Finance Documents

Any Finance Document is repudiated or rescinded by an Obligor.

37.14 Material Litigation

Any material litigation, arbitration or administrative proceedings are commenced, threatened or pending against any Obligor which could reasonably be expected to be adversely determined against it and which, if so determined, has, or would have, a Material Adverse Effect.

37.15 Breach or Termination of Project Agreements

Any party to a Project Agreement, following its execution, defaults under that Project Agreement or terminates a Project Agreement in circumstances which has, or would have, a Material Adverse Effect.

37.16 Material Adverse Effect

Any event which, in the opinion of the Majority Lenders (acting reasonably), has a Material Adverse Effect but only following consultation between the Facility Agent and Kosmos over a period of not less than 30 days with a view to agreeing steps of mitigation (each Party acting reasonably with a view to appropriate remedial action being taken).

37.17 Acceleration – all Lenders

Subject to the terms of the Intercreditor Agreement, on and at any time after the occurrence of an Event of Default which is continuing, the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

- (A) cancel the Total Commitments whereupon they shall immediately be cancelled;
- (B) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

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- (C) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders; and/or
- (D) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under any of the Finance Documents.

37.18 Acceleration – IFC and Lenders

- (A) This clause 37.18 is subject to the terms of the Intercreditor Agreement.
- (B)

- (i) After the occurrence of an IFC Acceleration Trigger Event at any time after the Standstill Period has expired and such IFC Acceleration Trigger Event is continuing, IFC may, by notice to the Borrower and the Facility Agent:
 - (a) cancel the Commitment of IFC whereupon the same shall immediately be cancelled; and/or
 - (b) declare that all or part of the IFC Loans, together with accrued interest, and all other amounts accrued or outstanding under the IFC Facility, be immediately due and payable, whereupon they shall become due and payable; and/or
 - (c) declare that all or part of the Loans under the IFC Facility, be payable on demand, whereupon they shall become immediately payable on demand by IFC.
- (ii) In the event that the Facility Agent takes any action under clause 37.18(C) below in relation to the Facility, IFC shall be entitled to take equivalent action in relation to the IFC Facility.

(C)

- (i) For the purposes of this clause 37.18(C), the Commitments of IFC shall be excluded in calculating the Majority Lenders.
- (ii) After the occurrence of a Lender Acceleration Trigger Event and at any time such Lender Acceleration Trigger Event is continuing, the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower and IFC:
 - (a) cancel the Commitments (excluding any IFC Facility Commitment) whereupon they shall immediately be cancelled; and/or
 - (b) declare that all or part of the Loans (excluding any Loans under the IFC Facility), together with accrued interest, and all other

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amounts accrued or outstanding under this Agreement (excluding under the IFC Facility) be immediately due and payable, whereupon they shall become due and payable; and/or

- (c) declare that all or part of the Loans (excluding any Loans under the IFC Facility), be payable on demand, whereupon they shall become immediately payable on demand by the Facility Agent on the instructions of the Majority Lenders.
- (iii) In the event that IFC takes any action under clause 37.18(B) in relation to the IFC Facility, the Facility Agent (if so instructed by the Majority Lenders) shall be entitled to take equivalent action in relation to the Facility

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PART 11 CHANGES TO LENDERS AND OBLIGORS AND ROLES

38. Changes to the Lenders

38.1 Assignments and transfers and changes in Facility Office by the Lenders

Subject to this clause, a Lender (the “**Existing Lender**”) may:

- (A) (i) assign any of its rights; or
- (ii) transfer by novation any of its rights and obligations,

to an Affiliate, another Lender, an Affiliate of another Lender or a Qualifying Bank, another bank or financial institution or to a trust or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets or such other institution as the Borrower may agree in writing (the “**New Lender**”), or

- (B) change its Facility Office.

38.2 Conditions of assignment and transfer or change in Facility Office

- (A) The consent of Kosmos is required for an assignment or transfer by an Existing Lender, unless the assignment or transfer is (i) to, or in favour of, another Lender, an Affiliate of a Lender or a Qualifying Bank; or (ii) made at a time when an Event of Default is continuing.

- (B) The consent of Kosmos is required for a change in Facility Office to a different jurisdiction. In the case of a change of Facility Office for which Kosmos's consent is not required, the Lender must notify Kosmos of the new Facility Office promptly on the change taking effect.
- (C) The consent of Kosmos to an assignment or transfer or change in Facility Office must not be unreasonably withheld or delayed (and will be deemed to have been given five Business Days after the relevant Lender has requested it unless consent is expressly refused by Kosmos within that time).
- (D) In the event a Letter of Credit is outstanding, transfer or assignment of a Commitment shall require the prior consent of each LC Issuing Bank.
- (E) An assignment will only be effective on:
 - (i) receipt by the Facility Agent of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and

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- (ii) the New Lender entering into the documentation required for it to accede as a party to the relevant Finance Documents (including, but not limited to, the Intercreditor Agreement).
- (F) A transfer will only be effective if the procedure set out in clause 38.5 (*Procedure for transfer*) is complied with.
- (G) If:
 - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under clause 23 (*Tax Gross Up and Indemnities*) or clause 24 (*Increased Costs*),then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.
- (H) Each New Lender, by executing the relevant Transfer Certificate confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with the Finance Documents on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement.
- (I) Any assignment or transfer of part of the Existing Lender's rights and/or obligations must be a minimum of USD 5 million and must not result in the Existing Lender retaining less than USD 5 million.

38.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of USD 2,500.

38.4 Limitation of responsibility of Existing Lenders

- (A) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
 - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
 - (ii) the financial condition of any Obligor;

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- (iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

- (B) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Facility and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and
 - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (C) Nothing in any Finance Document obliges an Existing Lender to:
- (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this clause; or
 - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

38.5 Procedure for transfer

- (A) Subject to the conditions set out in clause 38.2 (*Conditions of assignment and transfer or change in Facility Office*) a transfer is effected in accordance with paragraph (B) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate on behalf of the other Finance Parties and the Obligors as well as itself, and notify Kosmos of the date of the transfer and name of the New Lender. Each Finance Party and each Obligor irrevocably authorises the Facility Agent to sign such a Transfer Certificate on its behalf.
- (B) On the Transfer Date:
- (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance

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Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the **“Discharged Rights and Obligations”**);

- (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
- (iii) the Facility Agent, each Mandated Lead Arranger, the New Lender and the other Finance Parties shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent such Finance Parties and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
- (iv) the New Lender shall become a Party as a **“Lender”**.

38.6 Copy of Transfer Certificate to Borrower

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to Kosmos a copy of that Transfer Certificate.

38.7 Disclosure of information

Any Lender, its officers and agents may disclose to any of its Affiliates (including its head office, representative and branch offices in any jurisdiction) (each a **“Permitted Party”**) and:

- (A) to any person (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement (or any adviser on a need to know basis advising such person on any of the foregoing);
- (B) to a professional adviser or a service provider of the Permitted Parties on a need to know basis advising such person on the rights and obligations under the Finance Documents or to an auditor of any Permitted Party on a need to know basis;

- (C) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor (or any adviser of any of the foregoing on a need to know basis advising such person on the rights and obligations under the Finance Documents);

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- (D) to any rating agency (provided only general terms are disclosed in relation to the rating of a portfolio of assets), insurer or insurance broker, a direct or indirect provider of credit protection in respect of the Lender's participation in the Facility only on a need to know basis;
- (E) to any court or tribunal or regulatory, supervisory, governmental or quasi-governmental authority with jurisdiction over the Permitted Parties who requires disclosure of that information (where the Permitted Party has a legal obligation to provide that information or, if not, is customarily obligated or required to comply with such requirement); or
- (F) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about any Obligor, the Group and the Finance Documents as that Lender shall consider appropriate if, in relation to paragraphs (A) to (C) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking (unless such person is already subject to professional confidentiality requirements which are no less stringent than those which are set out in a Confidentiality Undertaking) and provided that it shall itself ensure that all such information is kept confidential and is protected with security measures and a degree of care that would apply to its own confidential information.

38.8 Assignments and transfers by IFC

IFC may transfer the IFC Facility Commitment or its participation, in part or in whole, to any institution that is a Qualifying Bank without the prior consent of the Borrower.

38.9 Security over Lenders' rights

In addition to the other rights provided to Lenders under this clause 38, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create any Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (A) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and
- (B) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities, except that no such charge, assignment or Security Interest shall:
- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or

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- (ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

39. Changes to the Obligors

39.1 Assignments and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

39.2 Additional Borrowers

- (A) Subject to compliance with the provisions of paragraphs (C) and (D) of clause 32.12 ("*Know your customer*" and "*customer due diligence*" requirements), Kosmos may request that any of its subsidiaries becomes an Additional Borrower. That subsidiary shall become an Additional Borrower if:
- (i) the Majority Lenders (or, if that Additional Borrower is incorporated in a jurisdiction in which no other Borrower is incorporated, all the Lenders) approve the addition of that subsidiary;
- (ii) the Additional Borrower is, or simultaneously becomes, a Guarantor;

- (iii) Kosmos delivers to the Facility Agent a duly completed and executed Accession Letter;
 - (iv) Kosmos confirms that no Default is continuing or would occur as a result of that subsidiary becoming an Additional Borrower; and
 - (v) the Facility Agent has received all of the documents and other evidence listed in Part II of Schedule 3 (*Conditions Precedent*) in relation to that Additional Borrower, each in form and substance satisfactory to the Facility Agent.
- (B) The Facility Agent shall notify Kosmos and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 3 (*Conditions Precedent*).
- (C) In the event that an Additional Borrower becomes a party to this Agreement:
- (i) Kosmos, on behalf of all Obligor; and
 - (ii) the Facility Agent on behalf of all Finance Parties,

are hereby authorised to effect all amendments required to be made to the Finance Documents to which they are party to reflect the fact that there may be multiple borrowers of the Facility.

39.3 Resignation of a Borrower

- (A) Kosmos may request that a Borrower (other than Kosmos) ceases to be a Borrower by delivering to the Facility Agent a Resignation Letter.
- (B) The Facility Agent shall accept a Resignation Letter and notify Kosmos and the Lenders of its acceptance if:
- (i) no Default is continuing or would result from the acceptance of the Resignation Letter (and Kosmos has confirmed this is the case); and
 - (ii) the Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents,
- whereupon that company shall cease to be a Borrower and shall have no further rights or obligations under the Finance Documents.

39.4 Additional Guarantor

- (A) Subject to compliance with the provisions of paragraphs (C) and (D) of clause 32.12 ("*Know your customer*" and "*customer due diligence*" requirements), the Borrower may request that any of its subsidiaries becomes an Additional Guarantor. That subsidiary shall become an Additional Guarantor if:
- (i) Kosmos delivers to the Facility Agent an Accession Letter duly completed and executed by that Additional Guarantor and Kosmos; and
 - (ii) the Facility Agent have received all of the documents and other evidence listed in Part II of Schedule 3 (*Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Facility Agent.
- (B) The Facility Agent shall notify Kosmos and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 3 (*Conditions Precedent*).

39.5 Repetition of Representations

Delivery of an Accession Letter constitutes confirmation by the relevant subsidiary that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

40. Role of the Agents and the Arranger

40.1 Appointment of the Agents

- (A) Each other Finance Party (other than the relevant Agent) appoints each Agent to act in that capacity under and in connection with the Finance Documents.

- (B) Each other Finance Party authorises each Agent to exercise the rights, powers, authorities and discretions specifically given to that Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

40.2 Duties of the Facility Agent

- (A) The Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
- (B) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (C) If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.
- (D) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than to an Agent or a Mandated Lead Arranger) under this Agreement it shall promptly notify the other Finance Parties.
- (E) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

40.3 Role of the Mandated Lead Arrangers

Except as specifically provided in the Finance Documents, no Mandated Lead Arranger has obligations of any kind to any other Party under or in connection with any Finance Document.

40.4 No fiduciary duties

- (A) Except as specifically provided in the Finance Documents, nothing in this Agreement constitutes an Agent or a Mandated Lead Arranger as a trustee or fiduciary of any other person.
- (B) No Agent nor any Mandated Lead Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

40.5 Business with the Group

Each Agent and each Mandate Lead Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

40.6 Rights and discretions of Agents

- (A) Each Agent may rely on:
- (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
 - (ii) any statement made by a director, Authorised Signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (B) Each Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
- (i) no Default has occurred (unless it has actual knowledge of a Default arising under clause 37.1 (*Non-payment*));
 - (ii) any right, power, authority or discretion vested in any Party or the Lenders (or any consistent majority of Lenders) has not been exercised; and
 - (iii) any notice or request made by Kosmos (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.
- (C) Each Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (D) Each Agent may act in relation to the Finance Documents through its personnel and agents.
- (E) Each Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (F) Notwithstanding any other provision of any Finance Document to the contrary, no Agent nor any Mandated Lead Arranger is obliged to do

or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

40.7 Lenders' instructions

- (A) Unless a contrary indication appears in a Finance Document, each Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Lenders in accordance with this Agreement and the Intercreditor Agreement (or, if so instructed, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such instructions.

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- (B) Each Agent may refrain from acting in accordance with instructions given to it by the Lenders in accordance with this Agreement and the Intercreditor Agreement until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (C) In the absence of instructions in accordance with this Agreement and the Intercreditor Agreement each Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (D) Neither Agent is authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

40.8 Responsibility for documentation

No Agent nor any Mandated Lead Arranger:

- (A) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by an Agent, a Mandated Lead Arranger, an Obligor or any other person given in or in connection with any Finance Document or the Final Information Memorandum; or
- (B) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document.

40.9 Exclusion of liability

- (A) Without limiting paragraph (B) below (and without prejudice to the provisions of paragraph (E) of clause 42.9 (*Disruption to Payment Systems etc.*), no Agent shall be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
- (B) No Party (other than the relevant Agent) may take any proceedings against any officer, employee or agent of that Agent in respect of any claim it might have against it or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the relevant Agent may rely on this clause.
- (C) An Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if that Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.

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40.10 Lenders' indemnity to the Agents

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify each Agent and the Technical and Modelling Bank, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by it (otherwise than by reason of the relevant Agent's or Technical and Modelling Bank's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 42.9 (*Disruption to Payment Systems etc.*) notwithstanding the relevant Agent's or Technical and Modelling Bank's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the relevant Agent) in acting as an Agent or the Technical and Modelling Bank under the Finance Documents (unless the relevant Agent or the Technical and Modelling Bank has been reimbursed by an Obligor pursuant to a Finance Document).

40.11 Resignation of the Agent

- (A) An Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the other Finance Parties and Kosmos.

- (B) Alternatively, an Agent may resign by giving notice to the other Finance Parties and Kosmos, in which case the Majority Lenders may appoint a successor Agent.
- (C) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (B) above within 30 days after notice of resignation was given, the relevant Agent may (with the prior written consent of Kosmos) appoint a successor Agent (acting through an office in the United Kingdom).
- (D) A retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents. This obligation shall not apply in the event the Agent is required to resign pursuant to clause 40.11(G) below.
- (E) An Agent's resignation notice shall only take effect upon the appointment of a successor.
- (F) Upon the appointment of a successor, a retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this clause 40.11. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (G) After consultation with Kosmos, the Majority Lenders may, by notice to an Agent, require it to resign in accordance with paragraph (B) above.

40.12 Replacement of Administrative Parties

- (A) If:
 - (i) in relation to the Facility Agent, the Security Agent or an LC Issuing Bank (or their respective holding companies), clause 37.6 (*Insolvency*) or clause 37.7 (*Insolvency proceedings*) (disregarding paragraph (B) of that clause) applies or has occurred; or
 - (ii) if the Facility Agent, the Security Agent or an LC Issuing Bank or any of their Affiliates repudiates its obligations under the Facility or (in its capacity as Lender) becomes a Non-Funding Lender,

Kosmos shall be entitled to request that Majority Lenders appoint within 10 Business Days either a co-Agent or additional LC Issuing Bank or a replacement Agent or LC Issuing Bank from one of their number or (subject to reasonable consultation with the Parent), from outside the Lender group.

- (B) The Facility Agent, Security Agent or LC Issuing Bank to which either of the circumstances described in (A)(i) or (A)(ii) above applies (an "**Affected Administrative Party**") shall cease to be entitled to fees in respect of its role upon becoming an Affected Administrative Party.
- (C) Each Affected Administrative Party shall provide all assistance and documentation reasonably required to Kosmos and the other Lenders to enable the uninterrupted administration of the Facility. This shall include, where the Affected Administrative Party is the Facility Agent, the provision to Kosmos on request and in any event, within five Business Days, of an up to date list of participants in the Facility including names and contact details.

40.13 Confidentiality

- (A) In acting as agent for the Finance Parties, an Agent shall be regarded as acting through its agency division or, in the case of the Technical and Modelling Bank, through the relevant division performing the role which shall be treated as a separate entity from any other of its divisions or departments.
- (B) If information is received by another division or department of an Agent, it may be treated as confidential to that division or department and the relevant Agent shall not be deemed to have notice of it.

40.14 Facility Agent relationship with the Lenders

- (A) The Facility Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

- (B) Each Lender shall supply the Facility Agent with any information required by that Facility Agent in order to calculate the Mandatory Cost in accordance with Schedule 6 (*Mandatory Cost Formulae*).

40.15 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agents and each Mandated Lead Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (A) the financial condition, status and nature of the Guarantor and each member of the Group;
- (B) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (C) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (D) the adequacy, accuracy and/or completeness of the Final Information Memorandum and any other information provided by the Agents, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

40.16 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Facility Agent shall (in consultation with Kosmos) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

40.17 Deductions from amounts payable by Agents

If any Party owes an amount to an Agent under the Finance Documents, the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents, that Party shall be regarded as having received any amounts so deducted.

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40.18 Accession to the KEFI Intercreditor Agreement

- (A) Each Finance Party and each Obligor agrees that any collateral agent, trustee or other representative of the HY Noteholders may enter into and accede to the KEFI Intercreditor Agreement, the KEL Guarantee and the Charge over Shares in KEH for and on behalf of itself and each HY Noteholder without the requirement for any consent or approvals from the Finance Parties or the Obligors (or any of them). Such accession shall confer upon the HY Noteholders all of the rights and privileges set out in the relevant agreement. Kosmos may by five Business Days written Notice (the “**Amendment Notice Period**”) to the Facility Agent request that such amendments and/or additions be made to the KEFI Intercreditor Agreement as any collateral agent, trustee or other representative of the HY Noteholders (whether appointed at that time or not) may reasonably require (the “**HY Noteholder Trustee Amendments**”). During the Amendment Notice Period, either:
 - (i) the Security Agent shall enter into any agreement effecting the HY Noteholder Trustee Amendments, on the instructions of the Majority Lenders; or
 - (ii) the Facility Agent shall notify Kosmos in writing of any determination by the Majority Lenders that the HY Noteholder Trustee Amendments would materially and adversely prejudice their interests.
- (B) If, on the instructions of the Majority Lenders, the Facility Agent is required to make the notification described in paragraph (A)(ii) above, the Facility Agent shall promptly contact Kosmos in writing, setting out in reasonable detail the basis and reasons for that decision and the changes which the Majority Lenders (acting reasonably) would require for the Security Agent to enter into the KEFI Intercreditor Agreement with the HY Noteholder Trustee Amendments incorporated. If such changes are made, then the Security Agent will be deemed to have been instructed by the Majority Lenders promptly to enter into any agreement effecting the HY Noteholder Amendments, together with the changes required by the Majority Lenders.

40.19 Execution of the KEFI Intercreditor Agreement

The Security Agent is irrevocably authorised for and on behalf of each Finance Party and Kosmos is irrevocably authorised for and on behalf of each Obligor to enter into the KEFI Intercreditor Agreement in a form as substantially approved by the Majority Lenders and to enter into any agreements amending or adding to the KEFI Intercreditor Agreement when approved pursuant to clause 40.18 (*Accession to the KEFI Intercreditor Agreement*) above, and each Finance Party and each Obligor shall be bound by the terms of each such agreements when executed by the Security Agent and by Kosmos respectively, including any terms which impose obligations upon the Finance Parties or the Obligors.

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40.20 Amendment of the KEFI Intercreditor Agreement

The Security Agent is irrevocably authorised for and on behalf of each Finance Party and Kosmos is irrevocably authorised for and on behalf of each Obligor to enter into any agreement amending the KEFI Intercreditor Agreement for the purpose of effecting any amendment as referred to in clause 40.18 (*Accession to the KEFI Intercreditor Agreement*) above, and each Finance Party and each Obligor shall be bound by the terms of any such amendment.

41. Consultants

41.1 Insurance Consultant

Kosmos and the Finance Parties hereby confirm the appointment of Moore-McNeil, LLC as Insurance Consultant, upon the terms and subject to the conditions set out in the Insurance Consultant Appointment Letter.

41.2 Technical Consultant

Kosmos and the Finance Parties hereby confirm the appointment of Shaw Consultants, Inc. as Technical Consultant upon the terms and conditions set out in the Technical and Environmental Consultant Appointment Letter.

41.3 Environmental Consultant

Kosmos and the Finance Parties hereby confirm the appointment of Shaw Consultants, Inc. as Environmental Consultant upon the terms and conditions set out in the Technical and Environmental Consultant Appointment Letter.

41.4 Reserves Consultant

Kosmos and the Finance Parties hereby confirm the appointment of Netherland Sewell & Associates, Inc. as Reserves Consultant upon the terms and conditions set out in the Reserves Consultant Appointment Letter.

41.5 Terms of appointment of Consultants

Each Party acknowledges that each of the Consultants has been appointed to act as consultant and adviser to the Finance Parties in relation to technical matters relating to the Project within its own sphere of competence. Each Finance Party acknowledges that each of the Consultants (and each replacement Consultant appointed pursuant to clause 41.6 (*Termination and replacement*)) may also act as consultant and adviser to other Parties in relation to the Project. The fees and other terms of those appointments are set out in the appointment letters between the Consultants and Kosmos, copies of which have been given to, and consented to by, the Lenders. The Facility Agent may, acting reasonably and consistently with the agreed scope of work for the relevant Consultant, request it to provide advice or services in relation to the Project.

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41.6 Termination and replacement

The Facility Agent may, if it has reasonable grounds to do so and (unless an Event of Default has occurred and is continuing) has first consulted with Kosmos, at any time terminate the appointment of a Consultant if it considers it necessary or appropriate to do so, and shall promptly give notice of any such termination to Kosmos. If the Facility Agent terminate the appointment of any Consultant it may appoint as a replacement Consultant any person approved (which approval shall include the identity of the replacement, the terms of appointment and approval of the fees and expenses to be payable to that person) for this purpose by Kosmos (which approval may not be unreasonably withheld or delayed or required while an Event of Default is continuing). The terms of any such appointment shall be set out in an appointment letter between such replacement Consultant (or additional consultant as appropriate) and Kosmos.

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**PART 12
ADMINISTRATION, COSTS AND EXPENSES**

42. Payment Mechanics

42.1 Payments to the Facility Agent

(A) On each date on which an Obligor or a Lender (apart from IFC) is required to make a payment under a Finance Document (other than any Hedging Agreement), that Obligor or Lender shall make the same available to the Facility Agent (unless a contrary indication appears in a

Finance Document) for value on the due date at the time and in such funds specified by the Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(B) Payment shall be made to such account in London (or, as the case may be, Paris or New York) as the Facility Agent specifies.

42.2 Distributions by the Facility Agent

Subject to the terms of the Intercreditor Agreement, each payment received by either of the Facility Agent under the Finance Documents for another Party shall be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank in London (or, as the case may be, Paris or New York).

42.3 Clawback

(A) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility Agent is not obliged to pay that sum to that other Party (or enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(B) If the Facility Agent pays an amount to another Party and it proves to be the case that the Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Facility Agent shall on demand refund the same to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

42.4 Partial Payments

If the Facility Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in accordance with the Cash Waterfall. This clause will override any appropriation made by an Obligor.

42.5 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

42.6 Business Days

(A) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(B) During any extension of the due date for payment of any principal or Unpaid Sum under the Finance Documents, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

42.7 Currency of account

(A) Subject to paragraphs (B) to (E) below, the base currency is the currency of account and payment for any sum due from an Obligor under any Finance Document and is the US Dollar (“**Base Currency**”).

(B) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated on its due date.

(C) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.

(D) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(E) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

42.8 Change of currency

(A) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that

country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent acting reasonably (after consultation with Kosmos); and

- (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the

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conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).

- (B) If a change in any currency of a country occurs, the Parties will enter negotiations in good faith with a view to agreeing any amendments which may be necessary to this Agreement to comply with any generally accepted conventions and market practice in the London interbank market and otherwise to reflect the change in currency.

42.9 Disruption to Payment Systems etc.

If either of the Facility Agent determine (acting reasonably) that a Disruption Event has occurred or either of the Facility Agent is notified by Kosmos that a Disruption Event has occurred:

- (A) the Facility Agent may, and shall if requested to do so by Kosmos, consult with Kosmos with a view to agreeing with Kosmos such changes to the operation or administration of the Facility (including, without limitation, changes to the timing and mechanics of payments due under the Finance Documents) as the Facility Agent may deem necessary in the circumstances;
- (B) the Facility Agent shall not be obliged to consult with Kosmos in relation to any changes mentioned in paragraph (A) above if, in its reasonable opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (C) the Facility Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (A) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (D) any such changes agreed upon by the Facility Agent and Kosmos shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of clause 50 (*Amendments and Waivers*);
- (E) the Facility Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause; and
- (F) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (D) above.

42.10 Payments to IFC

The Borrower will make payments of all amounts due to IFC under the Finance Documents directly to the account number specified in Clause 10.1 (*Accounts*) of the

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IFC Facility Agreement, and IFC will make any payments to the Borrower, without requiring payment through the offices of the Facility Agent.

42.11 Inconvertibility Payments

IFC will not be obliged to share any IFC Inconvertibility Payments.

43. Set-Off

Subject to the terms of the Intercreditor Agreement and without prejudice to the rights of the Finance Parties at law, at any time after an Event of Default has occurred which is continuing, a Finance Party (other than a Non-Funding Lender) may, on giving notice to the Obligor, set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

44. Costs and Expenses

44.1 Transaction expenses

Kosmos shall within fifteen Business Days of demand, pay the Facility Agent and each Mandated Lead Arranger the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with:

- (A) the negotiation, preparation, printing, and execution of:
 - (i) this Agreement and any other documents referred to in this Agreement; and
 - (ii) any other Finance Documents executed after the date of this Agreement;
- (B) the appointments of the Consultants.

44.2 Amendment costs

If:

- (A) an Obligor requests an amendment, waiver or consent; or
- (B) an amendment is required pursuant to clause 42.8 (*Change of currency*),

Kosmos shall, within fifteen Business Days of demand, reimburse the Facility Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Facility Agent in responding to, evaluating, negotiating or complying with that request or requirement.

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44.3 Enforcement costs

Kosmos shall, within five Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement or attempted enforcement of, or the preservation of any rights under, any Finance Document.

45. Notices

45.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

45.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (A) in the case of the Obligors, that identified with its name below;
- (B) in the case of each Lender or any other Initial Obligor, that notified in writing to the Facility Agent on or prior to the date on which it becomes a Party; and
- (C) in the case of an Agent, that identified with its name below,

or any substitute address or fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

Contact details of the Obligors:

To:	P.O. Box 32322 4th Floor Century Yard Cricket Square Elgin Avenue Georgetown Grand Cayman KY1 – 1209 Cayman Islands	Copy:	c/o Kosmos Energy LLC 8176 Park Lane Suite 500 Dallas Texas 75231 USA
Fax:	+1 345 946 4090	Fax:	+1 214 445 9705
Attention:	Andrew Johnson	Attention:	Jason Doughty

Contact details of the Facility Agent:

Name: Alexandra Arhab
Email: alexandra.arhab@bnpparibas.com
Address: BNP Paribas
16 Rue de Hanovre
75078 Paris Cedex 2
France
Fax: + 33 1 42 98 49 25

45.3 Delivery

(A) Subject to clause 45.5 (*Electronic communication*), any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

- (i) if by way of fax, when received in legible form; or
- (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post with postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under clause 45.2 (*Addresses*), if addressed to that department or officer.

- (B) Any communication or document to be made or delivered to either of the Facility Agent will be effective only when actually received by the Facility Agent and then only if it is expressly marked for the attention of the department or officer identified with the Facility Agent's signature below (or any substitute department or officer as the Facility Agent shall specify for this purpose).
- (C) All notices from or to an Obligor shall be sent through the Facility Agent.
- (D) Any communication or document made or delivered to Kosmos in accordance with this clause will be deemed to have been made or delivered to each of the Obligors.

45.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to clause 45.2 (*Addresses*) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

45.5 Electronic communication

- (A) Any communication to be made between the Facility Agent and a Lender or the Facility Agent and the Original Borrower under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Facility Agent and the relevant Lender or the Facility Agent and the Original Borrower:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (B) Any electronic communication made between the Facility Agent and a Lender or the Facility Agent and the Original Borrower will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Facility Agent or by the Original Borrower to the Facility Agent only if it is addressed in such a manner as the Facility Agent shall specify for this purpose.

45.6 English language

- (A) Any notice given under or in connection with any Finance Document must be in English.
- (B) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by either of the Facility Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

46. Calculations and Certificates

46.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

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46.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest or proven error, prima facie evidence of the matters to which it relates.

46.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days.

47. Disclosure to numbering service providers

- (A) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:
 - (i) names of Obligors;
 - (ii) country of domicile of Obligors;
 - (iii) place of incorporation of Obligors;
 - (iv) date of this Agreement;
 - (v) the names of the Facility Agent and Mandated Lead Arrangers;
 - (vi) date of each amendment and restatement of this Agreement;
 - (vii) amount of Total Commitments;
 - (viii) currencies of the Facility;
 - (ix) type of Facility;
 - (x) ranking of Facility;
 - (xi) Termination Date for the Facility;
 - (xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and
 - (xiii) such other information agreed between such Finance Party and the Company,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

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- (B) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligor by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (C) KEFI represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (A) above is, nor will at any time be, unpublished price-sensitive information.
- (D) The Facility Agent shall notify KEFI and the other Finance Parties of:
 - (i) the name of any numbering service provider appointed by the Facility Agent in respect of this Agreement, the Facility and/or one or more Obligor; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligor by such numbering service provider.

48. Partial Invalidity

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

49. Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

50. Amendments and Waivers

50.1 Required consents

- (A) Subject to clause 50.2 (*Exceptions*) and to paragraph (C) below, any term of the Finance Documents (other than a waiver of a Condition Precedent or a Condition Subsequent, which shall be made pursuant to clause 10.3 (*Waivers of Conditions Precedent*)) may be amended or waived only with the consent of the Majority Lenders and the Obligor and any such amendment or waiver will be binding on all Parties.
- (B) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this clause.

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- (C) Notwithstanding the terms of this clause 50, in relation to an amendment, variation or waiver of the terms of the Intercreditor Agreement or the Security Documents, the terms of the Intercreditor Agreement shall prevail.

50.2 Exceptions

- (A) The following may not be effected without the consent of all the Lenders.
 - (i) amending the definition of “**Majority Lenders**”;
 - (ii) amending, varying or waiving clause 12 (*Finance Parties’ Rights and Obligations*) of this Agreement and/or any other term of any Finance Document which relates to the rights and/or obligations of each Finance Party being several;
 - (iii) varying the date for, or altering the amount or currency of, any payment to Lenders under the Finance Documents;
 - (iv) increasing or extending the Commitment of a Lender;
 - (v) amending varying or waiving a term of any Finance Document which expressly requires the consent of all the Lenders; ;
 - (vi) amending, varying or waiving this clause; or
 - (vii) any release of Security Interests granted pursuant to any Security Document or amendment, waiver or variation of the obligations of any Obligor pursuant to Clause 33.1 (*Guarantee and Indemnity*). Nothing in this Clause (vii) shall require any consent to be obtained for any release of Security Interests, Security Documents (including but not limited to under releases made pursuant to Clause 36.8(C)) or obligations of any Obligor pursuant to Clause 33.1 (*Guarantee and Indemnity*), which are permitted by Clause 36.32 (*IPO Reorganisation*).

- (B) An amendment of clause 27.6 (*Calculation of Borrowing Base Amount*) to reduce the figure of 1.5 or the figure of 1.3 may not be effected without the consent of the Majority Lenders.
- (C) An amendment or waiver which relates to the rights or obligations of an Agent, an LC Issuing Bank or an Account Bank may not be effected without the consent of that Agent, LC Issuing Bank or an Account Bank.
- (D) An amendment or waiver which relates to clause 21.2 (*Withdrawals — No Default Outstanding*) or clause 25 (*Guarantee and Indemnity*) and the rights or obligations of a Hedging Counterparty may not be effected without the consent of each Hedging Counterparty.
- (E) If a Lender (i) becomes a Non-Funding Lender or (ii) does not accept or reject a request for an amendment, waiver, consent or approval within fifteen Business Days (or such longer period as Kosmos may specify) of such request being

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made, that Lender's Commitment shall not be included for the purposes of calculating Total Commitments under the Facility when ascertaining whether a certain percentage of Total Commitments has been obtained to approve the amendment, waiver, consent or approval, provided that (other than in the case of (i) above) no more than 25 per cent. of Lender votes (by Commitment) may be disregarded in such a way.

- (F) An amendment, variation or waiver of Clause 42.11 (*Inconvertibility Payments*) may not be effected without the consent of IFC.
- (G) An amendment, variation or waiver of the IFC Facility Agreement or the Deed of Transfer and Amendment may not be effected without the consent of the IFC.

50.3 Exclusions

Subject to clause 50.2 (*Exceptions*), if a Lender does not accept or reject a request for an amendment or waiver within ten Business Days of receipt of such request (or such longer period as Kosmos and the Facility Agent may agree), or abstains from accepting or rejecting a request for an amendment or waiver, or if the Lender is a Non Funding Lender, its Commitments shall not be included for the purpose of calculating the Total Commitments when ascertaining whether the consent of a Lender or Lenders whose Commitments aggregate more than the required percentage of the Total Commitments has been obtained in respect of such request.

50.4 Disfranchisement of Shareholder Affiliates

Notwithstanding any other provisions of this Agreement, for so long as a Shareholder Affiliate is a Lender and/or to the extent that a Shareholder Affiliate beneficially owns a Commitment or has entered into a sub-participation agreement relating to a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated, such Shareholder Affiliate shall not be entitled to exercise any rights to vote as Lender in respect of any matters requiring decision by the Lenders under the terms of this Agreement or any of the Finance Documents. Each such Shareholder Affiliate acknowledges and agrees that:

- (A) in the event that a matter requires decision by one or more Lenders under this Agreement or any of the Finance Documents,
 - (i) the Commitment of such Shareholder Affiliate and any associated participation of such Shareholder Affiliate in a Loan shall be deemed to be zero; and
 - (ii) such Shareholder Affiliate shall be deemed not to be a Lender;
- (B) in relation to any meeting or conference call to which all or any number of Lenders are invited to attend or participate, it shall not attend or participate in the same if so requested by the Facility Agent or, unless the Facility Agent otherwise agree, be entitled to receive the agenda or any minutes of the same; and

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- (C) it shall not, unless the Facility Agent otherwise agree, be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Facility Agent or one or more of the Lenders.

51. Counterparts

- (A) This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart.
- (B) Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument.

PART 13
GOVERNING LAW AND ENFORCEMENT

52. Governing Law

This Agreement shall be governed by and construed in accordance with English law.

53. Jurisdiction

53.1 Submission

The parties hereby irrevocably agree for the exclusive benefit of the Secured Parties that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a “**Dispute**”).

53.2 Forum convenience

The parties hereby irrevocably agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly irrevocably agree not to argue to the contrary.

53.3 Concurrent jurisdiction

This clause 53 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

54. Service of Process

- (A) Without prejudice to any other mode of service allowed under any relevant law, each of the Obligor:
- (i) irrevocably appoints Trusec Limited of 2 Lambs Passage, London EC1Y 8BB (the “**Process Agent**”) as its agent for service of process in relation to any Dispute before the English courts in connection with any Finance Document;
 - (ii) irrevocably agrees that any Service Document may be sufficiently and effectively served on it in connection with any Dispute in England and Wales by service on the Process Agent (or any replacement agent appointed pursuant to paragraph (B) of this clause 54 (*Service of Process*)); and
 - (iii) irrevocably agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (B) If the agent referred to in paragraph (A) of this clause 54 (or any replacement agent appointed pursuant to this paragraph (B)) at any time ceases for any

reason to act as such, as the case may be, each Obligor shall as soon as reasonably practicable appoint a replacement agent to accept service having an address for service in England or Wales and shall notify the Facility Agent of the name and address of the replacement agent; failing such appointment and notification, the agent referred to in paragraph (A) of this clause 54 (or any replacement agent appointed pursuant to this paragraph (B)) shall continue to be authorised to act as agent for service of process in relation to any proceedings before the English courts on behalf of the relevant party and shall constitute good service.

- (C) Any document addressed in accordance with clause 54 paragraph (A) shall be deemed to have been duly served if:
- (i) left at the specified address, when it is left; or
 - (ii) sent by first class post, two clear Business Days after posting.
- (D) For the purposes of this clause 54, “**Service Document**” means a writ, summons, order, judgment or other document relating to or in connection with any Dispute. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

**Schedule 1
The Initial Obligors**

The Original Borrowers

Name	Jurisdiction of Incorporation	Registered Number
Kosmos Energy Finance International	Cayman Islands	253656

The Original Guarantors

Name	Jurisdiction of Incorporation	Registered Number
Kosmos Energy Operating	Cayman Islands	231417
Kosmos Energy International	Cayman Islands	218274
Kosmos Energy Development	Cayman Islands	225879
Kosmos Energy Ghana HC	Cayman Islands	135710

**Schedule 2
The Original Lenders**

Original Lender	Commitment (USD)
ABSA Capital	111,403,259.88
Barclays Bank Plc	14,532,489.53
BNP Paribas	93,367,328.38
Crédit Agricole Corporate and Investment Bank	111,788,380.99
HSBC Bank Plc	111,788,380.99
Société Générale	79,735,749.40
Standard Chartered Bank	111,788,380.99
Natixis	111,788,380.98
Crédit Suisse International	3,684,210.53
Citibank	32,052,631.58
Bank of America, N.A.	55,263,157.89
The Bank of Tokyo-Mitsubishi UFJ, Ltd	36,842,105.26
Deutsche Bank AG, Amsterdam Branch	22,105,263.16
DNB Bank ASA, London Branch	36,842,105.26
ING Bank N.V.	66,315,789.47
Sumitomo Mitsui Banking Corporation	70,000,000.00
Unicredit Bank AG	36,842,105.26
Siemens Bank	22,105,263.16
Ecobank Ghana Ltd	22,105,263.16
Nedcap International Ltd	55,263,157.89
Stichting Pensioenfonds Zorg en Welzijn	25,789,473.68

Standard Bank of South Africa Ltd	110,526,315.79
FBN Bank (UK) Ltd	35,376,069.93
Barclays Bank of Ghana Ltd	16,800,000.00
Investec Asset Management Proprietary Ltd	5,894,736.84
International Finance Corporation	100,000,000.00

Schedule 3

Conditions Precedent

Part I

Conditions Precedent To first Utilisation

1. Provision of each of the following Finance Documents, duly executed by each of the parties to them (subject, in the case of the relevant Security Document, to the Lenders having agreed to the requirements of subordination in relation to any Security created in respect of a Project Agreement):
 - (i) this Agreement;
 - (ii) any Intercompany Loan Agreement;
 - (iii) the KEG Offshore Project Accounts Agreement;
 - (iv) the Borrower Offshore Project Accounts Agreement;
 - (v) the KEG Onshore Project Accounts Agreement;
 - (vi) the Intercreditor Agreement;
 - (vii) the Charge over Shares in the Original Borrower;
 - (viii) the Charge over Shares in KEO;
 - (ix) the Charge over Shares in KEG;
 - (x) the Charge over Shares in KED;
 - (xi) the Charge over Shares in KEI;
 - (xii) the Borrower Offshore Security Assignment;
 - (xiii) the KEO Offshore Security Assignment;
 - (xiv) the KEI Offshore Security Assignment;
 - (xv) the KED Offshore Security Assignment;
 - (xvi) the KEG Offshore Security Assignment;
 - (xvii) the KEG Onshore Security Assignment;
 - (xviii) the KEI and KEO Offshore Security Assignment;
 - (xix) the Facility Agent Fee Letter;

 - (xx) the front end and underwriting Fee Letter;
 - (xxi) the Technical Bank Fee Letters;
 - (xxii) the Modelling Bank Fee Letters;
 - (xxiii) the Security Agent Fee Letter;
 - (xxiv) the Documentation Bank Fee Letter; and
 - (xxv) the BNP Paribas LC Issuing Fee Letter.
2. Provision of certified copies of each Obligor's constitutional documents and corporate resolutions authorising entry into and performance of the Finance Documents to which they are a party and certification as to solvency.
3. Receipt by the Facility Agent of appropriate legal opinions from Clifford Chance LLP, Walkers, Fugar & Company, Maples & Calder, Thompson & Knight and Bentsi-Enchill, Letsa & Ankamah.

