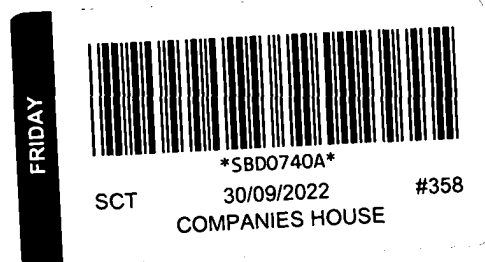


KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
(Company Number: 10520822)

FINANCIAL STATEMENTS

31 DECEMBER 2021



KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2021

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KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2021. The Company is owned by Kosmos Energy Operating and in the opinion of the Directors the ultimate controlling party is Kosmos Energy Limited.

NATURE OF BUSINESS

The primary objective of Kosmos Energy Investments Senegal Limited is to carry out the business of an investment company.

RESULTS

The loss for the year ended 31 December 2021 after taxation is US\$5.7 million (2020 - US\$10.8 million).

RECENT DEVELOPMENTS

As of December 31, 2021, we have drilled three successful exploration wells and two appraisal wells in our blocks offshore Senegal.

Greater Tortue Ahmeyim

The Guembeul discovery (along with the Ahmeyim discovery in Mauritania; collectively "Greater Tortue Ahmeyim") 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. In December 2018, the partners agreed on a final investment decision for Phase 1 of the Greater Tortue Ahmeyim project. In July 2019, we announced the Greater Tortue Ahmeyim-1 (GTA-1) appraisal well was successfully drilled within the unit development area of the Greater Tortue Ahmeyim field. The Greater Tortue Ahmeyim project is designed to produce gas from a deepwater subsea system to a mid-water FPSO and then to a FLNG facility at a nearshore hub located on the Mauritania and Senegal maritime border. The project will provide LNG for global export, as well as potentially make gas available for domestic use in both Mauritania and Senegal. Following a competitive tender process, BP Gas Marketing was selected as the buyer for the LNG offtake for Greater Tortue Ahmeyim Phase 1, and the Tortue Phase 1 SPA was executed in February 2020. In July 2021, project partners received notice that the delivery of the Tortue FPSO is likely to be delayed due to COVID-19 related labour shortages in China following a ramp up in activity at the shipyard. First gas from Phase 1 of the Greater Tortue project is now targeted in the third quarter of 2023.

In August 2021, BP, as the operator of the Greater Tortue project ("BP Operator"), with the consent of the Greater Tortue Unit participants and the respective States, agreed to sell the Greater Tortue FPSO (which is currently under construction by Technip Energies in China) to an affiliate of BP ("BP Buyer"). The Greater Tortue FPSO will be leased back to BP Operator under a long-term lease agreement, for exclusive use in the Greater Tortue project. BP Operator will continue to manage and supervise the construction contract with Technip Energies. Delivery of the Greater Tortue FPSO to BP Buyer will occur after construction is complete and the Greater Tortue FPSO has been commissioned, with the lease to BP Operator becoming effective on the same date, currently estimated to be in the third quarter of 2023. As a result of the above transactions entered into by BP Operator, the Company recognized a Long-term receivable of \$100.0 million from BP Operator for our share of the consideration paid from BP Buyer to and held by BP Operator as well as a \$100.0 million FPSO Contract Liability in Other long-term liabilities related to the deferred sale of the Tortue FPSO. This Long-term receivable will be non-cash settled against obligations payable to BP Operator. During the year ended December 31, 2021, BP Operator settled our payment obligations of \$87.5 million of capital expenditures and existing Accounts Payable to BP Operator.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED

DIRECTORS' REPORT

RECENT DEVELOPMENTS (CONTINUED)

Phase 1 of the Greater Tortue project continues to make good progress in 2022 with first gas for the project targeted in the third quarter of 2023. The following milestones were achieved as of the end of the second quarter of 2022 and post quarter-end:

- FLNG: construction and mechanical completion activities continue and commissioning work has begun
- FPSO: mechanical completion activities continue and hull commissioning work has commenced. The operator has been unable to make up the delay from the lockdown of the FPSO yard in April 2022 and the ongoing COVID-19 restrictions in China. As a result, the FPSO sailaway date is now expected to be in the fourth quarter of 2022, with the same high-level of completion prior to sailaway.
- Hub Terminal: All 21 caissons installed. The piling installation is nearing completion and the living quarters platform is currently in transit to site
- Subsea: subsea equipment has begun to arrive in region and installation of the export pipeline has commenced
- Drilling: successfully drilled two of the four wells required for first gas and the third well is in progress

Teranga-1 and Yakaar

The Teranga-1 and Yakaar discovery wells are located in the Cayar Offshore Profond block offshore Senegal. In September 2019, the Company completed the Yakaar-2 appraisal well which further delineated the southern extension of the field. The results of the Yakaar-2 well underpin our view that the Yakaar-Teranga resource base is world-scale and has the potential to support an LNG project that provides significant volumes of natural gas to both domestic and export markets. In July 2021, the current phase of the Cayar Block exploration license was extended up to an additional three years to 2024. The Yakaar and Teranga discoveries are being analysed as a joint development. During the second quarter of 2022, we continued progressing appraisal studies and maturing concept design. Following additional evaluation, a decision regarding commerciality is expected to be made.

