

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
(Company Number: 10520822)

FINANCIAL STATEMENTS

30 DECEMBER 2017

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KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
FINANCIAL STATEMENTS
30 DECEMBER 2017

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KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
DIRECTORS' REPORT

The directors present their directors report and financial statements for the period from date of incorporation on 12 December 2016 to 30 December 2017.

RESULTS

The loss of the period from date of incorporation on 12 December 2017 to 30 December 2017 after taxation is US\$26.3 million.

FUTURE DEVELOPMENTS

We have drilled three successful wells and have identified additional prospects in our blocks. The Guembeul discovery (along with the Ahmeyim discovery in Mauritania; collectively "Greater Tortue") straddles Block C8 offshore Mauritania and Saint Louis Offshore Profond offshore Senegal. In August 2017, a drill stem test ("DST") was completed, demonstrating that the Greater Tortue field is a world-class resource and confirming key development parameters including well deliverability, reservoir connectivity, and fluid composition. Data acquired from the DST was used to further optimize field development and to refine process design parameters critical to the front end engineering and design ("FEED") process. In December 2018, the partners agreed on a final investment decision for Phase 1 of the Greater Tortue project. First gas for the project is expected in the first half of 2022.

DIRECTORS

The Directors during the year were as follows:

C J Bell (appointed 12 December 2016)
J E Doughty (appointed 12 December 2016)
J M Brame (appointed 15 December 2016, resigned 27 October 2017)
J A M M Peijs (appointed 15 December 2016, resigned 27 October 2017)

None of the directors had any interest in the share capital of the company.

STATEMENT OF DISCLOSURE TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, having made enquiries of the Company's auditors, the directors confirm that:

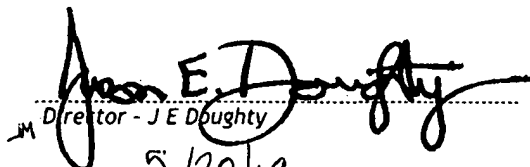
- To the best of the directors' knowledge and belief, there is no information (that is, information needed by the company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- The directors have taken all steps that directors' might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
DIRECTORS' REPORT

AUDITORS

Anderson Anderson & Brown Audit LLP have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the annual general meeting.

Signed on behalf of the Board of Directors


Director - J E Doughty
5/30/19 Date

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED

Opinion

We have audited the financial statements of Kosmos Energy Investments Senegal Limited (the 'Company') for the period ended 30 December 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED (continued)**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anderson Anderson & Brown Audit LLP

John Black (Senior Statutory Auditor)

For and on behalf of Anderson Anderson & Brown Audit LLP
Statutory Auditor
Kingshill View
Prime Four Business Park
Aberdeen
AB15 8PU

Date: *30 May 2019*

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 DECEMBER 2017

	Note	US\$'000
REVENUE		-
Cost of sales		-
GROSS PROFIT		-
Exploration and evaluation expenses		(17,716)
Administrative expenses		(8,558)
OPERATING LOSS	3	(26,274)
Finance income		-
Finance costs		-
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(26,274)
Income tax charge	8	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS		(26,274)
OTHER COMPREHENSIVE INCOME		-
Other comprehensive income for the period		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(26,274)

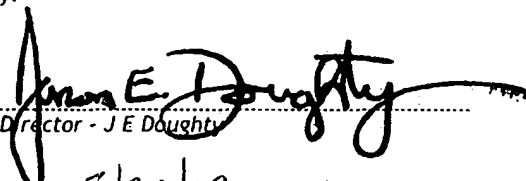
There was no other comprehensive income for 2017.

The notes on pages 11 to 25 form part of these financial statements.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
 REGISTERED NUMBER: 10520822
 STATEMENT OF FINANCIAL POSITION
 AS AT 30 DECEMBER 2017

	Note	US\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	9	301
Exploration and evaluation assets	10	131,849
		<u>132,150</u>
CURRENT ASSETS		
Inventory		-
Trade and other receivables	11	59,276
Cash and short-term deposits	12	134
		<u>59,410</u>
CURRENT LIABILITIES		
Trade and other payables	13	(59,766)
NET CURRENT LIABILITIES		<u>(356)</u>
Tax liabilities	8	-
		<u>131,794</u>
EQUITY		
Share capital	15	-
Capital reserve	15	155,163
Capital contribution		2,905
Retained deficit		(26,274)
TOTAL EQUITY		<u>131,794</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


