



MEDCOENERGI 

# 9M12 Investors' Update

PT Medco Energi Internasional Tbk.

December, 2012 | [www.medcoenergi.com](http://www.medcoenergi.com) | Energy Company of Choice

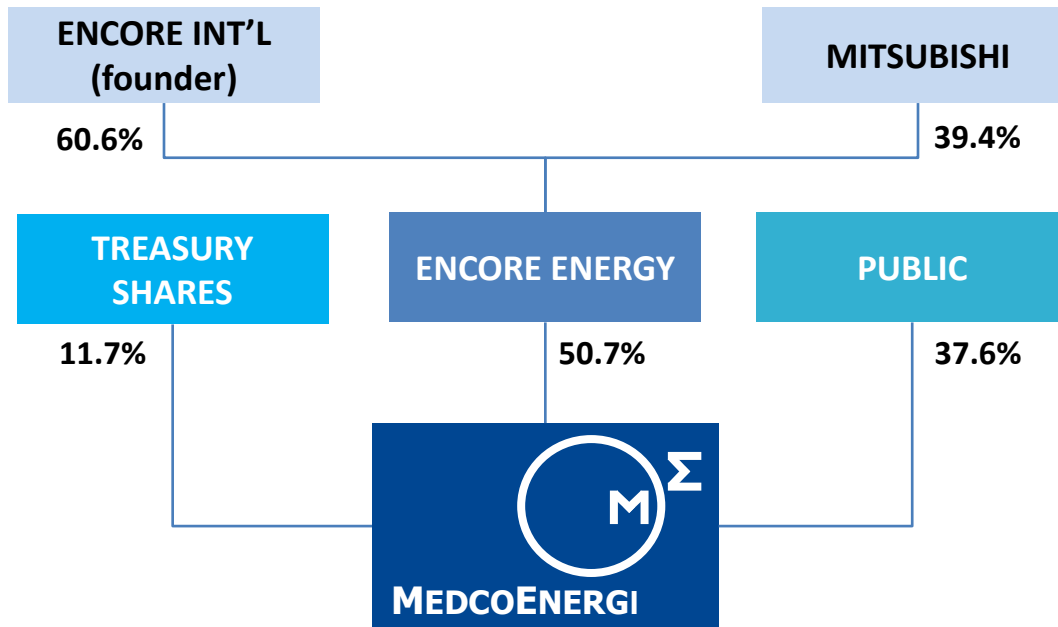
# Table of Contents

---

<b>01: Company Profile</b>	<b>3</b>
Shareholding Structure	4
Organizational Structure	5
Business Strategy	6
<b>02: Company's Performance</b>	<b>7</b>
Corporate Achievements Summary	8
Asset Development Projects Summary	9
Operational Performance	10
Financial Performance	19
Awards	22
<b>03: Business Activities</b>	<b>23</b>
Oil and Gas E&P	24
Reserves and Production Breakdown by Assets	26
Other Energy Related Business	27
Capex Profile	29
<b>04: Appendix</b>	<b>30</b>

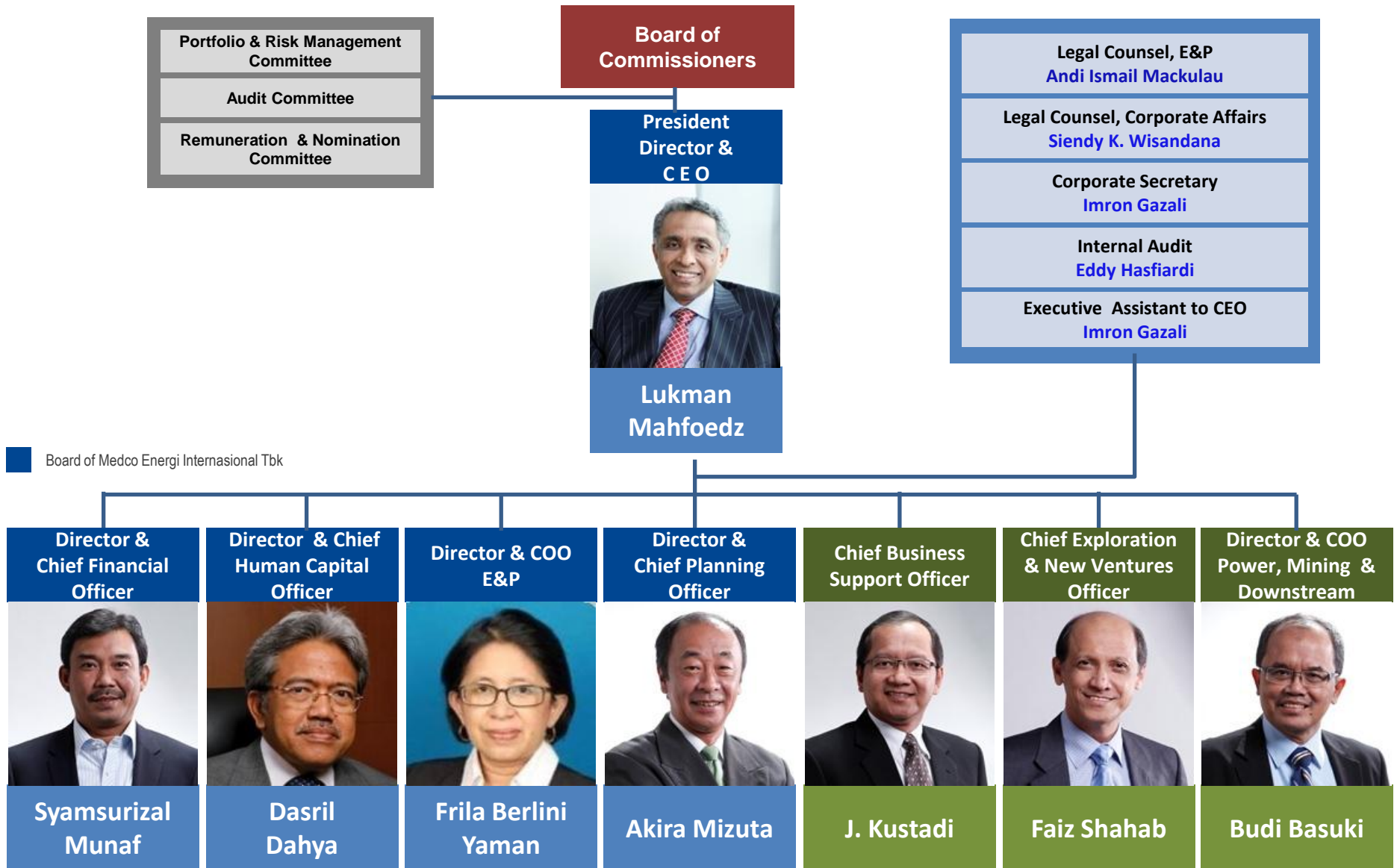
**01**

# Company Profile



PT Medco Energi Internasional Tbk. is a publicly listed integrated energy company with focus in exploration and production of oil and gas business. MedcoEnergi also has other energy related businesses in Liquefied Petroleum Gas, bio-ethanol, and involved in trade and distribution HSD, and operates some power plants and supplies electricity to the Perusahaan Listrik Negara (PLN).

Stockholders Composition (as of 30 September 2012)	Nominal Value of IDR 100 per share		Percentage (%)
	No. of Shares	Nominal Value (IDR)	
Encore Energy Pte. Ltd.	1,689,393,006	168,939,300,600	50.70
Public	1,252,603,944	125,260,394,400	37.58
Treasury Shares	390,454,500	39,045,450,000	11.72
<b>Total</b>	<b>3,332,451,450</b>	<b>333,245,145,000</b>	<b>100.00</b>



Board of Medco Energi Internasional Tbk

## Our Business Strategy

- Strengthen the portfolio of producing assets, including acquisitions.
- Increase the reserve life index through exploration activities.
- Complete all Major Projects as planned
- Accelerate the growth of non-oil and gas assets through strategic partners.



**02**

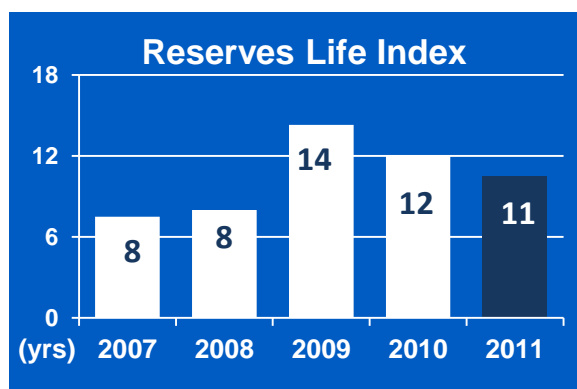
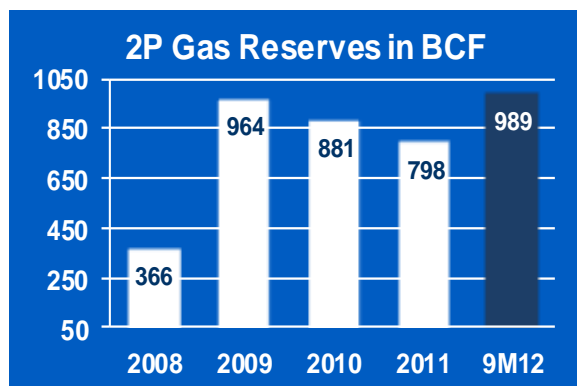
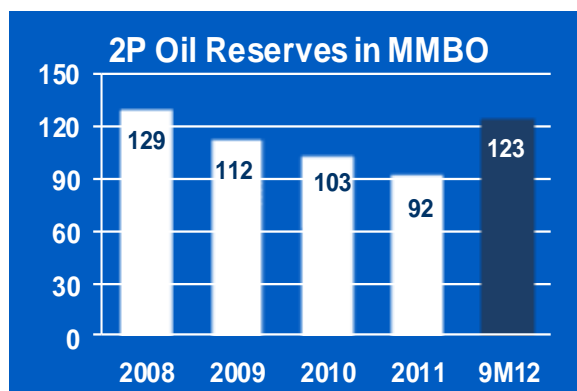
# Company's Performance

Page	Date	Achievements
31	16 Jan '12	Dilution of 51% ownership in PT Medco Power Indonesia (MPI) to PT Saratoga Power
32	14 Mar '12	Medco Signed Memorandum of Understanding to develop Coal Bed Methane (CBM)
33	11 Jun '12	Issuance of a 5-year Rupiah Bond III with Principal Amount of Rp 1.5 trillion
34	19 Jun '12	Production from Karim Small Fields in Oman has reached over 22,000 BOPD
35	5 Jul '12	Medco signed a Sale and Purchase Agreement with Reliance Exploration & Production DMCC (REPDMCC) to acquire 25% participating interest in Block 9 (Malik) in Republic of Yemen
36	1 Oct '12	The maiden shipment of 38,000 tons of thermal coal from Duta Tambang Rekayasa (DTR) a subsidiary of Medco Energi Mining
37	9 Oct '12	Signed a Gas Sales and Purchase Agreement (GSPA) with Perusahaan Daerah Nusa Serambi Persada and a GSPA amendment with PLN Borang, South Sumatra
38	11 Oct '12	Dilution of 63.88% ownership in PT Medco Sarana Kalibaru (MSK) to Puma Energy LLC
39	1 Dec '12	Signed an Amendment of the GSPA with PT Mitra Energi Buana, South Sumatra
40	12 Dec '12	Issuance of Medco Energi Internasional Shelf-Registered Bond I in the amount of IDR 4.5 trillion for a 5-year maturity period





