Investor Update

PT Medco Energi Internasional Tbk.

9M04 Period

Energy from Nature. For Nature

Disclaimer

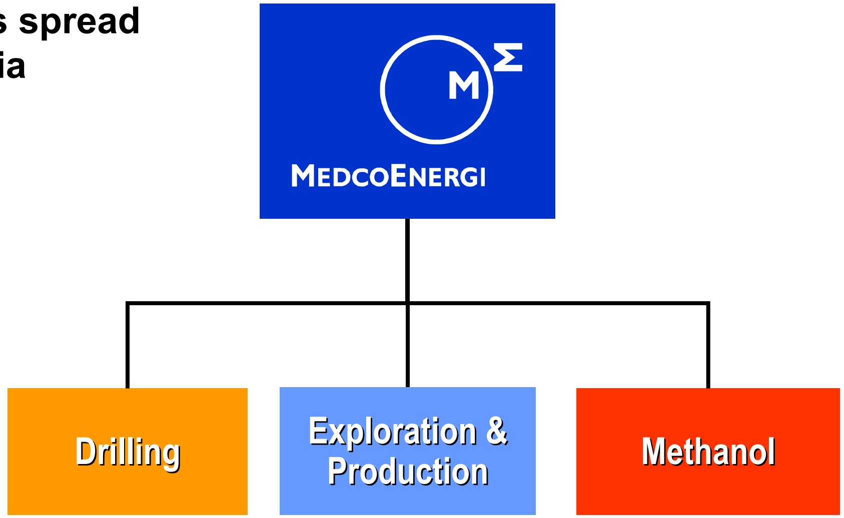
MEDCOENERGI

This document contains certain financial conditions and results of operation, and may also contain certain projections, plans, strategies, policies and objectives of the Company, which could be treated as forward looking statements within the meaning of applicable law. Forwards looking statements, by their nature, involve risks and uncertainties that could cause actual results and development to differ materially from those expressed or implied in these statements. PT MEDCO ENERGI INTERNASIONAL TBK. does not guarantee that any action, which should have been taken in reliance on this document will bring specific results as expected.

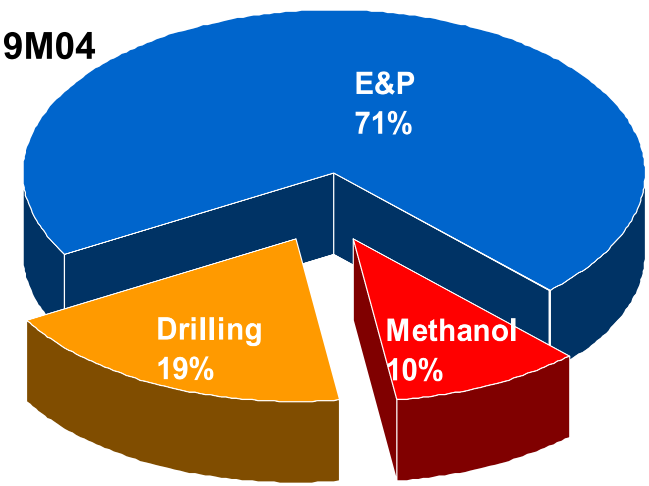
Introduction

Company Overview

Strategic assets spread across Indonesia



Revenue Breakdown 9M04

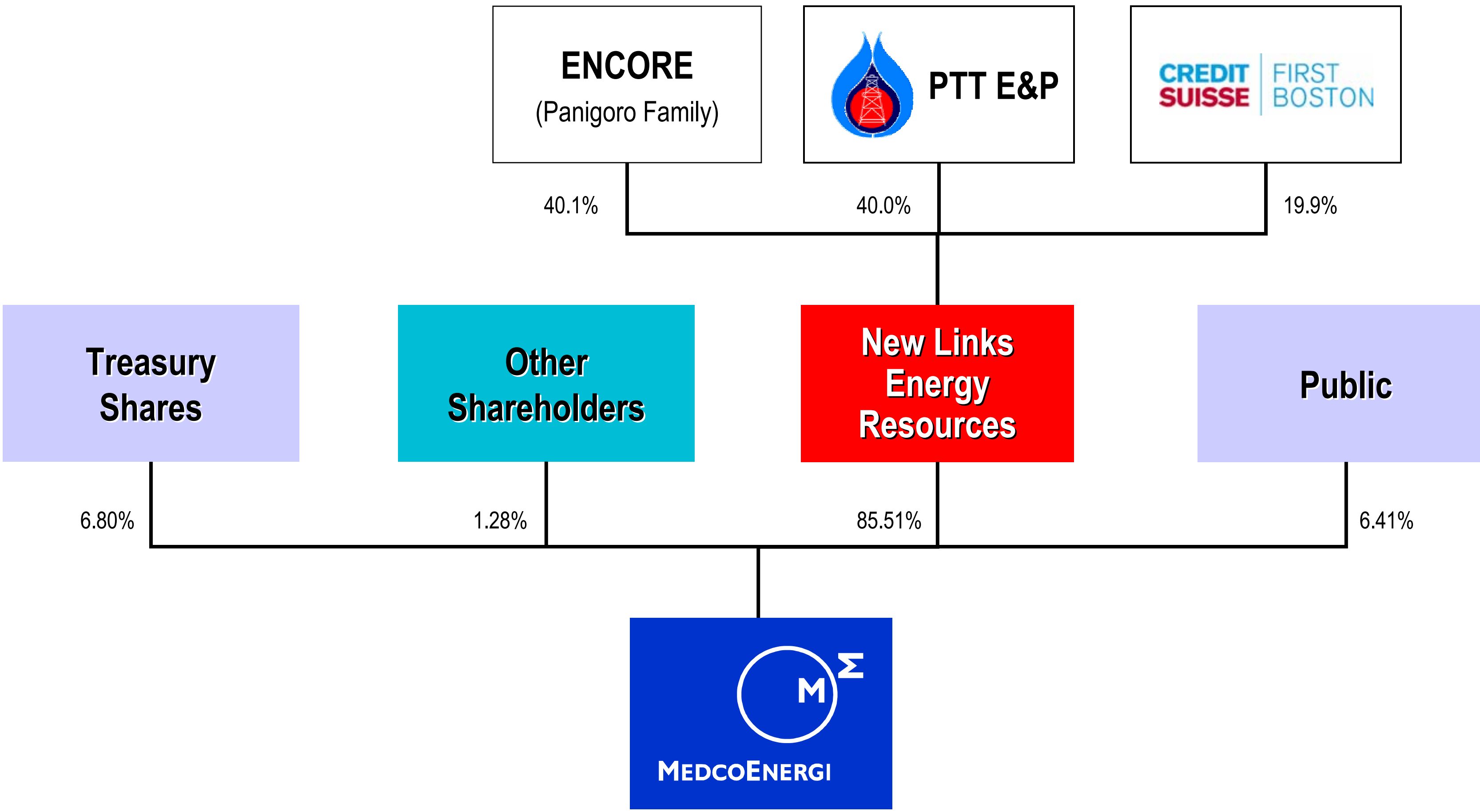


- E&P focused company, supported by onshore and offshore drilling operations
- Largest independent E&P company in Indonesia
  - 1P ~ 190mmboe*
  - 2P ~ 610mmboe*
- Strong balance sheet and cashflows
- Rated above the sovereign by S&P
  - B+ (S&P)
  - B3 (Moody's)
  - AA- (Pefindo)

*In-house estimate

Ownership Structure

Medco is backed by strong credit worthy shareholders with financial, operational and local/political knowledge, experience and resources to ensure the successful execution of its business strategy.



