1 August 2011



PT Medco Energi Internasional Tbk. Monthly Newsletter



STOCK DATA*							
Market Cap. (bn Rp)	:	8,331					
Highest (12mth)	:	4,350					
Lowest (12mth)	:	2,200					
Last Price	:	2,500					
Free Float	:	37.56%					
*ac of 20 July 2010							

*as of 29 July 2010

PT MedcoEnergi Internasional Tbk Investor Relations Department The Energy 52nd Floor SCBD Lot 11A JI. Jendral Sudirman , Jakarta 12190 Tel: (62-21) 2995 3000, Fax: (62-21) 2995 3001, Email: investor.relations@medcoenergi.com Website: www.medcoenergi.com *MedcoEnergi Received US\$ 35 Million Payment on PT Mitra International Resources Receivables.* PT Medco Energi Internasional Tbk has received payment for the settlement of its receivables arising from the Guaranteed Secured Bonds (GSB), issued by Sabre Systems International Pte. Ltd. (SSI), as part of the payment from the sale of PT Apexindo Pratama Duta shares to PT Mitra International Recources (previously named PT Mitra Rajasa Tbk) (MIRA) back in September, 2008. The actual cash payment of US\$35,000,000 was received on June 7, 2011 from Northern Edge Investment Ltd. (NEIL).

Previously the Apexindo shares sale was settled in two-tiers payment, the first one was a cash payment of US\$272 million made in September 2008, the remaining balance was to be paid through an issuance of GSB amounting US\$68.2 million which is due in September 2009. Since the payment of the GSB by SSI was defaulted and the restructuring process was unsuccessful MedcoEnergi then entered a Guaranteed Secured Bond Sale and Purchase Agreement with NEIL for a consideration of US\$35 million in cash payment, which was accomplished on June 7, 2011. As disclosed in the Company's Financial Statement for the year ended December 31, 2010, the Company has allocated provision on MIRA's receivables. Therefore with the receivables proceeds received from NEIL, the Company will book other income of around USD 1 million.

MedcoEnergi obtained Standby Loan Facilities of USD140 million. The loan agreement with PT Bank Rakyat Indonesia Tbk. was signed on June 21, 2011 and will be available for utilization for 24 months after signing, with 5 years tenor from the time the Loan Facility is drawdown and a competitive 3-month LIBOR-based interest rate. The Company plans to use this Loan Facility to refinance its maturing loans, as well as to finance its working capital, investment and/or other use required by the Company in connection with its business activities.

Obtaining a sizeable Loan Facility for a period up to 5 years and at a competitive interest rate is in line with the Company's overall funding strategy. Availability of this Loan Facility will facilitate MedcoEnergi to meet its funding need at any time, either to refinance its existing loan or to finance the Company's working capital to ensure its sustainable growth.

MedcoEnergi will issue a Self-registration USD Bond. The Self-registration Bond with a Principal Amount of USD150 million will be issued in several phases within a maximum period of 2 years after receiving the effective date on July 7, 2011. First phase of the Bond Offering is in the amount of as much as USD50 million for a period of 5 years and offered at 100% of nominal value Principal Amount of Bond, and interest rates in the range of 6.05% per annum, payable every 3 months following the date of payment of each bond interest. The first interest payment Bond Phase I will be on October 7, 2011, while the last interest payment of the maturity of Bond will be conducted on July 7, 2016. Subsequent phase of the Bond Offering will be determined later.

The bond is not secured by specific collateral in the form of goods, income or other



assets of the Company in any form and is not guaranteed by any party. Proceeds from the bond emission after deducting costs of issuance, 60% will be used for refinancing the Company debts, and approximately 40% for the Company capital expenditures. The Self-registration Bond received idAA-(double A minus, negative outlook) rating from Pefindo. The Company appointed PT Bahana Securities as Sole Underwriter and PT Bank Mega Tbk as Trustee.

Major Project Progress Report

Block A Scope:

2 x 60 MMSCFD capacity gas plant and associated pipelines, to monetize 343 BCF gross gas contingent resources; to supply state owned fertilizer company Pupuk Iskandar Muda (PIM) and electricity company (PLN). **Status:**

- Received PSC Extension up until 2031 from the government;
- Obtained government approval on Tender Plan;
- FEED is completed and EPC tender is started;
- Final Investment Decision is targeted on 40 2011;
- Matang-1 exploration contracts is started with target spud date in 10 2012.

Rimau EOR Scope:

Implementation of Chemical Flooding EOR project Kaji Semoga to oil recovery up to 60 MMBO of Original Oil in Place starting 2013 until the end of contract in 2023. **Status :**

- Budget approved by BPMIGAS;
- 6 Pilot pattern drillings completed. Construction 52% progress, Raw material chemicals arrived at site location. Pilot is a step towards full field expansion;
- Estimated completion of construction injection –production facilities in Q4 2011;
- Capex will be internally funded by Operation.