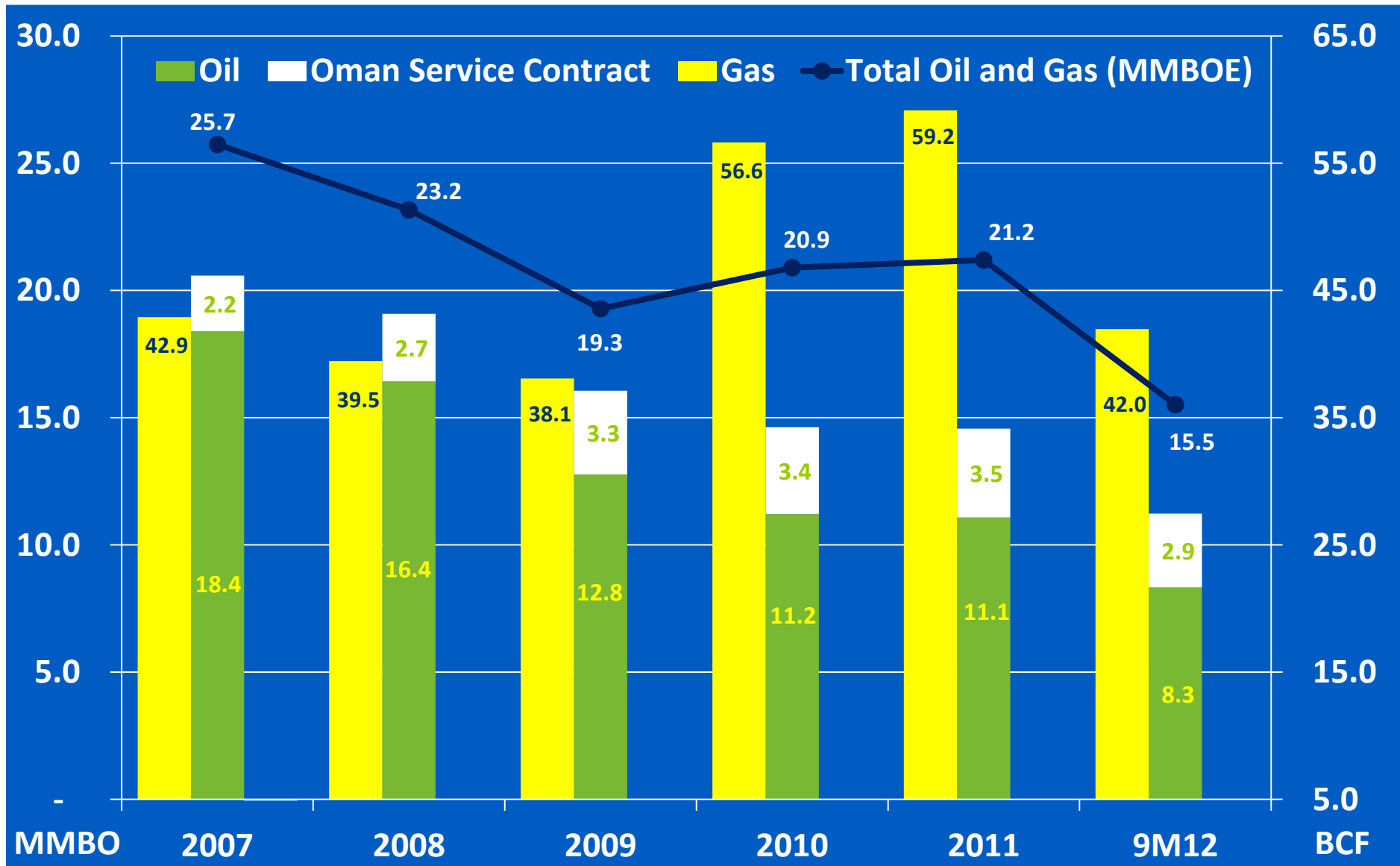
PROJECTS	TARGET Start-Up	Project Descriptions	% Ownership	Partners	Page
Senoro	2014	Gas field development up to 310 MMscfd	30%	Pertamina, Mitsubishi, Kogas	41
DSLNG	2014	LNG plant , single train of 2.0 mtpa capacity	11.1%	Pertamina, Mitsubishi, Kogas	42
Libya Area 47	2015-2016	Oil field development of 50,000 - 100,000 bopd	25%	National Oil Company (NOC), Libyan Investment Authority (LIA)	45
Block A	2014 - 2016	Gas field development up to 110 MMscfd	41.67%	Premier, Japex	47
Rimau EOR	2015	Oil field - Enhanced Oil Recovery	95%	PD-PDE	49



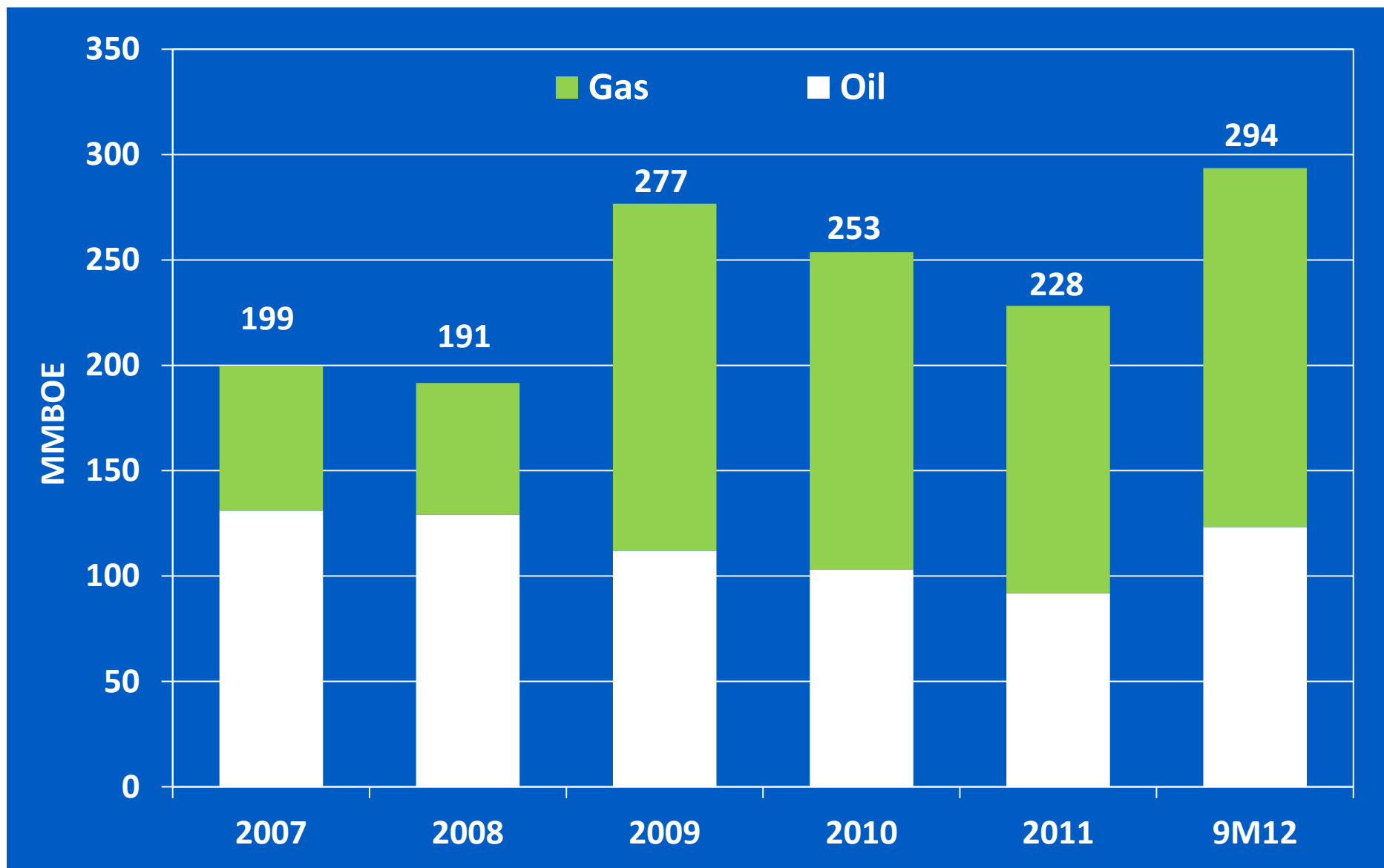
Oil and Gas E&P	9M11	9M12	Δ%
Proven Reserves - 1P (MMBOE)	185.3	221.5	19.5
Proven and Probable Reserves - 2P (MMBOE)	237.3	291.9	23.0
Oil Lifting / MBOPD	29.4	30.4	3.4
Oman Service Contract / MBOPD	9.5	10.6	11.6
Gas Sales / MMCFD	162.7	153.2	(5.8)
Total Oil and Gas* (MBOEPD)	57.2	56.6	(1.1)
Average Oil Price, USD/barrel	113.9	117.7	3.4
Average Gas Price, USD/mmbtu	3.78	3.92	3.7
LPG Sales / MT per day	41.8	40.8	(2.3)
LPG Price/ USD per MT	810.3	828.3	2.2
Non-Oil and Gas	9M11	9M12	Δ%
HSD Sales (000 KL)	192.4	164.2	(14.7)
HSD Price (Rp/KL)	7,354	8,087	10.0
Ethanol Production (KL)	13,026	8,804	(32.4)
Ethanol Price (USD/MT)	616	599	(2.8)
Electricity Generation (GWh)	951	887	(6.7)