Future outlook

Post year end, the ongoing COVID-19 pandemic that emerged at the beginning of 2020 continues to cause travel restrictions, including border closures, travel bans, social distancing restrictions, yard and office closures being ordered in Senegal and China. Management has assessed the impact of COVID-19, Russia's invasion of Ukraine, a potential recession, and the impact of other varying macroeconomic conditions that have impacted supply and demand for oil and gas, which also has resulted in significant variability in oil and gas prices, on the going concern of the Company and has concluded that the use of the going concern basis is appropriate and that the Company will be able to recover its assets and discharge its liabilities in the foreseeable future for at least the next 12 months from the date of issuance of these financial statements. Additionally, there are no events after the balance sheet date that require adjustments in the financial statements.

DIRECTORS

The Directors during the year were as follows:

J E Doughty
N Shah

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

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
DIRECTORS' REPORT

STATEMENT OF DISCLOSURE TO AUDITORS

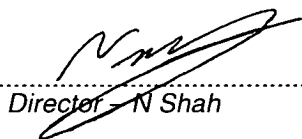
The directors who held office at the date of approval of this directors' report confirm that, having made enquiries of the Company's auditors, the directors confirm that:

- 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.

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 - N Shah

29 September 2022..... 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 Accounting Standards 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 UK-adopted International Accounting Standards IFRSs 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 year ended 31 December 2021, 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 UK-adopted 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 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 has 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 4, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets
- Management judgement applied in calculating provisions
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness
- Evaluating the business rationale of significant transactions outside the normal course of business
- Reviewing judgments made by management in their calculation of accounting estimates for potential management bias
- Enquiries of management about litigation and claims and inspection of relevant correspondence
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations
- Reviewing minutes of meetings of those charged with governance to identify any matters indicating actual or potential fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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

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

Ian McPherson (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 September 2022*

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$'000	2020 US\$'000
REVENUE		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Exploration and evaluation expenses		(2,723)	(2,224)
Administrative expenses		(2,946)	(8,569)
OPERATING LOSS	4	(5,669)	(10,793)
Income tax charge	9	-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		(5,669)	(10,793)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(5,669)	(10,793)

There was no other comprehensive income for 2021 or 2020.

The notes on pages 13 to 27 form part of these financial statements.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED

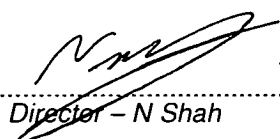
REGISTERED NUMBER: 10520822

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 US\$'000	2020 US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	56	117
Exploration and evaluation assets	11	342,306	195,130
		<u>342,362</u>	<u>195,247</u>
CURRENT ASSETS			
Trade and other receivables	12	12,566	153
Cash and short-term deposits	13	123	203
		<u>12,689</u>	<u>356</u>
CURRENT LIABILITIES			
Trade and other payables	14	(15,945)	(62,163)
Tax liabilities	9	-	-
		<u>(3,256)</u>	<u>(61,807)</u>
NET CURRENT LIABILITIES			
		<u>(3,256)</u>	<u>(61,807)</u>
NON CURRENT LIABILITIES			
Other liabilities	14	(99,957)	-
Provision for liabilities and charges	15	(804)	-
		<u>(100,761)</u>	<u>-</u>
NET ASSETS		<u>238,345</u>	<u>133,440</u>
EQUITY			
Share capital	17	-	-
Capital reserve	17	155,163	155,163
Capital contribution	17	142,422	31,848
Retained deficit	17	(59,240)	(53,571)
TOTAL EQUITY		<u>238,345</u>	<u>133,440</u>

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



Director – N Shah

29 September 2022 Date

The notes on page 13 to 27 form part of these financial statements.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital US\$'000	Share Premium US\$'000	Capital reserve US\$'000	Capital contribution US\$'000	Retained deficit US\$'000	Total US\$'000
At 31 December 2019	-	-	155,163	3,823	(42,778)	116,208
Loss for year	-	-	-	-	(10,793)	(10,793)
Capital contribution	-	-	-	28,025	-	28,025
At 31 December 2020	-	-	155,163	31,848	(53,571)	133,440
Loss for year	-	-	-	-	(5,669)	(5,669)
Capital contribution	-	-	-	110,574	-	110,574
At 31 December 2021	-	-	155,163	142,422	(59,240)	238,345