4. Final Reports and/or letters issued by the Consultants (provided that there is only an obligation to provide an executive summary of the Final Report from the Technical Consultant as a condition precedent to first Utilisation).
5. Provision of a certificate from the Borrower that all Required Approvals on the date of the proposed utilisation have been obtained (including a schedule of all such Required Approvals).
6. Provision of a certificate in the agreed form certifying that complete copies of the following Project Agreements, including all amendments in relation thereto, have been delivered to the Agents under the Existing Finance Documents pursuant to the terms of the CTA (as defined in the Definitions Agreement):
 - (i) the DWT PA;
 - (ii) the DWT JOA;
 - (iii) the WCTP PA; and
 - (iv) the WCTP JOA,together with certified copies of all other Project Agreements not referred to in paragraphs (i) to (iv) (inclusive) above (including, for the avoidance of doubt and without limitation, those documents listed under paragraphs (C), (D) and (E) of the definition of Project Agreements).
7. An audit of the Model prepared by the Model Auditor.
8. All share charges are entered into pursuant to condition precedent 1 above are perfected and fully valid and, where applicable (by adopting a consistent approach as

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was adopted for the Existing Finance Documents): (a) share certificates and blank stock transfer forms are delivered to the Security Agent; (b) certified copy registers of members are delivered to the Security Agent in relation to companies whose shares have been pledged; and (c) letter of undertaking from the Company whose shares are being charged.

9. Each Obligor (save for the Original Borrower and KEO) shall provide a certified copy of its most recent audited accounts, if any, and KEO shall provide a copy of the Form S-1 filed by Kosmos Energy Ltd. with the United States Securities and Exchange Commission on 23 March 2011, which includes the most recent audited consolidated accounts of the Group.
10. The Schedule of Insurances.
11. The following documents for release of the Security Interests (as defined in the Existing Finance Documents) created by under the Existing Finance Documents, in the form agreed by the Security Trustee (as defined in the Existing Finance Documents):
 - deed of release between KEH, KEO, KEI, KED and BNP PARIBAS, as security trustee, releasing the security created by the existing charges over shares;
 - deed of release between KED, Kosmos Energy Finance, KEG and KEO and BNP Paribas, as security trustee, releasing the security created by the existing debentures;
 - deed of release between KEI, KEO and BNP Paribas, as security trustee, releasing the secured property under the existing security assignment;

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- Part II

Conditions Precedent Required to be Delivered by an Additional Obligor

1. Provision of an Accession Letter, duly executed by the Additional Obligor and the Borrower.
2. Provision of a Deed of Subordination in respect of any Financial Indebtedness of such Additional Obligor and a deed, duly signed on behalf of the Additional Obligor and each other Obligor and KEH, substantially in the form of the Deed of Acknowledgment and Release.
3. Provision of certified copies of the Additional Obligor's constitutional documents and certificates of incorporation (or equivalent).
4. A copy of a resolution of the board of directors of the Additional Obligor approving the terms of, and the transactions contemplated by, the

Accession Letter and the Finance Documents and resolving that one or more specified persons execute the Accession Letter and any other documents and notices in connection with the Finance Documents.

5. A specimen signature of each person authorised to execute the Accession Letter and any other documents and notices in connection with the Finance Documents.
6. A certificate of the Additional Obligor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.
7. A certificate of an Authorised Signatory of the Additional Obligor certifying that each copy document listed in this Part II of Schedule 3 is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Letter.
8. A copy of any other Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.
9. If available, the latest audited financial statements of the Additional Obligor.
10. Receipt by the Facility Agent of any appropriate legal opinions.
11. If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in clause 54 (*Service of Process*), if not an Obligor, has accepted its appointment in relation to the proposed Additional Obligor.

**Schedule 4
Utilisation Requests**

**Part I
Loans**

From: Kosmos Energy Finance International (the “**Borrower**”)

To: **BNP PARIBAS** (the “**Facility Agent**”)

Dated:

Dear Sirs

**Kosmos Energy Finance International — Facility Agreement
dated [] (the “Agreement”)**

1. We refer to the Agreement. This is a Utilisation Request in respect of a Utilisation under the Facility. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow a Loan under the Facility on the following terms:

Proposed Utilisation Date:	[]	(or, if that is not a Business Day, the next Business Day)
Amount:	[]	under or, if less, the Total Available Commitment
Amount attributable to Interest payments	[]	
Interest Period:	[]	
3. We hereby certify that:
 - (a) no Default or Event of Default is continuing or will result from the proposed Loan;
 - (b) the Loan is expected to be applied in payment of amounts subject to and in accordance with the Cash Waterfall within 90 days of the Utilisation Date or are otherwise required for Kosmos to comply with clause 28.1 (*Project Accounts*) of this Agreement;
 - (d) the making of the Utilisation would not result in the aggregate principal amount outstanding under the Facility exceeding the Borrowing Base Amount; and

(e) the Repeating Representations are, in the light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a

Repeating Representation that contains a materiality concept, true and correct in all respects).

4. The proceeds of this Loan should be credited to the [Borrower/other] Offshore Proceeds Account and to the extent an amount has been attributed to Interest payments above, such amount shall be applied towards the payment of Interest on the Facility.
5. This Utilisation Request is irrevocable and is a Finance Document.

Yours faithfully

Authorised Signatory for
Kosmos Energy Finance International

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Part II
Letters of Credit

From: [●] (the “**Borrower**”)

To: **BNP PARIBAS** (the “**Facility Agent**”)

[●] (the “**LC Issuing Bank**”)

Dated:

Dear Sirs

Kosmos Energy Finance International — Facility Agreement
dated []
(the “Agreement”)

1. We wish to arrange for a Letter of Credit to be issued by the LC Issuing Bank on the following terms:

Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)

Total Amount: [] or, if less, the Total Commitments

Beneficiary: []

Term or Expiry Date: []

2. We hereby certify that each condition specified in clause 15.6 (*Issue of Letters of Credit*) is satisfied on the date of this Utilisation Request.
3. We attach a copy of the proposed Letter of Credit.
4. This Utilisation Request is irrevocable and is a Finance Document.

Delivery Instructions:

[specify delivery instructions]

Yours faithfully

Authorised Signatory for
Kosmos Energy Finance International

Schedule 5
Amortisation Schedule

Repayment Date	Amortisation Amount (USD)	Revised Total Facility Amount (USD)
15/06/2011	0	2,000,000,000
15/12/2011	0	2,000,000,000
15/06/2012	0	2,000,000,000
15/12/2012	0	2,000,000,000
15/06/2013	0	2,000,000,000
15/12/2013	0	2,000,000,000
15/06/2014	333,333,333	1,666,666,667
15/12/2014	222,222,222	1,444,444,445
15/06/2015	222,222,222	1,222,222,223
15/12/2015	222,222,222	1,000,000,001
15/06/2016	222,222,222	777,777,779
15/12/2016	222,222,222	555,555,557
15/06/2017	222,222,222	333,333,335
15/12/2017	222,222,222	111,111,113
15/03/2018	111,111,113	0

Schedule 6
Mandatory Cost Formulae

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England (and/or the Financial Services Authority (or, in either case, any other Authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Facility Agent shall calculate, as a percentage rate, a rate (the “**Additional Cost Rate**”) for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Facility Agent as a weighted average of the Lenders’ Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum.
3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Facility Agent. This percentage will be certified by that Lender in its notice to that Facility Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender’s participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.
4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Facility Agent as follows:

- (a) in relation to a sterling Loan:

$$\frac{AB + C(B - D)[+E] \times 0.01}{100 - (A + C)} \quad \text{per cent. per annum}$$

- (b) in relation to a Loan in any currency other than sterling:

$$\frac{Ex0.01}{300} \quad \text{per cent. per annum}$$

Where:

- A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest-free cash ratio deposit with the Bank of England to comply with cash ratio requirements.
- B is the percentage rate of interest (excluding the Margin and the Mandatory Cost and, if the Loan is an Unpaid Sum, the additional rate of interest specified in paragraph (A) of clause 19.4 (*Default interest*)) payable for the relevant Interest Period on the Loan.

- C is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest-bearing Special Deposits with the Bank of England.
- D is the percentage rate per annum payable by the Bank of England to the Facility Agent on interest-bearing Special Deposits.
- E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Facility Agent as being the average of the most recent rates of charge supplied by the Reference Banks to that Facility Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.
5. For the purposes of this Schedule:
- (A) “**Eligible Liabilities**” and “**Special Deposits**” have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England.
 - (B) “**Fees Rules**” means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits.
 - (C) “**Fee Tariffs**” means the fee tariffs specified in the Fees Rules under activity group A.1 Deposit acceptors (ignoring any minimum fee or zero-rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and
 - (D) “**Tariff Base**” has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.
6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.
7. If requested by the Facility Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to that Facility Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.
8. Each Lender shall supply any information required by the Facility Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:
- (A) the jurisdiction of its Facility Office; and
 - (B) any other information that the Facility Agent may reasonably require for such purpose.
- Each Lender shall promptly notify the Facility Agent of any change to the information provided by it pursuant to this paragraph.
9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Facility Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Facility Agent to the contrary, each Lender’s obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.
10. The Facility Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.
11. The Facility Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.
12. Any determination by the Facility Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest or proven error, be conclusive and binding on all Parties.
13. The Facility Agent may from time to time, after consultation with Kosmos and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England or the Financial Services Authority or the European Central Bank (or, in any case, any other Authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest or proven error, be conclusive and binding on all Parties.

Form of Transfer Certificate

To: **BNP PARIBAS** as (the “ **Facility Agent**”)

From: [The Existing Lender] (the “ **Existing Lender**”) and [The New Lender] (the “ **New Lender**”)

Dated:

Dear Sirs

Kosmos Energy Finance International — Facility Agreement
dated [] (the “ **Agreement**”)

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
 2. We refer to clause 38.5 (*Procedure for transfer*):
 - (A) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the Schedule in accordance with clause 38.5 (*Procedure for transfer*).
 - (B) The proposed Transfer Date is [].
 - (C) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 45.2 (*Addresses*) are set out in the Schedule.
 3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (C) of clause 38.4 (*Limitation of responsibility of Existing Lenders*).
 4. The New Lender confirms that it is a Qualifying Lender.
 5. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
 6. This Transfer Certificate is governed by English law.
-

THE SCHEDULE

Commitments/rights and obligations to be transferred

[Insert relevant details]

[*Facility Office address, fax number and attention details for notices and account details for payments*]

[Existing Lender]

[New Lender]

By:

By:

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [].

BNP PARIBAS

By:

Schedule 8

INTENTIONALLY LEFT BLANK

Schedule 9

Form of Accession Letter

From: [name of subsidiary] (the “**Company**”) and Kosmos Energy Finance International (the “**Borrower**”)

To: **BNP PARIBAS** (the “**Facility Agent**”)

Dated:

Dear Sirs

**Kosmos Energy Finance International — Facility Agreement
dated [] (the “Agreement”)**

1. We refer to the Agreement. This is an Accession Letter. Terms defined in the Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.
2. The Company agrees to become an Additional [Borrower]/[Guarantor] and to be bound by the terms of the Agreement as an Additional [Borrower]/[Guarantor] pursuant to clause [39.2 (*Additional Borrowers*)]/[39.4 (*Additional Guarantor*)] of the Agreement. The Company is a company duly incorporated under the laws of [name of relevant jurisdiction].
3. The Company’s administrative details are as follows:

Address:

Fax No:

Attention:
4. This Accession Letter is governed by English law.

This Accession Letter is entered into by deed.

[Borrower]

Kosmos Energy Finance International

**Schedule 10
Form of Resignation Letter**

From: [resigning Obligor] and Kosmos Energy Finance International

To: **BNP PARIBAS** (the “**Facility Agent**”)

Dated:

Dear Sirs

**Kosmos Energy Finance International — Facility Agreement
dated [] (the “Agreement”)**

1. We refer to the Agreement. This is a Resignation Letter. Terms defined in the Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
2. Pursuant to clause [39.3 (*Resignation of a Borrower*)] of the Agreement, we request that [resigning Obligor] be released from its obligations as a Borrower under the Agreement.
3. We confirm that:
 - (a) no Default is continuing or would result from the acceptance of this request; and
 - (b) [].
4. This Resignation Letter is governed by English law.

[resigning Obligor]

Kosmos Energy Finance International

Schedule 11
Form of Compliance Certificate

To: **BNP PARIBAS** as (the “**Facility Agent**”)

From: Kosmos Energy Finance International (the “**Borrower**”)

Date:

Dear Sirs

Kosmos Energy Finance International — Facility Agreement
dated [] (the “Agreement”)

1. We refer to the Agreement. This is Compliance Certificate. Terms defined in the Agreement have the same meaning in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that as at [], being the last occurring Forecast Date:
 - (A) the Field Life Cover Ratio was [];
 - (B) the Loan Life Cover Ratio was [];
 - (C) the DCR was []; and
 - (D) the ICR was [],in each case, as demonstrated by the current Forecast Assumptions.
3. We set out below the calculations establishing the figures in paragraph 2 above:
[]
4. We confirm that as at [], so far as we are aware having made diligent enquiries, no Default has occurred or is continuing. **(1)**
5. The balance of each Debt Service Reserve Account is as follows:
[]

(1) Note — If this statement cannot be made, the certificate should identify any Default that has occurred or is continuing and the action taken, or proposed to be taken, to remedy it.

Yours faithfully

Authorised Signatory for
Kosmos Energy Finance International

Authorised Signatory for
Kosmos Energy Finance International

Schedule 12
Form of Letter of Credit

To: [Beneficiary] (the “**Beneficiary**”)

Date:

Irrevocable Standby Letter of Credit no.[]

At the request and for the account of [], [LC Issuing Bank] (the “**LC Issuing Bank**”) hereby establishes in your favour this irrevocable

This Letter of Credit is governed by English law.

10. Jurisdiction

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter of Credit.

Yours faithfully,

[LC Issuing Bank]

By:

**SCHEDULE
FORM OF DEMAND**

To: [LC Issuing Bank]

Date:

Dear Sirs

Standby Letter of Credit no. [] issued in favour of [BENEFICIARY] (the “Letter of Credit”)

We refer to the Letter of Credit. Terms defined in the Letter of Credit have the same meaning when used in this Demand.

1. We certify that the sum of [] is due [and has remained unpaid for at least [] Business Days] [under [set out underlying contract or agreement]]. We therefore demand payment of the sum of [].
2. The amount specified in paragraph 1 is not in excess of the Total L/C Amount.
3. Payment should be made to the following account:
Name:
Account Number:
Bank:
4. The date of this Demand is not later than the Expiry Date.

Yours faithfully

(Authorised Signatory)

(Authorised Signatory)

For

[BENEFICIARY]

**Schedule 13
Form of Confidentiality Undertaking**

To: [Purchaser's details]

Re:

Kosmos Energy Finance International (the “**Company**”) and its USD 2 billion reserves based loan facility dated [] 2011 (the “**Facility**”)

[insert date]

Dear Sirs

We understand that you are considering participating in the Facility. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. *Confidentiality Undertaking:* You undertake:
 - (A) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures with a degree of care not less than that which you would apply to your own confidential information;
 - (B) to keep confidential and not disclose to anyone except as provided for by paragraph 2 below the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us;
 - (C) to use the Confidential Information only for the Permitted Purpose;
 - (D) to ensure that any person to whom you pass any Confidential Information in accordance with paragraph 2 (unless disclosed under paragraph 2(B) below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and
 - (E) not to make enquiries in relation to the Confidential Information of any other person, whether a third party or any member of the Group or any of their officers, directors, employees or professional advisers, save for such officers, directors, employees or professional advisers as may be expressly nominated by us for this purpose, provided that this paragraph shall not prevent or restrict you from conducting and completing all necessary and appropriate due diligence in accordance with your normal credit and underwriting approval processes and as required to be performed in order to obtain any requisite credit or underwriting approvals in relation to your possible participation in the Facility.

2. *Permitted Disclosure:* We agree that you may disclose Confidential Information:
 - (A) to members of the Participant Group and their officers, directors, employees, consultants and professional advisers but only to the extent necessary for the proper fulfilment of the Permitted Purpose, provided that:
 - (i) such information is disclosed strictly on a need to know basis and provided that the Confidential Information may not be disclosed to any person in the Participant Group who is not working directly on matters concerning your participation in the Facility; and
 - (ii) appropriate information barriers or other procedures as may be necessary are in place to ensure there can be no unauthorised disclosure of, or access to, the Confidential Information to any such person referred to in subparagraph (i) above;
 - (B) (i) where required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group; or
 - (C) with our prior written consent.
3. *Notification of Required or Unauthorised Disclosure:* You agree (to the extent permitted by law) to inform us of the full circumstances of any disclosure under paragraph 2(b) (in advance where reasonable and practicable) or immediately upon becoming aware that Confidential Information has been disclosed in breach of this letter.
4. *Return of Copies:* If we so request in writing, you shall return all Confidential Information supplied to you by us or any member of the Group and destroy or permanently erase all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body, or where the Confidential Information has been disclosed in accordance with paragraph 2(B) above.
5. *Continuing Obligations:* The obligations in the preceding paragraphs of this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us, irrespective of their outcome. Notwithstanding the previous sentence, the obligations in this letter shall cease twelve months after you have returned all Confidential Information and destroyed or permanently erased all copies of Confidential Information made by you to the extent required pursuant to paragraph 4 above.

6. *No Representation; Consequences of Breach, etc:* You acknowledge and agree that:

- (A) neither we nor any of our officers, employees or advisers, and no other member of the Group and none of the officers, employees or advisers of any member of the Group (each a “**Relevant Person**”), (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any other member of the Group or be otherwise liable to you or any other person in respect of the Confidential Information or any such information; and
- (B) we and other members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you or any other person.

7. *Inside Information:* You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing and you undertake not to use any Confidential Information for any unlawful purpose. As a result of being given the Confidential Information you may well become insiders and, therefore, be unable to take certain actions which you would otherwise be able to take.

8. *No Waiver; Amendments, etc:* This letter shall not affect any other obligation owed by you to any member of the Group. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us and you.

9. *Nature of Undertakings:* The undertakings and acknowledgements given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of each other member of the Group.

10. *Third party rights:*

- (A) Each other member of the Group and each Relevant Person (each a “**Third Party**”) may enforce the terms of this letter by virtue of the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”). This paragraph 10(A) confers a benefit on each Third Party, and, subject to the remaining provisions of this paragraph 10, is intended to be enforceable by each Third Party by virtue of the Third Parties Act.
 - (B) Subject to paragraph 10(a), a person who is not a party to this letter has no right under the Third Parties Act to enforce or enjoy the benefit of any term of this letter.
-

- (C) Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any person to rescind or vary this letter at any time.

11. *Counterparts:* This letter may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this letter, but all the counterparts shall together constitute one and the same instrument.

12. *Governing Law and Jurisdiction:* Any matter, claim or dispute, whether contractual or non-contractual, arising out of or in connection with this letter (including the agreement constituted by your acknowledgement of its terms), is to be governed by and determined in accordance with English law, and the parties submit to the non-exclusive jurisdiction of the English courts.

13. *Definitions and Construction:* In this letter (including the acknowledgement set out below):

“**Confidential Information**” means any and all information relating to the Company, the Group and the Facility, provided to you by us or any member of the Group or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information and information regarding all discussions and negotiations between us (including information regarding the outcome of such discussions or negotiations), but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any member of the Group or any of our affiliates or advisers or is lawfully obtained by you after that date, other than from a source which is connected with the Group and which, in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;

“**Group**” means, in respect of a person, that person and that person’s Holding Companies and each of their respective Subsidiaries;

“**Holding Company**” means, in relation to a company, any other company in respect of which it is a Subsidiary;

“**Participant Group**” means you, and each of your Holding Companies and Subsidiaries;

“**Permitted Purpose**” means considering and evaluating whether to enter into contracts with us in relation to your participation in the Facility; and

“**Subsidiary**” means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

For and on behalf of [*Seller's details*]

To: [*Seller's details*]

We acknowledge and agree to the above:

For and on behalf of [*Purchaser's details*]

Schedule 14
Form of Deed of Subordination

THIS DEED is dated [] and made between:

- (1) [•] (the “**Obligor**”);
- (2) **BNP PARIBAS** in its capacity as Security Agent for the Secured Parties on the terms and conditions set out in the Intercreditor Agreement (the “**Security Agent**”) which expression includes its successors in title and assigns or any person appointed as an additional trustee for the purpose of and in accordance with the Intercreditor Agreement; and
- (3) [•] (the “**Subordinated Party**”).

BACKGROUND:

- (1) Under the Facility, the Lenders have agreed to make available \$[•] billion loan facility to the Borrower.
- (2) The Subordinated Party has agreed to make, or may in the future make, loans available to the Obligor.
- (3) The Obligor and the Subordinated Party have agreed that the Subordinated Debt (as defined below) shall be subordinated to the claims of the Secured Parties on the terms of this Deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

“**Permitted Payment**” means any payment or receipt expressly permitted by clause 4 (*Permitted Payments*) so long as it is so permitted.

“**Subordinated Debt**” means all present and future moneys, debts, obligations and liabilities which are, or are expressed to be, or may become due, owing or payable by the Obligor to the Subordinated Party (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise) together with any related Additional Debt.

“**Subordinated Documents**” means any document evidencing or recording the terms of any Subordinated Debt.

“**Subordination Period**” means the period beginning on the date of this Deed and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid or discharged or satisfied in full and all commitments of the Secured Parties have expired or been cancelled.

1.2 Incorporation of defined terms

Terms defined in clause 1 (*Definitions*) of the facility agreement made on or about the date of this Deed (the “**Agreement**”) by, inter alios, the parties to this Deed shall have the same meaning and construction when used herein.

1.3 Construction of particular terms

The rules of construction and interpretation set out in clause 2 (*Interpretation and Construction*) of the Agreement shall apply to this Deed as if expressly set out herein.

1.4 Third Party Rights

- (a) Subject to clause 1.4(b), the parties to this Deed do not intend that any term of this Deed should be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed.
- (b) Each of the Secured Parties shall have the right to enforce the terms of this Deed.

2. RANKING

- (a) The Secured Liabilities shall rank senior in priority to the Subordinated Debt.
- (b) Except as provided in this Deed, any payment in respect of the Subordinated Debt is conditional upon the expiry of the Subordination Period.
- (c) As between the Secured Parties, nothing in this Deed shall prejudice the ranking of the Secured Liabilities as set forth in the Intercreditor Agreement.

3. UNDERTAKINGS

3.1 Undertakings of the Obligor

- (a) During the Subordination Period the Obligor shall not, and the Subordinated Party shall not require the Obligor to:
 - (i) pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase, acquire or defease, any of the Subordinated Debt whether in cash or in kind;
 - (ii) exercise any set-off against any Subordinated Debt;

-
- (iii) create or permit to subsist any Security over any of its assets, or give any guarantee, for, or in respect of, any Subordinated Debt;
 - (iv) amend, terminate or give any waiver or consent under the Subordinated Documents, other than any amendment, termination, waiver or consent purely of a technical or administrative nature; or
 - (v) take or omit to take any action whereby the ranking and/or subordination contemplated by this Deed might be impaired or terminated.

- (b) Notwithstanding paragraph (a) above, the Obligor may:
 - (i) do anything prohibited by paragraph (a) above with the prior written consent of the Security Agent; and
 - (ii) make any Permitted Payment.

3.2 Undertakings of the Subordinated Party

- (a) During the Subordination Period, the Subordinated Party shall not:
 - (i) demand or receive payment, repayment or prepayment of any principal, interest or other amount on or in respect of, or any

distribution in respect of, the Subordinated Debt in cash or in kind or apply any money or property in or towards discharge of the Subordinated Debt;

- (ii) exercise any set-off against the Subordinated Debt;
 - (iii) permit to subsist or receive any Security, or any guarantee, for, or in respect of, the Subordinated Debt;
 - (iv) amend, terminate or give any waiver or consent under any Subordinated Document, other than any amendment, termination, waiver or consent purely of a technical or administrative nature; or
 - (v) take or omit to take any action whereby the ranking and/or subordination contemplated by this Deed might be impaired;
 - (vi) take any Enforcement Action in relation to the Subordinated Debt; or
 - (vii) assign, transfer or otherwise dispose of any of its rights, benefit, title or interest in or to the Subordinated Debt.
- (b) Notwithstanding paragraph (a) above, the Subordinated Party may:
- (i) do anything prohibited by paragraph (a) above with the prior written consent of the Security Agent; and
 - (ii) receive and retain a Permitted Payment.

4. PERMITTED PAYMENTS

Subject to clause 6 (*Turnover*) and clause 7 (*Subordination on Insolvency*), unless:

- (a) a Default is continuing; or
- (b) an Insolvency Event or Insolvency Proceedings have occurred in which case clause 7 (*Subordination on Insolvency*) applies; or
- (c) the aggregate of the outstandings under the Facility on the most recent Forecast Date exceeds the Borrowing Base Amount pursuant to clause 10.3 (*Aggregate outstandings exceed the Borrowing Base Amount*) of the Agreement and the earlier of the date of the mandatory prepayment to cure the deficiency or the date which is 90 days following that Forecast Date has not occurred, (in which case the provisions of clause 7 (*Subordination on Insolvency*) shall apply),

the Obligor may pay and the Subordinated Party may receive and retain payments of [of interest and principal] on the Subordinated Debt in accordance with clause 21.2 (*Withdrawals — No Default Outstanding*) of the Agreement, such payment or receipt to include payment or receipt by way of set-off.

5. REPRESENTATIONS

5.1 Representations of the Subordinated Party

The Subordinated Party makes the representations and warranties set out in this clause 5.1 on the date of this Deed:

- (a) It is duly incorporated (if a corporate person) or duly established (in any other case except for a natural person) and validly existing under the law of its jurisdiction of incorporation or formation.
- (b) It has the power to own its assets and carry on its business as it is being and is proposed to be, conducted, and it has the power to enter into and perform all its obligations under this Deed and the transactions contemplated by this Deed.
- (c) The obligations expressed to be assumed by it under this Deed are legal, valid, binding and enforceable obligations.
- (d) The entry into and performance by it of, and the transactions contemplated by, this Deed does not and will not conflict with:
 - (i) any law applicable to it;
 - (ii) its constitutional documents; or
 - (iii) any agreement or instrument binding upon it or any of its assets.

-
- (e) It has (or had at the relevant time) the power and authority to execute and deliver this Deed and it has the power and authority to perform its

obligations under this Deed and the transactions contemplated thereby.

- (f) All Required Approvals have been obtained or effected and are in full force and effect where a failure to do so has or could reasonably be expected to have a Material Adverse Effect.
- (g) It is the sole beneficial owner of the Subordinated Debt owed to it.

5.2 Repetition

Each of the representations and warranties in clause 5.1 (*representations of the subordinated party*) will be repeated on the date of each utilisation date and on the first day of each interest period. Where a representation is repeated, it is applied to the facts and circumstances existing at the time of repetition.

6. TURNOVER

During the Subordination Period, if the Subordination Party received or recovers:

- (a) a payment (other than a Permitted Payment) in cash or in kind or distribution in respect of any of the Subordinated Debt from the Obligor or any other source; or
- (b) the proceeds of any enforcement of any Security or any guarantee or other assurance against financial loss for any Subordinated Debt,

in each case, in contravention of clause 2 (*Ranking*) or 3 (*Undertakings*), the Subordinated Party shall:

- (i) within three (3) Business Days notify details of the receipt or recovery to the Security Agent;
 - (ii) hold any such assets and moneys received or recovered by it (up to a maximum of an amount equal to the Secured Liabilities on trust for the Security Agent for application against the Secured Liabilities in accordance with the order and priority set forth in the Intercreditor Agreement; and
 - (iii) within three (3) Business Days of demand by the Security Agent, pay an amount equal to such receipt or recovery (up to a maximum of an amount equal to the Secured Liabilities) to the Security Agent for application against the Secured Liabilities in accordance with the order and priority set forth in the Intercreditor Agreement.
-

7. SUBORDINATION ON INSOLVENCY

7.1 Subordination

If an Insolvency Event or Insolvency Proceedings occur, the Subordinated Debt will be subordinate to the Secured Liabilities.

7.2 Filing of Claims

- (a) If an Insolvency Event or Insolvency Proceedings occur or any Event of Default is continuing, the Security Agent may, and is hereby irrevocably authorised on behalf of the Obligor and the Subordinated Party to:
 - (i) take any Subordinated Debt Enforcement Action;
 - (ii) demand, claim, enforce and prove for the Subordinated Debt;
 - (iii) file claims and proofs, give receipts and take any proceedings in respect of filing such claims or proofs and do anything which the Security Agent reasonably considers necessary or desirable to recover the Subordinated Debt; and
 - (iv) receive all distributions of the Subordinated Debt for application first against the Secured Liabilities in accordance with the order and priority set forth in the Intercreditor Agreement.
- (b) If and to the extent that the Security Agent is not entitled, or elects not, to take any of the action mentioned in paragraph (a) above, the Subordinated Party will do so promptly on request by the Security Agent.

7.3 Distributions

If an Insolvency Event or Insolvency Proceedings occur, the Subordinated Party will:

- (a) hold all payments and distributions in cash or in kind received or receivable by it in respect of the Subordinated Debt on trust for the Security Agent and promptly pay the same for application first against the Secured Liabilities in accordance with the order and priority set forth in the Intercreditor Agreement;

- (b) within three Business Days of demand by Security Agent, pay an amount equal to any Subordinated Debt owing to it and discharged by set-off or otherwise to the Security Agent for application in accordance first against the Secured Liabilities in accordance with the order and priority set fourth in the Intercreditor Agreement;
 - (c) promptly direct the trustee in bankruptcy, liquidator, assignee or other person distributing the assets of the Obligor or their proceeds to pay any and all distributions in respect of the Subordinated Debt directly to the Security Agent; and
 - (d) promptly undertake any action requested by the Security Agent to give effect to this clause 7.3.
-

7.4 Voting

- (a) If an Insolvency Event or Insolvency Proceedings occur:
 - (i) the Security Agent may, and is hereby irrevocably so authorised on behalf of the Subordinated Party, to exercise all powers of convening meetings, voting and representation in respect of the Subordinated Debt; and
 - (ii) the Subordinated Party shall promptly execute and/or deliver to the Security Agent such forms of proxy and representation as it may require to facilitate any such action.
- (b) If and to the extent that the Security Agent is not entitled, or elects not, to exercise a power under paragraph (a) above, the Subordinated Party will:
 - (i) exercise that power in such manner as the Security Agent directs; and
 - (ii) exercise that power so as not to impair the ranking and/or subordination contemplated by this Deed.

8. PROTECTION OF SUBORDINATION

8.1 Continuing subordination

The subordination provisions in this Deed shall remain in full force and effect by way of continuing subordination and shall not be affected in any way by any intermediate payment or discharge in whole or in part of the Secured Liabilities.

8.2 Waiver of defences

Neither the subordination in this Deed nor the obligations of the Obligor or the Subordinated Party shall be affected in any way by an act, omission, matter or thing which, but for this clause 8, would reduce, release or prejudice the subordination or any of those obligations in whole or in part, including, without limitation, the following:

- (a) any time, waiver or consent granted to, or composition with, any person;
 - (b) the release of any person under the terms of any composition or arrangement with any creditor of any person;
 - (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
 - (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
-
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatever nature) or replacement of any Finance Document or any other document or security;
 - (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security;
 - (g) any insolvency or similar proceedings; or
 - (h) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any person under any Finance Document resulting from any insolvency, liquidation or dissolution proceedings or from any law, regulation or order.

8.3 Immediate recourse

The Subordinated Party waives any right it may have of first requiring the Security Agent (or any other trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person claiming the benefit of this Deed. The Security Agent may refrain from applying or enforcing any money, rights or security.

8.4 Appropriations

The Security Agent (or any trustee or agent on its behalf) may, subject to its obligations under this Deed:

- (a) apply any moneys or other assets received or recovered by it under this Deed or from any person against the Secured Liabilities, in accordance with the order and priority set forth in the Intercreditor Agreement;
- (b) apply any moneys or other assets received or recovered by it from any person (other than any moneys or other assets received or recovered under the applicable Finance Documents or under this Deed) against any liability of the relevant person to it other than the Secured Liabilities owed to it; and
- (c) unless or until such moneys or other assets received or recovered by it under the applicable Finance Documents or under this Deed in aggregate are sufficient to end the Subordination Period if otherwise applied in accordance with the provisions of this Deed, hold in an interest-bearing suspense account any moneys or other assets received from any person.

9. PRESERVATION OF DEBT

9.1 Preservation of Subordinated Debt

Notwithstanding any term of this Deed postponing, subordinating or preventing the payment of all or any part of the Subordinated Debt, the Subordinated Party shall, as between the Obligor and the Subordinated Party, be deemed to remain owing or due and payable (and interest, default interest or indemnity payments shall continue to accrue) in accordance with the Subordinated Documents.

9.2 No liability

The Security Agent will have no liability to the Obligor or to the Subordinated Party for any act, default, or omission in relation to the manner of exercise or any non-exercise of its rights, remedies, powers, authorities or discretions under this Deed or any failure to collect or preserve any Subordinated Debt or delay in doing so.

10. SUBROGATION

If any of the Secured Liabilities are wholly or partially paid out of any proceeds received in respect of or on account of the Subordinated Debt, the Subordinated Party will to that extent be subrogated to the Secured Liabilities so paid (and all securities and guarantees for those Secured Liabilities), but not before the expiry of the Subordination Period.

11. NO OBJECTION BY SUBORDINATED PARTY

The Subordinated Party is deemed to consent to, and the Subordinated Party shall not have any claim or remedy against the Obligor or any Secured Party by reason of:

- (a) the entry by any of them into any Finance Document or any other agreement between any Secured Party and the Obligor;
- (b) any waiver or consent given by any Secured Party under any Finance Document or any such other agreement; or
- (c) any requirement or condition imposed by or on behalf of any Secured Party under any Finance Document or any such other agreement,

from time to time which breaches or causes an event of default or potential event of default (however described) under any Subordinated Document.

12. POWER OF ATTORNEY

- (a) During the Subordination Period, the Subordinated Party, by way of security for the obligations of the Subordinated Party under this Deed, irrevocably appoints Security Agent as its attorney (with full power of substitution and delegation), on its behalf and in its name or otherwise as its act and deed, and in such manner as the attorney thinks fit to do anything which the Subordinated Party is obliged to do under this Deed but has not done, and the taking of action by the attorney shall (as between it and any third party) be conclusive evidence of its right to take such action.

-
- (b) The Subordinated Party ratifies and confirms and agrees to ratify and confirm everything that such attorney does or purports to do in the

exercise or purported exercise of the power of attorney granted by it in this clause 12.

13. NEW MONEY

The Subordinated Party agrees and acknowledges that the Secured Parties may, at their discretion, increase any amounts payable or make further advances under the Finance Documents and/or make further facilities available to the Borrower. Any such increased payments, further advances and/or additional facilities will be deemed to be made under the terms of the Finance Documents.

14. FAILURE OF TRUSTS

If any trust intended to arise pursuant to any provision of this Deed fails or for any reason (including the laws of any jurisdiction in which any assets, moneys, payments or distributions may be situated) cannot be given effect to, the Subordinated Party will pay to the Security Agent for application against the Secured Liabilities an amount equal to the amount (or the value of the relevant assets) intended to be so held on trust for the Security Agent.

15. TRUSTS

(a) The Security Agent shall hold the benefit of this Deed upon trust for itself and the other relevant Secured Parties.

(b) The perpetuity period of the trusts created under this Deed shall be 125 years.

16. NON-CREATION OF CHARGE

No provision of this Deed is intended to or shall create a charge or other security.

17. CERTIFICATES AND DETERMINATIONS

Any certification or determination by the Security Agent of a rate or amount under this Deed will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

18. CHANGES TO THE PARTIES

18.1 The Obligor and the Subordinated Party

Neither the Obligor nor the Subordinated Party may assign or transfer any of its rights or obligations under this Deed without prior written consent of the Security Agent.

18.2 The Security Agent

(a) The Security Agent may assign or otherwise dispose of all or any of its rights under this Deed as permitted under the Finance Documents.

(b) References in this Deed to the Security Agent include any successor in title and assigns or any person appointed as an additional trustee for the purposes of and in accordance with the Intercreditor Agreement.

19. INFORMATION

19.1 Defaults

Any Subordinated Creditor will notify the Security Agent, of the occurrence of an event of default or potential event of default (however described) under or breach of any Subordinated Document, promptly upon becoming aware of it.

19.2 Amounts of Subordinated Debt

Any Subordinated Creditor will, on request by the Security Agent from time to time notify it of details of the amount of outstanding Subordinated Debt.

20. NOTICES

20.1 Communications in writing

Any communication or document to be made or delivered under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made or delivered by fax or letter.

20.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with this Deed is that identified in accordance with the terms of this Agreement (or in the case of the Subordinated Party, the Finance Documents to which it is a party) or otherwise as notified to the other parties on the date of this Deed, or any substitute address, fax number or department or officer as the party notifies to the other parties by not less than five Business Days' notice.

20.3 Delivery

Any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:

- (a) if by way of fax, when received in legible form; or
- (b) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under clause 20.2 (*Addresses*), if addressed to that department or officer.

20.4 English language

Any notice given under or in connection with this Deed must be in English.

21. REMEDIES AND WAIVERS

No delay or omission by the Security Agent in exercising any right provided by law or under this Deed shall impair, affect, or operate as a waiver of, that or any other right. The single or partial exercise by the Security Agent of any right shall not, unless otherwise expressly stated, preclude or prejudice any other or further exercise of that, or the exercise of any other, right. The rights of the parties under this Deed are in addition to and do not affect any other rights available to them by law.

22. PARTIAL INVALIDITY

- (a) If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction or any other jurisdiction will in any way be affected or impaired.
- (b) The parties shall enter into good faith negotiations, but without any liability whatsoever in the event of no agreement being reached, to replace any illegal, invalid or unenforceable provision with a view to obtaining the same commercial effect as this Deed would have had if such provision had been legal, valid and enforceable.

23. AMENDMENTS

No amendment may be made to this Deed (whether in writing or otherwise) without the prior written consent of the parties to this Deed.

24. COUNTERPARTS

This Deed may be executed in any number of counterparts, and by the parties on separate counterparts, but will not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Deed, but all the counterparts will together constitute one and the same instrument.

25. EXECUTION AS A DEED

Each of the parties to this Deed intends it to be a deed and confirms that it is executed and delivered as a deed, in each case notwithstanding the fact that any one or more of the parties may only execute it under hand.

26. ENFORCEMENT

26.1 Jurisdiction

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a “**Dispute**”).
- (b) The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

- (c) This clause 26.1 is for the benefit of the Security Agent only. As a result but subject to paragraph (d) below, the Security Agent shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Security Agent may take concurrent proceedings in any number of jurisdictions.
- (d) The Subordinated Party agrees that it will not take proceedings relating to a Dispute in relation to the Subordinated Debt in any other courts with jurisdiction.

26.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law the Subordinated Party (which is not incorporated in England and Wales) irrevocably appoints [*name*] of [*address*] as its agent for service of process in relation to any proceedings before the English courts in connection with this Deed.
- (b) The Subordinated Party agrees that failure by a process agent to notify the relevant party of the process will not invalidate the proceedings concerned.

27. FURTHER ASSURANCE

Each of the Obligor and the Subordinated Party agrees that it will promptly, at the direction of the Security Agent (acting reasonably), execute and deliver at its own expense any document (to be executed as a deed or under hand) and do any act or thing in order to confirm or establish the validity and enforceability of the subordination effected by, and the obligations of the Obligor and the Subordinated Party under, this Deed.

28. GOVERNING LAW

This Deed is governed by and is to be construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Deed, whether contractual or non-contractual, is to be governed by and construed in accordance with English law.