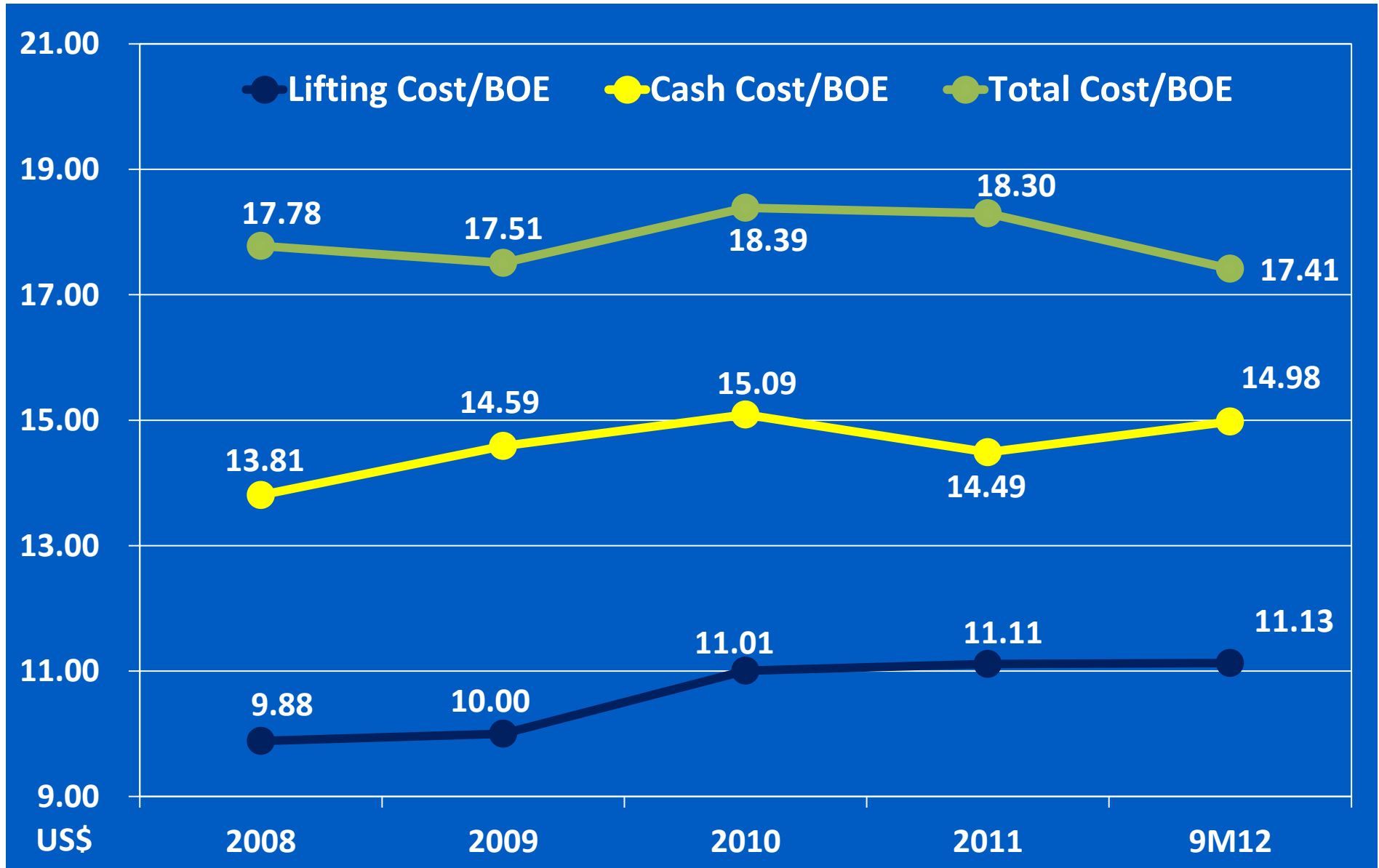
\*excluding Oman Service contract

# Oil and Gas Sales\* And Service Contract

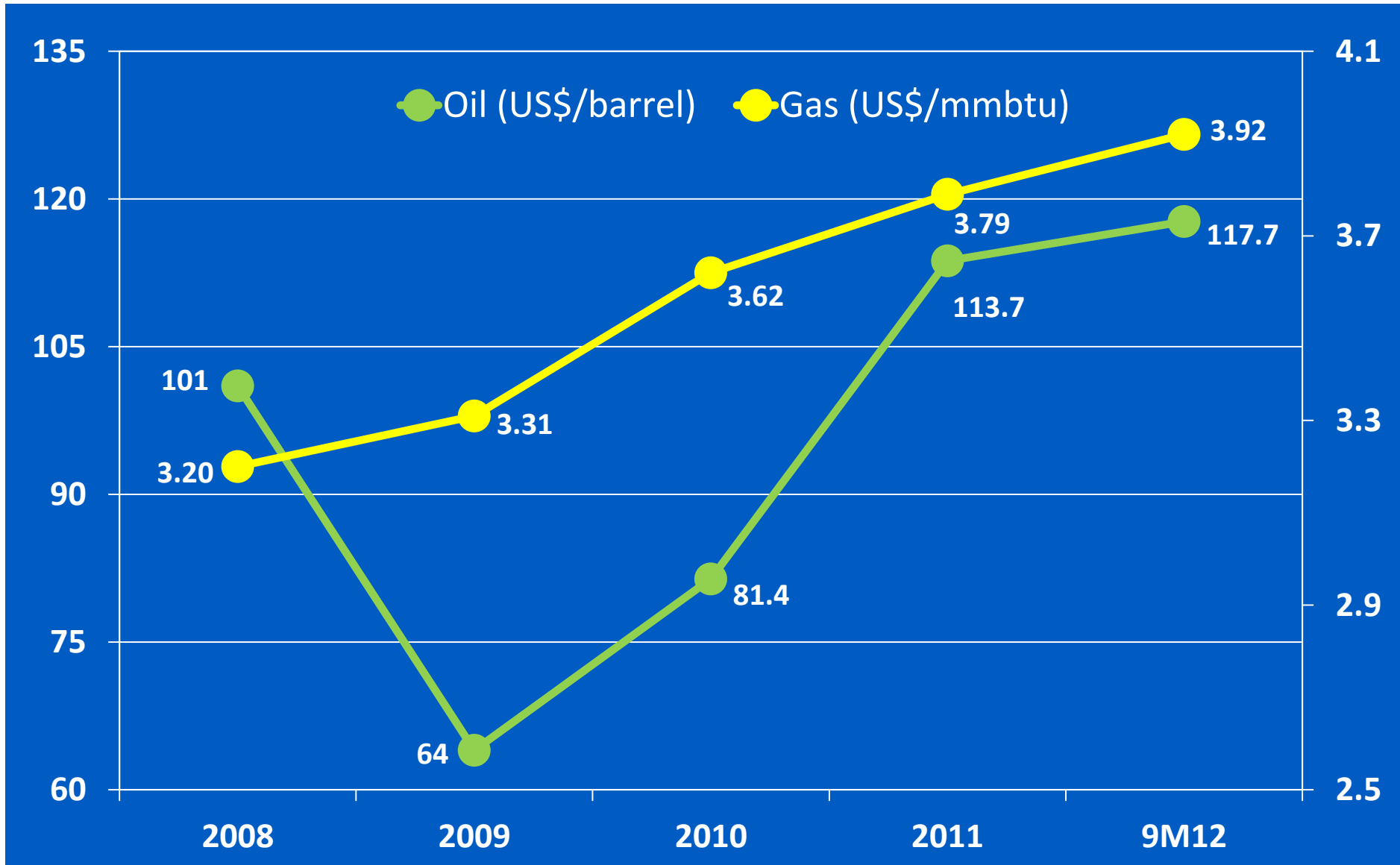


\*Net to MedcoEnergi, includes government portion

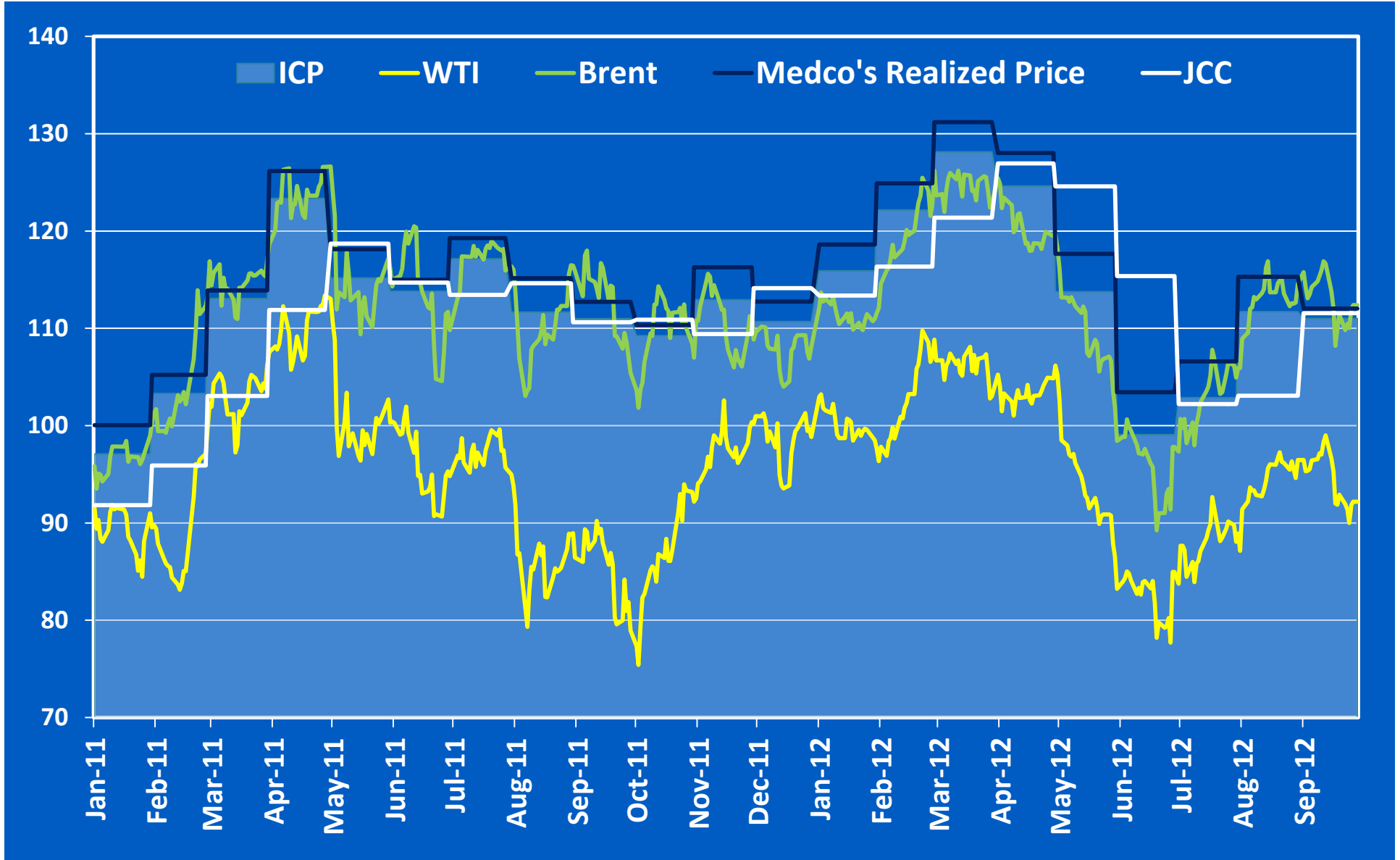




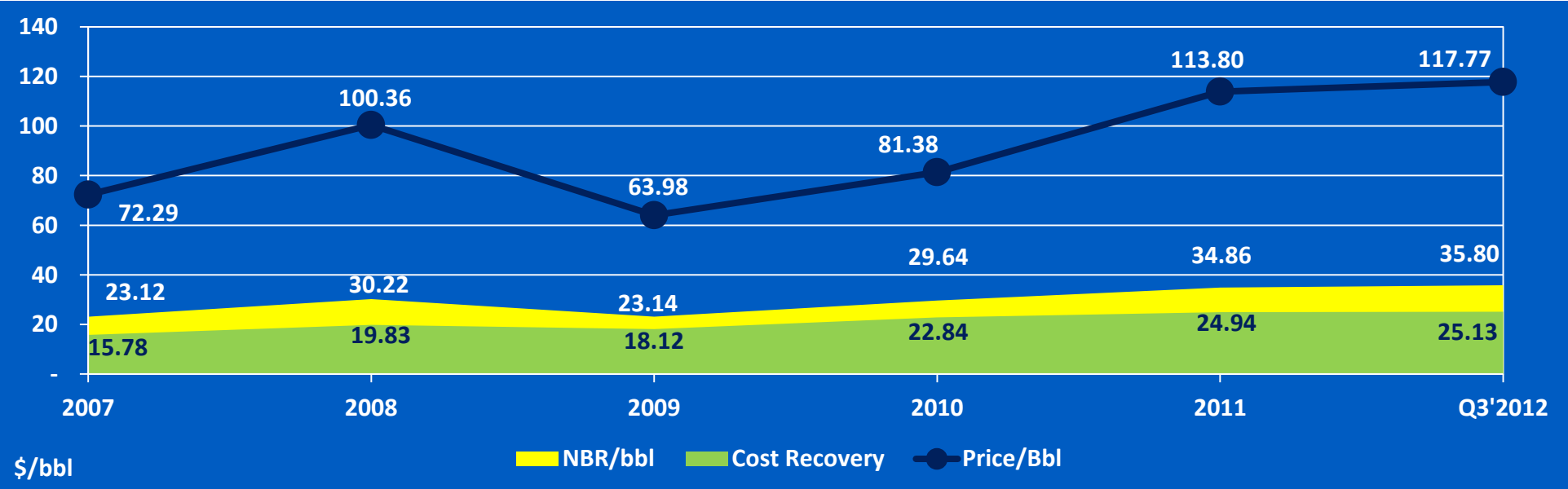
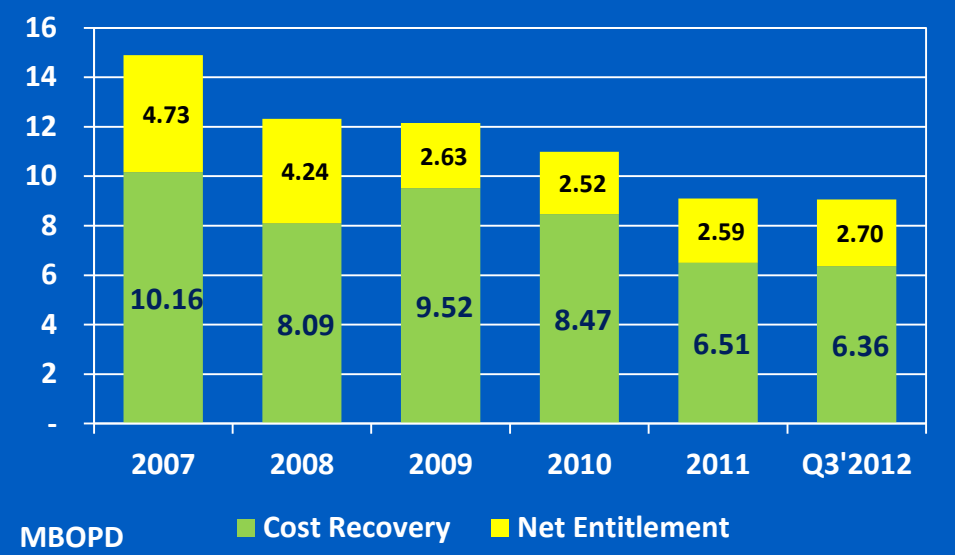
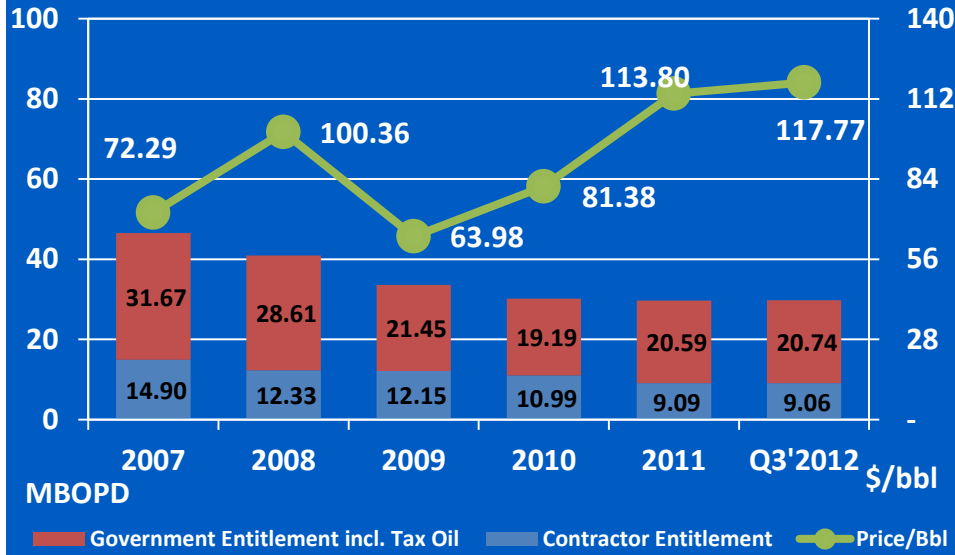
# Oil and Gas Average Realized Price



