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 March 31, 2012

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

For the transition period from to

Commission file number: 001-35167

Kosmos Energy Ltd.
(Exact name of registrant as specified in its charter)

Bermuda (State or other jurisdiction of incorporation or organization)	**98-0686001** (I.R.S. Employer Identification No.)
Clarendon House **2 Church Street** **Hamilton, Bermuda** (Address of principal executive offices)	**HM 11** (Zip Code)

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

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

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

Class	Outstanding at April 30, 2012
Common Shares, $0.01 par value	390,329,298

KOSMOS ENERGY LTD.

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GLOSSARY AND SELECT ABBREVIATIONS

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

"2D seismic data"	Two-dimensional seismic data, serving as interpretive data that allows a view of a vertical cross-section beneath a prospective area.
"3D seismic data"	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.
"API"	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.
"ASC"	Financial Accounting Standards Board Accounting Standards Codification.
"ASU"	Financial Accounting Standards Board Accounting Standards Update.
"Barrel" or "bbl"	A standard measure of volume for petroleum corresponding to approximately 42 gallons at 60 degrees Fahrenheit.
"Bbbl"	Billion barrels of oil.
"Bboe"	Billion barrels of oil equivalent.
"Bcf"	Billion cubic feet.
"boe"	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.
"boepd"	Barrels of oil equivalent per day.
"bopd"	Barrels of oil per day.
"bwpd"	Barrels of water per day.
"Developed acreage"	The number of acres that are allocated or assignable to productive wells or wells capable of production.
"Development"	The phase in which an oil or natural gas field is brought into production by drilling development wells and installing appropriate production systems.
"Dry hole"	A well that has not encountered a hydrocarbon bearing reservoir expected to produce in commercial quantities.
"E&P"	Exploration and production.
"FASB"	Financial Accounting Standards Board.
"Farm-in"	An agreement whereby an oil company acquires a portion of the working interest in a block from the owner of such interest, usually in return for cash and for taking on a portion of the drilling of one or more specific wells or other performance by the assignee as a condition of the assignment.
"FPSO"	Floating production, storage and offloading vessel.
"Mbbl"	Thousand barrels of oil.
"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.
"Mmcf"	Million cubic feet of natural gas.
"Natural gas liquid" or "NGL"	Components of natural gas that are separated from the gas state in the form of liquids. These include propane, butane, and ethane, among others.
"Petroleum contract"	A contract in which the owner of minerals gives an E&P company temporary and limited rights, including an exclusive option, to explore for, develop, and produce minerals from the lease area.
"Petroleum system"	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 from the area in which it was formed to a reservoir rock where it can accumulate.
"Plan of development" or "PoD"	A written document outlining the steps to be undertaken to develop a field.
"Productive well"	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.

"Prospect(s)"	A potential trap that may contain hydrocarbons and is supported by the necessary amount and quality of geologic and geophysical data to indicate a probability of oil and/or natural gas accumulation ready to be drilled. The five required elements (generation, migration, reservoir, seal and trap) must be present for a prospect to work and if any of them fail neither oil nor natural gas will be present, at least not in commercial volumes.
"Proved reserves"	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).
"Proved developed reserves"	Proved developed reserves are those proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.
"Proved undeveloped reserves"	Proved undeveloped reserves are those proved reserves that are expected to be recovered from future wells and facilities, including future improved recovery projects which are anticipated with a high degree of certainty in reservoirs which have previously shown favorable response to improved recovery projects.
"Shelf margin"	The path created by the change in direction of the shoreline in reaction to the filling of a sedimentary basin.
"Structural trap"	A structural strap is a topographic feature in the earth's subsurface that forms a high point in the rock strata. This facilitates the accumulation of oil and gas in the strata.
"Structural-stratigraphic trap"	A structural-stratigraphic trap is a combination trap with structural and stratigraphic features.
"Stratigraphy"	The study of the composition, relative ages and distribution of layers of sedimentary rock.
"Stratigraphic trap"	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.
"Submarine fan"	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.
"Three-way fault trap"	A structural trap where at least one of the components of closure is formed by offset of rock layers across a fault.
"Trap"	A configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate.
"Undeveloped acreage"	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.

KOSMOS ENERGY LTD.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	March 31, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 745,288	$ 673,092
Restricted cash	23,675	23,747
Receivables:		
Joint interest billings	126,506	199,699
Oil sales	—	109,475
Other	2,700	981
Inventories	40,198	27,101
Prepaid expenses and other	14,126	13,913
Current deferred tax assets	53,785	64,473
Total current assets	1,006,278	1,112,481
Property and equipment:		
Oil and gas properties, net of accumulated depletion of $174,315 and $135,622, respectively	1,381,471	1,367,265
Other property, net of accumulated depreciation of $8,953 and $8,068, respectively	12,350	9,776
Property and equipment - net	1,393,821	1,377,041
Other assets:		
Restricted cash	3,800	3,800
Deferred financing costs and other assets, net of accumulated amortization of $8,776 and $6,582, respectively	54,252	54,847
Long-term deferred tax assets	6,883	3,765
Total assets	$ 2,465,034	$ 2,551,934
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 201,292	$ 278,006
Accrued liabilities	39,556	37,194
Derivatives	24,326	24,407
Total current liabilities	265,174	339,607
Long-term liabilities:		
Long-term debt	1,110,000	1,110,000
Derivatives	7,917	8,427
Asset retirement obligations	21,349	20,670
Deferred tax liability	47,751	47,608
Other long-term liabilities	8,154	4,896
Total long-term liabilities	1,195,171	1,191,601
Shareholders' equity:		
Preference shares, $0.01 par value; 200,000,000 authorized shares; zero issued at March 31, 2012 and December 31, 2011	—	—
Common shares, $0.01 par value; 2,000,000,000 authorized shares; 390,865,673 and 390,530,946 issued at March 31, 2012 and December 31, 2011, respectively	3,908	3,905
Additional paid-in capital	1,650,740	1,629,453
Accumulated deficit	(653,689)	(616,148)
Accumulated other comprehensive income	3,736	3,522
Treasury stock, at cost, 650,937 and 649,818 shares at March 31, 2012 and December 31, 2011, respectively	(6)	(6)
Total shareholders' equity	1,004,689	1,020,726
Total liabilities and shareholders' equity	$ 2,465,034	$ 2,551,934

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Revenues and other income:		
Oil and gas revenue	$ 115,771	$ 92,569
Interest income	746	2,354
Other income	30	487
Total revenues and other income	116,547	95,410
Costs and expenses:		
Oil and gas production	7,326	19,995
Exploration expenses	39,644	8,432
General and administrative	39,323	13,287
Depletion and depreciation	31,649	23,498
Amortization - deferred financing costs	2,194	9,611
Interest expense	13,058	20,258
Derivatives, net	3,860	8,871
Loss on extinguishment of debt	—	59,643
Other expenses, net	748	(23)
Total costs and expenses	137,802	163,572
Loss before income taxes	(21,255)	(68,162)
Income tax expense (benefit)	16,286	(13,511)
Net loss	(37,541)	(54,651)
Accretion to redemption value of convertible preferred units	—	(16,847)
Net loss attributable to common shareholders/unit holders	$ (37,541)	$ (71,498)
Net loss per share attributable to common shareholders:		
Basic	$ (0.10)	N/A
Diluted	$ (0.10)	N/A
Weighted average number of shares used to compute net loss per share:		
Basic	369,227	N/A
Diluted	369,227	N/A

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Net loss	$ (37,541)	$ (54,651)
Other comprehensive income:		
Reclassification adjustments for derivative losses included in net loss	214	1,458
Income tax benefit	—	—
Other comprehensive income	214	1,458
Comprehensive loss	$ (37,327)	$ (53,193)

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Shares		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	Treasury	
	Shares	Amount	Capital	Deficit	Income	Stock	Total
Balance as of December 31, 2011	390,531	$ 3,905	$ 1,629,453	$ (616,148)	$ 3,522	$ (6)	$ 1,020,726
Equity-based compensation	—	—	21,290	—	—	—	21,290
Derivatives, net	—	—	—	—	214	—	214
Restricted stock awards	335	3	(3)	—	—	—	—
Net loss	—	—	—	(37,541)	—	—	(37,541)
Balance as of March 31, 2012	390,866	$ 3,908	$ 1,650,740	$ (653,689)	$ 3,736	$ (6)	$ 1,004,689

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Operating activities		
Net loss	$ (37,541)	$ (54,651)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depletion, depreciation and amortization	33,843	33,109
Deferred income taxes	7,713	(13,657)
Unsuccessful well costs	8,270	3,444
Derivative related activity	(377)	11,256
Equity-based compensation	21,290	436
Loss on extinguishment of debt	—	59,643
Other	3,097	(88)
Changes in assets and liabilities:		
Decrease in receivables	182,519	4,381
(Increase) decrease in inventories	(5,703)	7,420
Increase in prepaid expenses and other	(213)	(746)
Decrease in accounts payable	(72,185)	(55,326)
Increase (decrease) in accrued liabilities	4,190	(5,258)
Net cash provided by (used in) operating activities	144,903	(10,037)
Investing activities		
Oil and gas assets	(68,070)	(115,645)
Other property	(3,110)	(427)
Notes receivable	—	1,726
Restricted cash	72	112,000
Net cash used in investing activities	(71,108)	(2,346)
Financing activities		
Borrowings under long-term debt	—	1,393,000
Payments on long-term debt	—	(1,138,000)
Deferred financing costs	(1,599)	(52,328)
Net cash provided by (used in) financing activities	(1,599)	202,672
Net increase in cash and cash equivalents	72,196	190,289
Cash and cash equivalents at beginning of period	673,092	100,415
Cash and cash equivalents at end of period	$ 745,288	$ 290,704
Supplemental cash flow information		
Cash paid for:		
Interest	$ 10,177	$ 18,527
Income taxes	$ 5,013	$ 375

See accompanying notes.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements
(Unaudited)

1. Organization

Kosmos Energy Ltd. was incorporated pursuant to the laws of Bermuda in January 2011 to become a holding company for Kosmos Energy Holdings. Kosmos Energy Holdings is a privately held Cayman Islands company that was formed March 5, 2004. As a holding company, Kosmos Energy Ltd.'s management operations are conducted through a wholly owned subsidiary, Kosmos Energy, LLC. The terms "Kosmos," the "Company," "we," "us," "our," "ours," and similar terms when used in the present tense or prospectively or for historical periods since May 16, 2011 refer to Kosmos Energy Ltd. and its wholly owned subsidiaries and for historical periods prior to May 16, 2011 refer to Kosmos Energy Holdings and its wholly owned subsidiaries, unless the context indicates otherwise.

We are an independent oil and gas exploration and production company currently focused on frontier and emerging areas in Africa and South America. Our asset portfolio includes existing production, discoveries and exploration prospects offshore Ghana, as well as petroleum contracts offshore Mauritania, Morocco and Suriname and onshore Cameroon. Kosmos Energy Ltd. transitioned from its development stage to operational activities in January 2011. Accordingly, reporting as a development stage company is no longer deemed necessary.

We have one business segment, which is the exploration and production of oil and natural gas.

2. Accounting Policies

General

The interim-period financial information presented in the consolidated financial statements included in this report is unaudited and, in the opinion of management, includes all adjustments of a normal recurring nature necessary to present fairly the consolidated financial position as of March 31, 2012, the consolidated results of operations for the three months ended March 31, 2012 and 2011, and consolidated cash flows for the three months ended March 31, 2012 and 2011. 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. These consolidated financial statements and the accompanying notes should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2011, included in our annual report on Form 10-K.

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

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

Restricted Cash

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

Receivables

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

Inventories

Inventories consisted of $25.5 million and $26.9 million of materials and supplies and $14.7 million and $0.2 million of hydrocarbons as of March 31, 2012 and December 31, 2011, respectively. The Company's materials and supplies inventory primarily consists of casing and wellheads and is stated at the lower of cost, using the weighted average cost method, or market.

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

Exploration and Development Costs

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

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

Depletion, Depreciation and Amortization

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

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

	Years Depreciated
Leasehold improvements	6 to 8
Office furniture, fixtures and computer equipment	3 to 7
Vehicles	5

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

Capitalized Interest

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

Asset Retirement Obligations

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

Variable Interest Entity

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

Our wholly owned subsidiaries, Kosmos Energy Finance and Kosmos Energy Finance International, meet the definition of a VIE. The Company is the primary beneficiary of these VIEs, which are consolidated in these financial statements.

Kosmos Energy Finance did not have any assets or liabilities as of March 31, 2012, and December 31, 2011, and will have no financial statement activity in the future.

Prior to the incorporation of Kosmos Energy Finance International on March 18, 2011, Kosmos Energy Finance International did not have any financial statement activity. Kosmos Energy Finance International's assets and liabilities are shown separately on the face of the consolidated balance sheet as of March 31, 2012, and December 31, 2011, in the following line items: current restricted cash; long-term debt; and current and long-term derivatives liabilities. At March 31, 2012, Kosmos Energy Finance International had $230.1 million in cash and cash equivalents, $53.9 million in deferred financing costs and other assets, $1.3 million in accrued liabilities and $4.7 million in other long-term liabilities. At December 31, 2011, Kosmos Energy Finance International had $231.6 million in cash and cash equivalents, $0.1 million in other receivables, $54.8 million in deferred financing costs and other assets, $1.2 million in accrued liabilities and $3.0 million in other long-term liabilities.

Impairment of Long-lived Assets

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

Derivative Instruments and Hedging Activities

We utilize oil derivative contracts to mitigate our exposure to commodity price risk associated with our anticipated future oil production. These derivative contracts consist of deferred premium puts and compound options (calls on puts). We also use interest rate swap contracts to mitigate our exposure to interest rate fluctuations related to our long-term debt. Our derivative financial instruments are recorded on the balance sheet as either an asset or a liability measured at fair value. We do not apply hedge accounting to our oil derivative contracts. Effective June 1, 2010, we discontinued hedge accounting on our interest rate swap contracts and accordingly the changes in the fair value of the instruments are recognized in earnings in the period the change occurred. See Note 10—Derivative Financial Instruments.

Estimates of Proved Oil and Natural Gas Reserves

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

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

Revenue Recognition

We use the sales method of accounting for oil and gas revenues. Under this method, we recognize revenues on the volumes sold. The volumes sold may be more or less than the volumes to which we are entitled based on our ownership interest in the property. These differences result in a condition known in the industry as a production imbalance.

Stock-based Compensation

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

Income Taxes

The Company accounts for income taxes as required by ASC 740—Income Taxes. Under this method, deferred income taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. On a quarterly basis, management evaluates the need for and adequacy of valuation allowances based on the expected realizability of the deferred tax assets and adjusts the amount of such allowances, if necessary. See Note 15—Income Taxes.

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

Foreign Currency Translation

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

Concentration of Credit Risk

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

3. Acquisition of FPSO

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

On December 29, 2011, Tullow as Unit Operator for and on behalf of the Jubilee Unit partners under the Jubilee UUOA, acquired the FPSO we are using to produce hydrocarbons from the Jubilee Field from MODEC for $754.5 million, or $202.6 million net to Kosmos. At the time of the acquisition of the FPSO, our note receivable under the Advance Payments Agreement was $102.8 million. To fund the purchase, we paid $99.8 million in cash and applied the note receivable due under the Advance Payments Agreement to the purchase. As of December 31, 2011 the remaining balance under the Advance Payments Agreement was zero. The acquisition was recorded as an increase to oil and gas property. Prior to the acquisition of the FPSO, the Jubilee Unit leased the FPSO from MODEC. The lease costs were recorded as oil and gas production costs.

4. Jubilee Field Unitization

The Jubilee Field in Ghana, discovered by the Mahogany-1 well in June 2007, covers an area within both the West Cape Three Points ("WCTP") and Deepwater Tano ("DT") Blocks. Consistent with the Ghanaian Petroleum Law, the WCTP and DT Petroleum Agreements ("PAs") and as required by Ghana's Ministry of Energy, it was agreed the Jubilee Field would be unitized for optimal resource recovery. Kosmos and its partners negotiated a comprehensive unit operating agreement, the Jubilee UUOA, to unitize the Jubilee Field and govern each party's respective rights and duties in the Jubilee Unit. On July 13, 2009, the Ministry of Energy provided its written approval of the Jubilee UUOA. The Jubilee UUOA was executed by all parties and was effective July 16, 2009. The tract participations were 50% for each block. Tullow is the Unit Operator, and Kosmos is the Technical Operator for the development of the Jubilee Field. Pursuant to the terms of the Jubilee UUOA, the tract participations are subject to a process of redetermination. The initial redetermination process was completed on October 14, 2011. Any party to the Jubilee UUOA with more than a 10% Unit Interest (participating interest in the Jubilee Unit) may call for a second redetermination after December 1, 2013. As a result of the initial redetermination process, the tract participation was determined to be 54.36660% for the WCTP Block and 45.63340% for the DT Block. Our Unit Interest was increased from 23.50868% (our percentage after Tullow's acquisition of EO Group Limited ("EO Group") — see Note 5—Joint Interest Billings) to 24.07710%. The consolidated financial statements are based on these re-determined tract participations. As a result of the change in our Unit Interest, we recorded increases in joint interest billings receivables, oil and gas properties, notes receivable, inventories, oil and gas production expenses and general and administrative expenses of $67.6 million, $22.1 million, $2.5 million, $0.4 million, $1.6 million and $0.6 million, respectively, and an increase of $94.4 million in accounts payable as of December 31, 2011. Our capital costs related to the increased Unit Interest is expected to be paid during 2012. Although the Jubilee Field is unitized, Kosmos' working interest in each block outside the boundary of the Jubilee Unit area did not change. Kosmos remains operator of the WCTP Block outside the Jubilee Unit area.

5. Joint Interest Billings

The Company's joint interest billings consist of receivables from partners with interests in common oil and gas properties operated by the Company. Joint interest billings are classified on the face of the consolidated balance sheets as current or long-term receivables based on when collection is expected to occur. As of March 31, 2012 and December 31, 2011, we had $126.5 million and $199.7 million, respectively, included in current joint interest billings receivable. There were no long-term joint interest billings as of March 31, 2012 and December 31, 2011.

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

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

6. Property and Equipment

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

	March 31, 2012	December 31, 2011
	(In thousands)	
Oil and gas properties, net:		
Proved properties	$ 624,367	$ 607,338
Unproved properties	326,839	294,701
Support equipment and facilities	604,580	600,848
Less: accumulated depletion	(174,315)	(135,622)
	$ 1,381,471	$ 1,367,265

We recorded depletion expense of $30.1 million and $22.4 million for the three months ended March 31, 2012 and 2011, respectively. The Company had depletion costs of $8.7 million and nil included in crude oil inventory and other receivables as of March 31, 2012 and December 31, 2011, respectively.

7. Suspended Well Costs

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

The following table reflects the Company's capitalized exploratory well costs on completed wells as of and during the three months ended March 31, 2012. The table excludes $5.7 million in costs that were capitalized and subsequently expensed in the same period.

	March 31, 2012
	(In thousands)
Beginning balance (January 1, 2012)	$ 267,592
Additions to capitalized exploratory well costs pending the determination of proved reserves	39,674
Reclassification due to determination of proved reserves	—
Capitalized exploratory well costs charged to expense	(2,627)
Ending balance (March 31, 2012)	$ 304,639

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

	March 31, 2012	December 31, 2011
	(In thousands, except well counts)	
Exploratory well costs capitalized for a period of one year or less	$ 115,768	$ 132,838
Exploratory well costs capitalized for a period one to three years	188,871	134,754
Ending balance	$ 304,639	$ 267,592
Number of projects with exploratory well costs that have been capitalized for more than one year	6	3

As of March 31, 2012, the projects with exploratory well costs capitalized for more than one year since the completion of drilling are related to the Mahogany Area (formerly known as the Mahogany East Area), Teak-1 and Teak-2 discoveries in the WCTP Block and the Tweneboa, Enyenra and Ntomme discoveries in the DT Block.

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

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

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

Ntomme Discovery—One appraisal well has been drilled. Following additional appraisal and evaluation, a decision regarding commerciality of the Ntomme discovery is expected to be made by the DT Block partners in the third quarter of 2012. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the DT PA.

Tweneboa Discovery—Three appraisal wells have been drilled. Following additional appraisal and evaluation, a decision regarding commerciality of the Tweneboa discovery is expected to be made by the DT Block partners by January 2013. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the DT PA. However, the DT Block partners have the option to request a new petroleum agreement for the Tweneboa discovery area, thereby extending the period of commercial assessment of the discovery.

Enyenra Discovery—Four appraisal wells have been drilled. Following additional appraisal, drilling and evaluation, a decision regarding commerciality of the Enyenra discovery is expected to be made by the DT Block partners in the third quarter of 2012. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the DT PA.

8. Accounts Payable and Accrued Liabilities

At March 31, 2012 and December 31, 2011, $201.3 million and $278.0 million, respectively, were recorded for invoices received but not paid. Accrued liabilities were $39.6 million and $37.2 million at March 31, 2012 and December 31, 2011, respectively, and consisted of the following:

	March 31, 2012	December 31, 2011
	(In thousands)	
Accrued liabilities:		
Accrued exploration, development and production	$ 21,807	$ 27,666
Accrued general and administrative expenses	5,524	2,159
Accrued interest	1,310	1,208
Taxes other than income	2,293	1,095
Income taxes	8,622	5,066
	$ 39,556	$ 37,194

9. Debt

In March 2011, the Company secured a $2.0 billion commercial debt facility (the "Facility") from a number of financial institutions and extinguished the then existing commercial debt facilities. The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities. The total loan commitments of the Facility may be increased up to a maximum of $3.0 billion if the lenders increase their commitments or if loan commitments from new financial institutions are added. The International Finance Corporation entered the Facility in February 2012. The terms and conditions of the Facility remained consistent with the original terms and conditions, and the total commitment under the Facility remained unchanged.

As part of the debt refinancing in March 2011, we recorded a $59.6 million loss on the extinguishment of debt. Additionally, we have $61.3 million of deferred financing costs related to the Facility, which are being amortized over the term of the Facility.

As of March 31, 2012, borrowings under the Facility totaled $1.1 billion and the undrawn availability under the Facility was an additional $128.0 million. See Note 17—Subsequent Events. Interest expense was $10.5 million and $15.6 million (net of capitalized interest of $1.4 million and $1.2 million), and commitment fees were $1.7 million and $2.3 million for the three months ended March 31, 2012 and 2011, respectively.

The interest is the aggregate of the applicable margin (3.25% to 4.75%, depending on the amount of the Facility that is being utilized and the length of time that has passed from the date the Facility was entered into); LIBOR; and mandatory cost (if any, as defined in the Facility). Interest is payable on the last day of each interest period (and, if the interest period is longer than six months, on the dates falling at six-month intervals after the first day of the interest period). Kosmos pays commitment fees on the undrawn and unavailable portion of the total commitments. Commitment fees for the lenders are equal to 40% per annum of the then-applicable respective margin when a commitment is available for utilization and, equal to 20% per annum of the then-applicable respective margin when a commitment is not available for utilization. The Company recognizes interest expense in accordance with ASC 835—Interest, which requires interest expense to be recognized using the effective interest method. We determined the effective interest rate based on the estimated level of borrowings under the Facility. Accordingly, we recognized additional interest expense of $1.8 million and zero during the three months ended March 31, 2012 and 2011, respectively.

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

Kosmos has the right to cancel all the undrawn commitments under the Facility. The amount of funds available to be borrowed under the Facility, also known as the borrowing base amount, is determined each year on June 15 and December 15 as part of a forecast that is prepared by and agreed to by Kosmos and the Technical and Modeling Banks. The formula to calculate the borrowing base amount is based, in part, on the sum of the net present values of net cash flows and relevant capital expenditures reduced by certain percentages. See Note 17—Subsequent Events.

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

We were in compliance with the financial covenants contained in the Facility as of the April 19, 2012, our most recent forecast date, which requires the maintenance of:

- the field life cover ratio, not less than 1.30x; and
- the loan life cover ratio, not less than 1.10x,

in each case, as calculated on the basis of all available information. The "field life cover ratio" is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of net cash flow through the depletion of the Jubilee Field plus the net present value of capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility. The "loan life cover ratio" is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of net cash flow through the final maturity date of the Facility plus the net present value of capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility.

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

	Payments Due by Year					
	2012 (1)	2013	2014	2015	2016	Thereafter
	(In thousands)					
Commercial debt facility(2)	$ —	$ —	$ —	$ 110,000	$ 444,444	$ 555,556

(1) Represents payments for the period April 1, 2012 through December 31, 2012.
(2) The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of March 31, 2012. Any increases or decreases in the level of borrowings or decreases in the available borrowing base would impact the scheduled maturities of debt during the five year period and thereafter.

10. Derivative Financial Instruments

The Company uses 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.

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

Effective June 1, 2010, the Company discontinued hedge accounting on all interest rate derivative instruments. Therefore, the Company recognizes, from that date forward, changes in the fair value of the instruments in earnings during the period of change. The effective portions of the discontinued hedges as of May 31, 2010, are included in accumulated other comprehensive income or loss ("AOCI(L)") in the equity section of the accompanying consolidated balance sheets, and are being transferred to earnings when the hedged transaction is recognized in earnings.

Oil Derivative Contracts

In 2010, we entered into various oil derivative contracts to provide an economic hedge of our exposure to commodity price risk associated with anticipated future oil production. These contracts consist of deferred premium puts and compound options (calls on puts).

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

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

	Bbl/day	Weighted Average Floor Price	Weighted Average Deferred Premium/bbl
Oil derivatives:			
Deferred premium puts			
April 2012 — December 2012	4,655	$ 62.34	$ 7.00
January 2013 — December 2013	2,515	$ 61.73	$ 7.32
Compound options (calls on puts)			
July 2012 — December 2012(1)	5,399	$ 66.48	$ 6.73
January 2013 — June 2013(1)	3,855	$ 66.48	$ 7.10

(1) The calls expire on June 29, 2012, and have a weighted average premium of $4.82/bbl. If the call is not exercised before the expiration date, the right to these puts will expire on such date.

Interest Rate Swaps Derivative Contracts

In 2010, Kosmos entered into derivative instruments in the form of interest rate swaps, which hedge risk related to interest rate fluctuation, whereby it converts the interest due on certain floating rate debt to a weighted average fixed rate. The following table summarizes our open interest rate swaps as of March 31, 2012:

Termination Date	Notional Amount (In thousands)	Fixed Rate	Floating Rate
June 2014	$ 77,500	0.98%	6-month LIBOR
June 2015	$ 75,007	1.34%	6-month LIBOR
June 2016	$ 161,250	2.22%	6-month LIBOR
June 2016	$ 161,250	2.31%	6-month LIBOR

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

The following tables disclose the Company's derivative instruments as of March 31, 2012 and December 31, 2011:

Type of Contract	Balance Sheet Location	Estimated Fair Value Asset (Liability) March 31, 2012	Estimated Fair Value Asset (Liability) December 31, 2011
		(In thousands)	
Derivatives not designated as hedging instruments:			
Derivative asset:			
Commodity	Derivatives assets - current	$ —	$ —
Interest rate	Derivatives assets - current	—	—
Commodity	Derivatives assets - noncurrent	—	—
Interest rate	Derivatives assets - noncurrent	—	—
Derivative liability:			
Commodity	Derivatives liabilities - current	(19,082)	(20,303)
Interest rate	Derivatives liabilities - current	(5,244)	(4,104)
Commodity	Derivatives liabilities - long-term	(4,377)	(4,457)
Interest rate	Derivatives liabilities - long-term	(3,540)	(3,970)
Total derivatives not designated as hedging instruments		$ (32,243)	$ (32,834)

Type of Contract	Location of Gain/(Loss)	Amount of Gain/(Loss) Three Months Ended March 31, 2012	Amount of Gain/(Loss) Three Months Ended March 31, 2011
		(In thousands)	
Derivatives in cash flow hedging relationships:			
Interest rate(1)	Interest expense	$ (214)	$ (1,458)
Total derivatives in cash flow hedging relationships		$ (214)	$ (1,458)
Derivatives not designated as hedging instruments:			
Commodity	Derivatives, net	$ (3,860)	$ (8,871)
Interest rate	Interest expense	(710)	(927)
Total derivatives not designated as hedging instruments		$ (4,570)	$ (9,798)

(1) Amounts were reclassified from AOCI(L) into earnings.

The fair value of the effective portion of the derivative contracts on May 31, 2010, is reflected in AOCI(L) and is being transferred to interest expense over the remaining term of the contracts. In accordance with the mark-to-market method of accounting, the Company recognizes changes in fair values of its derivative contracts as gains or losses in earnings during the period in which they occur. The Company expects to reclassify $0.1 million of losses from AOCI(L) to interest expense within the next 12 months. See Note 11—Fair Value Measurements for additional information regarding the Company's derivative instruments.

11. Fair Value Measurements

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

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- 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 March 31, 2012 and December 31, 2011, for each fair value hierarchy level:

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In thousands)			
March 31, 2012				
Assets:				
Money market accounts	$ 385,866	$ —	$ —	$ 385,866
Liabilities:				
Commodity derivatives	—	(23,459)	—	(23,459)
Interest rate derivatives	—	(8,784)	—	(8,784)
Total	$ 385,866	$ (32,243)	$ —	$ 353,623
December 31, 2011				
Assets:				
Money market accounts (1)	$ 489,761	$ —	$ —	$ 489,761
Liabilities:				
Commodity derivatives	—	(24,760)	—	(24,760)
Interest rate derivatives	—	(8,074)	—	(8,074)
Total	$ 489,761	$ (32,834)	$ —	$ 456,927

(1) As reported in our annual report on Form 10-K, the Level 1 fair value measurements excluded $27.5 million. The table has been revised to properly include this amount.

All fair values have been adjusted for nonperformance risk resulting in a decrease of the commodity derivative liabilities of approximately $0.6 million and a decrease of the interest rate derivatives of approximately of $0.3 million as of March 31, 2012. When the accumulated net present value for all of the derivative contracts with a counterparty is in an asset position, the Company uses the counterparty's credit default swap ("CDS") rates to estimate non-performance risk. When the accumulated net present value for all derivative contracts for a counterparty are in a liability position, we use our internal rate of borrowing to estimate our non-performance risk.

The book values of cash and cash equivalents, restricted cash, joint interest billings, oil sales and other receivables, and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The carrying values of our debt approximates fair value since they are subject to short-term floating interest rates that approximate the rates available to the Company for those periods. The Company's long-term receivables after any allowances for doubtful accounts approximate fair value.