IN WITNESS of which this document has been executed as a deed and delivered on the date stated at the beginning of this Deed.

Executed and Delivered as a Deed by)
 [name of Obligor] in the presence of:)
)

Per: _____
 Title: Director/Attorney-in-Fact
 Name:

 Witness's Signature

(Name) _____

(Address) _____

(Occupation) _____

Executed as a deed **BNP PARIBAS**
 acting by [a director and its
 [secretary/two directors]]

 Director

 [Secretary/Director]

[Address:

Fax Number:

Department:

Attention:]

Executed as a deed [**name of Subordinated Party**] acting by [a director and its [secretary/two directors]]

Director

[Secretary/Director]

[Address:

Fax Number:

Department:

Attention:]

**Schedule 15
Part I
Form of Sources and Uses Statement**

“A ” is the aggregate of:	\$ 000’s	“B” is the aggregate of:	\$ 000’s
Net Cash Flow minus Facility debt service (ds) for next 12 months as derived from latest Forecast		committed exploration and appraisal costs for next 12 month period, not included in Net Cash Flow calculation, for Obligor group	
Net free cash-flows after ds for next 12 month period from KEO assets other than the Borrowing Base Assets from Obligor group corporate cash-flow model using same economic assumptions as in Forecast		committed development costs, not included in Net Cash Flow calculation, for the next 12 months for Obligor group	
Cash balance of Obligors excluding balances of accounts used as collateral for Secured LCs or other specific purposes (other than such balances securing amounts taken into account in “B”)		payment obligations under rigs contracts or other similar operational contracts, for the next 12 months, not included in the Net Cash Flow, for Obligor group	
Total Available Facility Amount less Relevant Capital Expenditures		payment obligations under a sale and purchase agreement in the context of an acquisition or otherwise, not included in the Net Cash Flow, for Obligor group for the next 12 months	
		any off balance sheet or contingent liability as per the capital commitments noted in the latest consolidated financials for KEO which could reasonably be expected to entail a cash outflow for the next 12 months	
Any other committed undrawn and uncanceled amount available under any other external finance source of KEO		approximate dividends or other shareholder payments projected to be paid by the Obligors for the next 12 months	
Amount provided by a person/persons to KEO or Obligors made available for the purpose of meeting projected liabilities unrelated to the Borrowing Base Assets that the Facility Agent is satisfied will be available		scheduled and default interest, fees, costs and expenses related to the Revolving Credit Facility and HY Notes otherwise referred to as Scheduled KEL Debt Payments over the next 12 months	
		any other material committed liability for the	

next 12 months period including any guarantee, indemnity or other contingent liability, which could be reasonably be expected to entail a cash outflow for the next 12 month period

TOTAL OBLIGOR GROUP

TOTAL OBLIGOR GROUP

**Schedule 15
Part II
Form of Liquidity Statement**

“A” is the aggregate of:	\$ 000’s	“B” is the aggregate of:	\$ 000’s
Net Cash Flow minus Facility debt service (ds) for next 12 months as derived from latest Forecast		committed exploration and appraisal costs for next 12 month period, not included in Net Cash Flow calculation, for KEO and its subsidiaries	
Net free cash-flows after ds for next 12 month period from KEO assets other than the Borrowing Base Assets from Obligor group corporate cash-flow model using same economic assumptions as in Forecast		committed development costs, not included in Net Cash Flow calculation, for the next 12 months for KEO and its subsidiaries	
Cash balance of KEO and its subsidiaries excluding balances of accounts used as collateral for Secured LCs or other specific purposes (other than such balances securing amounts taken into account in “B”)		payment obligations under rigs contracts or other similar operational contracts, for the next 12 months, not included in the Net Cash Flow, for KEO and its subsidiaries	
Total Available Facility Amount less Relevant Capital Expenditures		payment obligations under a sale and purchase agreement in the context of an acquisition or otherwise, not included in the Net Cash Flow, for KEO and its subsidiaries for the next 12 months	
		any off balance sheet or contingent liability as per the capital commitments noted in the latest consolidated financials for KEO which could reasonably be expected to entail a cash outflow for the next 12 months	
Any other committed undrawn and uncanceled amount available under any		approximate dividends or other shareholder payments projected to be paid by KEO and/or	

other external finance source of KEO		its subsidiaries for the next 12 months	
Amount provided by a person/persons to KEO or Obligors made available for the purpose of meeting projected liabilities unrelated to the Borrowing Base Assets that the Facility Agent is satisfied will be available (including amounts available to be drawn under RCF)		scheduled and default interest, fees, costs and expenses related to the Revolving Credit Facility and HY Notes otherwise referred to as Scheduled KEL Debt Payments over the next 12 months	
		any other material committed liability for the next 12 months period including any guarantee, indemnity or other contingent liability, which could be reasonably be expected to entail a cash outflow for the next 12 month period	

TOTAL KEO AND ITS SUBSIDIARIES

TOTAL KEO AND ITS SUBSIDIARIES

**SCHEDULE 2
AMENDED AND RESTATED CHARGE OVER SHARES IN KEO**

AMENDED AND RESTATED PURSUANT TO A DEED OF AMENDMENT AND RESTATEMENT DATED

DATED 28 MARCH 2011

KOSMOS ENERGY HOLDINGS
as Chargor

BNP PARIBAS
as Security Agent

and

KOSMOS ENERGY OPERATING
as the Company

CHARGE OVER SHARES IN KOSMOS ENERGY OPERATING

Slaughter and May
One Bunhill Row
London EC1Y 8YY
(SRG/JRR/PMZH)

507233820

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THIS CHARGE OVER SHARES dated 28 March 2011 is made as a deed

BETWEEN

1. **KOSMOS ENERGY HOLDINGS**, a company incorporated under the laws of the Cayman Islands with registered number 133483 and having its registered office at PO Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (the “**Chargor**”);

AND

2. **BNP PARIBAS** (in its capacity as Security Agent for the Secured Parties on the terms and conditions set out in the Intercreditor Agreement) (the “**Security Agent**” which expression includes its successors in title and assigns or any person appointed as an additional agent for the purpose of and in accordance with the Intercreditor Agreement);

AND

3. **KOSMOS ENERGY OPERATING**, a company duly incorporated with limited liability under the laws of the Cayman Islands with registration number 231417 and having its registered office at PO Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (the “**Company**”).

RECITALS:

- (A) Pursuant to the Facility Agreement the Original Lenders have agreed to make available to the Borrower the Facility.
- (B) It is a condition precedent to the Facility being utilised that the Chargor enters into this Agreement.
- (C) It is intended by the parties to this Agreement that this document will take effect as a deed despite the fact that a party may only execute this Agreement under hand.
- (D) The Security Agent is acting under and holds the benefit of the rights conferred upon it in this Agreement on trust for the Secured Parties.
- (E) The Company has agreed to give certain representations and warranties and covenants as a condition precedent to the Facility being utilised.

NOW THIS DEED WITNESSES as follows:

1. INTERPRETATION

1.1 Definitions

Terms defined in Clause 1.1 (Definitions) of the Facility Agreement shall, unless otherwise defined herein, have the same meaning when used herein.

1.2 Additional definitions

In this Deed:

“**Adverse Security Effect**” means, in relation to any event (or series of events) or circumstance which occurs or arises, that event (or series of events) or circumstance (or any effect or consequence thereof), in the opinion of the Majority Lenders, would reasonably be expected to materially and adversely affect any Security Interests of the Finance Parties created or contemplated pursuant to the Finance Documents in respect of the Borrowing Base Assets.

“**Charge**” means all or any of the Security created, or which may at any time be created, under or pursuant to or evidenced by this Deed.

“**Charged Property**” means the Original Shares, any Further Shares, any Derived Assets and any Dividends.

“**Delegate**” means a delegate or sub-delegate appointed pursuant to Clause 11.5 (Delegation).

“**Derived Assets**” means all Shares, rights or other property of a capital nature which accrue or are offered, issued or paid at any time (by way of bonus, rights, redemption, conversion, exchange, substitution, consolidation, reclassification, subdivision, preference, warrant, option, purchase, stock split or otherwise) in respect of:

- (A) the Original Shares; or
- (B) any Further Shares; or
- (C) any Shares, rights or other property previously accruing, offered, issued or paid as mentioned in this definition.

“**Dividends**” means all dividends, and other distributions, interest and other income paid or payable in respect of the Original Shares, any Further Shares or any Derived Assets.

“**Facility Agreement**” means the agreement dated on or about the date of this Deed (as may be amended from time to time) and entered into between, inter alios, Kosmos Energy Finance International as Original Borrower, KEG, KED, KEI and the Company as guarantors, and the financial institutions listed therein as the Original Lenders.

“**Further Shares**” means all Shares in the capital of the Company (other than the Original Shares and any Shares comprised in any Derived Assets) which the Chargor may from time to time hold.

“**LPA**” means the Law of Property Act 1925 of England and Wales.

“**Original Shares**” means all of the Shares in the capital of the Company as listed in Schedule 1 (*Original Shares*).

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“**Permitted Transferee**” means any person falling within paragraph (ii) of the definition of “Permitted Transferee” in Clause 10.6 (*Change of Control*) of the Facility Agreement.

“**Proceedings**” means any proceeding, suit or action arising out of or in connection with this Deed.

“**Register of Members**” means the register of members of the Company maintained by the Company in accordance with the Companies Law (2010 Revision) of the Cayman Islands.

“**Rights**” means rights, benefits, powers, privileges, authorities, discretions and remedies (in each case, of any nature whatsoever).

“**Security**” includes any mortgage, fixed or floating charge, encumbrance, lien, pledge, hypothecation, assignment by way of security, or title retention arrangement (other than in respect of goods purchased in the ordinary course of trading), and any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing (including any “hold back” or “flawed asset” arrangement).

“**Shares**” means stocks, shares and other securities of any kind.

“**Subsidiary**” means a subsidiary of the Company which is also an Obligor.

“**Tax Deduction**” has the meaning given to that term in Clause 15 (*Tax Gross-up and Indemnities*) of the Facility Agreement.

“**Working Hours**” means 9.30 a.m. to 5.00 p.m. London (United Kingdom) time on a Business Day.

1.3 References and Construction

- (A) The rules of interpretation and construction set out in Clause 1.2 (*Construction of particular terms*) and Clause 1.3 (*Interpretation*) of the Facility Agreement shall apply to this Deed as if set out in full herein.
- (B) Except to the extent that the context otherwise requires, any reference in this Deed to “**this Deed**” or any other deed, agreement or instrument or “**Finance Document**” is a reference to this Deed or, as the case may be, the relevant deed, agreement, instrument or “**Finance Document**” as amended, supplemented, replaced or novated from time to time and includes a reference to any document which amends, supplements, replaces, novates or is entered into, made or given pursuant to or in accordance with any of the terms of this Deed or, as the case may be, the relevant deed, agreement or instrument.

2. LIMITED RECOURSE

Notwithstanding any other provision of the Finance Documents, recourse against or to the Chargor in respect of the Secured Liabilities, and any other liability whatsoever arising out of or in respect of this Deed, is in all cases expressly limited to the right to enforce the Security granted pursuant to this Charge and any other Security Document

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executed by the Chargor and the application of the proceeds of any enforcement of such Security against the Secured Liabilities and to no other remedy. In no event shall the Security Agent or any other Finance Party take any other enforcement action against, or make any claim against, the Chargor arising out of or in respect of this Deed, any undertaking or warranty given hereunder or the Security granted hereunder, including but without limitation any claim at law or equity, any claim under statute (including any law of insolvency proceedings or any claim against any other assets of the Chargor). Any such right to make such a claim or to take any other enforcement action is irrevocably waived. In the event that the Secured Liabilities exceed the amount of the proceeds of the enforcement of the Security granted pursuant to this Charge (the “**Proceeds**”) or if the Security Agent or any other Secured Party would otherwise have any right to claim payment from the Chargor of any amount exceeding the Proceeds, such right shall be automatically extinguished as against the Chargor only.

3. COVENANT TO PAY AND CHARGE

3.1 Covenant to pay

Subject to Clause 2, the Chargor covenants with the Security Agent that it shall discharge each of the Secured Liabilities on their due date in accordance with their respective terms.

3.2 Creation of charge

- (A) Subject to paragraph (B) below, the Chargor, as continuing security for the payment and discharge of all Secured Liabilities, charges with

full title guarantee all its Rights, title and interest in and to the Charged Property by way of a first ranking fixed equitable charge in favour of the Security Agent.

- (B) Notwithstanding anything in this Deed, to the extent that any Required Approvals in respect of the creation, granting or perfecting of the Security created under this Deed are or become required by law and/or by the Petroleum Agreements, this Deed shall not grant rights or impose obligations, which are contrary to Ghanaian law or a breach of the Petroleum Agreements.

4. COVENANT TO DEPOSIT AND FURTHER ASSURANCES

4.1 Original Shares and Further Shares

The Chargor shall, immediately after the execution of this Deed in the case of the Original Shares, and upon coming into the possession of the Further Shares, deliver or cause to be delivered to the Security Agent:

- (A) all share certificates (if any), documents of title and other documentary evidence of ownership representing such Shares and a certified copy of the Register of Members of the Company showing the Chargor as registered owner of such Shares;

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- (B) an executed but undated share transfer instrument in respect of the Original Shares or Further Shares in favour of the Security Agent or its nominees (as the Security Agent shall direct) substantially in the form set out in Schedule 18 (Form of Transfers) to this Deed and any other documents which from time to time may be requested by the Security Agent in order to enable the Security Agent or its nominees or after the occurrence of an Event of Default that is continuing, any purchaser, to be registered as the owner or otherwise obtain legal title to the Shares in each case at the time and in the manner permitted under Clause 8 (Enforcement); and

- (C) an executed irrevocable undertaking from the Company to register, and permit the Security Agent to register, transfers of the Original Shares or Further Shares to the Security Agent or its nominee in the form set out in Schedule 5 to this Deed.

4.2 **The Chargor shall, immediately after execution of this Deed, instruct its registered office provider to enter particulars as required by the Companies Law (2010 Revision) of the Cayman Islands of the security interests created pursuant to this Deed in the Register of Mortgages and Charges of the Chargor and immediately after entry of such particulars has been made, provide the Security Agent with a certified true copy of the updated Register of Mortgages and Charges.**

4.3 **The Chargor shall, immediately after execution of this Charge procure that the following annotation be entered on the Register of Members of the Company:**

“All the ordinary shares issued as fully paid up and registered in the name of Kosmos Energy Holdings are charged in favour of BNP Paribas pursuant to a share charge dated _____, as amended from time to time.”

4.4 **The Chargor shall, immediately after execution of this Charge, provide the Security Agent with a certified true copy of the Register of Members of the Company with the annotation referred to in Clause 4.3.**

4.5 **The Chargor shall, on or prior to the date of execution of this Deed, deliver, or cause to be delivered, to the Security Agent a certified copy of written resolutions of the sole shareholder of the Company in the form set out in Schedule 3 to this Deed.**

4.6 Derived Assets

The Chargor shall, within two Business Days of the accrual, offer, issue or payment of any Derived Assets, deliver or pay to the Security Agent or procure the delivery or payment to the Security Agent of:

- (A) all such Derived Assets or the share certificates, renounceable certificates, letters of allotment, documents of title and other documentary evidence of ownership in relation to them;
- (B) an executed but undated share transfer certificate in respect of any Shares comprised in such Derived Assets in favour of the Security Agent or its

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nominees (as the Security Agent shall direct) substantially in the form set out in Schedule 2 (Form of Transfers) to this Deed and any other documents which from time to time may be requested by the Security Agent in order to enable the Security Agent or its nominees or after the occurrence of an Event of Default that is continuing, any purchaser, to be registered as the owner or otherwise obtain legal title to the Shares comprised in such Derived Assets at the time or in the manner permitted under Clause 8 (Enforcement); and

- (C) an executed irrevocable undertaking from the Company to register, and permit the Security Agent to register, transfers of the Shares

comprised from any Derived Assets to the Security Agent or its nominee in the form set out in Schedule 5 to this Charge.

4.7 Further Assurances

- (A) In addition to and without prejudice to anything else contained in this Deed, the Chargor shall, at its own cost, promptly execute and do all such deeds, instruments, transfers, assignments, mortgages, charges, renunciations, proxies, notices, documents, assurances, instructions, acts and things in such form as the Security Agent may from time to time reasonably require:
- (i) for perfecting, preserving or protecting the Charge created or intended to be created in respect of the Charged Property or the priority of the Charge which may include the execution by the Chargor of a mortgage, charge, or assignment over all or any of the assets constituting or intended to constitute, the Charged Property; and
 - (ii) for facilitating the realisation of the Charge or the exercise of any Rights vested in the Security Agent,
- provided that the Chargor shall be entitled to remain as the registered holder of the Charged Property unless the Charge becomes enforceable.
- (B) The following covenants shall be implied in respect of any action taken by the Chargor to comply with its obligations under Clause 4.7(A):
- (i) the Chargor has the right to take such action in respect of the Charged Property; and
 - (ii) the Chargor will at its own cost do all that it reasonably can to give the Security Agent or its nominee the title and/or rights that it purports to give.

4.8 **The Chargor hereby agrees to deliver, or cause to be delivered, to the Security Agent on the date hereof executed but undated letters of resignation and release together with letters of authority to date the same from each of the directors of the Company in the forms set out in Parts I and II of Schedule 4 (*Letters of Resignation*) to this Deed.**

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4.9 **The Chargor will deliver or cause to be delivered to the Security Agent promptly after the appointment of any further director of the Company the items listed in Clause 4.8 (with respect to each newly appointed director).**

4.10 **The Security Agent hereby agrees not to date, deliver and/or give effect to any such letters of resignation as are to be provided pursuant to Clauses 4.8 and 4.9 of this Deed unless and until the Charge has become enforceable (and so long as an Event of Default is continuing).**

5. REPRESENTATIONS AND WARRANTIES

5.1 Nature of security

Subject to Clause 2 (*Limited Recourse*), the Chargor represents and warrants to the Security Agent (and acknowledges that the Security Agent has become a party to this Deed in full reliance on these representations and warranties) that:

- (A) it is an exempted company with limited liability duly incorporated and validly existing under the laws of its jurisdiction of incorporation and it has the power to own its assets and carry on its business as it is being conducted;
- (B) this Deed constitutes its valid, legally binding and enforceable obligations in accordance with its terms (subject to any limitation on enforcement under law or general principles of equity or qualifications which are specifically set out in any legal opinion delivered as a Condition Precedent or in connection with the execution of this Deed) and that, so far as it is aware having made all due and careful enquiry, this Deed is in full force and effect;
- (C) subject to any limitations on enforcement under law or general principles of equity or qualifications set out in any legal opinion delivered as a Condition Precedent or in connection with the execution of this Deed, the Charge constitutes a first ranking fixed equitable charge over the Charged Property and such Charged Property is not subject to any other Security Interest that is not permitted pursuant to the terms of the Facility Agreement;
- (D) the entry into and performance by it of, and the transactions contemplated by, this Deed (including any transfer of the Original Shares, Further Shares or Derived Assets on creation or enforcement of the security constituted by this Deed) do not conflict with:
 - (i) any applicable law or regulation;
 - (ii) its constitutional documents; or
 - (iii) any agreement binding upon it,

to the extent which has, or could reasonably be expected to have, a Material Adverse Effect;

(E) it is the sole legal and beneficial owner of all of the Charged Property;

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(F) it has not sold, transferred, lent, assigned, parted with its interest in, disposed of, granted any option in respect of or otherwise dealt with any of its Rights, title and interest in and to the Charged Property, or agreed to do any of the foregoing (otherwise than pursuant to and in accordance with this Deed or pursuant to and in accordance with an IPO Reorganisation);

(G) the Original Shares, any Further Shares and any Shares comprised in any Derived Assets are fully paid non-assessable and there are no moneys or liabilities outstanding in respect of any of the Charged Property and the Original Shares, any Further Shares and any Shares comprised in any Derived Assets have not been redeemed nor cancelled in any way;

(H) the Original Shares, any Further Shares and any Shares comprised in any Derived Assets have been duly authorised and validly issued and are free from any restrictions on transfer or disposal, or rights of pre-emption or purchase, or similar rights or other restrictions upon disposal which would operate to restrict in any way their disposal by the Security Agent, should it come to enforce its security over the Charged Property and are shares in the capital of a Cayman Islands exempted company;

(I) it has the power and authority to execute and deliver this Deed and it has the power and authority to perform its obligations under this Deed and the transactions contemplated hereby;

(J) subject to any necessary registration of this Deed, all Required Approvals (save for the consent or approval of any Government, governmental or regulatory body or state owned or controlled company or enterprise) required for the creation, granting and perfection of the Security granted under this Deed have been obtained or effected and are in full force and effect where a failure to do so has or could reasonably be expected to have a Material Adverse Effect;

(K) the rights attaching to the Original Shares, any Further Shares and any Shares comprised in any Derived Assets have not been revised, otherwise than pursuant to and in accordance with this Deed, with any preferred, deferred or other special rights or restrictions whether in regard to Dividends, voting, return of any amount paid or account of Shares or otherwise which are not expressly set out in the memorandum and articles of association of the Company;

(L) it has not taken any action, otherwise than pursuant to and in accordance with this Deed, whereby the rights attaching to the Original Shares, any Further Shares and any Shares comprised in any Derived Assets are altered or diluted; and

(M) except as disclosed to the Facility Agents in writing prior to the date of this Deed, no litigation, arbitration or administrative proceeding is pending or threatened which in relation to the Chargor could reasonably be expected to be adversely determined against the Chargor and which, if so determined, has, or could reasonably be expected to have, a Material Adverse Effect.

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5.2 Representations and warranties of the Company

The Company represents and warrants to the Security Agent (and acknowledges that the Security Agent has become a party to this Deed in full reliance on these representations and warranties) that:

(A) it and each Subsidiary is an exempted company duly incorporated with limited liability and validly existing under the laws of the Cayman Islands and it has the power to own its assets and carry on its business as it is being conducted;

(B) this Deed constitutes its valid, legally binding and enforceable obligations in accordance with its terms (subject to any limitation on enforcement under law or general principles of equity or qualifications which are specifically set out in any legal opinion delivered as a Condition Precedent or in connection with the execution of this Deed) and that, so far as it is aware having made all due and careful enquiry, this Deed is in full force and effect;

(C) the entry into and performance by it of, and the transactions contemplated by, this Deed do not conflict with:

- (i) any applicable law or regulation;
- (ii) its constitutional documents; or
- (iii) any agreement binding upon it,

to the extent which has, or could reasonably be expected to have, an Adverse Security Effect;

(D) it has the power and authority to execute and deliver this Deed and it has the power and authority to perform its obligations under this Deed and the transactions contemplated hereby;

- (E) it is the sole legal and beneficial owner of all of the issued shares in the capital of each Subsidiary;
- (F) it has not sold, transferred, lent, assigned, parted with its interest in, disposed of, granted any option in respect of or otherwise dealt with any of its rights, title and interest in its shares in the capital of each Subsidiary, or agreed to do any of the foregoing (otherwise than pursuant to and in accordance with this Deed) to an extent that could reasonably be expected to have an Adverse Security Effect;
- (G) no corporate action, legal proceeding or other procedure or step has been taken or threatened in relation to it or any Subsidiary that relates to it or any Subsidiary (as the case may be):
 - (i) being unable or admitting an inability to pay its debts as they fall due or being deemed to or declared to be unable to pay its debts under applicable laws;

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- (ii) suspending or threatening to suspend making payments on any of its debts; or
- (iii) being subject to proceedings or corporate actions for bankruptcy, winding up, dissolution, liquidation or administration (or any similar process in any relevant jurisdiction) or for the appointment of an administrator, receiver or similar officer in respect of it or any material part of its assets,

it being agreed between the Company and the Security Agent that the representations in this Clause 5.2(G)(i) to (iii) inclusive do not apply:

- (iv) if that corporate action, legal proceeding or other procedure is made by a person other than the Company, a Subsidiary, one of their respective shareholders or their respective officers or directors and the Company or the relevant Subsidiary is taking steps in good faith and with due diligence for such proceedings or action to be stayed, discontinued, revoked or set aside and the same is stayed, discontinued, revoked or set aside within a period of 60 days; or
 - (v) to any enforcement action that applies to assets having an aggregate value of less than USD 5 million.
- (H) it and each Subsidiary has not entered into any agreements or arrangements for, or incurred, or permitted (i) any Security Interest over its assets, (other than Permitted Security) or (ii) Financial Indebtedness (other than Permitted Financial Indebtedness) or (iii) any guarantees or indemnities (other than guarantees or indemnities given in the ordinary course of business or as contemplated by and in accordance with the Finance Documents) that in each case has or could reasonably be expected to have an Adverse Security Effect;
 - (I) except as and to the extent expressly disclosed to the Facility Agents in writing prior to the date of this Deed, no litigation, arbitration or administrative proceeding is pending or threatened in relation to the Company or any Subsidiary which could reasonably be expected to be adversely determined against the Company or any Subsidiary (as the case may be) and which, if so determined, has, or could reasonably be expected to have, an Adverse Security Effect.

5.3 Times for making representations

- (A) Each of the representations and warranties set out in this Clause 5 is:
 - (i) made by the Chargor and the Company as set out in this Clause 5 on the date of this Deed; and
 - (ii) deemed to be repeated by the Chargor and the Company as set out in this Clause 5 on the date of each Utilisation Request, each Utilisation Date and on the first day of each Interest Period other than the

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representation in Clause 5.1(I) and Clause 5.2(D), which will be made as at the time that the power or authority is exercised only.

- (B) When a representation is repeated, it is applied to the facts and circumstances existing at the time of repetition.

6. COVENANTS

6.1 Covenants of the Chargor

Subject to Clause 2 (Limited Recourse), the Chargor shall, from the date of this Deed until the date the Charge is released in accordance with the terms of the Finance Documents:

- (A) comply with all laws and regulations applicable to the Charged Property where failure to do so would have a Material Adverse Effect;

- (B) not create or permit to subsist any Security Interest (other than the Charge) over the Charged Property (other than as may be permitted in the Finance Documents);
- (C) not either in a single transaction or a series of transactions and whether related or not, dispose of all or any part of the Charged Property (other than a Permitted Security or pursuant to and in accordance with an IPO Reorganisation);
- (D) not take or omit to take any action which act or omission could adversely affect or diminish the value of any of the Charged Property;
- (E) ensure that there are no moneys or liabilities outstanding in respect of any of the Charged Property;
- (F) ensure that the Original Shares, any Further Shares and any Shares comprised in any Derived Assets are and remain free from any restriction on transfer (otherwise than pursuant to and in accordance with this Deed) or rights of pre-emption;
- (G) use reasonable endeavours to seek any Required Approvals (save for the consent or approval of any Government, governmental or regulatory body or state owned or controlled company or enterprise) required for the creation, granting, perfection and enforcement of the Security granted under this Deed where a failure to do so would have a Material Adverse Effect and provided, for the avoidance of doubt, that there shall be no fixed date on which any such Required Approvals must be obtained;
- (H) undertake all actions reasonably necessary (including the making or delivery of filings and payment of fees) to ensure that the Charge will at all times be a first ranking fixed equitable charge over the Charged Property in full force and effect;

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- (I) without prejudice to Clause 5.1(H) (Nature of security), punctually pay all calls, subscription moneys and other moneys payable on or in respect of any of the Charged Property and if the Chargor fails to make any such payment the Security Agent may make that payment on behalf of the Chargor and the Chargor shall:
 - (i) indemnify and keep indemnified the Security Agent and its nominees against any cost, loss or liability incurred by it as a result of any failure by the Chargor to pay the same in accordance with Clause 17 (Other Indemnities) of the Facility Agreement; and
 - (ii) without double counting, pay interest on any overdue amounts due to the Security Agent calculated in accordance with Clause 11.4 (Default interest) of the Facility Agreement;
- (J) deliver to the Security Agent a copy of every circular, resolution, notice, report, set of accounts or other document received by the Chargor in respect of or in connection with any of the Charged Property forthwith upon receipt by the Chargor of such document;
- (K) promptly deliver to the Security Agent all such information concerning the Charged Property as the Security Agent may reasonably request from time to time;
- (L) not, without the prior written consent of the Security Agent:
 - (i) cause or permit any rights attaching to the Original Shares, the Further Shares and any Shares comprised in any Derived Assets to be materially varied or abrogated; or
 - (ii) cause or permit any of the Original Shares, the Further Shares and any Shares comprised in any Derived Assets to be consolidated, sub-divided or converted or the capital of the Company to be re-organised, exchanged or repaid;
- (M) procure that there shall be no reduction in the authorised or issued share capital of the Company (and shall not cause or permit any reduction) without the prior written consent of the Security Agent (such consent, in the case of a reduction in the authorised share capital of the Company, not to be unreasonably withheld);
- (N) pay all calls or other payments when due in respect of the Charged Property; and
- (O) not amend or permit the Company to amend any of the constitutional documents of the Company in a manner that could adversely affect the interests of the Finance Parties.

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6.2 Covenants of the Company

The Company shall, from the date of this Deed until the date the Charge is released in accordance with the terms of the Finance Documents:

- (A) comply with, and procure that each Subsidiary comply with, all applicable laws and regulations, its constitutional documents and any relevant binding agreement where failure to do so would have an Adverse Security Effect;

- (B) (to the extent within its powers and permitted by law, and otherwise than pursuant to and in accordance with any of the Finance Documents) not amend or permit to be amended the constitutional documents or authorised or issued share capital of any Subsidiary and procure that (i) each Subsidiary shall not amend or permit to be amended any of its constitutional documents or its authorised or issued share capital and (ii) KEI shall not amend or permit to be amended any of the constitutional documents or authorised or issued share capital of KED, in each case in a manner that could cause an Adverse Security Effect;
- (C) not enter into any arrangement or transaction or agreement that causes or could reasonably be expected to cause the Company or any Subsidiary to no longer exist validly as an exempted company with limited liability under the laws of its jurisdiction of incorporation;
- (D) not either in a single transaction or a series of transactions and whether related or not, acquire or dispose of:
 - (i) all or any part of the Charged Property;
 - (ii) its legal or beneficial rights of ownership of, and interests in, the shares it holds in the capital of each Subsidiary; or
 - (iii) all or a material part of any of its assets if such disposal has or could reasonably be expected to have an Adverse Security Effect (otherwise than pursuant to and in accordance with an IPO Reorganisation).
- (E) not take or omit to take any action if such act or omission adversely affects or diminishes or could reasonably be expected to adversely affect or diminish (i) the value or ranking of any of the Charged Property or (ii) the Company's legal and beneficial ownership of and interests in the shares it holds in the capital of each Subsidiary, provided that in each case such act or omission has or could reasonably be expected to have an Adverse Security Effect;
- (F) not, and procure that each Subsidiary shall not, enter into any arrangement or agreement for, incur or permit (i) any Security Interests over any of its assets (other than Permitted Security) or (ii) any Financial Indebtedness (other than Permitted Financial Indebtedness) or (iii) any guarantees or indemnities (other than guarantees or indemnities given in the ordinary course of business or as contemplated by and in accordance with the Finance Documents) that in each case has or could reasonably be expected to have an Adverse Security Effect;

- (G) (to the extent within its powers and permitted by law) not enter into, and procure that each Subsidiary shall not enter into, any amalgamation, consolidation, demerger, merger or reconstruction, transfer by way of continuation or winding-up without the consent of the Majority Lenders (other than (i) as contemplated by and in accordance with the Finance Documents or (ii) to an extent that does not have or not could reasonably be expected to have an Adverse Security Effect), excluding any IPO of the Sponsor or any member of the Group or transfer of the share capital or voting rights in any member of the Group or the Sponsor (by whichever means) which is not a Change of Control; and
- (H) shall, at its own expense, promptly do all things, take all such action and execute all such other documents and instruments as may be requested by the Security Agent from time to time and to the extent they are reasonably required or necessary for the purpose of giving effect to the provisions of, or to the actions contemplated by, this Deed.

7. CHARGOR'S RIGHTS BEFORE ENFORCEMENT

Until the Charge shall become enforceable, the Chargor shall be entitled to:

- (A) receive and retain free from the Charge any Dividends paid to it; and
- (B) exercise and control the exercise of all voting and other Rights relating to the Charged Property provided that the entitlement of the Chargor under this Clause 7(B) may at any time be terminated upon and to the extent of any notice by the Security Agent to the Chargor evidencing the Security Agent's intention thenceforth to direct the exercise of such Rights for the purpose of preserving the value of the Charge.

8. ENFORCEMENT

8.1 Charge shall become Enforceable

The Charge shall become immediately enforceable, and the powers conferred by section 101 of the LPA as varied and extended by this Deed shall be exercisable upon and at any time after the occurrence of an Event of Default that is continuing.

8.2 Section 101 LPA

The powers conferred by section 101 of the LPA, as varied and extended by this Deed, shall be deemed to have arisen immediately (and the Secured Liabilities shall be deemed due and payable for that purpose) on the execution of this Deed.

8.3 Sections 93 and 103 LPA

Sections 93 and 103 of the LPA shall not apply to this Deed or the exercise by the Security Agent of its right to consolidate all or any of the Security created by or pursuant to this Deed with any other Security created by or pursuant to any of the Finance Documents in existence at any time or to its power of sale.

9. DEALINGS WITH CHARGED PROPERTY ON ENFORCEMENT

9.1 Rights of Security Agent

Subject to the terms of the Intercreditor Agreement, if at any time after the Charge has become enforceable (and so long as an Event of Default is continuing) the Security Agent shall have the right, in its absolute discretion without any notice to or consent of the Chargor or prior authorisation from any court, to enforce all or any part of its Security over the Charged Property and:

(A) Possession

to take possession of, collect and get in the Charged Property, and in particular to take any steps necessary to secure and perfect its title or vest all or any of the Charged Property in the name of the Security Agent or its nominee (including completing any transfers of any Shares comprised in the Charged Property) and to receive and retain any Dividends;

(B) Sell

to sell, exchange, convert into money or otherwise dispose of or realise the Charged Property (whether by public offer or private contract) to any person and for such consideration (whether comprising cash, debentures or other obligations, Shares or other valuable consideration of any kind) and on such terms (whether payable or deliverable in a lump sum or by instalments) in the manner and at the time as it may think fit, and for this purpose to complete any transfers of the Charged Property;

(C) Voting Rights

for the purpose of preserving the value of the Charge or realising the same, to exercise or direct the exercise of all voting and other Rights relating to the Charged Property in such manner as it may think fit;

(D) Claims

to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands relating in any way to the Charged Property;

(E) Legal actions

to bring, prosecute, enforce, defend and abandon actions, suits and proceedings in relation to the Charged Property; and

(F) Other Rights

to do all such other acts and things it may consider necessary or expedient for the realisation of the Charged Property or incidental to the exercise of any of the Rights conferred on it under or in connection with this Deed and to concur in the

doing of anything which it has the Right to do and to do any such thing jointly with any other person.

9.2 Obligations of Chargor

After the Charge has become enforceable:

(A) all Dividends and other monies arising from the Charged Property shall be paid to and retained by the Security Agent, and any such moneys which may be received by the Chargor shall, pending such payment, be segregated from any other property of the Chargor and held in trust for the Security Agent; and

(B) the Chargor shall procure that all voting and other Rights relating to the Charged Property are exercised in accordance with such instructions (if any) as may from time to time be given to the Chargor by the Security Agent, and the Chargor shall deliver to the Security Agent such forms of proxy or other appropriate forms of authorisation to enable the Security Agent to exercise such voting and other Rights.

9.3 Financial Collateral Arrangements

To the extent that any of the Charged Property constitutes “financial collateral” and this Deed and the obligations of the Chargor hereunder constitute a “security financial collateral arrangement” (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements No.2 Regulations 2003 (SI 2003 NO. 3226) (the “Regulations”) the Security Agent shall have the right at any time on or after the enforcement of this Deed, to appropriate all or any part of such financial collateral in or towards discharge of the Secured Liabilities. For this purpose, the parties agree that the value of such financial collateral so appropriated shall be the market price of the Original Shares or any Further Shares determined by the Security Agent by reference to a public index or by such other process as the Security Agent may select, including independent valuation. In each case, the parties agree that the method of valuation provided for in the Deed shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

10. APPLICATION OF MONEYS

All amounts from time to time received or recovered by the Security Agent in connection with the realisation or enforcement of all or part of the Security over the Charged Property shall be held by the Security Agent on trust to apply them to the extent permitted by applicable law in the manner set out in the Intercreditor Agreement and Section 109(8) of the LPA 1925 shall be deemed varied and extended in such respect and shall be deemed incorporated herein as if they relate to a receiver of the Charged Property and not merely a receiver of the income thereof.

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11. GENERAL RIGHTS OF SECURITY AGENT

11.1 Chargee’s liability

Neither the Security Agent will be liable to account as mortgagee or mortgagee in possession in respect of the Charged Property or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever in connection with the Charged Property for which a mortgagee or mortgagee in possession might as such be liable.

11.2 Statutory powers

The powers conferred by this Deed on the Security Agent are in addition to and not in substitution for the powers conferred on mortgagees and mortgagees in possession under the LPA, the Insolvency Act 1986 or otherwise by law and in the case of any conflict between the powers contained in any such Act and those conferred by this Deed the terms of this Deed will prevail.

11.3 Redemption of Security

The Security Agent may at any time redeem any Security over the Charged Property having priority to the Charge or procure the transfer thereof to the Security Agent and may settle the accounts of encumbrancers. Any accounts so settled shall be conclusive and binding on the Chargor. All (i) principal monies and (ii) costs, charges, losses, liabilities and expenses (including legal fees) reasonably incurred and documented by the Security Agent in connection with such redemption or transfer shall within five Business Days of demand be paid by the Chargor.

11.4 New Account

At any time following

- (A) the Security Agent receiving notice (either actual or constructive) of any subsequent Security affecting the Charged Property; or
- (B) the commencement of the insolvency, administration, reorganisation, liquidation or dissolution of, or any analogous proceeding in respect of, the Chargor,

any Secured Party may open a new account in the name of the Chargor (whether or not it permits any existing account to continue).

If that Secured Party does not open such a new account, it shall nevertheless be treated as if it had done so at the time when the notice was received or was deemed to have been received or, as the case may be, the insolvency, administration, reorganisation, liquidation, dissolution or other proceeding commenced. Thereafter, all payments made by the Chargor to that Secured Party or received by that Secured Party for the account of the Chargor shall be credited or treated as having been credited to the new account and shall not operate to reduce the amount secured by this Deed at the time when that Secured Party received or was deemed to have received such notice or, as the case may be, the insolvency, administration, reorganisation, liquidation, dissolution or other proceeding commenced.

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11.5 Delegation

The Security Agent may delegate in any manner to any person any of the Rights which are for the time being exercisable by the Security Agent under this Deed. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Security Agent may think fit.

11.6 Set-off by Security Agent

The Security Agent may at any time, without notice to the Chargor and without prejudice to any of the Security Agent's other Rights, set off any Secured Liabilities which are due and unpaid against any obligation (whether or not matured) owed by the Security Agent to the Chargor, regardless of the place of payment or booking branch, and for that purpose the Security Agent may convert one currency into another at the rate of exchange determined by the Security Agent in its absolute discretion to be prevailing at the date of set-off.

12. LIABILITY OF SECURITY AGENT, DELEGATES AND NOMINEES

12.1 Possession

If the Security Agent or any Delegate shall take possession of the Charged Property, it may at any time relinquish such possession.

12.2 Security Agent's Liability

The Security Agent shall not in any circumstances (whether by reason of taking possession of the Charged Property or for any other reason whatsoever and whether as mortgagee in possession or on any other basis whatsoever):

- (A) be liable to account to the Chargor or any other person for anything except the Security Agent's own actual receipts; or
- (B) be liable to the Chargor or any other person for any costs, charges, losses, damages, liabilities or expenses arising from any realisation of the Charged Property or from any exercise or non-exercise by the Security Agent of any Right conferred upon it in relation to the Charged Property or from any act, default of any nature, omission or misconduct of any nature of the Security Agent, its officers, employees or agents in relation to the Charged Property except in the case of the fraud, gross negligence or wilful default upon the part of the Security Agent or its officers, employees or agents.

12.3 Delegate's and Nominee's Liability

All the provisions of Clause 12.2 (*Security Agent's Liability*) shall apply, mutatis mutandis, in respect of the liability of any Delegate or nominee of the Security Agent or any officer, employee or agent of the Security Agent, any Delegate or any nominee of the Security Agent.

