

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

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)

Delaware
(State or other jurisdiction of
incorporation or organization)

8176 Park Lane
Dallas, Texas
(Address of principal executive offices)

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

75231
(Zip Code)

Title of each class
Common Stock \$0.01 par value

Trading Symbol
KOS

Name of each exchange on which registered:
New York Stock Exchange
London Stock Exchange

Registrant's telephone number, including area code: +1 214 445 9600

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Shares, \$0.01 par value

Outstanding at October 31, 2024
471,895,480

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Unless otherwise stated in this report, references to “Kosmos,” “we,” “us” or “the company” refer to Kosmos Energy Ltd. and its wholly owned subsidiaries. We have provided definitions for some of the industry terms used in this report in the “Glossary and Selected Abbreviations” beginning on page 3.

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KOSMOS ENERGY LTD.**GLOSSARY AND SELECTED ABBREVIATIONS**

The following are abbreviations and definitions of certain terms that may be 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>“ANP-STP”</i>	Agencia Nacional Do Petroleo De Sao Tome E Principe.
<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>“BOEM”</i>	Bureau of Ocean Energy Management.
<i>“Boepd”</i>	Barrels of oil equivalent per day.
<i>“Bopd”</i>	Barrels of oil per day.
<i>“BP”</i>	BP p.l.c. and related subsidiaries.
<i>“Bwpd”</i>	Barrels of water per day.
<i>“Corporate Revolver”</i>	Prior to March 31, 2022, this term refers to the Revolving Credit Facility Agreement dated November 23, 2012 (as amended or as amended and restated from time to time), and on or after March 31, 2022, this term refers to the new Revolving Credit Facility Agreement dated March 31, 2022 (as amended or as amended and restated from time to time).
<i>“3.125% Convertible Senior Notes”</i>	3.125% Convertible Senior Notes due 2030.
<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.
<i>“DST”</i>	Drill stem test.
<i>“Dry hole” or “Unsuccessful well”</i>	A well that has not encountered a hydrocarbon bearing reservoir expected to produce in commercial quantities.
<i>“DT”</i>	Deepwater Tano.
<i>“EBITDAX”</i>	Net income (loss) plus (i) exploration expense, (ii) depletion, depreciation and amortization expense, (iii) equity-based compensation expense, (iv) unrealized (gain) loss on commodity derivatives (realized losses are deducted and realized gains are added back), (v) (gain) loss on sale of oil and gas properties, (vi) interest (income) expense, (vii) income taxes, (viii) debt modifications and extinguishments, (ix) doubtful accounts expense and (x) similar other material items which management believes affect the comparability of operating results.

“ESG”	Environmental, social, and governance.
“ESP”	Electric submersible pump.
“E&P”	Exploration and production.
“Facility”	Facility agreement dated March 28, 2011 (as amended or as amended and restated from time to time).
“FASB”	Financial Accounting Standards Board.
“Farm-in”	An agreement whereby a party acquires a portion of the participating interest in a block from the owner of such interest, usually in return for cash and/or for taking on a portion of future costs or other performance by the assignee as a condition of the assignment.
“Farm-out”	An agreement whereby the owner of the participating interest agrees to assign a portion of its participating interest in a block to another party for cash and/or for the assignee taking on a portion of future costs and/or other work as a condition of the assignment.
“FEED”	Front End Engineering Design.
“Field life cover ratio”	The “field life cover ratio” is broadly defined, for each applicable forecast period, as the ratio of (x) the forecasted net present value of net cash flow through depletion plus the net present value of the forecast of certain capital expenditures incurred in relation to the Ghana and Equatorial Guinea assets, to (y) the aggregate loan amounts outstanding under the Facility.
“FLNG”	Floating liquefied natural gas.
“FPS”	Floating production system.
“FPSO”	Floating production, storage and offloading vessel.
“GAAP”	Generally Accepted Accounting Principles in the United States of America.
“GEPetrol”	Guinea Equatorial De Petroleos.
“GHG”	Greenhouse gas.
“GNPC”	Ghana National Petroleum Corporation.
“Greater Tortue Ahmeyim”	Ahmeyim and Guembeul discoveries.
“GTA UUOA”	Unitization and Unit Operating Agreement covering the Greater Tortue Ahmeyim Unit.
“HLS”	Heavy Louisiana Sweet.
“Jubilee UUOA”	Unitization and Unit Operating Agreement covering the Jubilee Unit.
“Interest cover ratio”	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.
“LNG”	Liquefied natural gas.
“Loan life cover ratio”	The “loan life cover ratio” is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of forecasted net cash flow through the final maturity date of the Facility plus the net present value of forecasted capital expenditures incurred in relation to the Ghana and Equatorial Guinea assets to (y) the aggregate loan amounts outstanding under the Facility.
“LIBOR”	London Interbank Offered Rate
“LSE”	London Stock Exchange.
“LTIP”	Long Term Incentive Plan.
“MBbl”	Thousand barrels of oil.
“MBoe”	Thousand barrels of oil equivalent.
“Mcf”	Thousand cubic feet of natural gas.
“Mcfpd”	Thousand cubic feet per day of natural gas.
“MMBbl”	Million barrels of oil.
“MMBoe”	Million barrels of oil equivalent.
“MMBtu”	Million British thermal units.

<i>“MMcf”</i>	Million cubic feet of natural gas.
<i>“MMcfd”</i>	Million cubic feet per day of natural gas.
<i>“MMTPA”</i>	Million metric tonnes per annum.
<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>“Net debt”</i>	Total long-term debt less cash and cash equivalents and total restricted cash.
<i>“NYSE”</i>	New York Stock Exchange.
<i>“Petroleum contract”</i>	A contract in which the owner of hydrocarbons gives an E&P company temporary and limited rights, including an exclusive option to explore for, develop, and produce hydrocarbons 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 these fail neither oil nor natural gas may 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>	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>	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.
<i>“RSC”</i>	Ryder Scott Company, L.P.
<i>“SOFR”</i>	Secured Overnight Financing Rate
<i>“SEC”</i>	Securities and Exchange Commission.
<i>“7.125% Senior Notes”</i>	7.125% Senior Notes due 2026.
<i>“7.750% Senior Notes”</i>	7.750% Senior Notes due 2027.
<i>“7.500% Senior Notes”</i>	7.500% Senior Notes due 2028.
<i>“8.750% Senior Notes”</i>	8.750% Senior Notes due 2031.
<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>“SMH”</i>	Societe Mauritanienne des Hydrocarbures
<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>“Structural trap”</i>	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>“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>“TAG GSA”</i>	TEN Associated Gas - Gas Sales Agreement.
<i>“TEN”</i>	Tweneboa, Enyenra and Ntomme.
<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>“Tortue Phase 1 SPA”</i>	Greater Tortue Ahmeyim Agreement for a Long Term Sale and Purchase of LNG.
<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>“Trident”</i>	Trident Energy.
<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.
<i>“WCTP”</i>	West Cape Three Points.

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

	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 51,581	\$ 95,345
Receivables	161,967	120,733
Inventories	154,882	152,054
Prepaid expenses and other	41,581	46,235
Derivatives	11,077	8,346
Total current assets	421,088	422,713
Property and equipment, net	4,694,435	4,160,229
Other assets:		
Restricted cash	305	3,416
Long-term receivables	333,493	325,181
Deferred tax assets	4,720	3,033
Derivatives	—	1,594
Other	16,905	21,968
Total assets	\$ 5,470,946	\$ 4,938,134
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 284,954	\$ 248,912
Accrued liabilities	277,752	302,815
Derivatives	527	3,103
Total current liabilities	563,233	554,830
Long-term liabilities:		
Long-term debt, net	2,691,912	2,390,914
Derivatives	755	—
Asset retirement obligations	390,915	343,979
Deferred tax liabilities	376,885	363,918
Other long-term liabilities	250,346	252,156
Total long-term liabilities	3,710,813	3,350,967
Stockholders' equity:		
Preference shares, \$0.01 par value; 200,000,000 authorized shares; zero issued at September 30, 2024 and December 31, 2023	—	—
Common stock, \$0.01 par value; 2,000,000,000 authorized shares; 516,079,940 and 504,392,980 issued at September 30, 2024 and December 31, 2023, respectively	5,161	5,044
Additional paid-in capital	2,504,637	2,536,621
Accumulated deficit	(1,075,891)	(1,272,321)
Treasury stock, at cost, 44,263,269 shares at September 30, 2024 and December 31, 2023, respectively	(237,007)	(237,007)
Total stockholders' equity	1,196,900	1,032,337
Total liabilities and stockholders' equity	\$ 5,470,946	\$ 4,938,134

See accompanying notes.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues and other income:				
Oil and gas revenue	\$ 407,794	\$ 526,348	\$ 1,277,797	\$ 1,193,843
Other income, net	37	198	109	(115)
Total revenues and other income	407,831	526,546	1,277,906	1,193,728
Costs and expenses:				
Oil and gas production	133,471	138,782	377,822	286,297
Exploration expenses	14,697	10,290	39,992	33,305
General and administrative	23,298	25,120	76,724	77,731
Depletion, depreciation and amortization	120,728	132,347	311,750	331,634
Interest and other financing costs, net	22,112	25,440	75,839	74,379
Derivatives, net	(15,254)	45,971	5,716	42,162
Other expenses, net	2,227	11,055	6,418	17,864
Total costs and expenses	301,279	389,005	894,261	863,372
Income before income taxes	106,552	137,541	383,645	330,356
Income tax expense	61,578	52,356	187,215	138,517
Net income	\$ 44,974	\$ 85,185	\$ 196,430	\$ 191,839
Net income per share:				
Basic	\$ 0.10	\$ 0.19	\$ 0.42	\$ 0.42
Diluted	\$ 0.09	\$ 0.18	\$ 0.41	\$ 0.40
Weighted average number of shares used to compute net income per share:				
Basic	471,816	460,108	470,491	459,477
Diluted	479,190	481,099	478,701	479,738

See accompanying notes.

KOSMOS ENERGY LTD.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount				
2024:						
Balance as of December 31, 2023	504,393	\$ 5,044	\$ 2,536,621	\$ (1,272,321)	\$ (237,007)	\$ 1,032,337
Capped call transactions	—	—	(49,800)	—	—	(49,800)
Equity-based compensation	—	—	7,333	—	—	7,333
Restricted stock units	11,373	114	(114)	—	—	—
Tax withholdings and cash settlements on restricted stock units	—	—	(9,921)	—	—	(9,921)
Net income	—	—	—	91,686	—	91,686
Balance as of March 31, 2024	515,766	5,158	2,484,119	(1,180,635)	(237,007)	1,071,635
Equity-based compensation	—	—	10,487	—	—	10,487
Restricted stock units	241	2	(2)	—	—	—
Tax withholdings and cash settlements on restricted stock units	—	—	(1)	—	—	(1)
Net income	—	—	—	59,770	—	59,770
Balance as of June 30, 2024	516,007	5,160	2,494,603	(1,120,865)	(237,007)	1,141,891
Equity-based compensation	—	—	10,034	—	—	10,034
Restricted stock units	73	1	(1)	—	—	—
Tax withholdings and cash settlements on restricted stock units	—	—	1	—	—	1
Net income	—	—	—	44,974	—	44,974
Balance as of September 30, 2024	516,080	5,161	2,504,637	(1,075,891)	(237,007)	1,196,900
2023:						
Balance as of December 31, 2022	500,161	\$ 5,002	\$ 2,505,694	\$ (1,485,841)	\$ (237,007)	\$ 787,848
Equity-based compensation	—	—	10,093	—	—	10,093
Restricted stock units	3,691	37	(37)	—	—	—
Tax withholdings and cash settlements on restricted stock units	—	—	(11,810)	—	—	(11,810)
Net income	—	—	—	83,309	—	83,309
Balance as of March 31, 2023	503,852	\$ 5,039	\$ 2,503,940	\$ (1,402,532)	\$ (237,007)	\$ 869,440
Dividends	—	—	(1)	—	—	(1)
Equity-based compensation	—	—	11,121	—	—	11,121
Restricted stock awards and units	493	4	(4)	—	—	—
Tax withholdings and cash settlements on restricted stock units	—	—	(1)	—	—	(1)
Net income	—	—	—	23,345	—	23,345
Balance as of June 30, 2023	504,345	\$ 5,043	\$ 2,515,055	\$ (1,379,187)	\$ (237,007)	\$ 903,904
Equity-based compensation	—	—	10,580	—	—	10,580
Restricted stock units	28	1	(1)	—	—	—
Net income	—	—	—	85,185	—	85,185
Balance as of September 30, 2023	504,373	\$ 5,044	\$ 2,525,634	\$ (1,294,002)	\$ (237,007)	\$ 999,669

See accompanying notes.

KOSMOS ENERGY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Operating activities		
Net income	\$ 196,430	\$ 191,839
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation and amortization (including deferred financing costs)	318,564	339,177
Deferred income taxes	11,280	(37,481)
Unsuccessful well costs and leasehold impairments	3,872	2,244
Change in fair value of derivatives	11,808	52,467
Cash settlements on derivatives, net (including \$(10.0) million and \$(12.3) million on commodity hedges during 2024 and 2023)	(14,754)	(21,478)
Equity-based compensation	27,849	31,778
Debt modifications and extinguishments	24,794	1,503
Other	(12,126)	2,547
Changes in assets and liabilities:		
Increase in receivables	(33,304)	(5,766)
Increase in inventories and prepaid expenses	(2,320)	(49,767)
Decrease in accounts payable and accrued liabilities	(29,591)	(35,669)
Net cash provided by operating activities	502,502	471,394
Investing activities		
Oil and gas assets	(772,238)	(611,914)
Notes receivable from partners	(2,575)	(46,632)
Net cash used in investing activities	(774,813)	(658,546)
Financing activities		
Borrowings under long-term debt	275,000	300,000
Payments on long-term debt	(350,000)	(145,000)
Net proceeds from issuance of senior notes	885,285	—
Repurchase of senior notes	(499,515)	—
Purchase of capped call transactions	(49,800)	—
Dividends	—	(166)
Other financing costs	(35,534)	(12,345)
Net cash provided by financing activities	225,436	142,489
Net decrease in cash, cash equivalents and restricted cash	(46,875)	(44,663)
Cash, cash equivalents and restricted cash at beginning of period	98,761	186,821
Cash, cash equivalents and restricted cash at end of period	\$ 51,886	\$ 142,158
Supplemental cash flow information		
Cash paid for:		
Income taxes, net of refund received	\$ 232,923	\$ 212,352

See accompanying notes.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements

(Unaudited)

1. Organization

Kosmos Energy Ltd. is incorporated in the State of Delaware as a holding company for Kosmos Energy Delaware Holdings, LLC, a Delaware limited liability company. 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 refer to Kosmos Energy Ltd. and its wholly-owned subsidiaries, unless the context indicates otherwise.

Kosmos is a full-cycle, deepwater, independent oil and gas exploration and production company focused along the offshore Atlantic Margins. Our key assets include production offshore Ghana, Equatorial Guinea and the U.S. Gulf of Mexico, as well as world-class gas projects offshore Mauritania and Senegal. We also pursue a proven basin exploration program in Equatorial Guinea and the U.S. Gulf of Mexico. Kosmos is listed on the NYSE and LSE and is traded under the ticker symbol KOS.

Kosmos is engaged in a single line of business, which is the exploration, development, and production of oil and natural gas. Substantially all of our long-lived assets and all of our product sales are related to operations in four geographic areas: Ghana, Equatorial Guinea, Mauritania/Senegal and the U.S. Gulf of Mexico.

2. Accounting Policies**General**

The interim consolidated financial statements included in this report are unaudited and, in the opinion of management, include all adjustments of a normal recurring nature necessary for a fair presentation of the results for the interim periods. The results of the interim periods shown in this report are not necessarily indicative of the final results to be expected for the full year. The interim consolidated financial statements were prepared in accordance with the requirements of the SEC for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by GAAP have been condensed or omitted from these interim consolidated financial statements. These interim consolidated financial statements and the accompanying notes should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2023, included in our annual report on Form 10-K.

Reclassifications

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

Cash, Cash Equivalents and Restricted Cash

	September 30, 2024	December 31, 2023
	(In thousands)	
Cash and cash equivalents	\$ 51,581	\$ 95,345
Restricted cash - long-term	305	3,416
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 51,886</u>	<u>\$ 98,761</u>

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

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 for shared costs. Joint interest billings are classified on the face of the consolidated balance sheets as current and long-term receivables based on when collection is expected to occur.

Inventories

Inventories consisted of \$151.2 million and \$143.0 million of materials and supplies and \$3.7 million and \$9.1 million of hydrocarbons as of September 30, 2024 and December 31, 2023, 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 net realizable value.

Hydrocarbon inventory is carried at the lower of cost, using the weighted average cost method, or net realizable value. Hydrocarbon inventory costs include expenditures and other charges 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.

Revenue Recognition

Our oil and gas revenues are recognized when hydrocarbons have been sold to a purchaser at a fixed or determinable price, title has transferred and collection is probable. Certain revenues are based on contracts with provisional pricing and quantity optionality which contain a derivative that is 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 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 of or month after the sale.