Note: as of September 30, 2004

Board Structure

Advisors

- Ismail Saleh
- Arifin Panigoro
- Subroto

Directors

CEO	Hilmi Panigoro
CFO	TBA
COO	Rashid I. Mangunkusumo
CPO	Yongyosh Krongphanich

Commissioners

Kom.Utama/Independen	John Sadrak Karamoy
Commissioner	Yani Yuhani Rodyat
Commissioner	Suwit Pitrchart *
Commissioner	Maroot Mrigadat
Commissioner	Andrew Gerard Purcell
Commissioner	Retno Dewi Z. Arifin
Commissioner	Gustiaman Deru
Commissioner	Sudono N.S

Business Strategy—E&P, Drilling and Methanol

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Medco's corporate strategy is delivered through clear and well defined business strategies developed at the three business units

Exploration & Production	• Replace, add and grow reserves through exploration and acquisition. • Exploration within producing blocks. • Optimize productivity: Convert exploration success to fast track development. • Monetize large uncommitted gas reserves through aggressive marketing effort.
Drilling	• Continue to capitalize on competitive advantage as low-cost niche player. • Consolidate on-shore and off-shore operations. • Continue expanding in offshore drilling activities.
Methanol	• Increase productivity and utilization rates. • Selectively explore diversification opportunities in the petrochemical sector. • Capitalize on new LPG plant on stream 2004.

Major Activities 2004

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Novus	• Successful **acquisition of Novus Petroleum Ltd** in July 2004. **Booked additional 2P* reserves of 125.4 mmboe.**

* In-house company estimates

Jeruk Prospect	• **Oil discoveries** of Jeruk-2 well, which tested flow rate of 7,000 BOPD.
Gas Contracts	• Signed HOA to supply **100 mmcfd gas sales to Krakatau Steel** (Lematang) starting in 2006. • Signed MoU for **100 mmcfd of gas sales to PGN** for 15 years starting in 2006 (Lematang). • Signed MoU for **20 mmcfd of gas sales to the PLTG** Sebaya plant (Madura).
Langsa	• **Oil fields reactivation**, H-2 well, which tested flow rate of 4,500 BOPD.
Financing	• Raised **Rp1.35 trillion (USD165 million) five-year bonds** raised to help finance the Novus acquisition in July 2004
Power	• Inaugurate **Batam Gas-powered Power Plant**, capacity of 55 MWatt, in October 2004.
LPG	• Operational since 1Q04, with **capacity of 200 tons/day** of LPG

Business Strategy

Into the Future

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E&P

- Domestic and International, focus in the Middle East

Power

- In 2004 Medco Energi ventured to the Power sector to create market for the Company's significant gas reserves and to seize new opportunities in the deregulated Indonesian power sector

Geothermal

- Geothermal Power Opportunities

Energy Infrastructure

- Pipeline
- Distribution

Operational Highlights

Operational Highlights 9M04

OPERATION HIGHLIGHTS	9M04	9M03	Δ%
Oil / BOPD (Indonesian Assets)	54,211	69,370	-22
Oil / BOPD (Ex-Novus)	5,000	0	N/A
Oil / BOPD (TOTAL)	**59,211**	**69,370**	**-15**
Gas Sales /MMCFD (Indonesian Assets)	102.3	51.9	97
Gas Sales / MMCFD (Ex-Novus)	103.2	0	N/A
Gas Sales / MMCFD (TOTAL)	**205.5**	**51.9**	**296**
TOTAL Oil and Gas production (BOEPD)	**93,461**	**78,020**	**20**
Offshore Rig Utilization / %	100	73	37
Onshore Rig Utilization / %	54	59	-8
Methanol Production / MT	177,000	209,000	-15
Methanol Sales / MT	175,000	204,000	-14
Crude Price, USD/barrel	35.5	29.1	22
Methanol Price, USD/MT	232	217	7

E & P Indonesian Asset

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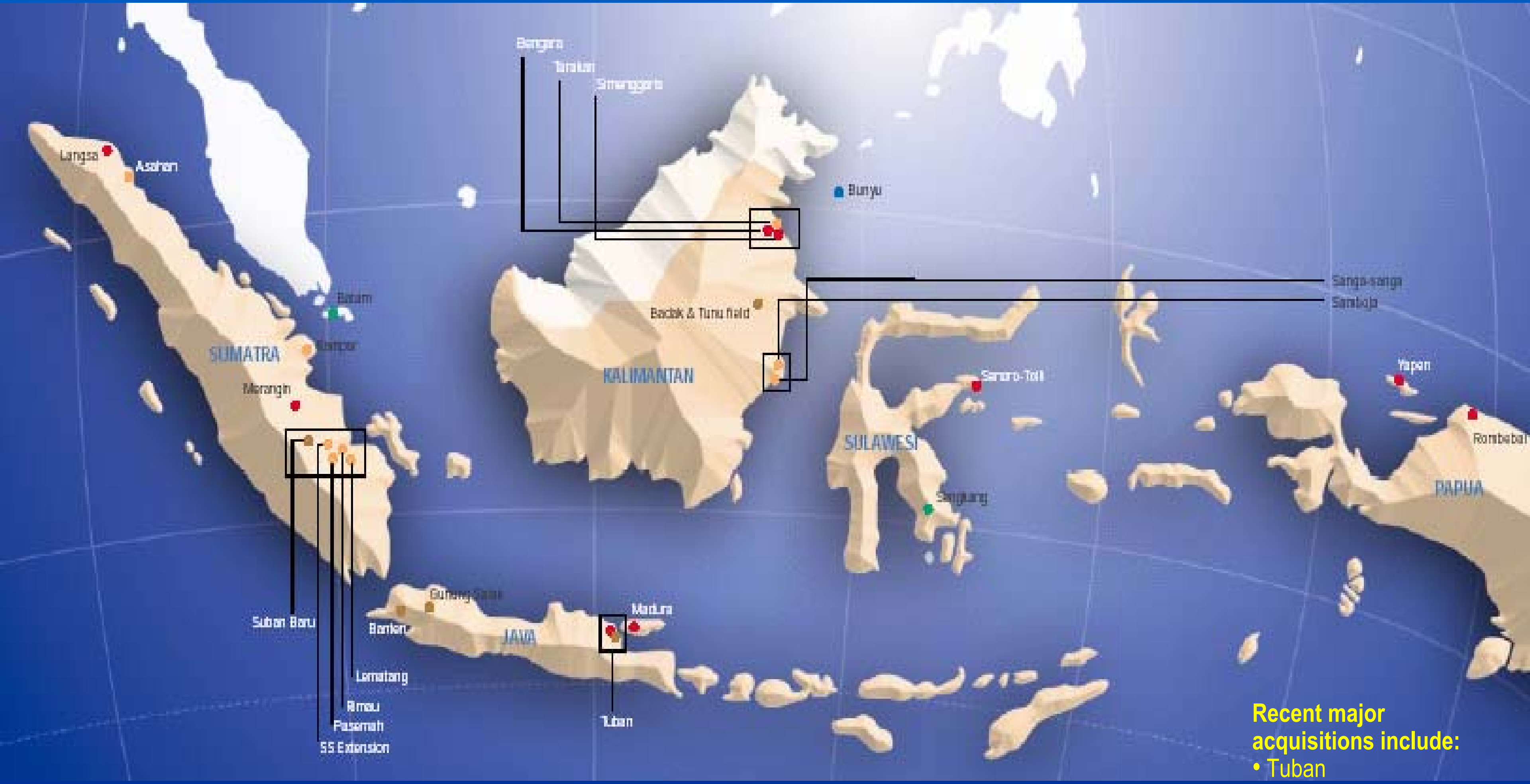