Commodity Derivatives

The Company's commodity derivatives represent crude oil deferred premium puts and compound options for notional barrels of oil at fixed Dated Brent oil prices. The values attributable to the Company's oil derivatives are based on (i) the contracted notional volumes, (ii) independent active futures price quotes for Dated Brent, (iii) a credit-adjusted yield curve applicable to each counterparty by reference to the CDS market and (iv) an independently sourced estimate of volatility for Dated Brent. The volatility estimate was provided by certain independent brokers who are active in buying and selling oil options and was corroborated by market-quoted volatility factors. The deferred premium is included in the fair market value of the puts and compound options. The Company's commodity derivative liability measurements represent Level 2 inputs in the hierarchy priority. See Note 10—Derivative Financial Instruments for additional information regarding the Company's derivative instruments.

Interest Rate Derivatives

As of March 31, 2012 the Company had interest rate swaps with notional amounts of $475.0 million, whereby the Company pays a fixed rate of interest and the counterparty pays a variable LIBOR-based rate. The values attributable to the Company's interest

rate derivative contracts are based on (i) the contracted notional amounts, (ii) LIBOR yield curves provided by independent third parties and corroborated with forward active market-quoted LIBOR yield curves and (iii) a credit-adjusted yield curve as applicable to each counterparty by reference to the CDS market. The Company's interest rate derivative asset and liability measurements represent Level 2 inputs in the hierarchy priority.

12. Asset Retirement Obligations

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

	March 31, 2012 (In thousands)
Asset retirement obligations:	
Beginning asset retirement obligations	$ 20,670
Liabilities incurred during period	—
Revisions in estimated retirement obligations	—
Liabilities settled during period	—
Accretion expense	679
Ending asset retirement obligations	$ 21,349

The Ghanaian legal and regulatory regime regarding oil field abandonment and other environmental matters is evolving. Currently, no Ghanaian environmental regulations expressly require that companies abandon or remove offshore assets although under international industry standards we would do so. The Petroleum Law provides for restoration that includes removal of property and abandonment of wells, but further states the manner of such removal and abandonment will be as provided in the Regulations; however, such Regulations have not been promulgated. Under the Environmental Permit for the Jubilee Field, a decommissioning plan will be prepared and submitted to the Ghana Environmental Protection Agency. ASC 410—Asset Retirement and Environmental Obligations requires the Company to recognize this liability in the period in which the liability was incurred. We have recorded an asset retirement obligation for fields that have commenced production, including wells in progress in such fields. Additional asset retirement obligations will be recorded in the period in which wells within such producing fields are commissioned.

13. Convertible Preferred Units

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

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

We recorded accretion on the Convertible Preferred Units of zero and $16.8 million for the three months ended March 31, 2012 and 2011, respectively.

14. Equity-based Compensation

Profit Units

Prior to our corporate reorganization, Kosmos Energy Holdings issued common units designated as profit units with a threshold value of $0.85 to $90 to employees, management and directors. Profit units, the defined term in the related agreements, are equity awards that are measured on the grant date and expensed over a vesting period of four years. Founding management and directors vested 20% as of the date of issuance and an additional 20% on the anniversary date for each of the next four years. Profit units issued to employees vested 50% on the second and fourth anniversary of the issuance date. Of the 100 million authorized common units, 15.7 million were designated as profit units.

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

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

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

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

Total profit unit compensation expense recognized in income was zero and $0.4 million for the three months ended March 31, 2012 and 2011, respectively.

The significant assumptions used to calculate the fair values of the profit units granted during 2011, as calculated using a binomial tree, were as follows: no dividend yield, expected volatility ranging from approximately 25% to 66%; risk-free interest rate ranging from 1.3% to 5.1%; expected life ranging from 1.2 to 8.1 years; and projected turnover rate of 7.0% for employees and none for management.

Restricted Stock Awards

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

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

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

	Shares
	(In thousands)
Approved and authorized awards(1)	24,503
Awards issued after May 16, 2011(1)	(15,171)
Awards forfeited(1)	1
Awards available for future grant	9,333

(1) Excludes 10.0 million restricted stock awards that were exchanged for unvested profit units and any related forfeitures of such awards. Also, excludes forfeited restricted stock awards issued in connection with our initial public offering, which include the May 18, 2011 and June 15, 2011 award tranches, as these awards are not available for future grant.

The Company records compensation expense equal to the fair value of share-based payments over the vesting periods of the LTIP awards. The Company recorded compensation expense from our restricted stock awards of $21.3 million and zero during the three months ended March 31, 2012 and 2011, respectively. The following table reflects the outstanding restricted stock awards as of March 31, 2012:

	Restricted Shares	Weighted-Average Grant-Date Fair Value
	(In thousands)	
Outstanding at December 31, 2011	20,718	$ 13.33
Granted	335	11.52
Forfeited	(1)	16.73
Vested	(101)	0.95
Outstanding at March 31, 2012	20,951	13.36

Subsequent to May 16, 2011, the Company granted restricted stock awards with service vesting criteria and awards with a combination of market and service vesting criteria under the LTIP. For stock-based compensation equity awards, compensation expense is recognized in the Company's financial statements over the awards' vesting periods based on their grant date fair value. The Company utilizes (i) the closing stock price on the date of grant to determine the fair value of service vesting restricted stock awards and (ii) a Monte Carlo simulation to determine the fair value of restricted stock awards with a combination of market and service vesting criteria.

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

15. Income Taxes

The income tax provision (benefit) was $16.3 million and $(13.5) million for the three months ended March 31, 2012 and 2011, respectively. The income tax provision consists of U.S. and Ghanaian income and Texas margin taxes.

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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
	(In thousands)	
Bermuda	$ (3,168)	$ —
United States	3,312	398
Foreign—other	(21,399)	(68,560)
Loss before income taxes	$ (21,255)	$ (68,162)

Our effective tax rate for the three months ended March 31, 2012 and 2011 was (77%) and 20%, respectively. The effective tax rate for the United States and Ghana is approximately 37% and 35%, respectively, for all periods presented, while the effective tax rate for our other foreign jurisdictions is 0%. Our other foreign jurisdictions have a 0% effective tax rate because they reside in countries with a 0% statutory rate, or they have a full valuation allowance reserved against their ending net related deferred tax asset.

The Company has no material unrecognized income tax benefits.

A subsidiary of the Company files a U.S. federal income tax return and a Texas margin tax return. In addition to the United States, the Company files income tax returns in the countries in which we operate. The Company is open to U.S. federal income tax examinations for tax years 2008 through 2011 and to Texas margin tax examinations for the tax years 2007 through 2011. In addition, the Company is open to income tax examinations for tax years as early as 2005 in its significant foreign jurisdictions (Ghana, Cameroon and Morocco).

The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense if they are considered probable, but has had no need to accrue any to date.

16. Net Income (Loss) Per Share

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

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

The following table is a reconciliation of the Company's net income (loss) attributable to common shareholders to basic attributable to common shareholders and to diluted and net income (loss) attributable to common shareholders and a reconciliation of basic weighted average common shares outstanding to diluted weighted average common shares outstanding for the three months ended March 31, 2012:

	Three Months Ended March 31,	
	2012	2011(3)
	(In thousands, except per share data)	
Numerator:		
Net income (loss) attributable to common shareholders	$ (37,541)	$ N/A
Less: Basic income allocable to participating securities(1)	—	N/A
Basic net income (loss) attributable to common shareholders	(37,541)	N/A
Diluted adjustments to income allocable to participating securities(1)	—	N/A
Diluted net income (loss) attributable to common shareholders	$ (37,541)	N/A
Denominator:		
Weighted average number of shares used to compute net income (loss) per share:		
Basic	369,227	N/A
Restricted stock awards(1)(2)	—	N/A
Diluted	369,227	N/A
Net income (loss) per share attributable to common shareholders:		
Basic	$ (0.10)	N/A
Diluted	$ (0.10)	N/A

(1) Our service vesting restricted stock awards represent participating securities because they participate in nonforfeitable dividends with common equity owners. Income allocable to participating securities represents the distributed and undistributed earnings attributable to the participating securities. Our restricted stock awards with market and service vesting criteria are not considered to be participating securities and, therefore, are excluded from the basic net income (loss) per common share calculation. Restricted stock awards do not participate in undistributed net losses.

(2) Due to our basic net loss attributable to common shareholders for the three months ended March 31, 2012, we excluded 21.0 million outstanding restricted stock awards from the computations of diluted net loss per share because the effect would have been anti-dilutive.

(3) As of March 31, 2011, our corporate reorganization had not yet taken effect; therefore, we had no outstanding common shares and did not compute earnings per share for the three months ended March 31, 2011.

17. Subsequent Events

Termination of acquisition of Sabre's 4.05% DT participating interest

In February 2012, we exercised a right under the existing joint operating agreement to acquire the 4.05% participating interest of Sabre Oil and Gas Limited ("Sabre") in the DT Block. In May 2012, Kosmos and Sabre reached a mutual agreement to terminate this acquisition.

Debt

In April 2012, the lenders agreed to change the borrowing base determination dates to April 15 and October 15. As part of the borrowing base determination process, the undrawn availability under the Facility was reduced by $78.0 million.

Exploration Expenses

Drilling of the Teak-4A appraisal well was completed in May 2012. The well encountered non-commercial reservoirs and accordingly will be plugged and abandoned. Total well related costs incurred from inception through March 31, 2012 of $5.7 million are included in exploration expenses in the accompanying consolidated statement of operations. As of the date of the consolidated financial statements, we estimate we will incur an additional $9.1 million of related well costs, which will be expensed.

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, 2011, 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 information that involves 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 an independent oil and gas exploration and production company currently focused on frontier and emerging areas in Africa and South America. Our asset portfolio includes existing production, major discoveries and exploration prospects offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Mauritania, Morocco and Suriname and onshore Cameroon.

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

Kosmos Energy Ltd. transitioned from its development stage to operational activities in January 2011. Accordingly, reporting as a development stage company is no longer deemed necessary.

Recent Highlights

Ghana — Jubilee Field

During the first quarter of 2012, we had one lifting of oil totaling 931 Mbbls from our Jubilee Field production resulting in revenues of $115.8 million. Our average realized price per barrel was $124.30.

A total of 17 development wells have been drilled during Jubilee Field Phase 1 development. The Jubilee Field Phase 1A PoD was approved by the Ministry of Energy and GNPC in January 2012. The Phase 1A PoD includes eight additional wells to be drilled beginning in 2012, including five production wells and three water injection wells. To date, we have spud three of these wells.

Ghana — exploration and appraisal activity

In January 2012, the Ntomme-2A appraisal well confirmed a downdip extension of the Ntomme Field on the DT Block. The well encountered high-quality stacked reservoir sandstones. The well confirmed the majority of the resources in the discovery to be oil. Fluid samples recovered from the wells indicate an oil gravity of approximately 35 degrees API.

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

The Wawa-1 exploration well in the DT Block was spud in April 2012. This well is expected to reach its target depth in the second quarter of 2012.

The WCTP PA, which governs our activities related to the WCTP Block, has a duration of 30 years from its effective date (July 2004); however, in July 2011, at the end of the seven-year exploration phase, parts of the WCTP Block on which we had not declared a discovery area, were not in a development and production area or were not in the Jubilee Unit were subject to relinquishment ("WCTP Relinquishment Area"). Our existing discoveries within the WCTP Block have not been relinquished, as the WCTP PA remains in effect after the end of the exploration phase and these are Akasa, Banda, Mahogany and Teak. In addition, we have disputed the relinquishment of the area around the Cedrela prospect. In July 2011, immediately prior to Kosmos receiving the drilling rig from another operator, damage to the rig incurred during preparations to move the rig to the WCTP Block rendered the rig incapable of drilling the Cedrela-1 exploration well prior to the end of the WCTP exploration period on July 21, 2011. As a result of this unforeseen delay in the drilling of the Cedrela-1 exploration well, the Company, as Operator for the WCTP PA Block partners, delivered a Notice of Force Majeure. The Ministry of Energy and GNPC did not agree this event was Force Majeure. On August 24, 2011, we as Operator of the WCTP Block and on behalf of the WCTP PA Block partners, delivered a Notice of Dispute to the Ministry of Energy and GNPC as provided under the WCTP PA, which is the initial step in triggering the formal dispute resolution process under the WCTP PA with the Government of Ghana regarding our rights to drill the Cedrela-1 exploration well. This Notice of Dispute establishes a process for negotiation and consultation for a period of 30 days (or longer if mutually agreed) among senior representatives from the Ministry of

Energy, GNPC and the WCTP Block partners to resolve the matter. The issue continues to be discussed in an effort to reach a mutually agreed upon resolution among the parties.

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

In February 2012, we exercised a right under the existing joint operating agreement to acquire the 4.05% participating interest of Sabre in the DT Block. In May 2012, Komos and Sabre reached a mutual agreement to terminate this acquisition.

Drilling of the Teak-4A appraisal well was completed in May 2012. The well encountered non-commercial reservoirs and accordingly will be plugged and abandoned. Total well related costs incurred from inception through March 31, 2012 of $5.7 million are included in exploration expenses in the accompanying consolidated statement of operations. As of the date of the consolidated financial statements, we estimate we will incur an additional $9.1 million of related well costs, which will be expensed.

Mauritania

In April 2012, we completed negotiations with Mauritania's Ministry of Petroleum, Energy and Mines and executed separate petroleum contracts covering Blocks C8, C12 and C13 offshore Mauritania. Kosmos is the operator and has a 90% participating interest in each of these blocks. The Government of Mauritania has a 10% carried interest during the exploration period and the option to participate in any discovery on these blocks, and if it elects to exercise such option its participation interest would be between 10% and 14%. The first phase of the exploration period of the petroleum contract covering each of Blocks C8, C12 and C13 is four years in duration. These contracts will not be effective unless and until they are officially gazetted by the Government of Mauritania as required by Mauritanian law, and we do not yet have a scheduled effective date. See, ''Part II. Item 1A. Risk Factors—We will not be able to commence exploration, development and production operations offshore Mauritania unless and until the Government of Mauritania approves our petroleum contracts governing Blocks C8, C12 and C13 offshore Mauritania" of this quarterly report on Form 10-Q.

Our blocks in Mauritania cover 6.7 million acres (27,200 square kilometers) and are located within the western margin of the proven Mauritanian salt basin, on the Atlantic passive margin. The source rock in the basin is the same age and type as the source rock generated by the petroleum system in the Jubilee Field. Additionally, we believe the play model in the basin is similar to the play model found in the Jubilee Field. A petroleum system in Mauritania has been proven by the presence of offshore producing fields in adjacent blocks to those we hold.

We have an estimated $10.2 million in work commitments to perform exploration activities on our petroleum contracts in Mauritania. We plan to acquire seismic data in our blocks offshore Mauritania in 2013 to further define prospectivity on the blocks.

Morocco

In March 2012, we completed a 4,940 square kilometer 3D seismic acquisition program which covered the Essaouira Offshore Block and the Foum Assaka Block, both in the Agadir Basin offshore Morocco.

Cameroon

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

Results of Operations

Certain operating results and statistics for the comparative first quarter of 2012 and 2011 are included in the following table:

	Three Months Ended March 31,			
	2012		2011	
	(In thousands, except per barrel data)			
Sales volumes:				
Mbbls		931		989
Revenues:				
Oil sales	$	115,771	$	92,569
Average sales price per bbl		124.30		93.56
Costs:				
Oil production	$	7,326	$	19,995
Depletion		30,055		22,385
Average oil production cost per bbl	$	7.87	$	20.21
Average depletion cost per bbl		32.27		22.62
Average oil production cost and depletion per bbl	$	40.14	$	42.83

The following table shows the number of wells in the process of drilling or in active completion stages, and the number of wells suspended or awaiting completion as of March 31, 2012:

	Wells in the Process of Drilling or in Active Completion				Wells Suspended or Awaiting Completion			
	Exploration		Development		Exploration		Development	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Ghana								
West Cape Three Points	—	—	—	—	8	2.47	—	—
Deepwater Tano	—	—	—	—	10	1.80	—	—
Jubilee Unit	—	—	1	0.24	—	—	—	—

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 March 31, 2012 compared to three months ended March 31, 2011

	Three Months Ended March 31,				Increase (Decrease)	
	2012		2011			
			(In thousands)			
Revenues and other income:						
Oil and gas revenue	$	115,771	$	92,569	$	23,202
Interest income		746		2,354		(1,608)
Other income		30		487		(457)
Total revenues and other income		116,547		95,410		21,137
Costs and expenses:						
Oil and gas production		7,326		19,995		(12,669)
Exploration expenses		39,644		8,432		31,212
General and administrative		39,323		13,287		26,036
Depletion and depreciation		31,649		23,498		8,151
Amortization—deferred financing costs		2,194		9,611		(7,417)
Interest expense		13,058		20,258		(7,200)
Derivatives, net		3,860		8,871		(5,011)
Loss on extinguishment of debt		—		59,643		(59,643)
Other expenses, net		748		(23)		771
Total costs and expenses		137,802		163,572		(25,770)
Loss before income taxes		(21,255)		(68,162)		46,907
Income tax expense (benefit)		16,286		(13,511)		29,797
Net loss	$	(37,541)	$	(54,651)	$	17,110

Oil and gas revenue. Oil and gas revenue increased $23.2 million during the three months ended March 31, 2012, as compared with the three months ended March 31, 2011 primarily due to a higher average realized price per barrel during the three months ended March 31, 2012.

Oil and gas production. Oil and gas production costs decreased $12.7 million during the three months ended March 31, 2012, as compared with the three months ended March 31, 2011 primarily due to the purchase of the FPSO in December 2011. During the three months ended March 31, 2012, the FPSO costs are being capitalized and expensed as depletion. Prior to the acquisition of the FPSO, we leased the FPSO from a third party and the lease costs were included in oil and gas production costs.

Exploration expenses. Exploration expenses increased $31.2 million during the three months ended March 31, 2012, as compared with the three months ended March 31, 2011 primarily due to increases in seismic costs and unsuccessful well costs of $24.1 million and $4.8 million, respectively. The increase in seismic costs is primarily related to a seismic acquisition program completed offshore Morocco.

General and administrative. General and administrative costs increased $26.0 million during the three months ended March 31, 2012, as compared with the three months ended March 31, 2011, primarily due to increases in non-cash expenses for equity-based compensation and an increase in staffing, partially offset by decreases in professional fees and expenses. Total non-cash general and administrative costs were $21.3 million and $0.4 million for the three months ended March 31, 2012 and 2011, respectively.

Depletion and depreciation. Depletion and depreciation increased $8.2 million during the three months ended March 31, 2012, as compared with the three months ended March 31, 2011, primarily due to an increase in the costs basis of our oil and gas properties related to the purchase of the FPSO and an increase in the number of completed wells.

Amortization—deferred financing costs and Loss on extinguishment of debt. In March 2011, we refinanced our existing commercial debt facilities. As part of the transaction, we incurred $52.3 million of deferred financing costs, in addition to existing unamortized deferred financing costs of $68.6 million. As a result of the transaction, we recorded a $59.6 million loss on the extinguishment of debt. The remaining costs were capitalized and are being amortized over the term of the $2.0 billion commercial debt facility (the “Facility”) entered into in March 2011. The related amortization of deferred financing costs decreased by $7.4 million during the three months ended March 31, 2012, as compared to the three months ended March 31, 2011, due to the decrease in capitalized deferred financing costs and the longer term associated with the Facility.

Interest expense. Interest expense decreased $7.2 million during the three months ended March 31, 2012, as compared with the three months ended March 31, 2011, primarily due to a lower weighted average interest rate on the Facility for the three months ended March 31, 2012.

Derivatives, net. Derivatives, net decreased $5.0 million during the three months ended March 31, 2012, as compared with March 31, 2011 due to the change in fair value of the commodity derivative instruments.

Income tax expense (benefit). Income tax expense was $16.3 million during the three months ended March 31, 2012, as compared to an income tax benefit of $13.5 million for the three months ended March 31, 2011. During the three months ended March 31, 2012, we had net income from our Ghanaian subsidiary that generated an income tax expense. During the three months ended March 31, 2011, we had a net loss that generated an income tax benefit.

Liquidity and Capital Resources

We are actively engaged in an ongoing process to anticipate and meet our funding requirements related to exploring for and developing oil and natural gas resources in Africa and South America. We have historically secured funding from equity commitments and commercial debt facilities to meet our ongoing liquidity requirements. In addition, we received our first oil revenues in January 2011 from Jubilee Field production and the cash flows generated from our operating activities may provide an additional source of future funding. Additionally, existing cash on hand will be utilized as a source to fund our operating and investing activities.

Significant Sources of Capital

In March 2011, the Company secured a $2.0 billion Facility from a number of financial institutions and extinguished the then existing commercial debt facilities. The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities. The total loan commitments of the Facility may be increased up to a maximum of $3.0 billion if the lenders increase their commitments or if loan commitments from new financial institutions are added. In all cases, however, the availability under the Facility is limited by borrowing base capacity, which is redetermined semi-annually. The International Finance Corporation entered the Facility in February 2012. The terms and conditions of the Facility remained consistent with the original terms and conditions, and the total commitment under the Facility remained unchanged.

As of March 31, 2012, borrowings under the Facility totaled $1.1 billion. As of March 31, 2012, the undrawn availability under the Facility was an additional $128.0 million. In April 2012, the undrawn availability under the Facility was reduced by $78.0 million.

The interest is the aggregate of the applicable margin (3.25% to 4.75%, depending on the amount of the Facility that is being utilized and the length of time that has passed from the date the Facility was entered into); LIBOR; and mandatory cost (if any, as defined in the Facility). Interest is payable on the last day of each interest period (and, if the interest period is longer than six months, on the dates falling at six-month intervals after the first day of the interest period). Kosmos pays commitment fees on the undrawn and unavailable portion of the total commitments. Commitment fees for the lenders are equal to 40% per annum of the then-applicable respective margin when a commitment is available for utilization and, equal to 20% per annum of the then-applicable respective margin when a commitment is not available for utilization. The Company recognizes interest expense in accordance with ASC 835—Interest, which requires interest expense to be recognized using the effective interest method. We determined the effective interest rate based on the estimated level of borrowings under the Facility. Accordingly, we recognized additional interest expense of $1.8 million and nil during the three months ended March 31, 2012 and 2011, respectively.

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

Kosmos has the right to cancel all the undrawn commitments under the Facility. The amount of funds available to be borrowed under the Facility, also known as the borrowing base amount, is determined each year on June 15 and December 15 as part of a forecast that is prepared by and agreed to by Kosmos and the Technical and Modeling Banks. In April 2012, the lenders agreed to change the borrowing base determination dates to April 15 and October 15. The formula to calculate the borrowing base amount is based, in part, on the sum of the net present values of net cash flows generated from our Ghana operations and relevant capital expenditures expected exploration, appraisal and development activities in Ghana, reduced by certain percentages.

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

We were in compliance with the financial covenants contained in the Facility as of April 19, 2012, our most recent forecast date, which requires the maintenance of:

- the field life cover ratio, not less than 1.30x; and
- the loan life cover ratio, not less than 1.10x,

in each case, as calculated on the basis of all available information. The “field life cover ratio” is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of net cash flow through the depletion of the Jubilee Field plus the net present value of capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility. The “loan life cover ratio” is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of net cash flow through the final maturity date of the Facility plus the net present value of capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility.

Capital Expenditures and Investments

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

- complete our 2012 exploration and appraisal drilling program in our license areas;
- develop our discoveries that we determine to be commercially viable;
- purchase and analyze seismic and other geological and geophysical data to identify future prospects; and
- invest in additional oil and natural gas leases and licenses and potentially make additional acquisitions.

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 working interests in our prospects, the costs involved in developing or participating in the development of a prospect, the timing of third-party projects, and the availability of suitable equipment and qualified personnel. These assumptions are inherently subject to significant business, political, economic, regulatory, environmental and competitive uncertainties, contingencies and risks, all of which are difficult to predict and many of which are beyond our control. We may need to raise additional funds more quickly if one or more of our assumptions proves to be incorrect or if we choose to expand our hydrocarbon asset acquisition, exploration, appraisal or development efforts more rapidly than we presently anticipate. We may decide to raise additional funds before we need them if the conditions for raising capital are favorable. We may seek to sell equity or debt securities or obtain additional bank credit facilities. The sale of equity securities could result in dilution to our shareholders. The incurrence of additional indebtedness could result in increased fixed obligations and additional covenants that could restrict our operations.

2012 Capital Program

We estimate we will incur approximately $600 million of capital expenditures for the year ending December 31, 2012. The 2012 capital expenditure budget consists of:

- approximately 45% for developmental related expenditures; and
- approximately 55% for exploration and appraisal related expenditures, including new ventures exploration and expanding our license portfolio (including geological and geophysical expenses).

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

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

	March 31, 2012
	(In thousands)
Cash	$ 745,288
Drawings under the commercial debt facility	1,110,000
Net debt	364,712
Total of unused borrowing base(1)	128,000
Unused borrowing base plus cash	873,288

(1) In April 2012, the lenders agreed to change the borrowing base determination dates to April 15 and October 15. As part of the borrowing base determination process, the undrawn availability under the facility was reduced by $78.0 million.

Cash Flows

	Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Net cash provided by (used in):		
Operating activities	$ 144,903	$ (10,037)
Investing activities	(71,108)	(2,346)
Financing activities	(1,599)	202,672

Operating activities. Net cash provided by operating activities for the three months ended March 31, 2012 was $144.9 million, compared with net cash used in operating activities for the three months ended March 31, 2011 of $10.0 million. The increase in cash provided by operating activities in the three months ended March 31, 2012 compared with the same period in 2011 was primarily due to the timing of cash receipts for oil sales and other working capital changes.

Investing activities. Net cash used in investing activities for the three months ended March 31, 2012 was $71.1 million, compared with net cash used in investing activities for the three months ended March 31, 2011 of $2.3 million. The increase in cash used in investing activities in the three months ended March 31, 2012 compared with the same period in 2011 was primarily attributable to changes in restricted cash, notes receivable and expenditures for oil and gas assets primarily in Ghana for development activities. During the three months ended March 31, 2011, we released $112.0 million of restricted cash related to the previous commercial debt facilities.

Financing activities. Net cash used in financing activities for the three months ended March 31, 2012 was $1.6 million, compared with net cash provided by financing activities for the three months ended March 31, 2011 of $202.7 million. The decrease in cash provided by financing activities in the three months ended March 31, 2012 compared with the same period in 2011 was due to lower net borrowings on the commercial debt facilities of $255.0 million offset by a decrease of $50.7 million in cash used for deferred financing costs.

Contractual Obligations

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

	Payments Due By Year(3)						
	Total	2012(4)	2013	2014	2015	2016	Thereafter
	(In thousands)						
Commercial debt facility(1)	$ 1,110,000	$ —	$ —	$ —	$ 110,000	$ 444,444	$ 555,556
Interest payments on commercial debt facility(2)	297,312	34,982	48,669	54,917	61,668	62,021	35,055
Operating leases	21,797	234	2,821	2,921	3,022	3,122	9,677

(1) The amounts included in the table represent principal maturities only. The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of March 31, 2012. Any increases or decreases in the level of borrowings or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter.

(2) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curve at the reporting date.

(3) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator and excludes $25.5 million of commitments for exploration activities in our petroleum contracts. Does not include any well commitments we may have under our petroleum contracts.

(4) Represents payments for the period April 1, 2012 through December 31, 2012.

The following table presents maturities by expected maturity dates under the Facility, the weighted average interest rates expected to be paid on the Facility given current contractual terms and market conditions, and the debt's estimated fair value. Weighted-average interest rates are based on implied forward rates in the yield curve at the reporting date. This table does not take into account amortization of deferred financing costs.

	Year Ending December 31,						Asset (Liability) Fair Value at March 31, 2012
	April 1 Through December 31, 2012	2013	2014	2015	2016	Thereafter	
	(In thousands, except percentages)						
Variable rate debt:							
Commercial debt facility maturities	$ —	$ —	$ —	$ 110,000	$ 444,444	$ 555,556	$ (1,110,000)
Weighted average interest rate	4.20%	4.38%	4.95%	5.56%	6.98%	7.49%	
Interest rate swaps:							
Notional debt amount(1)	$ 130,347	$ 91,683	$ 47,033	$ 16,875	$ 6,250	$ —	$ (3,917)
Fixed rate payable	2.22%	2.22%	2.22%	2.22%	2.22%		
Variable rate receivable(2)	0.76%	0.76%	1.06%	1.69%	2.16%		
Notional debt amount(1)	$ 130,347	$ 91,683	$ 47,033	$ 16,875	$ 6,250	$ —	$ (4,189)
Fixed rate payable	2.31%	2.31%	2.31%	2.31%	2.31%		
Variable rate receivable(2)	0.76%	0.76%	1.06%	1.69%	2.16%		
Notional debt amount(1)	$ 59,000	$ 19,057	$ 1,868	$ —	$ —	$ —	$ (171)
Fixed rate payable	0.98%	0.98%	0.98%				
Variable rate receivable(2)	0.76%	0.76%	0.95%				
Notional debt amount(1)	$ 42,921	$ 24,680	$ 38,434	$ 23,137	$ —	$ —	$ (507)
Fixed rate payable	1.34%	1.34%	1.34%	1.34%			
Variable rate receivable(2)	0.76%	0.76%	1.06%	1.51%			

(1) Represents weighted average notional contract amounts of interest rate derivatives.
(2) Based on implied forward rates in the yield curve at the reporting date.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

We consider accounting policies related to our revenue recognition, exploration and development costs, receivables, income taxes, derivatives 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. These policies 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, 2011.

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:

- our ability to find, acquire or gain access to other discoveries and prospects and to successfully develop our current discoveries and prospects;
- uncertainties inherent in making estimates of our oil and natural gas data;
- the successful implementation of our and our block partners' prospect discovery and development and drilling plans;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- termination of or intervention in concessions, rights or authorizations granted by the governments of Ghana, Cameroon, Morocco, Suriname or Mauritania (or their respective national oil companies) or any other federal, state or local governments or authorities, to us;
- our dependence on our key management personnel and our ability to attract and retain qualified technical personnel;
- the ability to obtain financing and to comply with the terms under which such financing may be available;
- the volatility of oil and natural gas prices;
- the availability, cost, function and reliability of developing appropriate infrastructure around and transportation to our discoveries and prospects;
- the availability and cost of drilling rigs, production equipment, supplies, personnel and oilfield services;
- other competitive pressures;
- potential liabilities inherent in oil and natural gas operations, including drilling risks and other operational and environmental hazards;
- current and future government regulation of the oil and gas industry;
- cost of compliance, and our and our partner's ability to comply, with laws and regulations;
- changes in environmental, health and safety or climate change laws, greenhouse gas regulation or the implementation, or interpretation, of those laws and regulations;
- environmental liabilities;
- geological, reservoir, technical, drilling, production and processing problems;
- military operations, civil unrest, terrorist acts, wars or embargoes;
- the cost and availability of adequate insurance coverage;
- our vulnerability to severe weather events; and
- other risk factors discussed in the "Item 1A. Risk Factors" section of this quarterly report 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. Quantitative and Qualitative 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 they are 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 speculation.