Oil and gas revenue is composed of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Revenues from contracts with customers:				
Equatorial Guinea	\$ 71,267	\$ 74,998	\$ 187,328	\$ 182,738
Ghana	237,725	355,098	828,279	735,675
U.S. Gulf of Mexico	103,476	102,968	267,000	285,735
Total revenues from contracts with customers	412,468	533,064	1,282,607	1,204,148
Provisional oil sales contracts	(4,674)	(6,716)	(4,810)	(10,305)
Oil and gas revenue	\$ 407,794	\$ 526,348	\$ 1,277,797	\$ 1,193,843

Concentration of Credit Risk

Our revenue can be materially affected by current economic conditions and the price of oil and natural gas. However, based on the current demand for crude oil and natural gas and the fact that alternative purchasers are readily available, we believe that the loss of our purchasers and/or marketing agents would not have a long-term material adverse effect on our financial position or results of operations.

Recent Accounting Standards*Not Yet Adopted*

In December 2023, the FASB issued ASU 2023-09, “Improvements to Income Tax Disclosures (Topic 740).” The amendments focus on income tax disclosures around effective tax rates and cash income taxes paid. The amendments in the ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted, however, we do not plan to early adopt ASU 2023-09.

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” The amendment requires disclosures of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment’s profit or loss and assets. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Upon adoption, this guidance should be applied retrospectively to all prior periods presented. The Company is currently evaluating this ASU to determine its impact on disclosures.

3. Acquisitions and Divestitures

In March 2024, Kosmos completed the acquisition of an additional 16.7% participating interest in the Keathley Canyon Blocks 920 and 964, offshore U.S. Gulf of Mexico. As a result of the transaction, Kosmos’ participating interest in the Tiberius discovery area increased from 33.3% to 50.0%.

4. Receivables

Receivables consisted of the following:

	September 30, 2024	December 31, 2023
	(In thousands)	
Joint interest billings, net	53,025	35,632
Oil sales	89,975	64,958
Other current receivables	18,967	20,143
Total receivables	161,967	120,733
Long-term receivables	333,493	325,181

The Company’s joint interest billings consist of receivables from partners with interests in common oil and gas properties operated by the Company for shared costs. Joint interest billings are classified as current and long-term receivables based on when collection is expected to occur.

Long-term receivables

In February 2019, Kosmos and BP signed Carry Advance Agreements with the national oil companies of Mauritania and Senegal obligating us to finance a portion of the respective national oil company’s share of certain development and production costs incurred through the Commercial Production Date for Greater Tortue Ahmeyim Phase 1, as defined in the Carry Advance Agreements. The amount financed by Kosmos is to be repaid with interest through the national oil companies’ share of future revenues. As of September 30, 2024 and December 31, 2023, the principal balance due from the national oil companies was \$261.8 million and \$259.2 million, respectively, which is classified as Long-term receivables in our consolidated balance sheets. As of September 30, 2024 and December 31, 2023, accrued interest on the balance due from the national oil companies was \$51.4 million and \$37.3 million, respectively, which is classified as Long-term receivables in our consolidated balance sheets. Interest income on the long-term notes receivable was \$4.7 million and \$4.0 million for the three months ended September 30, 2024 and 2023, respectively, and \$14.0 million and \$11.3 million for the nine months ended September 30, 2024 and 2023, respectively.

5. Property and Equipment

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

	September 30, 2024	December 31, 2023
	(In thousands)	
Oil and gas properties:		
Proved properties	\$ 8,301,777	\$ 7,600,252
Unproved properties	541,102	423,050
Total oil and gas properties	8,842,879	8,023,302
Accumulated depletion	(4,152,627)	(3,868,946)
Oil and gas properties, net	4,690,252	4,154,356
Other property	66,546	65,095
Accumulated depreciation	(62,363)	(59,222)
Other property, net	4,183	5,873
Property and equipment, net	<u>\$ 4,694,435</u>	<u>\$ 4,160,229</u>

We recorded depletion expense of \$110.4 million and \$123.5 million for the three months ended September 30, 2024 and 2023, respectively, and \$283.7 million and \$307.0 million for the nine months ended September 30, 2024 and 2023, respectively. During the nine months ended September 30, 2024, additions to our proved properties primarily related to continued infill development in the Jubilee Field in Ghana, development costs associated with the Greater Tortue Ahmeyim project in Mauritania/Senegal, the Winterfell development project and Odd Job Field subsea pump installation in the U.S. Gulf of Mexico, and infill development drilling in Block G in Equatorial Guinea.

6. Suspended Well Costs

The following table reflects the Company's capitalized exploratory well costs on drilled wells as of and during the nine months ended September 30, 2024.

	September 30, 2024
	(In thousands)
Beginning balance	\$ 211,959
Additions to capitalized exploratory well costs pending the determination of proved reserves	26,282
Reclassification due to determination of proved reserves	—
Capitalized exploratory well costs charged to expense	—
Ending balance	<u>\$ 238,241</u>

The following table provides an 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:

	September 30, 2024	December 31, 2023
	(In thousands, except project counts)	
Exploratory well costs capitalized for a period of one year or less	\$ —	\$ 54,274
Exploratory well costs capitalized for a period of one to five years	108,051	34,775
Exploratory well costs capitalized for a period of six to ten years	130,190	122,910
Ending balance	\$ 238,241	\$ 211,959
Number of projects that have exploratory well costs that have been capitalized for a period greater than one year	3	2

As of September 30, 2024, the projects with exploratory well costs capitalized for more than one year since the completion of drilling are related to the Yakaar and Teranga discoveries in the Cayar Offshore Profond block offshore Senegal, the Asam discovery in Block S offshore Equatorial Guinea and the Tiberius discovery in Keathley Canyon Block 964 in the U.S. Gulf of Mexico.

Yakaar and Teranga Discoveries — In May 2016, we drilled the Teranga-1 exploration well in the Cayar Offshore Profond block offshore Senegal, which encountered hydrocarbon pay. In June 2017, we drilled the Yakaar-1 exploration well in the Cayar Offshore Profond block offshore Senegal, which encountered hydrocarbon pay. In November 2017, an integrated Yakaar-Teranga appraisal plan was submitted to the government of Senegal. In September 2019, we drilled the Yakaar-2 appraisal well which encountered hydrocarbon pay. The Yakaar-2 well was drilled approximately nine kilometers from the Yakaar-1 exploration well. In March 2024, the current phase of the Cayar Block exploration license was extended an additional two years to July 2026. The Yakaar and Teranga discoveries are being analyzed as a joint development. During 2024, we have continued progressing appraisal studies and maturing concept design. Following additional evaluation, a final investment decision for the development of the project is expected to be made.

Asam Discovery — In October 2019, we drilled the S-5 exploration well offshore Equatorial Guinea, which encountered hydrocarbon pay. The discovery was subsequently named Asam. In July 2020, an appraisal work program was approved by the government of Equatorial Guinea. The well is located within tieback range of the Ceiba FPSO and the appraisal work program is currently ongoing to integrate all available data into models to establish the scale of the discovered resource and evaluate the optimum development solution. In December 2022 the Asam Field appraisal report was submitted to the Government of Equatorial Guinea. During 2024, studies and concept design continued to progress. Following additional evaluation, a decision regarding commerciality is expected to be made. Additionally, in October 2024, Kosmos elected to enter the next phase of the Block S exploration license with a scheduled expiration in December 2025 and no well commitments. The election is subject to customary government approvals.

Tiberius Discovery — In July 2023, we spud the Tiberius infrastructure-led exploration prospect located in Block 964 of Keathley Canyon in the U.S. Gulf of Mexico, which encountered hydrocarbon pay. Initial fluid and core analysis supports the production potential of the well, with characteristics analogous with similar nearby discoveries in the Wilcox trend. In March 2024, we completed the acquisition of an additional 16.7% participating interest in the Keathley Canyon Blocks 920 and 964, offshore U.S. Gulf of Mexico. As a result of the transaction, Kosmos' participating interest in the Tiberius discovery area increased from 33.3% to 50.0%. The Tiberius project is being analyzed as a phased development with discussions currently ongoing with our partner to finalize the development plan. Following additional evaluation, a final investment decision for the development of the project is expected to be made.

7. Debt

	September 30, 2024	December 31, 2023
(In thousands)		
Outstanding debt principal balances:		
Facility	\$ 850,000	\$ 925,000
7.125% Senior Notes	250,000	650,000
7.750% Senior Notes	350,000	400,000
7.500% Senior Notes	400,274	450,000
8.750% Senior Notes	500,000	—
3.125% Convertible Senior Notes	400,000	—
Total long-term debt	2,750,274	2,425,000
Unamortized deferred financing costs and discounts(1)	(58,362)	(34,086)
Long-term debt, net	\$ 2,691,912	\$ 2,390,914

(1) Includes \$31.9 million and \$20.8 million of unamortized deferred financing costs related to the Facility, \$14.9 million and \$13.3 million of unamortized deferred financing costs and discounts related to the Senior Notes, and \$11.6 million and nil of unamortized deferred financing costs related to the 3.125% Convertible Senior Notes as of September 30, 2024 and December 31, 2023, respectively.

Facility

The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities. In April 2024, in conjunction with the spring borrowing base redetermination, the Company executed an amendment and restatement of the Facility. The amendment includes the following material changes: an increase in the Facility size and borrowing base capacity to \$1.35 billion (from \$1.25 billion), an increase in the interest margin by 0.25% or 0.50%, depending on the length of time that has passed from the date the Facility was entered into, and an extension in the tenor by approximately three years (final maturity date now occurs December 31, 2029). The amended Facility size and borrowing base capacity of approximately \$1.35 billion was capped by total commitments of approximately \$1.21 billion as of June 30, 2024. The borrowing base amount is based on the sum of the net present values of net cash flows and relevant capital expenditures reduced by certain percentages as well as value attributable to certain assets' reserves and/or resources in the Company's production assets in Ghana and Equatorial Guinea. As part of the amendment, the Company recognized a loss on debt modifications and extinguishments of approximately \$22.0 million during the second quarter of 2024. In September 2024, we added two new lenders to the Facility syndicate, increasing current total commitments by approximately \$145.0 million to the full Facility size and borrowing base capacity of \$1.35 billion. As of September 30, 2024, borrowings under the Facility totaled \$850.0 million and the undrawn availability under the Facility was \$500.0 million.

In October 2024, during the Fall 2024 redetermination, the Company's lending syndicate approved a borrowing base capacity of \$1.35 billion.

As amended, interest on the Facility is the aggregate of the applicable margin (4.00% to 5.50%, depending on the length of time that has passed from the date the Facility was entered into), plus the term SOFR reference rate administered by CME Group Benchmark Administration Limited for the relevant period published. 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, if any. Commitment fees are equal to 30% 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.

The Facility provides a revolving credit and letter of credit facility. As of September 30, 2024, we had no letters of credit issued under the Facility.

We were in compliance with the financial covenants contained in the Facility as of September 30, 2024 (the most recent assessment date). The Facility, as amended, contains customary cross default provisions.

Corporate Revolver

The Corporate Revolver is available for general corporate purposes and for oil and gas exploration, appraisal and development programs. In April 2024, in connection with the amendment and restatement of the Facility, we amended the Corporate Revolver reducing the borrowing capacity from \$250.0 million to approximately \$165 million. All of the commitments that were cancelled (either in full or in part) under the Corporate Revolver were transferred to the Facility as part of the amendment and restatement. As of September 30, 2024, there were no outstanding borrowings under the Corporate Revolver and the undrawn availability was approximately \$165 million.

The Company capitalized \$6.1 million of deferred financing costs associated with entering into the revolving credit facility in March 2022, which is being amortized over the term of the new revolving credit facility. Interest on the Corporate Revolver is the aggregate of a 7.0% margin, the term SOFR reference rate administered by CME Group Benchmark Administration Limited for the relevant period published and a credit adjustment spread. 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 30% per annum of the respective margin when a commitment is available for utilization.

We were in compliance with the financial covenants contained in the Corporate Revolver as of September 30, 2024 (the most recent assessment date). The Corporate Revolver contains customary cross default provisions.

In October 2024, pursuant to a voluntary cancellation notice sent by the Company, the Corporate Revolver was terminated.

7.125% Senior Notes due 2026

In April 2019, the Company issued \$650.0 million of 7.125% Senior Notes and received net proceeds of approximately \$640.0 million after deducting fees.

The 7.125% Senior Notes mature on April 4, 2026. Interest is payable in arrears each April 4 and October 4, commencing on October 4, 2019. The 7.125% Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equal in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver, the 7.750% Senior Notes, the 7.500% Senior Notes, the 8.750% Senior Notes and the 3.125% Convertible Senior Notes) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility). The 7.125% Senior Notes are guaranteed on a senior, unsecured basis by certain subsidiaries owning the Company's U.S. Gulf of Mexico assets, and on a subordinated, unsecured basis by certain subsidiaries that borrow under, or guarantee, the Facility and that guarantee the Corporate Revolver, the 7.750% Senior Notes, the 7.500% Senior Notes, the 8.750% Senior Notes and the 3.125% Convertible Senior Notes. On September 24, 2024, the Company completed the repurchase of an aggregate principal amount of \$400.0 million of the 7.125% Senior Notes pursuant to the Company's cash tender offers for portions of the 7.125% Senior Notes, the 7.750% Senior Notes, and the 7.500% Senior Notes announced on September 9, 2024 (the "Tender Offers"). The 7.125% Senior Notes contain customary cross default provisions.

7.750% Senior Notes due 2027

In October 2021, the Company issued \$400.0 million of 7.750% Senior Notes and received net proceeds of approximately \$395.0 million after deducting fees.

The 7.750% Senior Notes mature on May 1, 2027. Interest is payable in arrears each May 1 and November 1, commencing on May 1, 2022. The 7.750% Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equal in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver, the 7.125% Senior Notes, the 7.500% Senior Notes, the 8.750% Senior Notes and the 3.125% Convertible Senior Notes) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility). The 7.750% Senior Notes are guaranteed on a senior, unsecured basis by certain subsidiaries owning the Company's U.S. Gulf of Mexico assets, and on a subordinated, unsecured basis by certain subsidiaries that borrow under, or guarantee, the Facility and that guarantee the Corporate Revolver, the 7.125% Senior Notes, the 7.500% Senior Notes, the 8.750% Senior Notes and the 3.125% Convertible Senior Notes. On September 24, 2024, the Company completed the repurchase of an aggregate principal amount of \$50.0 million of the 7.750% Senior Notes pursuant to the Tender Offers. The 7.750% Senior Notes contain customary cross default provisions.

7.500% Senior Notes due 2028

In March 2021, the Company issued \$450.0 million of 7.500% Senior Notes and received net proceeds of approximately \$444.4 million after deducting fees.

The 7.500% Senior Notes mature on March 1, 2028. Interest is payable in arrears each March 1 and September 1, commencing on September 1, 2021. The 7.500% Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equal in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver, the 7.125% Senior Notes, the 7.750% Senior Notes, the 8.750% Senior Notes and the 3.125% Convertible Senior Notes) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility). The 7.500% Senior Notes are guaranteed on a senior, unsecured basis by certain subsidiaries owning the Company's U.S. Gulf of Mexico assets, and on a subordinated, unsecured basis by certain subsidiaries that borrow under, or guarantee, the Facility and that guarantee the Corporate Revolver, and the 7.125% Senior Notes, the 7.750% Senior Notes, the 8.750% Senior Notes and the 3.125% Convertible Senior Notes. On September 24, 2024, the Company completed the repurchase of an aggregate principal amount of approximately \$49.7 million of the 7.500% Senior Notes pursuant to the Tender Offers. The 7.500% Senior Notes contain customary cross default provisions.

8.750% Senior Notes due 2031

In September 2024, the Company issued \$500.0 million of 8.750% Senior Notes (the "8.750% Senior Notes") and received net proceeds of approximately \$494.9 million after deducting fees. We used the net proceeds, together with cash on hand, to fund the Tender Offers and to pay expenses related to the issuance of the 8.750% Senior Notes.

The 8.750% Senior Notes mature on October 1, 2031. Interest is payable in arrears each April 1 and October 1, commencing on April 1, 2025. The 8.750% Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equal in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver, the 7.125% Senior Notes, the 7.750% Senior Notes, the 7.500% Senior Notes and the 3.125% Convertible Senior Notes) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility). The 8.750% Senior Notes are guaranteed on a senior, unsecured basis by certain subsidiaries owning the Company's U.S. Gulf of Mexico assets and on a subordinated, unsecured basis by certain subsidiaries that borrow under, or guarantee, the Facility and that guarantee the Corporate Revolver, the 7.125% Senior Notes, the 7.750% Senior Notes, the 7.500% Senior Notes and the 3.125% Convertible Senior Notes. The 8.750% Senior Notes contain customary cross default provisions.