Upstream operations focused on exploration and production of oil and gas for international and domestic consumption

Medco's exploration assets include:

- 6 producing areas
- 8 exploration blocks

Major assets are:

- Rimau for oil reserves
- Senoro –Toili and Lematang for gas reserves
- Kampar / Extension for oil reserves

Recent major acquisitions include:

- Tuban
- Lematang
- Yapen
- Asahan
- Merangin
- Langsa

Ex-Novus Assets

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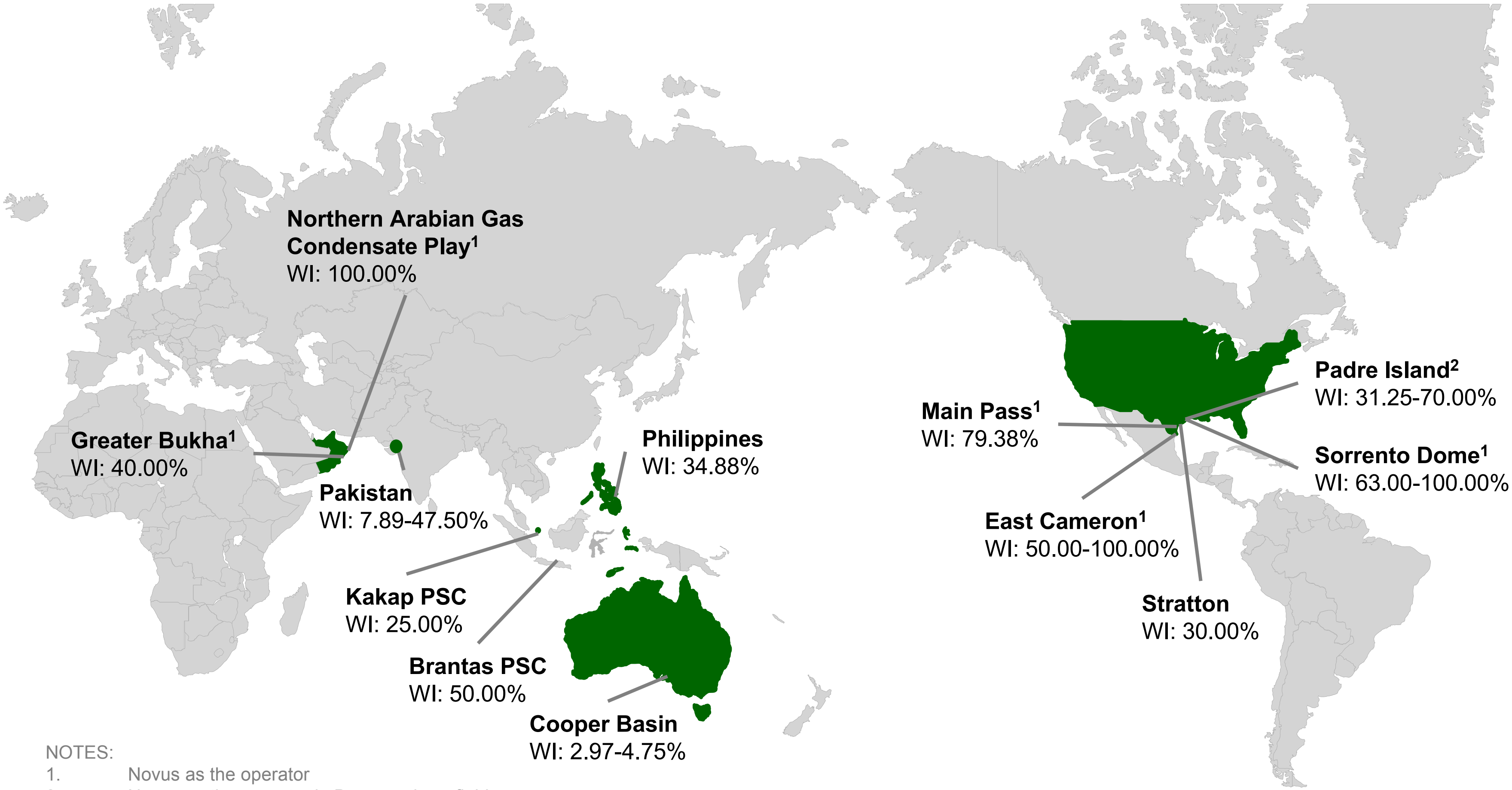
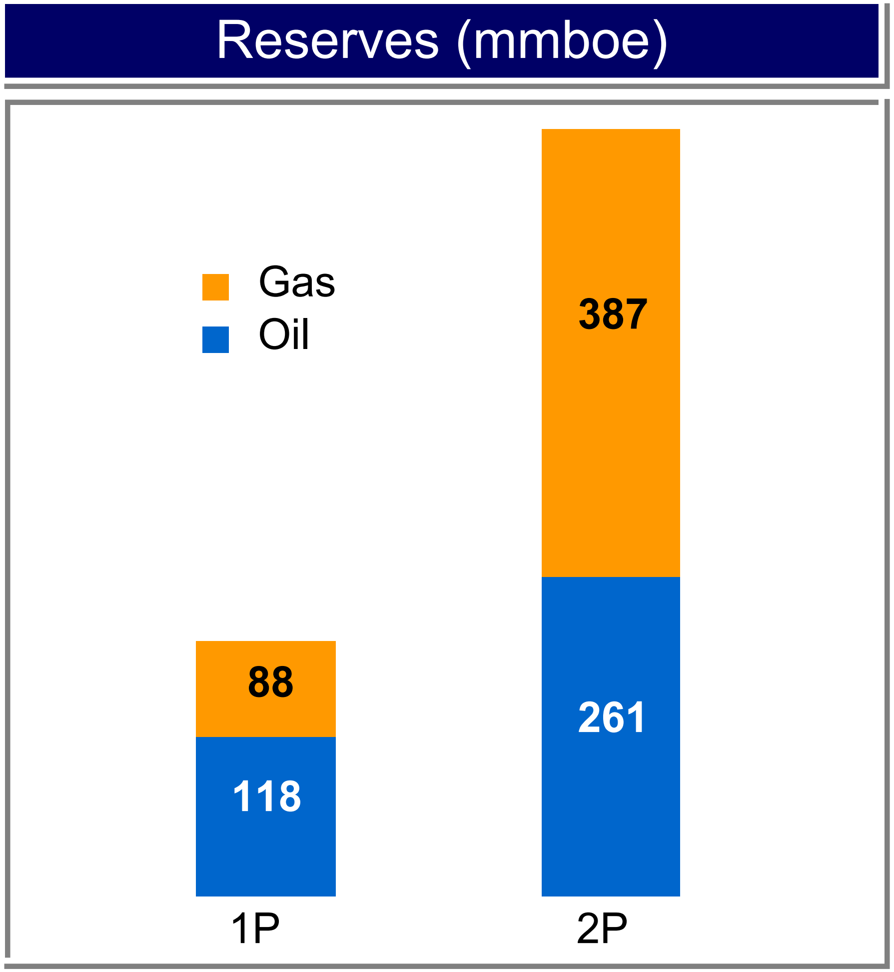
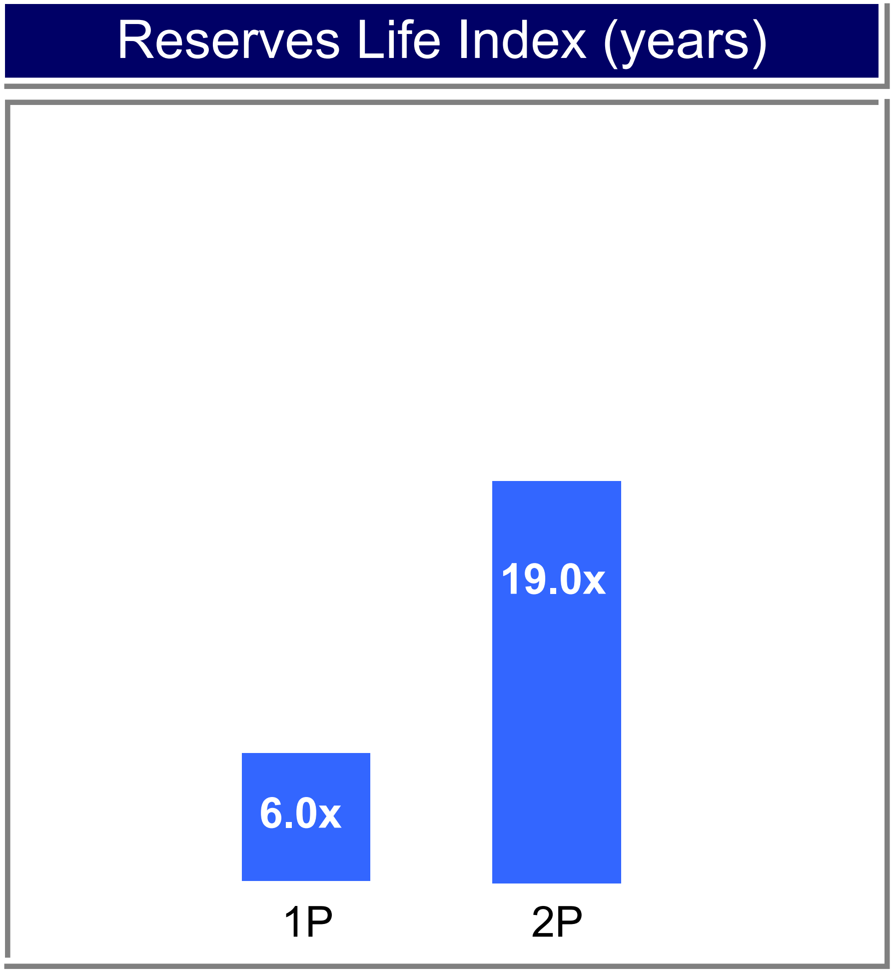
Diversified portfolio of oil and gas assets in 7 countries