The following table reconciles the changes that occurred in fair values of our open derivative contracts during the three months ending March 31, 2012:

	Derivative Contracts Assets (Liabilities)		
	Commodities	Interest Rates	Total
		(In thousands)	
Fair value of contracts outstanding as of December 31, 2011	$ (24,760)	$ (8,074)	$ (32,834)
Changes in contract fair value	(3,860)	(710)	(4,570)
Contract maturities (settlements)	5,161	—	5,161
Fair value of contracts outstanding as of March 31, 2012	$ (23,459)	$ (8,784)	$ (32,243)

Commodity Derivative Instruments

In 2010, we entered into various oil derivative contracts to provide an economic hedge of our exposure to commodity price risk associated with anticipated future oil production. These contracts consisted of deferred premium puts and compound options (calls on puts).

Commodity Price Sensitivity

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

	Bbl/day	Weighted Average Floor Price	Weighted Average Deferred Premium/bbl	Liability Fair Value at March 31, 2012
Oil derivatives:				
Deferred premium puts				
April 2012 — December 2012	4,655	$ 62.34	$ 7.00	
January 2013 — December 2013	2,515	$ 61.73	$ 7.32	
Total fair value deferred premium puts(1)				$ 15,523
Compound options (calls on puts)				
July 2012 — December 2012(2)	5,399	$ 66.48	$ 6.73	
January 2013 — June 2013(2)	3,855	$ 66.48	$ 7.10	
Total fair value compound options(1)				$ 7,936

(1) Fair values are based on the average forward Dated Brent oil prices on March 31, 2012 which by year are: 2012 - $120.13 and 2013 - $113.14. These fair values are subject to changes in the underlying commodity price. The average forward Dated Brent oil prices based on April 30, 2012 market quotes by year are: 2012- $118.05 and 2013 - $112.69.

(2) The calls expire on June 29, 2012 and have a weighted average premium of $4.82/bbl. If the call is not exercised before the expiration date, the right to these puts will expire on such date.

Interest Rate Sensitivity

At March 31, 2012, we had indebtedness outstanding under the Facility of $1.1 billion, of which $635.0 million bore interest at floating rates. The weighted average annual interest rate incurred on this indebtedness for the three months ended March 31, 2012, was approximately 4.1%. If LIBOR increased 10% at this level of floating rate debt, we would pay an additional $0.2 million in interest expense per year on our Facility.

As of March 31, 2012, the fair market value of our interest rate swaps was a net liability of approximately $8.8 million. If LIBOR increased 10%, we estimate the liability would decrease to approximately $8.1 million, and if LIBOR decreased 10%, we estimate the liability would increase to approximately $9.5 million.

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. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2012, because of the material weakness existing in our internal controls over financial reporting as of December 31, 2011 (described below), which has not been fully remediated as of March 31, 2012. In light of this material weakness, the Company performed additional analysis and post-closing procedures to ensure its financial statements are prepared in accordance with generally accepted accounting principles.

A material weakness in internal control over financial reporting is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis by the Company's internal controls.

For the quarter ended December 31, 2011, management determined that the Company did not maintain effective controls over the determination and reporting of the provision for income taxes. Specifically, management did not perform a sufficiently precise review to ensure the completeness and accuracy of the Company's calculation of its income tax provision related to our treatment of unrealized derivative losses.

We determined that this deficiency constitutes a "material weakness" in our internal control over financial reporting. We advised our independent auditors, who concur with our determination, and our audit committee of this deficiency in our internal control over financial reporting, and the fact that this deficiency constitutes a "material weakness."

Evaluation of Changes in Internal Control over Financial Reporting. The remediation efforts, as outlined below, were designed to address the material weakness identified by management and to strengthen our internal control over financial reporting.

There were no changes in our internal control over financial reporting, other than those stated below, during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have begun the process of documenting, reviewing and, as appropriate, improving our internal controls and procedures in anticipation of becoming subject to the SEC rules concerning internal control over financial reporting, which take effect beginning with the filing of our second annual report on Form 10-K, which will be due in March 2013.

We have begun implementing the following remediation steps to address the material weakness discussed above and to improve our internal control over financial reporting:

- improved procedures for the calculation and reconciliation process of our income tax provision related to our treatment of unrealized derivative losses, including validation of underlying supporting data;

- added additional personnel, including a Tax Manager, to prepare the income tax provision, allowing our Global Tax Manager to review the income tax provision to decrease the risk of unidentified errors and increase the accuracy of the information in our financial statements; and

- enhanced quarterly management review of the calculation of the income tax provision and underlying supporting data.

In 2012, we implemented an additional internal control process that will require in-depth income tax discussion and analysis following any significant transaction or any change in our tax policy. Although we have made substantial progress in our remediation efforts, we have not yet completed our assessment as to whether the material weakness has been fully remediated.

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

The risk factor below supplements the risks discussed in the “Item 1A. Risk Factors” section of our annual report on Form 10-K.

We will not be able to commence exploration, development and production operations offshore Mauritania unless and until the Government of Mauritania approves our petroleum contracts governing Blocks C8, C12 and C13 offshore Mauritania.

In April 2012, we completed negotiations with Mauritania’s Ministry of Petroleum, Energy and Mines and executed the finalized petroleum contracts for Blocks C8, C12 and C13 offshore Mauritania. These contracts will not be effective unless and until they are officially gazetted by the Government of Mauritania as required by Mauritanian law, and we do not yet have a scheduled effective date. These contracts form the basis of our exploration, development and production operations on these blocks. There is a risk that these contracts will not be gazetted, thus would not become effective and we may be unable to enforce any contractual rights we have in Blocks C8, C12 and C13 against Mauritania’s Ministry of Petroleum, Energy and Mines and we will not be able to commence our exploration operations on these blocks. Further, if these contracts are executed later than we expect, our exploration timetable for offshore Mauritania would be delayed.

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

There have been no material changes from the information concerning the use of proceeds from our IPO discussed in the “Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” section of our annual report on Form 10-K.

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.

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.

SIGNATURE

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

Kosmos Energy Ltd.
(Registrant)

Date May 7, 2012

/s/ W. GREG DUNLEVY
W. Greg Dunlevy
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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INDEX TO EXHIBITS

Exhibit Number	Description of Document
10.1*	Deed of Transfer and Amendment, dated February 17, 2012, among Kosmos Energy Finance International, Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Development, Kosmos Energy Ghana HC, BNP Paribas, Citibank N.A., Credit Suisse International, Société Générale London Branch and International Finance Corporation
10.2*	Facility Agreement, dated February 17, 2012, among Kosmos Energy Finance International, Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Development, Kosmos Energy Ghana HC and International Finance Corporation
10.3*	Amendment Number One to Consulting Agreement Amendment, dated February 23, 2012, between Kosmos Energy Ltd. and John R. Kemp
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

* Filed herewith.
** Furnished herewith.

Exhibit 10.1

EXECUTION VERSION

DEED OF TRANSFER AND AMENDMENT

dated 17 February 2012

for

KOSMOS ENERGY FINANCE INTERNATIONAL
as Original Borrower

with

THE COMPANIES LISTED IN PART I OF SCHEDULE 1
as Original Guarantors

and

THE FINANCIAL INSTITUTIONS LISTED IN PART III OF SCHEDULE 1
as Transferring Existing Lenders

and

INTERNATIONAL FINANCE CORPORATION
as a new Lender

and

BNP PARIBAS
as Facility Agent, Security Agent and Intercreditor Agent

RELATING TO A FACILITY AGREEMENT
DATED 28 MARCH 2011

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

(SRG/PMZH)
510394356

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THIS DEED is dated 17 February 2012 and made between:

(1) **KOSMOS ENERGY FINANCE INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number 253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KYI-1209, Cayman Islands (the "**Original Borrower**");

(2) **THE ORIGINAL GUARANTORS** listed in Part I of Schedule 1 as original guarantors (the "**Original Guarantors**");

(3) **THE FINANCIAL INSTITUTIONS** listed in Part III of Schedule 1 as transferring existing lenders (the "**Transferring Existing Lenders**");

(4) **SOCIÉTÉ GÉNÉRALE, LONDON BRANCH** as the lead technical bank, **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as co-technical bank and **HSBC BANK PLC** as co-technical bank (together referred to as the "**Technical Bank**");

(5) **SOCIÉTÉ GÉNÉRALE, LONDON BRANCH** as the lead modelling bank and **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as co-modelling bank (together referred to as the "**Modelling Bank**");

(6) **INTERNATIONAL FINANCE CORPORATION** (the "**IFC**");

(7) **BNP PARIBAS** as agent for itself and on behalf of the Majority Lenders on the terms and conditions set out under the Facility Agreement (the "**Facility Agent**");

(8) **BNP PARIBAS** in its capacity as Security Agent for the Secured Parties on the terms and conditions set out in the Facility Agreement and the Intercreditor Agreement (the "**Security Agent**" which expression includes its successors in title and assigns or any person appointed as an additional trustee for the purpose of and in accordance with the Intercreditor Agreement); and

(9) **BNP PARIBAS** as the intercreditor agent on the terms and conditions set out in the Facility Agreement (the "**Intercreditor Agent**"),

THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

"**Disbursement Funds**" means funds which are disbursed or to be disbursed by IFC and which are equivalent to the amount of Loans being transferred by each Transferring Existing Lender to IFC pursuant to the Transfer.

"**Effective Date**" means the date falling on the later of:

(a) 4 Business Days from and including the date on which IFC confirms to the Original Borrower and the Facility Agent that all fees due and payable to IFC pursuant to a fee letter between the Original Borrower and IFC and dated 17 February 2012 have been paid in full; and

(b) 5 Business Days from and including the date of the IFC Facility Agreement,

provided that such date shall coincide wherever possible with the last day of the then current Interest Period and provided further that IFC and the Facility Agent (for itself and on behalf of the Finance Parties) has received in form and substance satisfactory to it the following:

(c) a legal opinion as to Cayman Islands law with respect to, inter alios, the due authority and capacity of the Obligors to enter into this Deed and, where applicable, the IFC Facility Agreement; and

(d) a legal opinion as to English law with respect to, inter alia, the enforceability of this Deed and the IFC Facility Agreement.

"**Facility Agreement**" means the facility agreement dated 28 March 2011 (as may be amended, supplemented or varied from time to time) between the Original Borrower, the Original Guarantors, the Mandated Lead Arrangers, the Underwriters, the Original Lenders, the Technical Bank, the Modelling Bank, the Documentation Bank, the Onshore Account Bank, the Offshore Account Bank, the Facility Agent, the Security Agent and the Intercreditor Agent.

"**Finance Document**" has the meaning ascribed to such term in the Facility Agreement and shall include this Deed.

"**IFC Facility**" means the facility through which the IFC shall provide its IFC Commitment and which will apply from the Effective Date to all Loans transferred to the IFC hereunder.

"**IFC Facility Agreement**" means the facility agreement dated on or about date of this Deed and entered into between, inter alios, the IFC and the Original Borrower, substantially in the form set out in Schedule 4 to this Deed.

"**Transfer**" has the meaning ascribed to such term in Clause 5.1 (*Transfer by Novation*).

"**Transfer Discount Fee**" means a transfer discount fee calculated as the sum of five per cent. (5%) of the total amount of Loans and Available Commitments being transferred by a Transferring Existing Lender to IFC pursuant to the Transfer.

1.2 Incorporation of defined terms

(A) Unless a contrary indication appears herein, a term defined in the Facility Agreement or any other Finance Document (as amended from time to time) has the same meaning in this Deed.

(B) The principles of construction and interpretation set out under Clause 1.2 (*Construction of particular terms*) and Clause 1.3 (*Interpretation*) of the Facility Agreement and Clause 1.2 (*Construction*) of the Intercreditor Agreement shall have effect as if set out in this Deed.

1.3 Clauses

In this Deed any reference to a "Clause" or a "Schedule" is, unless the context otherwise requires, a reference to a Clause or a Schedule to this Deed.

1.4 Third party rights

(A) A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.

(B) Notwithstanding any term of any other Finance Document, the consent of any person who is not a party to this Deed is not required to rescind or vary this Deed at any time.

1.5 Designation

In accordance with the Facility Agreement, the Original Borrower and the Facility Agent designate this Deed as a Finance Document.

2. EFFECTIVE DATE

Other than Clause 1 (*Definitions and Interpretation*), Clause 2 (*Effective Date*), Clause 6(A) (*IFC Facility*), Clause 9 (*Miscellaneous*) and Clause 10 (*Governing Law*), the provisions of this Deed shall be effective on and from the Effective Date. Clause 1 (*Definitions and Interpretation*), Clause 2 (*Effective Date*), Clause 6(A) (*IFC Facility*), Clause 9 (*Miscellaneous*) and Clause 10 (*Governing Law*) are effective on and from the date of this Deed.

3. AMENDMENT OF THE FACILITY AGREEMENT

With effect on and from the Effective Date, the Facility Agreement shall be amended as set out in Schedule 3 (*Amendments to the Facility Agreement*).

4. AMENDMENT OF THE INTERCREDITOR AGREEMENT

With effect on and from the Effective Date, the Intercreditor Agreement shall be amended as follows:

(A) by inserting into the definition of "Acceleration Event", immediately after the words "clause 29.17 (*Acceleration — all Lenders*)" the words "or clause 29.18 (*Acceleration — IFC and the Lenders*)"; and

(B) by amending Clause 6.3 (*Exclusions*) of the Intercreditor Agreement by deleting the word “or” in sub-clause (B) and the word “.” in sub-clause (C) and adding the word “; or” immediately after the word “Counterparty” in sub-clause (C) and inserting a new sub-clause (D) as follows:

““(D) an IFC Inconvertibility Payment.”

5. TRANSFER BY NOVATION

5.1 Transfer by Novation

On the Effective Date (whether or not a Default is continuing) each Transferring Existing Lender shall transfer by novation all or part of its Loans and Available Commitment, rights and obligations under the Finance Documents to the IFC as set out in Schedule 1 Part III (*Transferring Existing Lenders*), so that:

(A) the IFC will become a Lender under the Facility Agreement with Loans and an Available Commitment as set out in the relevant column opposite its name in Schedule 2 (*The Lenders*); and

(B) each Existing Lender’s Loans and Available Commitments shall be the respective amount set out in the relevant columns opposite its name in Schedule 2 (*The Lenders*),

(the “**Transfer**”).

5.2 Procedure for Transfer

The Transfer shall take effect on the Effective Date so that:

(A) to the extent that pursuant to Clause 5.1 (*Transfer by novation*) each Transferring Existing Lender transfers by novation its rights and obligations under the Finance Documents to the IFC:

(i) each of the Obligors and each Transferring Existing Lender shall be released from further obligations towards one another under the Finance Documents; and

(ii) the respective rights of each of the Obligors and each Transferring Existing Lender against one another under the Finance Documents shall be cancelled,

in each case to the extent of such transfer only (such release of obligations and such cancellation of rights being the “ **Discharged Rights and Obligations**”);

(B) except to the extent expressly varied pursuant to the terms of this Deed, each of the Obligors and the IFC shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the IFC have assumed and/or acquired the same in place of that Obligor and that Transferring Existing Lender;

(C) except to the extent expressly varied pursuant to the terms of this Deed, each Finance Party and the IFC shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the IFC been an Existing Lender with the rights and/or obligations acquired or assumed by it pursuant to the Transfer and to that extent such Finance Parties and each Transferring Existing Lender shall be released from further obligations to each other under the Finance Documents; and

(D) the IFC shall become a Party as a "**Lender**".

5.3 Amounts due on or before the Effective Date

(A) Any amounts payable to the Transferring Existing Lenders by the Obligors pursuant to any Finance Document on or before the Effective Date (including, without limitation, all interest, fees and commission payable on the Effective Date) in respect of any period ending on or prior to the Effective Date shall be for the account of the Transferring Existing Lenders and the IFC shall not have any interest in, or any rights in respect of, any such amount.

(B) Each Transferring Existing Lender shall pay to the Original Borrower a Transfer Discount Fee on the Effective Date, such payment to be effectuated in accordance with the provisions of Clause 5.3(C)(ii).

(C) On the Effective Date:

(i) IFC shall disburse to the Agent for the account of each Transferring Existing Lender the Disbursement Funds; and

(ii) upon receipt by the Facility Agent of the Disbursement Funds from IFC and prior to the application of the Disbursement Funds by the Facility Agent for the account of each Transferring Existing Lender, the Facility Agent shall promptly deduct from the Disbursement Funds the Transfer Discount Fee and pay such Transfer Discount Fee to the Original Borrower for and on behalf of each Transferring Existing Lender in consideration for the consent of the Original Borrower to the transfer by such Lender of its Loans and Available Commitments to IFC.

(D) The Original Borrower shall inform the Facility Agent in writing prior to the Effective Date of the account into which the Transfer Discount Fee shall be paid in accordance with Clause 5.3(C)(ii).

(E) Each Transferring Existing Lender shall inform the Facility Agent in writing prior to the Effective Date of the account into which the Disbursement Funds (net of the Transfer Discount Fee) to which it is entitled under Clause 5.3(C) shall be paid.

(F) Each Transferring Existing Lender and the Original Borrower hereby authorises the Facility Agent to take all action necessary to give effect to this Clause 5.3.

5.4 Limitation of responsibility of Transferring Existing Lenders

(A) The IFC confirms to each Transferring Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the IFC Facility and has not relied exclusively on any information provided to it by any Transferring Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(B) Unless expressly agreed to the contrary, the Transferring Existing Lenders make no representation or warranty and assume no responsibility to the IFC for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with the Finance Documents or any other document,

and any representations or warranties implied by law are excluded.

(C) The IFC expressly acknowledges that nothing in any Finance Document obliges any Transferring Existing Lender to:

(i) accept a re-transfer from the IFC of any of the rights and obligations transferred by novation under this Deed; or

(ii) support any losses directly or indirectly incurred by the IFC by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

5.5 Administrative Details

The IFC confirms that it has delivered:

(A) to the Facility Agent the details of its Facility Office and address, fax number and attention details for the purposes of Clause 37 (*Notices*) of the Facility Agreement; and

(B) to the Security Agent, the details of its Facility Office and address, fax number and attention details for the purposes of Clause 17 (*Notices*) of the Intercreditor Agreement.

5.6 Accession

(A) The IFC hereby accedes to the Facility Agreement as a Lender and agrees to be bound by the terms of the Facility Agreement as a Lender.

(B) The IFC hereby accedes to the Intercreditor Agreement as a Lender and agrees to be bound by the terms of the Intercreditor Agreement as a Lender.

(C) In consideration of the IFC being accepted as a Lender for the purposes of the Intercreditor Agreement, the IFC confirms to each relevant party to this Deed that, as from the Effective Date, it intends to be a party to the lntercreditor Agreement as a Lender and undertakes to perform all the obligations expressed in the lntercreditor Agreement to be assumed by a Lender and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.

(D) Each party to this Deed agrees and acknowledges that pursuant to this Deed the IFC shall be entitled to share in the Security created under the Security Documents pari passu with the other Lenders under the Non-IFC Facility and in accordance with the terms of the Finance Documents.

5.7 Qualifying Bank

The IFC confirms for the purposes of the Transfer that it is a Qualifying Bank.

6. IFC FACILITY

(A) Each of the Original Borrower, the Original Guarantors, the Facility Agent and the IFC shall enter into the IFC Facility Agreement such that the IFC Facility Agreement shall take effect on and from the Effective Date.

(B) The parties hereby agree that all Loans and Available Commitments, rights and obligations transferred pursuant to the Transfer shall be deemed to be Commitments, rights and obligations of the IFC (except to the extent expressly varied pursuant to the terms of this Deed) on and from the Effective Date and shall be governed in accordance with the terms of the IFC Facility Agreement and the Finance Documents.

7. CONSENTS AND WAIVERS

7.1 Authorisations

Each relevant party to this Deed hereby unconditionally and irrevocably authorises:

(A) each of the Facility Agent and the Security Agent under the terms of the relevant Finance Documents to accept and give effect to the accession of the IFC as a Lender to the Facility Agreement and the Intercreditor Agreement in accordance with the terms of this Deed; and

(B) the Facility Agent under the terms of the Facility Agreement to enter into and perform the IFC Facility Agreement in accordance with its terms.

7.2 Consent and waiver

The Original Borrower, the Original Guarantors, the Transferring Existing Lenders, the Facility Agent on behalf of the Majority Lenders and the Agents each:

(A) consent to the IFC becoming a Lender under the Facility Agreement and under the Intercreditor Agreement;

(B) waive the requirements of Clause 3.3 (*Additional Commitment*) of the Facility Agreement for the purposes of this Deed and the actions contemplated therein, to the extent not otherwise satisfied pursuant to this Deed;

(C) waive the requirements of Clause 3.4 (*IFC Commitment*) of the Facility Agreement for the purposes of this Deed and the actions contemplated therein, to the extent not otherwise satisfied pursuant to this Deed;

(D) waive the requirements for the IFC to provide a Transfer Certificate as required under Clause 30 (*Changes to the Lenders*) of the Facility Agreement for the purposes of this Deed and the actions contemplated therein; and

(E) waive the provisions of Clause 13.2 (*Change of Lender*), Clause 13.5 (*Creditor/Agent Accession Undertaking*) and Clause 13.7 (*Additional parties*) of the Intercreditor Agreement for the purposes of this Deed and the actions contemplated therein.

8. REPRESENTATIONS AND WARRANTIES

Each of the representations and warranties under Clause 26 (*Representations*) of the Facility Agreement shall be incorporated into this Deed and shall be made to each party (other than an Obligor) to this Deed as at the date of this Deed and on the Effective Date as if each were set out in full herein.

9. MISCELLANEOUS

9.1 Incorporation of terms

The provisions of Clause 36 (*Costs and Expenses*), Clause 37 (*Notices*), Clause 39 (*Partial invalidity*), Clause 40 (*Remedies and waivers*) and Clause 44 (*Jurisdiction*) of the Facility Agreement shall be incorporated into this Deed as if set out in full in this

Deed and as if references in those clauses to "this Agreement" or "the Finance Documents" are references to this Deed and as if references in those clauses to "Party" and "Lender" include the IFC.

9.2 Counterparts

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

9.3 Confirmation of Guarantee and Security

Each Obligor confirms for the benefit of IFC and the Finance Parties that with effect from the Effective Date:

(A) the guarantee and indemnity obligations set out under Clause 25 (*Guarantee and Indemnity*) of the Facility Agreement (the "**Guarantee and Indemnity Obligations**") shall remain in full force and effect notwithstanding the designation of any new document as a Finance Document or any additions, amendments, novation, substitution, or supplements of or to the Finance Documents and the imposition of any amended, new or more onerous obligations under the Finance Documents in relation to any Obligor and that the Guarantee and Indemnity Obligations extend to any new obligations assumed by any Obligor under any amended or new Finance Documents; and

(B) the Security Interests created by it pursuant to the Security Documents to which it is a party shall:

(i) remain in full force and effect notwithstanding the designation of any new document as a Finance Document or any additions, amendments, novation, substitution, or supplements of or to the Finance Documents and the imposition of any amended, new or more onerous obligations under the Finance Documents in relation to any Obligor including but not limited to the amendments referred to in this Deed; and

(ii) continue to secure its Secured Liabilities under the Finance Documents as amended (including, but not limited to, under the Facility Agreement and Intercreditor Agreement as amended pursuant to this Deed).

10. GOVERNING LAW

This Deed (and any non-contractual obligations arising out of or in connection with it) shall be governed by and interpreted in accordance with the laws of England and Wales.

IN WITNESS WHEREOF this Deed is hereby executed and delivered as a deed on the date first above written.

SCHEDULE 1
THE PARTIES

PART I
THE ORIGINAL GUARANTORS

Name	Jurisdiction of Incorporation	Registered Number
Kosmos Energy Operating	Cayman Islands	231417
Kosmos Energy International	Cayman Islands	218274
Kosmos Energy Development	Cayman Islands	225879
Kosmos Energy Ghana HC	Cayman Islands	135710

PART II
THE EXISTING LENDERS

ABSA CAPITAL (A DIVISION OF ABSA BANK LIMITED)
BANC OF AMERICA SECURITIES LIMITED
THE BANK OF TOKYO MITSUBISHI UFJ, LTD
BARCLAYS BANK OF GHANA LIMITED
BARCLAYS BANK PLC
BNP PARIBAS
CITIBANK N.A.
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK
CREDIT SUISSE INTERNATIONAL
DEUTSCHE BANK AG, AMSTERDAM BRANCH
DNB NOR BANK ASA, LONDON BRANCH
ECOBANK GHANA LIMITED
FBN BANK (UK) LIMITED
HSBC BANK PLC
ING BANK N.V.
INVESTEC ASSET MANAGEMENT PROPRIETARY LIMITED
NATIXIS
NEDCAP INTERNATIONAL LIMITED
SIEMENS FINANCIAL SERVICES LIMITED
SOCIÉTÉ GÉNÉRALE LONDON BRANCH
STANDARD CHARTERED BANK
STICHTING PENSIOENFONDS ZORG EN WELZIJN
SUMITOMO MITSUI BANKING CORPORATION
THE STANDARD BANK OF SOUTH AFRICA LIMITED
UNICREDIT BANK AG

PART III
TRANSFERRING EXISTING LENDERS

Transferring Existing Lender	Amount of Available Commitment subject to Transfer (USD)	Amount of Loans subject to Transfer (USD)
BNP PARIBAS	11,125,000	13,875,000
CITIBANK N.A.	6,675,000	8,325,000
CREDIT SUISSE INTERNATIONAL	8,900,000	11,100,000
SOCIÉTÉ GÉNÉRALE LONDON BRANCH	3,115,000	3,885,000

SCHEDULE 2
THE LENDERS

Name of Lender	Commitment (USD)
ABSA CAPITAL (A DIVISION OF ABSA BANK LIMITED)	151,190,138.41
BANC OF AMERICA SECURITIES LIMITED	75,000,000
THE BANK OF TOKYO MITSUBISHI UFJ, LTD	50,000,000
BARCLAYS BANK OF GHANA LIMITED	22,800,000
BARCLAYS BANK PLC	19,722,664.36
BNP PARIBAS	126,712,802.77
CITIBANK N.A.	60,000,000
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK	151,712,802.77
CREDIT SUISSE INTERNATIONAL	5,000,000
DEUTSCHE BANK AG, AMSTERDAM BRANCH	30,000,000
DNB NOR BANK ASA, LONDON BRANCH	50,000,000
ECOBANK GHANA LIMITED	30,000,000
FBN BANK (UK) LIMITED	48,010,380.62
HSBC BANK PLC	151,712,802.77
ING BANK N.V.	90,000,000
INVESTEC ASSET MANAGEMENT PROPRIETARY LIMITED	8,000,000
NATIXIS	151,712,802.77
NEDCAP INTERNATIONAL LIMITED	75,000,000
SIEMENS FINANCIAL SERVICES LIMITED	30,000,000
SOCIÉTÉ GÉNÉRALE LONDON BRANCH	124,712,802.76
STANDARD CHARTERED BANK	151,712,802.77

STICHTING PENSIOENFONDS ZORG EN WELZIJN	35,000,000
SUMITOMO MITSUI BANKING CORPORATION	95,000,000
THE STANDARD BANK OF SOUTH AFRICA LIMITED	150,000,000
UNICREDIT BANK AG	50,000,000
INTERNATIONAL FINANCE CORPORATION	67,000,000

SCHEDULE 3
AMENDMENTS TO THE FACILITY AGREEMENT

1. Clause 1.1 (*Definitions*) of the Facility Agreement shall be amended as follows:

   a. by inserting the following defined terms:

      "“**Action Plan**” means the plan agreed between the Borrower and the IFC, a copy of which is attached hereto as Appendix 4 (*Action Plan*) to the IFC Facility Agreement, setting out specific social and environmental measures to be undertaken to enable compliance with the Performance Standards, as such Action Plan may be amended or supplemented from time to time in accordance with this Agreement.”

      "“**Agreement**” means this facility agreement as amended pursuant to the Deed of Transfer and Amendment and as amended, supplemented or otherwise varied from time to time.”

      "“**Convertible Currency**” means any freely convertible and transferable currency.”

      "“**Deed of Transfer and Amendment**” means the deed of amendment and transfer dated 17 February 2012 between, inter alios, the Original Borrower, the Lenders, the Security Agent, the Facility Agent, the Intercreditor Agent and the IFC.”

      "“**Disbursement Funds**” means funds which are disbursed or to be disbursed by IFC and which are equivalent to the amount of Loans being transferred by a Lender to IFC pursuant to Clause 3.6(A)(i).”

      "“**EHS Guidelines**” means the applicable and relevant sections of the General Environmental, Safety and Health Guidelines and the Industry Sector Guidelines for Offshore Oil and Gas Development (both dated April 30, 2007), except as noted in the ESRS, copies of which have been delivered to and receipt of which has been acknowledged by the Borrower.”

      "“**ESRS**” means the Environmental and Social Review Summary, as disclosed on 16 October 2011.”

      "“**Final IFC Facility Commitment**” means the aggregate amount of all Commitments under the IFC Facility, such amount to be not less than the IFC Target Commitment.”

      "“**IFC Acceleration Trigger Event**” means (i) an Event of Default under Clause 29 (*Events of Default*) of this Agreement relating to the failure to pay interest or principal on the IFC Facility, (ii) an Event of Default under Clause 29.3 (*Breach of other obligations*) of this Agreement in relation to Clause 13 (*Covenants*) of the IFC Facility Agreement, or (iii) an Event of Default under Clause 29.3

(*Breach of other obligations*) of this Agreement in relation to any obligation under this Agreement."

""**IFC Additional Commitment**" has the meaning given to it in Clause 3.3(I)."

""**IFC Facility Agreement**" means the facility agreement entered into on 17 February 2012 between, inter alios, IFC and the Original Borrower."

""**IFC Facility Automatic Increase Date**" means the earlier of:

(a) the date on which the IFC Target Commitment is to be met, as agreed between IFC, the Facility Agent and the Original Borrower; and

(b) 30 June 2012."

""**IFC Facility Commitment**" means:

(a) on and from the Effective Date until (but not including) the IFC Facility Automatic Increase Date, the Initial IFC Facility Commitment; and

(b) on and from the IFC Facility Automatic Increase Date, the Final IFC Facility Commitment."

""**IFC Inconvertibility Payments**" means any due and payable amount owed to IFC that is received by, or for the account of, IFC from or on account of the obligations of, any Obligor in a Convertible Currency during an Inconvertibility Event as a consequence of any IFC Preferential Treatment."

""**IFC Loan**" means the principal amount of each borrowing under the IFC Facility or, as the context requires, the principal amount outstanding of that borrowing, including Loans transferred to IFC pursuant to the Deed of Transfer and Amendment."

""**IFC Preferential Treatment**" means IFC being afforded preferential treatment by a Relevant Authority by foreign exchange being made available to IFC for the purpose of paying obligations owed to it."

""**IFC Target Commitment**" means USD 100,000,000 (one hundred million US Dollars)."