12.4 Indemnity

The Security Agent and every Delegate, attorney, manager, agent or other person appointed by the Security Agent hereunder shall, notwithstanding any release or discharge of all or any part of the Charge, be entitled to be indemnified out of the Charged Property in respect of all liabilities and expenses incurred by any of them in the execution or purported execution of any of its Rights and against all actions, proceedings, costs, claims, losses, liabilities and demands in respect of any matter or thing done or omitted in anyway relating to the Charged Property, or as a consequence of any breach by the Chargor of any provision of this Deed and the Security Agent and any such Delegate, attorney, manager, agent or other person appointed by the Security Agent hereunder may retain and pay all sums in respect of the same out of any moneys received.

12.5 Default Interest

If the Chargor fails to pay any amount payable by it under this agreement on its due date for payment of that sum the Borrower shall, without double counting, pay interest on such sum (before and after any judgment) at the rate and in accordance with Clause 11.4 (*Default Interest*) of the Facility Agreement.

12.6 Tax Gross-up

- (A) All payments to be made by the Chargor to the Security Agent under this Deed shall be made free and clear of any Tax Deduction, unless such Tax Deduction is required by law.
- (B) The Chargor shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Security Agent accordingly.
- (C) If a Tax Deduction is required by law to be made by the Chargor, the amount of the payment due from the Chargor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (D) If the Chargor is required to make a Tax Deduction, the Chargor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (E) If the Chargor makes any payment in respect of or relating to a Tax Deduction, but was no obliged to make such payment, the Security Agent shall within five Business Days of demand refund such payment to the Chargor.

13. PROTECTION OF THIRD PARTIES

No person dealing with the Security Agent or any Delegate shall be concerned to enquire whether any event has happened upon which any of the Rights conferred under or in connection with this Deed are or may be exercisable, whether any consents, regulations, restrictions or directions relating to such Rights have been obtained or

complied with or otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such Rights or as to the application of any money borrowed or raised or other proceeds of enforcement.

14. CONTINUING SECURITY

The Charge shall be a continuing security for the Secured Liabilities and shall not be satisfied, discharged or affected by any intermediate payment or settlement of account (whether or not any Secured Liabilities remain outstanding thereafter) or any other matter or thing whatsoever.

15. OTHER SECURITY

The Charge shall be in addition to, independent of, and shall not be prejudiced by any other Security or any guarantee or indemnity or other document which the Security Agent may at any time hold for the payment of the Secured Liabilities or any rights powers and remedies provided by law. No prior Security held by the Security Agent or any other Secured Party over the whole or any part of the Charged Property shall merge into the Security constituted by this Deed.

16. CHARGE NOT TO BE AFFECTED

16.1 Charge not to be affected

Without prejudice to Clauses 14 (*Continuing Security*) and 15 (*Other Security*), the Charge or the liability of the Chargor for the Secured Liabilities under this Deed will not be affected or prejudiced by any act, omission, matter or thing which, but for this Clause 16.1, would reduce, release or prejudice any of its obligations under this Deed and this Security (whether or not known to the Chargor or the Security Agent or any Secured Party) including:

- (A) any variation, novation, amendment, supplement, extension (whether of maturity or otherwise) or restatement (however fundamental and whether or not more onerous) of any Finance Document or any consent, waiver or release granted under or in connection with, any Security, guarantee, indemnity, Finance Document or other document; or
- (B) time being given, or any other indulgence or concession being granted, by the Security Agent to the Chargor or any other person (including the Obligors); or
- (C) the taking, holding, failure to take or hold, varying, realisation, non-enforcement, non-perfection or release by the Security Agent or any other person (including the Obligors) of any other Security, or any guarantee or indemnity or other document or any non-presentment or non-observance of formality or other requirement in respect of any instruments or any failure to realise the full value of any other Security; or
- (D) the insolvency, administration, reorganisation, consolidation, merger, liquidation or dissolution of, or any analogous proceeding in respect of, the Chargor or any other person (including the other Obligors); or

- (E) any change in the constitution of the Chargor; or
- (F) any amalgamation, merger or reconstruction that may be effected by the Security Agent with any other person or any sale or transfer of the whole or any part of the undertaking, property and assets of the Security Agent to any other person; or
- (G) the existence of any claim, set-off or other right which the Chargor may have at any time against the Security Agent or any other person; or
- (H) the making or absence of any demand for payment of any Secured Liabilities on the Chargor or any other person, whether by the Security Agent or any other person; or
- (I) any arrangement or compromise entered into by the Security Agent with the Chargor or any other person (including the other Obligors) or the release of the Chargor or any other person (including the other Obligors) under the terms of any composition or arrangement with any creditor; or
- (J) any incapacity or lack of powers, authority or legal personality of or dissolution or change in the members or status of, the Chargor or any other person (including the Obligors); or

- (K) any replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other documents and any amendment, variation, waiver or release of any of the Secured Liabilities; or
- (L) any unenforceability, illegality or invalidity of any obligation of any person under any document or Security; or
- (M) any other thing done or omitted or neglected to be done by the Security Agent or any other person or any other omission, dealing, fact, matter or thing which, but for this provision, might operate to prejudice, reduce, release or affect the liability of the Chargor for the Secured Liabilities whether or not known to the Chargor, the Security Agent or any Secured Party.

16.2 Non-competition

Until all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full, the Chargor shall not (other than in accordance with the Facility Agreement or with the prior written consent of the Security Agent):

- (A) claim, rank, prove or vote as a creditor of the Company or its estate; or
- (B) receive, claim or have the benefit of any payment, distribution or security from or on account of the Company, or exercise any right of combination, counter-claim, "flawed-asset" arrangement or set-off as against the Company.

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The Chargor will hold on trust for, and forthwith pay or transfer to, the Security Agent all payments or benefits received by it contrary to the above. If the Chargor exercises any right of set-off, counterclaim or combination contrary to the above, it will forthwith pay an amount equal to the amount set-off, counterclaimed or combined to the Security Agent.

17. RELEASE OF CHARGED PROPERTY

17.1 Release of Charged Property

If, in accordance with the Intercreditor Agreement, the Security Agent is satisfied that:

- (A) all Secured Liabilities have been irrevocably paid or discharged in full and the Facility Agreement have been terminated and the Security Agent and the Secured Parties having no further actual or contingent obligations to make advances or provide other financial accommodation to the Borrower or any other person under the Facility Agreement;
- (B) Security or a guarantee for the Secured Liabilities, in each case acceptable to the Security Agent, has been provided in substitution for this Deed; or
- (C) the Chargor has entered into legally binding arrangements to transfer all or part of the Charged Property to a Permitted Transferee and such Permitted Transferee has entered into legally binding arrangements with the Security Agent to grant to the Security Agent security over all or such part of the Charged Property (as the case may be) on substantially the same terms as those contained in this Deed,

then, the Security Agent shall, at the request and cost of the Chargor and subject to Clause 17.2 (Retention of Deed) execute such deeds and do all such acts and things as may be necessary to release the Charged Property (or, in the case of Clause 17.1(C), the relevant Charged Property) from the Charge.

17.2 Retention of Deed

If the Chargor requests the Security Agent to release the Charged Property from the Charge following any payment or discharge made or Security or guarantee given in relation to the Secured Liabilities by a person other than the Chargor or the Borrower (a "**Relevant Transaction**") and the Security Agent reasonably considers that the Relevant Transaction is capable of being avoided, reduced or invalidated by virtue of applicable law, the Security Agent shall be entitled to retain this Deed (and all stock and share certificates, documents of title and other documentary evidence of ownership in relation to the Charged Property deposited with the Security Agent pursuant to Clause 4 (Covenant to Deposit and Further Assurances)) and shall not be obliged to release the Charged Property from the Charge until the expiry of the Retention Period in relation to that Relevant Transaction. If at any time before the expiry of that Retention Period any material step has been taken for or with a view to the administration, liquidation or dissolution of such other person or any analogous proceeding in respect of such other person, the Security Agent may continue to retain this Deed (and all such stock and share certificates, documents of title and documentary evidence) and shall not be

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obliged to release the Charged Property from the Charge for such further period as the Security Agent may reasonably determine.

17.3 Retention Period

For the purpose of Clause 17.2 (*Retention of Deed*) “**Retention Period**” means, in relation to any Relevant Transaction, the period which commences on the date when that Relevant Transaction was made or given, and which ends on the date falling one month after the expiration of the maximum period within which that Relevant Transaction can be avoided, reduced or invalidated by virtue of any applicable law or for any other reason whatsoever.

18. POWER OF ATTORNEY

18.1 Appointment

The Chargor hereby appoints, irrevocably and by way of security, the Security Agent and any person nominated in writing by the Security Agent as attorney of the Chargor severally to be the attorney of the Chargor (with full powers of substitution and delegation), on its behalf and in its name or otherwise, at such time and in such manner as the attorney may think fit:

- (A) to do anything which the Chargor is or may be obliged to do (but has not done) under this Deed including, but without limitation, following an Event of Default that is continuing, to complete and execute under hand or as a deed any transfer of Shares and the execution and delivery of any deeds, charges, assignments or other Security; and
- (B) generally to enable the exercise of all or any of the Rights conferred on the Security Agent in relation to the Charged Property or under or in connection with this Deed.

18.2 Ratification

The Chargor covenants to ratify and confirm whatever any attorney shall do or purport to do in the exercise or purported exercise of the power of attorney in Clause 18.1 (*Appointment*).

19. CURRENCY INDEMNITY

- (A) If any sum due from the Chargor under this Deed (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
 - (i) making or filing a claim or proof against the Chargor; or
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Chargor shall as an independent obligation, within five Business Days of demand, indemnify the Security Agent against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (B) The Chargor waives any right it may have in any jurisdiction to pay any amount due under this Deed in a currency or currency unit other than that in which it is expressed to be payable.

20. CERTIFICATE TO BE CONCLUSIVE EVIDENCE

For all purposes, including any Proceedings, a copy of a certificate signed by an officer of the Security Agent as to the amount of any indebtedness comprised in the Secured Liabilities for the time being shall, in the absence of manifest error, be conclusive evidence against the Chargor as to the amount thereof.

21. COSTS AND EXPENSES

21.1 Transaction Expenses

The Borrower shall, within fifteen Business Days of demand, pay to the Security Agent (or other relevant Finance Party) all costs and expenses (including legal fees) reasonably incurred:

- (A) in connection with the negotiation, preparation, printing and execution of this Deed;
- (B) in responding to evaluating, negotiating, preparing, printing, execution of or complying with, an amendment, waiver or consent requested by the Borrower relating to this Deed.

21.2 Enforcement Costs

The Chargor shall, within five Business Days of demand, pay to the Security Agent and each of the Secured Parties the amount of all costs and expenses (including legal fees) incurred by the Security Agent or the relevant Secured Party in connection with the enforcement or attempted enforcement of, or the preservation of rights under, this Deed.

22. STAMP TAXES

Kosmos shall, within five Business Days of demand, pay and indemnify the Security Agent (or other relevant Finance Party) against any cost, loss or liability that the Security Agent (or other relevant Finance Party) incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of this Deed (other than in respect of an assignment or transfer by a Lender) in accordance with Clause 15.5 (Stamp Taxes) of the Facility Agreement.

23. COMMUNICATIONS

23.1 Communications to be in Writing

Any communication given or made under or in connection with the matters contemplated by this Deed shall be in writing and, unless otherwise stated, may be made by facsimile or letter.

23.2 Deemed Delivery

Any such communication shall be addressed as provided in Clause 23.3 (Parties' Details) and, if so addressed, shall be deemed to have been duly given or made as follows:

- (A) if sent by personal delivery, upon delivery at the address of the relevant party; and
- (B) if sent by fax, upon receipt by the relevant party,

provided that if, in accordance with the above provisions, any such communication would otherwise be deemed to be given or made outside Working Hours, such communication shall be deemed to be given or made at the start of the next period of Working Hours.

23.3 Parties' Details

The relevant details of each party for the purposes of this Deed, subject to Clause 23.4 (Change of Details), are:

Party	Addressee(s)	Address	Fax No.
Kosmos Energy Holdings	Andrew Johnson	P.O. Box 32322 4th Floor, Century Yard Cricket Square Elgin Avenue George Town Grand Cayman KY1-1209 Cayman Islands	001 345 946 4090
c/o Kosmos Energy LLC	Jason Doughty	8176 Park Lane Suite 500 Dallas Texas 75231 USA	001 214 445 9705

Party	Addressee(s)	Address	Fax No.
Kosmos Energy Operating	Andrew Johnson	P.O. Box 32322 4th Floor, Century Yard Cricket Square Elgin Avenue George Town Grand Cayman KY1-1209 Cayman Islands	001 345 946 4090

c/o Kosmos Energy LLC	Jason Doughty	8176 Park Lane Suite 500 Dallas Texas 75231 USA	001 214 445 9705
BNP Paribas	Alexandra Arhab	16 Rue de Hanovre, 75078 Paris Cedex 2 France	+ 33 142 98 49 25

23.4 Change of Details

Either party may notify the other party at any time of a change to its details for the purposes of Clause 23.3 (*Parties' Details*) provided that such notification shall only be effective on:

- (A) the date specified in the notification as the date on which the change is to take place; or
- (B) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date falling five Business Days after notice of any such change has been given.

24. RIGHTS AND WAIVERS

24.1 Delay

No delay or omission on the part of the Security Agent in exercising any Right provided by law or under this Deed shall impair such Right or operate as a waiver thereof or of any other Right.

24.2 Amendment

This deed may not be amended, modified or waived in any respect whatsoever, otherwise than in accordance with the provisions of the Intercreditor Agreement, without the prior written consent of the Security Agent given with express reference to this Clause 24.2 and expressly stated to be intended to operate as the Security Agent's

consent to such amendment, modification or waiver and, in the case of an amendment or modification, without the written agreement of the Chargor.

24.3 Single or Partial Exercise

The single or partial exercise by the Security Agent of any Right provided by law or under this Deed shall not unless expressly stated otherwise preclude any other or further exercise thereof or the exercise of any other Right.

24.4 Rights to be Cumulative

The Rights provided in this Deed are cumulative with, and not exclusive of, any Rights provided by law.

25. INVALIDITY

If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither:

- (A) the legality, validity or enforceability in that jurisdiction of any other provision of this Deed; nor
 - (B) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed,
- shall be affected or impaired.

26. ASSIGNMENT

26.1 Assignment by Security Agent

The Security Agent may at any time, assign or transfer its rights and obligations under this Deed to any successor or additional Security Agent appointed in accordance with the terms of the Intercreditor Agreement and upon such assignment and transfer taking effect, the replacement Security Agent shall be and be deemed to be acting as agent and trustee for each Secured Party (as well as for itself) for the purposes of this Deed in the place of the previous Security Agent.

26.2 Other changes to the Security Agent

All the provisions of this Deed and the Charge created by this Deed shall remain valid and binding on the Chargor notwithstanding any amalgamation, merger or reconstruction (however effected) relating to the Security Agent.

26.3 Disclosure

Subject to the terms of the Facility Agreement, the Security Agent shall be entitled to disclose such information concerning the Chargor or any other person and this Deed as the Security Agent considers appropriate to any actual or proposed, direct or indirect

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successor or to any person to whom information may be required to be disclosed by applicable law.

27. GOVERNING LAW

This deed is governed by and is to be construed in accordance with English law. Except as otherwise agreed, any matter, claim or dispute arising out of or in connection with this Deed, whether contractual or non-contractual, is to be governed by and construed in accordance with English law.

28. JURISDICTION

28.1 Submission

The parties hereby irrevocably agree for the exclusive benefit of the Secured Parties that the courts of England shall have jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Agreement) (a “**Dispute**”).

28.2 Forum conveniens

The Chargor hereby irrevocably agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly irrevocably agree not to argue to the contrary.

28.3 Concurrent jurisdiction

This Clause 28.3 is for the benefit of the Secured Parties only. As a result of and notwithstanding Clause 28.1 (*Submission*), no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

28.4 Judgments

The Chargor unconditionally and irrevocably agrees, with respect to any final order or judgment in any Dispute brought in any court as is referred to in this Clause 28 (*Jurisdiction*) (for the purposes of this Clause 28.4, a “**Judgment**”), that:

- (A) it will not claim or permit a claim to be made on its behalf, and hereby irrevocably waives any right to claim, that a Judgment is not conclusive and binding upon it and may not be enforced in the courts of any other jurisdiction including, without limitation, the Cayman Islands;
- (B) it shall be bound by and recognise any Judgment and shall do those things within its power which it can do, without exposing itself to any claim or additional obligation or liability to assist in the enforcement or execution of the Judgment in the Cayman Islands;

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- (C) it shall not claim, invoke or permit to be invoked on its behalf or for its benefit any right it may have under the laws of the Cayman Islands, or any other state or jurisdiction, to prevent, delay, hinder, nullify or in any other way obstruct the enforcement or execution of the Judgment; and
- (D) to the extent permitted by law, it shall not, and shall irrevocably waive any right to, challenge the Judgment on any ground or the enforcement or execution of the Judgment in any jurisdiction (other than by way of appeal in the original jurisdiction).

29. SERVICE OF PROCESS

(A) Without prejudice to any other mode of service allowed under any relevant law, the Chargor:

- (i) irrevocably appoints Trusec Limited of 2 Lambs Passage, London EC1Y 8BB (the “**Process Agent**”) as its agent for service of process in relation to any Dispute before the English courts in connection with any Finance Document;

- (ii) irrevocably agrees that any Service Document may be sufficiently and effectively served on it in connection with any Dispute in England and Wales by service on the Process Agent (or any replacement agent appointed pursuant to paragraph (B) of this Clause 29); and
 - (iii) irrevocably agrees that failure by a process agent to notify the Borrower of the process will not invalidate the proceedings concerned.
- (B) If the agent referred to in paragraph (A) of this Clause 29 (or any replacement agent appointed pursuant to this paragraph (B)) at any time ceases for any reason to act as such, as the case may be, the Chargor shall as soon as reasonably practicable appoint a replacement agent to accept service having an address for service in England or Wales and shall notify the Security Agent of the name and address of the replacement agent; failing such appointment and notification, the agent referred to in paragraph (A) of this Clause 29 (or any replacement agent appointed pursuant to this paragraph (B)) shall continue to be authorised to act as agent for service of process in relation to any proceedings before the English courts on behalf of the relevant party and shall constitute good service.
- (C) Any document addressed in accordance with Clause 29(A) shall be deemed to have been duly served if:
- (i) left at the specified address, when it is left; or
 - (ii) sent by first class post, two clear Business Days after posting.
- (D) For the purposes of this Clause 29, “**Service Document**” means a writ, summons, order, judgment or other document relating to or in connection with

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any Dispute. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

30. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

The parties to this agreement do not intend that any term of this agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this agreement, provided that the Secured Parties will be entitled to enforce and rely upon Clause 11.4 (New Account) of this Deed.

31. **COUNTERPARTS**

- (A) This deed may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart.
- (B) Each counterpart shall constitute an original of this Deed, but all the counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Chargor, the Company and the Security Agent have executed this document as a deed the day and year first before written.

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**Schedule 17
ORIGINAL SHARES**

Name of Company	No. of Shares	Class of Shares	Nominal Value of each Share	Registered holder(s) as at the date hereof
KOSMOS ENERGY OPERATING	101	Ordinary	US\$ 1.00	KOSMOS ENERGY HOLDINGS

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**Schedule 18
FORM OF TRANSFERS**

KOSMOS ENERGY OPERATING

(the “Company”)

Transfer of Shares

I/We, Kosmos Energy Holdings (the “**Transferor**”) do hereby transfer to _____ (hereinafter called the “**Transferee**”) the _____ Share (or Shares) numbered _____ in the Company to hold the same unto the Transferee, subject to the several conditions on which I/we hold the same and I/we, the Transferee, do hereby agree to take the said Share (or Shares) subject to conditions aforesaid.

Dated: _____

Signed by the Transferor in the presence of: _____)
_____)
_____) _____
Transferor

_____) _____
Witness _____)
_____) _____
Signed by the Transferee in the presence of: _____)
_____) _____
Transferee

_____) _____
Witness _____)

Schedule 19
WRITTEN RESOLUTIONS OF THE SOLE SHAREHOLDER OF THE COMPANY

KOSMOS ENERGY OPERATING
(the “Company”)

WRITTEN RESOLUTIONS OF THE SOLE SHAREHOLDER
OF THE COMPANY MADE ON _____ 2011

We, the undersigned, being the sole shareholder of the Company having the right to receive notice of, attend and vote at general meetings of the Company, do hereby RESOLVE AS A SPECIAL RESOLUTION that the existing Articles of Association of the Company (the “**Articles of Association**”) be and are hereby amended as follows:

1. by deleting the definition of “Share Charge” in Article 2 of the Articles of Association and replacing it with the following definition:

 “**Share Charge**” means the charge over shares in respect of Shares to be entered into between Kosmos Energy Holdings, the Company and the Security Agent (as amended, varied, novated or supplemented from time to time);”
2. by deleting the definition of “Security Trustee” in Article 2 of the Articles of Association and replacing it with the following definition:

 “**Security Agent**” has the meaning given thereto in the Facility Agreement;”
3. by deleting the definition of “Secured Party” in Article 2 of the Articles of Association and replacing it with the following definition:

 “**Secured Party**” has the meaning given thereto in the Facility Agreement;”
4. by deleting the definition of “Definitions Agreement” in Article 2 of the Articles of Association and replacing it (in alphabetical order) with the following definition:

 “**Facility Agreement**” means the facility agreement to be entered into between, inter alios, Kosmos Energy Finance International (as the Borrower), Kosmos Energy Development, Kosmos Energy Ghana HC, Kosmos Energy International and the Company (as Guarantors) and the financial institutions listed therein as the Lenders (as amended, varied, novated or supplemented from time to time);”

-
5. by deleting Article 21 of the Articles of Association in its entirety and replacing it with a new Article 21 as follows:

“21. Notwithstanding anything to the contrary contained in these Articles, the Company shall recognise the interest in any Secured Share of the Security Agent created pursuant to the Share Charge.”; and

6. by deleting Article 41A of the Articles of Association in its entirety and replacing it with a new Article 41A as follows:

“41A. Notwithstanding anything contained in these Articles, the Directors shall:

- (a) promptly register any transfer of Secured Shares which is made pursuant to the Share Charge without payment of a fee;
- (b) not register a transfer of any Secured Shares (other than a transfer of Secured Shares made pursuant to (a) above) without the prior written consent of the Security Agent; and
- (c) not suspend or unreasonably delay registration of any transfer of Secured Shares made pursuant to (a) above.”.

BY: _____

for and on behalf of

KOSMOS ENERGY HOLDINGS

Name:

Title:

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**Schedule 20
LETTERS OF RESIGNATION**

Part I

LETTER OF RESIGNATION FROM DIRECTOR

[DO NOT DATE]

Dated:

Board of Directors

KOSMOS ENERGY OPERATING

P.O. Box 32322, 4th Floor,
Century Yard, Cricket Square,
Elgin Avenue,
George Town,
Grand Cayman,
KY1-1209
Cayman Islands

Dear Sirs

LETTER OF RESIGNATION RE: KOSMOS ENERGY OPERATING (THE “COMPANY”)

I hereby resign as a Director of the Company and confirm that I have no claims against the Company for loss of office, arrears of pay or otherwise howsoever arising, but to the extent that I may have any such claim, I hereby irrevocably waive the same.

This resignation is to be effective as at the date hereof.

Yours faithfully

Name of Director

Director

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Part II

LETTER OF AUTHORISATION FROM DIRECTOR

Date:

[•]

Dear Sirs

SHARE CHARGE BETWEEN KOSMOS ENERGY HOLDINGS, KOSMOS ENERGY OPERATING (THE “COMPANY”) AND [•] (IN ITS CAPACITY AS SECURITY AGENT) (THE “CHARGE”) IN RESPECT OF SHARES IN THE COMPANY

I refer to my executed but undated letter of resignation as a Director of the Company provided in accordance with the Charge. Capitalised words and expressions used in this letter which are not expressly defined herein have the meanings given to them in the Charge.

I hereby authorise you to date, deliver, and give full effect to and otherwise complete the resignation letter referred to above subject always to the Security created by the Charge having become enforceable in accordance with the Charge (and so long as an Event of Default is continuing).

Subject as aforesaid, I hereby authorise you to send the resignation letter to the Company’s registered office thereby terminating my directorship of the Company without compensation for loss of office. I acknowledge and agree that your discretion to act in this regard is to be exercised solely in the interests of the Security Agent relating to the Charge executed over shares in the Company in your favour but subject always to the terms of the Charge.

I confirm that you may delegate the authority conferred by this letter to any of your successors and assigns as Security Agent in relation to the Charge and charge granted or to be granted over shares in the Company.

Yours faithfully

Name of Director
Director

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Schedule 5
LETTER OF UNDERTAKING TO REGISTER SHARE TRANSFER

BNP Paribas
16 rue de Hanovre
75078
Cedex 2
France

Fax: +33 142 98 49 25

For the attention of Hong Ngoc Pham / Phoï-Van Phuong

Dear Sirs

Kosmos Energy Operating (the “**Company**”)

We refer to the equitable charge over shares in respect of Shares in the capital of the Company dated _____, 2011 between Kosmos Energy Holdings as chargor (the “**Chargor**”), the Company and BNP Paribas as chargee (the “**Charge**”) whereby, inter alia, the Chargor granted an equitable charge over the Original Shares, the Further Shares and any Shares comprised in any Derived Assets in favour of the Security Agent.

Capitalised words and expressions used in this letter which are not expressly defined herein have the meanings ascribed to them in the Charge.

This letter of undertaking is given pursuant to Clause 4.1(C) of the Charge.

The Company hereby irrevocably and unconditionally undertakes to register in the Company’s Register of Members any and all share transfers which are made pursuant to the terms of the Charge to the Security Agent or its nominee in respect of the Original Shares, the Further Shares and any Shares comprised in any Derived Assets submitted to the Company by the Security Agent.

This letter is governed by the law of the Cayman Islands.

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Yours faithfully

Executed and Delivered as a Deed by **KOSMOS ENERGY OPERATING** in the presence of:

) Per: _____
)
) Title: Director / Attorney-in-Fact
)
) Name:

Witness's Signature

(Name) _____

(Address) _____

(Occupation) _____

SIGNATURES

Original Borrower

Executed and delivered as a Deed by)

KOSMOS ENERGY FINANCE INTERNATIONAL)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

Per: /s/ Neal Shah

) Title: Attorney-in-Fact

Nadia Schaub)

Name: Neal Shah

Witness's Signature

/s/ Nadia Schaub

(Name)

(Address) Slaughter and May
One Bunhill Row
London EC 1Y 8YY

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090

Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Original Guarantors

Executed and delivered as a Deed by)

KOSMOS ENERGY OPERATING)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

)

Nadia Schaub)

Witness's Signature

/s/ Nadia Schaub

(Name)
(Address) Slaughter and May
One Bunhill Row
London EC 1Y 8YY

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090
Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Executed and delivered as a Deed by)

KOSMOS ENERGY INTERNATIONAL)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

)

Nadia Schaub)

Witness's Signature

/s/ Nadia Schaub

(Name)

(Address) Slaughter and May
One Bunhill Row
London EC 1Y 8YY

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090

Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705

Attention: Jason Doughty

Executed and delivered as a Deed by)

KOSMOS ENERGY DEVELOPMENT)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

)

Nadia Schaub)

Witness's Signature

/s/ Nadia Schaub

(Name)

(Address) Slaughter and May
One Bunhill Row
London EC 1Y 8YY

Per: /s/ Neal Shah

Title: Attorney-in-Fact

Name: Neal Shah

Per: /s/ Neal Shah

Title: Attorney-in-Fact

Name: Neal Shah

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090
Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Executed and delivered as a Deed by)

KOSMOS ENERGY GHANA HC)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

Per: /s/ Neal Shah _____

Title: Attorney-in-Fact

Nadia Schaub)

Name: Neal Shah

Witness's Signature

/s/ Nadia Schaub

(Name)

(Address) Slaughter and May
One Bunhill Row
London EC 1Y 8YY

(Occupation) Solicitor

Contact details:

Address: P.O. Box 32322
4th Floor, Century Yard,
Cricket Square, Elgin Avenue
George Town
Grand Cayman KY1-1209, Cayman Islands

Fax: (345) 946 4090
Attention: Andrew Johnson

Copy: c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705
Attention: Jason Doughty

Chargor

Executed and delivered as a Deed by)

KOSMOS ENERGY HOLDINGS)

acting by Neal Shah)

expressly authorised in accordance with)

a power of attorney dated 5 November 2012)

in the presence of:)

)

Nadia Schaub)

Witness's Signature

/s/ Nadia Schaub

(Name)

(Address) Slaughter and May
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USA

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Attention: Jason Doughty

Facility Agent and Security Agent

Executed as a deed by **BNP PARIBAS** acting by its duly appointed)
attorneys in the presence of:)

Per: /s/ Christophe Rouze

)
)
) Title: Head of Business Management

)
) Name: Christophe Rouze
)

)
)

Witness's Signature /s/ Alexandra Arhab

(Name) Arhab

(Address) 16 rue de Hanovre, 75002 Paris

(Occupation) Bank Employee

)
)
)
)
)
)
)

Per: /s/ Eric de Menibus

Title: Deputy Director

Name: Eric de Menibus

Witness's Signature /s/ Alexandra Arhab

(Name) Arhab

(Address) 16 rue de Hanovre, 75002 Paris

(Occupation) Bank Employee

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75078 Paris Cedex 2
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Fax number: 33 1 42 98 49 25

Attention: Alexandra Arhab

EXECUTION FORM

DATED 23 NOVEMBER 2012

BNP PARIBAS
as Security Agent

- and -

KOSMOS ENERGY FINANCE INTERNATIONAL
as Original Senior Borrower

- and -

KOSMOS ENERGY LTD.
as HY Note Issuer

and

RCF Borrower

- and -

STANDARD CHARTERED BANK
as RCF Agent

- and -

BNP PARIBAS
as Security and Intercreditor Agent

and

Proceeds Agent

INTERCREDITOR AGREEMENT

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
(SRG/ JKW)

513402118

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THIS AGREEMENT is dated 23 November 2012 and made between:

- (1) **BNP PARIBAS** in its capacity as security agent for the Senior Secured Parties on the terms and conditions set out herein (the “**Security Agent**” which expression includes its successors in title and assigns);
- (2) **KOSMOS ENERGY FINANCE INTERNATIONAL** or “**KEFI**” a company incorporated under the laws of the Cayman Islands with registered number 253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (the “**Original Senior Borrower**”);
- (3) **KOSMOS ENERGY LTD.** or “**KEL**” a company incorporated under the laws of Bermuda with registered number 45011 and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda in its capacities as (i) high yield bond issuer (the “**HY Note Issuer**”); and (ii) revolving credit facility borrower (the “**RCF Borrower**”);
- (4) **STANDARD CHARTERED BANK** as agent of the RCF Lenders (the “**RCF Agent**”);
- (5) **BNP PARIBAS** as security and intercreditor agent of the Junior Finance Parties (the “**Security and Intercreditor Agent**”) and as Proceeds Agent under this Agreement (the “**Proceeds Agent**”).

WHEREAS

- (A) By a senior facility agreement dated 28 March 2011 (as amended from time to time) (the “**Senior Facility Agreement**”) made between, among

others, KEFI as Original Senior Borrower and BNP Paribas as Security Agent, the Lenders (as defined therein) have agreed to make certain facilities available to KEFI in order to finance project costs relating to Kosmos Energy Ghana's interest in the Jubilee Field, offshore Ghana.

- (B) On or around the date of this Agreement, KEL entered into the RCF Agreement and intends to issue HY Notes in the future. It has been agreed, among other matters, that the liabilities outstanding under (i) the Senior Facility Agreement and (ii) the RCF Agreement and the HY Note Indenture (as and when this is entered into), should rank in accordance with the terms of this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Acceleration Event**” means (as applicable):

- (a) the RCF Agent exercising any of its rights under Clause 21.15 (*Acceleration*) of the RCF Agreement;

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- (b) the Security Agent exercising any of its rights under Clause 29.17 (*Acceleration — all Lenders*) or 29.18 (*Acceleration — IFC and Lenders*) of the Senior Facility Agreement; and/or

- (c) the HY Noteholder Trustee exercising any of its rights of acceleration and/or enforcement under the HY Note Indenture.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Agent**” means the Security and Intercreditor Agent and the Security Agent.

“**Agent Accession Undertaking**” means an undertaking substantially in the form set out in Schedule 1 (*Form of Agent Accession Undertaking*).

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Paris and New York.

“**Charge over Shares in KEH**” means the first ranking charge governed by English law dated on or around the date of this Agreement, granted by KEL over its shares in Kosmos Energy Holdings in favour of the Security and Intercreditor Agent, for and on behalf of the Junior Secured Parties.

“**Charged Property**” means all of the assets which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**Commitment**” means (as applicable):

- (a) in relation to an “Original Lender” (as defined in the Senior Facility Agreement), the amount set opposite its name under the heading “Commitment” in Schedule 2 to the Senior Facility Agreement and the amount of any other Commitment transferred to it; and
- (b) in relation to any other “Lender” (as defined in the Senior Facility Agreement), the amount of any Commitment transferred to it;
- (c) in relation to an “Original Lender” (as defined in the RCF Agreement), the amount set opposite its name under the heading “Commitment” in Schedule 2 to the RCF Agreement and the amount of any other Commitment transferred to it; and
- (d) in relation to any other “Lender” (as defined in the RCF Agreement), the amount of any Commitment transferred to it,

to the extent not cancelled, reduced or transferred by it.

“**Consent**” means any consent, approval, release or waiver or agreement to any amendment.

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“**Credit Participation**” means, in relation to a Senior Creditor, its Commitment and, in relation to a Junior Creditor, all amounts actually and contingently accrued to it under the RCF and the HY Notes, if any, and as applicable.

“**Creditors**” means the Junior Creditors and the Senior Creditors, or any of them, as the context so requires.

“**Deed of Guarantee**” means the deed of guarantee and indemnity in respect of the Junior Liabilities entered into on or around the date of this

Agreement between *inter alios*, the Security and Intercreditor Agent and each Junior Guarantor.

“**Default**” means a Senior Default or a Junior Default, as the context so requires.

“**Discharge Date**” means the later to occur of the Junior Discharge Date and the Senior Discharge Date.

“**Disposal Proceeds**” has the meaning given to that term in Clause 8 (*DISPOSALS*).

“**Distress Event**” means any of:

- (a) an Acceleration Event; or
- (b) the enforcement of any Transaction Security in accordance with the terms of the Security Documents.

“**Distressed Disposal**” means a disposal of an asset of a Senior Obligor (or a disposal of a Senior Obligor) which is:

- (a) being effected at the request of the Instructing Senior Creditors in circumstances where the Senior Transaction Security has become enforceable in accordance with the terms of the Senior Finance Documents; or
- (b) being effected by enforcement of the Senior Transaction Security in accordance with the terms of the Senior Security Documents.

“**Dollar Currency Amount**” means, in relation to an amount, that amount converted (to the extent not already denominated in USD) into USD at the relevant Agent’s Spot Rate of Exchange on the Business Day prior to the relevant calculation.

“**Enforcement Action**” means:

- (a) in relation to any Liabilities:
 - (i) the acceleration of any Liabilities or the making of any declaration that any Liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Finance Party to perform its obligations under, or of any voluntary or mandatory prepayment arising under, the Finance Documents);
 - (ii) the making of any declaration that any Liabilities are payable on demand;
 - (iii) the making of a demand in relation to a Liability that is payable on demand;
 - (iv) the making of any demand against any member of the Group in relation to any Guarantee Liabilities of that member of the Group;
 - (v) the exercise of any right to require any member of the Group to acquire any Liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any Liability);
 - (vi) the exercise of any right of set off, account combination or payment netting against any member of the Group in respect of any Liabilities other than the exercise of any such right which is otherwise expressly permitted under the Senior Facility Agreement, the RCF Agreement or the HY Note Indenture; and
 - (vii) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any Liabilities;
- (b) the taking of any steps to enforce or require the enforcement of any Transaction Security (including the crystallisation of any floating charge forming part of the Transaction Security);
- (c) the entering into of any composition, compromise, assignment or arrangement with any member of the Group which owes any Liabilities, or has given any Security, guarantee or indemnity or other assurance against loss in respect of the Liabilities (other than any action permitted under Clause 13 (*CHANGES TO THE PARTIES*)); or
- (d) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, provisional liquidator, receiver, administrator or similar officer) in relation to, the winding up, dissolution, administration, reorganisation merger or consolidation of any member of the Group which owes any Liabilities, or has given any Security, guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, or any of such

member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action: the taking of any action falling within paragraph (a)(vii) above or this paragraph (d) which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods.

"Event of Default" means, as applicable, an "Event of Default" (as defined in the Senior Facility Agreement), an "Event of Default" (as defined in the RCF Agreement) and an "Event of Default" (as defined in the HY Note Indenture).

"Finance Documents" means the Junior Finance Documents and the Senior Finance Documents, as the context so requires.

"Finance Party" means a Junior Finance Party and a Senior Finance Party.

"First Discharge Date" means the earlier to occur of the Junior Discharge Date and the Senior Discharge Date.

"Group" means KEL and each of its direct and indirect Subsidiaries for the time being and **"Group Company"** means any one of them.

"Guarantee Liabilities" means, in relation to a member of the Group, the liabilities under the Finance Documents (present or future, actual or contingent and whether incurred solely or jointly) it may have to a Finance Party or Obligor as or as a result of its being a guarantor or surety (including, without limitation, liabilities arising by way of guarantee, indemnity, contribution or subrogation and in particular any guarantee or indemnity arising under or in respect of the Finance Documents).

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"HY Enforcement Recovery" has the meaning given to it in clause 4.10(B)(ii) (*Permitted Enforcement: Junior Creditors*).

"HY Note Indenture" means the indenture pursuant to which all or any of the HY Notes are constituted or any other agreement under which HY Notes are constituted and any other agreement under which any guarantee for the HY Notes is given (including but not limited to the Deed of Guarantee).

"HY Noteholder" means a holder of HY Notes from time to time.

"HY Noteholder Trustee" means any collateral agent, trustee or other representative of the HY Noteholders.

"HY Noteholder Trustee Liabilities" means all present and future liabilities and obligations, actual and contingent, of any Obligor to the HY Noteholder Trustee under or in connection with the Finance Documents.

"HY Notes" means the senior secured notes issued by the HY Note Issuer from time to time to the HY Noteholders, pursuant to the terms of the HY Note Indenture.

"Insolvency Event" means, in relation to any member of the Group:

- (a) any resolution is passed or order made for the winding up, dissolution or administration of that member of the Group or a moratorium is declared in relation to any indebtedness of that member of the Group;
- (b) any composition, compromise, assignment or arrangement is made with any of its creditors;
- (c) the appointment of any liquidator, provisional liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of that member of the Group or any of its assets; or
- (d) any analogous procedure or step is taken in any jurisdiction.

"Instructing Junior Creditors" means the group of Junior Creditors which is entitled to instruct the Security and Intercreditor Agent to take or refrain from taking any action pursuant to the terms of the KEL Intercreditor Agreement or, if no such agreement is in effect, the group of RCF Lenders which is entitled to instruct the Security and Intercreditor Agent to take or refrain from taking any action pursuant to the terms of the RCF Agreement.

"Instructing Senior Creditors" means the group of Senior Creditors which is entitled to instruct the Security Agent to take or refrain from taking any action pursuant to the terms of the Senior Finance Documents.

"Intercreditor Amendment" means any amendment or waiver which is subject to Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*).

"Junior Agent" means the RCF Agent and/or any HY Noteholder Trustee, as the context so requires.

“**Junior Commitment**” means:

- (a) in relation to an “Original Lender” (as defined in the RCF Agreement), the amount set opposite its name under the heading “Commitment” in Schedule 2 to the RCF Agreement and the amount of any other Commitment transferred to it; and
- (b) in relation to any other “Lender” (as defined in the RCF Agreement), the amount of any Commitment transferred to it,

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to the extent not cancelled, reduced or transferred by it.

“**Junior Credit Participation**” means, in relation to a Junior Creditor, all amounts actually and contingently accrued to it under the HY Notes and the amount of its Junior Commitment, if any.