Senoro Gas Scope:

Build 310 MMSCFD capacity gas plant and associated pipelines, target on stream by 30 2014.

Status:

- Obtained POD approval in May 2011 and submit EPC AFE approval to BPMIGAS;
- EPC Tender is started and expecting to award the contract in 10 2012;
- Central Processing Plant & Jetty Land Acquisition is nearly completed;
- Site preparation works prior to EPC award ready to start, earlier site preparation will help ease the construction time.

LNG Development Sco

t Scope :

Build 2 MT per annum LNG facilities, target first LNG to buyer by 4Q 2014. **Status:**

- FID approved. Commence LNG EPC contract on 28 Feb 2011;
- Current progress is 19% actual vs. 13% plan and on track with target start up date. Commence Road Rerouting contract with PT PP on 1 July 2011;
- Secured \$120mn bilateral loan from Mitsubishi to bridge Medco's funding need until Project Financing closed. Project Financing application to JBIC is submitted and ready to start due diligence process.

Area 47 Libya Scope:

Development of Area 47 oil discovery in Libya to produce 50-100 MBOPD production facilities with associated pipelines .

Status:

• Total 26 wells drilled, 20 exploration and 6 appraisal wells. 18 out of 20 explora-



tion wells discovered oil/gas;

- Successful exploration results, Contingent Resources increased by 2/3 from 352 MMBOE (D&M, Sept 2008) to 588 MMBOE (in-house estimates, Apr 2011);
- Obtained Commerciality approval for 25 MBOPD by NOC in March 2011;
- The development programs are targeted to continue toward 2013-2014, dependent upon Libya political stability, while pre-FEED preparation will be conducted in Jakarta.

Exploration Report

Senoro-Toili Block PSC, Central Sulawesi

Background The Senoro-Toili Block is located in Central Sulawesi Province, which is operated by JOB Pertamina Medco Tomori Sulawesi (JOB P-MTS). The shares are 50% Pertamina and 50% PT Medco E&P Tomori Sulawesi. This block was taken over from JOB Pertamina - ARCO - UTTI in 2000. This block has 1 (one) oil producing field of Tiaka, 1 (one) oil & gas discovery field of Cendanapura and 1 (one) gas field of Senoro. Kolo (Tiara) and Pandaoke (Grupa) fields are Prospect areas. Senoro and Cendanapura fileds are located in onshore Sulawesi, whilst others are offshore.

Exploration Activities Prospect Evaluation Activities

In March 2011, the Company completed the process of preliminary Pre Stack Time Migration (PSTM) on the 15 lines taped during the 2-D Seismic High Resolution Survey at Kolo (Tiara) and Pandaoke (Grupa), whereas the Company taped 9 (nine) lines for 133.7 km at Kolo (Tiara), and 6 (six) lines for 66.8 km at Pandaoke (Grupa). At the end of September 2010 the Company has successfully acquired over 200.5 km on the block. The Company also started the process of Pre Stack Depth Migration (PSDM) to get the preliminary PSDM image of Pandaoke field data set.

Results 2-D Seismic High Resolution Survey

Currently, The Company continues its progress by improving the velocity model to create the final geologic.

Simenggaris Block PSC, East Kalimantan

Background The Simenggaris Block is located in East Kalimantan Province, which is operated by JOB Pertamina-Medco E&P Simenggaris (JOB P-MEPS), where 37.5% owned by PT. Pertamina Hulu Energi Simenggaris, 41.5% owned by PT. Medco E&P Simenggaris and 21% owned by Salamander Energy (Simenggaris) Ltd. This block was acquired from JOB Pertamina – Western Simenggaris Pty.Ltd. on August 2, 2000. Other discoveries, such as Sesayap A, Sesayap B, Pidawan and Mintut, still require additional data and further studies. Besides the development field and discoveries, there are many prospects and leads that have potential for hydrocarbon trap.

Exploration Activities

2-D Seismic Survey

In March 2011, the Company continues the 2-D land seismic survey activity covering a whole block which began on September 16, 2010. The objective of this activity is to add data and confirm hydrocarbon structural trap. The activities started by planting Bench Mark and conducting topographic survey. This survey includes 61 lines with a total length of 640km, passing through the land, swamps and rivers. Moreover, the Company conducted recording activity starting on December 21, 2010.

Results 2-D Seismic Survey

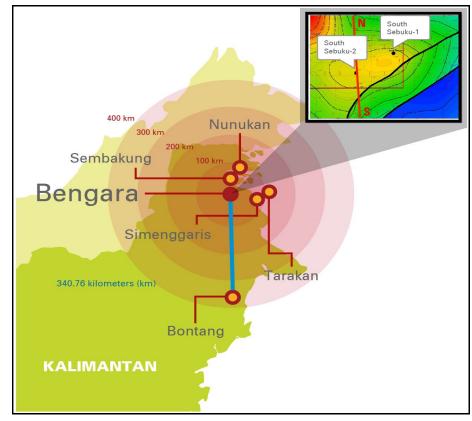
Up to the end of February 2011, the Company achieved the following results in conducting the 2-D seismic survey activities:



- Bench Mark GPS reached 20 points, in accordance with the plan.
- Bench Mark Survey reached 80 points out of 80 points.
- Topographic Survey covered 608.64 km out of 640 km.
- Clearing-Bridging covered 435.20 km out of 640km.
- Drilling reached 7,870 Shot Point out of 15,000 Shot Point.
- Preloading reached 7,870 Shot Point out of 15,000 Shot Point.
- Recorded 7,760 Shot Point out of 16,000 Shot Point.