At any time prior to October 1, 2027, and subject to certain conditions, the Company may, on one or more occasions, redeem up to 40% of the original principal amount of the 8.750% Senior Notes with an amount not to exceed the net cash proceeds of certain equity offerings at a redemption price of 108.750% of the outstanding principal amount of the 8.750% Senior Notes, together with accrued and unpaid interest and premium, if any, to, but excluding, the date of redemption. Additionally, at any time prior to October 1, 2027, the Company may, on any one or more occasions, redeem all or part of the 8.750% Senior Notes at a redemption price equal to 100%, plus any accrued and unpaid interest, and plus a "make-whole" premium. On and after October 1, 2027, the Company may redeem all or a part of the 8.750% Senior Notes at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest, if any, on the notes redeemed during the twelve-month period indicated beginning on October 1 of the years indicated below:

Year	Percentage
2027	104.375 %
2028	102.188 %
2029 and thereafter	100.000 %

We may also redeem the 8.750% Senior Notes in whole, but not in part, at any time if changes in tax laws impose certain withholding taxes on amounts payable on the 8.750% Senior Notes at a price equal to the principal amount of the 8.750% Senior Notes plus accrued interest and additional amounts, if any, as may be necessary so that the net amount received by each holder after any withholding or deduction on payments of the 8.750% Senior Notes will not be less than the amount such holder would have received if such taxes had not been withheld or deducted.

Upon the occurrence of a change of control triggering event as defined under the 8.750% Senior Notes indenture, the Company will be required to make an offer to repurchase the 8.750% Senior Notes at a repurchase price equal to 101% of the principal amount, plus accrued and unpaid interest to, but excluding, the date of repurchase.

If we sell assets, under certain circumstances outlined in the 8.750% Senior Notes indenture, we will be required to use the net proceeds to make an offer to purchase the 8.750% Senior Notes at an offer price in cash in an amount equal to 100% of the principal amount of the 8.750% Senior Notes, plus accrued and unpaid interest to, but excluding, the repurchase date.

The 8.750% Senior Notes indenture restricts the ability of the Company and its restricted subsidiaries to, among other things: incur or guarantee additional indebtedness, create liens, pay dividends or make distributions in respect of capital stock, purchase or redeem capital stock, make investments or certain other restricted payments, sell assets, enter into agreements that restrict the ability of the Company's subsidiaries to make dividends or other payments to the Company, enter into transactions with affiliates, or effect certain consolidations, mergers or amalgamations. Certain of these covenants will be terminated if the 8.750% Senior Notes are assigned an investment grade rating by both Standard & Poor's Rating Services and Fitch Ratings Inc. and no default or event of default has occurred and is continuing.

3.125% Convertible Senior Notes due 2030

In March 2024, the Company issued \$400.0 million of 3.125% Convertible Senior Notes (the "3.125% Convertible Senior Notes") and received net proceeds of \$390.4 million after deducting fees.

The 3.125% Convertible Senior Notes mature on March 15, 2030, unless earlier converted, redeemed or repurchased. Interest is payable in arrears each March 15 and September 15, commencing September 15, 2024. The 3.125% Convertible Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equal in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver, the 7.125% Senior Notes, the 7.750% Senior Notes, the 7.500% Senior Notes and the 8.750% Senior Notes) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility, to the extent of the value of the assets securing such indebtedness). The 3.125% Convertible Senior Notes are guaranteed on a senior, unsecured basis by certain of our existing subsidiaries that guarantee on a senior basis the Corporate Revolver, the 7.125% Senior Notes, the 7.750% Senior Notes, the 7.500% Senior Notes and the 8.750% Senior Notes, and, in certain circumstances, certain of our other existing or future subsidiaries. The 3.125% Convertible Senior Notes are guaranteed on a subordinated, unsecured basis by certain of our existing subsidiaries that borrow under or guarantee the Facility and guarantee on a subordinated basis the Corporate Revolver and the 7.125% Senior Notes, the 7.750% Senior Notes, the 7.500% Senior Notes and the 8.750% Senior Notes, and, in certain circumstances, certain of our other existing or future subsidiaries.

Holders of the 3.125% Convertible Senior Notes may convert all or any portion of their 3.125% Convertible Senior Notes at their option at any time prior to the close of business on the business day immediately preceding December 15, 2029 only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on June 30, 2024 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of 3.125% Convertible Senior Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day;
- if we call any or all of the 3.125% Convertible Senior Notes for redemption, the 3.125% Convertible Senior Notes called (or deemed called) for redemption may be converted at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of certain specified corporate events.

On or after December 15, 2029 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert at any time all or any portion of their 3.125% Convertible Senior Notes at the option of the holder.

The conversion rate for the 3.125% Convertible Senior Notes is initially 142.4501 shares of our common stock per \$1,000 principal amount of 3.125% Convertible Senior Notes (which is equivalent to an initial conversion price of approximately \$7.02 per share of our common stock), subject to adjustments.

Upon conversion, we will pay cash up to the aggregate principal amount of the 3.125% Convertible Senior Notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our

common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the 3.125% Convertible Senior Notes being converted. The amount of cash and shares of our common stock, if any, due upon conversion will be based on a daily conversion value calculated on a proportionate basis for each trading day in a 40 consecutive trading day observation period.

In addition, following certain corporate events that occur prior to the maturity date or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its 3.125% Convertible Senior Notes in connection with such a corporate event or to convert its 3.125% Convertible Senior Notes called (or deemed called) for redemption in connection with such notice of redemption, as the case may be.

Other than in connection with certain tax law changes, we may not redeem the notes prior to March 22, 2027. We may redeem for cash all or any portion of the 3.125% Convertible Senior Notes, at our option, on or after March 22, 2027 and prior to the 41st scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide the related notice of redemption, at a redemption price equal to 100% of the principal amount of the 3.125% Convertible Senior Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. We are not required to redeem or retire the 3.125% Convertible Senior Notes periodically. We may not elect to redeem less than all of the outstanding 3.125% Convertible Senior Notes unless at least \$75.0 million aggregate principal amount of 3.125% Convertible Senior Notes are outstanding and not subject to redemption as of the time we send the related redemption notice. The 3.125% Convertible Senior Notes indenture contains customary terms and covenants.

The Company recorded the 3.125% Convertible Senior Notes, including the debt itself and all embedded derivatives, at cost less debt issuance costs of \$9.6 million and has presented the 3.125% Convertible Senior Notes as a single financial instrument in Long-term debt, net in our consolidated balance sheet. No portion of the embedded derivatives required bifurcation from the host debt contract. As of September 30, 2024, the effective annual interest rate on the 3.125% Convertible Senior Notes is approximately 3.70%, including amortization of debt issuance costs.

Capped Call Transactions

In connection with the issuance of the 3.125% Convertible Senior Notes, the Company used \$49.8 million of the net proceeds from the issuance of the 3.125% Convertible Senior Notes to enter into capped call transactions (the “Capped Call Transactions”). The Capped Call Transactions are generally expected to reduce potential dilution to holders of our common stock upon any conversion of the 3.125% Convertible Senior Notes and/or offset any cash payments that we are required to make in excess of the principal amount of any 3.125% Convertible Senior Notes that are converted, as the case may be, with such reduction and/or offset subject to a cap.

The Capped Call Transactions have an initial cap price of \$10.80 per share, which represents a premium of 100% over the last reported sale price of our common stock on March 5, 2024, and is subject to certain adjustments under the terms of the Capped Call Transactions. The Capped Call Transactions cover, initially, the number of shares of our common stock underlying the 3.125% Convertible Senior Notes, subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 3.125% Convertible Senior Notes.

The Capped Call Transactions qualify for a derivative scope exception as they are indexed to our common stock and are not required to be accounted for as a separate derivative. Consequently, the Capped Call Transactions have been included as a net reduction to additional-paid-in-capital within stockholders’ equity in our consolidated balance sheet and do not require subsequent remeasurement.

Principal Debt Repayments

At September 30, 2024, the estimated repayments of debt during the five fiscal year periods and thereafter are as follows:

	Payments Due by Year						
	Total	2024(2)	2025	2026	2027	2028	Thereafter
	(In thousands)						
Principal debt repayments(1)	\$ 2,750,274	\$ —	\$ —	\$ 250,000	\$ 350,000	\$ 683,649	\$ 1,466,625

- (1) Includes the scheduled maturities for outstanding principal debt balances. The scheduled maturities of debt related to the Facility as of September 30, 2024 are based on our level of borrowings and our estimated future available borrowing base commitment levels in future periods. 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.
- (2) Represents payments for the period October 1, 2024 through December 31, 2024.

Interest and other financing costs, net

Interest and other financing costs, net incurred during the periods is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Interest expense	\$ 54,530	\$ 54,643	\$ 162,467	\$ 155,123
Amortization—deferred financing costs	2,159	2,462	6,814	7,543
Debt modifications and extinguishments	2,263	1,503	24,794	1,503
Capitalized interest	(42,081)	(36,029)	(126,007)	(99,920)
Deferred interest	2,571	(488)	(411)	(135)
Interest income	(5,710)	(4,793)	(16,584)	(13,379)
Other, net	8,380	8,142	24,766	23,644
Interest and other financing costs, net	<u>\$ 22,112</u>	<u>\$ 25,440</u>	<u>\$ 75,839</u>	<u>\$ 74,379</u>

Cash payments for interest totaled \$42.2 million and \$55.7 million for the three months ended September 30, 2024 and 2023, respectively, and \$132.7 million and \$150.7 million for the nine months ended September 30, 2024 and 2023, respectively. Capitalized interest of \$42.1 million and \$36.0 million for the three months ended September 30, 2024 and 2023, respectively, and \$126.0 million and \$99.9 million for the nine months ended September 30, 2024 and 2023, respectively, primarily relates to spend on the Greater Tortue Ahmeyim Phase 1 project. We will no longer capitalize interest on the Greater Tortue Ahmeyim Phase 1 project after first gas production.

8. 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 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 non-performance risk in the fair value measurement of our derivative contracts as required by ASC 820 — Fair Value Measurement.

Oil Derivative Contracts

The following table sets forth the volumes in barrels underlying the Company's outstanding oil derivative contracts and the weighted average prices per Bbl for those contracts as of September 30, 2024. Volumes and weighted average prices are net of any offsetting derivative contracts entered into.

Term	Type of Contract	Index	MBbl	Weighted Average Price per Bbl				
				Net Deferred Premium Payable/ (Receivable)	Swap	Sold Put	Floor	Ceiling
2024:								
Oct - Dec	Three-way collars	Dated Brent	2,000	\$ 1.15	\$ —	\$ 45.00	\$ 70.00	\$ 93.12
Oct - Dec	Two-way collars	Dated Brent	500	0.46	—	—	70.00	100.00
2025:								
Jan - Jun	Two-way collars	Dated Brent	2,000	0.50	—	—	70.00	95.00

In October 2024, we entered into Dated Brent two-way collar contracts for 2.0 MMBbl from January 2025 through December 2025 with a floor price of \$70.00 per barrel and a ceiling price of \$85.00 per barrel. In addition, we entered into Dated Brent swap contracts for 2.0 MMBbl from January 2025 through June 2025 with a weighted average fixed price of \$75.48 per barrel and Dated Brent call spread contracts with a purchased price of \$95.00 per barrel and a sold price of \$85.00 per barrel for 2.0 MMBbl from January 2025 through June 2025, effectively reducing the ceiling on our 2025 two-way collars to \$85.00 per barrel.

Interest Rate 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 SOFR-based rate as of September 30, 2024:

Term	Type of Contract	Floating Rate	Weighted Average	
			Notional (In Thousands)	Fixed Rate
Jan - Dec 2025	Swap	1-Month TERM SOFR	\$ 500,000	3.645 %

The following tables disclose the Company's derivative instruments as of September 30, 2024 and December 31, 2023, and gain/(loss) from derivatives during the three and nine months ended September 30, 2024 and 2023, respectively:

Type of Contract	Balance Sheet Location	Estimated Fair Value Asset (Liability)	
		September 30, 2024	December 31, 2023
(In thousands)			
Derivatives not designated as hedging instruments:			
Derivative assets:			
Commodity	Derivatives assets—current	\$ 11,077	\$ 8,346
Commodity	Derivatives assets—long-term	—	1,594
Derivative liabilities:			
Commodity	Derivatives liabilities—current	—	(3,103)
Provisional oil sales	Receivables: Oil sales	(84)	(72)
Interest rate	Derivatives liabilities—current	(527)	—
Interest rate	Derivatives liabilities—long-term	(755)	—
Total derivatives not designated as hedging instruments		\$ 9,711	\$ 6,765

Type of Contract	Location of Gain/(Loss)	Amount of Gain/(Loss) Three Months Ended		Amount of Gain/(Loss) Nine Months Ended	
		September 30,		September 30,	
		2024	2023	2024	2023
(In thousands)					
Derivatives not designated as hedging instruments:					
Provisional oil sales	Oil and gas revenue	\$ (4,674)	\$ (6,716)	\$ (4,810)	\$ (10,305)
Commodity	Derivatives, net	\$ 15,254	\$ (45,971)	\$ (5,716)	\$ (42,162)
Interest rate	Interest expense	(1,282)	—	(1,282)	—
Total derivatives not designated as hedging instruments		\$ 9,298	\$ (52,687)	\$ (11,808)	\$ (52,467)

Offsetting of Derivative Assets and Derivative Liabilities

Our derivative instruments which are subject to master netting arrangements with our counterparties only have the right of offset when there is an event of default. As of September 30, 2024 and December 31, 2023, there was not an event of default and, therefore, the associated gross asset or gross liability amounts related to these arrangements are presented on the consolidated balance sheets.

9. Fair Value Measurements

In accordance with ASC 820 — Fair Value Measurement, 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.
- 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 September 30, 2024 and December 31, 2023, 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)				
September 30, 2024				
Assets:				
Commodity derivatives	\$ —	\$ 11,077	\$ —	\$ 11,077
Liabilities:				
Commodity derivatives	—	—	—	—
Provisional oil sales	—	(84)	—	(84)
Interest rate derivatives	—	(1,282)	—	(1,282)
Total	\$ —	\$ 9,711	\$ —	\$ 9,711
December 31, 2023				
Assets:				
Commodity derivatives	\$ —	\$ 9,940	\$ —	\$ 9,940
Liabilities:				
Commodity derivatives	—	(3,103)	—	(3,103)
Provisional oil sales	—	(72)	—	(72)
Total	\$ —	\$ 6,765	\$ —	\$ 6,765

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. Our long-term receivables, after any allowances for credit losses, and other long-term assets 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 collars, put options and call options for notional barrels of oil at fixed Dated Brent oil prices. The values attributable to our oil derivatives are based on (i) the contracted notional volumes, (ii) independent active futures price quotes for the respective index, (iii) a credit-adjusted yield curve applicable to each counterparty by reference to the credit default swap (“CDS”) market and (iv) an independently sourced estimate of volatility for the respective index. 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 commodity derivatives. See Note 8 — Derivative Financial Instruments for additional information regarding the Company’s derivative instruments.

Provisional Oil Sales

The value attributable to provisional oil sales derivatives is based on (i) the sales volumes and (ii) the difference in the independent active futures price quotes for the respective index over the term of the pricing period designated in the sales contract and the spot price on the lifting date.

Interest Rate Derivatives

Our interest rate derivatives consist of interest rate swaps, whereby the Company pays a fixed rate of interest and the counterparty pays a variable SOFR-based rate. The values attributable to the Company’s interest rate derivative contracts are based on (i) the contracted notional amounts, (ii) SOFR yield curves provided by independent third parties and corroborated with forward active market-quoted SOFR yield curves and (iii) a credit-adjusted yield curve as applicable to each counterparty by reference to the CDS market.

Debt

The following table presents the carrying values and fair values at September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
7.125% Senior Notes	\$ 249,185	\$ 249,032	\$ 646,912	\$ 622,824
7.750% Senior Notes	347,709	347,043	396,718	374,764
7.500% Senior Notes	397,493	387,878	446,291	412,461
8.750% Senior Notes	494,866	493,955	—	—
3.125% Convertible Senior Notes	391,238	374,920	—	—
Facility	850,000	850,000	925,000	925,000
Total	<u>\$ 2,730,491</u>	<u>\$ 2,702,828</u>	<u>\$ 2,414,921</u>	<u>\$ 2,335,049</u>

The carrying values of our 7.125% Senior Notes, 7.750% Senior Notes, 7.500% Senior Notes, 8.750% Senior Notes and 3.125% Convertible Senior Notes represent the principal amounts outstanding less unamortized discounts. The fair values of our 7.125% Senior Notes, 7.750% Senior Notes, 7.500% Senior Notes, 8.750% Senior Notes and 3.125% Convertible Senior Notes are based on quoted market prices, which results in a Level 1 fair value measurement. The carrying value of the Facility approximates fair value since they are subject to short-term floating interest rates that approximate the rates available to us for those periods.

Nonrecurring Fair Value Measurements - Long-lived assets

Certain long-lived assets are reported at fair value on a non-recurring basis on the Company's consolidated balance sheet. These long-lived assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. Our long-lived assets are reviewed for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company calculates the estimated fair values of its long-lived assets using the income approach described in the ASC 820 — Fair Value Measurements. Significant inputs associated with the calculation of estimated discounted future net cash flows include anticipated future production, pricing estimates, capital and operating costs, market-based weighted average cost of capital, and risk adjustment factors applied to reserves. These are classified as Level 3 fair value assumptions. The Company utilizes an average of third-party industry forecasts of Dated Brent, adjusted for location and quality differentials, to determine our pricing assumptions. In order to evaluate the sensitivity of the assumptions, we analyze sensitivities to prices, production, and risk adjustment factors.