# Oil Price Comparison



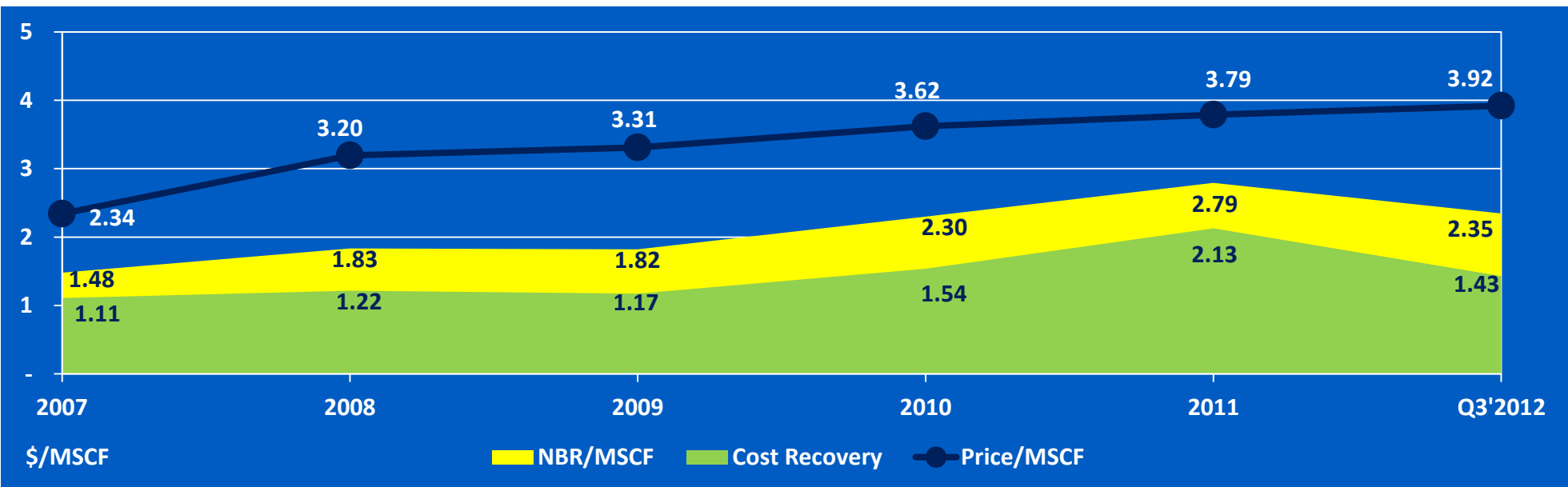
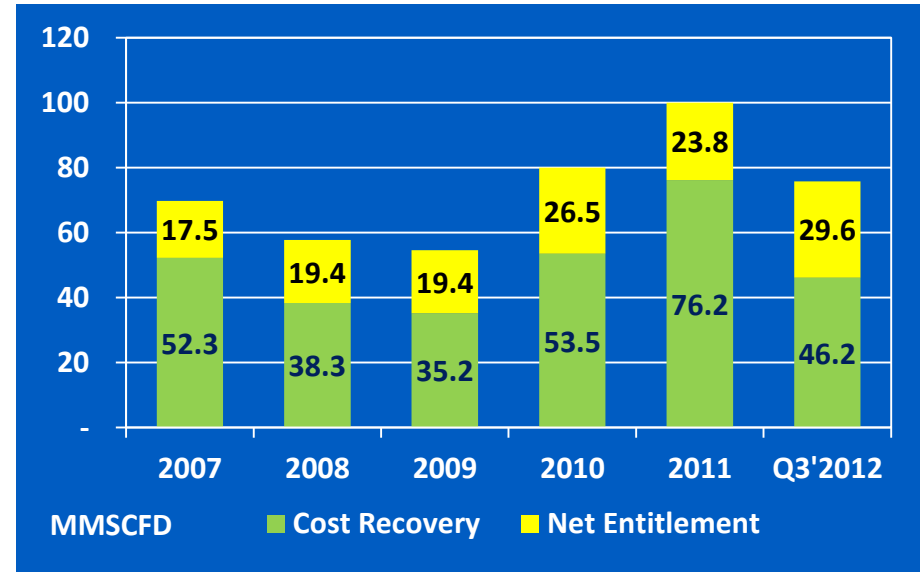
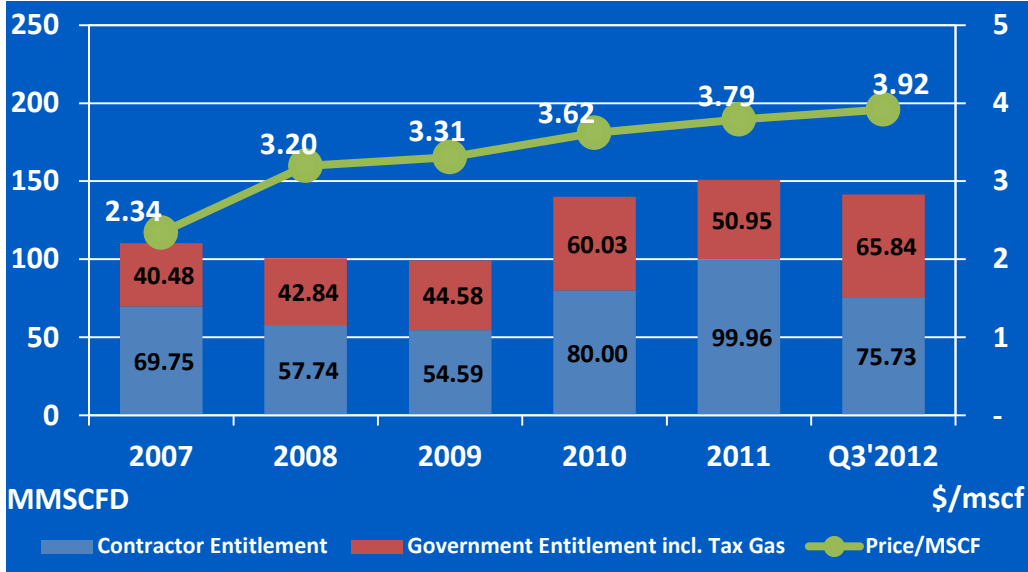
# Oil Net Entitlement, Cost Recovery and Net Back\*