Bengara I Block.PSC , East Kalimantan

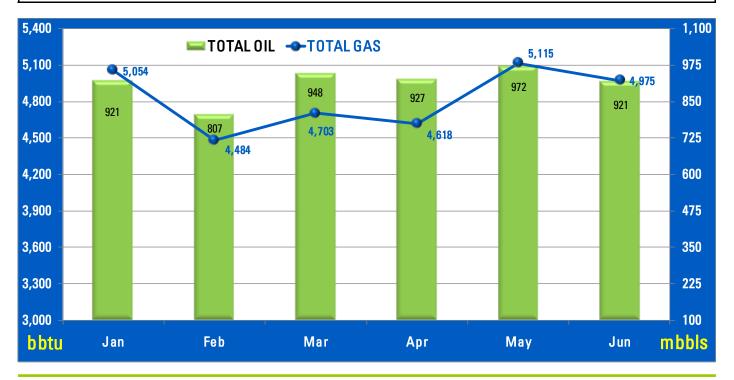
- **Background** In December 2001, the Company acquired 95% of the shares of PT Petroner Bengara Energi that held a 100% participating interest in the Bengara PSC Block. The Block is located in onshore Tarakan Island, East Kalimantan. The Bengara I PSC extends for 30 years up to 2029, and has a total area of 2,311 square kilometer. MedcoEnergi has 58.33% interest, while its current partner Salamander has 41.67% interest in Bengara I PSC Block.
- **Exploration Activities** Following the success gas discovery of the exploration well South Sebuku 1, located at Bengara I PSC Block, East Kalimantan, PT Medco Energi Internasional Tbk, through its wholly owned subsidiary, PT Medco E&P Bengara , and its partner, Salamander Energy (Bengara) Ltd., announced that the South Sebuku-2 appraisal well has been spudded on 17 June 2011. The SS-2 appraisal well which is located 2.8 kilometers southwest from SS-1 Exploration well, will target gas-bearing sandstones in the Tabul, Meliat and Naintupo formations and be drilled to approximately 1,370 meters total vertical depth sub-sea using the HPS-1 land rig and expected to take approximately 30 days to complete.
 - **Results** In the event of appraisal success, MedcoEnergi will supply the gas discoveries to the local mining and industrial activities in order to meet the growing energy demands.





Production Report

Crude Oil Production (mbbls)	Jan	Feb	Mar	Apr	May	Jun	Total
Rimau	521.7	451.2	512.9	491.1	510.9	494.9	2,982.7
South & Central Sumatra	243.4	218.1	247.1	233.9	249.2	233.6	1,425.3
Lematang	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tarakan	54.5	52.3	69.9	66.1	80.6	64.7	388.1
Sembakung	58.8	51.8	57.4	56.0	56.1	60.3	340.4
Bawean	1.7	0.0	21.3	38.7	42.1	37.8	141.6
Tiaka	30.1	26.3	28.8	26.6	15.3	15.0	142.0
USA	11.2	7.0	10.6	15.1	18.2	14.3	76.5
Gas Sales (bbtu)	Jan	Feb	Mar	Apr	May	Jun	Total
South & Central Sumatra	4,345.0	3,819.8	3,943.8	3,927.5	4,014.1	4,195.8	24,246.1
Lematang	404.5	404.6	461.5	439.2	857.7	560.6	3,128.2
Tarakan	144.2	142.2	167.7	159.7	146.0	143.6	903.4
USA	160.7	116.9	130.4	91.4	97.6	75.0	672.1
Electricity (GWH)	Jan	Feb	Mar	Apr	May	Jun	Total
Power Production - IPP	105	99	106	106	103	107	627
Power Production - 0&M	829	819	856	840	533	895	4,772
Downstream	Jan	Feb	Mar	Apr	May	Jun	Total
Fuel Distribution / KL	11,636	13,516	17,031	35,119	25,532	29,220	132,054
Ethanol Production / KL	1,139	736	844	1,536	2,819	2,984	10,058
LPG Production / MT	1,366	1,161	1,330	1,243	1,288	1,272	7,660



Monthly Newsletter



WTI, Brent and ICP Oil Price



Drilling Activities Summary

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Actual 2011 YTD	Budget FY2011
Exploration Wells	0	0	0	0	0	1	1	14
Development Wells	3	6	3	4	4	5	25	36

Learning Corner