 Director - J E Doughty
 5/30/19 Date

The notes on page 11 to 25 form part of these financial statements.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2017

	Share capital US\$'000	Share Premium US\$'000	Capital reserve US\$'000	Capital contribution US\$'000	Retained deficit US\$'000	Total US\$'000
Shares issue	-	104,100	-	-	-	104,100
Introduction of assets at historical cost	-	-	193,942	-	-	193,942
Additional capital introduced	-	-	-	2,905	-	2,905
Dividend	-	(104,100)	(38,779)	-	-	(142,879)
Loss for year	-	-	-	-	(26,274)	(26,274)
At 30 December 2017	-	-	155,163	2,905	(26,274)	131,794

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 DECEMBER 2017

	Note	2017 US\$'000
Cash outflow from operating activities		
Continuing activities	16	(54,178)
Taxation (paid)/credit		-
Net cash generated used in operating activities		<u>(54,178)</u>
Cash flow from investing activities		
Interest received		-
Acquisition of exploration and evaluation assets		(131,849)
Acquisition of property, plant and equipment: other		<u>(379)</u>
Net cash used in investing activities		<u>(132,228)</u>
Cash flow from financing activities		
Issue of share capital		158,068
Amounts advanced by group companies		28,472
Interest paid		-
Net cash used in investing activities		<u>186,540</u>
Net decrease in cash and cash equivalents		<u>134</u>
Cash and cash equivalents at beginning of the period		-
Effect of foreign exchange rate differences		-
Cash and cash equivalents at end of the period		<u>134</u>

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

1. GENERAL INFORMATION

Kosmos Energy Investments Senegal Limited is a limited company incorporated in the United Kingdom. The registered office address is 6th floor, 65 Gresham street, London, EC2V 7NQ.

2. ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial information presented in these financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRS Interpretations Committee (IFRIC) interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain fair value adjustments required by those accounting policies.

Joint arrangements

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Company's interest in joint operations (e.g. exploration and production arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its share of revenue from the sale of output by the joint operation and its expenses (including its share of any expenses incurred jointly).

A complete list of the Company's Joint Arrangements accounted for as joint operations is provided in Note 19.

Oil and gas expenditure - Exploration and Evaluation Assets (E&E Assets)

Capitalisation

Pre-acquisition costs on oil and gas assets are recognised in the statement of profit or loss when incurred. Costs incurred after rights to explore have been obtained, drilling and commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs are capitalised as intangible exploration and evaluation ("E&E") assets. The assessment of what constitutes an individual E&E asset is based on technical criteria but essentially is a single licence area. All geological and geophysical costs are expensed when incurred.

E&E costs are not amortised prior to the conclusion of appraisal activities. Once active exploration is completed the asset is assessed for impairment. If commercial reserves are discovered then the carrying value of the E&E asset is reclassified as a development and production ("D&P") asset, following development sanction, but only after the carrying value is assessed for impairment and where appropriate its carrying value adjusted. If commercial reserves are not discovered or it is not possible to determine technical feasibility or if the legal right to explore expires or if the Company decides not to continue exploration and evaluation activity, then the E&E asset is written off to the statement of profit or loss.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

Impairment

The company's oil and gas assets are analysed into cash generating units ("CGU") for impairment review purposes, with E&E asset impairment testing being performed at a grouped CGU level. The current CGU consists of the company's whole E&E portfolio. E&E assets are reviewed for impairment in accordance with IFRS 6, "Exploration for and Evaluation of Mineral Resources", and when circumstances arise which indicate that the carrying value of an E&E asset exceeds the recoverable amount. When reviewing E&E assets for impairment, the combined carrying value of the grouped CGU is compared with the grouped CGU's recoverable amount. The recoverable amount of a grouped CGU is determined as the higher of its fair value less costs to sell and value in use. Impairment losses resulting from an impairment review are written off to the statement of profit or loss.

Key assumptions used in the value-in-use calculations

The calculation of value-in-use for oil and gas exploration and evaluation assets, assets under development or in production is most sensitive to the following assumptions:

- Production volumes;
- Commodity prices;
- Variable operating costs;
- Capital expenditure; and
- Discount rates.