\*Please see page 51 to 56 for breakdown of each oil assets

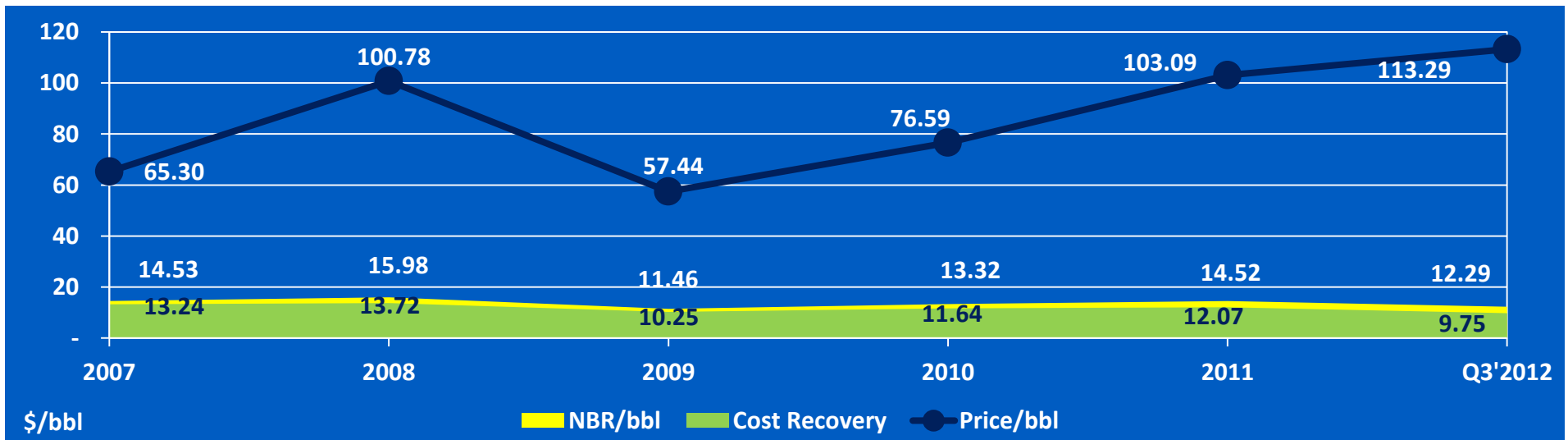
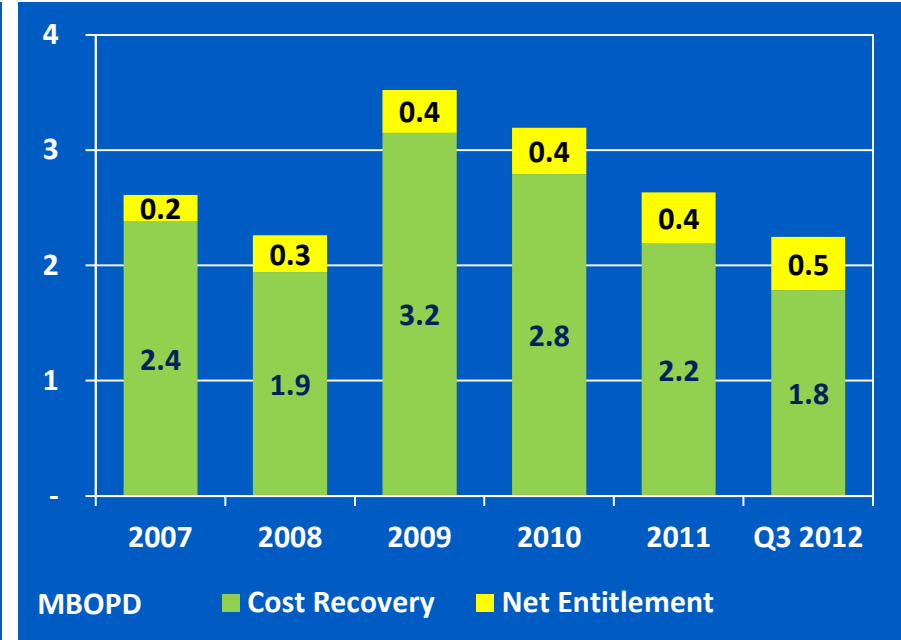
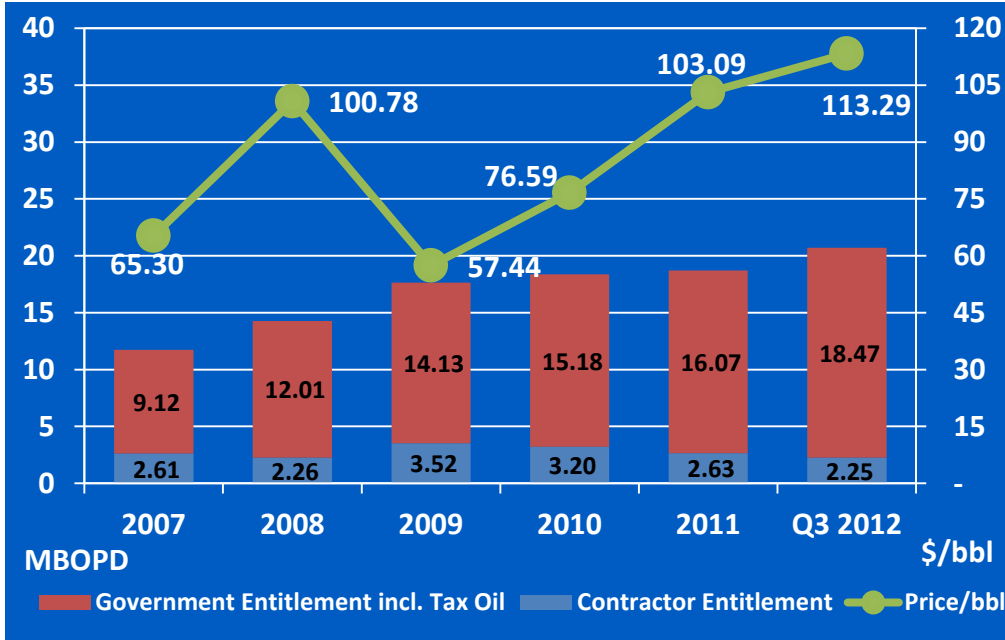


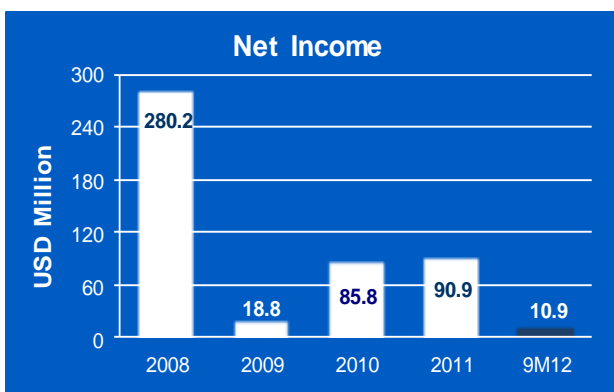
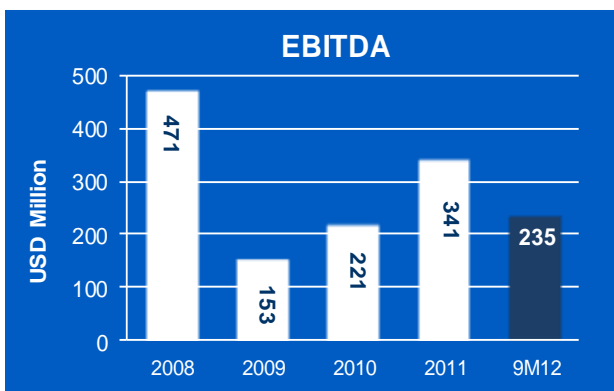
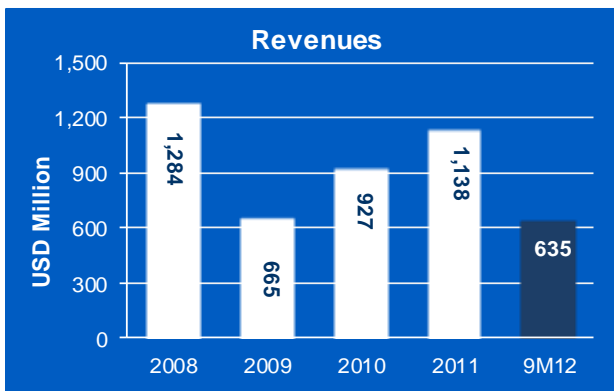
# Gas Net Entitlement, Cost Recovery and Net Back\*



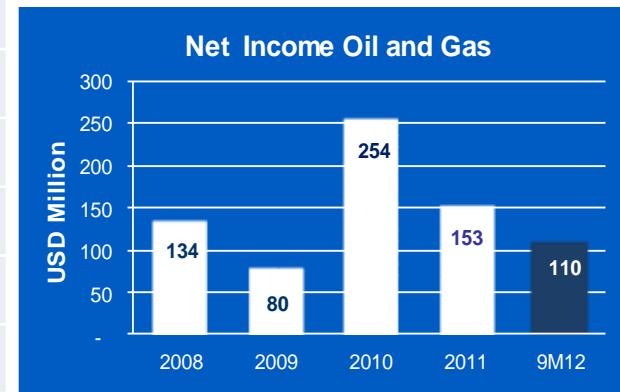
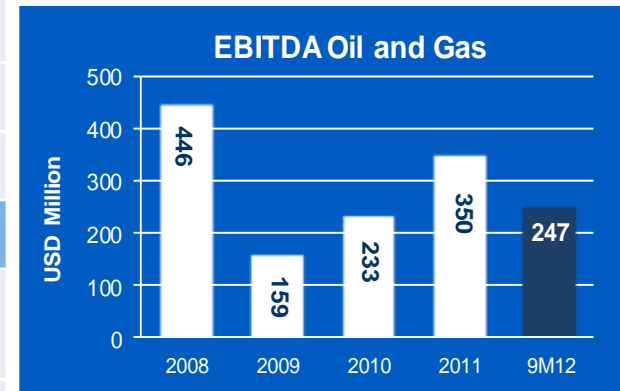
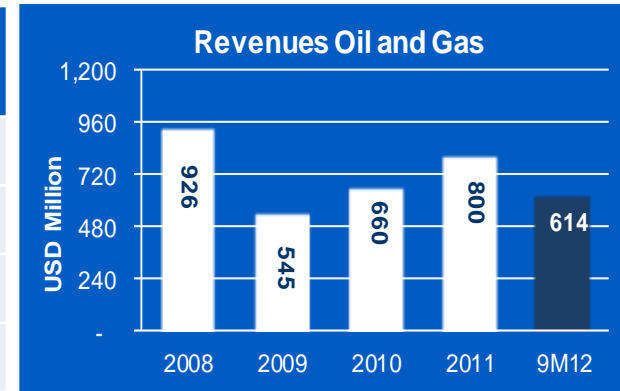
\*Please see page 57 to 59 for breakdown of each gas assets

# Oman Net Entitlement, Cost Recovery and Net Back



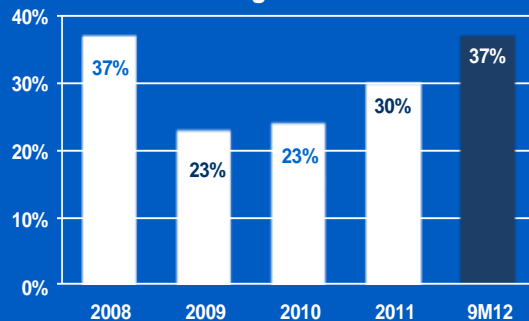


Financial Highlights (USD mm)	9M11	9M12	Δ%
<b>Revenue</b>	683.1	634.7	(7.1)
• Oil and Gas	600.2	613.5	2.2
• Non Oil and Gas	82.8	21.2	(74.4)
Gross Profit	274.0	290.3	5.9
Operating Income	159.7	181.9	13.9
<b>EBITDA</b>	242.7	234.6	(3.3)
Earnings Before Tax	96.1	134.8	40.2
<b>Net Income*</b>	<b>7.1</b>	<b>10.9</b>	<b>55.1</b>
Cash and Cash Equivalents	497.8	716.5	43.9
Total Assets	2,419.4	2,727.4	12.7
Total Liabilities	1,597.1	1,884.8	18.0
Equity*	788.9	828.6	5.0
Market Capitalization	812.1	594.3	(26.8)
EPS (USD/share)	0.0024	0.0037	54.2
Capex	92.7	100.1	8.0

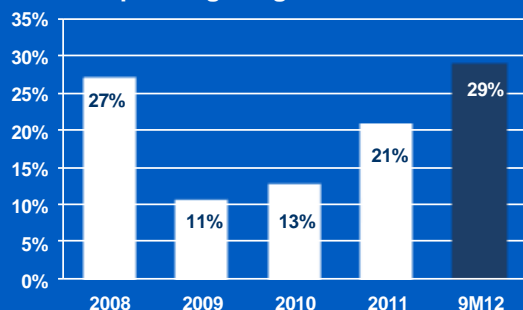


\*Attributable to Equity holders of the parents

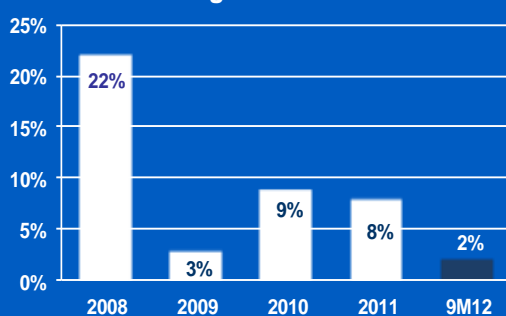
### EBITDA Margin Consolidated



### Operating Margin Consolidated



### Net Margin Consolidated



### Profitability Ratios (%)

	9M11	9M12	Δ%
Gross Margin	40.1%	45.7%	14.0
EBITDA Margin	35.5%	37.0%	4.0
Operating Margin	23.4%	28.7%	22.6
Net Margin	1.0%	1.7%	66.9
Return on Equity - Annualized	1.2%	1.8%	47.6

### Leverage Ratios (x)

	9M11	9M12	Δ%
Debt to Equity	1.48	1.75	18.3
Net Debt to Equity	0.85	0.89	4.5
Total Liability to Total Equity	2.02	2.27	12.4

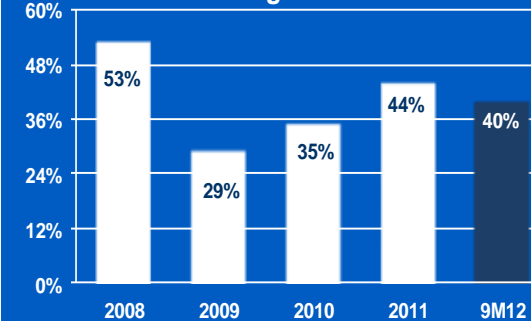
### Coverage Ratios (x)

	9M11	9M12	Δ%
Debt/EBITDA – Ann.	3.61	4.64	28.6
Net debt/EBITDA – Ann.	2.07	2.35	13.5
EBITDA to Interest	3.73	3.41	(8.6)

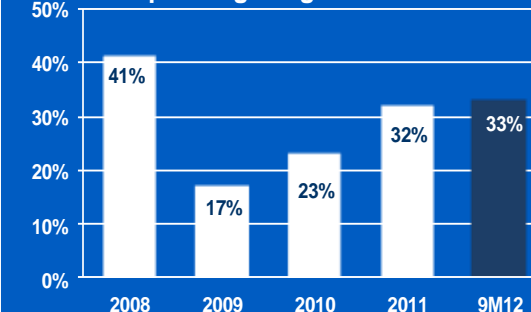
### Efficiency Ratios (x) – Ann.