“**Junior Creditor**” means an RCF Lender or a HY Noteholder, or both of them, as the context so requires.

“**Junior Default**” means a “Default” (as defined in the RCF Agreement) and a “Default” (as defined in the HY Note Indenture).

“**Junior Discharge Date**” means the first date on which all Junior Liabilities have been fully and finally discharged, whether or not as the result of an Enforcement Action, and the Junior Creditors are under no further obligation to provide financial accommodation to any of the Junior Obligor under the Junior Finance Documents.

“**Junior Enforcement Notice**” has the meaning given to that term in Clause 4.10 (*Permitted Enforcement: Junior Creditors*).

“**Junior Event of Default**” means an “Event of Default” (as defined in the RCF Agreement) and a “Event of Default” (as defined in the HY Note Indenture).

“**Junior Fee Letter**” means any letter or letters between the Company and any Junior Finance Party setting out any fees payable by the Company to a Junior Finance Party pursuant to a Junior Finance Document.

“**Junior Finance Party**” means a “Finance Party” as defined in the RCF Agreement, any HY Noteholder and any HY Noteholder Trustee.

“**Junior Finance Document**” means this Agreement, the KEL Intercreditor Agreement (to the extent the same is in effect), the RCF Agreement, the HY Note Indenture, the Junior Security Documents, any Junior Fee Letter and any document designated as a “Finance Document” by the Security and Intercreditor Agent and KEL in accordance with the terms of the KEL Intercreditor Agreement (if in force and effect) or, if not in force and effect, by the RCF Agent and KEL in accordance with the RCF Agreement.

“**Junior Guarantor**” means a “Guarantor” from time to time under (and as defined under) the Deed of Guarantee.

“**Junior Liabilities**” means all present and future liabilities and obligations at any time of any Junior Obligor to any Junior Finance Party under the Junior Finance Documents, both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;

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- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;

- (c) any claim for damages or restitution; and

- (d) any claim as a result of any recovery by any Junior Obligor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non provability, unenforceability or non allowance of those amounts in any insolvency or other proceedings.

“**Junior Obligor**” means KEL, the Junior Guarantors and any person which becomes a “Party” as an “Obligor” (and “Party” and “Obligor” for these purposes are as defined in the KEL Intercreditor Agreement) in accordance with the terms of the Junior Finance Documents.

“**Junior Payment Stop Event**” shall occur if, pursuant to Clause 24.8 (*Sources and Uses*) of the Senior Facility Agreement, a Sources and Uses Statement (as defined therein) dated within 12 months of the proposed date for any payment of Junior Liabilities, shows a shortfall in funding pursuant to Clause 24.8 of the Senior Facility Agreement.

“**Junior Payment Stop Notice**” has the meaning given to it in Clause 4.4(B) (*Issue of Junior Payment Stop Notice*).

“**Junior Secured Party**” means a “Secured Party” as defined in the RCF Agreement, any HY Noteholder and any HY Noteholder Trustee.

“**Junior Secured Property**” means:

- (a) the Junior Transaction Security expressed to be granted in favour of the Security and Intercreditor Agent as trustee for the Junior Secured Parties and all proceeds of that Junior Transaction Security;
- (b) all obligations expressed to be undertaken by a Junior Obligor to pay amounts in respect of the Junior Liabilities to the Security and Intercreditor Agent as trustee for the Junior Secured Parties and secured by the Junior Transaction Security together with all representations and warranties expressed to be given by a Junior Obligor in favour of the Security and Intercreditor Agent as trustee for the Junior Secured Parties;
- (c) the Security and Intercreditor Agent’s interest in any trust fund created pursuant to Clause 6 (*TURNOVER OF RECEIPTS*); and
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security and Intercreditor Agent is

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required by the terms of the Junior Finance Documents to hold as trustee on trust for the Junior Secured Parties.

“**Junior Security Documents**” means the “Security Documents” as defined in the KEL Intercreditor Agreement”.

“**Junior Transaction Security**” means the Security created or evidenced or expressed to be created or evidenced under or pursuant to the Junior Security Documents.

“**KEL Intercreditor Agreement**” means, to the extent entered into and in force and effect, the intercreditor agreement between, *inter alios*, the Security and Intercreditor Agent, the RCF Agent, the HY Noteholder Trustee and KEL, the form of which (subject to any amendments thereto) is attached to the RCF Agreement.

“**Liabilities**” means the Junior Liabilities and the Senior Liabilities.

“**Majority Creditors**” means the Instructing Junior Creditors and the Instructing Senior Creditors.

“**Mandatory Prepayment**” means a mandatory prepayment of any of the Liabilities pursuant either to Clause 10 (*Prepayment and Cancellation*) of the Senior Facility Agreement, Clause 8 (*PREPAYMENT AND CANCELLATION*) of the RCF Agreement or pursuant to the HY Note Indenture.

“**Margin**” means the “Margin” as defined in the Senior Facility Agreement, the RCF Agreement or the HY Note Indenture, as the context so requires.

“**Obligor Liabilities**” means, in relation to any Obligor, any liabilities owed to any other Obligor (whether actual or contingent and whether incurred solely or jointly) by that Obligor.

“**Obligors**” means the Junior Obligors and the Senior Obligors, or any of them, as the context so requires.

“**Party**” means a party to this Agreement.

“**Payment**” means, in respect of any Junior Liabilities or Senior Liabilities, as applicable (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, defeasance or discharge of those Liabilities (or other liabilities or obligations).

“**Permitted Junior Payment**” means a “Scheduled KEL Debt Payment” (as defined in the Senior Facility Agreement) made in accordance with the terms of the Senior Facility Agreement.

“**Permitted Payment**” means a Permitted Junior Payment or a Permitted Senior Payment.

“**Permitted Senior Payment**” means a Payment made in accordance with Clause 3.1 (*Payment of Senior Liabilities*)

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“**Prior Junior Enforcement Notice**” has the meaning given to that term in paragraph 4.10(A)(iii)(b) (*Permitted Enforcement: Junior Creditors*).

“**Proceeds Agent’s Spot Rate of Exchange**” means, in respect of the conversion of one currency (the “**First Currency**”) into another currency (the “**Second Currency**”) the Security and Intercreditor Agent’s spot rate of exchange for the purchase of the Second Currency with the First Currency in

the London foreign exchange market at or about 11:00 am (London time) on a particular day.

“**RCF**” means the facility made available by the RCF Lenders to, amongst others, the RCF Borrower pursuant to the RCF Agreement.

“**RCF Agent Liabilities**” means all present and future liabilities and obligations, actual and contingent, of any Junior Obligor to the RCF Agent under or in connection with the Junior Finance Documents.

“**RCF Agreement**” means the agreement dated on or around the date of this Agreement pursuant to which the RCF is made available.

“**RCF Lender**” means a “Lender” (as defined under the RCF Agreement).

“**Relevant Junior Enforcement Notice**” has the meaning given to that term in paragraph 4.10(A)(iii)(a) (*Permitted Enforcement: Junior Creditors*).

“**Relevant Liabilities**” means:

- (a) in the case of a Finance Party:
 - (i) the Liabilities owed to Finance Parties ranking (in accordance with the terms of this Agreement) *pari passu* with or in priority to that Finance Party (as the case may be); and
 - (ii) all present and future liabilities and obligations, actual and contingent, of the Obligors to the Agents; and
- (b) in the case of an Obligor, the Liabilities owed to the Finance Parties together with the RCF Agent Liabilities, the HY Noteholder Trustee Liabilities and all present and future liabilities and obligations, actual and contingent, of the Obligors to the Agents.

“**Secured Parties**” means the Junior Secured Parties, the Senior Secured Parties and the Proceeds Agent.

“**Secured Property**” means the Junior Secured Property and the Senior Secured Property.

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Security Documents**” means:

- (a) the Junior Security Documents;
- (b) the Senior Security Documents;
- (c) any other document entered into at any time by any of the Obligors creating any guarantee, indemnity, Security or other assurance against financial loss in favour of any of the Secured Parties as Security for any of the Liabilities; and
- (d) any Security granted under any covenant for further assurance in any of the documents set out in paragraphs (a), (b) and (c) above.

“**Senior Commitment**” means:

- (a) in relation to an “Original Lender” (as defined in the Senior Facility Agreement), the amount set opposite its name under the heading “Commitment” in Schedule 2 to the Senior Facility Agreement and the amount of any other Commitment transferred to it; and
- (b) in relation to any other “Lender” (as defined in the Senior Facility Agreement), the amount of any Commitment transferred to it,

to the extent not cancelled, reduced or transferred by it.

“**Senior Creditor**” means a “Creditor” as defined in the Senior Intercreditor Agreement.

“**Senior Default**” means a “Default” as defined in the Senior Facility Agreement.

“**Senior Discharge Date**” means the first date on which all Senior Liabilities have been fully and finally discharged, whether or not as the result of an Enforcement Action, and the Senior Creditors are under no further obligation to provide financial accommodation to any of the Senior Obligors under the Senior Finance Documents.

“**Senior Facility**” means the facility made available by the Senior Creditors to the Senior Borrower pursuant to the Senior Facility Agreement.

“**Senior Facility Agreement**” means the facility agreement referred to in recital (A).

“**Senior Finance Document**” means a “Finance Document” as defined under the Senior Facility Agreement.

“**Senior Finance Party**” means a “Finance Party” as defined in the Senior Facility Agreement.

“**Senior Hedging Counterparty**” means a “Hedging Counterparty” as defined in the Senior Facility Agreement.

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“**Senior Intercreditor Agreement**” means the “Intercreditor Agreement” as defined in the Senior Facility Agreement.

“**Senior Lender**” means a “Lender” as defined in the Senior Facility Agreement.

“**Senior Liabilities**” means all present and future liabilities and obligations at any time of any Senior Obligor to any Senior Finance Party under the Senior Finance Documents, both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (c) any claim for damages or restitution; and
- (d) any claim as a result of any recovery by any Senior Obligor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non provability, unenforceability or non allowance of those amounts in any insolvency or other proceedings.

“**Senior Obligor**” means an “Obligor” as defined under the Senior Facility Agreement.

“**Senior Secured Party**” means a “Secured Party” as defined in the Senior Facility Agreement.

“**Senior Secured Property**” means:

- (a) the Senior Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Senior Secured Parties and all proceeds of that Senior Transaction Security;
- (b) all obligations expressed to be undertaken by a Senior Obligor to pay amounts in respect of the Senior Liabilities to the Security Agent as trustee for the Senior Secured Parties and secured by the Senior Transaction Security together with all representations and warranties expressed to be given by a Senior Obligor in favour of the Security Agent as trustee for the Senior Secured Parties;
- (c) the Security Agent’s interest in any trust fund created pursuant to Clause 6 (*TURNOVER OF RECEIPTS*); and
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the

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terms of the Senior Finance Documents to hold as trustee on trust for the Senior Secured Parties.

“**Senior Security Document**” means a “Security Document” as defined under the Senior Facility Agreement.

“**Senior Transaction Security**” means the Security created or evidenced or expressed to be created or evidenced under or pursuant to the Senior Security Documents

“**Sponsor Affiliate**” means each of Blackstone Capital Partners (Cayman) IV LP, Warburg Pincus Private Equity VIII, L.P. and Warburg Pincus International Partners, L.P. (each a “**Sponsor Management Company**”), each of their Affiliates, any trust of which a Sponsor Management Company or any of their Affiliates is a trustee, any partnership of which a Sponsor Management Company or any of their Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, a Sponsor Management Company or any of their Affiliates provided that any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by a Sponsor Management Company or any of their Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute a Sponsor Affiliate.

“**Subordinated Guarantor**” means a Junior Guarantor which at that time is also a Senior Obligor.

“**Subordinated Liabilities**” means any Junior Liabilities which are owed by a Subordinated Guarantor.

“**Subsidiary**” means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“**Taxes**” includes any present or future tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Total Commitments**” means all Senior Commitments and all Junior Credit Participations.

“**Transaction Security**” means the Junior Transaction Security and/or the Senior Transaction Security, as the context so requires.

“**Trust Indenture Act**” means the Trust Indenture Act of 1939, as amended, and the rules and regulations promulgated thereunder.

1.2 Construction

- (A) Unless a contrary indication appears, the rules of construction and interpretation set out in Clause 1.2 (*Construction of particular terms*) and Clause 1.3 (*Interpretation*) of the Senior Facility Agreement shall apply to this Agreement. In addition a reference in this Agreement to:
 - (i) any “**Agent**”, “**Creditor**”, “**Obligor**”, “**Party**”, or “**Junior Agent**” shall be construed to be a reference to it in its capacity as such and not in any other capacity;
 - (ii) any “**Agent**”, “**Creditor**”, “**Obligor**”, “**Party**”, or “**Junior Agent**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees.
 - (iii) “**assets**” includes present and future properties, revenues and rights of every description;
 - (iv) a “**Finance Document**” or any other agreement or instrument is (other than a reference to a “**Finance Document**” or any other agreement or instrument in “**original form**”) a reference to that Finance Document, or other agreement or instrument, as amended, novated, supplemented, extended or restated as permitted by this Agreement;
 - (v) “**enforcing**” (or any derivation) the Transaction Security shall include the appointment of an administrator of an Obligor by the relevant Agent;
 - (vi) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (vii) the “**original form**” of a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document, agreement or instrument as originally entered into;
 - (viii) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

- (ix) “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self regulatory or other authority or organisation;
- (x) a provision of law is a reference to that provision as amended or re enacted;

- (xi) when it is stated in this Agreement that the Security and Intercreditor Agent or the Security Agent may take instructions from, make requests of, or otherwise communicate with the Creditors (a “**Communication**” and “**Communicate**” shall be interpreted accordingly), the right of the Security and Intercreditor Agent to Communicate with the Creditors shall be limited to Communications with the Junior Creditors and the right of the Security Agent to Communicate with the Creditors shall be limited to Communications with the Senior Creditors;
- (xii) where a reference is made in this Agreement to a “**relevant Agent**”, including but not limited to provisions in this Agreement which provide such “relevant Agent” with rights or obligations, the person or persons who are included in the concept of “relevant Agent” in that instance shall be determined by whether the Junior Liabilities or the Senior Liabilities (or both) are relevant to the interpretation of the provision in question, or otherwise as the context so requires;
- (xiii) where a reference is made in this Agreement to a “**relevant Creditor**”, including but not limited to provisions in this Agreement which provide such “relevant Creditor” with rights or obligations, the person or persons who are included in the concept of “relevant Creditor” in that instance shall be determined by whether the Junior Liabilities or the Senior Liabilities (or both) are relevant to the interpretation of the provision in question, or otherwise as the context so requires;
- (xiv) where a reference is made in this Agreement to a “**relevant Obligor**”, including but not limited to provisions in this Agreement which provide such “relevant Obligor” with rights or obligations, the person or persons who are included in the concept of “relevant Obligor” in that instance shall be determined by whether the Junior Liabilities or the Senior Liabilities (or both) are relevant to the interpretation of the provision in question, or otherwise as the context so requires; and
- (xv) where a reference is made in this Agreement to a “**relevant Group Company**”, including but not limited to provisions in this Agreement which provide such “relevant Group Company” with rights or obligations, the person or persons who are included in the concept of “relevant Group Company” in that instance shall be determined by whether the Junior Liabilities or the Senior Liabilities (or both) are relevant to the interpretation of the provision in question, or otherwise as the context so requires.

- (B) Section, Clause and Schedule headings are for ease of reference only.
- (C) A Default or an Event of Default is “**continuing**” if it has not been remedied or waived.

1.3 Third Party Rights

- (A) Unless expressly provided to the contrary in this Agreement, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Rights Act**”) to enforce or to enjoy the benefit of any term of this Agreement.
- (B) This Agreement confers benefits on the Finance Parties and the Obligors who are not party to this Agreement (each, for the purposes of this clause, a “**Third Party**”). It is intended that any benefit conferred on a Third Party should be enforceable by that Third Party by virtue of the Third Parties Rights Act.
- (C) Notwithstanding any term of this Agreement, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

2. RANKING AND PRIORITY

2.1 Creditor Liabilities

Each of the Parties agrees that the Liabilities owed by the Subordinated Guarantors to the Finance Parties shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking Liabilities as follows:

- (A) first, the Senior Liabilities; and
- (B) second, the Junior Liabilities.

2.2 Agreement binding on Senior Finance Parties

The Security Agent hereby confirms that in entering into this Agreement it is acting on its own behalf and as agent of each Senior Finance Party and that it is authorised by the terms of the Senior Finance Documents to enter into this Agreement for and on behalf of each Senior Finance Party from time to time and to bind each Senior Finance Party under and subject to the terms of this Agreement.

2.3 Agreement binding on HY Noteholders

The HY Noteholder Trustee hereby confirms that in entering into this Agreement it is acting on its own behalf and as the agent of each HY Noteholder and that it is authorised by the terms of the HY Note Indenture to enter into this Agreement for and on behalf of each HY Noteholder from time to time

and to bind each HY Noteholder under and subject to the terms of this Agreement.

2.4 Agreement binding on RCF Finance Parties

The RCF Agent hereby confirms that in entering into this Agreement it is acting on its own behalf and as the agent of each RCF Finance Party and that it is authorised by the terms of the RCF Agreement to enter into this Agreement for and on behalf of each RCF Finance Party from time to time and to bind each RCF Finance Party under and subject to the terms of this Agreement.

2.5 Agreement binding on Junior Obligors

KEL hereby confirms that in entering into this Agreement it is acting on its own behalf and as agent of each Junior Obligor and that it is authorised by the terms of the Junior Finance Documents to enter into this Agreement for and on behalf of each Junior Obligor from time to time and to bind each Junior Obligor under and subject to the terms of this Agreement.

2.6 Agreement binding on Senior Obligors

KEFI hereby confirms that in entering into this Agreement it is acting on its own behalf and as agent of each Senior Obligor and that it is authorised by the terms of the Senior Finance Documents to enter into this Agreement for and on behalf of each Senior Obligor from time to time and to bind each Senior Obligor under and subject to the terms of this Agreement.

3. SENIOR CREDITORS AND SENIOR LIABILITIES

3.1 Payment of Senior Liabilities

The Obligors may make Payments of the Senior Liabilities at any time in accordance with the Finance Documents.

3.2 Amendments and Waivers: Senior Finance Documents

- (A) Subject to paragraph (B) below, the Senior Creditors may amend or waive the terms of the Senior Finance Documents in accordance with the terms thereof, at any time.
- (B) The Senior Creditors may not amend or waive the terms of the Senior Finance Documents in the form as at the date of this Agreement, or as subsequently amended in accordance with this Agreement, if the amendment or waiver is:
 - (i) any amendment of the concept of “Permitted Financial Indebtedness” in the Senior Facility Agreement, the effect of which would be to remove the contractual entitlement of Senior Obligors to guarantee the Junior Liabilities pursuant to the Deed of Guarantee;
 - (ii) any amendment of the definition of “Scheduled KEL Debt Payments” in the Senior Facility Agreement (as defined in the Senior Facility Agreement);
 - (iii) any amendment or waiver of the permission that amounts standing to the credit of the “DSRA” (as defined in the Senior Facility Agreement) may be used to pay Scheduled KEL Debt Payments in accordance with the “Cash Waterfall” (as defined in the Senior Facility Agreement); or
 - (iv) other than to the extent required in order to comply with any applicable law or regulation, any amendment of the Cash Waterfall, the effect of which would be to move the permission to pay Scheduled KEL Debt Payments further down the Cash Waterfall, or otherwise to place additional or new classes of amounts above the permission to pay Scheduled KEL Debt Payments in the Cash Waterfall.

4. JUNIOR LENDERS AND JUNIOR LIABILITIES

4.1 Amendments and Waivers: Junior Finance Documents

- (A) Subject to paragraph (B) below, the Junior Creditors may amend or waive the terms of the Junior Finance Documents in accordance with the terms thereof, at any time.
- (B) The Junior Creditors may not, without the prior written consent of the Security Agent, amend or waive the terms of the Junior Finance Documents, in the form as at the date of this Agreement, or as subsequently amended in accordance with this Agreement, if such amendment or waiver of a Junior Finance Document is:
 - (i) an amendment or waiver constituting an increase in the Margin, or the inclusion of an additional margin, relating to the Junior

Liabilities (as applicable) other than such an increase or addition which is contemplated by the Junior Finance Documents; or

- (ii) an amendment or waiver constituting an increase in, or addition of, any fees or commission other than such an increase or addition which is contemplated by the Junior Finance Documents.

4.2 Restriction on Payment: Junior Liabilities

The Subordinated Guarantors shall not make any Payments of the Junior Liabilities at any time unless:

- (A) that Payment is permitted under Clause 4.3 (*Permitted Payments: Junior Liabilities*); or
- (B) the taking or receipt of that Payment is permitted under paragraphs (A)(iii) or (A)(iv) of Clause 4.10 (*Permitted Enforcement: Junior Creditors*).

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4.3 Permitted Payments: Junior Liabilities

- (A) The Subordinated Guarantors may, prior to the Senior Discharge Date, make Payments to the Junior Secured Parties in respect of the Junior Liabilities then due in accordance with the Junior Finance Documents:
 - (i) if the Payment is a Permitted Junior Payment and no Junior Payment Stop Event is outstanding; or
 - (ii) if the Instructing Senior Creditors give prior written consent to that Payment being made.
- (B) The Subordinated Guarantors may, on or after the Senior Discharge Date, make Payments to the Junior Secured Parties in respect of the Junior Liabilities in accordance with the Junior Finance Documents.

4.4 Issue of Junior Payment Stop Notice

- (A) A Junior Payment Stop Event is “outstanding” during the period from the date of the occurrence of a Junior Payment Stop Event and shall be “continuing” until the earlier of:
 - (i) the next-occurring date on which Junior Liabilities are due and payable and in relation to which no Sources and Uses Statement (as defined in the Senior Facility Agreement) dated within 12 months thereof shows a shortfall in funding pursuant to Clause 24.8 of the Senior Facility Agreement, unless another Junior Payment Stop Event has occurred in the meantime in which case a Junior Payment Stop Event shall be continuing until the next-occurring date on which Junior Liabilities are due and payable and in relation to which no Sources and Uses Statement (as defined in the Senior Facility Agreement) dated within 12 months thereof shows a shortfall in funding pursuant to Clause 24.8 of the Senior Facility Agreement; and
 - (ii) the Senior Discharge Date.
- (B) The Security Agent shall issue a notice to the Security and Intercreditor Agent (with a copy to KEL) advising that a Junior Payment Stop Event has occurred and is continuing (a “**Junior Payment Stop Notice**”).

4.5 Effect of Junior Payment Stop Event

- (A) Any failure to make a Payment due to the Junior Finance Parties under the Junior Finance Documents as a result of a Junior Payment Stop Event shall not prevent:
 - (i) the occurrence of an Event of Default under the Junior Finance Documents as a consequence of any failure to make a Payment in relation to the Junior Finance Documents; or

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- (ii) the issue of a Junior Enforcement Notice on behalf of the Junior Finance Parties.
- (B) The Junior Finance Parties acknowledge the right of the Senior Finance Parties to issue a Junior Payment Stop Notice in accordance with the provisions of Clause 4.4(B) (*Issue of Junior Payment Stop Notice*). Each Junior Finance Party agrees that it will not make any claim against any Senior Finance Party in relation to any Junior Liabilities which have fallen due but which are prevented from being paid by virtue of the occurrence of a Junior Payment Stop Event and/or valid issuance of, and the valid subsistence of, a Junior Payment Stop Notice in accordance with Clause 4.4(B) (*Issue of Junior Payment Stop Notice*).

4.6 Payment obligations and capitalisation of interest continue

- (A) No Subordinated Guarantor shall be released from the liability to make any Payment (including of default interest, which shall continue to accrue) under any Junior Finance Document by the operation of Clauses 4.2 (*Restriction on Payment: Junior Liabilities*) and 4.5 (*Effect of Junior Payment Stop Event*) even if its obligation to make that Payment is restricted at any time by the terms of any of those Clauses.
- (B) The accrual and capitalisation of interest in accordance with the Junior Finance Documents shall continue notwithstanding the occurrence of a Junior Payment Stop Event.

4.7 Cure of Payment Stop: Junior Creditors

If:

- (A) at any time following the occurrence of a Junior Payment Stop Event that Junior Payment Stop Event ceases to be outstanding; and
- (B) the relevant Subordinated Guarantor then promptly pays to the Junior Finance Parties an amount equal to any Payments which had accrued under the Junior Finance Documents and which would have been Permitted Junior Payments but for that Junior Payment Stop Event,

then any Event of Default which may have occurred under the Junior Finance Documents as a result of that suspension of Payments shall be deemed withdrawn as from the date of such payment, and any Junior Payment Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Junior Finance Parties.

4.8 Security: Junior Creditors

At any time prior to the Senior Discharge Date, the Junior Finance Parties may not take, accept or receive from any Senior Obligor the benefit of any Security, guarantee, indemnity or other assurance against loss in respect of the Junior Liabilities other than any guarantee, indemnity or other assurance against loss contained in the Deed of

Guarantee, unless the prior written consent of the Instructing Senior Creditors is obtained.

4.9 Restriction on Enforcement: Junior Creditors

Subject to Clause 4.10 (*Permitted Enforcement: Junior Creditors*), no Junior Finance Party shall be entitled to take any Enforcement Action in respect of any of the Subordinated Liabilities prior to the Senior Discharge Date.

4.10 Permitted Enforcement: Junior Creditors

- (A) Each Junior Finance Party may take the following action against any Subordinated Guarantor (notwithstanding Clause 4.9 (*Restriction on Enforcement: Junior Creditors*)) in respect of any of the Subordinated Liabilities:
 - (i) if an Insolvency Event has occurred in relation to a Subordinated Guarantor, each Junior Finance Party may:
 - (a) accelerate any of that Subordinated Guarantor's Junior Liabilities or declare them prematurely due and payable or payable on demand;
 - (b) make a demand under any guarantee, indemnity or other assurance against loss given by that Subordinated Guarantor in respect of any Junior Liabilities;
 - (c) exercise any right of set off or take or receive any Payment in respect of any Junior Liabilities of that Subordinated Guarantor; or
 - (d) claim and prove in the liquidation of that Subordinated Guarantor for the Junior Liabilities owing to it;
 - (ii) if an Acceleration Event has occurred in relation to the Senior Facility Agreement, each Junior Finance Party may take the same Enforcement Action (but in respect of the Junior Liabilities) as constitutes that Acceleration Event in relation to the Senior Facility Agreement;
 - (iii) if the Security and Intercreditor Agent has given notice (a "**Junior Enforcement Notice**") to the Security Agent specifying that a Junior Event of Default has occurred and is continuing, and the earlier of the following dates has occurred:
 - (a) the date falling 179 days after the date upon which that Junior Enforcement Notice (the "**Relevant Junior Enforcement Notice**") was served; and
 - (b) the date falling 179 days after the date upon which any other Junior Enforcement Notice was served (a "**Prior Junior**

Enforcement Notice”), in circumstances where the Prior Junior Enforcement Notice was already outstanding on the date upon which the Relevant Junior Enforcement Notice was served,

then provided that the Event of Default in respect of which the Relevant Junior Enforcement Notice or the Prior Junior Enforcement Notice (as applicable) was given is continuing, each Junior Finance Party may take any action (including any Enforcement Action) whatsoever permitted under the Junior Finance Documents; or

- (iv) if the Instructing Senior Creditors have given their prior written consent to any action by a Junior Finance Party, the Junior Finance Party may take that action.
- (B) Notwithstanding any provision of this Agreement to the contrary, should the HY Note Indenture be qualified under the Trust Indenture Act or otherwise subject to Section 316 of the Trust Indenture Act, the right of any HY Noteholder to:
- (i) receive payment of the principal of and interest on the HY Notes held by them, on or after the respective due dates expressed in the HY Note Indenture; or
 - (ii) to institute suit for the enforcement of any such payment on or after such respective dates (giving rise, if such payment or part thereof is recovered, to a “**HY Enforcement Recovery**”),

shall not be impaired or affected without the consent of such HY Noteholder, except to the extent permitted by the Trust Indenture Act. Clause 6.1 (*Turnover by the Creditors*) shall apply to any HY Enforcement Recovery, which shall be paid to the Proceeds Agent for application in accordance with Clause 9 (*APPLICATION OF PROCEEDS*) and the other terms of this Agreement.

4.11 Notification of Junior Event of Default

The Security and Intercreditor Agent shall notify the Security Agent of the occurrence of any Junior Event of Default, promptly (and in any event within three Business Days) following the receipt by the Security and Intercreditor Agent of notification of the same from the RCF Agent or from the HY Note Trustee, as applicable. Such notice shall state the date of occurrence of such Junior Event of Default.

4.12 Option to purchase: Junior Creditors

- (A) Subject to paragraph (B) below, all the Junior Creditors (acting as a whole) may at any time after a Distress Event has occurred pursuant to the Senior Finance Documents, by giving not less than 10 Business Days’ notice to the Security Agent, require the transfer to them (or to a nominee or nominees), in accordance with Clause 13.2 (*Change of Creditor*) of the Senior Intercreditor Agreement, of all, but not part, of the rights, benefits and obligations in respect

of the Senior Liabilities (other than the Hedging Liabilities as defined in the Senior Intercreditor Agreement) if:

- (i) that transfer is lawful and subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facility Agreement (provided that for these purposes Clause 30.2 (*Conditions of Assignment and Transfer or change in Facility Office*) of the Senior Facility Agreement will be ignored);
- (ii) any conditions relating to such a transfer contained in the Senior Facility Agreement are complied with, other than any requirement to obtain the consent of, or consult with, any Obligor relating to such transfer, which consent or consultation shall not be required;
- (iii) the Security Agent, on behalf of the Agents (as defined in the Senior Facility Agreement) and the Senior Lenders, is paid (no later than at the time of such transfer) an amount equal to the aggregate of:
 - (a) all of the Senior Liabilities (other than the “Hedging Liabilities”, as defined in the Senior Intercreditor Agreement) at that time (whether or not due), including all amounts that would have been payable under the Senior Facility Agreement if the Senior Facilities were being prepaid in full by the relevant Obligors on the date of that payment; and
 - (b) all costs and expenses (including legal fees) incurred by the Senior Finance Parties as a consequence of giving effect to that transfer;
- (iv) as a result of that transfer the Senior Lenders have no further actual or contingent liability to any Obligor under the Senior Finance Documents;

- (v) an indemnity is provided from each Junior Creditor (or from another third party acceptable to all the Senior Lenders) in a form satisfactory to each Senior Lender in respect of all losses which may be sustained or incurred by any Senior Lender in consequence of any sum received or recovered by any Senior Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender for any reason; and
 - (vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, except that each Senior Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorise the making by it of that transfer.
- (B) The Security Agent shall, within 5 Business Days of a request by Security and Intercreditor Agent, notify the Junior Creditors of the sum of the amounts described in paragraphs (A)(iii)(a) and (A)(iii)(b) above.

4.13 No independent power

Except as set out in Clause 4.10(B) above, the Junior Finance Parties shall not have any independent power to enforce, or have recourse to the Deed of Guarantee or to exercise any rights or powers arising under the Deed of Guarantee, except through the Security and Intercreditor Agent.

5. EFFECT OF INSOLVENCY EVENT

5.1 Payment of distributions

- (A) After the occurrence of an Insolvency Event in relation to a Subordinated Guarantor, any Junior Finance Party entitled to receive a distribution out of the assets of that Subordinated Guarantor in respect of Liabilities owed to that Junior Finance Party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that Subordinated Guarantor to pay that distribution to the Proceeds Agent until the Liabilities owing to the Senior Secured Parties have been paid in full.
- (B) The Proceeds Agent shall apply distributions paid to it under paragraph (a) above in accordance with Clause 9 (*APPLICATION OF PROCEEDS*).

5.2 Set Off

To the extent that any Junior Guarantor's Liabilities are discharged by way of set off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that Junior Guarantor, any Junior Finance Party which benefited from that set off shall pay an amount equal to the amount of the Junior Liabilities owed to it which are discharged by that set off to the Proceeds Agent for application in accordance with Clause 9 (*APPLICATION OF PROCEEDS*).

5.3 Non cash distributions

If the Proceeds Agent or any Junior Secured Party receives a distribution in a form other than in cash in respect of any of the Liabilities, the Liabilities will not be reduced by that distribution until and except to the extent that the realisation proceeds are actually applied towards the Liabilities.

5.4 Filing of claims

After the occurrence of an Insolvency Event in relation to any Subordinated Guarantor, each Junior Finance Party irrevocably authorises the relevant Agent, on its behalf, to:

- (A) take any Enforcement Action (in accordance with the terms of this Agreement) against that Subordinated Guarantor;
- (B) demand, sue, prove and give receipt for any or all of that Subordinated Guarantor's Liabilities;

- (C) collect and receive all distributions on, or on account of, any or all of that Subordinated Guarantor's Liabilities; and
- (D) file claims, take proceedings and do all other things the relevant Agent considers reasonably necessary to recover that Subordinated Guarantor's Liabilities.

5.5 Creditors' actions

Save as prohibited by any applicable law or regulation, each Junior Finance Party will (insofar as the relevant Agent in each case acts in accordance with Clause 5.6 (*Agent instructions*)):

- (A) do all things that the relevant Agent requests in order to give effect to this Clause 5; and
- (B) if the relevant Agent is not entitled to take any of the actions contemplated by this Clause 5 or if the relevant Agent requests that a relevant Finance Party take that action, undertake that action itself in accordance with the instructions of the relevant Agent or grant a power of attorney to the relevant Agent (on such terms as the relevant Agent may reasonably require) to enable the relevant Agent to take such action.

5.6 Agent instructions

For the purposes of Clause 5.4 (*Filing of claims*) and Clause 5.5 (*Creditors' actions*), the Security and Intercreditor Agent shall act:

- (A) on the instructions of the Instructing Junior Creditors; or
- (B) in the absence of any such instructions, as it sees fit.

6. TURNOVER OF RECEIPTS

6.1 Turnover by the Creditors

Subject to Clause 6.2 (*Permitted assurance and receipts*), if at any time prior to the First Discharge Date, any Junior Finance Party receives or recovers from a Subordinated Guarantor:

- (A) any Payment or distribution of, or on account of or in relation to, any of the Subordinated Liabilities which is not either:
 - (i) a Permitted Payment; or
 - (ii) made in accordance with Clause 9 (*APPLICATION OF PROCEEDS*);

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- (B) other than where Clause 5.2 (*Set Off*) applies, any amount by way of set off in respect of any of the Liabilities owed to it which does not give effect to a Permitted Payment;
- (C) notwithstanding paragraphs (A) and (B) above, and other than where Clause 5.2 (*Set Off*) applies, any amount:
 - (i) on account of, or in relation to, any of the Subordinated Liabilities:
 - (a) after the occurrence of a Distress Event; or
 - (b) as a result of any other litigation or proceedings against a Subordinated Guarantor (other than after the occurrence of an Insolvency Event in respect of that Obligor); or
 - (ii) by way of set-off in respect of any of the Subordinated Liabilities owed to it after the occurrence of a Distress Event;
 - (iii) the proceeds of any enforcement of any Subordinated Guarantee except in accordance with Clause 9 (*APPLICATION OF PROCEEDS*); or
 - (iv) other than where Clause 5.2 (*Set Off*) applies, any distribution in cash or in kind or Payment of, or on account of or in relation to, any of the Subordinated Liabilities owed by any Subordinated Guarantor which is not in accordance with Clause 9 (*APPLICATION OF PROCEEDS*) and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Subordinated Guarantor,

that Junior Finance Party will:

- (v) in relation to receipts and recoveries not received or recovered by way of set-off:
 - (a) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Proceeds Agent and promptly pay that amount to the Proceeds Agent for application in accordance with the terms of this Agreement; and
 - (b) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Proceeds Agent for application in accordance with the terms of this Agreement; and
- (vi) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Proceeds Agent for application in accordance with the terms of this Agreement.

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6.2 Permitted assurance and receipts

Nothing in this Agreement shall restrict the ability of any Finance Party to:

- (A) arrange with any person which is not an Obligor any assurance against loss in respect of, or reduction of its credit exposure to, an Obligor (including assurance by way of credit based derivative or sub participation); or
- (B) make any assignment or transfer,

which is permitted by the Finance Documents to which it is a party and that Finance Party shall not be obliged to account to any other Party for any sum received by it as a result of that action.

6.3 Sums received by Obligors

If any of the Obligors receives or recovers any sum from a Subordinated Guarantor which, under the terms of any of the Finance Documents, should have been paid to the Security Agent or to the Security and Intercreditor Agent (as applicable), that Obligor will:

- (A) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Proceeds Agent and promptly pay that amount to the Proceeds Agent for application in accordance with the terms of this Agreement; and
- (B) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Proceeds Agent for application in accordance with the terms of this Agreement.

6.4 Saving provision

If, for any reason, any of the trusts expressed to be created in this Clause 6 (*TURNOVER OF RECEIPTS*) should fail or be unenforceable, the affected Junior Finance Party or Obligor will promptly pay an amount equal to that receipt or recovery to the Proceeds Agent to be held on trust by the Proceeds Agent for application in accordance with the terms of this Agreement.

7. REDISTRIBUTION

7.1 Recovering Creditor's rights

- (A) Any amount paid by a Junior Finance Party (a "**Recovering Finance Party**") to the Proceeds Agent under Clause 5 (*EFFECT OF INSOLVENCY EVENT*) or Clause 6 (*TURNOVER OF RECEIPTS*) shall be treated as having been paid by the relevant Obligor and distributed to the Finance Parties (each a "**Sharing Finance Party**") in accordance with the terms of this Agreement.

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- (B) On a distribution by the Proceeds Agent under paragraph (A) above of a Payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party an amount equal to the amount received or recovered by the Recovering Finance Party and paid to the Proceeds Agent (the "**Shared Amount**") will be treated as not having been paid by that Obligor.

7.2 Reversal of redistribution

- (A) If any part of the Shared Amount received or recovered by a Recovering Finance Party becomes repayable to an Obligor and is repaid by that Recovering Finance Party to that Obligor, then:
 - (i) each Sharing Finance Party shall, upon request of the Proceeds Agent, pay to the Proceeds Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Shared Amount (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Shared Amount which that Recovering Finance Party is required to pay) (the "**Redistributed Amount**"); and
 - (ii) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.
- (B) The Proceeds Agent shall not be obliged to pay any Redistributed Amount to a Recovering Finance Party under paragraph (A)(i) above until it has been able to establish to its satisfaction that it has actually received that Redistributed Amount from the relevant Sharing Finance Party.

7.3 Deferral of Subrogation

No Junior Finance Party or Junior Obligor will exercise any rights which it may have by reason of the performance by it of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Finance

Documents of any Finance Party which ranks ahead of it in accordance with the priorities set out in Clause 2 (*RANKING AND PRIORITY*) until such time as all of the Liabilities owing to each prior ranking Finance Party (or, in the case of any Obligor, owing to each Finance Party) have been irrevocably paid in full.

8. DISPOSALS

8.1 Distressed Disposals

If a Distressed Disposal is being effected, the Security and Intercreditor Agent shall, and is irrevocably authorised to (at the cost of the relevant Senior Obligor or Group Company and without any consent, sanction, authority or further confirmation from any Finance Party, any Senior Obligor or Group Company) release the Deed of Guarantee.

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9. APPLICATION OF PROCEEDS

9.1 Order of application

Subject to Clause 9.2 (*Prospective liabilities*), all amounts from time to time received or recovered by the Proceeds Agent in respect of the Subordinated Liabilities pursuant to the terms of any Finance Document (for the purposes of this Clause 9, the “ **Recoveries**”), shall be held by the Proceeds Agent on trust to apply them at any time as the Proceeds Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this Clause 9)), in the following order of priority:

- (A) in payment to the Security Agent for application in accordance with the Senior Intercreditor Agreement;
- (B) in discharging any sums owing to the Proceeds Agent;
- (C) in payment of all costs and expenses incurred by any Junior Finance Party in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of this Agreement or any action taken at the request of the Security and Intercreditor Agent under Clause 5.5 (*Creditors’ actions*);
- (D) if the KEL Intercreditor Agreement is in force and effect, in payment on a pro rata basis to the RCF Agent on its own behalf for the RCF Agent Liabilities and the HY Noteholder Trustee on its own behalf for the HY Noteholder Trustee Liabilities;
- (E) in payment to the Security and Intercreditor Agent on behalf of the Junior Finance Parties for application towards the discharge of the Junior Liabilities (on a pro rata basis between the Junior Liabilities of each Junior Lender) in accordance with the terms of the KEL Intercreditor Agreement (if it is in force and effect at such time) or the RCF Agreement (if it is not);
- (F) if none of the Obligors is under any further actual or contingent liability under any Finance Document in payment to any person to whom the Proceeds Agent is obliged to pay in priority to any Obligor; and
- (G) the balance, if any, in payment to KEL or to the Original Senior Borrower at KEL’s discretion.