NOTES:
1. Novus as the operator
2. Novus as the operator in Deep onshore field

E & P Sizeable and Quality Reserve Portfolio





Source: In-house company estimates

Ex-Novus Asset Sales

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- On September 15, 2004 – EGM approved sales of Ex-Novus Assets.
- Whole Australian Assets and 36% of Indonesian Assets (Kakap PSC and Brantas PSC) are sold to Santos valued at USD 110 million. Expected to receive proceeds by end of November 2004.
- Appointed CSFB as advisor for sales of the US Assets. Expected to be concluded by 1H05.

E & P Exploration Activities Update

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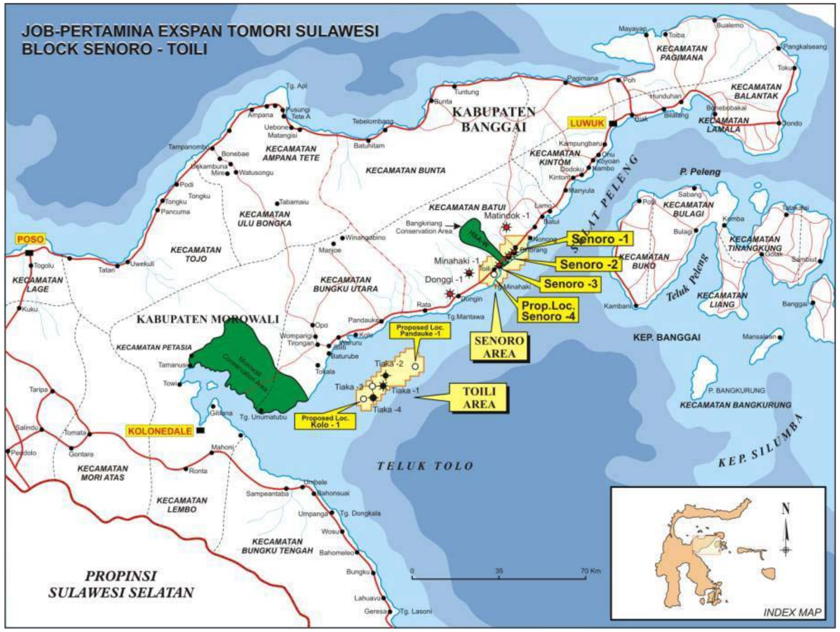
Senoro-Toili	• Continued the infrastructure development activities that would support the exploration and production activities • Tiaka oil field development wells for long term production testing
Simenggaris	• Prepared the drilling of Bangku Besar-A1 well • Gas prone block, with potential power market for PLN
Bengara	• Completed the acquisition and processing of the 274 kms seismic data • Gas prone block
Madura	• Drilled 1 exploration well and reprocesses 8 seismic lines • Gas prone province. Nearby markets in East Java industrial complexes
Lematang	• Banteng-1 Plugged and Abandoned (Dryhole)
Brantas	• Wunut-2 gas well, added ~ 20 mmcfd of gas • Tanggulangin-3 tested 776 barrel of oil per day

Senoro-Toili Update

- Medco has taken a pro-active approach in commercializing its significant gas reserves. The Company is working together with downstream investors to secure long term contracts for its natural gas, especially the 1.3 Tcf (2P basis) reserves at Senoro field in Central Sulawesi.