	9M11	9M12	Δ%
Revenue/fixed assets	0.83	0.87	4.2
Revenue/net working capital	2.51	1.01	(59.6)

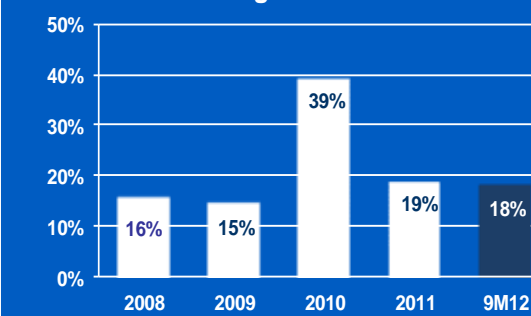
### EBITDA Margin Oil and Gas






### Operating Margin Oil and Gas



### Net Margin Oil and Gas



CONSOLIDATED DEBTS (in USD mn)	9M11	9M12	Δ%
<b>A. Total Bank Loans</b>	<b>771.8</b>	<b>906.9</b>	<b>17.5</b>
Current	294.4	249.0	(15.4)
Non Current	477.4	657.9	37.8
<b>B. Other Obligations</b>	<b>395.3</b>	<b>543.9</b>	<b>37.6</b>
Current: MTN	67.6	31.9	(52.8)
Rupiah Bonds	58.1	-	n.m.
Non Current: Related Party	50.3	124.4	147.4
MTN	58.0	29.9	(48.4)
Rupiah Bonds	111.5	258.2	131.5
USD Bonds	49.8	99.3	99.6
<b>Total</b>	<b>1,167.2</b>	<b>1,450.7</b>	<b>24.3</b>

Fasilitas Stand by Loan	Liquidity (x)	9M11	9M12	Δ%
 <ul style="list-style-type: none"> <li>• US\$ 150 Million</li> </ul>	Cash Ratio	0.73	1.36	86.9
	Quick Ratio	1.42	2.32	63.3
	Current Ratio	1.53	2.58	68.8
 <ul style="list-style-type: none"> <li>• US\$ 200 Million</li> </ul>	<b>Investment Ratios (x)</b>	<b>9M11</b>	<b>9M12</b>	<b>Δ%</b>
	CapEx to Revenue	0.14	0.16	16.2
	CapEx to Depreciation	1.12	1.90	70.1
 <ul style="list-style-type: none"> <li>• US\$ 140 Million</li> </ul>	<b>Capital Structure (x)</b>	<b>9M11</b>	<b>9M12</b>	<b>Δ%</b>
	Net debt to equity	0.85	0.89	4.5
	Net debt to (net debt + equity)	0.46	0.47	2.4
	Debt to Capital	0.60	0.64	6.7



## 2012

- Gold PROPER for Rimau Block in South Sumatra, Green PROPER for South Sumatra Extension Block (South Sumatra) Tarakan Block (East Kalimantan), Kampar Block (Riau) and Sembakung Block (East Kalimantan), and Blue PROPER for Lematang Block (South Sumatra) and Medco Ethanol Lampung from the Ministry of Environment of Indonesia.
- GCG Award – The Best Non-Financial from Indonesian Institute for Corporate Directorship
- Best Booth Award – Achieved best booth at Indonesian Petroleum Association Exhibition 2012



## 2011

- Gold PROPER for Rimau Block in South Sumatra and Green PROPER for South Sumatra Extension Block (South Sumatra), Tarakan Block (East Kalimantan), and Kampar Block (Riau) from the Ministry of Environment of Indonesia.
- GCG Award – The Best Non-Financial from Indonesian Institute for Corporate Directorship
- Asia's Best Corporate Social Responsibility from Finance Asia Magazine
- Attained 4 awards for four different categories in CSR Award 2011 from CFCD for Rimau Block



## 2010

- GCG Award – The Best Equitable Treatment of Shareholders from the Indonesian Institute for Corporate Directorship
- Green PROPER for Rimau Block, South Sumatra Extension and Kampar from Ministry of Environment of Indonesia.
- Millennium Development Goals Award from Metro TV for category of Environmental Sustainability



## 2009

- GCG Award – Best Overall 2009 from Indonesian Institute for Corporate Directorship
- Annual Report Award 2008 as first runner-up in the category of private non-financial public and listed company
- Millennium Development Goals Award from Metro TV for category Improvement Gender Equality and Women Empowerment through its community development program of Organic System of Rice Intensification (SRI)



## 2008

- Green Corporate Award in the category of Environment for Medco Methanol Bunyu from Association of Indonesian Engineers
- Environmental Management & Monitoring Award for Medco Power Indonesia from Ministry of Environment of Indonesia
- Zero Accident Award for PT Medco LPG Kaji from Department of Manpower RI



## 2007

- "No Lost Time Accident" awards from the Government for several assets including Tarakan and Rimau blocks
- Social Empowerment Award from the Coordination Ministry of Peoples Welfare (Menko Kesra) in 2007
- One of Indonesia's Most Admired Knowledge Enterprises (MAKE) 2007

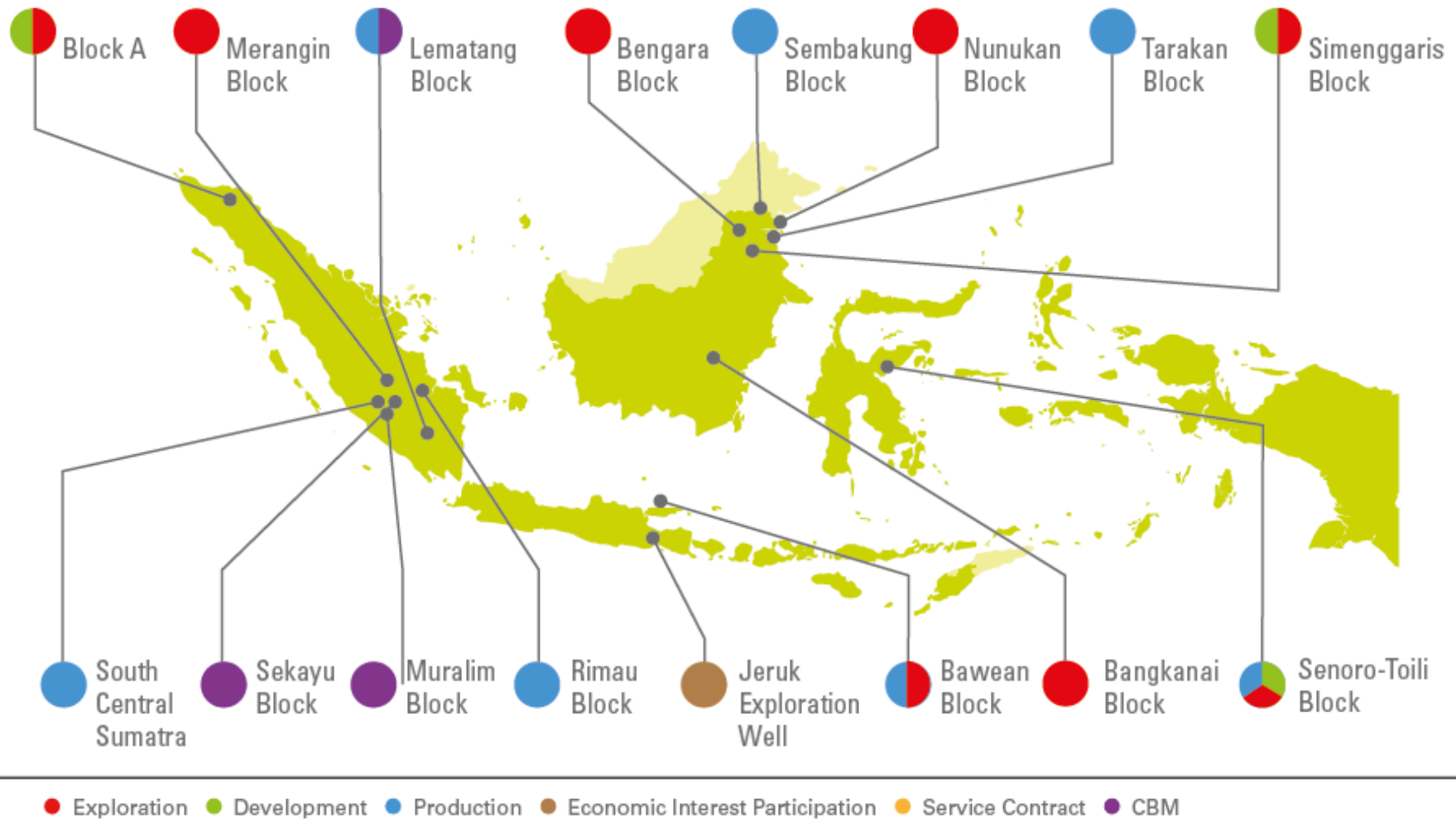


## 2006

- The best Annual Report in the Annual Report Award 2005
- The best of top 10 Companies at GCG Perception Index by IICG and SWA Magazine
- One of Indonesia's Most Admired Knowledge Enterprises (MAKE) 2007