Production volumes/recoverable reserves

Annual estimates of oil and gas reserves are generated internally by the company's reservoir engineers. The self-certified estimated future production profiles are used in the life of the fields which in turn are used as a basis in the value-in-use calculation.

Commodity prices

The long term assumption for Brent oil and natural gas is based on management estimates having considered published external data, future prices are inflated in accordance with the Company's corporate assumptions. Field specific discounts and prices are used where applicable.

Fixed and variable operating costs

Typical examples of variable operating costs are pipeline tariffs, treatment charges and freight costs. The assumptions used in the value-in-use calculation are sourced from commercial agreement where these are in place. Examples of fixed operating costs are platform costs and operator overheads. Fixed operating costs are based on operator budgets.

Capital expenditure

Field development is capital intensive and future capital expenditure has a significant bearing on the value of an oil and gas development asset. In addition, capital expenditure may be required for producing fields to increase production and/or extend the life of the field. Cost assumptions are based on operator budgets or specific contracts where available.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

Discount rates

Discount rates reflect the current market assessment of the risks specific to the oil and gas sector and are based on the weighted average cost of capital for the company. Where appropriate, the rates are adjusted to reflect the market assessment of any risk specific to the field for which future estimated cash flows have not been adjusted.

Sensitivity to changes in assumptions

Changes in the above assumptions could cause the estimated recoverable value to be lower than the carrying value, resulting in an impairment loss. The assumptions which would have the greatest impact on the recoverable amounts of the fields are production volumes and commodity prices.

The Directors recognise that market prices of hydrocarbon products are volatile and a significant reduction in global oil prices can have a consequential adverse impact on the revenue and cash flow of the Company. At all times the Directors actively manages its committed expenditure, including short-term working capital and cash flow requirements to sustain the Company through periods of reduced hydrocarbon prices.

Foreign currency

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in US Dollar, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing in the month of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the revaluation reserve in equity.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit or loss for the year. Taxable profit or loss differs from net profit or loss as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less depreciation and any provision for impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition. Depreciation is provided on all tangible fixed assets on a straight line basis to write each asset down to its estimated residual value over its expected useful life, as follows:

Motor vehicles	5 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

Financial assets

Classification of financial assets

The company classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than 12 months after the year end date where they are classified as non-current assets.

Impairment of financial assets

The Company assesses at each year end date whether there is objective evidence that a financial asset or a company of financial assets is impaired.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Any cash balance held where the use is restricted for a specific purpose or future event will be separately noted as "restricted cash" and details provided to explain the restriction.

Trade receivables

Trade receivables are initially stated at fair value and adjusted for any provisions for impairment. Trade receivables are assessed individually for impairment. Movements in the provision for doubtful trade receivables are recorded in the statement of profit or loss in administrative expenses.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost.

Leases

Rentals payable and receivable under operating leases are charged or credited to the statement of profit or loss on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the year end date.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The resulting accounting estimates may not equate with the actual results which will only be known in time. Significant accounting judgments and accounting estimates used by the Company are discussed in more detail in the following accounting policies:

- Oil and Gas: Intangible Exploration Assets - Impairment
- Oil and Gas: Development and Production Assets - Depreciation and Impairment

New IFRS accounting standards and interpretations adopted in the year

The following standards, amendments and interpretations are new and effective for the period ended 30 December 2017 and have been adopted. None of the pronouncements had a material impact on the Company's results, assets or liabilities.

- Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses effective from 1 January 2017
- Amendment to IAS 7 Disclosure Initiative effective from 1 January 2017
- Annual improvements to IFRSs 2012-2014 cycle effective from 1 January 2017

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

New IFRS accounting standards and interpretations not yet effective

The IASB and IFRIC have issued the following standards and amendments which are effective for reporting periods beginning after the date of these financial statements.

- Amendment to IFRS 2 classifications and measurement of share based payments effective from 1 January 2018
- IFRS 9 Financial Instruments effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers effective 1 January 2018
- IFRS 16 Leases effective 1 January 2019
- Clarifications to IFRS 15 Revenue from Contracts with Customers effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration effective from 1 January 2018
- Annual improvements to IFRS 2014-2016 Cycle effective from 1 January 2018

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets, as well as new rules for hedge accounting. It replaces the old standard of IAS 39 in its entirety. The Company has undertaken an assessment of the standard, and it will have no material impact on provision for doubtful debts.