During the three and nine months ended September 30, 2024 and 2023, the Company did not recognize impairment of proved oil and gas properties. If we experience material declines in oil pricing expectations in the future, significant increases in our estimated future expenditures or a significant decrease in our estimated production profile, our long-lived assets could be at risk of impairment.

10. Equity-based Compensation

Restricted Stock Units

We record equity-based 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 \$10.0 million and \$10.6 million during the three months ended September 30, 2024 and 2023, respectively, and \$27.8 million and \$31.8 million during the nine months ended September 30, 2024 and 2023, respectively. The total tax benefit for the three months ended September 30, 2024 and 2023 was \$1.7 million and \$1.9 million, respectively, and \$4.5 million and \$5.6 million during the nine months ended September 30, 2024 and 2023, respectively. Additionally, we recorded a net tax shortfall (windfall) related to equity-based compensation of (0.1) million for the three months ended September 30, 2024 and 2023, respectively, and \$(9.6) million and \$(3.2) million during the nine months ended September 30, 2024 and 2023, respectively. The fair value of awards vested during the three months ended September 30, 2024 and 2023 was \$0.4 million and \$0.2 million, respectively, and \$82.0 million and \$44.9 million during the nine months ended September 30, 2024 and 2023, respectively. The Company granted restricted stock units with service vesting criteria and a combination of market and service vesting criteria under the LTIP. Substantially all of these grants vest over three years. Upon vesting, restricted stock units become issued and outstanding stock.

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 ranged from \$1.06 to \$13.06 per award. The Monte Carlo simulation model utilized multiple input variables that determined the probability of satisfying the market condition stipulated in the award grant and calculated 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 50.0% to 105.0%. 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 ranged from 0.2% to 4.1%.

The following table reflects the outstanding restricted stock units as of September 30, 2024:

	Service Vesting Restricted Stock Units (In thousands)	Weighted- Average Grant-Date Fair Value	Market / Service Vesting Restricted Stock Units (In thousands)	Weighted- Average Grant-Date Fair Value
Outstanding at December 31, 2023	4,710	\$ 5.77	12,370	\$ 6.59
Granted(1)	4,364	6.30	6,176	8.63
Forfeited(1)	(373)	6.30	(480)	9.57
Vested	(3,997)	2.96	(9,327)	3.91
Outstanding at September 30, 2024	<u>4,704</u>	<u>6.41</u>	<u>8,739</u>	<u>9.07</u>

(1) The restricted stock units with a combination of market and service vesting criteria may vest between 0% and 200% of the originally granted units depending upon market performance conditions. Awards vesting over or under target shares of 100% results in additional shares granted or forfeited, respectively, in the period the market vesting criteria is determined.

As of September 30, 2024, total equity-based compensation to be recognized on unvested restricted stock units is \$37.0 million over a weighted average period of 1.82 years. At September 30, 2024, the Company had approximately 10.5 million shares that remain available for issuance under the LTIP.

11. Income Taxes

We evaluate our estimated annual effective income tax rate each quarter, based on current and forecasted business results and enacted tax laws, and apply this tax rate to our ordinary income or loss to calculate our estimated tax expense or benefit. The Company excludes zero statutory tax rate and tax-exempt jurisdictions from our evaluation of the estimated annual effective income tax rate. The tax effect of discrete items are recognized in the period in which they occur at the applicable statutory tax rate.

Income before income taxes is composed of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
United States	\$ (35,934)	\$ (13,425)	\$ (110,976)	\$ (62,548)
Foreign	142,486	150,966	494,621	392,904
Income before income taxes	<u>\$ 106,552</u>	<u>\$ 137,541</u>	<u>\$ 383,645</u>	<u>\$ 330,356</u>

For the three months ended, September 30, 2024 and 2023, our effective tax rate was 58% and 38%, respectively. For the nine months ended September 30, 2024 and 2023, our effective tax rate was 49% and 42%, respectively. For the three and nine months ended September 30, 2024 and 2023, our overall effective tax rates were impacted by:

- The difference in our 21% U.S. income tax reporting rate and the statutory income tax rates applicable to our foreign operations, primarily in Ghana and Equatorial Guinea,
- Jurisdictions that have a 0% statutory tax rate or that are tax exempt,
- Jurisdictions where we have incurred losses and have recorded valuation allowances against the corresponding deferred tax assets, and
- Other non-deductible expenses, primarily in the U.S.

12. Net Income Per Share

The following table is a reconciliation between net income and the amounts used to compute basic and diluted net income per share and the weighted average shares outstanding used to compute basic and diluted net income per share. Potentially dilutive securities include shares issuable upon conversion of our 3.125% Convertible Senior Notes using the if-converted method and restricted stock units awards under our equity-based compensation plan.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
(In thousands, except per share data)				
Numerator:				
Net income allocable to common stockholders	\$ 44,974	\$ 85,185	\$ 196,430	\$ 191,839
Denominator:				
Weighted average number of shares outstanding:				
Basic	471,816	460,108	470,491	459,477
Restricted stock units(1)	7,374	20,991	8,210	20,261
Shares issuable assuming conversion of 3.125% Convertible Senior Notes(2)	—	—	—	—
Diluted	<u>479,190</u>	<u>481,099</u>	<u>478,701</u>	<u>479,738</u>
Net income per share:				
Basic	\$ 0.10	\$ 0.19	\$ 0.42	\$ 0.42
Diluted	\$ 0.09	\$ 0.18	\$ 0.41	\$ 0.40

(1) We excluded restricted stock units of 3.1 million and nil for the three months ended September 30, 2024 and 2023, respectively, and 2.8 million and nil for the nine months ended September 30, 2024 and 2023, respectively from the computations of diluted net income per share because the effect would have been anti-dilutive.

(2) Represents the dilutive impact for the Company's 3.125% Convertible Senior Notes due 2030. As of September 30, 2024, the if-converted value is less than the outstanding principal of the 3.125% Convertible Senior Notes and therefore anti-dilutive. The 3.125% Convertible Senior Notes are subject to a capped call arrangement that potentially reduces the dilutive effect as described in "Note 7 - Debt". Any potential impact of the capped call arrangement is excluded from this table as any proceeds under the capped call arrangement are considered anti-dilutive.

13. Commitments and Contingencies

From time to time, 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 position; however, an unfavorable outcome could have a material adverse effect on our results from operations for a specific interim period or year.

As of September 30, 2024, we have a commitment to drill two development wells and one exploration well in Equatorial Guinea. One of the two development wells is currently being drilled.

In February 2019, Kosmos and BP signed Carry Advance Agreements with the national oil companies of Mauritania and Senegal, which obligate us separately to finance the respective national oil companies' share of certain development and production costs. Kosmos' total share for the two agreements combined is currently estimated at approximately \$370.0 million, of which \$261.8 million has been incurred through September 30, 2024, excluding accrued interest.

In August 2021, BP as the operator of the Greater Tortue project ("BP Operator"), with the consent of the Greater Tortue Unit participants and the respective States, agreed to sell the Greater Tortue FPSO to an affiliate of BP Operator ("BP Buyer") once construction is completed by Technip Energies and the Greater Tortue FPSO has been commissioned (the "FPSO Handover"). As of September 30, 2024, we have a \$200.2 million FPSO Contract Liability in Other long-term liabilities related to the deferred sale of the Greater Tortue FPSO. Delivery of the Greater Tortue FPSO to BP Buyer and Handover is expected to occur in the fourth quarter of 2024. The FPSO Contract Liability will be non-cash settled against FPSO asset costs in our Consolidated Balance Sheet, reducing both assets and liabilities. The Greater Tortue FPSO will then be leased back to BP Operator under a long-term lease agreement, for exclusive use in the Greater Tortue project. Greater Tortue FPSO lease costs will be recognized as oil and gas production expenses as incurred in our Consolidated Statement of Operations.

In April 2024, a Decommissioning Trust agreement with the Jubilee unit partners to cash fund future retirement obligations associated with the Jubilee Field was finalized. The operator currently estimates the total commitment to be approximately \$148.9 million, net to Kosmos, which will be funded annually by Kosmos over an estimated 13 year period. The contributions into the trust will be invested into various securities. Those investments will be accounted for as trading securities and reported as long-term investments in our consolidated balance sheet and as operating activities in our statement of cash flows.

Performance Obligations

As of September 30, 2024 and December 31, 2023, the Company had performance and supplemental bonds totaling \$172.9 million and \$194.1 million, respectively, related to bonding requirements stipulated by the BOEM and other third parties for anticipated plugging and abandonment costs of certain wells and the removal of certain facilities in our U.S. Gulf of Mexico fields.

14. Additional Financial Information

Accrued Liabilities

Accrued liabilities consisted of the following:

	September 30, 2024	December 31, 2023
	(In thousands)	
Accrued liabilities:		
Exploration, development and production	\$ 95,255	\$ 90,054
Revenue payable	23,722	20,506
Current asset retirement obligations	986	2,808
General and administrative expenses	25,696	29,766
Interest	54,968	36,410
Income taxes	62,187	111,212
Taxes other than income	1,388	1,029
Derivatives	844	1,372
Other	12,706	9,658
	<u>\$ 277,752</u>	<u>\$ 302,815</u>

Asset Retirement Obligations

The following table summarizes the changes in the Company's asset retirement obligations as of and during the nine months ended September 30, 2024:

	September 30, 2024
	(In thousands)
Asset retirement obligations:	
Beginning asset retirement obligations	\$ 346,786
Liabilities incurred during period	16,050
Liabilities settled during period	(810)
Revisions in estimated retirement obligations	4,949
Accretion expense	24,926
Ending asset retirement obligations	<u>\$ 391,901</u>

Other Expenses, Net

Other expenses, net incurred during the period is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Loss on disposal of inventory	\$ 125	\$ 2,412	\$ 152	\$ 5,351
(Gain) loss on asset retirement obligations liability settlements	14	4,733	(3,173)	4,848
Other, net	2,088	3,910	9,439	7,665
Other expenses, net	<u>\$ 2,227</u>	<u>\$ 11,055</u>	<u>\$ 6,418</u>	<u>\$ 17,864</u>

15. Business Segment Information

Kosmos is engaged in a single line of business, which is the exploration, development and production of oil and gas. At September 30, 2024, the Company had operations in four geographic reporting segments: Ghana, Equatorial Guinea, Mauritania/Senegal and the U.S. Gulf of Mexico. To assess performance of the reporting segments, the Chief Operating Decision Maker reviews capital expenditures. Capital expenditures, as defined by the Company, may not be comparable to similarly titled measures used by other companies and should be considered in conjunction with our consolidated financial statements and notes thereto. Financial information for each area is presented below:

	Ghana	Equatorial Guinea	Mauritania/Senegal	U.S. Gulf of Mexico	Corporate & Other	Eliminations	Total
(In thousands)							
Three Months Ended September 30, 2024							
Revenues and other income:							
Oil and gas revenue	\$ 233,348	\$ 70,970	\$ —	\$ 103,476	\$ —	\$ —	\$ 407,794
Other income, net	—	—	—	543	23,160	(23,666)	37
Total revenues and other income	233,348	70,970	—	104,019	23,160	(23,666)	407,831
Costs and expenses:							
Oil and gas production	26,955	37,237	39,685	29,594	—	—	133,471
Exploration expenses	1,413	1,881	4,633	5,380	1,390	—	14,697
General and administrative	3,004	1,282	3,301	3,725	50,905	(38,919)	23,298
Depletion, depreciation and amortization	47,919	15,003	233	56,496	1,077	—	120,728
Interest and other financing costs, net(1)	13,408	(810)	(37,043)	(2,309)	48,866	—	22,112
Derivatives, net	—	—	—	—	(15,254)	—	(15,254)
Other expenses, net	(15,166)	157	881	1,040	62	15,253	2,227
Total costs and expenses	77,533	54,750	11,690	93,926	87,046	(23,666)	301,279
Income (loss) before income taxes	155,815	16,220	(11,690)	10,093	(63,886)	—	106,552
Income tax expense	55,350	6,455	—	564	(791)	—	61,578
Net income (loss)	\$ 100,465	\$ 9,765	\$ (11,690)	\$ 9,529	\$ (63,095)	\$ —	\$ 44,974
Consolidated capital expenditures	\$ 16,583	\$ 51,056	\$ 75,997	\$ 63,820	\$ 2,552	\$ —	\$ 210,008

	Ghana	Equatorial Guinea	Mauritania/Senegal	U.S. Gulf of Mexico	Corporate & Other	Eliminations	Total
(In thousands)							
Nine months ended September 30, 2024							
Revenues and other income:							
Oil and gas revenue	\$ 821,880	\$ 188,917	\$ —	\$ 267,000	\$ —	\$ —	\$ 1,277,797
Other income, net	1	—	—	2,028	123,674	(125,594)	109
Total revenues and other income	821,881	188,917	—	269,028	123,674	(125,594)	1,277,906
Costs and expenses:							
Oil and gas production	123,250	97,942	57,851	98,779	—	—	377,822
Exploration expenses	3,665	5,263	13,880	13,392	3,792	—	39,992
General and administrative	9,882	4,027	8,567	15,097	159,028	(119,877)	76,724
Depletion, depreciation and amortization	144,609	38,895	684	125,765	1,797	—	311,750
Interest and other financing costs, net(1)	39,204	(2,406)	(107,808)	(10,702)	157,551	—	75,839
Derivatives, net	—	—	—	—	5,716	—	5,716
Other expenses, net	5,817	(2,197)	6,111	2,358	45	(5,716)	6,418
Total costs and expenses	326,427	141,524	(20,715)	244,689	327,929	(125,593)	894,261
Income (loss) before income taxes	495,454	47,393	20,715	24,339	(204,255)	(1)	383,645
Income tax expense	170,060	19,019	—	644	(2,508)	—	187,215
Net income (loss)	\$ 325,394	\$ 28,374	\$ 20,715	\$ 23,695	\$ (201,747)	\$ (1)	\$ 196,430
Consolidated capital expenditures, net	\$ 128,247	\$ 129,296	\$ 287,193	\$ 161,555	\$ 5,360	\$ —	\$ 711,652
As of September 30, 2024							
Property and equipment, net	\$ 1,031,498	\$ 523,312	\$ 2,177,621	\$ 945,138	\$ 16,866	\$ —	\$ 4,694,435
Total assets	\$ 3,514,342	\$ 2,310,092	\$ 3,209,803	\$ 4,074,383	\$ 25,174,519	\$ (32,812,193)	\$ 5,470,946

(1) Interest expense is recorded based on actual third-party and intercompany debt agreements. Capitalized interest is recorded on the business unit where the assets reside.

	Ghana	Equatorial Guinea	Mauritania/Senegal	U.S. Gulf of Mexico	Corporate & Other	Eliminations	Total
(In thousands)							
Three months ended September 30, 2023							
Revenues and other income:							
Oil and gas revenue	\$ 348,366	\$ 75,014	\$ —	\$ 102,968	\$ —	\$ —	\$ 526,348
Other income, net	—	—	—	746	80,826	(81,374)	198
Total revenues and other income	348,366	75,014	—	103,714	80,826	(81,374)	526,546
Costs and expenses:							
Oil and gas production	90,737	24,700	—	23,345	—	—	138,782
Exploration expenses	(58)	2,931	3,698	1,913	1,806	—	10,290
General and administrative	2,475	1,209	2,543	3,291	51,018	(35,416)	25,120
Depletion, depreciation and amortization	77,688	14,654	297	38,948	760	—	132,347
Interest and other financing costs, net(1)	14,368	(752)	(31,438)	3,540	39,722	—	25,440
Derivatives, net	—	—	—	—	45,971	—	45,971
Other expenses, net	42,466	3,449	3,337	5,414	2,347	(45,958)	11,055
Total costs and expenses	227,676	46,191	(21,563)	76,451	141,624	(81,374)	389,005
Income (loss) before income taxes	120,690	28,823	21,563	27,263	(60,798)	—	137,541
Income tax expense	42,614	12,477	—	54	(2,789)	—	52,356
Net income (loss)	\$ 78,076	\$ 16,346	\$ 21,563	\$ 27,209	\$ (58,009)	\$ —	\$ 85,185
Consolidated capital expenditures, net	\$ 53,039	\$ 15,821	\$ 42,079	\$ 76,895	\$ 4,716	\$ —	\$ 192,550

	Ghana	Equatorial Guinea	Mauritania/Senegal	U.S. Gulf of Mexico	Corporate & Other	Eliminations	Total
(In thousands)							
Nine months ended September 30, 2023							
Revenues and other income:							
Oil and gas revenue	\$ 728,465	\$ 179,643	\$ —	\$ 285,735	\$ —	\$ —	\$ 1,193,843
Other income, net	(425)	10	—	2,832	151,740	(154,272)	(115)
Total revenues and other income	728,040	179,653	—	288,567	151,740	(154,272)	1,193,728
Costs and expenses:							
Oil and gas production	141,973	68,623	—	75,701	—	—	286,297
Exploration expenses	579	7,013	11,917	9,089	4,707	—	33,305
General and administrative	9,921	3,871	7,346	13,099	155,617	(112,123)	77,731
Depletion, depreciation and amortization	177,796	36,737	699	114,912	1,490	—	331,634
Interest and other financing costs, net(1)	42,535	(2,138)	(87,087)	9,632	111,437	—	74,379
Derivatives, net	—	—	—	—	42,162	—	42,162
Other expenses, net	38,811	3,402	6,058	8,215	3,527	(42,149)	17,864
Total costs and expenses	411,615	117,508	(61,067)	230,648	318,940	(154,272)	863,372
Income (loss) before income taxes	316,425	62,145	61,067	57,919	(167,200)	—	330,356
Income tax expense	112,478	25,837	—	1,119	(917)	—	138,517
Net income (loss)	\$ 203,947	\$ 36,308	\$ 61,067	\$ 56,800	\$ (166,283)	\$ —	\$ 191,839
Consolidated capital expenditures, net	\$ 202,517	\$ 40,777	\$ 191,830	\$ 125,215	\$ 8,288	\$ —	\$ 568,627
As of September 30, 2023							
Property and equipment, net	\$ 1,243,655	\$ 402,999	\$ 1,672,423	\$ 842,715	\$ 18,177	\$ —	\$ 4,179,969
Total assets	\$ 3,320,522	\$ 1,738,886	\$ 2,507,496	\$ 3,934,860	\$ 21,048,238	\$ (27,580,601)	\$ 4,969,401

(1) Interest expense is recorded based on actual third-party and intercompany debt agreements. Capitalized interest is recorded on the business unit where the assets reside.