""**Inconvertibility Event**" means circumstances in which a Relevant Authority is not generally permitting the conversion of local currency into Convertible Currencies or the remittance of Convertible Currencies in order to pay obligations denominated in Convertible Currencies."

""**Initial IFC Facility Commitment**" means the initial Commitment of IFC under the IFC Facility, being USD 67,000,000 (sixty-seven million US Dollars)."

““**Lender Acceleration Trigger Event**” means either (i) an Event of Default under Clause 29 (*Events of Default*) of this Agreement relating to the failure to pay interest or principal on a Facility, or (ii) an Event of Default under Clause 29.3 (*Breach of other obligations*) of this Agreement in relation to any obligation under this Agreement.”

““**Non-IFC Additional Commitment** ” means an Additional Commitment provided or to be provided by an Additional Lender other than IFC.”

““**Non-IFC Facility**” means a facility not provided under the IFC Facility as described in Clause 3.1(A)(i).”

““**Performance Standards**” means IFC’s Performance Standards on Social & Environmental Sustainability, dated 1 January 2012, as updated, amended and/or re-issued by the IFC, copies and/or details of which have been delivered to and receipt of which has been acknowledged by the Borrower.”

““**Relevant Authority**” means the central bank of the country in which any Obligor is formed or operates, or any other governmental entity or government in any such country having the power to regulate foreign exchange.”

““**Relevant Lender**” has the meaning ascribed to such term in Clause 8.10 (*Cash Collateralisation*).”

““**S&E Management System**” means the Project’s social and environmental management system for the identification, assessment and management of Project risks on an ongoing basis.”

““**Standstill Period**” means a period of 30 days from the date an IFC Acceleration Trigger Event occurs.”

““**Transfer Discount Fee**” means a transfer discount fee calculated as the sum of five per cent. (5%) of the total amount of Loans and Available Commitments being transferred by a Lender to IFC pursuant to Clause 3.6(A)(i) and which is payable by such Lender to the Original Borrower.”

““**Unit Operator**” has the meaning given to it in the UUOA.”;

b. by deleting the definition of “Commitment” in its entirety and replacing it with the following:

““**Commitment**” means:

(A) in relation to an Original Lender, the amount set opposite its name under the heading “Commitment” in Schedule 2 of this Agreement and the amount of any other Commitment transferred to it;

(B) in relation to IFC, the IFC Facility Commitment;

(C) in relation to an Additional Lender, its Additional Commitment;

(D) in relation to IFC as an Additional Lender, the IFC Additional Commitment;

(E) in relation to any other Lender, the amount of any Commitment transferred to it,

to the extent not cancelled, reduced or transferred by it."

c. by deleting the word "facility" in the definition of "Facility" and replacing it with the words "facilities"; and

d. by replacing the definition of "IFC Facility" with the following:

""**IFC Facility**" means the facility described in Clause 3.1(A)(ii) and provided by the IFC in accordance with the terms of the IFC Facility Agreement and this Agreement."

e. by adding the words "the IFC Facility Agreement, the Deed of Transfer and Amendment" immediately after the words "each Deed of Subordination," in the definition of "Finance Documents".

f. by adding the words "(other than IFC)" immediately after the word "Lenders" in the definition of "LC Issuing Bank".

g. by adding the words "and IFC" immediately after the words " Original Lender" in paragraph (A) of the definition of "Lender".

h. by deleting the definition of "Loan" in its entirety and replacing it with the following definition:

""**Loan**" means:

(A) in respect of the Non-IFC Facility, each loan or Letter of Credit made or to be made under this Agreement or the principal amount outstanding for the time being of that loan or Letter of Credit; and

(B) in respect of the IFC Facility, each loan made or to be made under the IFC Facility Agreement or the principal amount outstanding for the time being of that loan."

i. by adding the words "(other than the IFC Facility Agreement and the Deed of Transfer and Amendment)" immediately after the words "Finance Documents" in the definition of "Signing Date".

j. By adding the words "participating in a Letter of Credit" immediately after the words "each Lender" in the definition of "LC Lender".

2. Clause 2.2 (*Conditions Precedent to each Utilisation*) of the Facility Agreement shall be amended by inserting a new Clause 2.2(C) as follows:

"(C) in respect of a Utilisation of the IFC Facility only (and to the satisfaction of IFC only) the Borrower has satisfied the conditions for the Utilisation of the IFC Facility in accordance with the terms of the IFC Facility Agreement."

3. Clause 3.1 (*Facility Commitment amounts*) of the Facility Agreement shall be deleted in its entirety and replaced with the following:

"**3.1 Facility Commitment amounts**

(A) Subject to the terms of the Finance Documents:

(i) the Lenders (other than IFC) have agreed to make available to the Borrower a secured US Dollar revolving loan facility and a letter of credit facility on the terms and conditions set out in this Agreement (the " **Non-IFC Facility**"); and

(ii) IFC has agreed to make available to the Borrower a secured US Dollar revolving loan facility on the terms and conditions set out in the IFC Facility Agreement) (the "**IFC Facility**"),

(together the "**Facility**") in an aggregate amount equal to the Total Commitments.

(B) The Facility may be utilised by way of:

(i) Loans (which, during the Availability Period only, shall include Rollover Loans); and

(ii) Letters of Credit up to an aggregate amount not exceeding USD 200 million."

4. Paragraph (A)(ii) of Clause 3.3 (*Additional Commitment*) of the Facility Agreement shall be amended by inserting after the words "Additional Commitment Notice to the Facility Agent" the words "save that this paragraph (ii) shall not apply where the Additional Commitment is to be an IFC Additional Commitment".

5. Paragraph (D)(iii) of Clause 3.3 (*Additional Commitment*) of the Facility Agreement shall be deleted in its entirety and replaced with the following:

"(iii) any necessary rebalancing of the Commitments and outstandings under the Non-IFC Facility and the Additional Commitment provided by the Additional Lender to ensure that they are pro rata (the " **New Commitment Rebalancing**") will be made, at the Borrower's election, by the Borrower either:

(a) making utilisations from the Additional Commitment in priority to utilisations from Commitments under the Non-IFC Facility or to effect a prepayment under the Non-IFC Facility to the existing Lenders (which amount may be redrawn by the Borrower); or

(b) making its first utilisation under the Additional Commitment on the last day of the then Interest Period,

in each case to procure, as far as practicable, any New Commitment Rebalancing, following which all utilisations shall be made pro rata."

6. A new paragraph (I) shall be inserted into Clause 3.3 (*Additional Commitment*) of the Facility Agreement as follows:

"(I) Any increase in the Total Facility Amount pursuant to paragraph (A) above shall be made under the Non-IFC Facility and the Non-IFC Facility shall be increased accordingly save that if IFC is to provide the Additional Commitment (an " **IFC Additional Commitment** "), the increase in the Total Facility Amount shall be made under the IFC Facility and the IFC Facility will be increased accordingly."

7. Paragraph (A) of Clause 3.4 (*IFC as Additional Lender*) of the Facility Agreement shall be amended by deleting the words "a separate tranche, facility or facilities ranking pari passu with the Facility (the " **IFC Facility**") details of which, together with any amendments to the Finance Documents as Kosmos and IFC (each acting reasonably) consider necessary, shall be provided with the Additional Commitment Notice" and replacing them with the words "the IFC Facility pursuant to the IFC Facility Agreement".

8. Paragraph (B) of Clause 3.4 (*IFC as Additional Lender*) of the Facility Agreement shall be amended by adding the words "or as may be agreed between IFC and the Obligors (subject to any necessary consents)" immediately after the words "available to the Finance Parties)".

9. Paragraph (C) of Clause 3.4 (*IFC as Additional Lender*) of the Facility Agreement shall be deleted in its entirety and replaced with the following:

"(C) In order to rebalance the Commitments and outstandings under the Non-IFC Facility and the IFC Facility to ensure that they are pro rata (the "**IFC Rebalancing**"), at the Borrower's election, the Borrower will either:

(i) make utilisations under the IFC Facility in priority to the Non-IFC Facility or shall effect a prepayment under the Non-IFC Facility (which amount may be redrawn by the Borrower); or

(ii) make its first utilisation under the IFC Facility on the last day of the then Interest Period, in each case to procure, as far as practicable, the IFC Rebalancing, following which all drawings under the IFC Facility and the Non-IFC Facility shall be pro rata."

10. A new Clause 3.6 (*Automatic increase of IFC Facility*) of the Facility Agreement shall be added as follows:

"3.6 **Automatic increase of IFC Facility**

(A) Notwithstanding Clause 3.3 (*Additional Commitment*) and Clause 3.4 (*IFC as Additional Lender*), the Borrower agrees and undertakes with IFC that:

(i) from the date of the IFC Facility Agreement it shall use reasonable endeavours to arrange for the transfer of Loans and Available Commitments of Lenders (other than IFC) to IFC in accordance with the provisions of this Agreement such that the total amount of Commitments of IFC is equal to the IFC Target Commitment by no later than 30 June 2012; and

(ii) in the event that on 30 June 2012 there will be a shortfall between the IFC Target Commitment and the amount of all Loans and Available Commitments of Lenders (other than IFC) transferred or to be transferred to IFC by such date, the IFC Facility shall be automatically increased by an IFC Additional Commitment equal in amount to such shortfall so that, on and with effect from the IFC Facility Automatic Increase Date, the aggregate amount of Commitments under the IFC Facility is not less than the IFC Target Commitment, and Kosmos shall confirm to the Facility Agent by way of written notice the amount of such IFC Additional Commitment, such notice to comply with the requirements of Clause 3.3(B),

and each relevant Finance Party (other than IFC) and the Obligors shall exercise such rights as it has under the Facility in order to give effect to the provisions of this Clause 3.6, and Clauses 3.3 (*Additional Commitment*) and 3.4 (*IFC as Additional Lender*) shall be construed and shall be applied only where necessary to give effect to the provisions of this Clause 3.6.

(B) In respect of each Lender transferring a Loan and/or Available Commitment to IFC pursuant to Clause 3.6(A)(i) above, and on the IFC Facility Automatic Increase Date:

(i) IFC shall transfer the Disbursement Funds to the Facility Agent for the account of each such Lender; and

(ii) upon receipt by the Facility Agent of the Disbursement Funds from IFC and prior to the application of the Disbursement Funds by the Facility Agent for the account of each such Lender, the Facility Agent shall promptly deduct from the Disbursement Funds the Transfer Discount Fee and pay such Transfer Discount Fee to the Borrower for and on behalf of each such Lender in consideration for the consent of the Original Borrower to the transfer by such Lender of its Loans and Available Commitments to IFC (in recognition by such Lender that such consent would have been required had such transfer occurred pursuant to the Deed of Transfer and Amendment).

(C) The Borrower shall inform the Facility Agent in writing of the account into which the Transfer Discount Fee shall be paid in accordance with Clause 3.6(B)(ii).

(D) Each relevant Lender shall inform the Facility Agent in writing prior to the Effective Date of the account into which the Disbursement Funds (net of the Transfer Discount Fee) to which it is entitled under Clause 3.6(B) shall be paid.

(E) Each relevant Lender and the Borrower hereby authorises the Facility Agent to take all action necessary to give effect to this Clause 3.6."

11. Clause 6.1 (*Availability Period*) of the Facility Agreement shall be deleted in its entirety and replaced with the following new clause:

"**6.1 Availability Period**

Subject to the satisfaction of the relevant Conditions Precedent:

(A) the Non-IFC Facility shall be available for drawing during the period from and including the Signing Date to and including 15 May 2014; and

(B) the IFC Facility shall be available for drawing during the period from and including the date of the Effective Date (as defined in the IFC Facility Agreement) to and including 15 May 2014."

12. Sub-clause (A) of Clause 6.5 (*Lenders' participation*) of the Facility Agreement shall be amended by deleting the words "under the Facility" and replacing them with "under the Non-IFC Facility".

13. Sub-clause (B) of Clause 6.5 (*Lenders' participation*) of the Facility Agreement shall be amended by deleting the words "under the Facility" and replacing them with "under the Non-IFC Facility".

14. Sub-clause (C) of Clause 6.5 (*Lenders' participation*) of the Facility Agreement shall be amended by deleting the words "under the Facility" and replacing them with "under the Non-IFC Facility".

15. The definition of "LC Proportion" as set out under sub-clause (A)(ii) of Clause 7.1 (*General*) of the Facility Agreement shall be amended by adding the words "(other than IFC)" immediately after the words "a Lender" and the words "all the Lenders".

16. Sub-clause (B)(iv) of Clause 7.1 (*General*) of the Facility Agreement shall be amended by adding the words "(other than IFC)" immediately after the words "includes a Lender".

17. Sub-clauses (A), (B) and (C) of Clause 7.2 (*Letter of Credit Option*) of the Facility Agreement shall be amended by deleting the word "Facility" wherever it appears in those sub-clauses and replacing it with the words "Non-IFC Facility".

18. Clause 7.4 (*Completion of a Utilisation Request for Letters of Credit*) of the Facility Agreement shall be amended by deleting the word "Facility" wherever it appears in that Clause and replacing it with the words "Non-IFC Facility".

19. Sub-clause (C) of Clause 7.6 (*Issue of Letters of Credit*) of the Facility Agreement shall be amended by deleting the word "Facility" wherever it appears in that Clause and replacing it with the words "Non-IFC Facility".

20. Sub-clause (D) of Clause 7.6 (*Issue of Letters of Credit*) of the Facility Agreement shall be amended by adding the words "(other than IFC)" immediately after the word "Lender".

21. Sub-clause (B) of Clause 8.4 (*Indemnities*) of the Facility Agreement shall be amended by adding the words "(other than IFC)" immediately after the words "Each Lender".

22. Clause 14.1 (*Commitment Fee*) of the Facility Agreement shall be amended by deleting it in its entirety and replacing it with the following new clause:

"**14.1 Commitment fee**

(A) The Borrower shall pay to the Facility Agent in respect of the Non-IFC Facility for the account of each Lender (other than IFC) and in respect of the IFC Facility to IFC directly for the account of IFC, a fee computed as follows:

(i) when Commitment is available for utilisation, at a rate equal to 40 per cent. per annum of the then applicable Margin; and

(ii) when Commitment is not then available for utilisation, at a rate equal to 20 per cent. per annum of the then applicable Margin.

(B) The accrued commitment fee is payable quarterly (on each of 31 March, 30 June, 30 September and 31 December) in arrears on any undrawn and uncancelled portion of the Commitments for the period from:

(i) in respect of the Non-IFC Facility, the date of this Agreement until and including the last day of the Availability Period; and

(ii) in respect of the IFC Facility, the date of the IFC Facility Agreement until and including the last day of the Availability Period.

(C) Notwithstanding paragraphs (A) and (B) above, the Borrower shall not be required to pay any such commitment fees to the Facility Agent for the account of any Lender in respect of a Non-IFC Facility and to IFC for the account of IFC in respect of the IFC Facility in each case during the period in which such Lender is a Non-Funding Lender."

23. Clause 24.7 (*Information: Miscellaneous*) of the Facility Agreement shall be amended by inserting a new Clause 24.7(B) as follows:

"(B) all reports and/or other documents dispatched by the Borrower further to Clause 13.4 (*Reporting*) of the IFC Facility Agreement;"

24. Clause 29 (*Events of Default*) of the Facility Agreement shall be amended by adding the words "and clause 29.18 (*Acceleration — IFC and Lenders*)" immediately after the words "clause 29.17 (*Acceleration — all Lenders*)".

25. A new Clause 29.18 of the Facility Agreement shall be inserted as follows:

"**29.18 Acceleration — IFC and Lenders**

(A) This clause 29.18 is subject to the terms of the Intercreditor Agreement.

(B)

(i) After the occurrence of an IFC Acceleration Trigger Event at any time after the Standstill Period has expired and such IFC Acceleration Trigger Event is continuing, IFC may, by notice to the Borrower and the Facility Agent:

(a) cancel the Commitment of IFC whereupon the same shall immediately be cancelled; and/or

(b) declare that all or part of the IFC Loans, together with accrued interest, and all other amounts accrued or outstanding under the IFC Facility, be immediately due and payable, whereupon they shall become due and payable; and/or

(c) declare that all or part of the Loans under the IFC Facility, be payable on demand, whereupon they shall become immediately payable on demand by IFC.

(ii) In the event that the Facility Agent takes any action under clause 29.18(C) below in relation to the Facility, IFC shall be entitled to take equivalent action in relation to the IFC Facility.

(C)

(i) For the purposes of this clause 29.18(C), the Commitments of IFC shall be excluded in calculating the Majority Lenders.

(ii) After the occurrence of a Lender Acceleration Trigger Event and at any time such Lender Acceleration Trigger Event is continuing, the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower and IFC:

(a) cancel the Commitments (excluding any IFC Facility Commitment) whereupon they shall immediately be cancelled; and/or

(b) declare that all or part of the Loans (excluding any Loans under the IFC Facility), together with accrued interest, and all other amounts accrued or outstanding under this Agreement (excluding under the IFC Facility) be immediately due and payable, whereupon they shall become due and payable; and/or

(c) declare that all or part of the Loans (excluding any Loans under the IFC Facility), be payable on demand, whereupon they shall become immediately payable on demand by the Facility Agent on the instructions of the Majority Lenders.

(iii) In the event that IFC takes any action under clause 29.18(B) in relation to the IFC Facility, the Facility Agent (if so instructed by the Majority Lenders) shall be entitled to take equivalent action in relation to the Facility."

26. A new Clause 30.8 of the Facility Agreement shall be inserted as follows:

"**30.8 Assignments and transfers by IFC**

IFC may transfer the IFC Facility Commitment or its participation, in part or in whole, to any institution that is a Qualifying Bank without the prior consent of the Borrower."

27. Paragraph (A) of Clause 34.1 (*Payments to the Facility Agent*) of the Facility Agreement shall be amended by inserting the words "(apart from IFC)" after the words "On each date on which an Obligor or a Lender".

28. New Clauses 34.10 and 34.11 of the Facility Agreement shall be inserted as follows:

"**34.10 Payments to IFC**

The Borrower will make payments of all amounts due to IFC under the Finance Documents directly to the account number specified in Clause

10.1 (*Accounts*) of the IFC Facility Agreement, and IFC will make any payments to the Borrower, without requiring payment through the offices of the Facility Agent.

34.11 Inconvertibility Payments

IFC will not be obliged to share any IFC Inconvertibility Payments."

29. Clause 41.2 (*Exceptions*) of the Facility Agreement shall be amended by inserting a new paragraph (F) as follows:

"(F) An amendment, variation or waiver of Clause 34.11 (*Inconvertibility Payments*) may not be effected without the consent of IFC."

SCHEDULE 4
FORM OF IFC FACILITY AGREEMENT

FACILITY AGREEMENT

dated [ ] 2012

for

KOSMOS ENERGY FINANCE INTERNATIONAL
as Original Borrower

with

THE COMPANIES LISTED IN APPENDIX 1
as Original Guarantors

and

INTERNATIONAL FINANCE CORPORATION
as a New Lender

IFC FACILITY AGREEMENT

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

(SRG/PMZH)

THIS AGREEMENT is dated [   ] 2012 and made between:

(1) **KOSMOS ENERGY FINANCE INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number 253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KYI-1209, Cayman Islands (the "**Original Borrower**");

(2) **THE ORIGINAL GUARANTORS** listed in Appendix 1 as original guarantors (the "**Original Guarantors**"); and

(3) **INTERNATIONAL FINANCE CORPORATION** (the "**IFC**"),

WHEREAS:

(A) The parties to this Agreement have entered into a deed of transfer and amendment dated on or about the date of this Agreement with certain other parties pursuant to which, inter alios, certain Lenders under the Facility Agreement (as defined below) have agreed to transfer Loans and Available Commitments, rights and obligations to IFC and the accession of IFC to certain Finance Documents shall occur (the "**Deed of Transfer and Amendment**").

(B) The IFC has agreed to provide a secured facility of up to USD 100,000,000, ranking pari passu in all respects with the Non-IFC Facility, on the terms and conditions set out in this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Annual Monitoring Report**" means the annual monitoring report substantially in the form attached as Appendix 5 (*Form of Annual Monitoring Report*) hereto setting out the specific social, environmental and developmental impact information, as such report may be amended or supplemented from time to time in accordance with this Agreement.

"**Applicable S&E Law**" means all applicable statutes, laws, ordinances, rules and regulations of the countries where the Borrower operates its assets, including, without limitation, licenses, permits or other governmental Authorisations setting standards concerning environmental, social, labor, health and safety or security risks of the type contemplated by the Performance Standards or imposing liability for the breach thereof.

"**Available IFC Commitment**" means, at any time, the IFC Facility Commitment which may be drawn down under the IFC Facility as determined in accordance with Clause 3.2 (*Total Available Facility Amount*) of the Facility Agreement.

"**Coercive Practice**" means the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

"**Collusive Practice**" means an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

"**Corrupt Practice**" the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

"**Effective Date**" means the date falling on the later of:

(a) 4 Business Days after the date on which IFC confirms to the Original Borrower and the Facility Agent that all fees due and payable to IFC pursuant to a fee letter between the Original Borrower and IFC and dated 17 February 2012 have been paid in full; and

(b) 5 Business Days after the date of the IFC Facility Agreement,

provided that such date shall coincide wherever possible with the last day of the then current Interest Period.

"**Facility Agreement**" means the facility agreement dated 28 March 2011 (as amended pursuant to the Deed of Transfer and Amendment and as amended from time to time) between the Original Borrower, the Original Guarantors, the Mandated Lead Arrangers, the Underwriters, the Original Lenders, the Technical Bank, the Modelling Bank, the Documentation Bank, the Onshore Account Bank, the Offshore Account Bank, the Facility Agent, the Security Agent and the Intercreditor Agent.

"**Fraudulent Practice**" means any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

"**Financial Year**" means each year ending 31 December.

"**Ghana Project Agreements**" means:

(i) the DWT PA and the WCTP PA (and all amendments and supplements thereto);

(ii) the DWT JOA and the WCTP JOA;

(iii) the UUOA;

(iv) each New Project Agreement where the relevant Approved Development or Permitted Acquisition is in Ghana or relates to assets in Ghana; and

(v) any other agreement which the Facility Agent and the Original Borrower agree shall be a Ghana Project Agreement, as such documents may be updated, amended or replaced from time to time.

"**Ghana-related Assets**" means the Jubilee Field, the Ghana Block Assets and any joint venture, Fields, Project Infrastructure or Petroleum Assets that are located in Ghana.

"**IFC Utilisation Receipt**" means a utilisation receipt under the IFC Facility substantially in the form set out in Part I (*Form of IFC Utilisation Receipt*) of Appendix 2 of this Agreement.

"**IFC Utilisation Request**" means a utilisation request under the IFC Facility substantially in the form set out in Part II (*Form of IFC Utilisation Request*) of Appendix 2 of this Agreement.

"**Independent Expert**" means an external, independent expert jointly selected by IFC and the Borrower (each acting reasonably) and appointed by the Borrower.

"**Obstructive Practice**" means either (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of IFC's access to contractually required information in connection with a World Bank Group investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

"**Project**" means:

(A) the development, operation and maintenance of the Ghana-related Assets; and

(B) if, but only if, the proceeds of any IFC Loan are applied towards purposes as provided for under Clause 5.1 (*Purpose*) of the Facility Agreement which do not relate to Ghana-related Assets, the development, operation and maintenance of such assets,

and in each case shall include all appraisal, exploration, construction, operations, maintenance and exploitation works and activities in relation thereto, and the treatment, processing, storage, delivery, lifting and sale of Unit Substances therefrom.

"**Repeating Representations**" means the "Repeating Representations" as defined in the Facility Agreement and the representations set out in Clause 12 (*Representations and Warranties*) of this Agreement.

"**Sanctionable Practice**" any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are defined herein and interpreted in accordance with the Anti-Corruption Guidelines attached to this Schedule as Appendix 3 (*Anti-Corruption Guidelines for IFC Transactions*).

"**Unit Operation**" shall have the meaning given to that term in the UUOA.

"**World Bank**" means the International Bank for Reconstruction and Development, an international organization established by Articles of Agreement among its member countries.

1.2 Incorporation of defined terms, interpretation and construction

(A) Unless a contrary indication appears herein, a term defined in the Facility Agreement or any other Finance Document has the same meaning in this Agreement.

(B) The principles of construction and interpretation set out under Clause 1.2 (*Construction of particular terms*) and Clause 1.3 (*Interpretation*) of the Facility Agreement shall have effect as if set out in this Agreement.

(C) The meaning and interpretation attributed to the terms set out in Appendix 3 (*Anti-Corruption Guidelines for IFC Transactions*) shall be deemed to apply to those terms as they are used in this Schedule.

2. IFC FACILITY

Subject to the terms of this Agreement, IFC shall make available to the Borrower a secured senior term loan facility in an aggregate amount equal to:

(A) on and from the Effective Date until but not including the IFC Facility Automatic Increase Date, the IFC Facility Commitment; and

(B) on and from the IFC Facility Automatic Increase Date, the Final IFC Facility Commitment.

3. PURPOSE

The Borrower shall apply all amounts borrowed under the IFC Facility in accordance with Clause 5 (*Purpose*) of the Facility Agreement, which shall include an amount applied for a purpose which is in respect of Ghana-related Assets.

4. UTILISATION

4.1 Utilisation Procedure

(A) Subject to satisfying the conditions set out in Clause 2 (*Conditions Precedent*) of the Facility Agreement and Clause 4.2 (*IFC Utilisation*) of this Agreement, the Borrower may utilise the IFC Facility by delivering an IFC Utilisation Request to the IFC (with a copy to the Facility Agent) and in accordance with and subject to the provisions of Clause 6 (*Utilisation*) of the Facility Agreement.

(B) The Borrower shall deliver to the IFC, within five (5) Business Days of a Utilisation Date, an IFC Utilisation Receipt.

4.2 IFC Utilisation

Each Utilisation shall be made available by IFC in Dollars, for credit directly into the KEG Offshore Proceeds Account provided that the following conditions are met:

(A) the conditions set out under paragraphs (A) and (B) of Clause 2.2 (*Conditions to each Utilisation*) in the Facility Agreement have been met;

(B) the Borrower has demonstrated:

(i) where it is the operator (and has not been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements) that it has (subject to its express obligations under the relevant Ghana Project Agreements) exercised all rights as it may have to ensure that:

(ii) where it is the operator (and has been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements) that it has used reasonable endeavours to ensure that; and

(iii) where it is not the operator, that it has used reasonable endeavours by exercising its rights under the relevant Ghana Project Agreements and/or influencing or procuring the co-operation of the Unit Operator to ensure that,

in each case:

(iv) the design, construction, operation, maintenance, management and monitoring of the Project's sites, plants, equipment, operations and facilities are undertaken in compliance with (i) the Action Plan, (ii) the applicable requirements of the Performance Standards and (iii) the EHS Guidelines;

(v) the continuing implementation and operation of the S&E Management System to assess and manage the social and environmental performance of the Project in a manner consistent with the Performance Standards in all material respects;

(vi) the environmental mitigation and management measures in the Action Plan have been implemented according to the required completion dates contained therein and maintained; and

(vii) all action items in the Action Plan have been completed within the timetabled dates prior to the date of the relevant Utilisation Request;

(C) the proceeds of the Utilisation are used or are to be used for a purpose in accordance with Clause 3 (*Purpose*);

(D) the proceeds of the Utilisation are not in reimbursement of, or to be used for, expenditures in the territories of any country which is not a member of the World Bank or for goods produced in or services supplied from any such country; and

(E) the Repeating Representations are, in light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects).

4.3 Borrower's Certification

The Borrower shall deliver to IFC in each Utilisation Request such evidence of the proposed use of the proceeds of the Utilisation, as IFC may reasonably request.

5. IFC's PARTICIPATION

(A) If the conditions set out in this Agreement have been met, IFC shall make its participation in the relevant Loan available by the Utilisation Date through its Facility Office in accordance with the terms of this Agreement and the Facility Agreement.

(B) A Business Day for the purposes of Clause 4 (*Utilisation*) of this Agreement shall mean a day (other than a Saturday or Sunday) when banks are open for business in London, New York and Paris.

6. LETTERS OF CREDIT

The IFC Facility may not be utilised by way of the issue of Letters of Credit and under no circumstances will IFC be required to act or be appointed to act as an LC Issuing Bank.

7. REPAYMENT

The Borrower shall repay the IFC Loans made under this Agreement subject to and in accordance with the relevant provisions of Clause 9 (*Repayment*) of the Facility Agreement.

8. PREPAYMENT AND CANCELLATION

The provisions of Clause 10 (*Prepayment and Cancellation*) of the Facility Agreement shall apply in respect of any prepayment or cancellation of the IFC Facility provided that, if requested by IFC, the Borrower delivers to IFC, prior to the date of any such prepayment or cancellation, evidence in form and substance satisfactory to IFC that all necessary Authorisations with respect to the prepayment have been obtained.

9. INTEREST

The rate of interest, including calculation, margin and default interest, on each IFC Loan made under this Agreement shall be determined and shall be payable by the Borrower in accordance with Clause 11 (*Interest*) of the Facility Agreement.

10. PLACE OF PAYMENTS

10.1 Accounts

(A) All payments of principal, interest, fees, and any other amount due to IFC from the Borrower under this Agreement or any other Finance Document shall be made directly by the Borrower to IFC in Dollars, in same day funds, and must be received in the account of IFC at Citibank, N.A. New York, 111 Wall Street, New York N.Y. 10043, USA (in favour of International Finance Corp) for credit to IFC's account number 36085579 (Swift Number: CITIUS 33, ABA Number: 021000089, Loan Reference: PRJ-31179-GHA), or at such other bank or account in New York as IFC from time to time designates. Payments must be received in IFC's designated account by no later than 1:00 p.m. New York time on the date when such payment is due.

(B) The Borrower hereby irrevocably agrees that IFC may deem any payment, or part thereof, that is received after the time specified in Clause 10.1(A) of this Agreement as made on the following Business Day and accordingly Default Interest will accrue on any such payment, or part thereof.

10.2 Direct Payments

The Borrower will make payments of all amounts due to IFC under the Finance Documents directly to the account number specified in Clause 10.1 (*Accounts*) of this Agreement, without requiring payment through the offices of the Facility Agent.

10.3 Allocation of Partial Payments

If at any time IFC receives less than the full amount then due and payable to it under the Facility Agreement, IFC may allocate and apply the amount received in any way or manner and for such purpose or purposes under the Facility Agreement as IFC in its sole discretion determines, notwithstanding any instruction that the Borrower may give to the contrary.

11. FEES

The Borrower shall pay to IFC directly for its own account a commitment fee computed in accordance with Clause 14.1 (*Commitment fee*) of the Facility Agreement.

12. REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties set out in Clauses 12.1 (*Sanctionable Practices*), 12.2 (*Environmental Matters*) and 12.3 (*Ghana-related Assets*) of this Agreement to IFC as at the date of this Agreement and acknowledges that IFC has entered into the Finance Documents pursuant to the Deed of Transfer and

Amendment and this Agreement in full reliance on these representations and warranties.

12.1 Sanctionable Practices

Neither the Borrower nor any Affiliates, nor any person authorised to act (expressly or implicitly) on its or their behalf, has committed or engaged in, with respect to the Project or any transaction contemplated by this Agreement, any Sanctionable Practice.

12.2 Environmental Matters

(A) To the best of its knowledge and belief, after due inquiry, there are no social or environmental risks or issues in relation to the Project other than those identified by the ESRS that could reasonably be expected to have a material adverse effect or a material adverse impact on the implementation or operation of the Project in accordance with the Performance Standards and the EHS Guidelines.

(B) It has not received nor is aware of either:

(i) any existing or threatened complaint, order, directive, claim, citation or notice from any Authority of the countries where the Borrower operates its assets; or

(ii) any material written communication from any person concerning the Project's failure to comply with any matter covered by the Performance Standards which failure has, or could reasonably be expected to have, a material adverse effect or a material adverse impact on the implementation or operation of the Project in accordance with the Performance Standards.

12.3 Ghana-related Assets

A sum equal to at least the sum of all amounts drawn down under the IFC Facility shall be applied for purposes in respect of Ghana-related Assets under the Facility.

12.4 Repetition

The Repeating Representations shall be repeated in accordance with the terms of the Facility Agreement.

13. COVENANTS

13.1 Sanctionable Practices

(A) The Borrower shall not engage in (and shall not authorise or permit any Affiliate or any other person authorised to act (expressly or implicitly) on its behalf to engage in) with respect to the Project or any transaction contemplated by this Schedule, any Sanctionable Practice.

(B) The Borrower covenants that should IFC notify the Borrower of its concerns that there has been a violation of the provisions of this paragraph or paragraph (A) above, it shall cooperate in good faith with IFC and its representatives in determining whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from IFC, and shall furnish documentary support for such response upon IFC's request.

13.2 Environmental Matters

(A) Unless the Parties otherwise agree, the Borrower shall:

(i) where it is the operator (and has not been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements), exercise (subject to its express obligations under the relevant Ghana Project Agreements) all rights as it may have to ensure that;

(ii) where it is the operator (and has been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements), use reasonable endeavours to ensure that; and

(iii) where it is not the operator, use reasonable endeavours by exercising its rights under the relevant Ghana Project Agreements and/or influencing or procuring the co-operation of the Unit Operator to ensure that,

in each case:

(iv) the design, construction, operation, maintenance, management and monitoring of the Project's sites, plants, equipment, operations and facilities are undertaken in compliance with (i) the Action Plan, and (ii) the applicable requirements of the Performance Standards and (iii) the EHS Guidelines;

(v) the continuing implementation and operation of the S&E Management System to assess and manage the social and environmental performance of the Project is achieved in a manner consistent with the Performance Standards in all material respects; and

(vi) the environmental mitigation and management measures specified in the Action Plan are implemented and maintained.

(B) Unless the Parties otherwise agree, the Borrower shall:

(i) not vote or otherwise seek to amend the Action Plan in any material respect without the prior written consent of IFC;

(ii) where it is the operator exercise such rights as it has under the relevant Ghana Project Agreements to ensure (as far as it is able) that, and where it is not an operator use its reasonable endeavours by exercising its rights under the Ghana Project Agreements and/or influencing or procuring the co-operation of the Unit Operator to ensure (as far as it is able) that, in each case, the ESRS, the Action Plan and the Annual Monitoring Report are at all times in a form acceptable to IFC (acting reasonably);

(iii) periodically review (at least yearly) the form of the Annual Monitoring Report and advise IFC as to whether revision of the form is necessary or appropriate in light of changes to the Borrower's business or operations, or in light of environmental or social risks identified by the S&E Management System and revise the form as agreed with IFC; and

(iv) where it is operator and has been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements), inform IFC promptly of such fact (and provide any details where requested by IFC) and assess and inform IFC of the potential risk this poses for compliance with the (i) Action Plan, (ii) applicable requirements of the Performance Standards and/or (iii) EHS Guidelines.

13.3 Non-compliance

In the event that, notwithstanding compliance by the Borrower of the covenants contained in Clause 13.2 (*Environmental Matters*) of this Agreement, the (i) Action Plan, (ii) applicable requirements of the Performance Standards and/or (iii) EHS Guidelines will not be complied with or where they might reasonably be expected not to be complied with (for whatever reason), then the Borrower shall:

(A) promptly inform IFC of such non-compliance or potential non-compliance;

(B) take all actions it can be reasonably expected to take and exercise such rights, powers or influence it may have to mitigate the risks of non-compliance or potential non-compliance, or to reverse the non-compliance or potential non-compliance so that compliance is achieved; and

(C) inform and update IFC on a regular basis on the status of the non-compliance or potential non-compliance and the steps being taken under Clause 13.3(B) above and respond promptly to any reasonable requests for any information by IFC in relation thereto.

13.4 Reporting

Unless Parties otherwise agree, the Borrower shall:

(A) within ninety (90) days after the end of each Financial Year, deliver to IFC the corresponding Annual Monitoring Report in the form attached as Appendix 5 (*Form of Annual Monitoring Report*) hereto confirming compliance with the Action Plan, the social and environmental covenants set forth in Clause 13.2 (*Environmental Matters*) above and Applicable S&E Law, or, as the case may be, identifying any non-compliance or failure, and the actions being taken to remedy it and the contents of such Annual Monitoring Report shall be verified by an Independent Expert within 90 days of its delivery to IFC;

(B) within three (3) Business Days after it becomes aware, notify IFC of any social, labour, health and safety, security or environmental incident, accident or circumstance having, or which could reasonably be expected to have, a material adverse effect on the implementation or operation of the Project in accordance with the Performance Standards, specifying in each case the nature of the incident, accident, or circumstance and any effect resulting or likely to result therefrom, and the measures the Borrower is taking or plans to take to address them and to prevent any future similar event, and keep IFC informed of the on-going implementation of those measures and plans;

(C) within 120 days of the end of each Financial Year, publicly disclose all material national, regional and local payments to any Authority in respect of taxes, royalties, bonus and signature payments and all other material payments that are in the nature of taxes, profit share, production share, or for rights to access resources. Such disclosure shall be substantially in the form set out in Appendix 5 (*Form of Revenue Disclosure*) hereto, and be made on a webpage readily accessible to the public in English and the local language; and

(D) deliver to IFC, promptly following publication, a copy of any information published pursuant to paragraph (C) above.

14. REMEDIES FOLLOWING DEFAULT OR EVENT OF DEFAULT

On and at any time after the occurrence of a Default or an Event of Default which is continuing IFC shall have the rights and remedies set out under the Facility Agreement or the Intercreditor Agreement.

15. GUARANTEE

Each of the Guarantors hereby acknowledges that, pursuant to the Facility Agreement, they have guaranteed the obligations of the Borrower under this Agreement on the terms and conditions set out in the Facility Agreement.

16. MISCELLANEOUS

16.1 Notices

Any notice, request or other communication to be given or made under this Agreement shall be given in accordance with Clause 37 (*Notices*) of the Facility Agreement.

16.2 Term of Agreement

This Agreement shall continue in force until all monies payable under it have been irrevocably and fully paid in accordance with its provisions and the Obligors have no further obligations to the IFC under this Agreement and the Finance Documents.

16.3 Successors and assignees

This Agreement binds and benefits the respective successors and assignees of the parties. However, the Borrower may not assign or delegate any of its rights or obligations under this Agreement without the prior written consent of IFC. IFC may assign or transfer its rights and obligations hereunder, in whole or in part and in accordance with the terms of the Facility Agreement and the Intercreditor Agreement.

16.4 Counterparts

This Agreement may be executed in several counterparts, each of which is an original, but all of which together constitute one and the same agreement.

16.5 Disclosure of information

The provisions of Clause 30.7 (*Disclosure of information*) of the Facility Agreement shall apply herein, mutatis mutandis as if set out in full for the benefit of IFC.

16.6 Applicable law and jurisdiction

This Agreement shall be governed by and interpreted in accordance with the laws of England and Wales. The provisions of Clause 44 (*Jurisdiction*) of the Facility Agreement shall apply herein, *mutatis mutandis*, as if set out in full for the benefit of IFC.

APPENDIX 1

The Original Guarantors

Name	Jurisdiction of Incorporation	Registered Number
Kosmos Energy Operating	Cayman Islands	231417
Kosmos Energy International	Cayman Islands	218274
Kosmos Energy Development	Cayman Islands	225879
Kosmos Energy Ghana HC	Cayman Islands	135710

APPENDIX 2

Receipt and Request

Part I

Form of IFC Utilisation Receipt

[Borrower's Letterhead]

International Finance Corporation
2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
United States of America

Attention: Manager, Financial Operations Unit

Ladies and Gentlemen:

Investment No. [•]

Utilisation Receipt (IFC Loan)

We, **KOSMOS ENERGY FINANCE INTERNATIONAL**, hereby acknowledge receipt on the date hereof, of the sum of [•] Dollars ($[•]) disbursed to us by International Finance Corporation under the IFC Facility provided for in the Facility Agreement dated 28 March 2011 between our company and International Finance Corporation.

Yours truly,

KOSMOS ENERGY FINANCE INTERNATIONAL

By: ______________________________

Authorised Officer

Part II

Form of Utilisation Request for IFC Loan

From: Kosmos Energy Finance International as Borrower

To: International Finance Corporation

CC: BNP Paribas as Facility Agent

Dated: [ ]

Dear Sirs

Kosmos Energy Finance International
USD [ ] IFC Facility Agreement dated [ ] 2012 (the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request in respect of a Utilisation under the IFC Facility. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

Proposed Utilisation Date:	[ ] (or, if that is not a Business Day, the next Business Day)
Currency of Loan:	USD
Amount:	[ ]
Interest Period:	[ ]
Purpose:	[ ]

3. We hereby certify that:

(a) no Default or Event of Default is continuing or will result from the proposed Loan;

(b) the Loan is expected to be applied in payment of amounts subject to and in accordance with the Cash Waterfall within 90 days of the Utilisation Date or as otherwise required for Kosmos to comply with clause 20.1 (*Project Accounts*) of the Facility Agreement;

(d) the making of the Utilisation would not result in the aggregate principal amount outstanding under the Facility exceeding the Borrowing Base Amount;

(e) the Repeating Representations are, in the light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a

Repeating Representation that contains a materiality concept, true and correct in all respects); and

(f) the making of the Utilisation will not breach Clause 3 (*Purpose*) of the Agreement.

4. The proceeds of this Loan should be credited to the [Borrower/other] Offshore Proceeds Account and to the extent an amount has been attributed to Interest payments above, such amount shall be applied towards the payment of Interest on the Facility.

5. This Utilisation Request is irrevocable and is a Finance Document.

Yours faithfully

____

Authorised Signatory for

Kosmos Energy Finance International

APPENDIX 3

Anti-Corruption Guideline for IFC Transactions

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practices”, “Fraudulent Practices”, “Coercive Practices”, “Collusive Practices” and “Obstructive Practices” in the context of IFC operations.

1. CORRUPT PRACTICES

1.1 Definition

A “Corrupt Practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

1.2 Interpretation

(A) Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.

(B) It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor’s books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.

(C) In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.

(D) Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.

(E) The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

2.1 Definition

A "Fraudulent Practice" is any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

2.2 Interpretation

(A) An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a "Fraudulent Practice" for purposes of this Schedule.

(B) Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in IFC, MIGA, or PRG operations. Similarly, other illegal behavior is not condoned, but will not be considered as a Fraudulent Practice for purposes of this Agreement.

3. COERCIVE PRACTICES

3.1 Definition

A "Coercive Practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

3.2 Interpretation

(A) Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

(B) Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

4.1 Definition

A "Collusive Practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

4.2 Interpretation

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

5.1 Definition

An "Obstructive Practice" is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of IFC's access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

5.2 Interpretation

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

6. GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

APPENDIX 4

Action Plan

ENVIRONMENTAL AND SOCIAL ACTION PLAN
Kosmos Energy II (#31179)
October 16, 2011

Item	Task	Indicator of Completion	Required Completion Date
Performance Standard 1 — Social and Environmental Assessment and Management Systems			
1.	**Corporate HSEC Management System.** Kosmos Energy will develop its Corporate HSEC Management System to ensure that Applicable Projects are assessed and managed according to IFC's Performance Standards and applicable World Bank Group EHS Guidelines.	(a) The Company has submitted a Development and Implementation Plan, including time-bound targets, for Kosmos Energy HSEC Management System acceptable to IFC.	(a) March 2011
		(b) Documentation that the Development and Implementation Plan for the Kosmos Energy HSEC Management System is being implemented.	(b) Based on schedule in the Development and Implementation Plan
2.	**Country HSEC Management System.** Kosmos Energy will develop country-specific HSEC Management Systems to ensure that Applicable Projects are assessed and managed according to IFC's Performance Standards and applicable World Bank Group EHS Guidelines	(a) The Company has submitted a Development and Implementation Plan, including time-bound targets, for Kosmos Energy HSEC Management System acceptable to IFC.	(a) After March 2011 and prior to the start of any material operation of an Applicable Project.
		(b) Documentation that the Development and Implementation Plan for the Kosmos Energy HSEC Management System is being implemented	(b) Based on schedule in the Development and Implementation Plan

ENVIRONMENTAL AND SOCIAL ACTION PLAN
Kosmos Energy II (#31179)
October 16, 2011

Item	Task	Indicator of Completion	Required Completion Date
3.	**Training.** Training in the IFC's Performance Standards and the applicable EHS Guidelines will be provided to those involved with the risk management of Applicable Projects.	(a) The Company has developed a Training Plan that incorporates the Performance Standards and relevant IFC EHS Guidelines	(a) March 2011
		(b) Evidence of training provided to all regional and line managers.	(b) August 2012
		(c) Periodic training sessions to onboard new regional and line managers and to provide managers with updates.	(c) Discussed in the Annual Monitoring Reports (AMR)
4.	**HSE Review Procedure.** Kosmos Energy will configure a procedure under the HSEC Management System to ensure that the Vice President responsible for HSEC reviews all Applicable Projects to ensure that they are evaluated and managed according to the IFC Performance Standards and applicable World Bank Group EHS Guidelines.	(a) The Company has drafted a procedure.	(a) Condition of disbursement on any non-Jubilee Applicable Project, but no later than June 2012.
		(b) The Company has adopted the procedure for all Applicable Projects.	(b) Finalise and adopt 30 days after IFC's acceptance of draft.
		(c) Evidence of Applicable Project review by the Vice President to show that any Applicable Project is in compliance with IFC Performance Standards, or has shown that the Applicable Project can come into compliance with the Performance Standards within a reasonable time period following the implementation of a Supplemental Environmental and Social Action Plan to be agreed upon between the Company and IFC.	(c) Condition of disbursement for the Applicable Project. Applicable timetable for any Applicable Project according to the specified in the Applicable Project-specific Supplemental Social and Environmental Action Plan.

Item	Task	Indicator of Completion	Required Completion Date
5.	**Environment and Social Management Plan.** Each Applicable Project will have an ESMP that incorporates all measures needed to meet national law, the Performance Standards, and the EHS Guidelines. The content may vary according to the risks and issues of the specific Applicable Project, but should include in each case an Emergency Response Plan (ERP), Spill Control and Response Plan (SCRP), a Waste Management Plan (WMP), and a Stakeholder Engagement Plan (SEP) that provides for the local disclosure of the social and environmental assessment documents, including the ESMP itself.	(a) ESMP developed for each Applicable Project, and agreed upon with IFC. (b) Publicly disclose the ESMP	(a) Prior to mobilization of the Applicable Project. (b) Based on schedule in the Applicable Project SEP.
Performance Standard 3 — Pollution Control and Abatement			
6.	**Well Control Continuous Improvement Program.** To ensure that Kosmos drilling programs, particularly in deep water, follow good international practice as identified by the International Association of Oil and Gas Producers (OGP) with respect to well control, Kosmos will undertake at least an annual review of its well control procedures and their	(a) Undertake an annual review of its well control procedures benchmarked again OGP recommendations and develop an action plan for closing any gaps (b) Keep IFC informed on the preparation of recommendations from the OGP	(a) Annually (b) Any changes in the well control procedure as a result of the review to be reported in the AMR.

Item	Task	Indicator of Completion	Required Completion Date
	conformity with good international practice.		
7.	**Spill Incident Continuous Improvement Program**. To ensure that Kosmos operations follow good international practice as identified by the International Association of Oil and Gas Producers (OGP) with respect to intervention and response to well incidents, Kosmos will undertake at least an annual review of the intervention and response capabilities available to operations and their consistency with good international practice.	(a) Undertake an annual review of the spill incidence intervention and response capabilities available to it and develop an action plan for using reasonable endeavors to close any gaps. (b) Keep IFC informed on the preparation of recommendations from the OGP	(a) Annually (b) Any changes to the incident intervention and response capabilities to be reported in the AMR.

APPENDIX 5

Form of Annual Monitoring Report

INTERNATIONAL FINANCE CORPORATION

ANNUAL MONITORING REPORT (AMR)
INCLUDES:

ENVIRONMENTAL AND SOCIAL PERFORMANCE
AND DEVELOPMENT INDICATORS

Kosmos Energy

Ghana

IFC Project Number: 31179

REPORTING PERIOD: (month/year) through (month/year)

AMR COMPLETION DATE: (day/month/year)

Environment and Social Development Department
2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA
www.ifc.org/sustainability

ANNUAL MONITORING REPORT
DEVELOPMENT IMPACT INDICATORS

This section of the AMR has the Development Impact Datasheet which tracks how the project has contributed to development in the region.

NON-JUBILEE FIELD

Development Impact Data Sheet	2011	2012	2013	2014	2015	2016
EMPLOYEES						
Employment						
Number *of permanent jobs created or preserved (Direct)*						
Number *of local permanent jobs created or preserved through local subcontractors (approx)*						
Number *of local temporary jobs (e.g. during construction) created & preserved*						
Percentage *of female employees (Direct)*						
Percentage *of employees from local community**						
Percentage *of nationals in managerial positions (Direct)*						
Percentage *of female among managerial staff (Direct)*						
*Wage rates compared to alternative (**percentage** premium over comparable employment)*						
Training*						
Number *of employees receiving training*						
*Initiatives to hire and train local workers (**yes/no**)*						
Dollar amount *spent on training (per employee)*						
Other Benefits						
Dollar amount *spent on other benefits to local parties*						
GOVERNMENT						
Dollar amount *paid as Income tax (inc. any withholding tax)*						
Dollar amount *paid as share of Profit Oil*						
Dollar amount *of any other fiscal payments*						
COMMUNITY						
Access to education						
Dollar *spent on local educational institutions*						
Number *of schools supported*						
Access to healthcare						
Dollar *spent on/contributed to local health facilities*						
Number *of people which accessed such health facilities*						

Access to Infrastructure
Infrastructure-type projects *undertaken*
Dollars *spent on/contributed to infrastructure-type projects*
Community programs
Dollars spent *on community development programs (excluding health and education)*
Cash equivalent *of in-kind contributions to community development progams*
OTHER BUSINESSES & INDUSTRIES
Purchase from Local and National Suppliers
Local supplier/SME development progam (**yes/no**)
Dollar value of purchases (goods & services) from regional suppliers
Number of regional suppliers (for goods and services)
Percentage of procurement being sourced from regional suppliers
Dollar value of purchases from national suppliers (included above)
Number of national suppliers
Percentage of procurement budget sourced from national suppliers

*- for the purpose of this table, "local" and "local community" are defined as belonging to the provinces in which the respective activities are conducted.

Notes:

INTERNATIONAL FINANCE CORPORATION

ENVIRONMENTAL AND SOCIAL PERFORMANCE

ANNUAL MONITORING REPORT

Kosmos Energy

Ghana

IFC Project Number: 31179

REPORTING PERIOD: (month/year) through (month/year)

AMR COMPLETION DATE: (day/month/year)

Environment and Social Development Department
2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA
www.ifc.org/sustainability

INTRODUCTION

The Annual Monitoring Report

This section monitors the Environmental and Social performance of the Project. IFC's Investment Agreement requires Kosmos Energy ("Kosmos" or the "Company") to prepare a comprehensive Annual Monitoring Report (AMR) for its activities in Ghana as defined in the Loan Agreement.

This document comprises IFC's preferred format for environmental and social performance reporting. The AMR informs the Environment and Social Development Department about the environmental and social state of the investment.

With respect to the Jubilee Field and because Kosmos is not the Project's Unit Operator, Kosmos may elect to coordinate with the Unit Operator, who has a similar obligation to IFC under their IFC Facility Agreement, and agree to submit a joint AMR for the Project. To the extent that there are Kosmos-specific information which are covered by the social and environmental covenants of the IFC Facility Agreements but are not dealt with in the Unit Operator's AMR, Kosmos will provide such information in this AMR. Such information will include the environmental, health and safety and social performance of Kosmos' staff and contractors; the environmental, health and safety and social programs specifically undertaken by Kosmos and applicable to the Project but not the responsibility of the Unit Operator; and Kosmos's activities outside the Jubilee Field. If the Unit Operator's IFC Facility Agreement is or becomes inactive, Kosmos will continue to submit an AMR also covering the Jubilee project as part of the reporting covenants of its IFC Facility Agreements as long as there remain amounts outstanding under the IFC Facilities, provided, however, that Kosmos shall only be under a Reasonable Endeavors obligation, as defined in the Facility Agreement to obtain the information to complete the AMR. Unless otherwise indicated, the data provided in this AMR is assumed to be for Kosmos's activities *exclusive* of Jubilee Field, and the word "Project" should be read accordingly throughout.

Preparation Instructions

The following points should assist you in completing this form. Please be descriptive in your responses and attach additional information as needed.

- IFC's Investment Agreement requires designated Kosmos personnel to complete and submit annual environmental and social monitoring reports in compliance with the schedule stipulated in the Investment agreement.
- Kosmos must report qualitative and quantitative project performance data each year of the investment for the environmental and social monitoring parameters included in this report format.
- The main purpose of completing this form is to provide the following information:
  1. Environmental and Social Management
  2. Occupational Health and Safety (OHS) Performance
  3. Significant Environmental and Social Events
  4. General Information and Feedback
  5. Compliance with IFC and local environmental requirements as specified in the Investment Agreement
  6. Compliance with IFC and local social requirements as specified in the Investment Agreement
  7. Progress on implementing the Environmental and Social Action Plan (ESAP) agreed with IFC

Specialist Contact Information

If you have any questions regarding the AMR or wish to discuss completion of the AMR please contact the following Investment Officer or Portfolio Manager .

Investment Officer	Name: Telephone Number: Facsimile Number: Email:	**Portfolio Manager**	Name: Telephone Number: Facsimile Number: Email:

AMR Preparer(s)

To be completed by Kosmos authorized representative	Name and Title: Phone: Fax: Email:
Company Information	Kosmos office physical address: Kosmos web page address:

I certify that the data contained in the Environmental and Social Performance section of this AMR completely and accurately represents Applicable Project operations during this reporting period. I further certify that analytical data summaries **(1)** incorporated in Section 6 are based upon data collected and analyzed in a manner consistent with the applicable and relevant IFC EHS Guidelines.

Kosmos Employee Name	Signature
Name of Third Party Organization and Representative Certifying This Document	Signature

(1) Raw analytical data upon which summaries are based should not be submitted with this AMR but must be preserved by Kosmos and presented to IFC upon demand.

1 ENVIRONMENTAL AND SOCIAL MANAGEMENT

1.1 Environmental Responsibility Chart

Please name the individuals in the company who hold responsibility for Project environmental and social performance (e.g. Environment Manager, Occupational Health and Safety Manager, Community Relations Manager) and give their contact information (Name, Address, Telephone Number, Fax Number, E-mail Address).

1.2 Summary of Current Operations

Describe company operations and level of business activity. Describe any significant changes since the last report in the company that may affect Project environmental and social performance. Describe any environmental and social management initiatives and relevant updates (e.g. ISO 14001, ISO 9001, OHSAS 18001, or equivalent Quality, Environmental and Occupational Health and Safety certifications and renewals) for Kosmos in Ghana.

1.3 Environmental and Social Impact Assessment and Permitting

Provide a summary of any changes / integrations to the Jubilee Field Project ESIA, and the West Cape Three Point PER, and any new ESIA process for Ghana concessions under development or ongoing at the time of reporting. Provide a summary of Government of Ghana (GOG) relevant requirements. Please provide a copy of any amendment / revision or integration of the Jubilee Field Project ESIA or West Cape Three Point PER.

Provide a summary of all relevant permits issued and renewed by the GOG for Jubilee Field Project and the West Cape Three Point Block.

1.4 Environmental Management Plan

Provide a summary of the reviews of the environmental and social aspects of the Project and provide a copy of the current Project EMP (s), as needed, with identification of all changes, amendments, integrations approved.

1.5 Management of Changes

Provide a summary table or list of all Project's proposed changes (design, operations, risk management, project organization, legislation) with potential associated environmental or social impacts, including review and approval by Project environmental and social management.

1.6 Training Programs

Describe environmental, social and health and safety training programs and their implementation. Provide an update on the development and implementation of the staffing and training plan for the Project.

1.7 Summary of Corporate Social Responsibility Program in Ghana

Provide an update of the status and implementation of the CSR program

2 HEALTH AND SAFETY PERFORMANCE (OHS)

Project personnel are required to monitor, record, and report occupational health and safety incidents and workplace conditions (air quality and physical parameters, which are potentially impacted by industrial processes) throughout the reporting period.

2.1 Compliance with National Requirements

Please list any reports submitted to Ghanaian authorities, e.g. on OHS, fire and safety inspections, compliance monitoring, emergency exercises, as well as comments received and corrective actions taken. Ghanaian authority monitoring and inspections with subsequent actions taken shall also be summarized and reported.

If any of the information requested in the AMR (Section 2.2 - Section 2.4) is contained in reports sent to Ghanaian authorities, please submit the applicable section of the report.

2.2 Incident Statistics Monitoring

Please report on incidents during the reporting year for the Project. Contractor employees are required to adhere to comparable occupational health and safety standards. If the Project uses contractor employees, please also report any contractor employee incidents. Expand or shrink the tables as needed.

1. Total Amounts

Report TOTAL numbers for each parameter	This reporting period		Reporting period — 1 year ago		Reporting period — 2 years ago	
	Project employees	Contractor employees	Project employees	Contractor employees	Project employees	Contractor employees
Employees						
Man-hours worked						
Fatalities						
Occupational injuries**(2)**						
Recordable injuries**(3)**						
Lost workdays**(4)**						

(2) Work related physical injury or disease [illness] which results in death, being unfit to work the day following the event, restriction of work or motion including temporary or permanent transfer to another job.

(3) Any work related incident where a person is fatally injured or becomes fatally ill or requires treatment from a professional physician or paramedic on more than one occasion for the same incident.

Injury severity rate**(5)**	
Lost time injury frequency**(6)**	
Vehicle collisions**(7)**	

2. Fatality details for this reporting period

Project employees or contractor employees?	Time of death after accident (e.g. immediate, within a month, within a year)	Cause of fatality	Corrective measures to prevent reoccurrence

3. Occupational injuries details for this reporting period

Project employees or contractor employees?	Total workdays lost	Description of injury	Cause of accident	Corrective measures to prevent reoccurrence

4. Ship collision details for this reporting period

Project vessel or third party?	Cause of collision	Injuries and damages occurred, including spill size if any	Corrective measures to prevent reoccurrence

(4) Lost workdays are the number of workdays (consecutive or not) beyond the date of injury or onset of illness that the employee was away from work or limited to restricted work activity because of an occupational injury or illness.

(5) The number of days lost per 1 million man hours worked.

(6) The number of lost time injuries (LTI's) recorded for Project workers per million hours worked by them.

(7) Vehicle Collision: When a vehicle (device used to transport people or things) collides (comes together with violent force) with another vehicle or inanimate or animate object(s) and results in injury (other than the need for First Aid) or death.

5. Oil Spill Response training for this reporting period

Activities	Mandatory frequency	Date(s) Performed	Observed Deficiencies(8)	Corrective Actions for Schedule for Implementation(9)
Drills without equipment deployment	Minimum: three (3)/year			
Equipment deployment drills	Minimum: one (1)/year			

6. EHS training(10) for this reporting period

Project employees or contractor employees?	Description of training	Number of employees that attended

2.3 Fire Safety

Please complete the following table for Project's operations.

Project Fire Safety Verification Activities	Mandatory Frequency	Date(s) Performed	Observed Deficiencies(11)	Corrective Actions and Schedule for Implementation(12)
Fire Drills	Minimum: three (3)/year			
Inspect and certify fire detection and suppression electrical and mechanical systems	Minimum: one (1)/year			
Inspect, refill/recharge, maintain fire extinguishing systems and fire protection systems	Minimum: two (2) inspections/year			
Flammable gas monitoring	As per Workplace Monitoring Plan			

(8) Attach additional sheets as needed to full describe observed deficiencies.

(9) Attach additional sheet as needed to fully describe corrective actions and implementation.

(10) Project personnel should be trained in health and safety matters including accident prevention, safe lifting practices, the use of Material Safety Data Sheets (MSDS), safe chemical handling practices, proper control and maintenance of equipment and facilities, emergency response, personal protective equipment (PEP), emergency response, etc.

(11) Attach additional sheet as needed to fully describe observed deficiencies.

(12) Attach additional sheets as needed to fully describe corrective actions and implementation.

2.4 Significant EHS Events

Please explain any significant Environmental, Health and Safety events not covered in the above OHS tables. The report could include proposed revision of the EHS Management System (if applicable), revised quantitative objectives, action plans for technical improvements, and planned training activities.

3 SIGNIFICANT ENVIRONMENTAL AND SOCIAL EVENTS

Project personnel are required to report all environmental and social events **(13)** that may have caused damage; caused health problems; attracted the attention of outside parties; affected project labor or adjacent populations; affected cultural property; or created Project and/or Kosmos liabilities.

Attach photographs, plot plans, newspaper articles and all relevant supporting information that IFC will need to be completely familiar with the incident and associated environmental and social issues.

3.1 Oil Spills and Gas Releases

Please provide a summary table with all the material releases occurred during the reporting period and from beginning of the Project.

	Liquid				
		> 1 bbl			
Year	**< 1 bbl**	**Contained**	**Uncontained**	**> 1,000 bbls**	**Gas(14)**

Date of event(15)	**Event description, including volume released and response tier**	**Affected people/environment**	**Reports sent to IFC and/or local regulatory agencies**	**Corrective actions (including cost and time schedule for implementation)**

(13) Examples of significant incidents follow. Oil spills; Fire, explosion or unplanned releases; industrial injuries; fatalities including transportation; ecological damage/destruction; local population disruption; disruption of emissions or effluent treatment; legal/administrative notice of violation; penalties, fines, or increase in pollution charges; negative media attention; chance cultural finds; labour unreast or disputes.