9.2 Prospective liabilities

Following a Distress Event the Proceeds Agent may, in its discretion, hold any amount of the Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Proceeds Agent with such financial institution (including itself) and for so long as the Proceeds Agent shall think fit (the interest being credited to the relevant account) for later application under Clause 9.1 (*Order of application*) in respect of:

- (A) any sum to any Agent or Junior Agent; and

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- (B) any part of the Liabilities,

that the Proceeds Agent reasonably considers, in each case, might become due or owing at any time in the future.

9.3 Investment of proceeds

Prior to the application of any proceeds in accordance with Clause 9.1 (*Order of application*) the Proceeds Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Proceeds Agent with such financial institution (including itself) and for so long as the Proceeds Agent shall think fit (the interest being credited to the relevant account) pending the application from time to time of those monies in the Proceeds Agent’s discretion in accordance with the provisions of this Clause 9.

9.4 Currency Conversion

- (A) For the purpose of, or pending the discharge of, any of the Liabilities the Proceeds Agent may convert any moneys received or recovered by the Proceeds Agent from one currency to another, at the Proceeds Agent's Spot Rate of Exchange.
- (B) The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

9.5 Permitted Deductions

The Proceeds Agent shall be entitled, in its discretion, (a) to set aside by way of reserve amounts required to meet and (b) to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement, and to pay all Taxes which may be assessed against it in respect of any of the Charged Property, or as a consequence of performing its duties, or by virtue of its capacity as Proceeds Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

9.6 Good Discharge

- (A) Any payment to be made in respect of the Liabilities by the Proceeds Agent may be made to the relevant Agent on behalf of the relevant Finance Party and any payment made in that way shall be a good discharge, to the extent of that payment, by the Proceeds Agent.
- (B) The Proceeds Agent is under no obligation to make the payments to the Agents under paragraph (A) above in the same currency as that in which the Liabilities owing to the relevant Finance Party are denominated.

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9.7 Calculation of Amounts

For the purpose of calculating any person's share of any sum payable to or by it, the Proceeds Agent shall be entitled to:

- (A) notionally convert the Liabilities owed to any person into a common base currency (decided in its discretion by the Proceeds Agent), that notional conversion to be made at the spot rate at which the Proceeds Agent is able to purchase the notional base currency with the actual currency of the Liabilities owed to that person at the time at which that calculation is to be made; and
- (B) assume that all moneys received or recovered as a result of the enforcement or realisation of the Secured Property are applied in discharge of the Liabilities in accordance with the terms of the Finance Documents under which those Liabilities have arisen.

10. PERMITTED REFINANCING

10.1 Permitted Refinancing of the Senior Liabilities

Notwithstanding any other term of this Agreement, it is agreed that, in the event the Senior Liabilities are amended, restated, refinanced, replaced or restructured in whole or in part (a "New Senior Financing"), then that New Senior Financing and any reconstituted, new, amended or replacement Security, guarantees and other assurances of whatever kind given in support of such New Senior Financing will rank senior in priority in terms of payment and security to the Subordinated Liabilities.

10.2 Further Assurance

It is agreed that, in the event of a New Senior Financing, each Party shall, at the cost of KEL, do or procure the doing of all acts and/or execute or procure the execution of all documents, notices and filings in a form satisfactory to KEL and the creditors under the New Senior Financing (who may for these purposes act through an agent) (each acting reasonably) which KEL and the creditors under the New Senior Financing (who may for these purposes act through an agent) (each acting reasonably) considers necessary or appropriate to ensure that the New Senior Financing and any Security, guarantees and other assurances of whatever kind given in support of such New Senior Financing rank senior in priority in terms of payment and security to the Subordinated Liabilities (including, but without limitation, any replacement intercreditor or subordination agreement or undertakings) and which KEL and the creditors under the New Senior Financing (each acting reasonably) consider necessary or appropriate for giving full effect to the New Senior Financing, and any Security, guarantees and other assurances of whatever kind given in support of such New Senior Financing and their ranking senior to the Subordinated Liabilities.

10.3 Permitted Refinancing of the Junior Liabilities

Notwithstanding any other term of this Agreement, it is agreed that, in the event the Junior Liabilities are amended, restated, refinanced, replaced or restructured in whole or

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in part (a “**New Junior Financing**”), then any Junior Transaction Security may be reconstituted, amended or replaced with Security (“**New Junior Security**”) on substantially the same terms as the Junior Transaction Security, provided that the Subordinated Liabilities will rank junior in priority to the Senior Liabilities as specified in, and on the terms and conditions set out in this Agreement.

10.4 Further assurance

It is agreed that, in the event of a New Junior Financing, each Party shall, at the cost of KEL, do or procure the doing of all acts and/or execute or procure the execution of all documents, notices and filings in a form satisfactory to KEL and the creditors under the New Junior Financing (who may for these purposes act through an agent) (each acting reasonably) which KEL and the creditors under the New Junior Financing (who may for these purposes act through an agent) (each reasonably) considers necessary or appropriate to ensure that the Subordinated Liabilities will rank junior in priority to the Senior Liabilities as specified in, and on the terms and conditions set out in, this Agreement (including, but without limitation, relating to any replacement intercreditor or subordination agreement or undertakings) and which KEL and the creditors under the New Senior Financing (each acting reasonably) consider necessary or appropriate for giving full effect to the New Junior Financing and any New Junior Security.

11. ROLE OF THE PROCEEDS AGENT

11.1 Role

- (A) For the purposes of Clauses 5 (*EFFECT OF INSOLVENCY EVENT*), 6 (*TURNOVER OF RECEIPTS*), 7 (*REDISTRIBUTION*) and 9 (*APPLICATION OF PROCEEDS*) the Proceeds Agent shall act for the benefit and in the interest of all Finance Parties who are Parties to this Agreement, in order to ensure, among other things, that the application of proceeds envisaged by Clause 9 (*APPLICATION OF PROCEEDS*) is carried out in accordance with the terms of this Agreement.
- (B) The Proceeds Agent shall take such action in the exercise of any of its powers and duties under this Agreement as it considers in its discretion to be appropriate.

11.2 Trust

- (A) The Proceeds Agent declares that it shall hold the property received pursuant to Clauses 5 (*EFFECT OF INSOLVENCY EVENT*), 6 (*TURNOVER OF RECEIPTS*) and 7 (*REDISTRIBUTION*) on trust for the Finance Parties on the terms contained in this Agreement.
- (B) Each of the parties to this Agreement agrees that the Proceeds Agent shall have only those duties, obligations and responsibilities expressly specified in this Agreement (and no others shall be implied).

11.3 Proceeds Agent’s discretions

The Proceeds Agent may:

- (A) assume (unless it has received actual notice to the contrary from a Senior Hedging Counterparty or one of the Agents) that (i) no Default has occurred and no Obligor is in breach of or in default of its obligations under any of the Finance Documents and (ii) any right, power, authority or discretion vested by any Finance Document in any person has not been exercised;
- (B) engage, pay for and rely on the advice or services of any legal advisers, accountants, tax advisers, surveyors or other experts (whether obtained by the Proceeds Agent or by any other Secured Party) whose advice or services may at any time seem necessary, expedient or desirable;
- (C) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Secured Party, any Creditor or an Obligor, upon a certificate signed by or on behalf of that person; and
- (D) refrain from acting in accordance with the instructions of any Party (including bringing any legal action or proceeding arising out of or in connection with the Finance Documents) until it has received any indemnification and/or security that it may in its discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in so acting.

11.4 Excluded obligations

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Proceeds Agent shall not:

- (A) be bound to enquire as to (i) whether or not any Default has occurred or (ii) the performance, default or any breach by an Obligor of its obligations under any of the Finance Documents;
- (B) be bound to account to any other Party for any sum or the profit element of any sum received by it for its own account;
- (C) be bound to disclose to any other person (including but not limited to any Secured Party) (i) any confidential information or (ii) any other

information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty;

- (D) have or be deemed to have any relationship of trust or agency with, any Obligor.

11.5 Exclusion of liability

The Proceeds Agent shall not accept responsibility or be liable for:

- (A) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Proceeds Agent or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (B) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Secured Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;
- (C) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Finance Documents, the Secured Property or otherwise, unless directly caused by its gross negligence or wilful misconduct;
- (D) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Finance Documents, the Secured Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, the Finance Documents or the Secured Property; or
- (E) any shortfall which arises on the enforcement or realisation of the Secured Property.

11.6 Obligors' indemnity to the Proceeds Agent

The Obligors shall jointly and severally indemnify the Proceeds Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by it (otherwise than by reason of the Proceeds Agent's gross negligence or wilful misconduct) in acting as Proceeds Agent under this Agreement.

11.7 No proceedings

No Party (other than the Proceeds Agent) may take any proceedings against any officer, employee or agent of the Proceeds Agent in respect of any claim it might have against the Proceeds Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to this Agreement or any Secured Property and any officer, employee or agent of the Proceeds Agent may rely on this Clause subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Rights Act.

11.8 Custodians and nominees

The Proceeds Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any assets of the trust as the Proceeds Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Proceeds Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

11.9 Refrain from illegality

Notwithstanding anything to the contrary expressed or implied in this Agreement, the Proceeds Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction and the Proceeds Agent may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

11.10 Business with the Obligors

The Proceeds Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with any of the Obligors.

11.11 Winding up of trust

If the Proceeds Agent is informed by all of the Agents and the Senior Hedging Counterparties that (a) all of the Liabilities and all other obligations

secured by the Security Documents have been fully and finally discharged and (b) none of the Secured Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents the trusts set out in this Agreement shall be wound up.

11.12 Perpetuity period

The perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of 125 years from the date of this Agreement.

11.13 Powers supplemental

The rights, powers and discretions conferred upon the Proceeds Agent by this Agreement shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Proceeds Agent by general law or otherwise.

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11.14 Trustee division separate

- (A) In acting as trustee for the Secured Parties, the Proceeds Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any of its other divisions or departments.
- (B) If information is received by another division or department of the Proceeds Agent, it may be treated as confidential to that division or department and the Proceeds Agent shall not be deemed to have notice of it.

11.15 Disapplication

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Proceeds Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

11.16 Obligors: Power of Attorney

Each Obligor by way of security for its obligations under this Agreement irrevocably appoints the Proceeds Agent to be its attorney to do anything which that Obligor has authorised the Proceeds Agent or any other Party to do under this Agreement or is itself required to do under this Agreement but has failed to do (and the Proceeds Agent may delegate that power on such terms as it sees fit).

11.17 Information from Agents

Each Agent shall provide the Proceeds Agent with such information of which it is aware requested by the Proceeds Agent in relation to the discharge of its obligations under this Agreement.

12. CHANGE OF PROCEEDS AGENT AND DELEGATION

12.1 Resignation of the Proceeds Agent

- (A) The Proceeds Agent may resign and appoint one of its affiliates as successor by giving notice to each of the Agents.
- (B) Alternatively the Proceeds Agent may resign by giving notice to each of the Parties in which case the Instructing Junior Creditors and the Instructing Senior Creditors together may appoint a successor Proceeds Agent.
- (C) If the Majority Creditors have not appointed a successor Proceeds Agent in accordance with paragraph (B) above within 30 days after the notice of resignation was given, the Proceeds Agent (after consultation with the Agents) may appoint a successor Proceeds Agent.

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- (D) The retiring Proceeds Agent (the “**Retiring Proceeds Agent**”) shall, at its own cost, make available to the successor Proceeds Agent such documents and records and provide such assistance as the successor Proceeds Agent may reasonably request for the purposes of performing its functions as Proceeds Agent under this Agreement.
- (E) The Proceeds Agent’s resignation notice shall take effect upon the appointment of a successor.
- (F) Upon the appointment of a successor, the Retiring Proceeds Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under Clause 11.11 (*Winding up of trust*) and under paragraph (D) above) but shall, in respect of

any act or omission by it whilst it was the Proceeds Agent, remain entitled to the benefit of Clauses 11 (*ROLE OF THE PROCEEDS AGENT*), 15.1 (*Obligors' indemnity*) and 15.2 (*Creditors' indemnity*). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original Party.

- (G) The Majority Creditors may, by notice to the Proceeds Agent, require it to resign in accordance with paragraph (B) above. In this event, the Proceeds Agent shall resign in accordance with paragraph (B) above but the cost referred to in paragraph (D) above shall be for the account of KEL.

12.2 Delegation

- (A) The Proceeds Agent may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of the rights, powers and discretions vested in it by this Agreement.
- (B) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Proceeds Agent may, in its discretion, think fit in the interests of the Secured Parties and it shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub delegate.

12.3 Additional Proceeds Agents

- (A) The Proceeds Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co trustee jointly with it (i) if it considers that appointment to be in the interests of the Secured Parties; or (ii) for the purposes of conforming to any legal requirements, restrictions or conditions which the Proceeds Agent deems to be relevant, and the Proceeds Agent shall give prior notice to KEL and each of the Agents of that appointment.
- (B) Any person so appointed shall have the rights, powers and discretions (not exceeding those conferred on the Proceeds Agent by this Agreement) and the

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duties and obligations that are conferred or imposed by the instrument of appointment.

- (C) The remuneration that the Proceeds Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Proceeds Agent.

13. CHANGES TO THE PARTIES

13.1 Assignments and transfers

No Party may assign any of its rights and benefits or transfer any of its rights, benefits and obligations in respect of any Finance Documents or the Liabilities except as permitted by this Clause 13.

13.2 Change of Creditor

Subject to Clauses 13.3 (*Change of Agent*) and 13.4 (*Accession of HY Noteholder Trustee*), a Finance Party may assign any of its rights and benefits or transfer by novation any of its rights, benefits and obligations in respect of any Finance Document to which it is party or the related Liabilities if that assignment or transfer is in accordance with the terms of the Finance Documents, as applicable.

13.3 Change of Agent

Except in the case of an accession to this Agreement for the first time by a HY Noteholder Trustee (in which case Clause 13.4 (*Accession of HY Noteholder Trustee*) shall apply), no person shall become an Agent, a Proceeds Agent or a Junior Agent unless at the same time, it accedes to this Agreement either as a Security and Intercreditor Agent, a Security Agent, a Proceeds Agent, a RCF Agent or a HY Noteholder Trustee, as applicable, pursuant to Clause 13.5 (*Agent Accession Undertaking*).

13.4 Accession of HY Noteholder Trustee

- (A) Each Finance Party and each Obligor agrees that any HY Noteholder Trustee may enter into and accede to this Agreement as a Junior Secured Party for the first time for and on behalf of itself and each HY Noteholder without the requirement for any consent or approvals from the Finance Parties or the Obligors (or any of them). Such accession shall confer upon the HY Noteholders all of the rights and privileges set out in this Agreement. KEL may by five Business Days written Notice (the "**Amendment Notice Period**") to the Agents request that such amendments and/or additions be made to this Agreement as any HY Noteholder Trustee (whether appointed at that time or not) may reasonably require (the "**HY Noteholder Trustee Amendments**"). During the Amendment Notice Period, either:

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- (i) the relevant Agent shall enter into any agreement effecting the HY Noteholder Trustee Amendments, on the instructions of the Instructing Senior Creditors and the Instructing Junior Creditors; or
 - (ii) the relevant Agent shall notify KEL and KEFI in writing of any determination by the Instructing Senior Creditors and/or the Instructing Junior Creditors that the HY Noteholder Trustee Amendments would materially and adversely prejudice their interests.
- (B) If, on the instructions of the Instructing Senior Creditors and/or the Instructing Junior Creditors, the relevant Agent is required to make the notification described in paragraph (A)(ii) above, the relevant Agent shall promptly contact KEL and KEFI in writing, setting out in reasonable detail the basis and reasons for that decision and the changes which the Instructing Senior Creditors and/or the Instructing Junior Creditors (acting reasonably) would require for the relevant Agent to enter into the revised version of this Agreement with the HY Noteholder Trustee Amendments incorporated. If such changes are made, and subject to Clause 13.4(C), then the relevant Agent will be deemed to have been instructed by the Instructing Senior Creditors and/or the Instructing Junior Creditors (as applicable) promptly to enter into any agreement effecting the HY Noteholder Amendments, together with the changes required by the Instructing Senior Creditors and/or the Instructing Junior Creditors, as applicable.
- (C) Nothing in this clause 13.4 will require the Security Agent to act otherwise than in accordance with the terms of the Senior Intercreditor Agreement and the Senior Facility Agreement.

13.5 Agent Accession Undertaking

With effect from the date of acceptance by the Security and Intercreditor Agent of an Agent Accession Undertaking or, if later, the date specified in that Agent Accession Undertaking, and otherwise with effect from the date specified in the Agent Accession Undertaking, in each case duly executed and delivered to the Parties by the relevant acceding party:

- (A) any Party ceasing entirely to be an Agent, a Proceeds Agent or Junior Agent shall be discharged from further obligations towards the other Parties under this Agreement and their respective rights against one another shall be cancelled (except in each case for those rights which arose prior to that date); and
- (B) as from that date, the replacement or new Agent, Proceeds Agent or Junior Agent shall assume the same obligations, and become entitled to the same rights, as if it had been an original Party to this Agreement in that capacity.

13.6 Additional Junior Agents

- (A) Each of the Parties appoints the Security and Intercreditor Agent to receive on its behalf each Agent Accession Undertaking to the Security and Intercreditor Agent and the Security and Intercreditor Agent shall, subject to paragraph (B)

below, as soon as reasonably practicable after receipt by it, sign and accept the same if it appears on its face to have been completed, executed and, where applicable, delivered in the form contemplated by this Agreement.

- (B) The Security and Intercreditor Agent shall only be obliged to sign and accept an Agent Accession Undertaking received by it once it is satisfied that it has complied with all necessary "know your customer" or similar other checks under all applicable laws and regulations in relation to the accession by the prospective party to this Agreement.
- (C) Each Party shall promptly upon the request of the Security and Intercreditor Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Security and Intercreditor Agent (for itself) from time to time in order for the Security and Intercreditor Agent to carry out and be satisfied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the relevant Finance Documents.

14. COSTS AND EXPENSES

14.1 Agents' ongoing costs

- (A) In the event of (i) a Default; (ii) any Agent or Proceeds Agent considering it necessary or expedient; or (iii) any Agent being requested by an Obligor or by the Instructing Junior Creditors or the Instructing Senior Creditors (as applicable) to undertake duties which that Agent and KEL agree to be of an exceptional nature and/or outside the scope of the normal duties of that Agent under the Finance Documents, KEL shall pay to that Agent any additional remuneration (together with any applicable VAT) that may be agreed between them.
- (B) If an Agent and KEL or the Proceeds Agent and KEL fail to agree upon the nature of those duties or upon any additional remuneration, that dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by that Agent or the Proceeds Agent (as applicable) and approved by KEL or, failing approval, nominated (on the application of that Agent or the Proceeds Agent (as applicable)) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by KEL) and the determination of any investment bank shall be final and binding upon the parties to this Agreement.

14.2 Transaction expenses

KEL shall, within 15 Business Days, pay to each Agent and the Proceeds Agent the amount of all costs and expenses (including legal fees) (together with any applicable VAT) reasonably incurred by each Agent and the Proceeds Agent in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (A) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (B) any other Finance Documents executed after the date of this Agreement.

14.3 Stamp taxes

KEL shall (in accordance with the terms of the other Finance Documents) pay and, within five Business Days of demand, indemnify each Agent and the Proceeds Agent against any cost, loss or liability any Agent or Proceeds Agent incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

14.4 Interest on demand

If any Creditor or Obligor fails to pay any amount payable by it under this Agreement on its due date, interest shall accrue on the overdue amount (and be compounded with it) from the due date up to the date of actual payment (both before and after judgment and to the extent interest at a default rate is not otherwise being paid on that sum) at the rate which is one per cent. per annum over the rate at which the relevant Agent or Proceeds Agent was being offered, by leading banks in the London interbank market, deposits in an amount comparable to the unpaid amounts in the currencies of those amounts for any period(s) that the relevant Agent may from time to time select.

14.5 Enforcement and preservation costs

KEL or KEFI shall, within five Business Days of demand, pay to the relevant Agent or Proceeds Agent the amount of all costs and expenses (including legal fees and together with any applicable VAT) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the relevant Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

15. INDEMNITIES

15.1 Obligors' indemnity

Each Obligor shall promptly indemnify the relevant Agent and the Proceeds Agent against any cost, loss or liability (together with any applicable VAT) incurred by any of them:

- (A) in relation to or as a result of:

- (i) any failure by KEL or KEFI to comply with obligations under Clause 14 (*COSTS AND EXPENSES*);
 - (ii) the taking, holding, protection or enforcement of the Transaction Security;
 - (iii) the exercise of any of the rights, powers, discretions and remedies vested in the relevant Agent by the Finance Documents or by law; or
 - (iv) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or
- (B) which otherwise relates to any of the Secured Property or the performance of the terms of this Agreement (otherwise than as a result of its gross negligence or wilful misconduct).

Each Obligor expressly acknowledges and agrees that the continuation of its indemnity obligations under this Clause 15.1 (*Obligors' indemnity*) will not be prejudiced by any release or disposal under Clause 8.1 (*Distressed Disposals*) taking into account the operation of Clause 8.1.

15.2 Creditors' indemnity

Each Junior Creditor shall (in the proportion that the Liabilities due to it bears to the aggregate of the Liabilities due to all the Junior Creditors for the time being (or, if the Liabilities due to each of those Junior Creditors is zero, immediately prior to their being reduced to zero)), indemnify the Security

and Intercreditor Agent and the Proceeds Agent, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Security and Intercreditor Agent's or Proceeds Agent's gross negligence or wilful misconduct in acting as Security and Intercreditor Agent or Proceeds Agent under the Junior Finance Documents and unless the Security and Intercreditor Agent or Proceeds Agent has already been reimbursed by a Junior Obligor pursuant to a Junior Finance Document) and the Junior Obligors shall jointly and severally indemnify each Junior Creditor against any payment made by it under this Clause 15.

15.3 Borrower's indemnity to Creditors

KEL shall promptly and as principal obligor indemnify each Junior Creditor and KEFI shall promptly and as principal obligor indemnify each Senior Creditor against any cost, loss or liability (together with any applicable VAT), whether or not reasonably foreseeable, incurred by any of them in relation to or arising out of the operation of Clause 8.1 (*Distressed Disposals*).

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16. INFORMATION

16.1 Information and dealing

(A) The Creditors shall provide to the relevant Agent from time to time (through their respective Junior Agents in the case of a Junior Creditor) any information that each Agent may reasonably specify as being necessary or desirable to enable each Agent to perform its functions as trustee.

(B) Each Junior Creditor shall deal with the Security and Intercreditor Agent exclusively through its Junior Agent.

16.2 Disclosure

Notwithstanding any agreement to the contrary, each of the Obligors consents, until the Discharge Date, to the disclosure by any of (a) the Junior Creditors, the Junior Agents and the Security and Intercreditor Agent to each other (whether or not through a Junior Agent or the Security and Intercreditor Agent) and (b) the Senior Creditors and the Agents to each other (whether or not through an Agent) of such information concerning the Obligors obtained by it in that capacity as any Creditor, any Agent or any Junior Agent shall see fit.

17. NOTICES

17.1 Communications in writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter.

17.2 Security and Intercreditor Agent's communications with Creditors

The Security and Intercreditor Agent shall be entitled to carry out all dealings with the Creditors through their respective Agent or Junior Agent and may give to the Agents or Junior Agents, as applicable, any notice or other communication required to be given by the Security and Intercreditor Agent to a Creditor.

17.3 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is:

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(A) in the case of KEL:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 441 292 4720

Fax: +1 214 445 9705

Attention: Company Secretary

Attention: Jason Doughty;

(B) in the case of KEFI:

P.O. Box 32322
4th Floor, Century Yard
Cricket Square
Elgin Avenue
George Town
Grand Cayman
KY1-1209
Cayman Islands

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: (345) 946 4090

Fax: +1 214 445 9705

Attention: Andrew Johnson

Attention: Jason Doughty;

(C) in the case of the Security Agent:

Address: BNP Paribas
16 Rue de Hanovre
75078 Paris Cedex 2
France

Fax: 33 1 42 98 49 25

Attention: Alexandra Arhab

Email: alexandra.arhab@bnpparibas.com;

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(D) in the case of the Security and Intercreditor Agent:

Address: BNP Paribas
16 Rue de Hanovre
75078 Paris Cedex 2
France

Fax: 33 1 42 98 49 25

Attention: Phoi-Van Phuong

Email: phoi-van.phuong@bnpparibas.com;

(E) in the case of the RCF Agent:

Address: Standard Chartered Bank
5th Floor
1 Basinghall Avenue
London
EC2V 5DD

Fax: +44 207 885 3632

Attention: Matthew Breadon;

(F) in the case of the Proceeds Agent:

Address: BNP Paribas
16 Rue de Hanovre
75078 Paris Cedex 2
France

Fax: 33 1 42 98 49 25
Attention: Phoi-Van Phuong
Email: phoi-van.phuong@bnpparibas.com; and

(G) in the case of each other Party, that notified in writing to the other Parties on or prior to the date on which it becomes a Party, or any substitute address, fax number or department or officer which that Party may notify to the other Parties, by not less than five Business Days' notice.

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17.4 Delivery

- (A) Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:
- (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,
- and, if a particular department or officer is specified as part of its address details provided under Clause 17.3 (*Addresses*), if addressed to that department or officer.
- (B) Any communication or document to be made or delivered to an Agent will be effective only when actually received by that Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's signature below (or any substitute department or officer as that Agent shall specify for this purpose).
- (C) Any communication or document made or delivered to KEL or KEFI in accordance with this Clause 17.4 will be deemed to have been made or delivered to each of the Senior Obligors (where delivery has been made to KEFI) and each of the Junior Obligors (where delivery has been made to KEL).

17.5 Notification of address and fax number

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 17.3 (*Addresses*) or changing its own address or fax number, the relevant Party shall notify the other Parties.

17.6 Electronic communication

- (A) Any communication to be made between an Agent and another Agent, the Proceeds Agent or a Creditor under or in connection with this Agreement may be made by electronic mail or other electronic means, if the relevant Agent or Creditor:
- (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.

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- (B) Any electronic communication made between an Agent and another Agent, the Proceeds Agent or Creditor will be effective only when actually received in readable form and in the case of any electronic communication made by a Creditor or Agent to the another Agent only if it is addressed in such a manner as that Agent shall specify for this purpose.

17.7 English language

- (A) Any notice given under or in connection with this Agreement must be in English.
- (B) All other documents provided under or in connection with this Agreement must be:

- (i) in English; or
 - (ii) if not in English, and if so required by the relevant Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.
- (C) The relevant Agent and/or receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document provided pursuant to this Clause 17.7 and the English translation shall prevail unless the document is a statutory or other official document. Translation costs are for the account of the Obligors.

18. PRESERVATION

18.1 Partial invalidity

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of that provision under the law of any other jurisdiction will in any way be affected or impaired.

18.2 No impairment

If, at any time after its date, any provision of this Agreement is not binding on or enforceable in accordance with its terms against a person expressed to be a party to that Finance Document, neither the binding nature nor the enforceability of that provision or any other provision of that Finance Document will be impaired as against the other party or parties to that Finance Document.

18.3 Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Party, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of

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any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

18.4 Waiver of defences

The provisions of this Agreement will not be affected by an act, omission, matter or thing which, but for this Clause 18.4, would reduce, release or prejudice the ranking of liabilities and priorities expressed to be created by this Agreement including (without limitation and whether or not known to any Party):

- (A) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (B) the release of any Obligor or any other person under the terms of any composition or arrangement with any creditor of any Obligor;
- (C) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non presentation or non observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- (D) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Obligor or other person;
- (E) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or Security;
- (F) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security;
- (G) any intermediate Payment of any of the Liabilities owing to the Creditors in whole or in part; or
- (H) any insolvency or similar proceedings.

18.5 Priorities not affected

Except as otherwise provided in this Agreement the priorities referred to in Clause 2 (*RANKING AND PRIORITY*) will:

- (A) not be affected by any reduction or increase in the principal amount secured by the Transaction Security in respect of the Liabilities owing to the Creditors or by any intermediate reduction or increase in, amendment or variation to any of the Finance Documents, or by any variation or satisfaction of, any of the Liabilities or any other circumstances;

- (B) apply regardless of the order in which or dates upon which this Agreement and the other Finance Documents are executed or registered or notice of them is given to any person; and
- (C) secure the Liabilities owing to the Creditors in the order specified, regardless of the date upon which any of the Liabilities arise or of any fluctuations in the amount of any of the Liabilities outstanding.

19. CONSENTS, AMENDMENTS AND OVERRIDE

19.1 Required consents

- (A) Subject to paragraphs (B) below, to Clause 19.3 (*Exceptions*) and to Clause 19.5 (*Snooze/Lose*), this Agreement may be amended only with the consent of the Instructing Junior Creditors and the Instructing Senior Creditors and any provision of this Agreement may be waived only with the consent of the Instructing Senior Creditors.
- (B) An amendment or waiver that has the effect of changing or which relates to:
 - (i) Clause 7 (*REDISTRIBUTION*), Clause 9 (*APPLICATION OF PROCEEDS*) or this Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*); or
 - (ii) the order of priorities and ranking of liabilities under this Agreement,
 shall not be made without the consent of all of the Creditors.

19.2 Effectiveness

Any amendment, waiver or consent given in accordance with this Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*) will be binding on all Parties, each Obligor and each Creditor and the relevant Agent may effect, on behalf of any Junior Agent or Creditor, any amendment, waiver or consent permitted by this Clause 19 (*CONSENTS, AMENDMENTS AND OVERRIDE*).

19.3 Exceptions

- (A) Subject to paragraph (C) below, if the amendment, waiver or consent may impose new or additional obligations on or withdraw or reduce the rights of any Party other than:
 - (i) in the case of a Finance Party, in a way which affects or would affect Finance Parties of that Party's class generally; or
 - (ii) in the case of an Obligor, to the extent consented to by KEL (provided that, if the KEL Intercreditor Agreement is in effect, such consent must be given in accordance with its terms) or KEFI (in accordance with the Senior Intercreditor Agreement),

the consent of that Party is required.

- (B) Subject to paragraph (C) below, an amendment, waiver or consent which relates to the rights or obligations of an Agent or the Proceeds Agent (including, without limitation, any ability of an Agent or the Proceeds Agent to act in its discretion under this Agreement) may not be effected without the consent of that Agent or the Proceeds Agent.
- (C) Neither paragraph (A) nor (B) above shall apply:
 - (i) to any release of Transaction Security, claim or Liabilities; or
 - (ii) to any consent
 which, in each case, the relevant Agent gives in accordance with Clause 8 (*DISPOSALS*).

19.4 Enforcement Action

For the avoidance of doubt, as between on the one hand, the Finance Party and, on the other hand, the Obligors, nothing in this Agreement shall give the Finance Parties a greater or any additional right in relation to taking a particular Enforcement Action (including as to the time at which such Enforcement Action may be taken and/or the circumstances under which any Enforcement Action may be taken) than exists under the terms of the other Finance Documents or at law.

19.5 Snooze/Lose

- (A) If in relation to:
- (i) a request for a Consent in relation to any of the terms of this Agreement;
 - (ii) a request to participate in any other vote of Creditors under the terms of this Agreement;
 - (iii) a request to approve any other action under this Agreement; or
 - (iv) a request to provide any confirmation or notification under this Agreement;
- any Creditor:
- (1) fails to respond to that request within 10 Business Days of that request being made; or
 - (2) (in the case of paragraphs (i) to (iii) above and if so requested by the relevant Agent), fails to provide details

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of its Credit Participation to the relevant Agent within the timescale specified by that Agent:

- (v) in the case of paragraphs (i) to (iii) above, that Creditor's Credit Participation (as the case may be) shall be deemed to be zero for the purpose of calculating the Credit Participations when ascertaining whether any relevant percentage of Credit Participations has been obtained to give that Consent, carry that vote or approve that action;
- (vi) in the case of paragraph (iv) above, that confirmation or notification shall be deemed to have been given.

19.6 Disenfranchisement of Sponsor Affiliates

- (A) For so long as a Sponsor Affiliate beneficially owns a Commitment or Credit Participation or (ii) has entered into a sub-participation agreement relating to a Commitment or Credit Participation or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated:
- (i) in ascertaining:
 - (a) the Instructing Junior Creditors or the Instructing Senior Creditors (as applicable); or
 - (b) whether:
 - (1) any relevant percentage of Commitments or Credit Participations; or
 - (2) the agreement of any specified group of Creditors,has been obtained to approve any request for a Consent or to carry any other vote or approve any action under this Agreement,that Commitment or Credit Participation shall be deemed to be zero and, subject to paragraph (ii) below, that Sponsor Affiliate (or the person with whom it has entered into that sub-participation, other agreement or arrangement (a "**Counterparty**")) shall be deemed not to be a Creditor.
 - (ii) Paragraph (A) above shall not apply to the extent that a Counterparty (other than a Sponsor Affiliate) is a Creditor by virtue otherwise than by beneficially owning the relevant Commitment or Credit Participation.
- (B) Each Sponsor Affiliate that is a Creditor agrees that:
- (i) in relation to any meeting or conference call to which all the Creditors are invited to attend or participate, it shall not attend or participate in the

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same if so requested by the relevant Agent or, unless the relevant Agent otherwise agrees, be entitled to receive the agenda or any minutes of the same; and

- (ii) it shall not, unless the relevant Agent otherwise agrees, be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the relevant Agent or one or more of the Creditors.

19.7 Calculation of Credit Participations

For the purpose of ascertaining whether any relevant percentage of Credit Participations has been obtained under this Agreement, the relevant Agent may notionally convert the Credit Participations into their Dollar Currency Amounts.

19.8 No liability

None of the Finance Parties or the Agents will be liable to any other Finance Party, Agent or Obligor for any Consent given or deemed to be given under this Clause 19.

19.9 Agreement to override

Unless expressly stated otherwise in this Agreement, this Agreement overrides anything in the Finance Documents to the contrary.

20. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

21. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with English law.

22. JURISDICTION

22.1 Submission

The parties hereby irrevocably agree for the exclusive benefit of the Secured Parties that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a “Dispute”).

22.2 Forum convenience

The parties hereby irrevocably agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly irrevocably agree not to argue to the contrary.

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22.3 Concurrent jurisdiction

This Clause 22 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions

23. SERVICE OF PROCESS

- (A) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (unless incorporated in England and Wales):
 - (i) irrevocably appoints Trusec Limited of 2 Lambs Passage, London, EC1Y 8BB as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement; and
 - (ii) agrees that failure by a process agent to notify an Obligor of the process will not invalidate the proceedings concerned;
- (B) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, KEL or KEFI, as applicable (in the case of an agent for service of process for an Obligor), must immediately (and in any event within 30 days of such event taking place) appoint another agent on terms acceptable to the relevant Agent. Failing this, the relevant Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

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**SCHEDULE 1
FORM OF AGENT ACCESSION UNDERTAKING**

To: **BNP PARIBAS** as Security Agent.
To: **BNP PARIBAS** as Security and Intercreditor Agent.
To: **STANDARD CHARTERED BANK** as RCF Agent.
To: [●] as HY Noteholder Trustee.

From: [*Acceding Agent*]

THIS UNDERTAKING is made on [date] by [*insert full name of new Agent*] (the “**Acceding [Security Agent / Security and Intercreditor Agent / RCF Agent / HY Noteholder Trustee]**”) in relation to the intercreditor agreement (the “**Intercreditor Agreement**”) dated [●] 2012 between, among others, BNP Paribas as Security Agent, BNP Paribas as Security and Intercreditor Agent, Standard Chartered Bank as RCF Agent and [●] as HY Noteholder Trustee, (each as defined in the Intercreditor Agreement). Terms defined in the Intercreditor Agreement shall, unless otherwise defined in this Undertaking, bear the same meanings when used in this Undertaking.

In consideration of the Acceding [Security Agent / Security and Intercreditor Agent / RCF Agent / HY Noteholder Trustee] being accepted as a [Security Agent / Security and Intercreditor Agent / RCF Agent / HY Noteholder Trustee] for the purposes of the Intercreditor Agreement, the Acceding [Security Agent / Security and Intercreditor Agent / RCF Agent / HY Noteholder Trustee] confirms that, as from [date], it intends to be party to the Intercreditor Agreement as a [Security Agent / Security and Intercreditor Agent / RCF Agent / HY Noteholder Trustee] and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a [Security Agent / Security and Intercreditor Agent / RCF Agent / HY Noteholder Trustee] and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.

This Undertaking is governed by English law.

THIS UNDERTAKING has been entered into on the date stated above and is delivered on the date stated above].

Acceding [Security Agent / Security and Intercreditor Agent / RCF Agent / HY Noteholder Trustee]

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[*insert full name of Acceding Agent*]

By:

Address:

Fax:

Accepted by the Security Agent

for and on behalf of

BNP PARIBAS

Date:

Accepted by the Security and Intercreditor Agent

for and on behalf of

BNP PARIBAS

Date:

Accepted by the RCF Agent

for and on behalf of

STANDARD CHARTERED BANK

Date:

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Accepted by the HY Noteholder Trustee

for and on behalf of

[•]

Date:

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SIGNATURES

The Original Senior Borrower

KOSMOS ENERGY FINANCE INTERNATIONAL

By: /s/ Neal Shah

Name: Neal Shah
Title: Attorney-in-fact

The HY Note Issuer

KOSMOS ENERGY LTD.

By: /s/ Neal Shah

Name: Neal Shah
Title: Attorney-in-fact

The RCF Borrower

KOSMOS ENERGY LTD.

By: /s/ Neal Shah

Name:: Neal Shah
Title: Attorney-in-fact

The Security Agent

BNP PARIBAS

By: /s/ Christophe Rouze

Name: Christophe Rouze
Title: Head of Business Management E&C EMEA

BNP PARIBAS

By: /s/ Eric de Menibus

Name: Eric de Menibus
Title: Deputy Director

The Security and Intercreditor Agent and Proceeds Agent

BNP PARIBAS

By: /s/ Christophe Rouze

Name: Christophe Rouze
Title: Head of Business Management E&C EMEA

BNP PARIBAS

By: /s/ Eric de Menibus

Name: Eric de Menibus
Title: Deputy Director

The RCF Agent

STANDARD CHARTERED BANK

By: /s/ Paul Thompson

Name: Paul Thompson
Title: Director

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

This AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT (this “Agreement”), dated as of October 7, 2009, is by and among Kosmos Energy Holdings, a Cayman Islands Exempted Company limited by guarantee but not having a share capital and the expected predecessor company to the IPO Corporation (as hereinafter defined) (“Kosmos”), and each of the parties listed on Annex A (the “Initial Stockholders”, and as such Annex A is updated and amended pursuant to Section 12(c) hereof, the “Stockholders”), and amends and restates that certain Registration Rights Agreement, dated as of March 9, 2004, by and among Kosmos and the other parties thereto.

Whereas, the Initial Stockholders and Kosmos are parties to that certain Fourth Amended and Restated Operating Agreement of Kosmos of even date herewith, as the same may hereafter be amended from time to time (the “Operating Agreement”);

Whereas, if Kosmos elects to effect an underwritten public offering of equity securities, the Operating Agreement contemplates that Kosmos will convert or otherwise succeed into the IPO Corporation pursuant to Section 5.9 of the Operating Agreement and that in connection therewith the Members (as defined in the Operating Agreement) of Kosmos will receive Common Stock (as defined below); and

Whereas, Kosmos has agreed to bind the IPO Corporation (its successor) to provide registration rights with respect to the Registrable Securities (as defined below), as set forth in this Agreement.

Now, therefore, for and in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms shall have the following meanings, and terms used herein but not otherwise defined herein shall have the meanings assigned to them in the Operating Agreement:

“Blackstone Qualified Holder” shall mean each of Blackstone Capital Partners (Cayman) IV L.P., Blackstone Capital Partners (Cayman) IV-A L.P., Blackstone Family Investment Partnership (Cayman) IV-A L.P., Blackstone Family Investment Partnership (Cayman) IV-A SMD L.P., and Blackstone Participation Partnership (Cayman) IV L.P., or any Person with whom any of the foregoing entities has agreed in writing (a copy of which writing has been received by the Corporation) shall be entitled to make a demand under Section 3.