	Nine Months Ended September 30,	
	2024	2023
(In thousands)		
Consolidated capital expenditures:		
Consolidated Statements of Cash Flows - Investing activities:		
Oil and gas assets	\$ 772,238	\$ 611,914
Adjustments:		
Changes in capital accruals	25,108	25,441
Exploration expense, excluding unsuccessful well costs and leasehold impairments(1)	36,120	31,061
Capitalized interest	(126,007)	(99,920)
Other	4,193	131
Total consolidated capital expenditures, net	\$ 711,652	\$ 568,627

(1) Costs related to unsuccessful exploratory wells and leaseholds that are subsequently written off to Exploration expense are included in oil and gas assets when incurred.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto contained herein and our annual financial statements for the year ended December 31, 2023, included in our annual report on Form 10-K along with the section Management's Discussion and Analysis of financial condition and Results of Operations contained in such annual report. Any terms used but not defined in the following discussion have the same meaning given to them in the annual report. Our discussion and analysis includes forward-looking statements that involve risks and uncertainties and should be read in conjunction with "Risk Factors" under Item 1A of this report and in the annual report, along with "Forward-Looking Information" at the end of this section for information about the risks and uncertainties that could cause our actual results to be materially different than our forward-looking statements.

Overview

We are a full-cycle, deepwater, independent oil and gas exploration and production company focused along the offshore Atlantic Margins. Our key assets include production offshore Ghana, Equatorial Guinea and the U.S. Gulf of Mexico, as well as world-class gas projects offshore Mauritania and Senegal. We also pursue a proven basin exploration program in Equatorial Guinea and the U.S. Gulf of Mexico.

Globally, the impacts of Russia's war in Ukraine, potential instability in the Middle East, a potential recession, inflationary pressures and other varying macroeconomic conditions have impacted supply and demand for oil and gas, which also has resulted in variability in oil and gas prices. The Company's revenues, earnings, cash flows, capital investments, debt capacity and, ultimately, future rate of growth are highly dependent on these commodity prices.

Recent Developments

Corporate

In September 2024, the Company issued \$500.0 million of 8.750% Senior Notes and received net proceeds of approximately \$494.9 million after deducting fees. We used the net proceeds, together with cash on hand, to complete the repurchase of an aggregate principal amount of \$400.0 million of the 7.125% Senior Notes, \$50.0 million of the 7.750% Senior Notes, and approximately \$49.7 million of the 7.500% Senior Notes and to pay expenses related to the issuance of the 8.750% Senior Notes.

In October 2024, pursuant to a voluntary cancellation notice sent by the Company, the Corporate Revolver was terminated.

Ghana

During the third quarter of 2024, Ghana production averaged approximately 118,800 Boepd gross (40,500 Boepd net).

The three year infill drilling campaign in Ghana concluded in the second quarter of 2024. The partnership now plans to conduct a new 4D seismic survey on the Jubilee Field starting in early 2025.

During 2023, the Jubilee partners reached an interim agreement to sell Jubilee Field gas at a price of \$2.95 per MMBtu to the Government of Ghana. This interim gas sales agreement has been extended for a further 18 months to November 2025 at a price of approximately \$3.00 per MMBtu.

U.S. Gulf of Mexico

Production from the U.S. Gulf of Mexico averaged approximately 16,900 Boepd net (~84% oil) for the third quarter of 2024.

In July 2024, we announced start-up of oil production at the Winterfell development in the Green Canyon area of the U.S. Gulf of Mexico (25% working interest). The Winterfell project is a phased development with the initial two production wells of the first phase brought online in the third quarter of 2024. The third development well was drilled in the second quarter of 2024 and brought online in October 2024. Shortly after startup of the third well, production at the field was curtailed due to

sand production from the third well seen at the production facility. We are currently working with the operator to restart production from the first two wells and to evaluate options to remediate the third well.

The Odd Job Field subsea pump installation project was completed and successfully brought online in July 2024.

The Kodiak #3 infill well located in Mississippi Canyon was initially brought online in April 2021. The well experienced production issues and was shut-in. In March 2022, the Company commenced operations to plug back and side-track the original Kodiak #3 infill well. The Kodiak-3ST well was brought online in early September 2022. Well results and initial production were in line with expectations, however well productivity declined thereafter. Workover operations were completed in July 2024 and successfully restored well productivity.

In October 2023, we announced the Tiberius infrastructure-led exploration well, located in Keathley Canyon Block 964 in the Outer Wilcox play, encountered approximately 75 meters (250 feet) of net oil pay in the primary Wilcox target. Initial fluid and core analysis supports the production potential of the well, with characteristics analogous with similar nearby discoveries in the Wilcox trend. During the first quarter of 2024, Kosmos was awarded five blocks in the U.S. Gulf of Mexico Lease Sale 261, including three blocks nearby to our Tiberius discovery. In March 2024, Kosmos completed the acquisition of an additional 16.7% participating interest in the Keathley Canyon Blocks 920 and 964, offshore U.S. Gulf of Mexico. As a result of the transaction, Kosmos' participating interest in the Tiberius discovery area increased from 33.3% to 50.0%. The Tiberius project continues to progress as a phased development with discussions ongoing with our partner to finalize the development plan and timing of a final investment decision.

Equatorial Guinea

Production in Equatorial Guinea averaged approximately 22,900 Bopd gross (8,000 Bopd net) in the third quarter of 2024.

The Ceiba Field and Okume Complex workover and infill drilling campaign commenced in the fourth quarter of 2023, completing one production well workover. However, as a result of safety issues with the drilling rig, the operator terminated the rig contract in early February 2024. In the second quarter of 2024, the partnership secured an alternative rig and drilling contractor to resume the drilling campaign. The infill drilling campaign recommenced in July 2024 bringing one infill production well in Block G online in October 2024. The second infill production well has been drilled and the partnership expects to bring it online in the fourth quarter of 2024. Following completion of the second infill production well, the rig is contracted to drill the Akeng Deep ILX prospect in Block S, with results expected around the end of the year.

In October 2024, Kosmos elected to enter the next phase of the Block S exploration license with a scheduled expiration in December 2025 and no well commitments. The election is subject to customary government approvals.

Mauritania and Senegal

Greater Tortue Ahmeyim Unit

The Greater Tortue liquefied natural gas project continues to make good progress. The following milestones have been achieved:

- Drilling: The first batch of four wells has been completed with expected production capacity significantly higher than is required for first gas.
- Hub Terminal: The Hub Terminal has been handed over to operations.
- Subsea: The subsea workscope for first gas is mechanically complete.
- FPSO: The FPSO is ready for startup shortly with first gas expected thereafter.
- FLNG: Cool down and commissioning of the FLNG vessel has commenced with first LNG expected around the end of the fourth quarter of 2024.

On October 7, 2024, the International Chamber of Commerce informed the Company that a final award had been issued in the arbitration proceedings with BP Gas Marketing regarding future LNG sales from Phase 1 of Greater Tortue Ahmeyim. The final, binding award prohibits the Company from selling LNG cargos to third party buyers during the contract term of the Tortue Phase 1 SPA, which the Company has an option to end in 2033. The final award does not change the terms of the Tortue Phase 1 SPA and is therefore not expected to have an impact on the Company's long-term expectations and financial condition.

Yakaar and Teranga Discoveries

The Yakaar and Teranga discoveries continue to be analyzed as a joint development. The participating interests in the Cayar Offshore Profond Block are: Kosmos 90% and PETROSEN 10%, with PETROSEN having the right to increase its participating interest after issuance of an exploitation authorization to up to 35%. In March 2024, the current phase of the Cayar Block exploration license was extended an additional two years to July 2026. Kosmos has completed the concept development work and will now transition towards finalizing the partnership to support advancement of the project.

Results of Operations

All of our results, as presented in the table below, represent operations from Ghana, the U.S. Gulf of Mexico and Equatorial Guinea. Certain operating results and statistics for the three and nine months ended September 30, 2024 and 2023 are included in the following tables:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(In thousands, except per volume data)				
Sales volumes:				
Oil (MBbl)	5,135	5,956	15,234	14,448
Gas (MMcf)	3,554	4,046	11,991	9,582
NGL (MBbl)	84	97	232	299
Total (MBoe)	5,811	6,727	17,465	16,344
Total (Boepd)	63,167	73,123	63,739	59,868
Revenues:				
Oil sales	\$ 393,555	\$ 511,735	\$ 1,230,772	\$ 1,166,983
Gas sales	12,586	13,080	42,218	20,514
NGL sales	1,653	1,533	4,807	6,346
Total oil and gas revenue	\$ 407,794	\$ 526,348	\$ 1,277,797	\$ 1,193,843
Average oil sales price per Bbl	\$ 76.64	\$ 85.92	\$ 80.79	\$ 80.77
Average gas sales price per Mcf	3.54	3.23	3.52	2.14
Average NGL sales price per Bbl	19.68	15.80	20.72	21.22
Average total sales price per Boe	70.18	78.24	73.16	73.04
Costs:				
Oil and gas production, excluding workovers	\$ 132,736	\$ 136,556	\$ 345,902	\$ 278,373
Oil and gas production, workovers	735	2,226	31,920	7,924
Total oil and gas production costs	\$ 133,471	\$ 138,782	\$ 377,822	\$ 286,297
Depletion, depreciation and amortization	\$ 120,728	\$ 132,347	\$ 311,750	\$ 331,634
Average cost per Boe:				
Oil and gas production, excluding workovers	\$ 22.84	\$ 20.30	\$ 19.81	\$ 17.03
Oil and gas production, workovers	0.13	0.33	1.83	0.48
Total oil and gas production costs	22.97	20.63	21.64	17.51
Depletion, depreciation and amortization	20.77	19.67	17.85	20.29
Total	\$ 43.74	\$ 40.30	\$ 39.49	\$ 37.80

The following table shows the number of wells in the process of being drilled or in active completion stages, and the number of wells suspended or waiting on completion as of September 30, 2024:

	Actively Drilling or Completing				Wells Suspended or Waiting on Completion			
	Exploration		Development		Exploration		Development	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Ghana								
Jubilee Unit	—	—	—	—	—	—	3	1.16
TEN	—	—	—	—	—	—	5	1.02
Equatorial Guinea								
Block S	—	—	—	—	1	0.40	—	—
Block G	—	—	1	0.40	—	—	1	0.40
U.S. Gulf of Mexico								
Tiberius	—	—	—	—	1	0.50	—	—
Mauritania / Senegal								
Greater Tortue Ahmeyim Unit	—	—	—	—	1	0.27	—	—
Senegal Cayar Profond	—	—	—	—	3	0.90	—	—
Total	—	—	1	0.40	6	2.07	9	2.58

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.

Three months ended September 30, 2024 compared to three months ended September 30, 2023

	Three Months Ended		Increase (Decrease)
	September 30,		
	2024	2023	
	(In thousands)		
Revenues and other income:			
Oil and gas revenue	\$ 407,794	\$ 526,348	\$ (118,554)
Other income, net	37	198	(161)
Total revenues and other income	407,831	526,546	(118,715)
Costs and expenses:			
Oil and gas production	133,471	138,782	(5,311)
Exploration expenses	14,697	10,290	4,407
General and administrative	23,298	25,120	(1,822)
Depletion, depreciation and amortization	120,728	132,347	(11,619)
Interest and other financing costs, net	22,112	25,440	(3,328)
Derivatives, net	(15,254)	45,971	(61,225)
Other expenses, net	2,227	11,055	(8,828)
Total costs and expenses	301,279	389,005	(87,726)
Income before income taxes	106,552	137,541	(30,989)
Income tax expense	61,578	52,356	9,222
Net income	\$ 44,974	\$ 85,185	\$ (40,211)

Oil and gas revenue. Oil and gas revenue decreased by \$118.6 million during the three months ended September 30, 2024, as compared to the three months ended September 30, 2023 as a result of lower sales volumes due to the timing of a TEN oil lifting in Ghana and lower average realized oil and gas prices. We sold 5,811 MBoe at an average realized price per barrel equivalent of \$70.18 during the three months ended September 30, 2024 and 6,727 MBoe at an average realized price per barrel equivalent of \$78.24 during the three months ended September 30, 2023.

Oil and gas production. Oil and gas production costs decreased by \$5.3 million during the three months ended September 30, 2024, as compared to the three months ended September 30, 2023 primarily as a result of the timing of a TEN cargo lifting in Ghana offset by inclusion of operating costs associated with Greater Tortue Ahmeyim and increased production costs in Equatorial Guinea.

Exploration expenses. Exploration expenses increased by \$4.4 million during the three months ended September 30, 2024, as compared to the three months ended September 30, 2023 primarily as a result of increased seismic data acquisition costs in the U.S. Gulf of Mexico business unit.

Depletion, depreciation and amortization. Depletion, depreciation and amortization decreased by \$11.6 million during the three months ended September 30, 2024, as compared with the three months ended September 30, 2023 primarily as a result of the timing of a TEN oil lifting in Ghana and a lower depletion rate per barrel in Jubilee resulting from an increase in reserves at the end of 2023, partially offset by increased production and a higher depletion rate per barrel in the U.S. Gulf of Mexico related to the Winterfell and Odd Job fields, post project completion in the third quarter of 2024.

Interest and other financing costs, net. Interest and other financing costs, net decreased by \$3.3 million during the three months ended September 30, 2024, as compared to the three months ended September 30, 2023 primarily as a result of increased capitalized interest related to the Greater Tortue Ahmeyim project partially offset by an increase in interest expense due to higher interest rates.

Derivatives, net. During the three months ended September 30, 2024 and 2023, we recorded a gain of \$15.3 million and a loss of \$46.0 million, respectively, on our outstanding hedge positions. The amounts recorded were a result of changes in the forward oil price curve during the respective periods.

Other expenses, net. Other expenses, net decreased by \$8.8 million during the three months ended September 30, 2024, as compared to the three months ended September 30, 2023 primarily as a result of loss on asset retirement obligations in the U.S. Gulf of Mexico business unit during the third quarter of 2023.

Income tax expense. For the three months ended September 30, 2024 and 2023, changes to our effective tax rates are driven by which tax jurisdictions our income before income taxes is generated. The jurisdictions in which we operate have statutory tax rates ranging from 0% to 35%.

Nine months ended September 30, 2024 compared to nine months ended September 30, 2023

	Nine Months Ended September 30,		Increase (Decrease)
	2024	2023	
(In thousands)			
Revenues and other income:			
Oil and gas revenue	\$ 1,277,797	\$ 1,193,843	\$ 83,954
Other income, net	109	(115)	224
Total revenues and other income	1,277,906	1,193,728	84,178
Costs and expenses:			
Oil and gas production	377,822	286,297	91,525
Exploration expenses	39,992	33,305	6,687
General and administrative	76,724	77,731	(1,007)
Depletion, depreciation and amortization	311,750	331,634	(19,884)
Interest and other financing costs, net	75,839	74,379	1,460
Derivatives, net	5,716	42,162	(36,446)
Other expenses, net	6,418	17,864	(11,446)
Total costs and expenses	894,261	863,372	30,889
Income before income taxes	383,645	330,356	53,289
Income tax expense	187,215	138,517	48,698
Net income	\$ 196,430	\$ 191,839	\$ 4,591

Oil and gas revenue. Oil and gas revenue increased by \$84.0 million during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023 primarily due to higher sales volumes primarily driven by increased production at Jubilee and higher average realized gas prices in Ghana. We sold 17,465 MBoe at an average realized price per barrel equivalent of \$73.16 during the nine months ended September 30, 2024 and 16,344 MBoe at an average realized price per barrel equivalent of \$73.04 during the nine months ended September 30, 2023.