Options	Status
1. Methanol	▪ **Study for Methanol Plant in Senoro with capacity of 3000 ton per day – utilizing gas of 100 mmcfd**
2. Mini LNG	▪ **Study for mini LNG plant with capacity of 1.4 million tons per year – utilizing gas of 140 mmcfd**
3. Gas pipeline	▪ **Gas sales to nearby mining companies, eg. INCO – utilizing gas from 50 – 150 mmcfd**

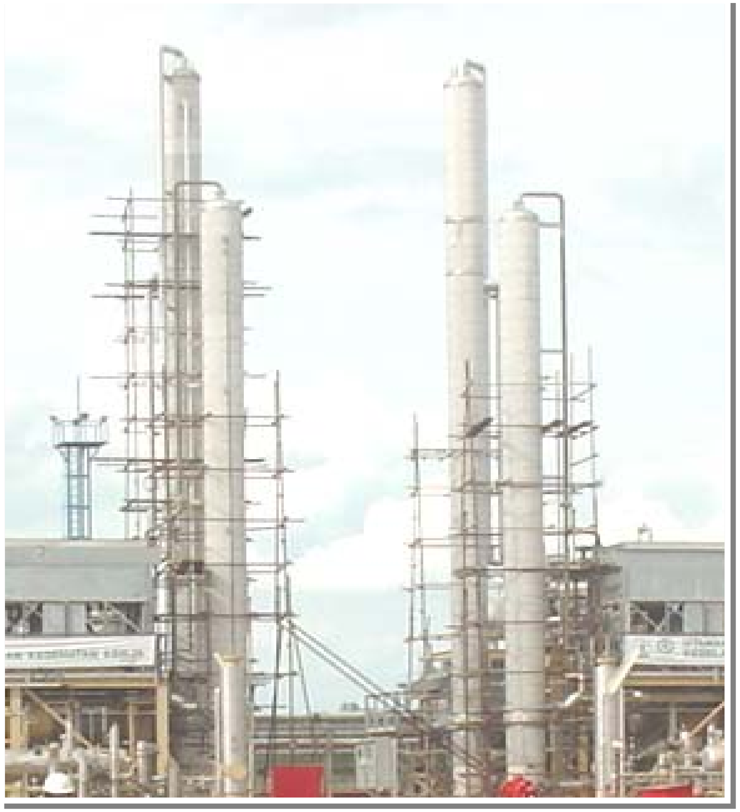
LPG Plant

- Located in Musi Banyuasin, South Sumatra.
- Ownership 100%.
- Operational since 1Q04 with total investment of USD 22 million.
- Production capacity ~ 200 mt/d LPG, 400 bbl/d Condensate, 12 mmscfd Lean Gas
- Quantity of utilized Flared Gas ~ 20 mmscfd
- Buyer :

  LPG – Pertamina

  Lean Gas – PLN

  Condensate - Pertamina



Batam Gas-powered Plant

- Location : Batam, Riau
- Joint venture with YPK PLN / PLN
- MedcoEnergi ownership : 54%
- Inaugurated and operational in October 2004 with total investment of USD 30 M
- Initial capacity : 55 MW
- Price : Rp 197 / kwh
- Buyer : PLN Batam
- Term of contract : 12 years

Financial Highlights

Financial Highlights 9M04

FINANCIAL HIGHLIGHTS (in million USD)	9M04	9M03	Δ%
Revenue	410.3	345.4	19
Gross Profit	163.0	146.9	11
Income from Operations	117.3	112.9	4
Net Income	**44.5**	**41.4**	**7**
EPS (USD/share)	0.014	0.013	8
Equity	512.5	475.1	8
Total Assets	1,427.7	1,012.2	41

Closing Remarks

Closing Remarks

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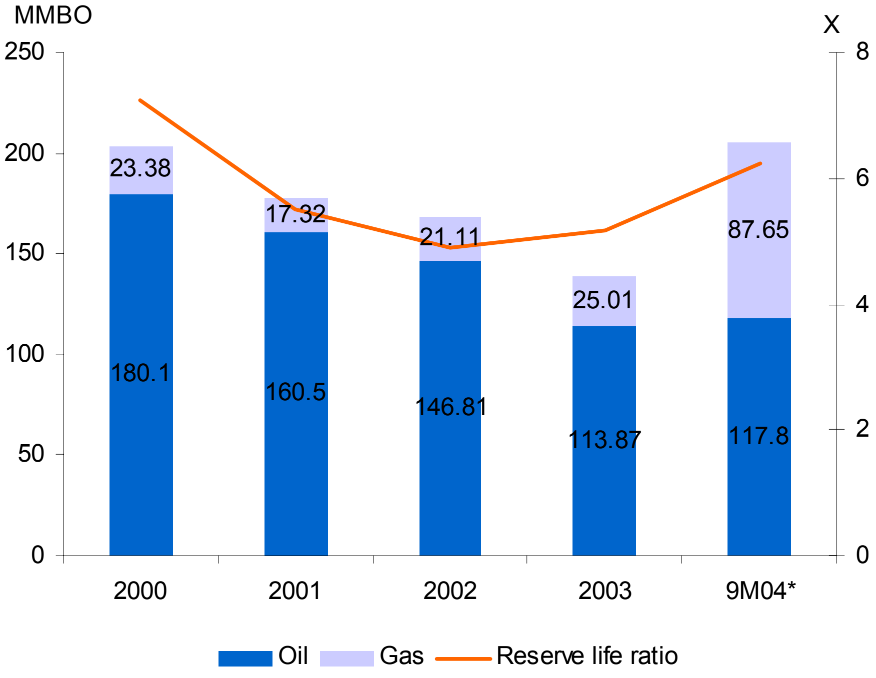
Medco is well positioned within the competitive landscape of the Indonesian oil and gas industry

- USD revenues from international offtakers
- Quality reserve portfolio of producing and development assets
- Historically successful acquisition and development strategy
- Domestic operator with experienced management team

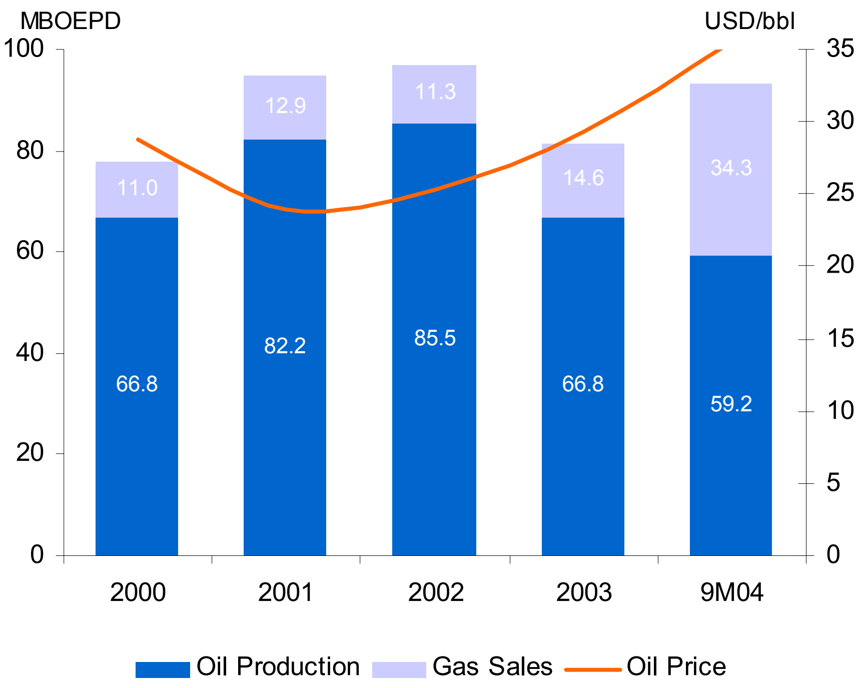
Supplements

E & P Reserves and Production

Gross Reserves (MMBOE)



Average daily production (MBOEPD)



Source: Gaffney Cline & Associates (1 January 2004)
* In-house estimate

E & P Gas Opportunities

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- Through active exploration program, Medco successfully discovered large accumulation of gas reserves
- Currently, Medco has long-term sale contracts for its natural gas to Fertilizer plant, Methanol plant and PLN power plants
- Medco has taken a pro-active approach in commercializing its significant gas reserves. Medco is working together with downstream investors to secure long term contracts for its natural gas, especially the 1.3 Tcf (2P basis) reserves at Senoro field in Central Sulawesi