The IASB has issued a new standard for recognition of revenue (IFRS 15) which will replace IAS 18 which covers contracts for goods and services. The new standard is based on the principle that revenue is recognised when control of a good or a service transfers to a customer.

IFRS 15 establishes the principles that apply when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. As the company has yet to enter into contracts with customers, this will not have an impact on the financial statements.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under the new standard all lease contracts, with limited exceptions, are recognised in financial statements by way of right of use assets and corresponding lease liabilities. Compared with the existing accounting for operating leases, it will also impact the classification and timing of expenses and consequently the classification between cash flow from operating activities and cash flow from financing activities. The impact of the adoption of the new standard at 1 January 2019 will be dependent on factors such as the Company's lease contracts at that date and the discount rate applied in accordance with IFRS 16, however the Company does not expect a significant impact on the financial statements.

All other amendments as noted above are not believed to have a material impact on the financial statements of the Company.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	US\$'000
Depreciation of property, plant and equipment	78
Operating lease rentals: other	715
Foreign exchange	213
	<u> </u>

4. AUDITOR'S REMUNERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	US\$'000
Audit fees payable to the auditor for the audit of the Company's annual financial statements	<u>27</u>
Tax Services	9
Other services	<u>20</u>
Total non-audit fees	<u>29</u>
Total audit and non-audit fees	<u>56</u>

Other services relate to the preparation of the financial statements.

5. OPERATING SEGMENT INFORMATION

All operations of the company during the period related to Oil and Gas Exploration and Production.

6. STAFF COSTS

The company had no employees during the period other than the 4 directors.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

7. DIRECTORS' EMOLUMENTS

During the period no remuneration was paid to the Directors.

8. TAXATION

The company has filed a branch profits exemption election in the UK, thus the Senegal activity of the company is not taxable in the UK. The company is subject to tax in Senegal at a tax rate of 28.75% (includes branch profits tax). The Senegal branch has capitalized \$73 million USD of costs that may be deducted in the future in Senegal. As of 30 December 2017, the company has a full valuation allowance on the \$21 million USD deferred tax asset in Senegal.

At 30 December 2017 a deferred tax asset has not been recognised on the carry-forward losses.

9. PROPERTY, PLANT AND EQUIPMENT

	Vehicles US\$'000
Cost	
Additions	379
At 30 December 2017	379
Depreciation	
Depreciation charged in the period	78
At 30 December 2017	78
Net book amount	
At 30 December 2017	301

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NOTES ON THE FINANCIAL STATEMENTS - 30 DECEMBER 2017

10. INTANGIBLE ASSETS

	Exploration and evaluation assets US\$'000
Cost	
Additions	131,849
At 30 December 2017	131,849
Amortisation and impairment	
Charge for period	-
At 30 December 2017	-
Net book amount	
At 30 December 2017	131,849

11. TRADE AND OTHER RECEIVABLES

	US\$'000
Current assets	
Trade receivables	40,889
Less: provision for impairment of trade receivables	-
Trade receivables - net	40,889
Receivables due from group companies	3,474
Other receivables	14,913
Prepayments and accrued income	-
At 30 December 2017	59,276

Current and other assets
Trade and other receivables

Trade and other receivables are non-interest bearing and generally have a 30 - 60 day term. Due to their short maturities, the fair value of trade receivables approximates their carrying amount.

A provision for impairment of trade and other receivables is established where there is no objective evidence that the Company will be able to collect all amounts due according to the original terms. The Company considers factors such as default or delinquency in payment, substantial financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade and other receivable is to be impaired.

Trade and other receivables that are less than three months past due are not considered impaired. As of 30 December 2017, trade and other receivables of Enil were three months past due but not impaired. No impairment provisions have been made during the year.

Receivables due from group companies

The Company considers that the amounts included in receivables due from group companies will prove recoverable. These amounts are settled periodically.

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12. CASH AND CASH EQUIVALENTS

US\$'000

Unrestricted cash in bank accounts	<u>134</u>
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13. TRADE AND OTHER PAYABLES

US\$'000

Current liabilities:	
Trade payables	16,982
Amounts owed to group companies	31,946
Other taxes and social security costs	-
Accruals and deferred income	<u>10,838</u>
	<u>59,766</u>

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. No interest is charged on the outstanding balance.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Financial risk management

The Company actively monitors and manages the financial risks relating to its operations on a continuous basis. The Company's operations expose it to a variety of financial risks that include market price risk, interest rate risk, credit risk, liquidity risk, capital risk and currency risk. The Company's financial instruments comprise cash and cash equivalents, and various items such as trade receivables and trade payables that arise directly from its operations.