Oil and gas production. Oil and gas production costs increased by \$91.5 million during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023 primarily as a result of increased sales volumes, inclusion of operating costs associated with Greater Tortue Ahmeyim and costs incurred related to planned workovers in the U.S. Gulf of Mexico and Equatorial Guinea.

Exploration expenses. Exploration expenses increased by \$6.7 million during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023 primarily as a result of increased seismic data acquisition costs in the U.S. Gulf of Mexico business unit.

Depletion, depreciation and amortization. Depletion, depreciation and amortization decreased \$19.9 million during the nine months ended September 30, 2024, as compared with the nine months ended September 30, 2023 primarily as a result of a lower depletion rate per barrel in Ghana resulting from an increase in Jubilee reserves at the end of 2023 and a lower cost basis in our TEN Fields due to the impairment loss recorded in the year ended December 31, 2023 partially offset by higher sales volumes in the current year.

Interest and other financing costs, net. Interest and other financing costs, net increased \$1.5 million during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, primarily as a result of a \$24.8 million loss on debt modifications and extinguishments for the nine months ended September 30, 2023 related to the amendment and restatement of the Facility during the second quarter of 2024 and the repurchase of aggregate principal amounts of the 7.125% Senior Notes, the 7.750% Senior Notes, and the 7.500% Senior Notes during the third quarter of 2024 and increase in interest expense for the period due to higher interest rates offset by increased capitalized interest related to the Greater Tortue Ahmeyim project.

Derivatives, net. During the nine months ended September 30, 2024 and 2023, we recorded a loss of \$5.7 million and a loss of \$42.2 million, respectively, on our outstanding hedge positions. The changes recorded were a result of changes in the forward curve of oil prices during the respective periods.

Other expenses, net. Other expenses, net decreased by \$11.4 million during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023 primarily as a result of loss on asset retirement obligations in the U.S. Gulf of Mexico business unit and approximately \$5.4 million of asset impairments recorded in 2023.

Income tax expense. For the nine months ended September 30, 2024 and 2023, our overall effective tax rates were impacted by the difference in our 21% U.S. income tax reporting rate and the 35% statutory tax rates applicable to our Ghanaian and Equatorial Guinean operations, jurisdictions that have a 0% statutory tax rate or where we have incurred losses and have recorded valuation allowances against the corresponding deferred tax assets, and other non-deductible expenses, primarily in the U.S.

Liquidity and Capital Resources

We are actively engaged in an ongoing process of anticipating and meeting our funding requirements related to our strategy as a full-cycle exploration and production company. We have historically met our funding requirements through cash flows generated from our operating activities and obtained additional funding from issuances of equity and debt, as well as partner carries.

Oil prices are historically volatile and a significant decrease in oil prices could negatively impact our ability to generate sufficient operating cash flows to meet our funding requirements. This volatility could also result in wide fluctuations in future oil prices, which could impact our ability to comply with our financial covenants. To partially mitigate this price volatility, we maintain an active hedging program and review our capital spending program on a regular basis. Our investment decisions are based on longer-term commodity prices based on the nature of our projects and development plans. Current commodity prices, combined with our hedging program and our current liquidity position support our remaining capital program for 2024.

As such, our 2024 capital budget is based on our exploitation and production plans for Ghana, Equatorial Guinea and the U.S. Gulf of Mexico, our infrastructure-led exploration and appraisal program in the U.S. Gulf of Mexico and Equatorial Guinea, and our appraisal and development activities in the U.S. Gulf of Mexico, Mauritania and Senegal.

Our future financial condition and liquidity can be impacted by, among other factors, the success of our exploitation, exploration and appraisal drilling programs, 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, the reliability of our oil and gas production facilities, our ability to continuously export oil and gas, our ability to secure and maintain partners and their alignment with respect to capital plans, the actual cost of exploitation, exploration, appraisal and development of our oil and natural gas assets, and coverage of any claims under our insurance policies.

As of September 30, 2024, borrowings under the Facility totaled \$850.0 million and the undrawn availability under the Facility was \$500.0 million. Additionally, as of September 30, 2024, there were no outstanding borrowings under the Corporate Revolver and the undrawn availability was approximately \$165 million. In October 2024, pursuant to a voluntary cancellation notice sent by the Company, the Corporate Revolver was terminated.

Sources and Uses of Cash

The following table presents the sources and uses of our cash and cash equivalents and restricted cash for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,	
	2024	2023
	(In thousands)	
Sources of cash, cash equivalents and restricted cash:		
Net cash provided by operating activities	\$ 502,502	\$ 471,394
Net proceeds from issuance of senior notes	885,285	—
Borrowings under long-term debt	275,000	300,000
	<u>1,662,787</u>	<u>771,394</u>
Uses of cash, cash equivalents and restricted cash:		
Oil and gas assets	772,238	611,914
Notes receivable from partners	2,575	46,632
Payments on long-term debt	350,000	145,000
Purchase of capped call transactions	49,800	—
Repurchase of senior notes	499,515	—
Dividends	—	166
Other financing costs	35,534	12,345
	<u>1,709,662</u>	<u>816,057</u>
Increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ (46,875)</u>	<u>\$ (44,663)</u>

Net cash provided by operating activities. Net cash provided by operating activities for the nine months ended September 30, 2024 was \$502.5 million compared with net cash provided by operating activities for the nine months ended September 30, 2023 of \$471.4 million. The increase in cash provided by operating activities in the nine months ended September 30, 2024 when compared to the same period in 2023 is primarily a result of higher sales volumes and higher average realized gas prices for the nine months ended September 30, 2024 offset by higher oil and gas production costs and changes in working capital.

The following table presents our liquidity and financial position as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	(In thousands)	
Outstanding debt principal balances:		
Facility	\$ 850,000	\$ 925,000
7.125% Senior Notes	250,000	650,000
7.750% Senior Notes	350,000	400,000
7.500% Senior Notes	400,274	450,000
8.750% Senior Notes	500,000	—
3.125% Convertible Senior Notes	400,000	—
Total long-term debt	2,750,274	2,425,000
Cash and cash equivalents	51,581	95,345
Total restricted cash	305	3,416
Net debt	\$ 2,698,388	\$ 2,326,239
Availability under the Facility	\$ 500,000	\$ 325,000
Availability under the Corporate Revolver(1)	\$ 163,750	\$ 250,000
Available borrowings plus cash and cash equivalents	\$ 715,331	\$ 670,345

(1) In October 2024, pursuant to a voluntary cancellation notice sent by the Company, the Corporate Revolver was terminated.

Capital Expenditures and Investments

We expect to incur capital costs as we:

- drill additional infill wells and execute exploitation and production activities in Ghana, Equatorial Guinea and the U.S. Gulf of Mexico;
- execute appraisal and development activities in Ghana, the U.S. Gulf of Mexico, Mauritania and Senegal; and
- execute infrastructure-led exploration and appraisal efforts in the U.S. Gulf of Mexico and Equatorial Guinea.

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 paying interests in our operations including disproportionate payment amounts, the costs involved in developing or participating in the development of a prospect, the timing of third-party projects, the availability of suitable equipment and qualified personnel and our cash flows from operations. We also evaluate potential corporate and asset acquisition opportunities to support and expand our asset portfolio which may impact our budget assumptions. These assumptions are inherently subject to significant business, political, economic, regulatory, health, 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 market conditions deteriorate, or one or more of our assumptions proves to be incorrect, or if we choose to expand our 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 assets, 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.

2024 Capital Program

We estimate we will spend around \$800 million of capital for the year ending December 31, 2024, excluding any acquisitions or divestiture of oil and gas properties during the year. This capital expenditure budget consists of:

- Approximately \$350 million related to maintenance activities across our Ghana, Equatorial Guinea and U.S. Gulf of Mexico assets, including infill development drilling and integrity spend;

- Approximately \$375 million related to the development of Phase 1 of Greater Tortue Ahmeyim in Mauritania and Senegal and Winterfell in the U.S. Gulf of Mexico;
- Approximately \$75 million related to progressing our infrastructure-led exploration and appraisal programs in the U.S. Gulf of Mexico, including Tiberius appraisal activities, and the drilling of the ILX prospect Akeng Deep in Equatorial Guinea, as well as the appraisal plans of our greater gas resources in Mauritania and Senegal, including the next phase of Greater Tortue Ahmeyim and Yakaar-Teranga.

The ultimate amount of capital we will spend may fluctuate materially based on market conditions and the success of our exploitation and drilling results among other factors. 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 oil, our ability to effectively hedge future production volumes, the success of our multi-faceted infrastructure-led exploration and appraisal drilling programs, 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, our partners' alignment with respect to capital plans, and the actual cost of exploitation, exploration, appraisal and development of our oil and natural gas assets, and coverage of any claims under our insurance policies.

Significant Sources of Capital

Facility

The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities. The amount of funds available to be borrowed under the Facility, also known as the borrowing base amount, is determined every March and September. The borrowing base amount is based on the sum of the net present values of net cash flows and relevant capital expenditures reduced by certain percentages as well as value attributable to certain assets' reserves and/or resources in the Jubilee and TEN Fields in Ghana and the Ceiba Field and Okume Complex in Equatorial Guinea. As of September 30, 2024, borrowings under the Facility totaled \$850.0 million and the undrawn availability under the Facility was \$500.0 million.

In April 2024, in conjunction with the spring borrowing base redetermination, the Company executed an amendment and restatement of the Facility. The amendment includes the following material changes: an increase in the Facility size and borrowing base capacity to \$1.35 billion (from \$1.25 billion), an increase in the interest margin by 0.25% or 0.50%, depending on the length of time that has passed from the date the Facility was entered into, and an extension in the tenor by approximately three years (final maturity date now occurs December 31, 2029). The amended Facility size and borrowing base capacity of approximately \$1.35 billion was capped by total commitments of approximately \$1.21 billion as of June 30, 2024. In September 2024, we added two new lenders to the Facility syndicate, increasing current total commitments by approximately \$145.0 million to the full Facility size and borrowing base capacity of \$1.35 billion. The available facility amount is subject to borrowing base constraints and, beginning on April 1, 2027, outstanding borrowings will be constrained by an amortization schedule.

In October 2024, during the Fall 2024 redetermination, the Company's lending syndicate approved a borrowing base capacity of \$1.35 billion.

The Facility provides a revolving credit and letter of credit facility. The availability period for the revolving credit facility expires one month prior to the final maturity date. The letter of credit facility expires on the final maturity date. As of September 30, 2024, we had no letters of credit issued under the Facility. We have the right to cancel all the undrawn commitments under the amended and restated Facility.

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. We were in compliance with the financial covenants contained in the Facility as of September 30, 2024 (the most recent assessment date). The Facility contains customary cross default provisions.

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 are unable to perform on their commitments, our liquidity could be impacted. We actively monitor all of the financial institutions participating in our Facility. 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.

Corporate Revolver

The Corporate Revolver is available for general corporate purposes and for oil and gas exploration, appraisal and development programs. In April 2024, in connection with the amendment and restatement of the Facility, we amended the Corporate Revolver reducing the borrowing capacity from \$250.0 million to approximately \$165 million. All of the commitments that were cancelled (either in full or in part) under the Corporate Revolver were transferred to the Facility as part of the amendment and restatement. As of September 30, 2024, there were no outstanding borrowings under the Corporate Revolver and the undrawn availability was approximately \$165 million.

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 September 30, 2024 (the most recent assessment date). The Corporate Revolver contains customary cross default provisions.

In October 2024, pursuant to a voluntary cancellation notice sent by the Company, the Corporate Revolver was terminated.

Senior Notes

We have four series of senior notes outstanding as of September 30, 2024, which we collectively refer to as the “Senior Notes.” Our 7.125% Senior Notes have an outstanding balance of \$250.0 million and mature on April 4, 2026. Interest is payable on the 7.125% Senior Notes each April 4 and October 4. Our 7.750% Senior Notes have an outstanding balance of \$350.0 million and mature on May 1, 2027. Interest is payable on the 7.750% Senior Notes each May 1 and November 1. Our 7.500% Senior Notes have an outstanding balance of approximately \$400.3 million and mature on March 1, 2028. Interest is payable on the 7.500% Senior Notes each March 1 and September 1. In September 2024, the Company issued \$500.0 million of 8.750% Senior Notes that mature on October 1, 2031. Interest is payable on the 8.750% Senior Notes each April 1 and October 1.

The Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equally in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver and the 3.125% Convertible Senior Notes) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility). The Senior Notes are jointly and severally guaranteed on a senior, unsecured basis by certain subsidiaries owning the Company's U.S. Gulf of Mexico assets, and on a subordinated, unsecured basis by entities that borrow under, or guarantee, our Facility.

3.125% Convertible Senior Notes due 2030

We have one series of senior convertible notes outstanding. Our 3.125% Convertible Senior Notes mature on March 15, 2030, unless earlier converted, redeemed or repurchased. Interest is payable in arrears each March 15 and September 15, commencing September 15, 2024.

The 3.125% Convertible Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equal in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver and the Senior Notes) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility, to the extent of the value of the assets securing such indebtedness). The 3.125% Convertible Senior Notes are guaranteed on a senior, unsecured basis by certain of our existing subsidiaries that guarantee on a senior basis the Corporate Revolver and the Senior Notes, and, in certain circumstances, certain of our other existing or future subsidiaries.

The 3.125% Convertible Senior Notes are guaranteed on a subordinated, unsecured basis by certain of our existing subsidiaries that borrow under or guarantee the Facility and guarantee on a subordinated basis the Corporate Revolver and the Senior Notes, and, in certain circumstances, certain of our other existing or future subsidiaries.

Holders of the 3.125% Convertible Senior Notes may convert all or any portion of their 3.125% Convertible Senior Notes at their option at any time prior to the close of business on the business day immediately preceding December 15, 2029 only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on June 30, 2024 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the “measurement period”) in which the trading price per \$1,000 principal amount of 3.125% Convertible Senior Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day;
- if we call any or all of the 3.125% Convertible Senior Notes for redemption, the 3.125% Convertible Senior Notes called (or deemed called) for redemption may be converted at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of certain specified corporate events.

On or after December 15, 2029 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert at any time all or any portion of their 3.125% Convertible Senior Notes at the option of the holder.

The conversion rate for the 3.125% Convertible Senior Notes is initially 142.4501 shares of our common stock per \$1,000 principal amount of 3.125% Convertible Senior Notes (which is equivalent to an initial conversion price of approximately \$7.02 per share of our common stock), subject to adjustments.

Upon conversion, we will pay cash up to the aggregate principal amount of the 3.125% Convertible Senior Notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the 3.125% Convertible Senior Notes being converted. The amount of cash and shares of our common stock, if any, due upon conversion will be based on a daily conversion value calculated on a proportionate basis for each trading day in a 40 consecutive trading day observation period.

In addition, following certain corporate events that occur prior to the maturity date or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its 3.125% Convertible Senior Notes in connection with such a corporate event or to convert its 3.125% Convertible Senior Notes called (or deemed called) for redemption in connection with such notice of redemption, as the case may be.

Other than in connection with certain tax law changes, we may not redeem the notes prior to March 22, 2027. We may redeem for cash all or any portion of the 3.125% Convertible Senior Notes, at our option, on or after March 22, 2027 and prior to the 41st scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide the related notice of redemption, at a redemption price equal to 100% of the principal amount of the 3.125% Convertible Senior Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. We are not required to redeem or retire the 3.125% Convertible Senior Notes periodically. We may not elect to redeem less than all of the outstanding 3.125% Convertible Senior Notes unless at least \$75.0 million aggregate principal amount of 3.125% Convertible Senior Notes are outstanding and not subject to redemption as of the time we send the related redemption notice. The 3.125% Convertible Senior Notes indenture contains customary terms and covenants.

In connection with the issuance of the 3.125% Convertible Senior Notes, the Company entered into capped call transactions (the “Capped Call Transactions”). The Capped Call Transactions are generally expected to reduce potential dilution to holders of our common stock upon any conversion of the 3.125% Convertible Senior Notes and/or offset any cash payments that we are required to make in excess of the principal amount of any 3.125% Convertible Senior Notes that are converted, as the case may be, with such reduction and/or offset subject to a cap.

The Capped Call Transactions have an initial cap price of \$10.80 per share, which represents a premium of 100% over the last reported sale price of our common stock on March 5, 2024, and is subject to certain adjustments under the terms of the Capped Call Transactions. The Capped Call Transactions cover, initially, the number of shares of our common stock underlying the 3.125% Convertible Senior Notes, subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 3.125% Convertible Senior Notes.

Contractual Obligations

The following table summarizes by period the payments due for our estimated contractual obligations as of September 30, 2024, and the weighted average interest rates expected to be paid on the Facility and Corporate Revolver given current contractual terms and market conditions, and the instrument’s estimated fair value. Weighted-average interest rates are based on implied forward rates in the yield curve at the reporting date. This table does not include amortization of deferred financing costs.