Options	Status
1. Gas pipeline	▪ For power plants nearby Medco's operations ▪ Signed HOA with Krakatau Steel to supply ~100 MMCFD, and advanced discussion to supply gas to PLN and other industrial complexes (~100 MMCFD) from Sumatra to West Java
2. Methanol Plants	▪ Study for Methanol Plant in Senoro with capacity of 3000-5000 ton per day ▪ Study of relocating idle plant with up to 1500 ton capacity from UK or USA
3. DME feedgas	▪ Currently, joint study is in progress with Itochu + Mitsubishi, JFE Consortium and Mitsui
4. Fertilizer plant feed gas	▪ Study with Pupuk Kaltim and PUSRI (fertilizer company)

Drilling Business

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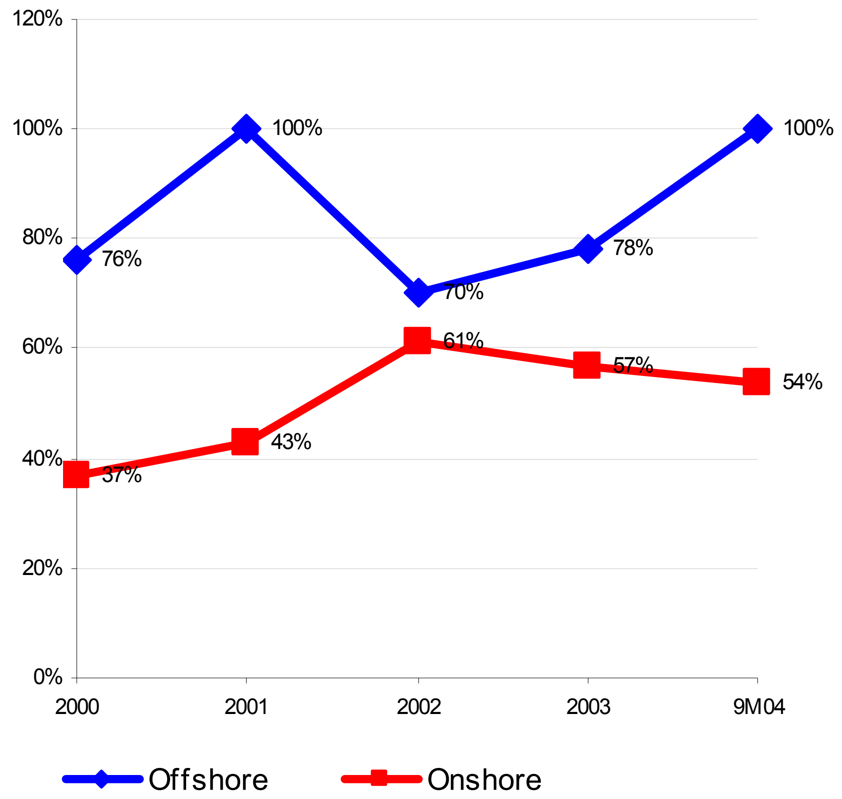
78%

PT Apexindo Pratama Duta Tbk. (onshore / offshore drilling)

- Incorporated in 1991
- Operates five offshore rigs
- Operates 11 onshore rigs
- Key long term clients like Total ensure high utilisation
- Revenue of USD74.3 M in 9M04

Average Utilization



Drilling Business

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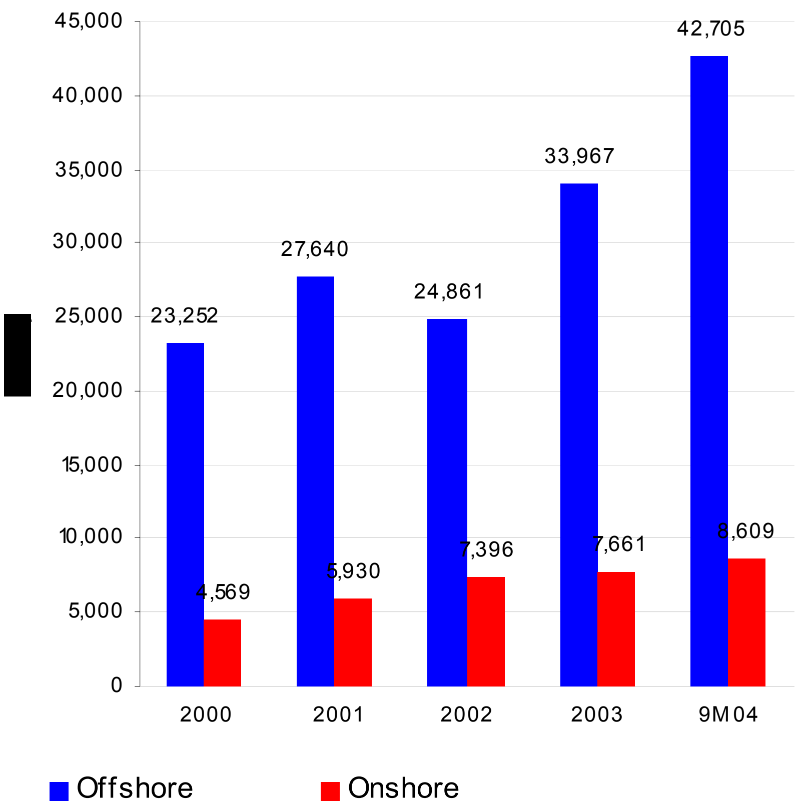
Average Utilization Rate



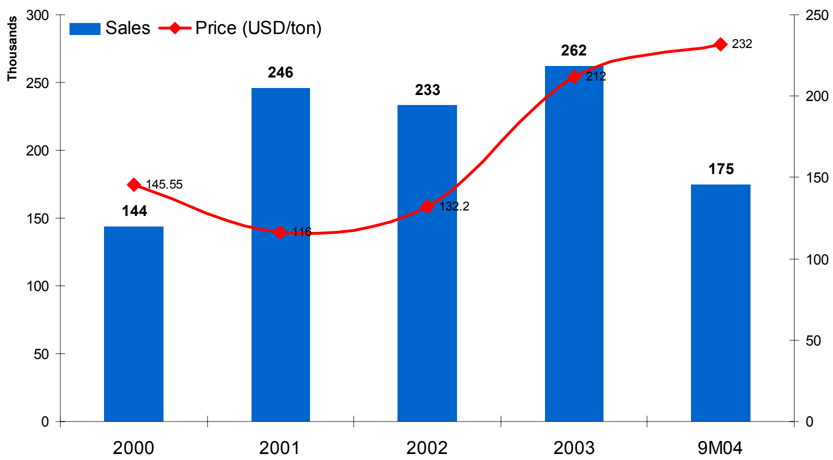
- Revenues are USD based while the bulk of operating cost are Rupiah based (approx. 60%)
- For onshore contracts, drilling services are provided under short-term basis (normally less than 1 year)
- Longer-term (>1 year) typical for offshore contracts

Methanol Business

Methanol Business Overview

- Lease and operate a Methanol Plant owned by PERTAMINA
- Plant location on Bunyu Island—East Kalimantan
- 330,000 ton / annum (900 Ton/day operating capacity)
- Natural Gas feedstock from Tarakan
- 60% exports, 40% domestic market sales