(14) Uncontrolled accidental release of gas to the atmosphere.

(15) Significant events, including uncontained spills, all spills above 1,000 bbls and gas releases.

3.2 Other significant events

Please report on the following topics, expanding or collapsing the table where needed.

Date of event	Event description	Affected people/environment	Reports sent to IFC and/or local regulatory agencies	Corrective actions (including cost and time schedule for implementation)

4 GENERAL INFORMATION AND FEEDBACK

Provide the following additional information:

1. Describe interactions with non-governmental organizations (NGOs) or public scrutiny of the Project.
2. Describe Project public relations efforts (e.g. establishment of a web page, hiring of community liaison officer)
3. Suggest ways and means to improve information exchange and interactions with IFC specialists.

5 REPORTS TO ILLUSTRATE COMPLIANCE WITH IFC EHS GUIDELINES AND HOST COUNTRY REGULATIONS

5.1. Air Emissions

Air Emissions refers to emissions from specific units on the project site.

Kosmos will report on the below parameters, as per IFC General EHS Guidelines, based on specific emission factors (unit manufacturer data and fuel usage), as needed. This data will be collated annually and complemented by annual measurement of NO_X concentrations in ambient air at the workplace.

Please provide Ghanaian maximum levels in relevant units in the table below.

Point Source Air Emissions Point Location(16):

Point Source Air Emission Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(17)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units)
ENGINE					
Nitrogen Oxides (NOx) Gas Fired — Spark Ignition, ≥3 MWth	Yearly	200 mg/Nm^3	mg/Nm^3		
Nitrogen Oxides (NOx) Gas Fired — Dual Fuel, ≥3 MWth	Yearly	400 mg/Nm^3	mg/Nm^3		
Nitrogen Oxides (NOx) Gas Fired — Compression Ignition, ≥3 MWth	Yearly	1,600 mg/Nm^3	mg/Nm^3		
Nitrogen Oxides (NOx) Liquid Fired, ≥3 MWth	Yearly	See Table 1.1.2			
Particulate Matter Liquid Fired. ≥3 MWth	Yearly	See Table 1.1.2			
Sulfur Dioxide (SO2) Liquid Fired, ≥3 MWth	Yearly	See Table 1.1.2			
TURBINE					
Nitrogen Oxides (NOx) Gas Fired, 3 MWth to <15MWth, Electric generation	Yearly	42 ppm	ppm		
Nitrogen Oxides (NOx) Gas Fired, 3 MWth to <15MWth, Mechanical drive	Yearly	100 ppm	ppm		

(16) Provide latitude, longitude of the point source air discharge point. Alternatively provide a scaled facility map showing the precise location of all discharge points.

(17) General EHS Guidelines, Table 1.1.2. Specify dry gas and excess 02 content (%).

Point Source Air Emission Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(17)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units)
Nitrogen Oxides (NOx) Gas Fired, 15 MWth to <50MWth	Yearly	25 ppm	ppm		
Nitrogen Oxides (NOx) Other Fuels, 3 MWth to <15MWth, Electric generation	Yearly	96 ppm	ppm		
Nitrogen Oxides (NOx) Other Fuels, 3 MWth to <15MWth, Mechanical drive	Yearly	150 ppm	ppm		
Nitrogen Oxides (NOx) Other Fuels, 15 MWth to <50MWth	Yearly	74 ppm	ppm		
Sulfur Dioxide (SO2) Fuels other than Natural Gas, 3 MWth to <50MWth	Yearly	See Table 1.1.2			
BOILER					
Nitrogen Oxides (NOx) Gas Fired, 3 MWth to <50MWth	Yearly	320 mg/Nm^3	mg/Nm^3		
Nitrogen Oxides (NOx) Liquid Fired, 3 MWth to <50MWth	Yearly	460 mg/Nm^3	mg/Nm^3		
Particulate Matter Fuels other than Natural Gas, 3 MWth to <50MWth	Yearly	50 mg/Nm^3	mg/Nm^3		
Sulfur Dioxide Fuels other than Natural Gas, 3 MWth to <50MWth	Yearly	2000 mg/Nm^3	mg/Nm^3		

Ambient Air Monitoring Point Location(18):

Ambient Air Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(19)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units)
Nitrogen Oxides (NOx)	Yearly	Concentrations below those recommended by the ACGIH as TWA-TLV's	mg/Nm^3		

(18) Provide latitude, longitude of the ambient air monitoring points. Alternatively provide a scaled facility map showing the precise location of all monitoring points.

(19) General EHS Guidelines, Section 2.4, page 70.

Other Air Emissions

Air Emission Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)	Project Performance (IFC Units)
Greenhouse Gases**(20)**	Annual	N/A	CO_2-equivalent tpy
Flaring	Annual	N/A	mmscfd

Kosmos will report on GHG emissions estimated as per the API Compendium of Greenhouse Gas Emissions Estimation.

5.2. Liquid Effluents

Liquid Effluent refers to all types of liquid waste which is discharged from the site. Types of liquid effluent include process, sanitary, stormwater, and thermal discharges.

The Project is required to collect representative samples of liquid effluent at the discharge points, submit these samples for laboratory analysis and report the results to IFC. Individual samples and individual reports will be required for each liquid effluent monitoring point. Monitoring should take place while facility is operating.

Please provide Ghanaian maximum levels in relevant units in the table below.

Liquid Effluent Monitoring Point Location(21):

Liquid Effluent Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)	Project Performance (IFC Units) Annual average of monthly samples	Ghanaian Maximum Levels (Units)	Project Performance (Units) Annual average of monthly samples
Produced Water — Oil and Grease (maximum daily)	Continuous	42 mg/l		mg/l	
Produced Water — Oil and Grease (30 day average)	Daily	29 mg/l		mg/l	
Produced Sand - Oil	Batch	1 %			

(20) Assess GHG emissions from all equipment including fired equipment, vents, flares, compressor stations, boats, marine transfer facilities, etc. and fugitive emissions annually by a model. GHG annual total is derived by CO2 tpy + CO2-equivalent tpy (CH4 tpy converted to CO2) and is reported based on an internationally recognized emission estimation methodology for oil and gas industry.

(21) Provide latitude, longitude of the liquid effluent discharge point. Alternatively, provide a facility map showing the precise location of all liquid effluent discharge points.

The Project is required to demonstrate compliance with all other effluent levels, as specify in Table 1 of the EHS Guidelines for Offshore Oil and Gas Development. Please provide monitoring results, demonstrating compliance for the following streams, as applicable:

- **Hydrotest water**
- **Desalination brine**
- **Sewage**
- **Food waste**
- **Storage displacement water**
- **Bilgewater**
- **Deck drainage**

5.3. Drilling Fluids and Cuttings Discharge/Disposal

If wells were drilled in this reporting period, specify if WBF or EMOBF were used.

Please describe the process used to treat muds or cuttings prior to discharge/disposal.

Please describe how and where the muds and cuttings were discharged/disposed. Please provide the amount discharged/disposed per each well.

Please report compliance against the approved permit issued by the Ghanaian authorities (Ghana EPA).

Please summarize the monitoring data for both WBF and EMOBF, as follows, and provide the relevant analytical reports, as appropriate.

Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(22)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units) Annual average of monthly samples
WBF					
Toxicity test	As per Ghana requirements	Table 1	Comply? Y/N[23]		
Hg in stock barite	As per Ghana requirements	1 mg/kg	mg/kg		
Cd in stock barite	As per Ghana requirements	3 mg/kg	mg/l		
EMOBF					

(22) EHS Guidelines for Offshore Oil and Gas Development.

(23) If non-compliance, provide justification, demonstrating that the achieved performance level is protective of the human health and the environment.

Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(22)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units) Annual average of monthly samples
Toxicity test (residual fluid on cutting)	As per Ghana requirements	Table 1	Comply? Y/N[24]		
Oil concentration in cuttings	As per Ghana requirements	As per ESRS	Comply? Y/N[25]		
Hg in stock barite	As per Ghana requirements	1 mg/kg	mg/kg		
Cd in stock barite	As per Ghana Requiremetns	3 mg/kg	mg/l		
COMPLETION/WORK-OVER FLUIDS					
Completion and Well Work-over Fluids - Oil and Grease (maximum daily)	Continuous	42 mg/l	mg/l		
Completion and Well Work-over Fluids - Oil and Grease (30 day average)	Daily	29 mg/l	mg/l		
Completion and Well Work-over Fluids — pH	Continuous	≥5			

5.4. Solid Waste Management

The Project is required to monitor methods of collection, storage, handling, recycling, reuse and/or disposal of solid waste, and report these methods and measured quantities to IFC. Please complete the information below.

Solid Waste Management Summary

Solid Waste Type Includes description	Annual Quantity	Project Method of Storage, Handling and/or Treatment

(24) If non-compliance, provide justification, demonstrating that the achieved performance level is protective of the human health and the environment.

(25) If non-compliance, provide justification, demonstrating that the achieved performance level is protective of the human health and the environment.

Solid Waste Type Includes description	Annual Quantity	Project Method of Storage, Handling and/or Treatment

Solid Waste Type (Same as Above, Description not Included)	Project Method of Recycling, Reuse or Disposal(26)

5.5. Hazardous Materials Management

Hazardous materials are those materials that represent an excessive risk to property, the environment or human health because of their physical and/or chemical characteristics. Examples include explosives, toxic or flammable gases, flammable liquids and solids, oxidizing substances, radioactive materials and corrosive substances.

The Project is required to monitor methods of collection, storage and disposal of hazardous materials **(27)**, and report these methods and measured quantities to IFC. Please refer to the Hazardous Materials Management guideline for additional information.

1. Please update us on your Hazardous Materials Management Program. You should include your Emergency Preparedness and Response Plans, and if available, your Hazardous Materials Risk Management Plan, Hazardous Materials Transportation Plan and/or Hazardous Waste Management Plan.

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(26) Describe disposal method (e.g. landfill, incineration, land farming, reuse, etc.) Provide name and location of disposal facility used; state if waste is sold as byproduct, scrap or a material to be used by others; state name and business of purchaser. Provide additional sheets as needed to fully describe disposal, organizations involved in waste management, facility permits, and agency authorizations.

(27) Hazardous materials include ignitable, reactive, flammable, radioactive, corrosive and toxic substances.

Please complete the information below unless included in updated version of the Hazardous Materials Management Program. If included, please specify.

Hazardous Materials Management Plan Summary

Hazardous Material (Name and Number UN/CAS)	Class or division(28)	Annual Quantity	Maximum Quantity Stored on Site
Hazardous Materials Used			
Hazardous Waste Produced			

Parameters (Same Parameters as Above)	Project Method of Storage, Handling and/or Treatment(29)	Project Method of Disposal(30)
Hazardous Materials Used		

(28) UN classification (1. Explosives; 2. Gases ; 3. Flammable liquids ; 4. Flammable solids ; 5. Oxidizing substances ; 6. Toxic and infectious substances ; 7. Radioactive material; 8. Corrosive substances; 9. Miscellaneous hazardous materials.)

(29) State how hazardous materials / waste is stored on site (e.g. drums, bins, and other containers) and handled (including transported). Provide additional sheets as needed to fully describe disposal, organizations involved in management, facility permits and agency authorizations.

(30) Report on method of disposal for hazardous waste used only.

Parameters (Same Parameters as Above)	Project Method of Storage, Handling and/or Treatment(29)	Project Method of Disposal(30)
Hazardous Waste Produced		

5.6. Information on Exceedances

Provide the following information for monitoring data which exceed IFC guideline levels. This refers to data presented in Section 5, Quantitative Data Reports to Illustrate Compliance with IFC EHS Guidelines and Ghana Regulations. Provide the information in the table for each parameter exceeded.

Monitoring parameter that exceeds IFC guidelines and local regulations	Cause for monitoring parameter exceedance	Corrective action plan	Completion date	Cost	% Complete/ Status

5.7. Biodiversity (for Jubilee Field only)

The Project is required to comply with PS 6 and to develop a specific policy and procedures to ensure that traffic and operations of drilling vessels, support vessels and helicopters will minimize disturbance to marine mammals and to wildlife. The Project is required to prepare a summary report of activities during the reporting year, and to submit the report to IFC annually. The report should include the following details:

- Implementation of the training program for vessel's and helicopter's operators in marine mammal observation and monitoring.
- Statistics and description of the marine mammal observations in the Project's area of influence.
- Implementation of operational procedures to minimize disturbance to wildlife, including the coastal area potentially affected by the Project's activities and specifically the Amansuri wetland.
- Incidents reported.
- Other relevant initiatives, including biodiversity surveys, monitoring.

6 REPORTS TO ILLUSTRATE COMPLIANCE WITH IFC SOCIAL POLICIES AND HOST COUNTRY REGULATIONS

6.1 Labor

The Project is required prepare a summary report of human resources activities and contacts during the reporting year, and submit the report to IFC annually. The Project is required to summarize progress, specific achievements, and shortcomings during the reporting year.

1. Please provide labor statistics, including number of employees (skilled, semiskilled and unskilled; by gender) and main contractor's employees (skilled, semiskilled and unskilled; by gender). Please provide details of retired and terminated (laid-off) workers for this reporting year by gender.

2. Please report on implementation of the Human Resources Policy, including an update on terms of employment, compensation and benefits.

3. Have there been any problems/ issues during implementation? Please provide statistics relevant to workforce grievances and their management

4. Have any additional issues arisen since the last report? If yes, what are these issues?

5. Describe the compensation packages for termination and retirement. What are the differences between these two types of packages?

6. Please describe all meetings with worker's organizations or worker's representatives, the issues raised, and the agreements reached.

6.2 Community Development

Please describe all interactions the Project has with the community including, but not limited to, a community relations program, meetings and activities with interested stakeholders, a charitable foundation, staff dedicated to community issues. Please include the following points in your description:

a. Activity name
b. Activity description
c. Activity schedule
d. Number of individuals benefited
e. Annual budget for such programs
f. The company's personnel allocation to monitor community programs
g. Any reports the company produces pertaining to community development programs or projects

6.3 Public Consultation and Disclosure

The Project is required to monitor public consultation and disclosure activities described in detail in the Project Public Consultation and Disclosure Plan, to prepare a summary report of activities during the reporting year, and to submit the report to IFC annually.

1. Please describe the public consultation and disclosure activities to date and planned. For general informal meetings, political/technical group informal meetings, rural community group informal meetings and formal public hearings please include:

    a. the meeting date or planned meeting date,
    b. meeting subject,
    c. affected influence area, and
    d. attendees.

2. Please provide an update on the implementation of the grievance management mechanism for the Jubilee Field Project and relevant statistics. Please also include information on resolutions activities, pending cases, time needed to close a grievance, number of court cases and their status. Please provide a copy of the grievance register.

6.4 Community Safety and Security

The Project is required to monitor activities described in detail in the program to avoid intrusion into the safety zones and to minimize risks to the fishing boats, to prepare a summary report of activities during the reporting year, and to submit the report to IFC annually.

The report should include the following details:

- Update on the implementation of the education program for the nearby villages and other fishers known to use the project area.
- Implementation of the procedure for warning boats away from the safety zone.
- Update on the management of boat traffic to the offshore facilities.
- Update on the activities involving security forces, including Ghanaian police or military.
- Incidents, accidents and security statistics.

7 PROGRESS ON IMPLEMENTING THE ENVIRONMENTAL AND SOCIAL ACTION PLAN

ENVIRONMENTAL AND SOCIAL ACTION PLAN
Kosmos Energy II (#31179)
October 16, 2011

Item	Task	Indicator of Completion	Required Completion Date
Performance Standard 1 — Social and Environmental Assessment and Management Systems			
1.	**Corporate HSEC Management System.** Kosmos Energy will develop its Corporate HSEC Management System to ensure that Applicable Projects are assessed and managed according to IFC's Performance Standards and applicable World Bank Group EHS Guidelines.	(a) The Company has submitted a Development and Implementation Plan, including time-bound targets, for Kosmos Energy HSEC Management System acceptable to IFC. (b) Documentation that the Development and Implementation Plan for the Kosmos Energy HSEC Management System is being implemented.	(a) March 2011 (b) Based on schedule in the Development and Implementation Plan
2.	**Country HSEC Management System.** Kosmos Energy will develop country-specific HSEC Management Systems to ensure that Applicable Projects are assessed and managed according to IFC's Performance Standards and applicable World Bank Group EHS Guidelines	(a) The Company has submitted a Development and Implementation Plan, including time-bound targets, for Kosmos Energy HSEC Management System acceptable to IFC. (b) Documentation that the Development and Implementation Plan for the Kosmos Energy HSEC Management System is being implemented	(a) After March 2011 and prior to the start of any material operation of an Applicable Project. (b) Based on schedule in the Development and Implementation Plan
3.	**Training.** Training in the IFC's Performance Standards and the applicable EHS Guidelines will be provided to those involved with the risk management of Applicable Projects.	(a) The Company has developed a Training Plan that incorporates the Performance Standards and relevant IFC EHS Guidelines (b) Evidence of training provided to all regional and line managers. (c) Periodic training sessions to onboard new regional and line managers and to provide managers with updates.	(a) March 2011 (b) August 2012 (c) discussed in the Annual Monitoring Reports (AMR)
4.	**HSE Review Procedure.** Kosmos Energy will configure a procedure under the HSEC Management System to ensure that the Vice President responsible for HSEC reviews all Applicable Projects to ensure	(a) The Company has drafted a procedure. (b) The Company has adopted the procedure for all	(a) Condition of disbursement on any non-Jubilee Applicable Project, but no later than June 2012. (b) Finalise and adopt 30 days after IFC's acceptance of draft.

Item	Task	Indicator of Completion	Required Completion Date
	that they are evaluated and managed according to the IFC Performance Standards and applicable World Bank Group EHS Guidelines.	Applicable Projects. (c) Evidence of Applicable Project review by the Vice President to show that any Applicable Project is in compliance with IFC Performance Standards, or has shown that the Applicable Project can come into compliance with the Performance Standards within a reasonable time period following the implementation of a Supplemental Environmental and Social Action Plan to be agreed upon between the Company and IFC.	(c) Condition of disbursement for the Applicable Project. Applicable timetable for any Applicable Project according to the specified in the Applicable Project-specific Supplemental Social and Environmental Action Plan.
5.	**Environment and Social Management Plan.** Each Applicable Project will have an ESMP that incorporates all measures needed to meet national law, the Performance Standards, and the EHS Guidelines. The content may vary according to the risks and issues of the specific Applicable Project, but should include in each case an Emergency Response Plan (ERP), Spill Control and Response Plan (SCRP), a Waste Management Plan (WMP), and a Stakeholder Engagement Plan (SEP) that provides for the local disclosure of the social and environmental assessment documents, including the ESMP itself.	(a) ESMP developed for each Applicable Project, and agreed upon with IFC. (b) Publicly disclose the ESMP	(a) Prior to mobilization of the Applicable Project. (b) Based on schedule in the Applicable Project SEP.
Performance Standard 3 — Pollution Control and Abatement			
6.	**Well Control Continuous Improvement Program.** To ensure that Kosmos drilling programs, particularly in deep water, follow good international practice as identified by the International Association of Oil and Gas Producers (OGP) with respect to well control, Kosmos will undertake at least an annual review of its well control procedures and their conformity with good international practice.	(a) Undertake an annual review of its well control procedures benchmarked again OGP recommendations and develop an action plan for closing any gaps (b) Keep IFC informed on the preparation of recommendations from the OGP	(a) Annually (b) Any changes in the well control procedure as a result of the review to be reported in the AMR.
7.	**Spill Incident Continuous Improvement Program**. To ensure that Kosmos operations follow good international practice as identified by the International Association of Oil and Gas Producers (OGP) with respect to intervention and response to well incidents, Kosmos will undertake at least an annual review of the intervention and	(a) Undertake an annual review of the spill incidence intervention and response capabilities available to it and develop an action plan for using reasonable endeavors to close any gaps. (b) Keep IFC informed on the preparation of	(a) Annually . (b) Any changes to the incident intervention and response

Item	Task	Indicator of Completion	Required Completion Date
	response capabilities available to operations and their consistency with good international practice.	recommendations from the OGP	capabilities to be reported in the AMR.

APPENDIX 6

Form of Revenue Disclosure

Type of Payment	National Government	Local Government(31)	Total
Royalties			
Bonus Payments			
License Payments and Fees (other than routine nominal administrative fees)			
Profits/dividends paid to Government			
Profits/income Tax			
Value of Profit Oil delivered to government			
Other fiscal benefits to government (specify)			
(i)			
(ii)….			
Totals			

(31) Insert further columns when more than one region/province/state are involved.

SIGNATURES TO THE IFC FACILITY AGREEMENT

The Original Borrower

EXECUTED BY:

KOSMOS ENERGY FINANCE INTERNATIONAL

By:

Name:

Title:

The Original Guarantors

EXECUTED BY:

KOSMOS ENERGY OPERATING

By:

Name:

Title:

EXECUTED BY:

KOSMOS ENERGY GHANA HC

By:

Name:

Title:

EXECUTED BY:

KOSMOS ENERGY DEVELOPMENT

By:

Name:

Title:

EXECUTED BY:

KOSMOS ENERGY INTERNATIONAL

By:

Name:

Title:

The Lender

EXECUTED BY:

INTERNATIONAL FINANCE CORPORATION

By:

Name:

Title:

The Facility Agent

EXECUTED BY:

BNP PARIBAS

By:

Name:
Title:

By:

Name:
Title:

SIGNATURES TO THE DEED OF TRANSFER AND AMENDMENT

<u>The Original Borrower</u>

EXECUTED AND DELIVERED AS A DEED BY:

KOSMOS ENERGY FINANCE INTERNATIONAL

By:

Name:

Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

The Original Guarantors

EXECUTED AND DELIVERED AS A DEED BY:

KOSMOS ENERGY OPERATING

By:

Name:

Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

EXECUTED AND DELIVERED AS A DEED BY:

KOSMOS ENERGY GHANA HC

By:

Name:

Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

EXECUTED AND DELIVERED AS A DEED BY:

KOSMOS ENERGY DEVELOPMENT

By:

Name:

Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

EXECUTED AND DELIVERED AS A DEED BY:

KOSMOS ENERGY INTERNATIONAL

By:

Name:

Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

The Transferring Existing Lenders

BNP PARIBAS

By:	By:
Name:	Name:
Title:	Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

CITIBANK N.A.

By:	By:
Name:	Name:
Title:	Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

CRÉDIT SUISSE AG

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

SOCIÉTÉ GÉNÉRALE, LONDON BRANCH

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

Facility Agent for itself and on behalf of the Majority Lenders

BNP PARIBAS

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

Security Agent

BNP PARIBAS

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

Intercreditor Agent

BNP PARIBAS

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

Technical Bank

SOCIÉTÉ GÉNÉRALE, LONDON BRANCH as lead technical bank

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK as co-technical bank

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

HSBC BANK PLC as co-technical bank

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

Modelling Bank

SOCIÉTÉ GÉNÉRALE, LONDON BRANCH as lead modelling bank

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK as co-modelling bank

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

<u>The IFC</u>

INTERNATIONAL FINANCE CORPORATION

EXECUTED AS A DEED

By:	By:
Name: Title:	Name: Title:

In the presence of:

Witness's signature:

Name:

Address:

Occupation:

Exhibit 10.2

EXECUTION VERSION

FACILITY AGREEMENT

dated 17 February 2012

for

KOSMOS ENERGY FINANCE INTERNATIONAL
as Original Borrower

with

THE COMPANIES LISTED IN APPENDIX 1
as Original Guarantors

and

INTERNATIONAL FINANCE CORPORATION
as a New Lender

IFC FACILITY AGREEMENT

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

(SRG/PMZH)
510638087

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THIS AGREEMENT is dated 17 February 2012 and made between:

(1) **KOSMOS ENERGY FINANCE INTERNATIONAL** a company incorporated under the laws of the Cayman Islands with registered number 253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KYI-1209, Cayman Islands (the "**Original Borrower**");

(2) **THE ORIGINAL GUARANTORS** listed in Appendix 1 as original guarantors (the "**Original Guarantors**"); and

(3) **INTERNATIONAL FINANCE CORPORATION** (the "**IFC**"),

WHEREAS:

(A) The parties to this Agreement have entered into a deed of transfer and amendment dated on or about the date of this Agreement with certain other parties pursuant to which, inter alios, certain Lenders under the Facility Agreement (as defined below) have agreed to transfer Loans and Available Commitments, rights and obligations to IFC and the accession of IFC to certain Finance Documents shall occur (the "**Deed of Transfer and Amendment**").

(B) The IFC has agreed to provide a secured facility of up to USD 100,000,000 ranking pari passu in all respects with the Non-IFC Facility, on the terms and conditions set out in this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Annual Monitoring Report**" means the annual monitoring report substantially in the form attached as Appendix 5 (*Form of Annual Monitoring Report*) hereto setting out the specific social, environmental and developmental impact information, as such report may be amended or supplemented from time to time in accordance with this Agreement.

"**Applicable S&E Law**" means all applicable statutes, laws, ordinances, rules and regulations of the countries where the Borrower operates its assets, including, without limitation, licenses, permits or other governmental Authorisations setting standards concerning environmental, social, labor, health and safety or security risks of the type contemplated by the Performance Standards or imposing liability for the breach thereof.

"**Available IFC Commitment**" means, at any time, the IFC Facility Commitment which may be drawn down under the IFC Facility as determined in accordance with Clause 3.2 (*Total Available Facility Amount*) of the Facility Agreement.

“**Coercive Practice**” means the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

“**Collusive Practice**” means an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

“**Corrupt Practice**” the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

“**Effective Date**” means the date falling on the later of:

(a) 4 Business Days after the date on which IFC confirms to the Original Borrower and the Facility Agent that all fees due and payable to IFC pursuant to a fee letter between the Original Borrower and IFC and dated 17 February 2012 have been paid in full; and

(b) 5 Business Days after the date of the IFC Facility Agreement,

provided that such date shall coincide wherever possible with the last day of the then current Interest Period.

“**Facility Agreement**” means the facility agreement dated 28 March 2011 (as amended pursuant to the Deed of Transfer and Amendment and as amended from time to time) between the Original Borrower, the Original Guarantors, the Mandated Lead Arrangers, the Underwriters, the Original Lenders, the Technical Bank, the Modelling Bank, the Documentation Bank, the Onshore Account Bank, the Offshore Account Bank, the Facility Agent, the Security Agent and the Intercreditor Agent.

“**Fraudulent Practice**” means any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

“**Financial Year**” means each year ending 31 December.

“**Ghana Project Agreements**” means:

(i) the DWT PA and the WCTP PA (and all amendments and supplements thereto);

(ii) the DWT JOA and the WCTP JOA;

(iii) the UUOA;

(iv) each New Project Agreement where the relevant Approved Development or Permitted Acquisition is in Ghana or relates to assets in Ghana; and

(v) any other agreement which the Facility Agent and the Original Borrower agree shall be a Ghana Project Agreement, as such documents may be updated, amended or replaced from time to time.

"**Ghana-related Assets**" means the Jubilee Field, the Ghana Block Assets and any joint venture, Fields, Project Infrastructure or Petroleum Assets that are located in Ghana.

"**IFC Utilisation Receipt**" means a utilisation receipt under the IFC Facility substantially in the form set out in Part I (*Form of IFC Utilisation Receipt*) of Appendix 2 of this Agreement.

"**IFC Utilisation Request**" means a utilisation request under the IFC Facility substantially in the form set out in Part II (*Form of IFC Utilisation Request*) of Appendix 2 of this Agreement.

"**Independent Expert**" means an external, independent expert jointly selected by IFC and the Borrower (each acting reasonably) and appointed by the Borrower.

"**Obstructive Practice**" means either (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of IFC's access to contractually required information in connection with a World Bank Group investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

"**Project**" means:

(A) the development, operation and maintenance of the Ghana-related Assets; and

(B) if, but only if, the proceeds of any IFC Loan are applied towards purposes as provided for under Clause 5.1 (*Purpose)* of the Facility Agreement which do not relate to Ghana-related Assets, the development, operation and maintenance of such assets,

and in each case shall include all appraisal, exploration, construction, operations, maintenance and exploitation works and activities in relation thereto, and the treatment, processing, storage, delivery, lifting and sale of Unit Substances therefrom.

"**Repeating Representations**" means the "Repeating Representations" as defined in the Facility Agreement and the representations set out in Clause 12 (*Representations and Warranties*) of this Agreement.

"**Sanctionable Practice**" any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are defined herein and interpreted in accordance with the Anti-Corruption Guidelines attached to this Schedule as Appendix 3 (*Anti-Corruption Guidelines for IFC Transactions*).

“**Unit Operation**” shall have the meaning given to that term in the UUOA.

“**World Bank**” means the International Bank for Reconstruction and Development, an international organization established by Articles of Agreement among its member countries.

1.2 Incorporation of defined terms, interpretation and construction

(A) Unless a contrary indication appears herein, a term defined in the Facility Agreement or any other Finance Document has the same meaning in this Agreement.

(B) The principles of construction and interpretation set out under Clause 1.2 (*Construction of particular terms*) and Clause 1.3 (*Interpretation*) of the Facility Agreement shall have effect as if set out in this Agreement.

(C) The meaning and interpretation attributed to the terms set out in Appendix 3 (*Anti-Corruption Guidelines for IFC Transactions*) shall be deemed to apply to those terms as they are used in this Schedule.

2. IFC FACILITY

Subject to the terms of this Agreement, IFC shall make available to the Borrower a secured senior term loan facility in an aggregate amount equal to:

(A) on and from the Effective Date until but not including the IFC Facility Automatic Increase Date, the IFC Facility Commitment; and

(B) on and from the IFC Facility Automatic Increase Date, the Final IFC Facility Commitment.

3. PURPOSE

The Borrower shall apply all amounts borrowed under the IFC Facility in accordance with Clause 5 (*Purpose*) of the Facility Agreement, which shall include an amount applied for a purpose which is in respect of Ghana-related Assets.

4. UTILISATION

4.1 Utilisation Procedure

(A) Subject to satisfying the conditions set out in Clause 2 (*Conditions Precedent*) of the Facility Agreement and Clause 4.2 (*IFC Utilisation*) of this Agreement, the Borrower may utilise the IFC Facility by delivering an IFC Utilisation Request to the IFC (with a copy to the Facility Agent) and in accordance with and subject to the provisions of Clause 6 (*Utilisation*) of the Facility Agreement.

(B) The Borrower shall deliver to the IFC, within five (5) Business Days of a Utilisation Date, an IFC Utilisation Receipt.