**03**

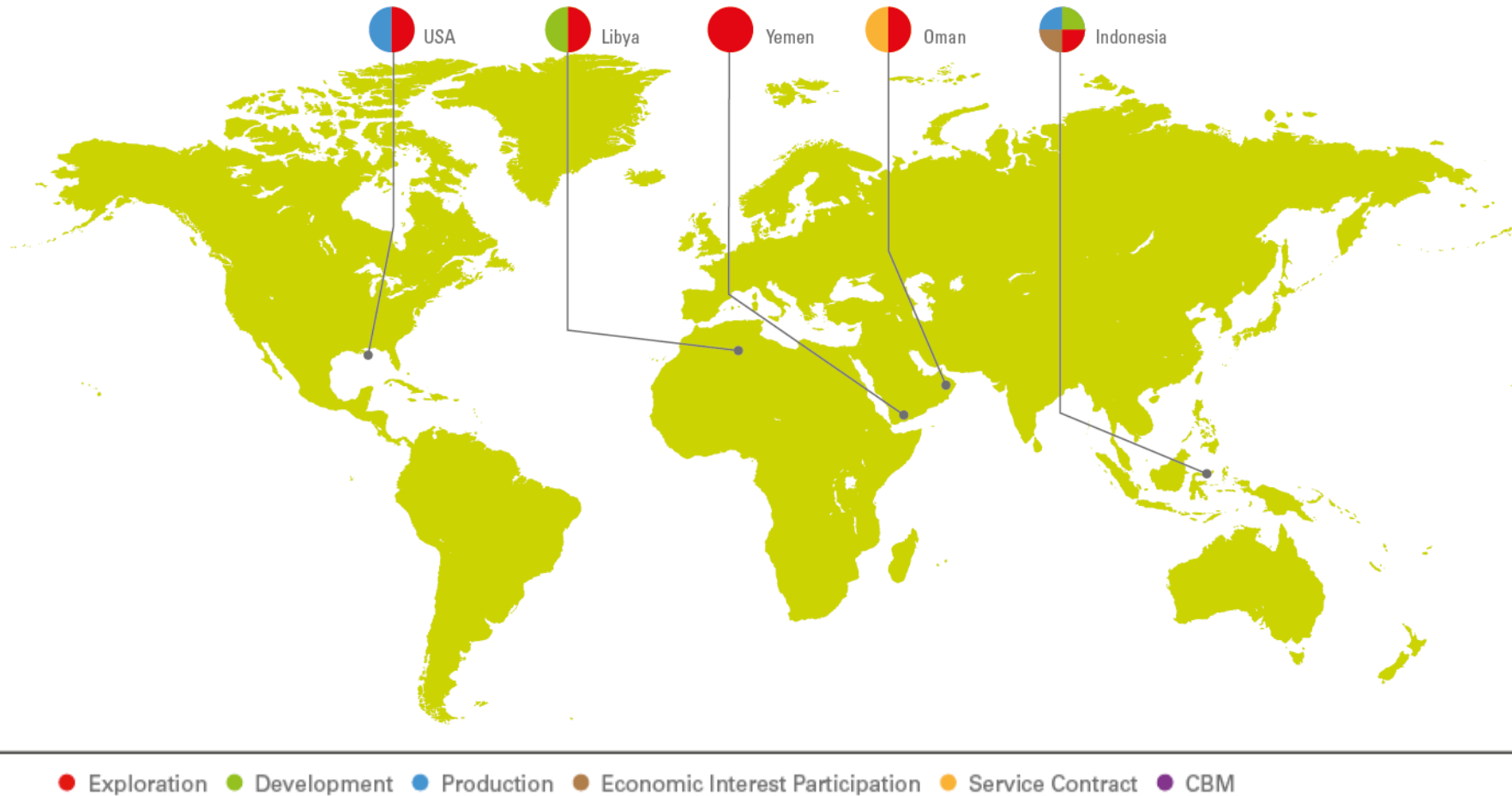
# Business Activities



In Indonesia, Medco operates 10 blocks, maintains working interests in 3 blocks operated by strategic partners, and holds economic participating interest in an exploration field.

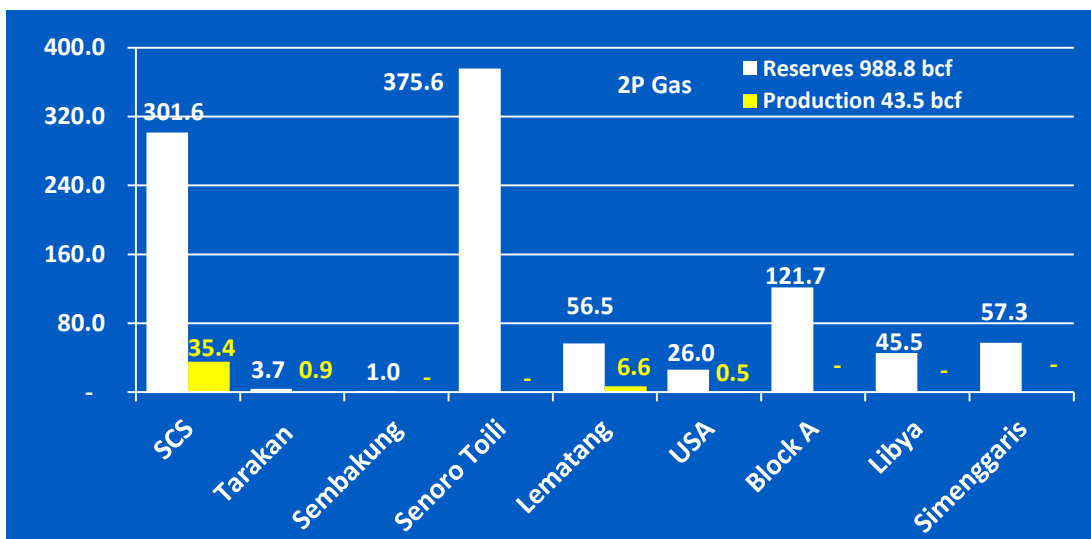
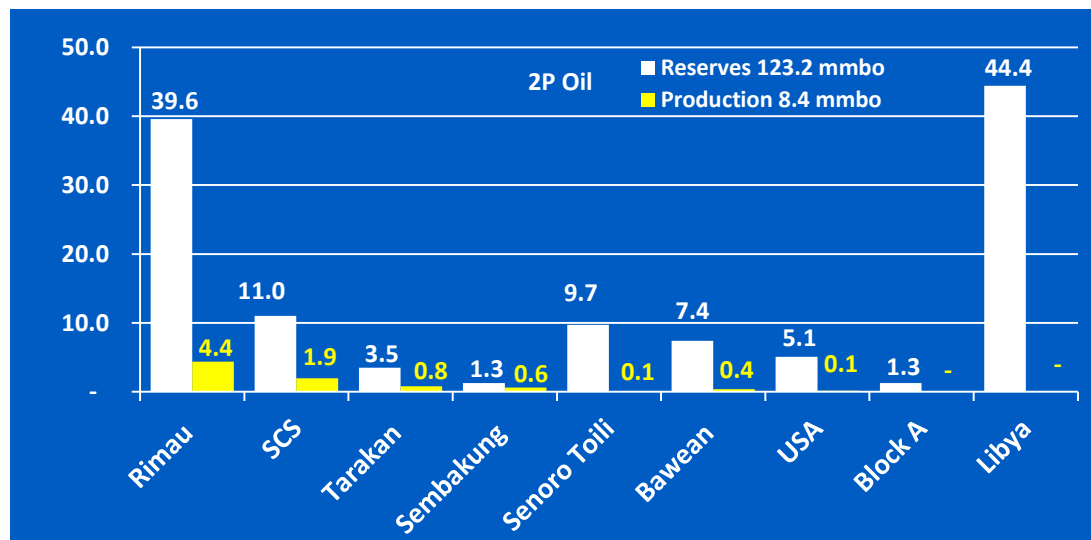


“Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation.”



Medco's international operations spread across 10 assets in Asia, Africa, and the US.

*“The combination of oil and gas reserves on Medco’s portfolio will help sustain production life for years to come”*



❖ **2P or Proven and Probable reserves:**

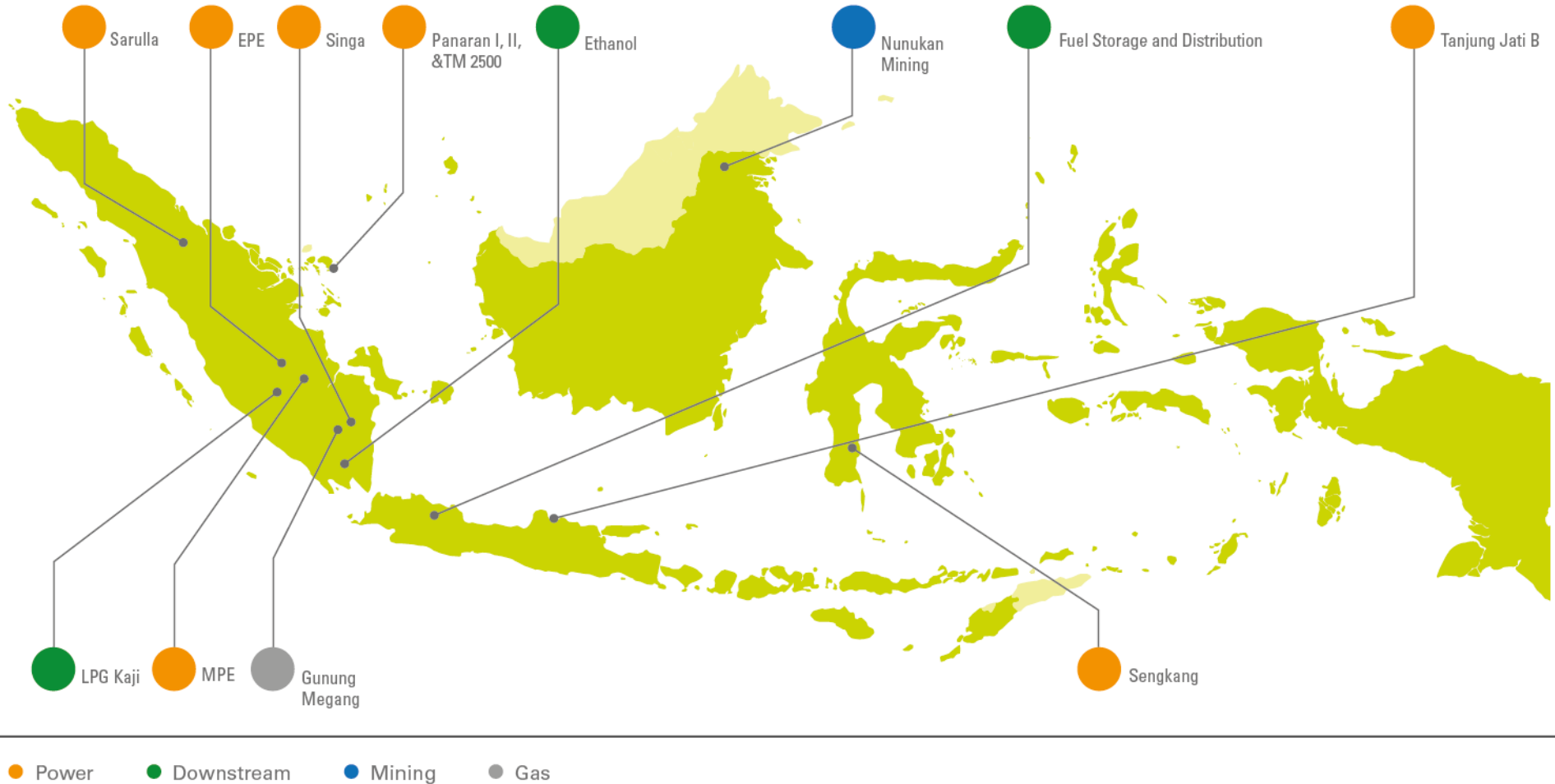
Reserves claimed to have a lower certainty (at least 50% confidence) of being produced due to operational, contractual, or regulatory uncertainties. For 9M12, the addition of reserves from Libya, SCS and Simenggaris has increased the 2P Oil and Gas reserves to 123.2 mmbo and 988 bcf respectively.

❖ As of 9M12, Medco’s 2P reserves are comprised of **42.2% oil** and **57.8% gas**.

→ Most of 2P reserves and Contingent Resources are **technically proven** – conversion to proven reserves is pending certain milestones of commerciality factors e.g. government approvals, final POD etc.

<ul style="list-style-type: none"> <li>▪ Libya-47</li> <li>▪ Senoro Toili</li> <li>▪ Bangkanai</li> <li>▪ Simenggaris</li> </ul>	<p><b>Contingent Resources</b></p> <p><b>160.5 MMBOE</b></p> <p>44% oil, 56% gas</p>
--	--

“Other revenue streams not only further diversify risks but also monetize upstream assets by midstream and downstream integration.”