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$'000	2020 US\$'000
Cash outflow from operating activities			
Continuing activities	18	<u>(44,157)</u>	<u>30,188</u>
Net cash (used in)/generated by operating activities		<u>(44,157)</u>	<u>30,188</u>
Cash flow from investing activities			
Expenditure on exploration and evaluation asset additions		<u>(58,946)</u>	<u>(58,023)</u>
Net cash used in investing activities		<u>(58,946)</u>	<u>(58,023)</u>
Cash flow from financing activities			
Capital contribution		110,574	28,025
Amounts repaid to group companies		<u>(7,551)</u>	<u>(918)</u>
Net cash generated by financing activities		<u>103,023</u>	<u>27,107</u>
Net decrease in cash and cash equivalents		<u>(80)</u>	<u>(728)</u>
Cash and cash equivalents at beginning of the year		<u>203</u>	<u>931</u>
Cash and cash equivalents at end of the year		<u>123</u>	<u>203</u>

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

1. GENERAL INFORMATION

Kosmos Energy Investments Senegal Limited is a limited company incorporated in the United Kingdom. The registered office address is 10 S Stratton Street, London, W1J 8LG.

2. ACCOUNTING POLICIES

Basis of preparation of the financial statements

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Financial Statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Effective 1 January 2021, the Company has adopted the following standards and amendments to standards:

- Definition of Material – Amendments to IAS 1 'Preparation of Financial Statements' and IAS 8 'Accounting Policies' and
- Revised Conceptual Framework for financial reporting.

The adoption of the amendments above has had no material impact on the Company's results or financial statement disclosures.

There are no new standards or amendments, issued by the IASB and endorsed under the Companies Act, that have yet to be adopted by the Company that will materially impact the Company's Financial Statements.

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 20.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

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

Capitalisation

Drilling costs incurred after rights to explore have been obtained, drilling and commercial appraisal costs and other costs of exploration and appraisal including technical and administrative costs directly attributable to drilling operations 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 and exploration and appraisal costs not directly attributable to drilling operations 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.

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 each of the Company’s development areas, Greater Tortue and Yakaar-Teranga. 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 and audited by the Company’s independent reserve auditor. 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 oil and natural gas is based on management estimates having considered published external data and inflated in accordance with the Company’s corporate assumptions. Field specific discounts and prices are used where applicable.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

Key assumptions used in the value-in-use calculations

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 agreements where these are in place. Examples of fixed operating costs are facility costs and operator overheads. Fixed operating costs are based on operator budgets.

Capital expenditure

Field development is capital intensive and future capital expenditures have a significant bearing on the value of an oil and gas development asset. In addition, capital expenditures 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.

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 and gas prices can have a consequential adverse impact on the revenue and cash flow of the Company. At all times the Directors actively manage 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.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

Foreign currency

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.

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 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 – 31 DECEMBER 2021

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 is impaired. If an impairment is identified, a provision is recorded.

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.

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 – 31 DECEMBER 2021

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.

Decommissioning costs

The company recognises the full discounted cost of decommissioning when the obligation to rectify environmental damage arises. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the asset. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the asset. The unwinding of the discount on the decommissioning provision is included as a finance cost.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with International Accounting Standards 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: Exploration and Evaluation Assets – Impairment
- Provisioning for Decommissioning costs

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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.

Standards	Effective date	Description
IFRS 17	1 January 2023	Insurance Contracts
IFRS 4	1 January 2023	Insurance Contracts (Amendments)
IAS 1	1 January 2023	Classification of Liabilities as Current or Non-Current (Amendments)
IAS 16	1 January 2022	Property Plant and Equipment – proceeds before intended use (Amendments)
IFRS 3	1 January 2022	References to the Conceptual Framework (Amendments)
IAS 37	1 January 2022	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)
IFRS 4	1 January 2023	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments)

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company has made estimates, assumptions and judgements regarding certain assets, liabilities, and expenses in the preparation of the financial statements, primarily related to unsettled transactions and events at the date to which the financial statements are prepared. Accordingly actual results may differ from estimated amounts. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

a) Decommissioning Costs

The Company provides for decommissioning costs on its Property plant and equipment and its Exploration and evaluation assets based on current legislation and operating practices. Estimated future costs include assumptions of dates of future abandonment and estimates of future inflation and discount rates. Abandonment expenditures are expected to be incurred between 2044 and 2045 and are discounted using a rate of 9.396%. Actual costs may vary from the estimated provision due to changes in any of these assumptions.

b) Impairment of Assets

The recoverable amount of a CGU has been determined as the higher of the CGU's fair value less costs of disposal and its value in use. These calculations require the use of estimates and assumptions and are subject to change as new information becomes available, including information on future commodity prices, expected production volumes, quantity of reserves, decommissioning cost provisions, future development and operating costs, after tax discount rates and income taxes. Changes in assumptions used in determining the recoverable amount could affect the carrying value of the CGUs.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

4. OPERATING LOSS

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

	2021 US\$'000	2020 US\$'000
Depreciation of property, plant and equipment	61	60

5. 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:

	2021 US\$'000	2020 US\$'000
Audit fees payable to the auditor for the audit of the Company's annual financial statements	26	20
Tax Services	10	9
Other services	6	6
Total non-audit fees	16	15
Total audit and non-audit fees	42	35

Other services relate to the preparation of the financial statements.