4.2 IFC Utilisation

Each Utilisation shall be made available by IFC in Dollars, for credit directly into the KEG Offshore Proceeds Account provided that the following conditions are met:

(A) the conditions set out under paragraphs (A) and (B) of Clause 2.2 (*Conditions to each Utilisation*) in the Facility Agreement have been met;

(B) the Borrower has demonstrated:

(i) where it is the operator (and has not been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements) that it has (subject to its express obligations under the relevant Ghana Project Agreements) exercised all rights as it may have to ensure that:

(ii) where it is the operator (and has been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements that it has used reasonable endeavours to ensure that; and

(iii) where it is not the operator, that it has used reasonable endeavours by exercising its rights under the relevant Ghana Project Agreements and/or influencing or procuring the co-operation of the Unit Operator to ensure that,

in each case:

(iv) the design, construction, operation, maintenance, management and monitoring of the Project's sites, plants, equipment, operations and facilities are undertaken in compliance with (i) the Action Plan, (ii) the applicable requirements of the Performance Standards and (iii) the EHS Guidelines;

(v) the continuing implementation and operation of the S&E Management System to assess and manage the social and environmental performance of the Project in a manner consistent with the Performance Standards in all material respects;

(vi) the environmental mitigation and management measures in the Action Plan have been implemented according to the required completion dates contained therein and maintained; and

(vii) all action items in the Action Plan have been completed within the timetabled dates prior to the date of the relevant Utilisation Request;

(C) the proceeds of the Utilisation are used or are to be used for a purpose in accordance with Clause 3 (*Purpose*).

(D) the proceeds of the Utilisation are not in reimbursement of, or to be used for, expenditures in the territories of any country which is not a member of the World Bank or for goods produced in or services supplied from any such country; and

(E) the Repeating Representations are, in light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects).

4.3 Borrower's Certification

The Borrower shall deliver to IFC in each Utilisation Request such evidence of the proposed use of the proceeds of the Utilisation, as IFC may reasonably request.

5. IFC'S PARTICIPATION

(A) If the conditions set out in this Agreement have been met, IFC shall make its participation in the relevant Loan available by the Utilisation Date through its Facility Office in accordance with the terms of this Agreement and the Facility Agreement.

(B) A Business Day for the purposes of Clause 4 (*Utilisation*) of this Agreement shall mean a day (other than a Saturday or Sunday) when banks are open for business in London, New York and Paris.

6. LETTERS OF CREDIT

The IFC Facility may not be utilised by way of the issue of Letters of Credit and under no circumstances will IFC be required to act or be appointed to act as an LC Issuing Bank.

7. REPAYMENT

The Borrower shall repay the IFC Loans made under this Agreement subject to and in accordance with the relevant provisions of Clause 9 (*Repayment*) of the Facility Agreement.

8. PREPAYMENT AND CANCELLATION

The provisions of Clause 10 (*Prepayment and Cancellation*) of the Facility Agreement shall apply in respect of any prepayment or cancellation of the IFC Facility provided that, if requested by IFC, the Borrower delivers to IFC, prior to the date of any such prepayment or cancellation, evidence in form and substance satisfactory to IFC that all necessary Authorisations with respect to the prepayment have been obtained.

9. INTEREST

The rate of interest, including calculation, margin and default interest, on each IFC Loan made under this Agreement shall be determined and shall be payable by the Borrower in accordance with Clause 11 (*Interest*) of the Facility Agreement.

10. PLACE OF PAYMENTS

10.1 Accounts

(A) All payments of principal, interest, fees, and any other amount due to IFC from the Borrower under this Agreement or any other Finance Document shall be made directly by the Borrower to IFC in Dollars, in same day funds, and must be received in the account of IFC at Citibank, N.A. New York, 111 Wall Street, New York N.Y. 10043, USA (in favour of International Finance Corp) for credit to IFC's account number 36085579 (Swift Number: CITIUS 33, ABA Number: 021000089, Loan Reference: PRJ-31179-GHA), or at such other bank or account in New York as IFC from time to time designates. Payments must be received in IFC's designated account by no later than 1:00 p.m. New York time on the date when such payment is due.

(B) The Borrower hereby irrevocably agrees that IFC may deem any payment, or part thereof, that is received after the time specified in Clause 10.1(A) of this Agreement as made on the following Business Day and accordingly Default Interest will accrue on any such payment, or part thereof.

10.2 Direct Payments

The Borrower will make payments of all amounts due to IFC under the Finance Documents directly to the account number specified in Clause 10.1 (*Accounts*) of this Agreement, without requiring payment through the offices of the Facility Agent.

10.3 Allocation of Partial Payments

If at any time IFC receives less than the full amount then due and payable to it under the Facility Agreement, IFC may allocate and apply the amount received in any way or manner and for such purpose or purposes under the Facility Agreement as IFC in its sole discretion determines, notwithstanding any instruction that the Borrower may give to the contrary.

11. FEES

The Borrower shall pay to IFC directly for its own account a commitment fee computed in accordance with Clause 14.1 (*Commitment fee*) of the Facility Agreement.

12. REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties set out in Clauses 12.1 (*Sanctionable Practices*), 12.2 (*Environmental Matters*) and 12.3 (*Ghana-related*

Assets) of this Agreement to IFC as at the date of this Agreement and acknowledges that IFC has entered into the Finance Documents pursuant to the Deed of Transfer and Amendment and this Agreement in full reliance on these representations and warranties.

12.1 Sanctionable Practices

Neither the Borrower nor any Affiliates, nor any person authorised to act (expressly or implicitly) on its or their behalf, has committed or engaged in, with respect to the Project or any transaction contemplated by this Agreement, any Sanctionable Practice.

12.2 Environmental Matters

(A) To the best of its knowledge and belief, after due inquiry, there are no social or environmental risks or issues in relation to the Project other than those identified by the ESRS that could reasonably be expected to have a material adverse effect or a material adverse impact on the implementation or operation of the Project in accordance with the Performance Standards and the EHS Guidelines.

(B) It has not received nor is aware of either:

(i) any existing or threatened complaint, order, directive, claim, citation or notice from any Authority of the countries where the Borrower operates its assets; or

(ii) any material written communication from any person concerning the Project's failure to comply with any matter covered by the Performance Standards which failure has, or could reasonably be expected to have, a material adverse effect or a material adverse impact on the implementation or operation of the Project in accordance with the Performance Standards.

12.3 Ghana-related Assets

A sum equal to at least the sum of all amounts drawn down under the IFC Facility shall be applied for purposes in respect of Ghana-related Assets under the Facility.

12.4 Repetition

The Repeating Representations shall be repeated in accordance with the terms of the Facility Agreement.

13. COVENANTS

13.1 Sanctionable Practices

(A) The Borrower shall not engage in (and shall not authorise or permit any Affiliate or any other person authorised to act (expressly or implicitly) on its behalf to engage in) with respect to the Project or any transaction contemplated by this Schedule, any Sanctionable Practice.

(B) The Borrower covenants that should IFC notify the Borrower of its concerns that there has been a violation of the provisions of this paragraph or paragraph (A) above, it shall cooperate in good faith with IFC and its representatives in determining whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from IFC, and shall furnish documentary support for such response upon IFC's request.

13.2 Environmental Matters

(A) Unless the Parties otherwise agree, the Borrower shall:

(i) where it is the operator (and has not been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements), exercise (subject to its express obligations under the relevant Ghana Project Agreements) all rights as it may have to ensure that;

(ii) where it is the operator (and has been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements), use reasonable endeavours to ensure that; and

(iii) where it is not the operator, use reasonable endeavours by exercising its rights under the relevant Ghana Project Agreements and/or influencing or procuring the co-operation of the Unit Operator to ensure that,

in each case:

(iv) the design, construction, operation, maintenance, management and monitoring of the Project's sites, plants, equipment, operations and facilities are undertaken in compliance with (i) the Action Plan, and (ii) the applicable requirements of the Performance Standards and (iii) the EHS Guidelines;

(v) the continuing implementation and operation of the S&E Management System to assess and manage the social and environmental performance of the Project is achieved in a manner consistent with the Performance Standards in all material respects; and

(vi) the environmental mitigation and management measures specified in the Action Plan are implemented and maintained.

(B) Unless the Parties otherwise agree, the Borrower shall:

(i) not vote or otherwise seek to amend the Action Plan in any material respect without the prior written consent of IFC;

(ii) where it is the operator exercise such rights as it has under the relevant Ghana Project Agreements to ensure (as far as it is able) that, and where it is not an operator use its reasonable endeavours by exercising its rights under the Ghana Project Agreements and/or influencing or procuring the co-operation of the Unit Operator to ensure (as far as it is able) that, in each case, the ESRS, the Action Plan and the Annual Monitoring Report are at all times in a form acceptable to IFC (acting reasonably);

(iii) periodically review (at least yearly) the form of the Annual Monitoring Report and advise IFC as to whether revision of the form is necessary or appropriate in light of changes to the Borrower's business or operations, or in light of environmental or social risks identified by the S&E Management System and revise the form as agreed with IFC; and

(iv) where it is operator and has been outvoted on any relevant matter concerning the operation of the assets subject to the Ghana Project Agreements), inform IFC promptly of such fact (and provide any details where requested by IFC) and assess and inform IFC of the potential risk this poses for compliance with the (i) Action Plan, (ii) applicable requirements of the Performance Standards and/or (iii) EHS Guidelines.

13.3 Non-compliance

In the event that, notwithstanding compliance by the Borrower of the covenants contained in Clause 13.2 (*Environmental Matters*) of this Agreement, the (i) Action Plan, (ii) applicable requirements of the Performance Standards and/or (iii) EHS Guidelines will not be complied with or where they might reasonably be expected not to be complied with (for whatever reason), then the Borrower shall:

(A) promptly inform IFC of such non-compliance or potential non-compliance;

(B) take all actions it can be reasonably expected to take and exercise such rights, powers or influence it may have to mitigate the risks of non-compliance or potential non-compliance, or to reverse the non-compliance or potential non-compliance so that compliance is achieved; and

(C) inform and update IFC on a regular basis on the status of the non-compliance or potential non-compliance and the steps being taken under Clause 13.3(B) above and respond promptly to any reasonable requests for any information by IFC in relation thereto.

13.4 Reporting

Unless Parties otherwise agree, the Borrower shall:

(A) within ninety (90) days after the end of each Financial Year, deliver to IFC the corresponding Annual Monitoring Report in the form attached as Appendix 5 (*Form of Annual Monitoring Report*) hereto confirming compliance with the

Action Plan, the social and environmental covenants set forth in Clause 13.2 (*Environmental Matters*) above and Applicable S&E Law, or, as the case may be, identifying any non-compliance or failure, and the actions being taken to remedy it and the contents of such Annual Monitoring Report shall be verified by an Independent Expert within 90 days of its delivery to IFC;

(B) within three (3) Business Days after it becomes aware, notify IFC of any social, labour, health and safety, security or environmental incident, accident or circumstance having, or which could reasonably be expected to have, a material adverse effect on the implementation or operation of the Project in accordance with the Performance Standards, specifying in each case the nature of the incident, accident, or circumstance and any effect resulting or likely to result therefrom, and the measures the Borrower is taking or plans to take to address them and to prevent any future similar event, and keep IFC informed of the on-going implementation of those measures and plans;

(C) within 120 days of the end of each Financial Year, publicly disclose all material national, regional and local payments to any Authority in respect of taxes, royalties, bonus and signature payments and all other material payments that are in the nature of taxes, profit share, production share, or for rights to access resources. Such disclosure shall be substantially in the form set out in Appendix 5 (*Form of Revenue Disclosure*) hereto, and be made on a webpage readily accessible to the public in English and the local language; and

(D) deliver to IFC, promptly following publication, a copy of any information published pursuant to paragraph (C) above.

14. REMEDIES FOLLOWING DEFAULT OR EVENT OF DEFAULT

On and at any time after the occurrence of a Default or an Event of Default which is continuing IFC shall have the rights and remedies set out under the Facility Agreement or the Intercreditor Agreement.

15. GUARANTEE

Each of the Guarantors hereby acknowledges that, pursuant to the Facility Agreement, they have guaranteed the obligations of the Borrower under this Agreement on the terms and conditions set out in the Facility Agreement.

16. MISCELLANEOUS

16.1 Notices

Any notice, request or other communication to be given or made under this Agreement shall be given in accordance with Clause 37 (*Notices*) of the Facility Agreement.

16.2 Term of Agreement

This Agreement shall continue in force until all monies payable under it have been irrevocably and fully paid in accordance with its provisions and the Obligors have no further obligations to the IFC under this Agreement and the Finance Documents.

16.3 Successors and assignees

This Agreement binds and benefits the respective successors and assignees of the parties. However, the Borrower may not assign or delegate any of its rights or obligations under this Agreement without the prior written consent of IFC. IFC may assign or transfer its rights and obligations hereunder, in whole or in part and in accordance with the terms of the Facility Agreement and the Intercreditor Agreement.

16.4 Counterparts

This Agreement may be executed in several counterparts, each of which is an original, but all of which together constitute one and the same agreement.

16.5 Disclosure of information

The provisions of Clause 30.7 (*Disclosure of information*) of the Facility Agreement shall apply herein, mutatis mutandis as if set out in full for the benefit of IFC.

16.6 Applicable law and jurisdiction

This Agreement shall be governed by and interpreted in accordance with the laws of England and Wales. The provisions of Clause 44 (*Jurisdiction*) of the Facility Agreement shall apply herein, *mutatis mutandis*, as if set out in full for the benefit of IFC.

APPENDIX 1

The Original Guarantors

Name	Jurisdiction of Incorporation	Registered Number
Kosmos Energy Operating	**Cayman Islands**	**231417**
Kosmos Energy International	**Cayman Islands**	**218274**
Kosmos Energy Development	**Cayman Islands**	**225879**
Kosmos Energy Ghana HC	**Cayman Islands**	**135710**

APPENDIX 2

Receipt and Request

Part I

Form of IFC Utilisation Receipt

[Borrower's Letterhead]

International Finance Corporation
2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
United States of America

Attention: Manager, Financial Operations Unit

Ladies and Gentlemen:

Investment No. [•]

Utilisation Receipt (IFC Loan)

We, **KOSMOS ENERGY FINANCE INTERNATIONAL**, hereby acknowledge receipt on the date hereof, of the sum of [•] Dollars ($[•]) disbursed to us by International Finance Corporation under the IFC Facility provided for in the Facility Agreement dated 28 March 2011 between our company and International Finance Corporation.

Yours truly,

KOSMOS ENERGY FINANCE INTERNATIONAL

By: ____

Authorised Officer

Part II

Form of Utilisation Request for IFC Loan

From: Kosmos Energy Finance International as Borrower

To: International Finance Corporation

CC: BNP Paribas as Facility Agent

Dated: [ ]

Dear Sirs

Kosmos Energy Finance International
USD [ ] IFC Facility Agreement dated [ ] 2012 (the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request in respect of a Utilisation under the IFC Facility. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

Proposed Utilisation Date:	[ ] (or, if that is not a Business Day, the next Business Day)
Currency of Loan:	USD
Amount:	[ ]
Interest Period:	[ ]
Purpose:	[ ]

3. We hereby certify that:

(a) no Default or Event of Default is continuing or will result from the proposed Loan;

(b) the Loan is expected to be applied in payment of amounts subject to and in accordance with the Cash Waterfall within 90 days of the Utilisation Date or as otherwise required for Kosmos to comply with Clause 20.1 (*Project Accounts*) of the Facility Agreement;

(d) the making of the Utilisation would not result in the aggregate principal amount outstanding under the Facility exceeding the Borrowing Base Amount;

(e) the Repeating Representations are, in the light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a

Repeating Representation that contains a materiality concept, true and correct in all respects); and

(f) the making of the Utilisation will not breach Clause 3 (*Purpose*) of the Agreement.

4. The proceeds of this Loan should be credited to the [Borrower/other] Offshore Proceeds Account and to the extent an amount has been attributed to Interest payments above, such amount shall be applied towards the payment of Interest on the Facility.

5. This Utilisation Request is irrevocable and is a Finance Document.

Yours faithfully

Authorised Signatory for

Kosmos Energy Finance International

APPENDIX 3

Anti-Corruption Guideline for IFC Transactions

The purpose of these Guidelines is to clarify the meaning of the terms "Corrupt Practices", "Fraudulent Practices", "Coercive Practices", "Collusive Practices" and "Obstructive Practices" in the context of IFC operations.

1. CORRUPT PRACTICES

1.1 Definition

A "Corrupt Practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

1.2 Interpretation

(A) Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.

(B) It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.

(C) In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.

(D) Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.

(E) The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of "Corrupt Practices" relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

2.1 Definition

A "Fraudulent Practice" is any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

2.2 Interpretation

(A) An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a "Fraudulent Practice" for purposes of this Schedule.

(B) Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in IFC, MIGA, or PRG operations. Similarly, other illegal behavior is not condoned, but will not be considered as a Fraudulent Practice for purposes of this Agreement.

3. COERCIVE PRACTICES

3.1 Definition

A "Coercive Practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

3.2 Interpretation

(A) Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

(B) Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

4.1 Definition

A "Collusive Practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

4.2 Interpretation

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

5.1 Definition

An "Obstructive Practice" is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of IFC's access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

5.2 Interpretation

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

6. GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

APPENDIX 4

Action Plan

ENVIRONMENTAL AND SOCIAL ACTION PLAN

Kosmos Energy II (#31179)

October 16, 2011

Item	Task	Indicator of Completion	Required Completion Date
Performance Standard 1 — Social and Environmental Assessment and Management Systems			
1.	**Corporate HSEC Management System.** Kosmos Energy will develop its Corporate HSEC Management System to ensure that Applicable Projects are assessed and managed according to IFC's Performance Standards and applicable World Bank Group EHS Guidelines.	(a) The Company has submitted a Development and Implementation Plan, including time-bound targets, for Kosmos Energy HSEC Management System acceptable to IFC.	(a) March 2011
		(b) Documentation that the Development and Implementation Plan for the Kosmos Energy HSEC Management System is being implemented.	(b) Based on schedule in the Development and Implementation Plan

ENVIRONMENTAL AND SOCIAL ACTION PLAN

Kosmos Energy II (#31179)

October 16, 2011

Item	Task	Indicator of Completion	Required Completion Date
2.	**Country HSEC Management System.** Kosmos Energy will develop country-specific HSEC Management Systems to ensure that Applicable Projects are assessed and managed according to IFC's Performance Standards and applicable World Bank Group EHS Guidelines	(a) The Company has submitted a Development and Implementation Plan, including time-bound targets, for Kosmos Energy HSEC Management System acceptable to IFC.	(a) After March 2011 and prior to the start of any material operation of an Applicable Project.
		(b) Documentation that the Development and Implementation Plan for the Kosmos Energy HSEC Management System is being implemented	(b) Based on schedule in the Development and Implementation Plan
3.	**Training.** Training in the IFC's Performance Standards and the applicable EHS Guidelines will be provided to those involved with the risk management of Applicable Projects.	(a) The Company has developed a Training Plan that incorporates the Performance Standards and relevant IFC EHS Guidelines	(a) March 2011
		(b) Evidence of training provided to all regional and line managers.	(b) August 2012
		(c) Periodic training sessions to onboard	(c) discussed in the Annual Monitoring Reports

Item	Task	Indicator of Completion	Required Completion Date
		new regional and line managers and to provide managers with updates.	(AMR)
4.	**HSE Review Procedure.** Kosmos Energy will configure a procedure under the HSEC Management System to ensure that the Vice President responsible for HSEC reviews all Applicable Projects to ensure that they are evaluated and managed according to the IFC Performance Standards and applicable World Bank Group EHS Guidelines.	(a) The Company has drafted a procedure. (b) The Company has adopted the procedure for all Applicable Projects. (c) Evidence of Applicable Project review by the Vice President to show that any Applicable Project is in compliance with IFC Performance Standards, or has shown that the Applicable Project can come into compliance with the Performance Standards within a reasonable time period following the implementation of a Supplemental Environmental and Social Action Plan to	(a) Condition of disbursement on any non-Jubilee Applicable Project, but no later than June 2012. (b) Finalise and adopt 30 days after IFC's acceptance of draft. (c) Condition of disbursement for the Applicable Project. Applicable timetable for any Applicable Project according to the specified in the Applicable Project-specific Supplemental Social and Environmental Action Plan.

Item	Task	Indicator of Completion	Required Completion Date
		be agreed upon between the Company and IFC.	
5.	**Environment and Social Management Plan.** Each Applicable Project will have an ESMP that incorporates all measures needed to meet national law, the Performance Standards, and the EHS Guidelines. The content may vary according to the risks and issues of the specific Applicable Project, but should include in each case an Emergency Response Plan (ERP), Spill Control and Response Plan (SCRP), a Waste Management Plan (WMP), and a Stakeholder Engagement Plan (SEP) that provides for the local disclosure of the social and environmental assessment documents, including the ESMP itself.	(a) ESMP developed for each Applicable Project, and agreed upon with IFC. (b) Publicly disclose the ESMP	(a) Prior to mobilization of the Applicable Project. (b) Based on schedule in the Applicable Project SEP.

ENVIRONMENTAL AND SOCIAL ACTION PLAN

Kosmos Energy II (#31179)

October 16, 2011

Item	Task	Indicator of Completion	Required Completion Date
Performance Standard 3 — Pollution Control and Abatement			
6.	**Well Control Continuous Improvement Program.** To ensure that Kosmos drilling programs, particularly in deep water, follow good international practice as identified by the International Association of Oil and Gas Producers (OGP) with respect to well control, Kosmos will undertake at least an annual review of its well control procedures and their conformity with good international practice.	(a) Undertake an annual review of its well control procedures benchmarked again OGP recommendations and develop an action plan for closing any gaps (b) Keep IFC informed on the preparation of recommendations from the OGP	(a) Annually (b) Any changes in the well control procedure as a result of the review to be reported in the AMR.
7.	**Spill Incident Continuous Improvement Program**. To ensure that Kosmos operations follow good international practice as identified by the International Association of Oil and Gas Producers (OGP) with respect to intervention and response to well incidents, Kosmos will	(a) Undertake an annual review of the spill incidence intervention and response capabilities available to it and develop an action plan for using reasonable endeavors to close any gaps. (b) Keep IFC informed on the preparation	(a) Annually (b) Any changes to the incident intervention and

Item	Task	Indicator of Completion	Required Completion Date
	undertake at least an annual review of the intervention and response capabilities available to operations and their consistency with good international practice	of recommendations from the OGP	response capabilities to be reported in the AMR.

APPENDIX 5

Form of Annual Monitoring Report

International Finance Corporation

Annual Monitoring Report (amr)
Includes:

Environmental and Social Performance
and development indicators

Kosmos Energy

Ghana

IFC Project Number: 31179

Reporting Period: (month/year) through (month/year)

amr completion date: (day/month/year)

Environment and Social Development Department
2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA
www.ifc.org/sustainability

Annual Monitoring Report
development impact indicators

This section of the AMR has the Development Impact Datasheet which tracks how the project has contributed to development in the region.

NON-JUBILEE FIELD

Development Impact Data Sheet	2011	2012	2013	2014	2015	2016
EMPLOYEES						
Employment						
Number of permanent jobs created or preserved (Direct)						
Number of local permanent jobs created or preserved through local subcontractors (approx)						
Number of local temporary jobs (e.g. during construction) created & preserved						
Percentage of female employees (Direct)						
*Percentage of employees from local community**						
Percentage of nationals in managerial positions (Direct)						
Percentage of female among managerial staff (Direct)						
Wage rates compared to alternative (percentage premium over comparable employment)						
Training*						
Number of employees receiving training						
Initiatives to hire and train local workers						

(yes/no)
Dollar amount spent on training (per employee)
<u>Other Benefits</u>
Dollar amount spent on other benefits to local parties
<u>GOVERNMENT</u>
Dollar amount paid as Income tax (inc. any withholding tax)
Dollar amount paid as share of Profit Oil
Dollar amount of any other fiscal payments
COMMUNITY
<u>Access to education</u>
Dollar spent on local educational institutions
Number of schools supported
<u>Access to healthcare</u>
Dollar spent on/contributed to local health facilities
Number of people which accessed such health facilities

<u>Access to Infrastructure</u>
Infrastructure-type projects undertaken
Dollars spent on/contributed to infrastructure-type projects
<u>Community programs</u>
Dollars spent on community development programs (excluding health and education)
Cash equivalent of in-kind contributions to community development progams
OTHER BUSINESSES & INDUSTRIES
<u>Purchase from Local and National Suppliers</u>
Local supplier/SME development progam (yes/no)
Dollar value of purchases (goods & services) from regional suppliers
Number of regional suppliers (for goods and services)
Percentage of procurement being sourced from regional suppliers
Dollar value of purchases from national suppliers (included above)
Number of national suppliers
Percentage of procurement budget

sourced from national suppliers

***- for the purpose of this table, “local” and “local community” are defined as belonging to the provinces in which the respective activities are conducted.**

Notes:

INTERNATIONAL FINANCE CORPORATION

ENVIRONMENTAL AND SOCIAL PERFORMANCE

ANNUAL MONITORING REPORT

Kosmos Energy

Ghana

IFC Project Number: 31179

REPORTING PERIOD: (month/year) through (month/year)

AMR COMPLETION DATE: (day/month/year)

Environment and Social Development Department
2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA
www.ifc.org/sustainability

INTRODUCTION

The Annual Monitoring Report

This section monitors the Environmental and Social performance of the Project. IFC's Investment Agreement requires Kosmos Energy ("Kosmos" or the "Company") to prepare a comprehensive Annual Monitoring Report (AMR) for its activities in Ghana as defined in the Loan Agreement.

This document comprises IFC's preferred format for environmental and social performance reporting. The AMR informs the Environment and Social Development Department about the environmental and social state of the investment.

With respect to the Jubilee Field and because Kosmos is not the Project's Unit Operator, Kosmos may elect to coordinate with the Unit Operator, who has a similar obligation to IFC under their IFC Facility Agreement, and agree to submit a joint AMR for the Project. To the extent that there are Kosmos-specific information which are covered by the social and environmental covenants of the IFC Facility Agreements but are not dealt with in the Unit Operator's AMR, Kosmos will provide such information in this AMR. Such information will include the environmental, health and safety and social performance of Kosmos' staff and contractors; the environmental, health and safety and social programs specifically undertaken by Kosmos and applicable to the Project but not the responsibility of the Unit Operator; and Kosmos's activities outside the Jubilee Field. If the Unit Operator's IFC Facility Agreement is or becomes inactive, Kosmos will continue to submit an AMR also covering the Jubilee project as part of the reporting covenants of its IFC Facility Agreements as long as there remain amounts outstanding under the IFC Facilities, provided, however, that Kosmos shall only be under a Reasonable Endeavors obligation, as defined in the Facility Agreement to obtain the information to complete the AMR. Unless otherwise indicated, the data provided in this AMR is assumed to be for Kosmos's activities *exclusive* of Jubilee Field, and the word "Project" should be read accordingly throughout.

Preparation Instructions

The following points should assist you in completing this form. Please be descriptive in your responses and attach additional information as needed.

- IFC's Investment Agreement requires designated Kosmos personnel to complete and submit annual environmental and social monitoring reports in compliance with the schedule stipulated in the Investment agreement.

- Kosmos must report qualitative and quantitative project performance data each year of the investment for the environmental and social monitoring parameters included in this report format.

- The main purpose of completing this form is to provide the following information:

  1. Environmental and Social Management
  2. Occupational Health and Safety (OHS) Performance
  3. Significant Environmental and Social Events
  4. General Information and Feedback
  5. Compliance with IFC and local environmental requirements as specified in the Investment Agreement
  6. Compliance with IFC and local social requirements as specified in the Investment Agreement

7. Progress on implementing the Environmental and Social Action Plan (ESAP) agreed with IFC

Specialist Contact Information

If you have any questions regarding the AMR or wish to discuss completion of the AMR please contact the following Investment Officer or Portfolio Manager .

Investment Officer	Name: Telephone Number: Facsimile Number: Email:
Portfolio Manager	Name: Telephone Number: Facsimile Number: Email:
AMR Preparer(s)	
To be completed by Kosmos authorized representative	Name and Title: Phone: Fax: Email:
Company Information	Kosmos office physical address: Kosmos web page address:

I certify that the data contained in the Environmental and Social Performance section of this AMR completely and accurately represents Applicable Project operations during this reporting period. I further certify that analytical data summaries **(1)** incorporated in Section 6 are based upon data collected and analyzed in a manner consistent with the applicable and relevant IFC EHS Guidelines.

Kosmos Employee Name	Signature
Name of Third Party Organization and Representative Certifying This Document	Signature

(1) Raw analytical data upon which summaries are based should not be submitted with this AMR but must be preserved by Kosmos and presented to IFC upon demand.

1 ENVIRONMENTAL AND SOCIAL MANAGEMENT

1.1 Environmental Responsibility Chart

Please name the individuals in the company who hold responsibility for Project environmental and social performance (e.g. Environment Manager, Occupational Health and Safety Manager, Community Relations Manager) and give their contact information (Name, Address, Telephone Number, Fax Number, E-mail Address).

1.2 Summary of Current Operations

Describe company operations and level of business activity. Describe any significant changes since the last report in the company that may affect Project environmental and social performance. Describe any environmental and social management initiatives and relevant updates (e.g. ISO 14001, ISO 9001, OHSAS 18001, or equivalent Quality, Environmental and Occupational Health and Safety certifications and renewals) for Kosmos in Ghana.

1.3 Environmental and Social Impact Assessment and Permitting

Provide a summary of any changes / integrations to the Jubilee Field Project ESIA, and the West Cape Three Point PER, and any new ESIA process for Ghana concessions under development or ongoing at the time of reporting. Provide a summary of Government of Ghana (GOG) relevant requirements. Please provide a copy of any amendment / revision or integration of the Jubilee Field Project ESIA or West Cape Three Point PER.

Provide a summary of all relevant permits issued and renewed by the GOG for Jubilee Field Project and the West Cape Three Point Block.

1.4 Environmental Management Plan

Provide a summary of the reviews of the environmental and social aspects of the Project and provide a copy of the current Project EMP (s), as needed, with identification of all changes, amendments, integrations approved.

1.5 Management of Changes

Provide a summary table or list of all Project's proposed changes (design, operations, risk management, project organization, legislation) with potential associated environmental or social impacts, including review and approval by Project environmental and social management.

1.6 Training Programs

Describe environmental, social and health and safety training programs and their implementation. Provide an update on the development and implementation of the staffing and training plan for the Project.

1.7 Summary of Corporate Social Responsibility Program in Ghana

Provide an update of the status and implementation of the CSR program

2 HEALTH AND SAFETY PERFORMANCE (OHS)

Project personnel are required to monitor, record, and report occupational health and safety incidents and workplace conditions (air quality and physical parameters, which are potentially impacted by industrial processes) throughout the reporting period.

2.1 Compliance with National Requirements

Please list any reports submitted to Ghanaian authorities, e.g. on OHS, fire and safety inspections, compliance monitoring, emergency exercises, as well as comments received and corrective actions taken. Ghanaian authority monitoring and inspections with subsequent actions taken shall also be summarized and reported.