	Years Ending December 31,						Total	Asset (Liability) Fair Value at September 30, 2024
	2024(2)	2025	2026	2027	2028	Thereafter		
(In thousands, except percentages)								
Fixed rate debt:								
7.125% Senior Notes	\$ —	\$ —	250,000	\$ —	\$ —	\$ —	\$ 250,000	\$ 249,032
7.750% Senior Notes	—	—	—	350,000	—	—	350,000	347,043
7.500% Senior Notes	—	—	—	—	400,274	—	400,274	387,878
8.750% Senior Notes	—	—	—	—	—	500,000	500,000	493,955
3.125% Convertible Senior Notes	—	—	—	—	—	400,000	400,000	374,920
Variable rate debt:								
Weighted average interest rate	9.29 %	7.86 %	7.99 %	8.21 %	8.81 %	9.06 %		
Facility(1)	\$ —	\$ —	\$ —	\$ —	\$ 283,375	\$ 566,625	\$ 850,000	\$ 850,000
Total principal debt repayments	\$ —	\$ —	\$ 250,000	\$ 350,000	\$ 683,649	\$ 1,466,625	\$ 2,750,274	
Interest & commitment fee payments on long-term debt	91,854	241,162	219,922	181,602	141,450	182,078	1,058,068	
Operating leases(3)	1,042	4,215	4,286	4,215	3,844	2,808	20,410	
Purchase obligations(4)	7,875	27,662	—	—	—	—	35,537	
Decommissioning Trust Funds(5)	11,460	11,460	11,460	11,460	11,460	91,600	\$ 148,900	
Firm transportation commitments	520	3,472	4,413	2,222	—	—	10,627	

(1) The amounts included in the table represent principal maturities only. The scheduled maturities of debt related to the Facility are based on the level of borrowings and the available borrowing base as of September 30, 2024. 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.

(2) Represents the period October 1, 2024 through December 31, 2024.

(3) Primarily relates to corporate and foreign office leases.

(4) Represents gross contractual obligations to execute planned future capital projects. Other joint owners in the properties operated by Kosmos will be billed for their working interest share of such costs. Does not include our share of operator’s purchase commitments for jointly owned fields and facilities where we are not the operator and excludes commitments for exploration activities, including well commitments and seismic obligations, in our petroleum contracts. The Company’s liabilities for asset retirement obligations associated with the dismantlement, abandonment and restoration costs of oil and gas properties are not included. See Note 14 - Additional Financial Information for additional information regarding these liabilities.

- (5) In April 2024, a Decommissioning Trust agreement with the Jubilee unit partners to cash fund future retirement obligations associated with the Jubilee Field was finalized. The operator currently estimates the total commitment to be approximately \$148.9 million, net to Kosmos, which will be funded annually by Kosmos over an estimated 13 year period. The contributions into the trust will be invested into various securities. Those investments will be accounted for as trading securities and reported as long-term investments in our consolidated balance sheet and as operating activities in our statement of cash flows. It is possible that our funding requirements could change based on future changes in the decommissioning plan or estimates.

As of September 30, 2024, we have a commitment to drill two development wells and one exploration well in Equatorial Guinea. One of the two development wells is currently being drilled.

In February 2019, Kosmos and BP signed Carry Advance Agreements with the national oil companies of Mauritania and Senegal, which obligate us separately to finance the respective national oil companies' share of certain development and production costs. Kosmos' total share for the two agreements combined is currently estimated at approximately \$370.0 million, of which \$261.8 million has been incurred through September 30, 2024, excluding accrued interest. These amounts will be repaid through the national oil companies' share of future revenues.

As of September 30, 2024, we have a \$200.2 million FPSO Contract Liability in Other long-term liabilities related to the deferred sale of the Greater Tortue FPSO. Delivery of the Greater Tortue FPSO to BP Buyer and Handover is expected to occur in the fourth quarter of 2024. The FPSO Contract Liability will be non-cash settled against FPSO asset costs in our Consolidated Balance Sheet, reducing both assets and liabilities. The Greater Tortue FPSO will then be leased back to BP Operator under a long-term lease agreement, for exclusive use in the Greater Tortue project. Greater Tortue FPSO lease costs will be recognized as oil and gas production expenses as incurred in our Consolidated Statement of Operations.

Critical Accounting Policies

We consider accounting policies related to our revenue recognition, exploration and development costs, receivables, income taxes, derivative instruments and hedging activities, estimates of proved oil and natural gas reserves, asset retirement obligations and impairment of long-lived assets as critical accounting policies. The policies include significant estimates made by management using information available at the time the estimates are made. However, these estimates could change materially if different information or assumptions were used. Other than items discussed in Note 2 — Accounting Policies, there have been no changes to our critical accounting policies which are summarized in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in our annual report on Form 10-K, for the year ended December 31, 2023.

Cautionary Note Regarding Forward-looking Statements

This quarterly report on Form 10-Q contains estimates and forward-looking statements, principally in “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 quarterly report on Form 10-Q and our annual report on Form 10-K, may adversely affect our results as indicated in forward-looking statements. You should read this quarterly report on Form 10-Q, the annual report on Form 10-K and the documents that we have filed with the Securities and Exchange Commission 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:

- the impact of a potential regional or global recession, inflationary pressures and other varying macroeconomic conditions on us and the overall business environment;
- the impacts of Russia’s war in Ukraine and potential instability in the Middle East and the effects these events have on the oil and gas industry as a whole, including increased volatility with respect to oil, natural gas and NGL prices and operating and capital expenditures;
- our ability to find, acquire or gain access to other discoveries and prospects and to successfully develop and produce from 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 to us by the governments of the countries in which we operate (or their respective national oil companies) or any other federal, state or local governments or authorities;
- 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, natural gas and NGL prices, as well as our ability to implement hedges addressing such volatility on commercially reasonable terms;
- 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 and production risks and other operational and environmental risks and hazards;
- current and future government regulation of the oil and gas industry, applicable monetary/foreign exchange sectors or regulation of the investment in or ability to do business with certain countries or regimes;
- cost of compliance with laws and regulations;
- changes in, or new, environmental, health and safety or climate change or GHG laws, regulations and executive orders, or the implementation, or interpretation, of those laws, regulations and executive orders;
- adverse effects of sovereign boundary disputes in the jurisdictions in which we operate;
- environmental liabilities;
- geological, geophysical and other technical and operations problems, including drilling and oil and gas production and processing;
- military operations, civil unrest, outbreaks of disease, terrorist acts, wars or embargoes;
- the cost and availability of adequate insurance coverage and whether such coverage is enough to sufficiently mitigate potential losses and whether our insurers comply with their obligations under our coverage agreements;
- our vulnerability to severe weather events, including, but not limited to, tropical storms and hurricanes, and the physical effects of climate change;
- 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, letters of credit, performance bonds and other secured debt;
- our ability to obtain surety or performance bonds on commercially reasonable terms;
- the result of any legal proceedings, arbitrations, or investigations we may be subject to or involved in;
- 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 our quarterly reports on Form 10-Q and our 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 quarterly report on Form 10-Q 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.

Item 3. 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 our policies. 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 9 — Derivative Financial Instruments and Note 10— Fair Value Measurements” section of our annual report on Form 10-K 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 nine months ended September 30, 2024:

	Derivative Contracts Assets (Liabilities)		
	Commodities	Interest Rates	Total
	(In thousands)		
Fair value of contracts outstanding as of December 31, 2023	\$ 6,765	\$ —	\$ 6,765
Changes in contract fair value	(10,526)	(1,282)	(11,808)
Contract maturities	14,754	—	14,754
Fair value of contracts outstanding as of September 30, 2024	<u>\$ 10,993</u>	<u>\$ (1,282)</u>	<u>\$ 9,711</u>

Commodity Price Risk

The Company’s revenues, earnings, cash flows, capital investments and, ultimately, future rate of growth are highly dependent on the prices we receive for our crude oil, which have historically been very volatile. Substantially all of our oil sales are indexed against Dated Brent, and Heavy Louisiana Sweet. Oil prices in the first nine months of 2024 ranged between \$70.56 and \$93.35 per Bbl for Dated Brent, with Heavy Louisiana Sweet experiencing similar volatility during the first nine months of 2024.

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 collars, put options and call options. In regards to our obligations under our various commodity derivative instruments, if our production does not exceed our existing hedged positions, our exposure to our commodity derivative instruments would increase. In addition, a reduction in our ability to access credit could reduce our ability to implement derivative contracts on commercially reasonable terms.

Commodity Price Sensitivity

The following table provides information about our oil derivative financial instruments that were sensitive to changes in oil prices as of September 30, 2024. Volumes and weighted average prices are net of any offsetting derivatives entered into.

Term	Type of Contract	Index	MBbl	Weighted Average Price per Bbl					Asset (Liability) Fair Value at September 30, 2024(1)
				Net Deferred Premium Payable/ (Receivable)	Swap	Sold Put	Floor	Ceiling	
2024:									
Oct - Dec	Three-way collars	Dated Brent	2,000	\$ 1.15	\$ —	\$ 45.00	\$ 70.00	\$ 93.12	\$ 1,719
Oct - Dec	Two-way collars	Dated Brent	500	0.46	—	—	70.00	100.00	820
2025:									
Jan - Jun	Two-way collars	Dated Brent	2,000	0.50	—	—	70.00	95.00	8,538

(1) Fair values are based on the average forward oil prices on September 30, 2024.

In October 2024, we entered into Dated Brent two-way collar contracts for 2.0 MMBbl from January 2025 through December 2025 with a floor price of \$70.00 per barrel and a ceiling price of \$85.00 per barrel. In addition, we entered into Dated Brent swap contracts for 2.0 MMBbl from January 2025 through June 2025 with a weighted average fixed price of \$75.48 per barrel and Dated Brent call spread contracts with a purchased price of \$95.00 per barrel and a sold price of \$85.00 per barrel for 2.0 MMBbl from January 2025 through June 2025, effectively reducing the ceiling on our 2025 two-way collars to \$85.00 per barrel.

At September 30, 2024, our open commodity derivative instruments were in a net asset position of \$11.1 million. As of September 30, 2024, a hypothetical 10% price increase in the commodity futures price curves would decrease future pre-tax earnings by approximately \$9.2 million. Similarly, a hypothetical 10% price decrease would increase future pre-tax earnings by approximately \$18.9 million.

Interest Rate Derivative Instruments

See Note 8 — Derivative Financial Instruments and Note 9— Fair Value Measurements for specific information regarding the terms of our interest rate derivative instruments that are sensitive to changes in interest rates.

Interest Rate Sensitivity

Changes in market interest rates affect the amount of interest we pay on certain of our borrowings. Outstanding borrowings under the Facility, which as of September 30, 2024 total \$850.0 million and have a weighted average interest rate of 9.3%, are subject to variable interest rates which expose us to the risk of earnings or cash flow loss due to potential increases in market interest rates. If the floating market rate increased 10% at this level of floating rate debt, we would pay an estimated additional \$3.7 million interest expense per year. The impact of the 2025 fixed interest rate swap would reduce the estimated additional interest expense to \$1.5 million for the twelve months ending December 31, 2025. The commitment fees on the undrawn availability under the Facility and the Corporate Revolver are not subject to changes in interest rates. All of our other long-term indebtedness is fixed rate and does not expose us to the risk of cash flow loss due to changes in market interest rates. Additionally, a change in the market interest rates could impact interest costs associated with future debt issuances or any future borrowings and future payments associated with the Tortue FPSO lease arrangement.

As of September 30, 2024, the fair market value of our interest rate swaps was a net liability of approximately \$1.3 million. If SOFR changed by 10%, it would have a negligible impact on the fair market value of our interest rate swaps.

Item 4. 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 September 30, 2024, 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes from the information concerning legal proceedings discussed in the "Item 3. Legal Proceedings" section of our annual report on Form 10-K.

Item 1A. Risk Factors

There have been no material changes from the risks discussed in the "Item 1A. Risk Factors" sections of our annual report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

There have been no material changes required to be reported under this Item that have not previously been disclosed in the annual report on Form 10-K.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Kosmos Energy Ltd. (Registrant)
Date	<u>November 4, 2024</u>	<u>/s/ NEAL D. SHAH</u> Neal D. Shah Senior Vice President and Chief Financial Officer (Principal Financial Officer)

Item 6. Exhibits

The information required by this Item 6 is set forth in the Index to Exhibits accompanying this quarterly report on Form 10-Q.

INDEX OF EXHIBITS

Exhibit Number	Description of Document
10.1	Exit Agreement between Kosmos Energy, LLC and Jason E. Doughty dated July 8, 2024.
10.2	Indenture dated September 24, 2024 among the Company, the guarantors named therein, Wilmington Trust, National Association, as trustee, paying agent, transfer agent and registrar, and Circumference Services S.A.r.l., as Luxembourg paying agent, listing agent, registrar and transfer agent (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed September 24, 2024 (File No. 001-35167), and incorporated herein by reference).
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.
101.INS	XBRL Instance 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

EXIT AGREEMENT

This Exit Agreement (the "Agreement") is made and entered into effective as of the Effective Date (as defined below), between Kosmos Energy, LLC ("Company") and Jason E. Doughty ("Retiree") and, together with Company, the "Parties"). In connection with this Agreement, the Parties acknowledge that (a) Company is a premier international oil and gas exploration and production company (the "Business"), (b) Retiree will be age 60 or over as of the Retirement Date, has been employed by Company for over five years, and serves as a member of Company's Senior Leadership Team, (c) Retiree timely initiated the retirement process in accordance with Company guidelines, (d) Retiree completed the transition process to Company's satisfaction, and (e) the Parties desire to enter into this Agreement to protect stockholder relations, goodwill, and other legitimate interests (together, the "Interests"). Accordingly, and in consideration of the mutual promises below and for other valuable consideration, the Parties agree to the following terms:

1. **Retirement from Employment.** Retiree acknowledges that Retiree will retire from Retiree's employment with Company effective 31 January, 2025 (the "Retirement Date"). Retiree will receive certain Vesting Benefits (as defined below in subparagraph 4(a)) (the "Post-Retirement Benefit") provided that Retiree executes this Agreement and does not revoke Retiree's acceptance.
1. **Duties and Responsibilities During Transition Period.** Effective as of July 8, 2024 (the "Notification Date"), the Retiree shall be relieved of his duties, responsibilities, and authorities for the Company and its affiliates except as expressly provided below. Between the Notification Date and the Retirement Date (the "Transition Period"), the Retiree shall cooperate fully and completely with the Company, at its request, in all matters in which it reasonably requests assistance, including without limitation continued oversight of all pending litigation, and all matters relating to the transition of his duties, responsibilities, and authorities for the Company and its affiliates (the "Transition Duties"). The Transition Duties include but are not limited to the Retiree promptly responding to telephone calls, e-mails, text messages, and other communications from the Company, its employees, and its representatives (including but not limited to outside legal counsel), meeting with such individuals at reasonable times upon their request, and promptly providing any reasonably requested assistance and performing any reasonably requested duties to the best of his ability. Retiree agrees and acknowledges that, during the Transition Period, he will report directly to Andrew Inglis, Chairman and Chief Executive Officer of the Company, and will also have a dotted line reporting to Josh Marion, Senior Vice President and General Counsel for the Company, for purposes of overseeing pending litigation during the Transition Period. In addition, the parties acknowledge that the Company shall be permitted to monitor the Retiree's Company e-mail account for business purposes at all times during and after the Transition Period.
1. **Retirement Benefits.** The Retiree shall receive the following payments and benefits in accordance with the existing policies of the Company, or at the sole discretion of the Company, pursuant to his employment with the Company and his participation in its employee benefit plans:
 - i. **Pay and Benefits.** The Retiree shall be entitled to his regular base salary and current benefits package, subject to applicable taxes and withholdings, through the Retirement Date. Additionally, (i) the Retiree shall remain eligible to receive his 2024 performance-based bonus subject to his performance and achievement of

relevant key performance indicators (the “2024 Bonus”) and (ii) the Retiree’s stock awards will vest consistent with the terms of the Kosmos Energy Ltd. Long Term Incentive Plan (the “LTIP”) and the applicable award agreement (subject to paragraph 4). If the Retiree (i) remains an active employee in good standing with Kosmos through the Retirement Date, (ii) timely signs without modification and does not revoke this Agreement, (iii) timely signs without modification and does not revoke the Renewal and Ratification of Release attached as Exhibit A to this Agreement and incorporated herein by reference (the “Ratification”), and (iv) returns all Kosmos property within his possession, Kosmos will pay the 2024 portion of the Retirement Benefit within ten business days after the Effective Date (as defined below).

b. Right to Continue Certain Insurance Benefits. The Retiree shall have the right to continue after the Retirement Date his group health, dental, and vision insurance benefits, if any, for himself and his dependents, at his own expense in accordance with the Consolidated Omnibus Budget Reconciliation Act (“COBRA”). The Retiree should complete an insurance continuation election form, which will be furnished to him under separate cover, and timely return it if he wishes to apply to continue his insurance coverage under COBRA.