“Common Stock” shall mean all shares hereafter authorized of any class of common stock of the Corporation which has the right (subject always to the rights of any class or series of preferred stock of the Corporation) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

“Contribution Agreement” shall mean that certain Second Amended and Restated Contribution Agreement of even date herewith by and among Kosmos and the Initial Stockholders, as the same may hereafter be amended from time to time.

“Corporation” shall mean the IPO Corporation or such other corporation as shall be the successor to the IPO Corporation.

“Defaulting Investor” shall have the meaning set forth in the Contribution Agreement.

“Demand Conditions” shall mean that (i) Blackstone or Warburg, as the case may be, owns at least 10% of the then outstanding Convertible Preferred Units, (ii) the Registrable Securities are to be sold in a firm commitment underwritten offering, and (iii) Blackstone or Warburg, as the case may be, has agreed to include in such offering the number of Registrable Securities that is equal to the lesser of (A) all of its Registrable Securities and (B) such maximum number or dollar amount of Registrable Securities that, in the opinion of the managing underwriter, can be sold on commercially reasonable terms (including, without limitation, securities proposed to be included by other holders of securities entitled to include securities in such Registration Statement pursuant to incidental or piggyback registration rights).

“Demand Notice” shall have the meaning set forth in Section 3(a) hereof.

“Demand Registration” shall have the meaning set forth in Section 3(a) hereof.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and any successor statute thereto and the rules and regulations of the SEC promulgated thereunder.

“Losses” shall have the meaning set forth in Section 8 hereof.

“Non-Consenting Investor” shall have the meaning set forth in the Contribution Agreement.

“Person” shall mean any natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, estate, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal

entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity and any government or agency or political subdivision thereof.

“Piggyback Notice” shall have the meaning set forth in Section 4(a) hereof.

“Piggyback Registration” shall have the meaning set forth in Section 4(a) hereof.

“Preferred Stock” shall mean shares of the preferred stock of the Corporation initially issued in the IPO Conversion as provided in Section 5.9 of the Operating Agreement.

“Pre-QPO Demand Notice” shall have the meaning set forth in Section 3 hereof.

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“Pre-QPO Demand Registration” shall have the meaning set forth in Section 3 hereof.

“Proceeding” shall mean an action, claim, suit, arbitration or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” shall mean the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Qualified Holder” shall mean a Warburg Qualified Holder or a Blackstone Qualified Holder, as the case may be, or any of their respective Permitted Transferees (as defined in the Operating Agreement).

“Qualified Public Offering” means any firm commitment underwritten offering of Common Stock to the public pursuant to an effective registration statement under the Securities Act (i) for which aggregate cash proceeds to be received by the Corporation from such offering (without deducting underwriting discounts, expenses and commissions) are at least \$50,000,000 or for which aggregate cash proceeds to be received by a Qualified Holder from such offering (without deducting underwriting discounts, expenses and commissions) are at least \$10,000,000, and (ii) pursuant to which such shares of common stock are authorized and approved for listing on the New York Stock Exchange or admitted to trading and quoted in the Nasdaq National Market system.

“Registrable Securities” shall mean (i) all shares of Common Stock of the Corporation initially issued in the IPO Conversion as provided in Section 5.9 of the Operating Agreement, (ii) all shares of Common Stock issued and issuable upon conversion of outstanding shares of Preferred Stock (including any shares of Common Stock issued or distributed by way of dividend, stock split or other distribution in respect of such shares) held by the Stockholders and, subject to the next succeeding sentence and Section 12(c) hereof, any successor or assign of such shares, and (iii) the shares of Common Stock acquired by the Stockholders after the date hereof and prior to a Qualified Public Offering in accordance with the Operating Agreement. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (i) they are sold pursuant to an effective Registration Statement under the Securities Act, (ii) they are sold pursuant to Rule 144 (or any similar provision then in force under the Securities Act) and the transferee thereof does not receive “restricted securities” as defined in Rule 144, (iii) they shall have ceased to be outstanding, (iv) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities, (v) they become eligible for resale pursuant to Rule 144(b)(1) (or any similar rule then in effect under the Securities Act) and the holder of such securities does not then beneficially own more than 2% of such class of securities. No Registrable Securities may

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be registered under more than one Registration Statement at any one time, or (vi) they become eligible for resale pursuant to Rule 144 (or any similar rule then in effect under the Securities Act) and the holder of such Registrable Securities does not then beneficially own more than 1% of such class of securities.

“Registration Statement” shall mean any registration statement of the Corporation under the Securities Act which permits the public offering of any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

“Rule 144” shall mean Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

“SEC” shall mean the Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

“Securities Act” shall mean the Securities Act of 1933, as amended, and any successor statute thereto and the rules and regulations of the SEC promulgated thereunder.

“Supermajority Holders” shall have the meaning ascribed to such term in the Operating Agreement if the time in question is before the IPO Conversion, and thereafter shall mean, (i) if any shares of Preferred Stock are then outstanding, the holders of at least 75% of the outstanding Preferred Stock (excluding Preferred Stock held by any Defaulting Investor), or (ii) if no shares of Preferred Stock are then outstanding, the holders of at least 75% of the outstanding Registrable Securities then held by holders of Registrable Securities.

“underwritten registration or underwritten offering” shall mean a registration in which securities of the Corporation are sold to an underwriter for reoffering to the public.

“Warburg Qualified Holder” shall mean each of Warburg Pincus International Partners, L.P., Warburg Pincus Netherlands International Partners I, C.V., Warburg Pincus Netherlands International Partners II, C.V., Warburg Pincus Germany International Partners, KG, Warburg Pincus Private Equity VIII, L.P., Warburg Pincus Netherlands Private Equity VIII I, C.V., Warburg Pincus Netherlands Private Equity VIII II, C.V. and Warburg Pincus Germany Private Equity VIII, KG, or any Person with whom any of the foregoing entities has agreed in writing (a copy of which writing has been received by the Corporation) shall be entitled to make a demand under Section 3.

Section 2. Holders of Registrable Securities. A Person is deemed, and shall only be deemed, to be a holder of Registrable Securities if such Person owns Registrable Securities or has a right to acquire such Registrable Securities through its ownership of the Preferred Stock and such Person is a Stockholder.

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Section 3. Demand Registrations.

(a) Requests for Registration. Subject to the following paragraph of this Section 3(a), a Qualified Holder shall have the right by delivering a written notice to the Corporation (a “Demand Notice”) to require the Corporation to register, pursuant to the terms of this Agreement under and in accordance with the provisions of the Securities Act, the number of Registrable Securities requested to be so registered pursuant to the terms of this Agreement (a “Demand Registration”); provided, however, that a Demand Notice may only be made (i) at any time after a Qualified Public Offering (except in the case of a Pre-QPO Demand Registration) and (ii) if the sale of the Registrable Securities requested to be registered by such Qualified Holder is reasonably expected to result in aggregate gross cash proceeds in excess of \$10,000,000. Following receipt of a Demand Notice for a Demand Registration (or of a Pre-QPO Demand Notice for a Pre-QPO Demand Registration), the Corporation shall use its reasonable best efforts to file a Registration Statement as promptly as practicable, but not later than 30 days after such Demand Notice (or 60 days in the case of a Pre-QPO Demand Registration), and shall use its reasonable best efforts to cause such Registration Statement to be declared effective under the Securities Act as promptly as practicable after the filing thereof.

The Warburg Qualified Holders shall be entitled to an aggregate maximum of two Demand Registrations and the Blackstone Qualified Holders shall be entitled to an aggregate maximum of two Demand Registrations; provided, however, that Qualified Holders shall not be limited in the number of Demand Registrations that constitute “shelf” registrations as contemplated by the next succeeding sentence, and provided, further, that each of Blackstone and Warburg shall have the right by delivering a written notice to the Corporation (a “Pre-QPO Demand Notice”) to require the Corporation to register, pursuant to the terms of this Agreement under and in accordance with the provisions of the Securities Act, the number of Registrable Securities requested to be so registered pursuant to the terms of this Agreement (each, a “Pre-QPO Demand Registration”); provided, however, that a Pre-QPO Demand Notice may only be made (i) at any time after March 9, 2011 and prior to the consummation of a Qualified Public Offering and (ii) so long as the Demand Conditions are satisfied by Blackstone or Warburg, as the case may be, as of the time of delivery to the Corporation of such Pre-QPO Demand Notice. After such time as the Corporation shall become eligible to use Form S-3 (or comparable form) for the registration under the Securities Act of any of its securities, each Qualified Holder shall be entitled to request that a Demand Registration be a “shelf” registration pursuant to Rule 415 under the Securities Act. Notwithstanding any other provisions of this Section 3, in no event shall more than one Demand Registration or Pre-QPO Demand Registration occur during any six-month period (measured from the effective date of the Registration Statement to the date of the next Demand Notice or Pre-QPO Demand Notice) or within 120 days after the effective date of a Registration Statement filed by the Corporation; provided that no Demand Registration or Pre-QPO Demand Registration may be prohibited for such 120-day period more often than once in a 12-month period.

No Demand Registration or Pre-QPO Demand Registration shall be deemed to have occurred for purposes of this Section 3 if the Registration Statement relating thereto (i) does not become effective (ii) is not maintained effective for the period required pursuant to this Section 3, or (iii) the offering of the Registrable Securities pursuant to such

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Registration Statement is subject to a stop order, injunction or similar order or requirement of the SEC during such period in which case such requesting holder of Registrable Securities shall be entitled to an additional Demand Registration or Pre-QPO Demand Registration, as the case may be, in lieu thereof.

Within 10 days after receipt by the Corporation of a Demand Notice or a Pre-QPO Demand Notice, the Corporation shall give written notice (the “Notice”) of such Demand Notice or Pre-QPO Demand Notice to all other holders of Registrable Securities and shall, subject to the provisions of Section 3(b) hereof, include in such registration all Registrable Securities with respect to which the Corporation received written requests for inclusion therein within 10 days after such Notice is given by the Corporation to such holders.

All requests made pursuant to this Section 3 will specify the number of Registrable Securities to be registered and the intended methods of disposition thereof.

The Corporation shall be required to maintain the effectiveness of the Registration Statement (except in the case of a requested “shelf” registration) with respect to any Demand Registration for a period of at least 180 days after the effective date thereof or such shorter period in which all Registrable Securities included in such Registration Statement have actually been sold; provided, however, that such period shall be extended for a period of time equal to the period the holder of Registrable Securities refrains from selling any securities included in such registration at the request of an underwriter of the Corporation or the Corporation pursuant to the provisions of this Agreement. The Corporation shall be required to maintain the effectiveness of a shelf Registration Statement with respect to any Demand Registration at all times after the effective date thereof until the earlier of such time that all Registrable Securities included in such Registration Statement have actually been sold or five years from such effectiveness; provided, however, that any Stockholder owning Common Stock that has been included on a shelf Registration Statement may request that such Common Stock be removed from such Registration Statement, in which event the Corporation shall promptly either withdraw such Registration Statement or file a post-effective amendment to such Registration Statement removing such Common Stock.

Notwithstanding anything contained herein to the contrary, the Corporation hereby agrees that (i) any Demand Registration that is a “shelf” registration pursuant to Rule 415 under the Securities Act shall contain all language (including, without limitation, on the Prospectus cover sheet, the principal stockholders’ chart and the plan of distribution) as may be reasonably requested by a holder of Registrable Securities to allow for a distribution to, and resale by, the direct and indirect partners, members or stockholders of a holder of Registrable Securities (a “Partner Distribution”) and (ii) the Corporation shall, at the request of any holder of Registrable Securities seeking to effect a Partner Distribution, file any Prospectus supplement or post-effective amendments and to otherwise take any action necessary to include such language, if such language was not included in the initial Registration Statement, or revise such language if deemed reasonably necessary by such holder to effect such Partner Distribution.

(b) Priority on Demand Registration. If any of the Registrable Securities registered pursuant to a Demand Registration or a Pre-QPO Demand Registration are to be sold in a firm commitment underwritten offering, and the managing underwriter or

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underwriters advise the holders of such securities in writing that in its view the total number or dollar amount of Registrable Securities proposed to be sold in such offering is such as to adversely affect the success of such offering (including, without limitation, securities proposed to be included by other holders of securities entitled to include securities in such Registration Statement pursuant to incidental or piggyback registration rights), then there shall be included in such firm commitment underwritten offering the number or dollar amount of Registrable Securities that in the opinion of such managing underwriter can be sold without adversely affecting such offering, and such number of Registrable Securities shall be allocated as follows:

- (i) first, pro rata among the holders of Registrable Securities; and
- (ii) second, the securities for which inclusion in such Demand Registration or Pre-QPO Demand Registration, as the case may be, was requested by the Corporation.

In connection with any Demand Registration or Pre-QPO Demand Registration to which the provisions of this subsection (b) apply, no securities other than Registrable Securities shall be covered by such Demand Registration or Pre-QPO Demand Registration except as provided in subsection (e)(ii) hereof, and such registration shall not reduce the number of available registrations under this Section 3 in the event that the Registration Statement excludes more than 25% of the aggregate number of Registrable Securities that holders requested be included.

(c) Postponement of Demand Registration. The Corporation shall be entitled to postpone (but not more than once in any 12 month period), for a reasonable period of time not in excess of 60 days, the filing of a Registration Statement if the Corporation delivers to the holders requesting registration a certificate signed by both the president and chief financial officer of the Corporation certifying that, in the good faith judgment of the board of directors of the Corporation, such registration and offering would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Corporation or any material transaction under consideration by the Corporation or would require disclosure of information that has not been disclosed to the public, the premature disclosure of which would materially adversely affect the Corporation. Such certificate shall contain a statement of the reasons for such postponement and an approximation of the anticipated delay. The holders receiving such certificate shall keep the information contained in such certificate confidential subject to the same terms set forth in Section 6(p). If the Corporation shall so postpone the filing of a Registration Statement, the holder who made the Demand Registration or Pre-QPO Demand Registration shall have the right to withdraw the request for registration by giving written notice to the Corporation within 20 days of the anticipated termination date of the postponement period, as provided in the certificate delivered to the holders, and in the event of such withdrawal, such request shall not be counted for purposes of the number of Demand Registrations or Pre-QPO Demand Registrations to which such holder is entitled pursuant to the terms of this Agreement.

(d) Use, and Suspension of Use, of Shelf Registration Statement. If the Corporation has filed a “shelf” Registration Statement and has included Registrable Securities

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therein, the Corporation shall be entitled to suspend (but not more than an aggregate of 90 days in any twelve month period), for a reasonable period of time not in excess of 90 days, the offer or sale of Registrable Securities pursuant to such Registration Statement by any holder of Registrable Securities if (i) a “road show” is not then in progress with respect to a proposed offering of Registrable Securities by such holder pursuant to such Registration Statement and such holder has not executed an underwriting agreement with respect to a pending sale of Registrable Securities pursuant to such Registration Statement and (ii) the Corporation delivers to the holders of Registrable Securities included in such Registration Statement a certificate signed by both the president and chief financial officer of the Corporation certifying that, in the good faith judgment of the board of directors of the Corporation, such offer or sale would reasonably

be expected to materially adversely affect or materially interfere with any bona fide material financing of the Corporation or any material transaction under consideration by the Corporation or would require disclosure of information that has not been disclosed to the public, the premature disclosure of which would materially adversely affect the Corporation. Such certificate shall contain a statement of the reasons for such postponement and an approximation of the anticipated delay. The holders receiving such certificate shall keep the information contained in such certificate confidential subject to the same terms set forth in Section 6(p). IN ADDITION, A HOLDER OF REGISTRABLE SECURITIES MAY NOT USE A SHELF REGISTRATION STATEMENT TO EFFECT THE SALE OF ANY SUCH SECURITIES AFTER THE 30TH DAY FOLLOWING THE EFFECTIVENESS OF SUCH SHELF REGISTRATION STATEMENT UNLESS SUCH HOLDER HAS GIVEN THE COMPANY AT LEAST TWO BUSINESS DAYS' (AS DEFINED IN THE OPERATING AGREEMENT) ADVANCE WRITTEN NOTICE OF THE DATE OR DATES OF A PROPOSED SALE OF SUCH SECURITIES BY SUCH HOLDER PURSUANT TO SUCH REGISTRATION STATEMENT (WHICH NOTICE MAY BE GIVEN AS OFTEN AS SUCH HOLDER DESIRES).

(e) Registration of Other Securities. Whenever the Corporation shall effect a Demand Registration or Pre-QPO Demand Registration pursuant to this Section 3 in connection with an underwritten offering by one or more holders of Registrable Securities, no securities other than Registrable Securities shall be included among the securities covered by such Demand Registration or Pre-QPO Demand Registration unless (i) the managing underwriter of such offering shall have advised each holder of Registrable Securities requesting such registration in writing that it believes that the inclusion of such other securities would not adversely affect such offering or (ii) the inclusion of such other securities is approved by the affirmative vote of the holders of at least a majority of the Registrable Securities included in such Demand Registration or Pre-QPO Demand Registration, as the case may be, by the Qualified Holders requesting such Demand Registration or Pre-QPO Demand Registration, as the case may be.

Section 4. Piggyback Registration.

(a) Right to Piggyback. If the Corporation proposes to file a registration statement under the Securities Act with respect to an offering of Common Stock by and for the account of the Corporation (other than a registration statement (i) on Form S-4, Form S-8 or any successor forms thereto or (ii) filed solely in connection with an exchange offer or any employee

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benefit or dividend reinvestment plan), whether or not for its own account, then, each such time, the Corporation shall give prompt written notice of such proposed filing at least fifteen (15) days before the anticipated filing date (the "Piggyback Notice") to all of the holders of Registrable Securities. The Piggyback Notice shall offer such holders the opportunity to include in such registration statement the number of Registrable Securities as each such holder may request (a "Piggyback Registration"). Subject to Section 4(b) hereof, the Corporation shall include in each such Piggyback Registration all Registrable Securities with respect to which the Corporation has received written requests for inclusion therein within ten (10) days after notice has been given to the applicable holder. The eligible holders of Registrable Securities shall be permitted to withdraw all or part of the Registrable Securities from a Piggyback Registration at any time prior to the effective date of such Piggyback Registration. The Corporation shall not be required to maintain the effectiveness of the Registration Statement for a Piggyback Registration beyond the earlier to occur of (i) 180 days after the effective date thereof and (ii) consummation of the distribution by the holders of the Registrable Securities included in such Registration Statement; provided, however, that any Stockholder owning Common Stock that has been included on such shelf Registration Statement may request that such Common Stock be removed from such Registration Statement, in which event the Corporation shall promptly either withdraw such Registration Statement or file a post-effective amendment to such Registration Statement removing such Common Stock.

(b) Priority on Piggyback Registrations. The Corporation shall use reasonable efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit holders of Registrable Securities requested to be included in the registration for such offering to include all such Registrable Securities on the same terms and conditions as any other shares of capital stock, if any, of the Corporation included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such underwritten offering have informed the Corporation in writing that it is their good faith opinion that the total amount of securities that such holders, the Corporation and any other Persons having rights to participate in such registration, intend to include in such offering is such as to adversely affect the success of such offering, then the amount of securities to be offered (i) for the account of holders of Registrable Securities (other than the Corporation) and (ii) for the account of all such other Persons (other than the Corporation) shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing underwriter or underwriters by first reducing, or eliminating if necessary, all securities of the Corporation requested to be included by such other Persons (other than the Corporation) and then, if necessary, reducing the securities requested to be included by the holders of Registrable Securities requesting such registration pro rata among such holders on the basis of the percentage of the Registrable Securities requested to be included in such Registration Statement by such holders.

Notwithstanding anything contained herein to the contrary, the Corporation hereby agrees that (i) any Piggyback Registration that is a "shelf" registration pursuant to Rule 415 under the Securities Act shall contain all language (including, without limitation, on the Prospectus cover sheet, the principal stockholders' chart and the plan of distribution) as may be requested by a holder of Registrable Securities to allow for a Partner Distribution and (ii) the Corporation shall, at the request of any holder of Registrable Securities

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seeking to effect a Partner Distribution, file any Prospectus supplement or post-effective amendments and to otherwise take any action necessary to include such language, if such language was not included in the initial Registration Statement, or revise such language if deemed reasonably necessary by such holder to effect such Partner Distribution.

Section 5. Restrictions on Public Sale by Holders of Registrable Securities. Each Stockholder agrees, in connection with the Qualified Public

Offering, and each holder of Registrable Securities agrees, in connection with any underwritten offering made pursuant to a Registration Statement filed pursuant to Section 3 or Section 4 hereof (whether or not such holder elected to include Registrable Securities in such Registration Statement), if requested (pursuant to a written notice) by the managing underwriter or underwriters in an underwritten offering, not to effect any public sale or distribution of any of the Corporation's securities (except as part of such underwritten offering), including a sale pursuant to Rule 144, or to give any Demand Notice or Pre-QPO Demand Notice during the period commencing on the date of the request (which shall be no earlier than 14 days prior to the expected "pricing" of such offering) and continuing for not more than 180 days (with respect to the Qualified Public Offering) or 90 days (with respect to any underwritten public offering other than the Qualified Public Offering made prior to the second anniversary of the Qualified Public Offering and thereafter 60 days rather than 90) after the date of the Prospectus (or Prospectus supplement if the offering is made pursuant to a "shelf" registration) pursuant to which such public offering shall be made or such lesser period as is required by the managing underwriter, provided, however, that all officers and directors of the Corporation must be subject to similar restrictions.

Section 6. Registration Procedures. If and whenever the Corporation is required to use its reasonable best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 3 and Section 4 hereof, the Corporation shall effect such registration to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Corporation shall cooperate in the sale of the securities and shall, as expeditiously as possible:

(a) Prepare and file with the SEC a Registration Statement or Registration Statements on such form which shall be available for the sale of the Registrable Securities by the holders thereof or the Corporation in accordance with the intended method or methods of distribution thereof (including, without limitation, a Partner Distribution), and use its reasonable best efforts to cause such Registration Statement to become effective and to remain effective as provided herein; provided, however, that before filing a Registration Statement or Prospectus or any amendments or supplements thereto (including documents that would be incorporated or deemed to be incorporated therein by reference), the Corporation shall furnish or otherwise make available to the holders of the Registrable Securities covered by such Registration Statement, their counsel and the managing underwriters, if any, copies of all such documents proposed to be filed, which documents will be subject to the reasonable review and comment of such counsel, and such other documents reasonably requested by such counsel, including any comment letter from the SEC, and, if requested by such counsel, provide such counsel reasonable opportunity to participate in the preparation of such Registration Statement and each Prospectus included therein and such other opportunities to conduct a reasonable investigation within the meaning of the Securities Act, including reasonable access to the

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Corporation's books and records, officers, accountants and other advisors. The Corporation shall not file any such Registration Statement or Prospectus or any amendments or supplements thereto (including such documents that, upon filing, would be incorporated or deemed to be incorporated by reference therein) with respect to a Demand Registration or Pre-QPO Demand Registration to which the holders of a majority of the Registrable Securities covered by such Registration Statement, their counsel, or the managing underwriters, if any, shall reasonably object, in writing, on a timely basis, unless, in the opinion of the Corporation, such filing is necessary to comply with applicable law.

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement continuously effective during the period provided herein and comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement; and cause the related Prospectus to be supplemented by any Prospectus supplement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of the securities covered by such Registration Statement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act.

(c) Notify each selling holder of Registrable Securities, its counsel and the managing underwriters, if any, promptly, and (if requested by any such Person) confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) if at any time the representations and warranties of the Corporation contained in any agreement (including any underwriting agreement) contemplated by Section 6(o) below cease to be true and correct, (v) of the receipt by the Corporation of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, and (vi) of the happening of any event that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such Registration Statement, Prospectus or documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement, or the lifting of any suspension of the

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qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the reasonably earliest practical date.

(e) If requested by the managing underwriters, if any, or the holders of a majority of the then outstanding Registrable Securities being sold in connection with an underwritten offering, promptly include in a Prospectus supplement or post-effective amendment such information as the managing underwriters, if any, and such holders may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Corporation has received such request; provided, however, that the Corporation shall not be required to take any actions under this Section 6(e) that are not, in the opinion of counsel for the Corporation, in compliance with applicable law.

(f) Furnish or make available to each selling holder of Registrable Securities, its counsel and each managing underwriter, if any, without charge, at least one conformed copy of the Registration Statement, the Prospectus and Prospectus supplements, if applicable, and each post-effective amendment thereto, including financial statements (but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference, and all exhibits, unless requested in writing by such holder, counsel or underwriter).

(g) Deliver to each selling holder of Registrable Securities, its counsel, and the underwriters, if any, without charge, as many copies of the Prospectus or Prospectuses (including each form of Prospectus) and each amendment or supplement thereto as such Persons may reasonably request in connection with the distribution of the Registrable Securities; and the Corporation, subject to the last paragraph of this Section 6, hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling holders of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any such amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities, use its reasonable best efforts to register or qualify or cooperate with the selling holders of Registrable Securities, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of such jurisdictions within the United States as any seller or underwriter reasonably requests in writing and to keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and to take any other action that may be necessary or advisable to enable such holders of Registrable Securities to consummate the disposition of such Registrable Securities in such jurisdiction; provided, however, that the Corporation will not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject.

(i) Cooperate with the selling holders of Registrable Securities and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any legends) representing Registrable Securities to be sold after receiving written

representations from each holder of such Registrable Securities that the Registrable Securities represented by the certificates so delivered by such holder will be transferred in accordance with the Registration Statement, and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters, if any, or holders may request at least two (2) business days prior to any sale of Registrable Securities in a firm commitment public offering, but in any other such sale, within ten (10) business days prior to having to issue the securities.

(j) Use its reasonable best efforts to cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities within the United States, except as may be required solely as a consequence of the nature of such selling holder's business, in which case the Corporation will cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals, as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Securities.

(k) Upon the occurrence of any event contemplated by Section 6(c)(vi) above, prepare a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(l) Prior to the effective date of the Registration Statement relating to the Registrable Securities, provide a CUSIP number for the Registrable Securities.

(m) Provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement.

(n) Use its reasonable best efforts to cause all shares of Registrable Securities covered by such Registration Statement to be authorized to be quoted on the Nasdaq National Market or listed on a national securities exchange if shares of the particular class of Registrable Securities are at that time quoted on the Nasdaq National Market or listed on such exchange, as the case may be.

(o) Enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and take all such other actions reasonably requested by the holders of a majority of the Registrable Securities being sold in connection therewith (including those reasonably requested by the managing underwriters, if any) to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration, (i) make such representations and warranties to the holders of such Registrable Securities and the underwriters, if any, with respect to the business of the Corporation and its subsidiaries, and the Registration Statement, Prospectus and documents,

if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings, and, if true, confirm the same if and when requested, (ii) use its reasonable best efforts to furnish to the selling holders of such Registrable Securities opinions of counsel to the Corporation and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and counsels to the selling holders of the Registrable Securities), addressed to each selling holder of Registrable Securities and each of the underwriters, if any, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such counsel and underwriters, (iii) use its reasonable best efforts to obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Corporation (and, if necessary, any other independent certified public accountants of any subsidiary of the Corporation or of any business acquired by the Corporation for which financial statements and financial data are, or are required to be, included in the Registration Statement) who have certified the financial statements included in such Registration Statement, addressed to each selling holder of Registrable Securities (unless such accountants shall be prohibited from so addressing such letters by applicable standards of the accounting profession) and each of the underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings, (iv) use its reasonable best efforts to obtain a report of the independent petroleum engineers of the Corporation relating to the oil and gas reserves of the Corporation included in such Registration Statement if the Corporation has had its reserves prepared, audited or reviewed by an independent petroleum engineer, such report to be in customary form and covering matters of the type customarily covered in such reports, (v) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 8 hereof with respect to all parties to be indemnified pursuant to said Section and (vi) deliver such documents and certificates as may be reasonably requested by the holders of a majority of the Registrable Securities being sold, their counsel and the managing underwriters, if any, to evidence the continued validity of the representations and warranties made pursuant to Section 6(o)(i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Corporation. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder.

(p) Make available for inspection by a representative of the selling holders of Registrable Securities, any underwriter participating in any such disposition of Registrable Securities, if any, and any attorneys or accountants retained by such selling holders or underwriter, at the offices where normally kept, during reasonable business hours, all financial and other records, pertinent corporate documents and properties of the Corporation and its subsidiaries, and cause the officers, directors and, employees of the Corporation and its subsidiaries to supply all information in each case reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement; provided, however, that any information that is not generally publicly available at the time of delivery of such information shall be kept confidential by such Persons unless (i) disclosure of such information is required by court or administrative order, (ii) disclosure of such information, in the opinion of counsel to such Person, is required by law, or (iii) such

information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by such Person. In the case of a proposed disclosure pursuant to (i) or (ii) above, such Person shall be required to give the Corporation written notice of the proposed disclosure prior to such disclosure and, if requested by the Corporation, assist the Corporation in seeking to prevent or limit the proposed disclosure. Without limiting the foregoing, no such information shall be used by such Person as the basis for any market transactions in securities of the Corporation or its subsidiaries in violation of law.

(q) Comply with all applicable rules and regulations of the SEC and make available to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder, or any similar rule promulgated under the Securities Act, no later than 45 days after the end of any 12 month period (or 90 days after the end of any 12 month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Corporation after the effective date of a Registration Statement, which statements shall cover one of said 12 month periods.

(r) Cause its officers to use their reasonable best efforts to support the marketing of the Registrable Securities covered by the Registration Statement (including, without limitation, participation in "road shows") taking into account the Corporation's business needs.

The Corporation may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Corporation in writing such information required in connection with such registration regarding such seller and the distribution of such Registrable Securities as the Corporation may, from time to time, reasonably request in writing and the Corporation may exclude from such registration the Registrable Securities of any seller who unreasonably fails to furnish such information within a reasonable time after receiving such request.

Each holder of Registrable Securities agrees if such holder has Registrable Securities covered by such Registration Statement that, upon receipt of any notice from the Corporation of the happening of any event of the kind described in Section 6(c)(ii), 6(c)(iii), 6(c)(v) or 6(c)(vi) hereof, such holder will forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement or Prospectus until such holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(k) hereof, or until it is advised in writing by the Corporation that the use of the applicable Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus; provided, however that the Corporation shall extend the time periods under Section 3 with respect to the length of time that the effectiveness of a Registration Statement must be maintained by the amount of time the holder is required to discontinue disposition of such securities.

Section 7. Registration Expenses. All reasonable fees and expenses incident to the performance of or compliance with this Agreement by the Corporation (including, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A)

with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (B) of compliance with securities or Blue Sky laws, including, without limitation, any fees and disbursements of counsel for the underwriters in connection with Blue Sky qualifications of the Registrable Securities pursuant to Section 6(h), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses if the printing of Prospectuses is requested by the managing underwriters, if any, or by the holders of a majority of the Registrable Securities included in any Registration Statement), (iii) messenger, telephone and delivery expenses of the Corporation, (iv) fees and disbursements of counsel for the Corporation, (v) expenses of the Corporation incurred in connection with any road show, (vi) fees and disbursements of all independent certified public accountants referred to in Section 6(o)(iii) hereof (including, without limitation, the expenses of any “cold comfort” letters or oil and gas reserve reports required by this Agreement) and any other persons, including special experts retained by the Corporation, and (vii) fees and disbursements of one counsel for the holders of Registrable Securities whose shares are included in a Registration Statement, which counsel shall be selected by the requesting Qualified Holders if such Registration Statement is pursuant to a Demand Registration or Pre-QPO Demand Registration and otherwise by the holders of a majority of the Registrable Securities included in such Registration Statement) shall be borne by the Corporation whether or not any Registration Statement is filed or becomes effective. In addition, the Corporation shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange on which similar securities issued by the Corporation are then listed and rating agency fees and the fees and expenses of any Person, including special experts, retained by the Corporation.

The Corporation shall not be required to pay (i) fees and disbursements of any counsel retained by any holder of Registrable Securities or by any underwriter (except as set forth in clauses 7(i)(B) and 7(vii)), (ii) any underwriter’s fees (including discounts, commissions or fees of underwriters, selling brokers, dealer managers or similar securities industry professionals) relating to the distribution of the Registrable Securities (other than with respect to Registrable Securities sold by the Corporation), or (iii) any other expenses of the holders of Registrable Securities not specifically required to be paid by the Corporation pursuant to the first paragraph of this Section 7.

Section 8. Indemnification.

(a) Indemnification by the Corporation. The Corporation shall, without limitation as to time, indemnify and hold harmless, to the fullest extent permitted by law, each holder of Registrable Securities whose Registrable Securities are covered by a Registration Statement or Prospectus, the officers, directors, partners, members, managers, stockholders, accountants, attorneys, agents and employees of each of them, each Person who controls each such holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, stockholders, accountants, attorneys, agents and employees of each such controlling person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act or

Section 20 of the Exchange Act) such underwriter, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and reasonable attorneys’ fees and any legal or other fees or expenses incurred by such party in connection with any investigation or Proceeding), expenses, judgments, fines, penalties, charges and amounts paid in settlement (collectively, “Losses”), as incurred, arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in any Prospectus, offering circular, or other document (including any related Registration Statement, notification, or the like) incident to any such registration, qualification, or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Corporation of the Securities Act or any rule or regulation thereunder applicable to the Corporation and relating to action or inaction required of the Corporation in connection with any such registration, qualification, or compliance, and will reimburse each such holder, each of its officers, directors, partners, members, managers, stockholders, accountants, attorneys, agents and employees and each person controlling such holder, each such underwriter, and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, loss, damage, liability, or action, provided that the Corporation will not be liable in any such case to the extent that any such claim, loss, damage, liability, or expense arises out of or is based on any untrue statement or omission by such holder or underwriter, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Corporation by such holder. It is agreed that the indemnity agreement contained in this Section 8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Corporation (which consent shall not be unreasonably withheld).

(b) Indemnification by Holder of Registrable Securities. In connection with any Registration Statement in which a holder of Registrable Securities is participating, such holder of Registrable Securities shall furnish to the Corporation in writing such information as the Corporation reasonably requests for use in connection with any Registration Statement or Prospectus and agrees to indemnify, to the fullest extent permitted by law, severally and not jointly, the Corporation, its directors and officers and each Person who controls the Corporation (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), from and against all Losses arising out of or based on any untrue statement of a material fact contained in any such Registration Statement, Prospectus, offering circular, or other document, or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Corporation and such directors, officers, partners, members, managers, stockholders, accountants, attorneys, employees, agents, persons, underwriters, or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action, in each case to the extent, but only to the extent, that such untrue statement or omission is made in such Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Corporation by such holder expressly for inclusion in such Registration Statement, Prospectus, offering circular or other

document; provided, however, that the obligations of such holder hereunder shall not apply to

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amounts paid in settlement of any such claims, losses, damages, or liabilities (or actions in respect thereof) if such settlement is effected without the consent of such holder (which consent shall not be unreasonably withheld); and provided, further, that the liability of each selling holder of Registrable Securities hereunder shall be limited to the net proceeds received by such selling holder from the sale of Registrable Securities covered by such Registration Statement.

(c) Conduct of Indemnification Proceedings. If any Person shall be entitled to indemnity hereunder (an “indemnified party”), such indemnified party shall give prompt notice to the party from which such indemnity is sought (the “indemnifying party”) of any claim or of the commencement of any Proceeding with respect to which such indemnified party seeks indemnification or contribution pursuant hereto; provided, however, that the delay or failure to so notify the indemnifying party shall not relieve the indemnifying party from any obligation or liability except to the extent that the indemnifying party has been prejudiced by such delay or failure. The indemnifying party shall have the right, exercisable by giving written notice to an indemnified party promptly after the receipt of written notice from such indemnified party of such claim or Proceeding, to, unless in the indemnified party’s reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, assume, at the indemnifying party’s expense, the defense of any such claim or Proceeding, with counsel reasonably satisfactory to such indemnified party; provided, however, that an indemnified party shall have the right to employ separate counsel in any such claim or Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless: (i) the indemnifying party agrees to pay such fees and expenses; or (ii) the indemnifying party fails promptly to assume, or in the event of a conflict of interest cannot assume, the defense of such claim or Proceeding or fails to employ counsel reasonably satisfactory to such indemnified party; in which case the indemnified party shall have the right to employ counsel and to assume the defense of such claim or proceeding; provided, however, that the indemnifying party shall not, in connection with any one such claim or Proceeding or separate but substantially similar or related claims or Proceedings in the same jurisdiction, arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one firm of attorneys (together with appropriate local counsel) at any time for all of the indemnified parties, or for fees and expenses that are not reasonable. Whether or not such defense is assumed by the indemnifying party, such indemnified party will not be subject to any liability for any settlement made without its consent (but such consent will not be unreasonably withheld). The indemnifying party shall not consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release, in form and substance reasonably satisfactory to the indemnified party, from all liability in respect of such claim or litigation for which such indemnified party would be entitled to indemnification hereunder.

(d) Contribution. If the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any Losses (other than in accordance with its terms), then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable

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considerations. The relative fault of such indemnifying party, on the one hand, and indemnified party, on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been taken by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent any such action, statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 8(d), an indemnifying party that is a selling holder of Registrable Securities shall not be required to contribute any amount in excess of the amount by which the net proceeds from the sale of the Registrable Securities sold by such indemnifying party exceeds the amount of any damages that such indemnifying party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

Section 9. Rule 144. After a Qualified Public Offering, the Corporation shall (i) file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner, (ii) take such further action as any holder of Registrable Securities may reasonably request, and (iii) furnish to each holder of Registrable Securities forthwith upon written request, (x) a written statement by the Corporation as to its compliance with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (y) a copy of the most recent annual or quarterly report of the Corporation, and (z) such other reports and documents so filed by the Corporation as such holder may reasonably request in availing itself of Rule 144, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144. Upon the request of any holder of Registrable Securities, the Corporation shall deliver to such holder a written statement as to whether it has complied with such requirements.

Section 10. Underwritten Registrations. If any Demand Registration or Pre-QPO Demand Registration is an underwritten offering (including a

Qualified Public Offering), the Qualified Holder making the demand shall have the right to select the investment banker or investment bankers and managers to administer the offering, subject to approval by the Corporation, not to be unreasonably withheld. The Corporation shall have the right to select the investment banker or investment bankers and managers to administer any Piggyback Registration.

No Person may participate in any underwritten registration hereunder unless such Person (i) agrees to sell the Registrable Securities it desires to have covered by the Demand Registration or Pre-QPO Demand Registration on the basis provided in any underwriting arrangements in customary form and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements, provided that such Person shall not be required to make any representations or warranties other than those related to title and ownership of shares and as to the accuracy and completeness of statements made in a Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Corporation or the managing underwriter by such Person.

Section 11. Limitation on Subsequent Registration Rights. From and after March 9, 2004 and prior to the IPO Conversion Kosmos shall not, and from and after the IPO Conversion the Corporation shall not, without the prior written consent of the Supermajority Holders, enter into any agreement with any holder or prospective holder of any securities of Kosmos or the Corporation, as the case may be, giving such holder or prospective holder any registration rights the terms of which are equivalent to or more favorable than the registration rights granted to holders of Registrable Securities hereunder, or which would reduce the amount of Registrable Securities the holders can include in any registration filed pursuant to Section 3 hereof, unless such rights are subordinate to those of the holders of Registrable Securities.

Section 12. Miscellaneous.

(a) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given without the written consent of the Supermajority Holders; provided, however, that in no event shall the obligations of any holder of Registrable Securities be materially increased or the rights of any Stockholder be adversely affected (without similarly adversely affecting the rights of all Stockholders), except upon the written consent of such holder. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other holders of Registrable Securities may be given by holders of at least a majority of the Registrable Securities being sold by such holders pursuant to such Registration Statement.

(b) Notices. All notices required to be given hereunder shall be in writing and shall be deemed to be duly given if personally delivered, telecopied and confirmed, or mailed by certified mail, return receipt requested, or overnight delivery service with proof of receipt maintained, at the following address (or any other address that any such party may designate by written notice to the other parties):

If to the Corporation, to the address of its principal executive offices. If to any Stockholder, at such Stockholder's address as set forth on the records of the Corporation. Any such notice shall, if delivered personally, be deemed received upon delivery; shall, if delivered by telecopy, be deemed received on the first business day following confirmation; shall, if delivered by overnight delivery service, be deemed received the first business day after being

sent; and shall, if delivered by mail, be deemed received upon the earlier of actual receipt thereof or five business days after the date of deposit in the United States mail.