The Company has not entered into any derivative or other hedging instrument.

Interest rate risk

The Company are exposed to interest rate risk as a result of positive cash balances.

Cash and cash equivalents (which are presented as a single class of asset on the statement of financial position) comprise cash at bank that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables.

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14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)

Liquidity risk

The Company actively reviews their requirements for long-term and short-term debt finance to ensure it has sufficient available funds for operations and planned expansions. The Company monitors their levels of working capital to ensure that they can meet debt repayments as they fall due.

The following table shows the contractual maturities of the financial liabilities, all of which are measured at amortised cost:

	US\$'000
Trade payables and other liabilities	
6 months or less	27,820
6-12 months	31,946
More than 1 year	-
	<u>59,766</u>

Currency risk

The Company is exposed to foreign currency risk on trade receivables and cash balances. The currencies giving rise to the risk are Sterling and Euros. There are no currency hedging arrangements in place.

The Group has exposure to foreign currency risk on its financial liabilities. The currencies giving rise to the risk are Sterling.

15. SHARE CAPITAL AND RESERVES

	Allotted, Called up and Paid Up
	No
Ordinary shares of USD \$0.01 each	15,003
Special Ordinary shares of USD \$0.01 each	<u>14,997</u>
	<u>30,000</u>
	US\$
Ordinary shares of USD \$0.01 each	150
Special Ordinary shares of USD \$0.01 each	<u>150</u>
	<u>300</u>

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15. SHARE CAPITAL AND RESERVES (CONTINUED)

During the period 30,000 USD\$0.01 ordinary shares were reissued at a premium of \$104,099,645. A capital reserve of \$193,942,265 was also received by way of the value of the historical assets incurred by the shareholders prior to the incorporation of the company. A further capital contribution of \$2,904,805 has also been received by the company.

On 12 October 2017, 14,997 USD\$0.01 ordinary shares were reclassified as special ordinary shares. The special ordinary shares have identical rights to ordinary shares except that with effect from such a time as a special dividend is declared, the special ordinary shares shall cease to carry any rights to participate in company profits, to attend, speak or vote at general meetings or to transfer special ordinary shares to any person except the company without the written consent of the directors and holders shall not be paid on the return of capital on a winding up of the company until the holders of the ordinary shares have been paid the nominal capital and a sum of \$100,000,000 on each ordinary share.

This special dividend distribution was made in October 2017.

16. NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of operating loss to net cashflows from continuing operations:

	US\$'000
Operating loss	(26,274)
Depreciation	78
Currency translation adjustments	-
Decrease/(Increase) in receivables	(55,802)
Increase/(decrease) in payables	27,820
Net cash flow from operations	<u>(54,178)</u>

17. OTHER FINANCIAL COMMITMENTS

The Company has entered into commercial property leases. These non-cancellable leases have remaining terms of between two and ten years. All leases include a clause to enable upward revision of rental charges according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 30 December 2017 are as follows:

	US\$'000
Within one year	780
Within two to five years	844
More than 5 years	-
	<u>1,624</u>

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18. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

In the opinion of the Directors the ultimate controlling party is Kosmos Energy Limited. All other transactions and balances with related parties, are detailed below.

Transactions with group companies

Transactions with group companies relate to the recharge of expenditure and capital contribution which are all recorded at a commercial arms length value.

Transactions with Directors

There were no transactions with directors during the year.

Key management

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the Company's key management are the directors of Kosmos Energy Limited.

19. JOINTLY CONTROLLED ASSETS

Fields in production or under development as at 30 December 2017:

Country	License/Block	Field Names	Field Operator	Net unit interest (%)
Senegal	St. Louis Offshore Profond	Guembuel	BP	30%
Senegal	Cayar Offshore Profond	Teranga Yakaar	BP	30%

**KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
OFFICERS AND PROFESSIONAL ADVISERS**

Directors

C J Ball (appointed 12 December 2016)

J E Doughty (appointed 12 December 2016)

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