Methanol Sales



Revenue Growth

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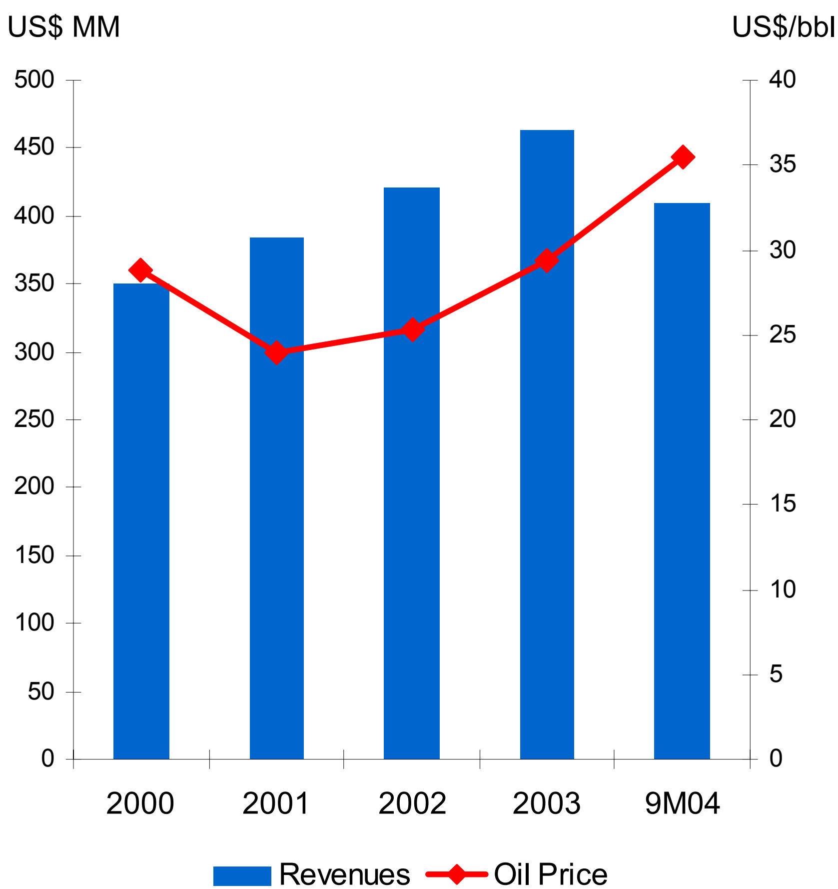
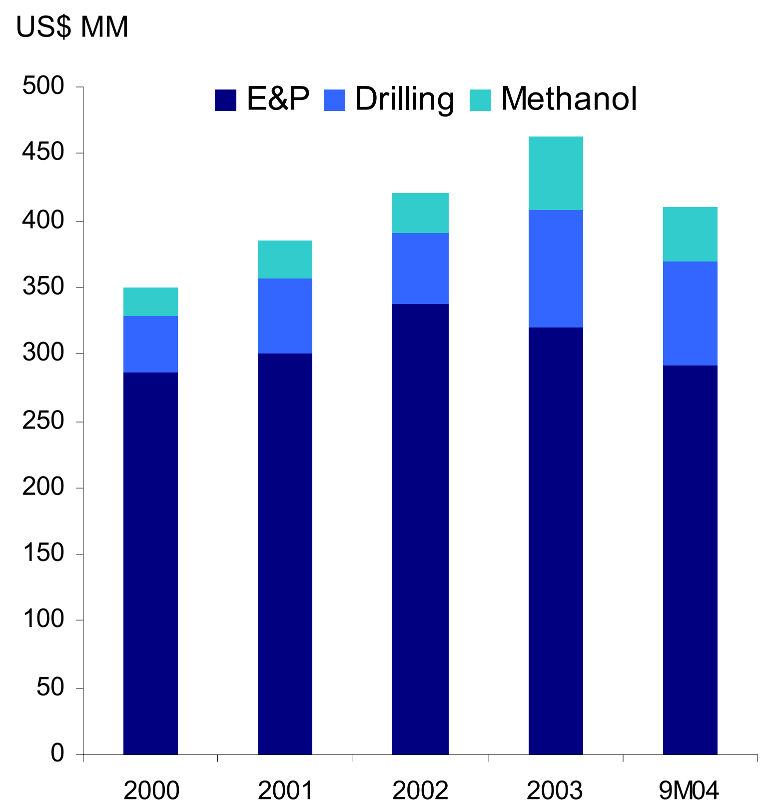
Despite oil price volatility, Medco grew its revenues by diversification of operations