(c) Successors and Assigns; Stockholder Status. This Agreement shall inure to the benefit of the limited partners of a Stockholder who have received shares of Registrable Securities from a Stockholder pursuant to a Partner Distribution and shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties, including subsequent holders of Registrable Securities acquired, directly or indirectly, from the Stockholders; provided, however, that such successor or assign shall not be entitled to such rights unless the successor or assign shall have executed and delivered to the Corporation an Addendum Agreement substantially in the form of Exhibit A hereto (which shall also be executed, if prior to the IPO Conversion, by Kosmos and, if after the IPO Conversion, by the Corporation) promptly following the acquisition of such Registrable Securities, in which event such successor or assign shall be deemed a Stockholder for purposes of this Agreement and Annex A shall be updated by the Corporation accordingly. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any Person other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, remedy or claim under, in or in respect of this Agreement or any provision herein contained.

(d) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Governing Law. The provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the choice of law principles thereof).

(g) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(h) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Corporation with

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respect to Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(i) Securities Held by the Corporation or its subsidiaries. Whenever the consent or approval of holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Corporation or its subsidiaries shall not be counted in determining whether such consent or approval was given by the holders of such required percentage.

(j) Termination. This Agreement shall terminate on the earlier of (i) ten years following the consummation of a Qualified Public Offering and (ii) when no Registrable Securities remain outstanding; provided that Sections 7 and 8 shall survive any termination hereof.

(k) Specific Performance. The parties hereto recognize and agree that money damages may be insufficient to compensate the holders of any Registrable Securities for breaches by the Corporation of the terms hereof and, consequently, that the equitable remedy of specific performance of the terms hereof will be available in the event of any such breach.

(l) Consent to Jurisdiction. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in New York, and appropriate appellate courts therefrom, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby, and each party hereby irrevocably agrees that all claims in respect of such dispute or proceeding may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. This consent to jurisdiction is being given solely for purposes of this Agreement and is not intended to, and shall not, confer consent to jurisdiction with respect to any other dispute in which a party to this Agreement may become involved.

Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action, or proceeding of the nature specified in the paragraph above by the mailing of a copy thereof in the manner specified by the provisions of subsection (b) of this Section 12.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

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IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Registration Rights Agreement to be duly executed as of the date first above written.

KOSMOS ENERGY HOLDINGS

By: /s/ W. Greg Dunlevy
Name: W. Greg Dunlevy
Title: Chief Financial Officer and Executive Vice President

Signature Page to Amended and Restated Registration Rights Agreement

WARBURG PINCUS INTERNATIONAL PARTNERS, L.P.

By: Warburg Pincus Partners LLC, its General Partner

By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Partner

WARBURG PINCUS NETHERLANDS INTERNATIONAL PARTNERS I, C.V.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Partner

WP-WPIP INVESTORS, L.P.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Partner

WARBURG PINCUS PRIVATE EQUITY VIII, L.P.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Partner

Signature Page to Amended and Restated Registration Rights Agreement

WARBURG PINCUS NETHERLANDS PRIVATE EQUITY VIII I, C.V.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Partner

WP-WP VIII INVESTORS, L.P.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Partner

Signature Page to Amended and Restated Registration Rights Agreement

BLACKSTONE CAPITAL PARTNERS (CAYMAN) IV L.P.

By: Blackstone Management Associates (Cayman) IV L.P.
By: Blackstone LR Associates (Cayman) IV Ltd.

By: /s/ David Foley
Name: David Foley
Title: Member

BLACKSTONE CAPITAL PARTNERS (CAYMAN) IV-A L.P.

By: Blackstone Management Associates (Cayman) IV L.P.
By: Blackstone LR Associates (Cayman) IV Ltd.

By: /s/ David Foley
Name: David Foley
Title: Member

BLACKSTONE FAMILY INVESTMENT PARTNERSHIP (CAYMAN) IV-A L.P.

By: Blackstone Management Associates (Cayman) IV L.P.
By: Blackstone LR Associates (Cayman) IV Ltd.

By: /s/ David Foley
Name: David Foley
Title: Member

Signature Page to Amended and Restated Registration Rights Agreement

BLACKSTONE FAMILY INVESTMENT PARTNERSHIP (CAYMAN) IV-A SMD L.P.

By: Blackstone Management Associates (Cayman) IV L.P.
By: Blackstone LR Associates (Cayman) IV Ltd.

By: /s/ David Foley
Name: David Foley
Title: Member

BLACKSTONE PARTICIPATION PARTNERSHIP (CAYMAN) IV L.P.

By: Blackstone Management Associates (Cayman) IV L.P.
By: Blackstone LR Associates (Cayman) IV Ltd.

By: /s/ David Foley
Name: David Foley
Title: Member

Signature Page to Amended and Restated Registration Rights Agreement

Annex A

STOCKHOLDERS

Warburg Pincus International Partners, L.P.
Warburg Pincus Netherlands International Partners I, C.V.
WP-WPIP Investors, L.P.
Warburg Pincus Private Equity VIII, L.P.
Warburg Pincus Netherlands Private Equity VIII I, C.V.
WP-WP VIII Investors, L.P.
Blackstone Capital Partners (Cayman) IV L.P.
Blackstone Capital Partners (Cayman) IV-A L.P.
Blackstone Family Investment Partnership (Cayman) IV-A L.P.
Blackstone Family Investment Partnership (Cayman) IV-A SMD L.P.

Blackstone Participation Partnership (Cayman) IV L.P.

James C. Musselman
Musselman-Kosmos, Ltd.
Brian F. Maxted
W. Greg Dunlevy
Kiat Tze (Kenny) Goh
Paul Dailly
Adebayo O. Ogunlesi
John R. Kemp III
Christopher A. Wright
Sylvia J. Manor
Eric S. Hudgens
Philip Lowry
Katherine A. Kanschat
Scott L. Davis
Jan P. Hitchborn
Margaret Gorman
Tracey K. Henderson
George Sneed
Kristin Brumfield
Marvin M. Garrett
Mary Kay Krenzer
Nancy K. Lorts
Sanjaykumar Malani
Jon W. Cappon
Monica S. Shank
Grace K. Weisberg
Robert S. Brashier
Robert Miller
John Michael Hopkinson
Yaw Owusu
William S. Hayes

Annex A - 1

Kevin R. Black
Katie A. Mormon
Barbara Pearl
Tara M. Campbell
Erica S. Logan Hilton
Emma L. Byford
Doris B. McGuinness
Dennis C. McLaughlin
Kevin M. Hubble
Vickie L. Gammon
Eric J. Haas
Kelly A. Peterson (Huffman)
Stephen R. Sills
Steven J. Zrake
Yuliana Ryabova
Jennifer L. Roberts
Stephanie M. Allen
Chelsea G. Gilmore
Laurent M. Culembourg
Dennis P. Kucinkas
Heather L. Jank
Ryan A. Turner
Joseph L. Matthews
Brian A. Progar
Darran J. Lucas
Ralph H. Jones
Edward Glenn Cummings
Linda R. Correll
Edwin M. Ferguson
Thomas Oscar Fulford
Kina L. Jones

Tara A. Birkinbine
Lisa L. Fowler
Scott A. Bergeron
Sheri J. Collins
Wesley Jay Neeley
David Anderson Mormon
Jeffrey T. Elliott
Deandra R. Lee
Dalby Family Holdings, LP
2008 Carnegie, Ltd.

Annex A - 2

EXHIBIT A

ADDENDUM AGREEMENT

This Addendum Agreement is made this _____ day of _____, 20____, by and between _____ (the "New Stockholder") and [Kosmos (the "Company")] [the Corporation (the "Corporation")], pursuant to an Amended and Restated Registration Rights Agreement dated as of October _____, 2009 (the "Agreement"), between and among the Kosmos and the Stockholders. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

WITNESSETH:

WHEREAS, [Kosmos has agreed to bind the IPO Corporation (its successor)][the Corporation has agreed] to provide registration rights with respect to the Registrable Securities as set forth in the Agreement; and

WHEREAS, the New Stockholder has acquired Registrable Securities directly or indirectly from a Stockholder; and

WHEREAS, Kosmos and the Stockholders have required in the Agreement that all persons desiring registration rights must enter into an Addendum Agreement binding the New Stockholder to the Agreement to the same extent as if it were an original party thereto;

NOW, THEREFORE, in consideration of the mutual promises of the parties, the New Stockholder acknowledges that it has received and read the Agreement and that the New Stockholder shall be bound by, and shall have the benefit of, all of the terms and conditions set out in the Agreement to the same extent as if it were an original party to the Agreement and shall be deemed to be a Stockholder thereunder.

[Amend Annex A of Agreement if necessary to reflect appropriate schedule for new Stockholder.]

New Stockholder

Address:

Exhibit A - 1

AGREED TO on behalf of [Kosmos][the Corporation] pursuant to Section 12(c) of the Agreement.

[KOSMOS][THE CORPORATION]

By: _____

Printed Name and Title

Exhibit A - 2

JOINDER AGREEMENT

Date: May 10, 2011

Reference is made hereby to the Amended and Restated Registration Rights Agreement dated as of October 7, 2009, by and among Kosmos Energy Holdings and the parties listed in Annex A thereto, as may be amended from time to time (the "Registration Rights Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Registration Rights Agreement.

Kosmos Energy Limited hereby acknowledges and agrees (i) to join and become a party to the Registration Rights Agreement as of the date hereof and that it shall have the same rights and obligations thereunder as if it had been an original signatory to the Registration Rights Agreement, and (ii) to perform all obligations and duties required of the Corporation pursuant to the Registration Rights Agreement, subject to the terms and conditions of the Registration Rights Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned has executed this agreement as of the date first written above.

KOSMOS ENERGY LTD.By: /s/ W. Greg Dunlevy

Name: W. Greg Dunlevy

Title: Executive Vice President and Chief Financial Officer

[Signature Page to Joinder Agreement]

Confirmed and accepted as of the date written above.

WARBURG PINCUS INTERNATIONAL PARTNERS, L.P.

By: Warburg Pincus Partners LLC, its General Partner

By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris

Name: Jeffrey A. Harris

Title: Managing Director

WARBURG PINCUS NETHERLANDS INTERNATIONAL PARTNERS I, C.V.

By: Warburg Pincus Partners LLC, its General Partner

By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris

Name: Jeffrey A. Harris

Title: Managing Director

WP-WPIP INVESTORS, L.P.

By: WP-WPIP Investors LLC, its General Partner

By: Warburg Pincus Partners LLC, its Sole Member

By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris

Name: Jeffrey A. Harris

Title: Managing Director

WARBURG PINCUS PRIVATE EQUITY VIII, LP.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Managing Director

[Signature Page to Joinder Agreement]

Confirmed and accepted as of the date written above.

WARBURG PINCUS NETHERLANDS PRIVATE EQUITY VIII I, C.V.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Managing Director

WP-WP VIII INVESTORS, L.P.

By: WP-WP VII Investors LLC, its General Partner
By: Warburg Pincus Partners LLC, its Sole Member
By: Warburg Pincus & Co., its Managing Member

By: /s/ Jeffrey A. Harris
Name: Jeffrey A. Harris
Title: Managing Director

[Signature Page to Joinder Agreement]

Confirmed and accepted as of the date written above.

BLACKSTONE CAPITAL PARTNERS (CAYMAN) IV LP.

By: Blackstone Management Associates (Cayman) IV L.P., its General Partner
By: BCP IV GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

BLACKSTONE CAPITAL PARTNERS (CAYMAN) IV-A L.P.

By: Blackstone Management Associates (Cayman) IV L.P., its General Partner
By: BCP IV GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

BLACKSTONE FAMILY INVESTMENT PARTNERSHIP (CAYMAN) IV-A L.P.

By: BCP IV GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

BLACKSTONE FAMILY INVESTMENT PARTNERSHIP (CAYMAN) IV-A SMD L.P.

By: Blackstone Family GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

[Signature Page to Joinder Agreement]

Confirmed and accepted as of the date written above.

BLACKSTONE PARTICIPATION PARTNERSHIP (CAYMAN) IV L.P.

By: BCP IV GP L.L.C., its General Partner

By: /s/ Robert L. Friedman
Name: Robert L. Friedman
Title: Senior Managing Director

[Signature Page to Joinder Agreement]

AMENDMENT NO. 1 TO THE REGISTRATION RIGHTS AGREEMENT

THIS AMENDMENT NO. 1 (this “Amendment”) dated as of February 8, 2013, to the Amended and Restated Registration Rights Agreement dated as of October 7, 2009, as joined by Kosmos Energy Ltd. (the “Corporation”) pursuant to the Joinder Agreement dated as of May 10, 2011 (together, the “RRA”), is by and among the Corporation and Blackstone Capital Partners (Cayman) IV L.P., Blackstone Capital Partners (Cayman) IV-A L.P., Blackstone Family Investment Partnership (Cayman) IV-A L.P., Participation Partnership (Cayman) IV L.P., Blackstone Family Investment Partnership (Cayman) IV-A SMD L.P., Warburg Pincus International Partners, L.P., Warburg Pincus Private Equity VIII, L.P., Warburg Pincus Netherlands International Partners I, C.V., WP-WPIP Investors, L.P., Warburg Pincus Netherlands Private Equity VIII I, C.V. and WP-WPVIII Investors, L.P. (together, the “Qualified Holders”).

Capitalized terms used but not defined herein shall have the meanings given to such terms in the RRA.

WITNESSETH:

WHEREAS, the parties hereto are parties to the RRA;

WHEREAS, the RRA grants the holders of Registrable Securities registration rights (the “Registration Rights”) as set forth therein;

WHEREAS, Section 12(a) of the RRA states that the provisions of the RRA may not be amended, modified or supplemented, and waivers or consents to departures from the provisions of the RRA may not be given without the written consent of the Supermajority Holders; *provided, however*, that in no event shall the obligations of any holder of Registrable Securities be materially increased or the rights of any Stockholder be adversely affected (without similarly adversely affecting the rights of all Stockholders), except upon the written consent of such holder.

WHEREAS, the Qualified Holders party hereto, as holders of at least 75% of the outstanding Registrable Securities currently held by holders of Registrable Securities, constitute Supermajority Holders (as such term is defined in the RRA).

WHEREAS, the parties hereto desire to amend certain provisions of the RRA on the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Amendment of Certain Registration Rights. (a) The fourth paragraph of Section 3(a) of the RRA is hereby deleted in its entirety, and is replaced by the following paragraph:

“Within one (1) day after receipt by the Corporation of a Demand Notice or a Pre-QPO Demand Notice, the Corporation shall give written notice (the “Notice”) of such Demand Notice or Pre-QPO Demand Notice to all other holders of Registrable Securities and shall, subject to the provisions of Section 3(b) hereof, include in such registration all Registrable Securities with respect to which the Corporation received written requests for inclusion therein within one (1) day after such Notice is given by the Corporation to such holders.”

(b) Section 4(a) of the RRA is hereby deleted in its entirety, and is replaced by the following:

“(a) Right to Piggyback. If the Corporation proposes to file a registration statement under the Securities Act (or, if applicable, a final prospectus supplement relating to a “shelf” registration pursuant to Rule 415 under the Securities Act) with respect to an offering of Common Stock by and for the account of the Corporation (other than a registration statement (i) on Form S-4, Form S-8 or any successor forms thereto or (ii) filed solely in connection with an exchange offer or any employee benefit or dividend reinvestment plan), whether or not for its own account, then, each such time, the Corporation shall give prompt written notice of such proposed filing at least one (1) day before the anticipated filing date (the “Piggyback Notice”) to all of the holders of Registrable Securities. The Piggyback Notice shall offer such holders the opportunity to include in such registration statement the number of Registrable Securities as each such holder may request (a “Piggyback Registration”). Subject to Section 4(b) hereof, the Corporation shall include in each such Piggyback Registration all Registrable Securities with respect to which the Corporation has received written requests for inclusion therein within one (1) day after notice has been given to the applicable holder. The eligible holders of Registrable Securities shall be permitted to withdraw all or part of the Registrable Securities from a Piggyback Registration at any time prior to the effective date of such Piggyback Registration. The Corporation shall not be required to maintain the effectiveness of the Registration Statement for a Piggyback Registration beyond the earlier to occur of (i) 180 days after the effective date thereof and (ii) consummation of the distribution by the holders of the Registrable Securities included in such Registration Statement; *provided, however*, that any Stockholder owning Common Stock that has been included on such shelf Registration Statement may request that such Common Stock be removed from such Registration Statement, in which event the Corporation shall promptly either withdraw such Registration Statement or file a post-effective amendment to such Registration Statement removing such Common Stock.”

(c) Section 12(b) of the RRA is hereby deleted in its entirety, and is replaced by the following:

“(b) Notices. All notices required to be given hereunder shall be in writing and shall be deemed to be duly given if personally delivered, telecopied and confirmed, or mailed by certified mail, return receipt requested, or overnight delivery service with proof of receipt maintained, or e-mailed with read receipt requested, at the following address (or any other address that any such party may designate by written notice to the other parties):

If to the Corporation, to the address of its principal executive offices (and e-mail address set forth on the Corporation’s then-current website). If to any Stockholder, at such Stockholder’s address or email address, in each case as set forth on the records of the Corporation. Any such notice shall, if delivered personally, be deemed received upon delivery; shall, if delivered by telecopy, be deemed received on the first business day following confirmation; shall, if delivered by overnight delivery service, be deemed received the first business day after being sent; shall, if delivered by mail, be deemed received upon the earlier of actual receipt thereof or five business days after the date of deposit in the United States mail; and shall, if delivered by e-mail, be deemed received upon the earlier of actual receipt thereof, the receipt of a read receipt notice by the sender or the first business day after being sent.

2. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3. Headings. The section and paragraph headings contained in this Amendment are for reference purposes only and shall not affect in any way the meaning or interpretation of this Amendment.

4. Governing Law. The provisions of this Amendment shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the choice of law principles thereof).

5. Severability. If any term, provision, covenant or restriction of this Amendment is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions,

covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

6. Entire Agreement. This Amendment is intended by the parties as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Amendment supersedes all prior agreements and understandings between the parties with respect to such subject matter.

7. Consent to Jurisdiction. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in New York, and appropriate appellate courts therefrom, over any dispute arising out of or relating to this Amendment or any of the transactions contemplated hereby, and each party hereby irrevocably agrees that all claims in respect of such dispute or proceeding may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Amendment or any of the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. This consent to jurisdiction is being given solely for purposes of this Amendment and is not intended to, and shall not, confer consent to jurisdiction with respect to any other dispute in which a party to this Agreement may become involved.

Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action, or proceeding of the nature specified in the paragraph above by the mailing of a copy thereof in the manner specified by the notice provisions of the RRA, as hereby amended.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AMENDMENT.

8. RRA Affirmed. Except to the extent expressly provided herein, the RRA is not affected hereby and continues in full force and effect in accordance with its original terms.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

By: /s/ W. Greg Dunlevy
Name: W. Greg Dunlevy
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Amendment No.1 to the RRA]

WARBURG PINCUS INTERNATIONAL PARTNERS, L.P.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ David Krieger
Name: David Krieger
Title: Partner

WARBURG PINCUS NETHERLANDS INTERNATIONAL PARTNERS I, C.V.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ David Krieger
Name: David Krieger
Title: Partner

WP-WPIP INVESTORS, L.P.

By: WP-WPIP Investors LLC, its General Partner
By: Warburg Pincus Partners LLC, its Sole Member
By: Warburg Pincus & Co., its Managing Member

By: /s/ David Krieger
Name: David Krieger
Title: Partner

WARBURG PINCUS PRIVATE EQUITY VIII, L.P.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ David Krieger
Name: David Krieger
Title: Partner

WARBURG PINCUS NETHERLANDS PRIVATE EQUITY VIII I, C.V.

By: Warburg Pincus Partners LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ David Krieger
Name: David Krieger
Title: Partner

[Signature Page to Amendment No.1 to the RRA]

WP-WPVIII INVESTORS, L.P.

By: WP-WPVIII Investors LLC, its General Partner
By: Warburg Pincus & Co., its Managing Member

By: /s/ David Krieger
Name: David Krieger
Title: Partner

[Signature Page to Amendment No.1 to the RRA]

BLACKSTONE CAPITAL PARTNERS (CAYMAN) IV L.P.

By: BLACKSTONE MANAGEMENT ASSOCIATES (CAYMAN) IV
L.P., its general partner
By: BCP IV GP L.L.C., its general partner

By: /s/ David I. Foley
Name: David I. Foley
Title: Senior Managing Director

BLACKSTONE CAPITAL PARTNERS (CAYMAN) IV-A L.P.

By: BLACKSTONE MANAGEMENT ASSOCIATES (CAYMAN) IV
L.P., its general partner
By: BCP IV GP L.L.C., its general partner

By: /s/ David I. Foley
Name: David I. Foley
Title: Senior Managing Director

**BLACKSTONE FAMILY INVESTMENT PARTNERSHIP
(CAYMAN) IV-A L.P.**

By: BCP IV GP L.L.C., its general partner

By: /s/ David I. Foley
Name: David I. Foley
Title: Senior Managing Director

[Signature Page to Amendment No.1 to the RRA]

**BLACKSTONE PARTICIPATION PARTNERSHIP (CAYMAN) IV
L.P.**

By: BCP IV GP L.L.C., its general partner

By: /s/ David I. Foley
Name: David I. Foley
Title: Senior Managing Director

**BLACKSTONE FAMILY INVESTMENT PARTNERSHIP
(CAYMAN) IV-A SMD L.P.**

By: BLACKSTONE FAMILY GP L.L.C., its general partner

By: /s/ David I. Foley
Name: David I. Foley

Title: Senior Managing Director

[Signature Page to Amendment No.1 to the RRA]

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Exhibit 21.1

List of Subsidiaries

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
Kosmos Energy Ltd.	Bermuda
Kosmos Energy Holdings	Texas
Kosmos Energy LLC	Cayman Islands
Kosmos Energy Operating	Cayman Islands
Kosmos Energy Ventures	Cayman Islands
Kosmos Energy South Atlantic	Cayman Islands
Kosmos Energy Latin America	Cayman Islands
Kosmos Energy Brasil Oleo e Gas Ltda.	Brazil
Kosmos Energy Deepwater Morocco	Cayman Islands
Kosmos Energy Cameroon HC	Cayman Islands
Kosmos Energy Offshore Morocco HC	Cayman Islands
Kosmos Energy Finance International	Cayman Islands
Kosmos Energy Finance	Cayman Islands
Kosmos Energy International	Cayman Islands
Kosmos Energy Development	Cayman Islands
Kosmos Energy Ghana HC	Cayman Islands
Kosmos Energy Suriname	Cayman Islands
Kosmos Energy Tanzania	Cayman Islands
Kosmos Energy Mauritani	Cayman Islands
Kosmos Energy Sierra Leone	Cayman Islands
Kosmos Energy Equatorial Guinea	Cayman Islands

QuickLinks

[Exhibit 21.1](#)

[List of Subsidiaries](#)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference of our reports dated February 25, 2013, with respect to the consolidated financial statements and schedules and the effectiveness of internal control over financial reporting of Kosmos Energy Ltd., included in this Annual Report (Form 10-K) for the year ended December 31, 2012, in the following Registration Statements of Kosmos Energy Ltd.:

- (1) Form S-8 (No. 333-174234)
- (2) Form S-3 (No. 333-182280)

/s/ Ernst & Young LLP

Dallas, Texas
February 25, 2013

QuickLinks

[Exhibit 23.1](#)

[Consent of Independent Registered Public Accounting Firm](#)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 23.2



CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the reference of our firm and to the use of our reports effective December 31, 2012; December 31, 2011; and December 31, 2010, dated January 28, 2013; February 16, 2012; and February 3, 2011, respectively, in the Kosmos Energy Ltd. Annual Report on Form 10-K for the year ended December 31, 2012, to be filed with the U. S. Securities and Exchange Commission on or about February 25, 2013, and incorporated by reference into Kosmos Energy Ltd.'s registration statements on Form S-3 (File No. 333-182280) and Form S-8 (File No. 333-174234).

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ THOMAS J. TELLA II

Thomas J. Tella II, P.E.

Senior Vice President

Dallas, Texas

February 19, 2013

QuickLinks

[Exhibit 23.2](#)

[CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS](#)

Certification of Chief Executive Officer

I, Brian F. Maxted, certify that:

1. I have reviewed this annual report on Form 10-K of Kosmos Energy Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2013

/s/ BRIAN F. MAXTED

Brian F. Maxted
Director and Chief Executive Officer
(Principal Executive Officer)

QuickLinks

[Exhibit 31.1](#)

[Certification of Chief Executive Officer](#)

Certification of Chief Financial Officer

I, W. Greg Dunlevy, certify that:

1. I have reviewed this annual report on Form 10-K of Kosmos Energy Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2013

/s/ W. GREG DUNLEVY

W. Greg Dunlevy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

QuickLinks

[Exhibit 31.2](#)

[Certification of Chief Financial Officer](#)

**Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the accompanying annual report of Kosmos Energy Ltd. (the "Company") on Form 10-K for the period ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian F. Maxted, Director and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2013

/s/ BRIAN F. MAXTED

Brian F. Maxted
Director and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 32.1](#)

[Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

**Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the annual report of Kosmos Energy Ltd. (the "Company") on Form 10-K for the period ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Greg Dunlevy, Chief Financial Officer and Executive Vice President of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2013

/s/ W. GREG DUNLEVY

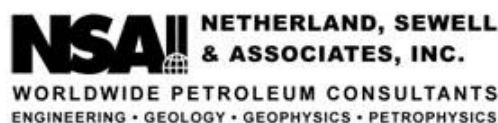
W. Greg Dunlevy
*Chief Financial Officer and Executive Vice President
(Principal Financial Officer)*

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 32.2](#)

[Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002\)](#)



CHAIRMAN & CEO C.H. (SCOTT) REES III	EXECUTIVE COMMITTEE P. SCOTT FROST - DALLAS
PRESIDENT & COO DANNY D. SIMMONS	J. CARTER HENSON, JR. - HOUSTON DAN PAUL SMITH - DALLAS
EXECUTIVE VP G. LANCE BINDER	JOSEPH J. SPELLMAN - DALLAS THOMAS J. TELLA II - DALLAS

January 28, 2013

Mr. David Collier
Kosmos Energy
8176 Park Lane, Suite 500
Dallas, Texas 75231

Dear Mr. Collier:

In accordance with your request, we have estimated the proved reserves and future revenue, as of December 31, 2012, to the Kosmos Energy (Kosmos) interest in the LM2, UM3, and UM2 Reservoirs for the Jubilee Field Phase 1 Development Unit Area located in the West Cape Three Points and Deepwater Tano license areas, offshore Ghana. We completed our evaluation on or about the date of this letter. It is our understanding that the proved reserves estimated in this report constitute all of the proved reserves owned by Kosmos. The estimates in this report have been prepared in accordance with the definitions and regulations of the U.S. Securities and Exchange Commission (SEC) and, with the exception of the exclusion of future United States income taxes, conform to the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas. Definitions are presented immediately following this letter. This report has been prepared for Kosmos' use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

We estimate the original oil-in-place (OOIP), oil estimated ultimate recovery (EUR), and net reserves and future net revenue to the Kosmos interest in these reservoirs in the Jubilee Field Phase 1 Development Unit Area, as of December 31, 2012, to be:

Category	OOIP(3) (MMBBL)	Oil EUR (MMBBL)	Net Reserves(1)		Future Net Revenue(1) (MMS)	
			Oil (MMBBL)	Gas(2) (BCF)	Total	Present Worth at 10%
Proved Developed Producing	(3)	112	14	5	903	829
Proved Developed Non-Producing	(3)	79	18	4	1,170	882
Proved Undeveloped	(3)	46	10	1	543	365
Total Proved	946(3)	238	42	9	2,616	2,075

Totals may not add because of rounding.

- (1) Kosmos' unitized net interest is based on the 54.3666/45.6334 percent equity redetermination split effective December 1, 2011, between the West Cape Three Points and Deepwater Tano license areas; this is subject to change as additional data are obtained.
- (2) Net gas reserves are based on gas volumes consumed in operations as fuel at the maximum rate of 10 million cubic feet per day; for the purposes of this report, all other produced gas is expected to be reinjected or exported.
- (3) OOIP is estimated on a total proved basis.

The oil reserves shown include crude oil only. Oil volumes are expressed in millions of barrels (MMBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in billions of cubic feet (BCF) at standard temperature and pressure bases. Net reserves and revenue are the share attributable to the Kosmos interest. Monetary values shown in this report are expressed in United States dollars (\$) or millions of United States dollars (MMS).

4500 THANKSGIVING TOWER • 1601 ELM STREET • DALLAS, TEXAS 75201-4754 • PH: 214-969-5401 • FAX: 214-969-5411
1221 LAMAR STREET, SUITE 1200 • HOUSTON, TEXAS 77010-3072 • PH: 713-654-4950 • FAX: 713-654-4951

nsai@nsai-petro.com
netherlandsewell.com

The estimates shown in this report are for proved reserves. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated. As requested, probable and possible reserves that exist for these properties have not been included. Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The reserves shown in this report have been estimated using a combination of deterministic and probabilistic methods. The estimates of reserves and future revenue included herein have not been adjusted for risk.

Gross revenue is Kosmos' share of the gross (100 percent) revenue from the properties after deductions for royalties and additional oil entitlement. Future net revenue is after deductions for Kosmos' share of production sharing oil revenue; capital costs; abandonment costs; operating expenses; exploration, development, and production royalties paid to the Ghanaian government; and estimated Ghanaian taxes but before consideration of United States income

taxes. The future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

The oil price used in this report is based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for each month in the period January through December 2012. The average Europe Brent Spot (U.S. Energy Information Administration) price of \$111.21 per barrel is adjusted by lease for crude handling, quality, transportation fees, and a regional price differential. Based largely on the high quality of the crude, these adjustments are estimated to add \$1.40 per barrel. The adjusted oil price of \$112.61 per barrel is held constant throughout the lives of the properties. There is no gas price used in this report because produced gas is consumed in operations as fuel.

Operating costs used in this report are based on operating expense records provided by Kosmos. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Since all properties are nonoperated, headquarters general and administrative overhead expenses of Kosmos are not included. Operating costs are held constant throughout the lives of the properties.

Capital costs used in this report were provided by Kosmos and are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for workovers, new development wells, and production equipment. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are Kosmos' estimates of the costs to abandon the wells, platforms, and production facilities, net of any salvage value. Capital costs and abandonment costs are held constant to the date of expenditure.

For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be economically producible; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the

reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing this report.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, well test data, production data, historical price and cost information, and property ownership interests. The reserves in this report have been estimated using a combination of deterministic and probabilistic methods; these estimates have been prepared in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, analogy, and reservoir modeling, that we considered to be appropriate and necessary to categorize and estimate reserves in accordance with SEC definitions and regulations. A substantial portion of these reserves are for undeveloped locations and producing wells that lack sufficient production history upon which performance-related estimates of reserves can be based; such reserves are based on estimates of reservoir volumes and recovery efficiencies along with analogy to properties with similar geologic and reservoir characteristics. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from Kosmos, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. The contractual rights to the properties have not been examined by NSAI, nor has the actual degree or type of interest owned been independently confirmed. The technical persons responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By: /s/ C.H. (Scott) Rees III
C.H. (Scott) Rees III, P.E.
Chairman and Chief Executive Officer

By: /s/ Joseph J. Spellman
Joseph J. Spellman, P.E. 73709
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By: /s/ Daniel T. Walker
Daniel T. Walker, P.G. 1272
Senior Vice President

Date Signed: January 28, 2013

Date Signed: January 28, 2013

JJS:ABB

Please be advised that the digital document you are viewing is provided by Netherland, Sewell & Associates, Inc. (NSAI) as a convenience to our clients. The digital document is intended to be substantively the same as the original signed document maintained by NSAI. The digital document is subject to the parameters, limitations, and conditions stated in the original document. In the event of any differences between the digital document and the original document, the original document shall control and supersede the digital document.

The following definitions are set forth in U.S. Securities and Exchange Commission (SEC) Regulation S-X Section 210.4-10(a). Also included is supplemental information from (1) the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers, (2) the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas, and (3) the SEC's Compliance and Disclosure Interpretations.

(1) *Acquisition of properties.* Costs incurred to purchase, lease or otherwise acquire a property, including costs of lease bonuses and options to purchase or lease properties, the portion of costs applicable to minerals when land including mineral rights is purchased in fee, brokers' fees, recording fees, legal costs, and other costs incurred in acquiring properties.

(2) *Analogous reservoir.* Analogous reservoirs, as used in resources assessments, have similar rock and fluid properties, reservoir conditions (depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide concepts to assist in the interpretation of more limited data and estimation of recovery. When used to support proved reserves, an "analogous reservoir" refers to a reservoir that shares the following characteristics with the reservoir of interest:

- (i) Same geological formation (but not necessarily in pressure communication with the reservoir of interest);
- (ii) Same environment of deposition;
- (iii) Similar geological structure; and
- (iv) Same drive mechanism.

Instruction to paragraph (a)(2): Reservoir properties must, in the aggregate, be no more favorable in the analog than in the reservoir of interest.

(3) *Bitumen.* Bitumen, sometimes referred to as natural bitumen, is petroleum in a solid or semi-solid state in natural deposits with a viscosity greater than 10,000 centipoise measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural state it usually contains sulfur, metals, and other non-hydrocarbons.

(4) *Condensate.* Condensate is a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

(5) *Deterministic estimate.* The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

(6) *Developed oil and gas reserves.* Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Supplemental definitions from the 2007 Petroleum Resources Management System:

Developed Producing Reserves — Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves — Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

(7) *Development costs.* Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and

gas. More specifically, development costs, including depreciation and applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (i) Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines, and power lines, to the extent necessary in developing the proved reserves.
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- (ii) Drill and equip development wells, development-type stratigraphic test wells, and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment, and the wellhead assembly.
- (iii) Acquire, construct, and install production facilities such as lease flow lines, separators, treaters, heaters, manifolds, measuring devices, and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems.
- (iv) Provide improved recovery systems.

(8) *Development project*. A development project is the means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field, or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

(9) *Development well*. A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

(10) *Economically producible*. The term economically producible, as it relates to a resource, means a resource which generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. The value of the products that generate revenue shall be determined at the terminal point of oil and gas producing activities as defined in paragraph (a)(16) of this section.

(11) *Estimated ultimate recovery (EUR)*. Estimated ultimate recovery is the sum of reserves remaining as of a given date and cumulative production as of that date.

(12) *Exploration costs*. Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and gas reserves, including costs of drilling exploratory wells and exploratory-type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as prospecting costs) and after acquiring the property. Principal types of exploration costs, which include depreciation and applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (i) Costs of topographical, geographical and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews, and others conducting those studies. Collectively, these are sometimes referred to as geological and geophysical or "G&G" costs.
- (ii) Costs of carrying and retaining undeveloped properties, such as delay rentals, ad valorem taxes on properties, legal costs for title defense, and the maintenance of land and lease records.
- (iii) Dry hole contributions and bottom hole contributions.
- (iv) Costs of drilling and equipping exploratory wells.
- (v) Costs of drilling exploratory-type stratigraphic test wells.

(13) *Exploratory well*. An exploratory well is a well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. Generally, an exploratory well is any well that is not a development well, an extension well, a service well, or a stratigraphic test well as those items are defined in this section.

(14) *Extension well*. An extension well is a well drilled to extend the limits of a known reservoir.

(15) *Field*. An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field which are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to identify localized geological features as opposed to the broader terms of basins, trends, provinces, plays, areas-of-interest, etc.

(16) *Oil and gas producing activities*.

- (i) Oil and gas producing activities include:
 - (A) The search for crude oil, including condensate and natural gas liquids, or natural gas ("oil and gas") in their natural states and original locations;
 - (B) The acquisition of property rights or properties for the purpose of further exploration or for the purpose of removing the oil or gas from such properties;
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- (C) The construction, drilling, and production activities necessary to retrieve oil and gas from their natural reservoirs, including the acquisition,

construction, installation, and maintenance of field gathering and storage systems, such as:

- (1) Lifting the oil and gas to the surface; and
 - (2) Gathering, treating, and field processing (as in the case of processing gas to extract liquid hydrocarbons); and
- (D) Extraction of saleable hydrocarbons, in the solid, liquid, or gaseous state, from oil sands, shale, coalbeds, or other nonrenewable natural resources which are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction.

Instruction 1 to paragraph (a)(16)(i): The oil and gas production function shall be regarded as ending at a “terminal point”, which is the outlet valve on the lease or field storage tank. If unusual physical or operational circumstances exist, it may be appropriate to regard the terminal point for the production function as:

- a. The first point at which oil, gas, or gas liquids, natural or synthetic, are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal; and
- b. In the case of natural resources that are intended to be upgraded into synthetic oil or gas, if those natural resources are delivered to a purchaser prior to upgrading, the first point at which the natural resources are delivered to a main pipeline, a common carrier, a refinery, a marine terminal, or a facility which upgrades such natural resources into synthetic oil or gas.

Instruction 2 to paragraph (a)(16)(i): For purposes of this paragraph (a)(16), the term *saleable hydrocarbons* means hydrocarbons that are saleable in the state in which the hydrocarbons are delivered.

(ii) Oil and gas producing activities do not include:

- (A) Transporting, refining, or marketing oil and gas;
- (B) Processing of produced oil, gas, or natural resources that can be upgraded into synthetic oil or gas by a registrant that does not have the legal right to produce or a revenue interest in such production;
- (C) Activities relating to the production of natural resources other than oil, gas, or natural resources from which synthetic oil and gas can be extracted; or
- (D) Production of geothermal steam.

(17) *Possible reserves.* Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

- (i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.
- (ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.
- (iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.
- (iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.
- (v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.
- (vi) Pursuant to paragraph (a)(22)(iii) of this section, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of

the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

(18) *Probable reserves.* Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

- (i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.
- (ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.
- (iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.
- (iv) See also guidelines in paragraphs (a)(17)(iv) and (a)(17)(vi) of this section.

(19) *Probabilistic estimate.* The method of estimation of reserves or resources is called probabilistic when the full range of values that could reasonably occur for each unknown parameter (from the geoscience and engineering data) is used to generate a full range of possible outcomes and their associated probabilities of occurrence.

(20) *Production costs.*

- (i) Costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. They become part of the cost of oil and gas produced. Examples of production costs (sometimes called lifting costs) are:
 - (A) Costs of labor to operate the wells and related equipment and facilities.
 - (B) Repairs and maintenance.
 - (C) Materials, supplies, and fuel consumed and supplies utilized in operating the wells and related equipment and facilities.
 - (D) Property taxes and insurance applicable to proved properties and wells and related equipment and facilities.
 - (E) Severance taxes.
- (ii) Some support equipment or facilities may serve two or more oil and gas producing activities and may also serve transportation, refining, and marketing activities. To the extent that the support equipment and facilities are used in oil and gas producing activities, their depreciation and applicable operating costs become exploration, development or production costs, as appropriate. Depreciation, depletion, and amortization of capitalized acquisition, exploration, and development costs are not production costs but also become part of the cost of oil and gas produced along with production (lifting) costs identified above.

(21) *Proved area.* The part of a property to which proved reserves have been specifically attributed.

(22) *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- (i) The area of the reservoir considered as proved includes:
 - (A) The area identified by drilling and limited by fluid contacts, if any, and
 - (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

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- (ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
 - (iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.
 - (iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:
 - (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
 - (B) The project has been approved for development by all necessary parties and entities, including governmental entities.
 - (v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:

932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:

- a. Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)*
- b. Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas is located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).*

The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.

932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50-3 through 50-11B:

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- a. Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price changes shall be considered only to the extent provided by contractual arrangements in existence at year-end.*
 - b. Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.*
 - c. Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.*
 - d. Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.*
 - e. Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.*
 - f. Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.*

(27) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

(28) *Resources.* Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

(29) *Service well.* A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) *Stratigraphic test well.* A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as "exploratory type" if not drilled in a known area or "development type" if drilled in a known area.

(31) *Undeveloped oil and gas reserves.* Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

- (i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.
- (ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

From the SEC's Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to, the following:

- The company's level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);*
- The company's historical record at completing development of comparable long-term projects;*
- The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;*
- The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and*

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- The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).*

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.