6. OPERATING SEGMENT INFORMATION

All operations of the Company during the year related to Oil and Gas Exploration and Production.

7. STAFF COSTS

The Company had 4 employees during the year and 2 directors. The total staff costs paid by the Company during the year was \$1,585,000 (2020: \$606,000).

8. DIRECTORS' REMUNERATION

During the year, no remuneration was paid to the Directors.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

9. 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 capitalised \$425 million USD of costs that may be deducted in the future in Senegal. As of 31 December 2021, the Company has a full valuation allowance on the \$122 million USD deferred tax asset in Senegal.

At 31 December 2021 a deferred tax asset has not been recognised on the carry-forward losses.

10. PROPERTY, PLANT AND EQUIPMENT

	Vehicles US\$'000
Cost	
At 31 December 2020 & 2021	379
Depreciation	
At 31 December 2021	262
Depreciation charged in the year	61
At 31 December 2021	323
Net book amount	
At 31 December 2021	56
At 31 December 2020	117

11. INTANGIBLE ASSETS

	Exploration and evaluation assets US\$'000
Cost	
At 31 December 2020	195,130
Additions	147,176
At 31 December 2021	342,306
Amortisation and impairment	
At 31 December 2020 & 2021	-
Net book amount	
At 31 December 2021	342,306
At 31 December 2020	195,130

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

12. TRADE AND OTHER RECIEVABLES

	2021 US\$'000	2020 US\$'000
Current assets		
Trade receivables	-	7
Tax receivables	10	-
Other receivables	12,531	132
Prepayments and accrued income	25	14
	<hr/>	<hr/>
At 31 December 2021	12,566	153

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 31 December 2020, trade and other receivables of £nil 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.

13. CASH AND CASH EQUIVILENTS

	2021 US\$'000	2020 US\$'000
Unrestricted cash in bank accounts	123	203
	<hr/>	<hr/>

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

14. TRADE AND OTHER PAYABLES

	2021 US\$'000	2020 US\$'000
Current liabilities:		
Trade payables	1,380	40,433
Amounts owed to group companies	13,848	21,399
Accruals and deferred income	717	331
	<u>15,945</u>	<u>62,163</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.

	2021 US\$'000	2020 US\$'000
Non current liabilities:		
Contract liability	<u>99,957</u>	<u>-</u>

The contract liability is in relation to the deferred sale of the FPSO. The liability will be settled after construction is complete and the Greater Tortue FPSO has been commissioned, currently estimated to be in the third quarter of 2023.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2020 US\$'000
Decommissioning Costs	
At 1 January 2021	-
New provisions in the year	<u>804</u>
At 31 December 2021	<u>804</u>

Abandonment expenditures are expected to be incurred between 2044 and 2045. A discount rate of 9.396% is used to calculate the provision.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

16. 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.

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	2,097
6-12 months	-
More than 1 year	-
	<hr/>
	2,097
	<hr/>

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 and West African Franc.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

17. SHARE CAPITAL AND RESERVES

	2021 & 2020 Allotted, Called up and Paid Up
	No
Ordinary shares of USD \$0.01 each	15,003
Special Ordinary shares of USD \$0.01 each	14,997
	<hr/> 30,000 <hr/>
	US\$
Ordinary shares of USD \$0.01 each	150
Special Ordinary shares of USD \$0.01 each	150
	<hr/> 300 <hr/>

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.

The following describes the nature and purpose of each reserve within equity:

Capital reserves

Amounts transferred from share capital on redemption of issued shares.

Capital contribution

Additional monies or assets given to the company by the shareholders.

Retained deficit

The retained deficit represents accumulative profits and losses net of dividends and other adjustments.

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

18. NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of operating loss to net cashflows from continuing operations:

	2021 US\$'000	2020 US\$'000
Operating loss	(5,669)	(10,793)
Depreciation	61	60
Decrease in receivables	118	1,119
Increase/(decrease) in payables	(38,667)	39,802
Net cash inflow/(outflow) from operations	(44,157)	30,188

19. 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 arm's 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.

20. JOINTLY CONTROLLED ASSETS

Fields in production or under development as at 31 December 2021:

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

KOSMOS ENERGY INVESTMENTS SENEGAL LIMITED
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