If any of the information requested in the AMR (Section 2.2 - Section 2.4) is contained in reports sent to Ghanaian authorities, please submit the applicable section of the report.

2.2 Incident Statistics Monitoring

Please report on incidents during the reporting year for the Project. Contractor employees are required to adhere to comparable occupational health and safety standards. If the Project uses contractor employees, please also report any contractor employee incidents. Expand or shrink the tables as needed.

1. Total Amounts

Report TOTAL numbers for each parameter	This reporting period		Reporting period – 1 year ago		Reporting period – 2 years ago	
	Project employees	Contractor employees	Project employees	Contractor employees	Project employees	Contractor employees
Employees						
Man-hours worked						
Fatalities						
Occupational injuries(2)						

(2) Work related physical injury or disease [illness] which results in death, being unfit to work the day following the event, restriction of work or motion including temporary or permanent transfer to another job.

Recordable injuries(3)	
Lost workdays(4)	
Injury severity rate(5)	
Lost time injury frequency(6)	
Vehicle collisions(7)	

2. Fatality details for this reporting period

Project employees or contractor employees?	Time of death after accident (e.g. immediate, within a month, within a year)	Cause of fatality	Corrective measures to prevent reoccurrence

3. Occupational injuries details for this reporting period

Project employees or contractor employees?	Total workdays lost	Description of injury	Cause of accident	Corrective measures to prevent reoccurrence

4. Ship collision details for this reporting period

Project vessel or third party?	Cause of collision	Injuries and damages occurred, including spill size if any	Corrective measures to prevent reoccurrence

(3) Any work related incident where a person is fatally injured or becomes fatally ill or requires treatment from a professional physician or paramedic on more than one occasion for the same incident.

(4) Lost workdays are the number of workdays (consecutive or not) beyond the date of injury or onset of illness that the employee was away from work or limited to restricted work activity because of an occupational injury or illness.

(5) The number of days lost per 1 million man hours worked.

(6) The number of lost time injuries (LTI's) recorded for Project workers per million hours worked by them.

(7) Vehicle Collision: When a vehicle (device used to transport people or things) collides (comes together with violent force) with another vehicle or inanimate or animate object(s) and results in injury (other than the need for First Aid) or death.

5. Oil Spill Response training for this reporting period

Activities	Mandatory frequency	Date(s) Performed	Observed Deficiencies(8)	Corrective Actions for Schedule for Implementation(9)
Drills without equipment deployment	**Minimum: three (3)/year**			
Equipment deployment drills	**Minimum: one (1)/year**			

6. EHS training(10) **for this reporting period**

Project employees or contractor employees?	Description of training	Number of employees that attended

2.3 Fire Safety

Please complete the following table for Project's operations.

Project Fire Safety Verification Activities	Mandatory Frequency	Date(s) Performed	Observed Deficiencies(11)	Corrective Actions and Schedule for Implementation(12)
Fire Drills	**Minimum: three**			

(8) Attach additional sheets as needed to full describe observed deficiencies.

(9) Attach additional sheet as needed to fully describe corrective actions and implementation.

(10) Project personnel should be trained in health and safety matters including accident prevention, safe lifting practices, the use of Material Safety Data Sheets (MSDS), safe chemical handling practices, proper control and maintenance of equipment and facilities, emergency response, personal protective equipment (PEP), emergency response, etc.

(11) Attach additional sheet as needed to fully describe observed deficiencies.

(12) Attach additional sheets as needed to fully describe corrective actions and implementation.

	(3)/year
Inspect and certify fire detection and suppression electrical and mechanical systems	**Minimum: one (1)/year**
Inspect, refill/recharge, maintain fire extinguishing systems and fire protection systems	**Minimum: two (2) inspections/year**
Flammable gas monitoring	**As per Workplace Monitoring Plan**

2.4 Significant EHS Events

Please explain any significant Environmental, Health and Safety events not covered in the above OHS tables. The report could include proposed revision of the EHS Management System (if applicable), revised quantitative objectives, action plans for technical improvements, and planned training activities.

3 SIGNIFICANT ENVIRONMENTAL AND SOCIAL EVENTS

Project personnel are required to report all environmental and social events **(13)** that may have caused damage; caused health problems; attracted the attention of outside parties; affected project labor or adjacent populations; affected cultural property; or created Project and/or Kosmos liabilities.

Attach photographs, plot plans, newspaper articles and all relevant supporting information that IFC will need to be completely familiar with the incident and associated environmental and social issues.

3.1 Oil Spills and Gas Releases

Please provide a summary table with all the material releases occurred during the reporting period and from beginning of the Project.

	Liquid				
		> 1 bbl			
Year	**< 1 bbl**	**Contained**	**Uncontained**	**> 1,000 bbls**	**Gas(14)**

Date of event(15)	**Event description, including volume released and response tier**	**Affected people/environment**	**Reports sent to IFC and/or local regulatory agencies**	**Corrective actions (including cost and time schedule for implementation)**

(13) Examples of significant incidents follow. Oil spills; Fire, explosion or unplanned releases; industrial injuries; fatalities including transportation; ecological damage/destruction; local population disruption; disruption of emissions or effluent treatment; legal/administrative notice of violation; penalties, fines, or increase in pollution charges; negative media attention; chance cultural finds; labour unreast or disputes.

(14) Uncontrolled accidental release of gas to the atmosphere.

(15) Significant events, including uncontained spills, all spills above 1,000 bbls and gas releases.

Date of event(15)	Event description, including volume released and response tier	Affected people/environment	Reports sent to IFC and/or local regulatory agencies	Corrective actions (including cost and time schedule for implementation)

3.2 Other significant events

Please report on the following topics, expanding or collapsing the table where needed.

Date of event	Event description	Affected people/environment	Reports sent to IFC and/or local regulatory agencies	Corrective actions (including cost and time schedule for implementation)

4 GENERAL INFORMATION AND FEEDBACK

Provide the following additional information:

1. Describe interactions with non-governmental organizations (NGOs) or public scrutiny of the Project.

2. Describe Project public relations efforts (e.g. establishment of a web page, hiring of community liaison officer)

3. Suggest ways and means to improve information exchange and interactions with IFC specialists.

5 REPORTS TO ILLUSTRATE COMPLIANCE WITH IFC EHS GUIDELINES AND HOST COUNTRY REGULATIONS

5.1. Air Emissions

Air Emissions refers to emissions from specific units on the project site.

Kosmos will report on the below parameters, as per IFC General EHS Guidelines, based on specific emission factors (unit manufacturer data and fuel usage), as needed. This data will be collated annually and complemented by annual measurement of NO_X concentrations in ambient air at the workplace.

Please provide Ghanaian maximum levels in relevant units in the table below.

Point Source Air Emissions Point Location(16):

Point Source Air Emission Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(17)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units)
ENGINE					
Nitrogen Oxides (NOx) Gas Fired – Spark Ignition, ≥3 MWth	Yearly	200 mg/Nm^3	mg/Nm^3		
Nitrogen Oxides (NOx) Gas Fired – Dual Fuel, ≥3 MWth	Yearly	400 mg/Nm^3	mg/Nm^3		
Nitrogen Oxides (NOx) Gas Fired – Compression Ignition, ≥3 MWth	Yearly	1,600 mg/Nm^3	mg/Nm^3		
Nitrogen Oxides (NOx) Liquid Fired, ≥3 MWth	Yearly	See Table 1.1.2			
Particulate Matter Liquid Fired. ≥3 MWth	Yearly	See Table 1.1.2			
Sulfur Dioxide (SO2) Liquid Fired, ≥3 MWth	Yearly	See Table 1.1.2			
TURBINE					
Nitrogen Oxides (NOx) Gas Fired, 3 MWth to <15MWth, Electric generation	Yearly	42 ppm	ppm		
Nitrogen Oxides (NOx) Gas Fired, 3 MWth to <15MWth, Mechanical drive	Yearly	100 ppm	ppm		

(16) Provide latitude, longitude of the point source air discharge point. Alternatively provide a scaled facility map showing the precise location of all discharge points.

(17) General EHS Guidelines, Table 1.1.2. Specify dry gas and excess 02 content (%).

Point Source Air Emission Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(17)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units)
Nitrogen Oxides (NOx) Gas Fired, 15 MWth to <50MWth	Yearly	25 ppm	ppm		
Nitrogen Oxides (NOx) Other Fuels, 3 MWth to <15MWth, Electric generation	Yearly	96 ppm	ppm		
Nitrogen Oxides (NOx) Other Fuels, 3 MWth to <15MWth, Mechanical drive	Yearly	150 ppm	ppm		
Nitrogen Oxides (NOx) Other Fuels, 15 MWth to <50MWth	Yearly	74 ppm	ppm		
Sulfur Dioxide (SO2) Fuels other than Natural Gas, 3 MWth to <50MWth	Yearly	See Table 1.1.2			
BOILER					
Nitrogen Oxides (NOx) Gas Fired, 3 MWth to <50MWth	Yearly	320 mg/Nm^3	mg/Nm^3		
Nitrogen Oxides (NOx) Liquid Fired, 3 MWth to <50MWth	Yearly	460 mg/Nm^3	mg/Nm^3		
Particulate Matter Fuels other than Natural Gas, 3 MWth to <50MWth	Yearly	50 mg/Nm^3	mg/Nm^3		
Sulfur Dioxide Fuels other than Natural Gas, 3 MWth to <50MWth	Yearly	2000 mg/Nm^3	mg/Nm^3		

Ambient Air Monitoring Point Location(18):

Ambient Air Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(19)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units)
Nitrogen Oxides (NOx)	Yearly	Concentrations below those recommended by the ACGIH as TWA-TLV's	mg/Nm^3		

(18) Provide latitude, longitude of the ambient air monitoring points. Alternatively provide a scaled facility map showing the precise location of all monitoring points.

(19) General EHS Guidelines, Section 2.4, page 70.

Other Air Emissions

Air Emission Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)	Project Performance (IFC Units)
Greenhouse Gases**(20)**	Annual	N/A	CO_2-equivalent tpy
Flaring	Annual	N/A	mmscfd

Kosmos will report on GHG emissions estimated as per the API Compendium of Greenhouse Gas Emissions Estimation.

5.2. Liquid Effluents

Liquid Effluent refers to all types of liquid waste which is discharged from the site. Types of liquid effluent include process, sanitary, stormwater, and thermal discharges.

The Project is required to collect representative samples of liquid effluent at the discharge points, submit these samples for laboratory analysis and report the results to IFC. Individual samples and individual reports will be required for each liquid effluent monitoring point. Monitoring should take place while facility is operating.

Please provide Ghanaian maximum levels in relevant units in the table below.

Liquid Effluent Monitoring Point Location(21):

Liquid Effluent Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)	Project Performance (IFC Units) Annual average of monthly samples	Ghanaian Maximum Levels (Units)	Project Performance (Units) Annual average of monthly samples
Produced Water – Oil and Grease (maximum daily)	Continuous	42 mg/l	mg/l		
Produced Water – Oil and Grease (30 day average)	Daily	29 mg/l	mg/l		
Produced Sand - Oil	Batch	1%			

(20) Assess GHG emissions from all equipment including fired equipment, vents, flares, compressor stations, boats, marine transfer facilities, etc. and fugitive emissions annually by a model. GHG annual total is derived by CO2 tpy + CO2-equivalent tpy (CH4 tpy converted to CO2) and is reported based on an internationally recognized emission estimation methodology for oil and gas industry.

(21) Provide latitude, longitude of the liquid effluent discharge point. Alternatively, provide a facility map showing the precise location of all liquid effluent discharge points.

The Project is required to demonstrate compliance with all other effluent levels, as specify in Table 1 of the EHS Guidelines for Offshore Oil and Gas Development. Please provide monitoring results, demonstrating compliance for the following streams, as applicable:

- **Hydrotest water**
- **Desalination brine**
- **Sewage**
- **Food waste**
- **Storage displacement water**
- **Bilgewater**
- **Deck drainage**

5.3. Drilling Fluids and Cuttings Discharge/Disposal

If wells were drilled in this reporting period, specify if WBF or EMOBF were used.

Please describe the process used to treat muds or cuttings prior to discharge/disposal.

Please describe how and where the muds and cuttings were discharged/disposed. Please provide the amount discharged/disposed per each well.

Please report compliance against the approved permit issued by the Ghanaian authorities (Ghana EPA).

Please summarize the monitoring data for both WBF and EMOBF, as follows, and provide the relevant analytical reports, as appropriate.

Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(22)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units) Annual average of monthly samples
WBF					
Toxicity test	As per Ghana requirements	Table 1	Comply? Y/N**(23)**		
Hg in stock barite	As per Ghana requirements	1 mg/kg	mg/kg		
Cd in stock barite	As per Ghana requirements	3 mg/kg	mg/l		

(22) EHS Guidelines for Offshore Oil and Gas Development.

(23) If non-compliance, provide justification, demonstrating that the achieved performance level is protective of the human health and the environment.

Parameters	Collection Frequency	IFC Guideline Levels (IFC Units)(22)	Project Performance (IFC Units)	Ghanaian Maximum Levels (Units)	Project Performance (Units) Annual average of monthly samples
EMOBF					
Toxicity test (residual fluid on cutting)	As per Ghana requirements	Table 1	Comply? Y/N**(24)**		
Oil concentration in cuttings	As per Ghana requirements	As per ESRS	Comply? Y/N**(25)**		
Hg in stock barite	As per Ghana requirements	1 mg/kg	mg/kg		
Cd in stock barite	As per Ghana Requiremetns	3 mg/kg	mg/l		
COMPLETION/WORK-OVER FLUIDS					
Completion and Well Work-over Fluids - Oil and Grease (maximum daily)	Continuous	42 mg/l	mg/l		
Completion and Well Work-over Fluids - Oil and Grease (30 day average)	Daily	29 mg/l	mg/l		
Completion and Well Work-over Fluids – pH	Continuous	$\geq$5			

5.4. Solid Waste Management

The Project is required to monitor methods of collection, storage, handling, recycling, reuse and/or disposal of solid waste, and report these methods and measured quantities to IFC. Please complete the information below.

Solid Waste Management Summary

Solid Waste Type Includes description	Annual Quantity	Project Method of Storage, Handling and/or Treatment

(24) If non-compliance, provide justification, demonstrating that the achieved performance level is protective of the human health and the environment.

(25) If non-compliance, provide justification, demonstrating that the achieved performance level is protective of the human health and the environment.

Solid Waste Type Includes description	Annual Quantity	Project Method of Storage, Handling and/or Treatment

Solid Waste Type (Same as Above, Description not Included)	Project Method of Recycling, Reuse or Disposal(26)

5.5. Hazardous Materials Management

Hazardous materials are those materials that represent an excessive risk to property, the environment or human health because of their physical and/or chemical characteristics. Examples include explosives, toxic or flammable gases, flammable liquids and solids, oxidizing substances, radioactive materials and corrosive substances.

The Project is required to monitor methods of collection, storage and disposal of hazardous materials **(27)**, and report these methods and measured quantities to IFC. Please refer to the Hazardous Materials Management guideline for additional information.

(26) Describe disposal method (e.g. landfill, incineration, land farming, reuse, etc.) Provide name and location of disposal facility used; state if waste is sold as byproduct, scrap or a material to be used by others; state name and business of purchaser. Provide additional sheets as needed to fully describe disposal, organizations involved in waste management, facility permits, and agency authorizations.

(27) Hazardous materials include ignitable, reactive, flammable, radioactive, corrosive and toxic substances.

1. Please update us on your Hazardous Materials Management Program. You should include your Emergency Preparedness and Response Plans, and if available, your Hazardous Materials Risk Management Plan, Hazardous Materials Transportation Plan and/or Hazardous Waste Management Plan.

Please complete the information below unless included in updated version of the Hazardous Materials Management Program. If included, please specify.

Hazardous Materials Management Plan Summary

Hazardous Material (Name and Number UN/CAS)	**Class or division(28)**	**Annual Quantity**	**Maximum Quantity Stored on Site**
Hazardous Materials Used			
Hazardous Waste Produced			

Parameters (Same Parameters as Above)	**Project Method of Storage, Handling and/or Treatment(29)**	**Project Method of Disposal(30)**

(28) UN classification (1. Explosives; 2. Gases ; 3. Flammable liquids ; 4. Flammable solids ; 5. Oxidizing substances ; 6. Toxic and infectious substances ; 7. Radioactive material; 8. Corrosive substances; 9. Miscellaneous hazardous materials.)

Parameters (Same Parameters as Above)	Project Method of Storage, Handling and/or Treatment(29)	Project Method of Disposal(30)
Hazardous Materials Used		
Hazardous Waste Produced		

5.6. Information on Exceedances

Provide the following information for monitoring data which exceed IFC guideline levels. This refers to data presented in Section 5, Quantitative Data Reports to Illustrate Compliance with IFC EHS Guidelines and Ghana Regulations. Provide the information in the table for each parameter exceeded.

Monitoring parameter that exceeds IFC guidelines and local regulations	Cause for monitoring parameter exceedance	Corrective action plan	Completion date	Cost	% Complete/ Status

(29) State how hazardous materials / waste is stored on site (e.g. drums, bins, and other containers) and handled (including transported). Provide additional sheets as needed to fully describe disposal, organizations involved in management, facility permits and agency authorizations.

(30) Report on method of disposal for hazardous waste used only.

Monitoring parameter that exceeds IFC guidelines and local regulations	Cause for monitoring parameter exceedance	Corrective action plan	Completion date	Cost	% Complete/ Status

5.7. Biodiversity (for Jubilee Field only)

The Project is required to comply with PS 6 and to develop a specific policy and procedures to ensure that traffic and operations of drilling vessels, support vessels and helicopters will minimize disturbance to marine mammals and to wildlife. The Project is required to prepare a summary report of activities during the reporting year, and to submit the report to IFC annually. The report should include the following details:

- Implementation of the training program for vessel's and helicopter's operators in marine mammal observation and monitoring.
- Statistics and description of the marine mammal observations in the Project's area of influence.
- Implementation of operational procedures to minimize disturbance to wildlife, including the coastal area potentially affected by the Project's activities and specifically the Amansuri wetland.
- Incidents reported.
- Other relevant initiatives, including biodiversity surveys, monitoring.

6 REPORTS TO ILLUSTRATE COMPLIANCE WITH IFC SOCIAL POLICIES AND HOST COUNTRY REGULATIONS

6.1 Labor

The Project is required prepare a summary report of human resources activities and contacts during the reporting year, and submit the report to IFC annually. The Project is required to summarize progress, specific achievements, and shortcomings during the reporting year.

1. Please provide labor statistics, including number of employees (skilled, semiskilled and unskilled; by gender) and main contractor's employees (skilled, semiskilled and unskilled; by gender). Please provide details of retired and terminated (laid-off) workers for this reporting year by gender.

2. Please report on implementation of the Human Resources Policy, including an update on terms of employment, compensation and benefits.

3. Have there been any problems/ issues during implementation? Please provide statistics relevant to workforce grievances and their management

4. Have any additional issues arisen since the last report? If yes, what are these issues?

5. Describe the compensation packages for termination and retirement. What are the differences between these two types of packages?

6. Please describe all meetings with worker's organizations or worker's representatives, the issues raised, and the agreements reached.

6.2 Community Development

Please describe all interactions the Project has with the community including, but not limited to, a community relations program, meetings and activities with interested stakeholders, a charitable foundation, staff dedicated to community issues. Please include the following points in your description:

a. Activity name

b. Activity description

c. Activity schedule

d. Number of individuals benefited

e. Annual budget for such programs

f. The company's personnel allocation to monitor community programs

g. Any reports the company produces pertaining to community development programs or projects

6.3 Public Consultation and Disclosure

The Project is required to monitor public consultation and disclosure activities described in detail in the Project Public Consultation and Disclosure Plan, to prepare a summary report of activities during the reporting year, and to submit the report to IFC annually.

1. Please describe the public consultation and disclosure activities to date and planned. For general informal meetings, political/technical group informal meetings, rural community group informal meetings and formal public hearings please include:

    a. the meeting date or planned meeting date,

    b. meeting subject,

    c. affected influence area, and

    d. attendees.

2. Please provide an update on the implementation of the grievance management mechanism for the Jubilee Field Project and relevant statistics. Please also include information on resolutions activities, pending cases, time needed to close a grievance, number of court cases and their status. Please provide a copy of the grievance register.

6.4 Community Safety and Security

The Project is required to monitor activities described in detail in the program to avoid intrusion into the safety zones and to minimize risks to the fishing boats, to prepare a summary report of activities during the reporting year, and to submit the report to IFC annually.

The report should include the following details:

- Update on the implementation of the education program for the nearby villages and other fishers known to use the project area.
- Implementation of the procedure for warning boats away from the safety zone.
- Update on the management of boat traffic to the offshore facilities.
- Update on the activities involving security forces, including Ghanaian police or military.
- Incidents, accidents and security statistics.

7 PROGRESS ON IMPLEMENTING THE ENVIRONMENTAL AND SOCIAL ACTION PLAN

ENVIRONMENTAL AND SOCIAL ACTION PLAN
Kosmos Energy II (#31179)
October 16, 2011

Item	Task	Indicator of Completion	Required Completion Date
Performance Standard 1 — Social and Environmental Assessment and Management Systems			
1.	**Corporate HSEC Management System.** Kosmos Energy will develop its Corporate HSEC Management System to ensure that Applicable Projects are assessed and managed according to IFC's Performance Standards and applicable World Bank Group EHS Guidelines.	(a) The Company has submitted a Development and Implementation Plan, including time-bound targets, for Kosmos Energy HSEC Management System acceptable to IFC.	(a) March 2011
		(b) Documentation that the Development and Implementation Plan for the Kosmos Energy HSEC Management System is being implemented.	(b) Based on schedule in the Development and Implementation Plan
2.	**Country HSEC Management System.** Kosmos Energy will develop country-specific HSEC Management Systems to ensure that Applicable Projects are assessed and managed according to IFC's Performance Standards and applicable World Bank Group EHS Guidelines	(a) The Company has submitted a Development and Implementation Plan, including time-bound targets, for Kosmos Energy HSEC Management System acceptable to IFC.	(a) After March 2011 and prior to the start of any material operation of an Applicable Project.
		(b) Documentation that the Development and Implementation Plan for the Kosmos Energy HSEC Management System is being implemented	(b) Based on schedule in the Development and Implementation Plan
3.	**Training.** Training in the IFC's Performance Standards and the applicable EHS Guidelines will be provided to those involved with the risk management of Applicable Projects.	(a) The Company has developed a Training Plan that incorporates the Performance Standards and relevant IFC EHS Guidelines	(a) March 2011
		(b) Evidence of training provided to all regional and line managers.	(b) August 2012
		(c) Periodic training sessions to onboard new regional and line managers and to provide managers with updates.	(c) discussed in the Annual Monitoring Reports (AMR)
4.	**HSE Review Procedure.** Kosmos Energy will configure a procedure under the HSEC Management System to ensure that the Vice President responsible for HSEC reviews all Applicable Projects to ensure	(a) The Company has drafted a procedure.	(a) Condition of disbursement on any non-Jubilee Applicable Project, but no later than June 2012.
		(b) The Company has adopted the procedure for all	(b) Finalise and adopt 30 days after IFC's acceptance of draft.

Item	Task	Indicator of Completion	Required Completion Date
	that they are evaluated and managed according to the IFC Performance Standards and applicable World Bank Group EHS Guidelines.	Applicable Projects. (c) Evidence of Applicable Project review by the Vice President to show that any Applicable Project is in compliance with IFC Performance Standards, or has shown that the Applicable Project can come into compliance with the Performance Standards within a reasonable time period following the implementation of a Supplemental Environmental and Social Action Plan to be agreed upon between the Company and IFC.	(c) Condition of disbursement for the Applicable Project. Applicable timetable for any Applicable Project according to the specified in the Applicable Project-specific Supplemental Social and Environmental Action Plan.
5.	**<u>Environment and Social Management Plan.</u>** Each Applicable Project will have an ESMP that incorporates all measures needed to meet national law, the Performance Standards, and the EHS Guidelines. The content may vary according to the risks and issues of the specific Applicable Project, but should include in each case an Emergency Response Plan (ERP), Spill Control and Response Plan (SCRP), a Waste Management Plan (WMP), and a Stakeholder Engagement Plan (SEP) that provides for the local disclosure of the social and environmental assessment documents, including the ESMP itself.	(a) ESMP developed for each Applicable Project, and agreed upon with IFC. (b) Publicly disclose the ESMP	(a) Prior to mobilization of the Applicable Project. (b) Based on schedule in the Applicable Project SEP.
Performance Standard 3 — Pollution Control and Abatement			
6.	**<u>Well Control Continuous Improvement Program.</u>** To ensure that Kosmos drilling programs, particularly in deep water, follow good international practice as identified by the International Association of Oil and Gas Producers (OGP) with respect to well control, Kosmos will undertake at least an annual review of its well control procedures and their conformity with good international practice.	(a) Undertake an annual review of its well control procedures benchmarked again OGP recommendations and develop an action plan for closing any gaps (b) Keep IFC informed on the preparation of recommendations from the OGP	(a) Annually (b) Any changes in the well control procedure as a result of the review to be reported in the AMR
7.	**<u>Spill Incident Continuous Improvement Program</u>**. To ensure that Kosmos operations follow good international practice as identified by the International Association of Oil and Gas Producers (OGP) with respect to intervention and	(a) Undertake an annual review of the spill incidence intervention and response capabilities available to it and develop an action plan for using reasonable endeavors to close any gaps. (b) Keep IFC informed on the preparation of	(a) Annually (b) Any changes to the incident intervention and response

Item	Task	Indicator of Completion	Required Completion Date
	response to well incidents, Kosmos will undertake at least an annual review of the intervention and response capabilities available to operations and their consistency with good international practice.	recommendations from the OGP	capabilities to be reported in the AMR.

APPENDIX 6

Form of Revenue Disclosure

Type of Payment	National Government	Local Government (31)	Total
Royalties			
Bonus Payments			
License Payments and Fees (other than routine nominal administrative fees)			
Profits/dividends paid to Government			
Profits/income Tax			
Value of Profit Oil delivered to government			
Other fiscal benefits to government (specify)			
(i)			
(ii)....			
Totals			

(31) Insert further columns when more than one region/province/state are involved.

SIGNATURES TO THE IFC FACILITY AGREEMENT

The Original Borrower

EXECUTED BY:

KOSMOS ENERGY FINANCE INTERNATIONAL

By:

Name:

Title:

The Original Guarantors

EXECUTED BY:

KOSMOS ENERGY OPERATING

By:

Name:

Title:

EXECUTED BY:

KOSMOS ENERGY GHANA HC

By:

Name:

Title:

EXECUTED BY:

KOSMOS ENERGY DEVELOPMENT

By:

Name:

Title:

EXECUTED BY:

KOSMOS ENERGY INTERNATIONAL

By:

Name:

Title:

The Lender

EXECUTED BY:

INTERNATIONAL FINANCE CORPORATION

By:

Name:

Title:

The Facility Agent

EXECUTED BY:

BNP PARIBAS

By:	By:
Name: Title:	Name: Title:

Exhibit 10.3

KOSMOS ENERGY LTD.

**AMENDMENT NUMBER ONE TO
CONSULTING AGREEMENT**

THIS AMENDMENT NUMBER ONE TO CONSULTING AGREEMENT (this "**Amendment**"), dated this 23rd day of February, 2012, to be effective as of January 1, 2012 (the "**Effective Date**"), is by and between Kosmos Energy Ltd., a company incorporated under the laws of Bermuda ("**Kosmos**"), and John R. Kemp ("**Kemp**"). Unless specifically set forth otherwise, reference to the "**parties**" in this Amendment refers solely to Kosmos and Kemp.

W I T N E S S E T H

WHEREAS, Kosmos and Kemp entered into a Consulting Agreement dated October 31, 2011 (the "**Consulting Agreement**") pursuant to which Kemp serves as a consultant to perform such services as Kosmos may reasonably request from time to time during the term of the Consulting Agreement, in addition to his duties serving as a member of the Kosmos Board of Directors; and

WHEREAS, Kosmos and Kemp desire to amend certain provisions of the Consulting Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements set forth herein and for other good and valuation consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. **Capitalized Terms**. All capitalized terms used but not defined in this Amendment shall have the same meaning as prescribed in the Consulting Agreement.

2. **Amendment of Section 3.** Section 3 of the Consulting Agreement shall be amended in its entirety to read as follows:

> 3. **Compensation**. As payment for Kemp's fulfillment of the Consulting Services and covenants set forth in this Agreement, Kosmos shall pay and provide to Kemp: (i) during the period beginning on January 1, 2012 and ending at the expiration or earlier termination of this Agreement, $51,750 per month payable in arrears; (ii) 18,000 common shares of Kosmos to be issued by Kosmos to Kemp on the Effective Date, which shares shall become 100% vested at the expiration of the Initial Term; and (iii) 12,000 common shares of Kosmos to be issued by Kosmos to Kemp on the first day of each Renewal Term, if any, which shares shall become 100% vested at the expiration of each such Renewal Term (collectively, the "**Compensation**"). At the request of either Kosmos or Kemp, the Compensation may be curtailed at any time. In addition to the Compensation, Kemp shall continue to also receive his fees for serving as a member of the Kosmos Board of Directors. Kosmos and Kemp agree to review the terms of the Compensation at the expiration of the Initial Term and each Renewal Term.

3. **Execution and Delivery**. This Amendment may be executed in several counterparts, all of which will together constitute a single agreement among the parties. Delivery by electronic transmission of an executed counterpart of the signature page to this Amendment shall be as effective as delivery of a manually executed counterpart of this Amendment.

4. **No Other Amendments**. Except as modified by this Amendment, all provisions of the Consulting Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized representatives to be effective as date set forth above.

KOSMOS ENERGY LTD.

By: /s/ W. Greg Dunlevy
Name: W. Greg Dunlevy
Title: EVP/CFO

/s/ John R. Kemp
JOHN R. KEMP

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Brian F. Maxted, 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)) 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. Reserved.

    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 functions):

    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: May 7, 2012

/s/ Brian F. Maxted
Brian F. Maxted
Director and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, W. Greg Dunlevy, 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)) 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. Reserved.

   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 functions):

   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: May 7, 2012

/s/ W. Greg Dunlevy
W. Greg Dunlevy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying quarterly report of Kosmos Energy Ltd. (the “Company”) on Form 10-Q for the quarter ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian F. Maxted, Director and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 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; 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: May 7, 2012

/s/ Brian F. Maxted
Brian F. Maxted
Director and Chief Executive Officer (Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Greg Dunlevy, Chief Financial Officer and Executive Vice President of the Company, certify, pursuant to 18 U.S.C. Section 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; 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: May 7, 2012

/s/ W. Greg Dunlevy
W. Greg Dunlevy
Chief Financial Officer and Executive Vice President (Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.