1. Post-Retirement Benefit. Contingent upon the Retiree’s timely acceptance and non-revocation of this Agreement and timely acceptance and non-revocation of the Ratification, the Company shall provide the Retiree the following Post-Retirement Benefits:
 - a. Vesting Benefits. Exhibit B sets forth each outstanding restricted share unit (“RSU”) award and performance share unit (“PSU”) award previously granted to Retiree under the LTIP and described in applicable award agreements (the “Award Agreements”). With respect to each outstanding RSU award and PSU award held by Retiree that, as of the Retirement Date, has been outstanding for at least one year following the applicable grant date (collectively, the “Eligible Awards”), Company agrees to amend and waive, in accordance with the terms of the LTIP and the individual RSU and PSU Award Agreements granted to Retiree thereunder, all or any portion of the continued service-based vesting conditions applicable to such Eligible Awards (the “Vesting Benefits”) and delete any forfeiture requirements based on Retiree’s retirement; provided that (i) in the case of any Eligible Award that is subject to performance-vesting conditions, the vesting of such award will remain subject to the satisfaction of the applicable performance-vesting conditions, (ii) the Eligible Awards will remain subject to all other terms and conditions applicable to such Eligible Awards pursuant to the LTIP and the applicable Award Agreements, and (iii) the Eligible Awards will convert into common stock of Company in accordance with their original vesting/settlement schedule. Any other provision of the LTIP to the contrary notwithstanding, the Vesting Benefits will apply only if Retiree complies with all terms and conditions of this Agreement. Notwithstanding the foregoing, this subparagraph (a) will not apply to any Eligible Awards to the extent such application would cause such Eligible Award to be subject to an additional tax under section 409A of the Internal Revenue Code of 1986, as amended.
1. General Release. In exchange for the Post-Retirement Benefit, Retiree releases, acquits, and forever discharges (i) Company, (ii) any parent, subsidiary, or affiliated entity of Company, (iii) any current or former officer, stockholder, member, director, partner, agent, manager, employee, representative, insurer, or attorney of the entities described in (i) or (ii), (iv) any

employee benefit plan sponsored or administered by any person or entity described in (i), (ii), or (iii), and (v) any successor or assign of any person or entity described in (i), (ii), (iii), or (iv) (collectively, the “Company Parties”) from, and waive to the maximum extent permitted by applicable law, any and all claims, liabilities, demands, and causes of action of whatever character, whether known or unknown, fixed or contingent, or vicarious, derivative, or direct, that Retiree may have or claim against Company or any of the other Company Parties. Retiree understands that this general release includes, but is not limited to, any and all claims arising under federal, state, or local laws prohibiting employment discrimination, including the Age Discrimination in Employment Act, or other claims growing out of, resulting from, or connected in any way with Retiree’s employment with or retirement from Company, including any right or claim to compensation, payment, or other benefit under Company’s September 1, 2011 offer-of-employment letter to Retiree. Retiree understands that this Agreement does not waive any rights or claims against Company or any of the other Company Parties that may arise after the date on which Retiree signs it. Retiree further understands that nothing in this Agreement waives (i) any benefits to which Retiree has a vested entitlement under the terms of the applicable employee benefit plans established by Company, or (ii) any right or claim to indemnification or defense of any claims for acts taken by Retiree during Retiree’s employment with Company on the same terms as indemnification is made available by Company to other executive employees, officers, or directors, whether through Company’s bylaws, directors and officers liability insurance, or otherwise.

1. **Acceptance of Agreement.** Retiree understands that Retiree may accept the terms of this Agreement by signing and dating the last page and returning all pages to Erin Al-Salman, Vice President of Human Resources, by email at ea-salman@kosmosenergy.com, no later than July 24, 2024, which Retiree acknowledges is at least 21 days from the date Retiree first received it. Retiree further understands that if Retiree is unable to email the signed Agreement, Retiree may mail it to Erin Al-Salman at 8176 Park Lane, Suite 500, Dallas, Texas 75231, so long as it is postmarked no later than July 24, 2024. Retiree represents and warrants that, except for modifications expressly agreed to by Company, Retiree has not modified this Agreement as it was originally presented to Retiree, and that any modifications to this Agreement, whether material or immaterial, made by Company and Retiree after it was originally presented to Retiree do not extend or restart the period for Retiree to consider and accept this Agreement.
1. **Effectiveness and Revocation Rights.** Retiree understands that the terms of this Agreement will become effective and enforceable eight days after Retiree signs it unless before then Retiree revokes Retiree’s acceptance in writing and delivers Retiree’s written revocation to Erin Al-Salman at the email or address above, in which case Retiree will not be entitled to receive the Post-Retirement Benefit. Retiree acknowledges and agrees that Company has no legal obligation to provide the Post-Retirement Benefit to Retiree. Signing this Agreement constitutes Retiree’s agreement to all terms and conditions set forth in it and is in consideration of Company’s agreement to provide the Post-Retirement Benefit.
1. **Renewal and Ratification of General Release.** In further consideration of the mutual promises and undertakings in this Agreement, the Retiree shall sign the Ratification between the Retirement Date and seven days after the Retirement Date (the “Effective Date”), not revoke the Ratification between the date he signs it and seven days thereafter, and immediately return a signed copy of the Ratification to the Company.
1. **Confidential Information.**

- a. **Definition of Confidential Information.** “Confidential Information” includes all of Company’s confidential or proprietary information, trade secrets (as defined by applicable law), and other information used in the Business that provides a competitive advantage but is not generally known by competitors and does not include any information in the public domain and readily available to competitors through no wrongful act of Retiree. Retiree acknowledges and agrees that: (a) Company has expended, and continues to expend, significant efforts and resources to develop its Confidential Information, which increases the value of its Interests and gives it a competitive advantage; and (b) Company provided Confidential Information to Retiree before the Effective Date.
- b. **Agreement Not to Disclose Confidential Information.** Retiree will not directly or indirectly (i) use any Confidential Information, (ii) disclose any Confidential Information in any manner to any person or entity who is not a director, manager, officer, employee, consultant, representative, agent, or legal counsel of Company or its affiliates, or (iii) disclose any Confidential Information in any manner to any other person or entity unless previously authorized in writing by Company’s Chief Executive Officer or the current Senior Vice President and General Counsel. The restrictions set forth in this paragraph will not apply to disclosures made in compliance with the Defend Trade Secrets Act of 2016 (“the DTSA”) 18 U.S.C. § 1833(b). The DTSA provides in relevant part:

An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that-(A) is made-(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Retiree acknowledges that nothing in this Agreement is intended to, or does, preclude Retiree from (i) contacting, filing a charge or complaint with, providing information to, or cooperating with an investigation being conducted by, a governmental or regulatory agency or body (such as the Equal Employment Opportunity Commission, the U.S. Department of Labor, the National Labor Relations Board, the Securities and Exchange Commission, or another other regulatory or fair employment practices agency), regarding a possible or alleged violation of law, in each instance without prior notice to or authorization from the Company or its affiliates; (ii) assisting another in taking any of the actions in clause (i); (iii) making statements or disclosures regarding any sexual assault or sexual harassment dispute in compliance with the Speak Out Act; (iv) responding truthfully to inquiries by governmental or regulatory agencies or bodies; (v) giving truthful testimony or making statements under oath in response to valid legal process (such as a subpoena) in any legal or regulatory proceeding; or (vi) engaging in any other legally protected or concerted activities. Retiree further acknowledges that nothing in this Agreement conflicts with the DTSA or creates liability for disclosures allowed under the DTSA, and Retiree’s nondisclosure obligations survive the ending of Retiree’s employment with Company.

- a. **Return of Confidential Information.** Retiree acknowledges that Retiree will return to Company all of its or any of the other Company Parties’ Confidential Information in any form or medium on or before the Effective Date. Retiree further agrees to deliver promptly to Company any such additional Confidential Information that Retiree may discover in Retiree’s possession. Retiree likewise agrees not to directly or indirectly keep or deliver to anyone else any Confidential Information (including any copies of Confidential Information) or any devices storing Confidential Information.

1. **Restrictive Covenants.**

- a. **Acknowledgments.** Retiree acknowledges that (i) this Agreement entitles Retiree to receive Vesting Benefits designed to increase Retiree’s ownership interest in

Company and protect Company's goodwill, (ii) a reasonable prohibition against Retiree's soliciting Company's employees (the "Restricted Activities") is appropriate for the protection of Company's Confidential Information and Interests, (iii) Retiree's covenants regarding the Restricted Activities are ancillary to the otherwise enforceable agreements by Company and Retiree under paragraph 9 and Company's agreement to provide Retiree with the Vesting Benefits, and are supported by independent, valuable consideration, (iv) the restraints in the covenants regarding the Restricted Activities are reasonable and do not include any greater restraint than is reasonably necessary to protect Company's Confidential Information and Interests, and (v) Company may waive the Restricted Activities, in whole or in part, in writing at any time.

- a. **Nonsolicitation of Company Employees.** Retiree agrees that, without the prior written consent of Company's Chief Executive Officer or Senior Vice President and General Counsel, Retiree will not directly or indirectly for Retiree's own account or for the benefit of any other person, hire, attempt to hire, employ, solicit for employment, or recruit any person whom Company employed within six months immediately preceding the Retirement Date and with whom Retiree had contact relating to the Business or about whom Retiree had access to Confidential Information, or entice, persuade, encourage, induce, advise, or recommend to any such person that he or she terminate or abandon his or her employment with Company.
 - b. **Enforcement; Remedies.** If Retiree breaches or threatens to breach Retiree's covenants with respect to the Restricted Activities, Company will be entitled to equitable relief (without the need to post a bond or prove actual damages) by temporary restraining order, temporary injunction, or permanent injunction or otherwise, in addition to all other legal and equitable relief to which it may be entitled, including any and all monetary damages that Company may incur as a result of such breach, violation, or threatened breach or violation. Retiree irrevocably waives any right to challenge the validity or enforceability of such obligations or covenants. In the event a court deems any provisions of this Agreement to exceed the limits permitted by any applicable law, such provisions will be, and are, reformed to the maximum limitations permitted by applicable law.
2. **Jury Waiver.** Retiree irrevocably waives the right to trial by jury with respect to any claim or cause of action against Company or any of the other Company Parties arising from Retiree's employment with or retirement from Company or from this Agreement (either for alleged breach or enforcement).
 3. **Voluntary Agreement.** Retiree acknowledges that (i) Retiree has read this Agreement, (ii) by this paragraph, Company specifically has advised Retiree to consult an attorney and Retiree has had the opportunity to consult an attorney, (iii) Retiree received this Agreement on or before July 3, 2024 and has been offered at least 21 days to consider and fully understand the meaning and effect of Retiree's action in signing this Agreement, (iv) Retiree's signing of this Agreement is knowing, voluntary, and based solely on Retiree's own judgment in consultation with Retiree's attorney, if any, and (v) Retiree is not relying on any written or oral statement or promise other than as set out in this Agreement.
 4. **Miscellaneous.** This Agreement contains and constitutes the entire understanding and agreement between Company and Retiree with respect to its subject matter and may not be released, discharged, abandoned, supplemented, changed, or modified in any manner except by a writing of concurrent or subsequent date signed by both an authorized Company official and Retiree. Retiree agrees that neither the Company nor any of the Company Parties have made any promise or representation to him concerning this Agreement not expressed in this Agreement, and that, in signing this Agreement, he is not relying on any prior oral or written statement or representation by the Company or any of the Company Parties outside of this Agreement but is instead relying solely on his own judgment and his attorney (if any). This Agreement is governed by and construed in accordance with the laws of the State of Texas

without regard to its rules regarding conflict of laws. Exclusive venue for purposes of any dispute, controversy, claim, or cause of action between the Parties concerning, arising out of, or related to this Agreement or Retiree's employment with or retirement from Company is in any state or federal court of competent jurisdiction presiding over Dallas County, Texas. Nothing in this Agreement, however, precludes Company or Retiree from seeking to remove a civil action from any state court to federal court. Retiree further consents to receive service of process related to any such action by any method permitted by statute or rule and-whether or not expressly authorized by statute or rule-through any email or social-media account established, maintained, or used by Retiree.

[Signature Page Follows]

AGREED:

/s/ Jason E. Doughty /s/ Andrew G. Inglis

Jason E. Doughty Kosmos Energy, LLC

Name: Andrew G. Inglis

Date: 5 July 2024 Date: 3 July 2024

EXHIBIT A
RENEWAL AND RATIFICATION OF RELEASE

IMPORTANT NOTICE: The Retiree should sign this Ratification only between the Retirement Date and seven days following the Retirement Date. The Retiree should not sign this Ratification before the Retirement Date. Upon signing, the Retiree should immediately return a signed copy of this Ratification to the Company.

1. The Retiree previously entered into an Exit Agreement with the Company (the “Exit Agreement”) which is incorporated herein by reference. Capitalized terms not defined in this Ratification shall have the same definitions as assigned in the Exit Agreement.

2. Paragraph 5 of the Exit Agreement contains a General Release by the Retiree. In exchange for the Post-Retirement Benefits offered to the Retiree under paragraph 4 of the Exit Agreement and the other promises and undertakings of the Company in the Exit Agreement, the Retiree hereby agrees that paragraph 5 of the Exit Agreement is hereby modified and amended to read in its entirety as follows:

Claims Included. In exchange for the Post-Retirement Benefit, Retiree releases, acquits, and forever discharges (i) Company, (ii) any parent, subsidiary, or affiliated entity of Company, (iii) any current or former officer, stockholder, member, director, partner, agent, manager, employee, representative, insurer, or attorney of the entities described in (i) or (ii), (iv) any employee benefit plan sponsored or administered by any person or entity described in (i), (ii), or (iii), and (v) any successor or assign of any person or entity described in (i), (ii), (iii), or (iv) (collectively, the “Company Parties”) from, and waive to the maximum extent permitted by applicable law, any and all claims, liabilities, demands, and causes of action of whatever character, whether known or unknown, fixed or contingent, or vicarious, derivative, or direct, that Retiree may have or claim against Company or any of the other Company Parties. Retiree understands that this general release includes, but is not limited to, any and all claims arising under federal, state, or local laws prohibiting employment discrimination, including the Age Discrimination in Employment Act, or other claims growing out of, resulting from, or connected in any way with Retiree’s employment with or retirement from Company, including any right or claim to compensation, payment, or other benefit under Company’s September 1, 2011 offer-of-employment letter to Retiree. Retiree understands this release also includes without limitation the waiver and release of any claim the Retiree may have on the date the Ratification is signed by him and delivered by him to the Company. Retiree understands that this Agreement does not waive any rights or claims against Company or any of the other Company Parties that may arise after the date on which Retiree signs it. Retiree further understands that nothing in this Agreement waives (i) any benefits to which Retiree has a vested entitlement under the terms of the applicable employee benefit plans established by Company, or (ii) any right or claim to indemnification or defense of any claims for acts taken by Retiree during Retiree’s employment with Company on the same terms as indemnification is made available by Company to other executive employees, officers, or directors, whether through Company’s bylaws, directors and officers liability insurance, or otherwise.

In addition, the Retiree ratifies his acceptance of General Release under paragraph 5 of the Exit Agreement, as so modified and amended, and acknowledges he is hereby advised of his right to consult with an attorney of his choice before signing this Ratification.

3. This Ratification shall become effective and enforceable upon the eighth day after the Retiree signs and returns it to the Company (the "Effective Date"). At any time before the Effective Date, the Retiree may revoke his acceptance of this Ratification by notifying the Company of his revocation in writing.

4. If the Retiree does not sign this Ratification, or if he timely revokes his acceptance of this Ratification, he shall not be entitled to receive the Post-Retirement Benefits but all other provisions of the Exit Agreement shall remain in full force and effect. If the Retiree signs and does not timely revoke his acceptance of this Ratification, the Retirement Benefits shall be provided to him in accordance with the Exit Agreement's terms.

5. The Retiree fully understands the meaning and effect of his action in signing this Ratification, and his signing of this Ratification is knowing and voluntary. This Ratification does not waive any rights or Claims under the ADEA that may arise after the date it is signed by him.

AGREED on the date shown below:

/s/ Jason E. Doughty

Jason E. Doughty

5 July 2024

Date Signed

EXHIBIT B

Type of Eligible Award	Grant Date	Vesting Date	Number of Shares
Service Award	31-Jan-22	31-Jan-25	30,690
Performance Award	31-Jan-22	31-Jan-25	186,930*
Service Award	31-Jan-23	31-Jan-25	23,730
Service Award	31-Jan-23	31-Jan-26	23,730
Performance Award	31-Jan-23	31-Jan-26	144,537*

* For PSUs, the figure reflects the target number of shares underlying the award. The actual number of shares that will vest will be determined based on achievement of the applicable performance goals and will range between 0% and 200% of the target number of shares underlying each PSU award.

Certification of Chief Executive Officer

I, Andrew G. Inglis, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: November 4, 2024

/s/ ANDREW G. INGLIS

Andrew G. Inglis

*Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)*

Certification of Chief Financial Officer

I, Neal D. Shah, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: November 4, 2024

/s/ NEAL D. SHAH

Neal D. Shah

*Senior Vice President and Chief Financial Officer
(Principal 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 quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew G. Inglis, Chairman of the Board of Directors 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: November 4, 2024

/s/ ANDREW G. INGLIS

Andrew G. Inglis

Chairman of the Board of Directors 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.

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 accompanying quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neal D. Shah, Senior Vice President and Chief Financial 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: November 4, 2024

/s/ NEAL D. SHAH

Neal D. Shah

Senior Vice President and Chief Financial Officer

(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.