Revenues

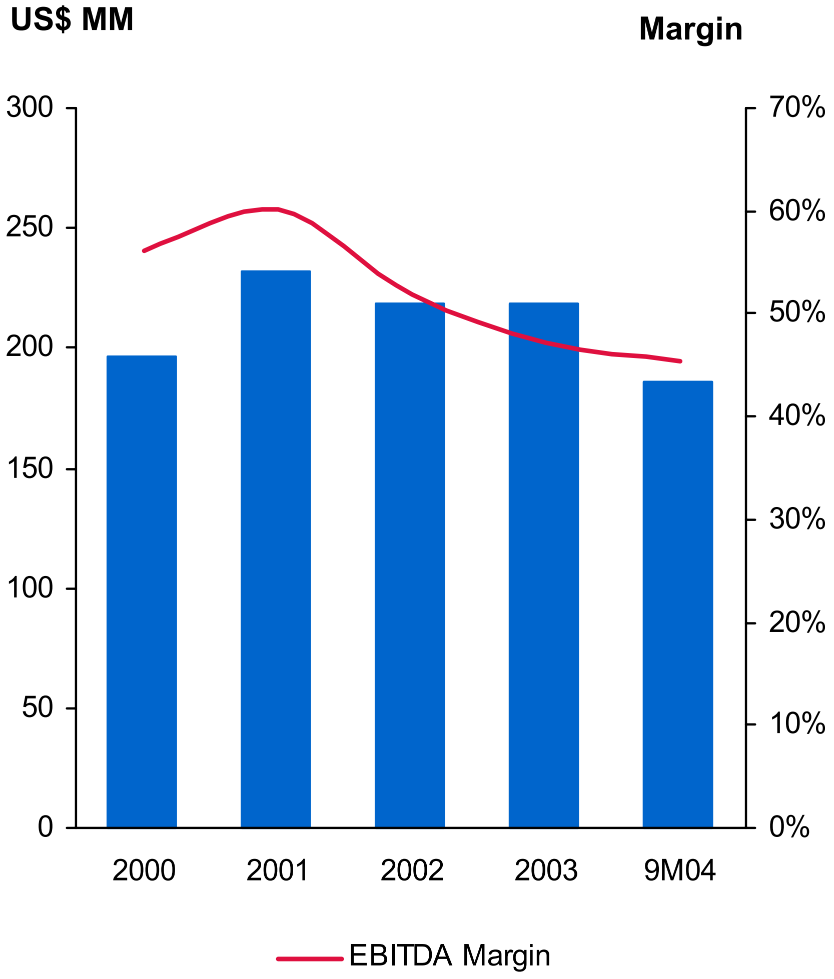


Revenue Contribution

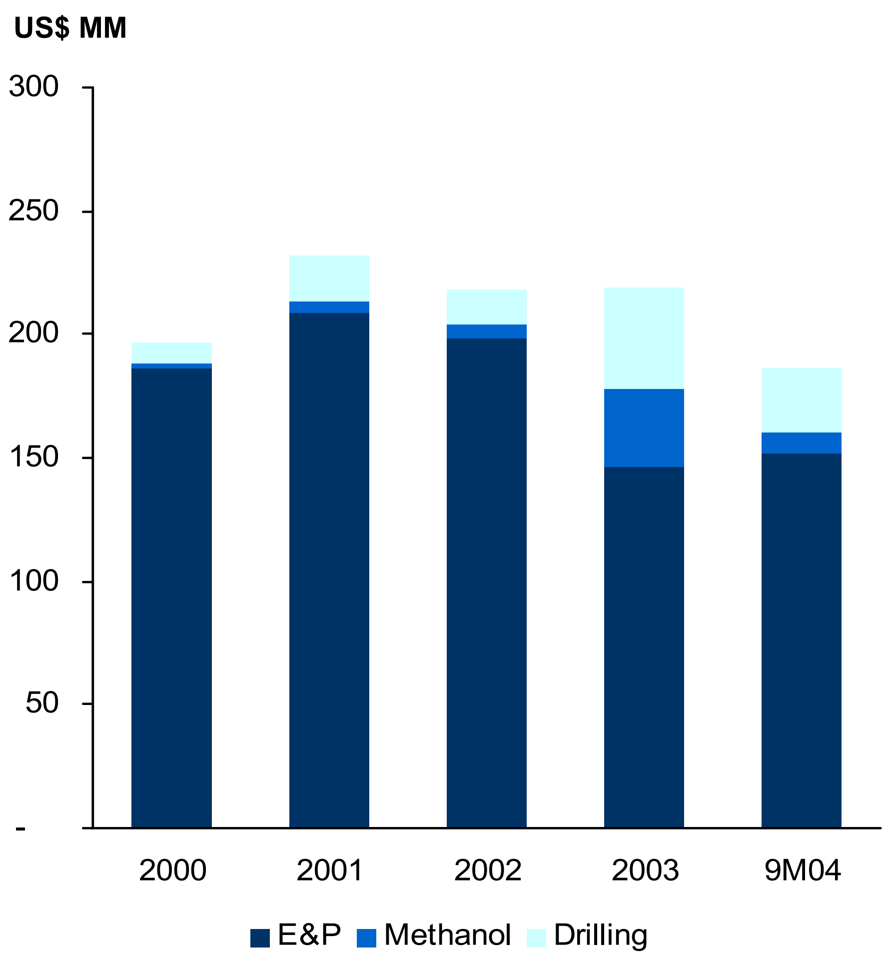


EBITDA Growth

EBITDA



EBITDA Contribution



Net Profit and Dividends

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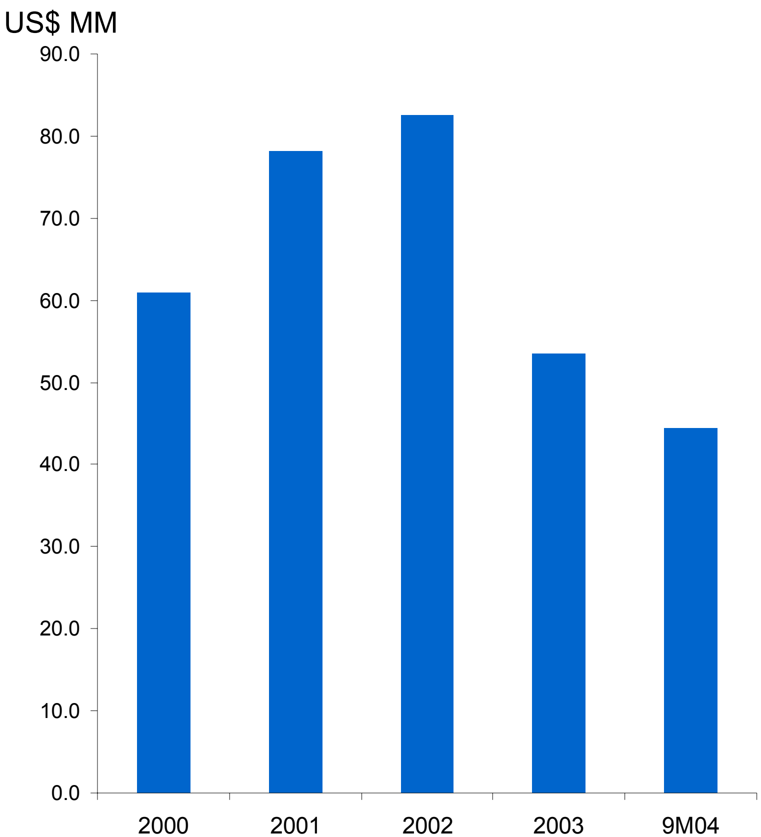
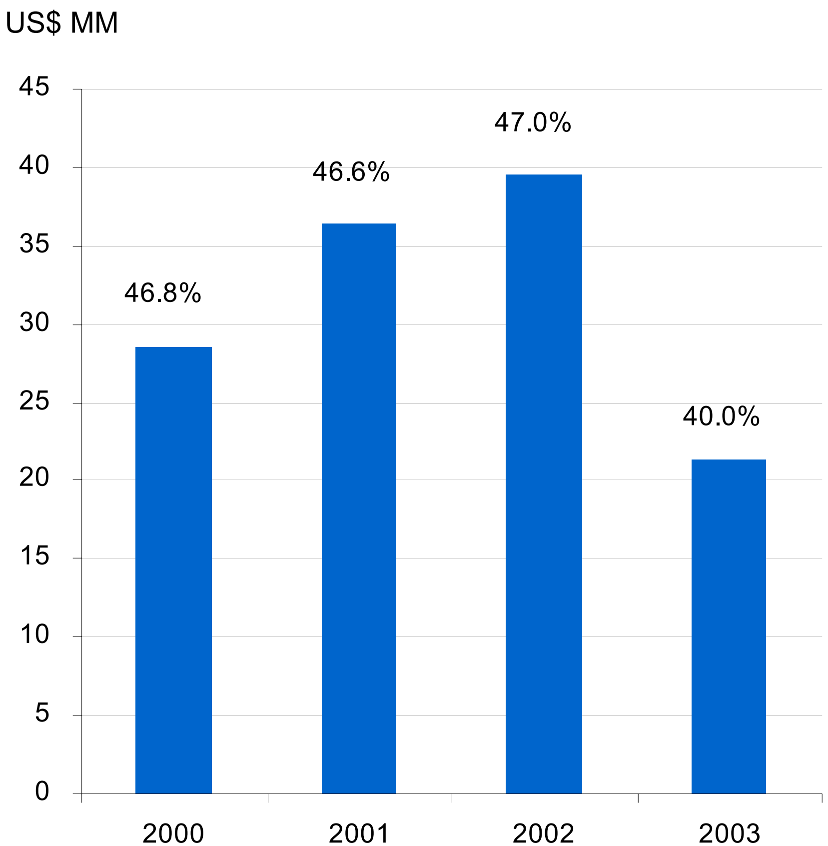
Net Profit



Dividends and Dividend Payouts



Note: Dividend payout ratio above bars
Exchange rate in 2000 and 2001 used was 1US$ = Rp8,420

Strong asset growth