MEDCOENERGI  
Downstream



## Downstream

- LPG plant in Rimau, South Sumatra, with capacity of 73,000 ton/year -- processing associated gas from Rimau block
- Ethanol plant in Lampung, with capacity of 180 kL/day
- HSD storage and distribution, with storage capacity of 22,700 kL\*\*



MEDCOENERGI  
MINING



## Coal Mining

- Operates two Mining Rights at Nunukan, East Kalimantan. Production started in February 2012
- 1 Block already in production, with first coal cargo shipment on October 2012
- Peak production estimated at 500,000 ton per year



MEDCOENERGI



## Gas Pipeline

- Booster Compressor and 17.5km pipeline at Gunung Megang South Sumatra

## Drilling Services (EPI)

- Provide well services / workover rigs and Electric Wireline Logging (EWL) for oil & gas operations



MEDCOENERGI  
Power



## Power\*

- 2 gas-fired power generation plants with a mobile truck mounted power plant in Batam and 3 gas-fired power generation plants in South Sumatra with total capacity of 189.5 MW
- 1 Operation & Maintenance Contract in Tanjung Jati B Coal Plant, C. Java 1,320 MW

\*(49% participating interest)

\*\* (36.12% participating interest)

*“During 2013-2015 Medco will spent substantial amount of Capex to start develop its Major Projects following the approval of their Final Investment Decisions and PSC contractors appointment”*

Oil and Gas E&P	2012 E	2013 F	2014 F	2015 F	3-YR F
<b>Producing Assets</b>	<b>118.0</b>	<b>164.9</b>	<b>271.9</b>	<b>252.6</b>	<b>689.4</b>
Exploration Capex	22.1	47.0	70.7	52.9	170.5
Development Capex	95.9	117.9	201.2	199.8	518.9
<b>Development Assets</b>	<b>125.7</b>	<b>243.6</b>	<b>153.6</b>	<b>40.9</b>	<b>438.0</b>
Exploration Capex	11.6	11.7	13.6	30.8	56.1
Development Capex	114.0	231.9	140.0	10.1	381.9
<b>Exploration Assets</b>	<b>14.3</b>	<b>10.7</b>	<b>6.9</b>	<b>-</b>	<b>17.6</b>
Exploration Capex	14.3	10.7	6.9	-	17.6
<b>TOTAL Oil and Gas E&amp;P</b>	<b>258.0</b>	<b>419.2</b>	<b>432.4</b>	<b>293.5</b>	<b>1,145.1</b>
<b>Other Energy Related Business</b>	<b>55.3</b>	<b>30.8</b>	<b>25.5</b>	<b>4.2</b>	<b>60.5</b>
<b>TOTAL CAPEX NET</b>	<b>313.3</b>	<b>450.0</b>	<b>457.9</b>	<b>297.7</b>	<b>1,205.6</b>

\*Net Working Interest to MedcoEnergi. Forecasted figures, subject to change.

**04**

**Appendix**

## 1 January 16<sup>th</sup> 2012 : Dilution of 51% ownership in PT Medco Power Indonesia (MPI) to PT Saratoga Power

PT Medco Energi International Tbk. has divested 51% of its shares in PT Medco Power Indonesia (MPI) to PT Saratoga Power on 16 December 2011. MPI is MedcoEnergi's subsidiary which operated the electricity power generation business unit while PT Saratoga Power is a subsidiary of Saratoga Capital, a private equity company focusing on growth capital. The acquisition by PT Saratoga Power was also structured that subscription of new shares will going to take place in two phases as specified in the Shares Purchase and Subscription Agreement (SPSA) which was signed on 14 November 2011. Chronological details of the deal are as follow:

1. On 14 November 2011, MedcoEnergi, Saratoga and MPI has signed a Shares Purchase and Subscription Agreement (SPSA) which Saratoga to acquire 51% of issued and outstanding shares of MPI;
2. The purchase of 51% shares of MedcoEnergi based on MPI Shareholders Circular decision dated 16 December 2011 (Shareholders Resolution) valued at USD 54,880,000;
3. The subscription of new shares issued in Phase I by MPI in pro rata dated 16 December 2011 according to the ownership of each shareholders - Saratoga for 51% (worth USD32,120,000) and MedcoEnergi for 49% (worth USD30,860,392) - by virtue of the Shareholders Resolution;
4. The subscription of new shares issued in Phase II by MPI in pro rata at the latest on March 2012 according to the ownership of each shareholders – Saratoga for 51% (worth USD25,000,000) and MedcoEnergi for 49% (worth USD24,019,608).

Effect of this transaction resulted in the change of shareholders structure as follow:

- PT Saratoga Power – 51%; and
- PT Medco Energi Internasional Tbk – 49%.

And Medco book Capital gain amounting to : \$38,988,417 million in 2011.

The entrance of Saratoga as a strategic partner in MPI is one of the Company's strategy in enhancing the growth of its Power Generation business through synergy. Saratoga and Medco are expecting PT. Medco Power can "Go-Public" in 3 to 4 years down the road. The deal also enables the Company to deconsolidate the Financial Statement of MPI at the end of year 2011, thus reducing its debts, reduce future capital requirement to develop Sarula and Ijen Geothermal Project (in total more than \$ 2 billion) and improve its debt to equity ratio at the end of year 2011.

## 2 March 14<sup>th</sup> 2012 : Medco Signed Memorandum of Understanding to develop Coal Bed Methane (CBM)

The Company announces the signing of Memorandum of Understanding (MoU) to develop Coal Bed Methane (CBM) business executed by and between PT Medco Energi CBM Indonesia, a subsidiary of the Company, and Korea Gas Corporation (KOGAS) the largest LNG player in Asia.

This MOU signing commences the mutual cooperation in the area of CBM development for both companies. MedcoEnergi and KOGAS will jointly identify and study all the best possibilities in implementing projects that can monetize and add value to CBM, including business opportunities relating to CBM industry, such as: Liquefied Natural Gas (LNG), pipelined gas, Dimethyl Ether (DME). The study will also try to find the best technology to produce CBM commercially. This is the second cooperation the Company has established with KOGAS, wherein the first cooperation took place in Senoro gas development project in Central Sulawesi, both for upstream and downstream activities.

Currently, MedcoEnergi has signed three Production Sharing Contracts (PSCs) of CBM, located in South Sumatra and overlying with MedcoEnergi's oil and gas PSCs working areas. The three CBM PSCs are in Sekayu, Muralim, and Lematang blocks. MedcoEnergi is the operator in the Sekayu CBM PSC and a non-operating partner in the Muralim CBM PSC, operated by Dart Energy. Total Gross Original Gas in Place (OGIP) from these blocks are estimated around 6.9TCF.

The MoU signing shows the commitment of MedcoEnergi to develop CBM consistently in the support of the National Energy Policy of Indonesia by providing energy through developing various energy potentials in Indonesia, including CBM, besides the primary source of oil and gas.



## 3 June 11<sup>th</sup> 2012 : Issuance of a 5-year Rupiah Bond III with Principal Amount of Rp 1.5 trillion

MedcoEnergi Issued Rupiah Bond III With Fixed Coupon Rate. BAPEPAM-LK has approved the issuance of PT Medco Energi Internasional Tbk's 'Rupiah Bond III with Fixed Coupon Rate' on June 11, 2012. The Company has appointed PT DBS Vickers Securities Indonesia, PT Mandiri Sekuritas and PT Standard Chartered Securities Indonesia as The Joint Lead Underwriters, while PT Bank Mega Tbk will act as the Trustee.

The Rp. 1,500,000,000,000 (One Trillion and Five Hundred Billion Rupiah) bond is offered at 100% of the principal nominal amount for a tenure of five (5) years and will mature in 2017. The Coupon rate for this Bond is 8.75% per annum. To mitigate the exchange rate risk of the bond, the Company has signed an agreement with PT Bank DBS Indonesia and Standard Chartered Bank to enter into Cross Currency Swap (CCS) arrangement. The swap will allow MedcoEnergi to receive the bond proceeds in US Dollar (USD) thus converting its Rupiah liability into USD liability with the all-in interest rate of 4.85% per annum.

The Bond's proceeds, after deducting with the public offering costs, will be used for:

- a. Financing acquisition of producing oil and gas assets in Indonesia and/or overseas; or
- b. 70% for refinancing and 30% additional working capital and/ or capital expenditure.

This Bond issuance has been another milestone in the Company's fund raising activity, as securing a new low-cost fund with interest rate below 5% per annum, during the current difficult situation due to European crisis and currency volatility is not an easy feat to accomplish. MedcoEnergi expects the Bond will enhance its current performance and create an added value to its shareholders and investors.

## 4 June 19<sup>th</sup> 2012 : Production from Karim Small Fields in Oman has reached over 22,000 BOPD

MedcoEnergi through its wholly owned subsidiary, Medco Oman LLC on June 19, 2012 announced that its production from the Karim Small Fields has reached over 22,000 BOPD, a record number since the Company was awarded the service contract in 2006 at which time the production was still around 9,500 BOPD. The field has demonstrated a steady production increase and achieved 22,538 BOPD in May 2012, compared to last year's monthly average of 18,729 BOPD. The Company operates Karim Small Fields under a production service contract on behalf of PDO (Petroleum Development of Oman), which is jointly owned by the Government of Oman and Shell. The Company, through Medco Oman LLC, holds 51% of participating interest.

The Karim Small Fields, which is located 700 kilometers southwest of Muscat, Oman, consists of 18 fields the majority of which are already in mature state with an average of 20 to 25 years old. MedcoEnergi has conducted a drilling campaign to prioritize the most potential wells combined with good reservoir wells management to attain operational excellence. The Company has also maintained a good safety record with over 3.7 million man hours without accident. Currently, the Company's main activities is to continue to increase production through improving efficiencies in the drilling program, finding new prospective reservoirs and undertaking production optimization. To date MedcoEnergi together with its partner has spent a total investment of USD 32.5 million and managed to earn repayment and dividend of USD 57.5 million.

This achievement in Oman is a showcase of the Company's success in operating overseas producing assets, particularly in the Middle East region. This performance proves that MedcoEnergi is highly capable of delivering the best service and operations in this region. MedcoEnergi's operation team, which is currently 80% supported by local resources of Omani people across subsurface, drilling, and operation divisions, has been working extensively to add values at international operations and to support the Company's business strategy in strengthening the portfolio of producing assets and Medco's foot print in MENA Countries. In future MedcoEnergi plans to increase participation of local resources, not only in Oman but also in other places where it operates.

5

## **July 5<sup>th</sup> 2012 : Medco signed a Sale and Purchase Agreement with Reliance Exploration & Production DMCC (REPDMCC) to acquire 25% participating interest in Block 9 (Malik) in Republic of Yemen**

PT Medco Energi Internasional Tbk, through its wholly owned subsidiary, Medco Yemen Malik Ltd., has signed a Sale and Purchase Agreement (SPA) with Reliance Exploration & Production DMCC (REPDMCC) to acquire 25% participating interest in Block 9 (Malik) Republic of Yemen on 5th July 2012, with effective economic date of 1st January 2012. Having fulfilled all the condition precedents specified in the SPA in the amount of USD 90,000,000 the transaction was completed on 4 December 2012.

The structure of participating interest ownerships in Block 9 (Malik) Production Sharing Agreement will be as follows:

1. Calvalley Petroleum (Cyprus) Ltd- 42.50% (Operator)
2. Medco Yemen Malik Ltd. – 21.25%
3. Hood Oil Limited – 21.25%
4. YOGC – 15.00%

Block 9 is an exploration and production block located in the province of Hadramaut, Republic of Yemen, about 350 kilometers north-east of the Yemeni capital, Sana'a. The Block, which is located within the Sayun-Masila Basin, has an area of 2,234 square kilometers, in which some of its area has previously been explored. On 25 August 2005, the Government of Yemen has granted the construction license for this Block for the period of 20 years. The license also states that the holders of participating interest of this block (the Contractor) has the right to negotiate for an extension of another 5 years after 2025.

Currently Block 9 produces an average of 4.4 MBOPD as of November 2012 from 1 well, and is envisaged to produce up to approximately 14.5 MBOPD by 2014. The estimated gross 2P reserves of Block 9 is approximately 58.6 MMBO (as of 1 January 2012) from 4 out of 13 prospective oil fields bearing.

6

## **October 1<sup>st</sup> 2012 : The maiden shipment of 38,000 tons of thermal coal from Duta Tambang Rekayasa (DTR) a subsidiary of Medco Energi Mining**

PT MedcoEnergi Tbk, through its wholly owned subsidiary PT MedcoEnergi Mining International, proudly announced the maiden shipment of 38,135 tons of thermal coal from Duta Tambang Rekayasa (DTR) on October 1st, 2012. The coal was sold to China Coal Solution Pte Ltd. and shipped out from Nunukan port using five coal barges. The selling price of this first trial cargo was sold slightly below (88%) of our Cash Cost.

DTR, who holds mining permits under Medco Mining International, produces coal with distinctive features such as a calorific value of 6,800 kcal/kg (air dried basis), medium ash, low moisture content and high sulfur. Currently, DTR produces 25,000 tons of coal per month with plans to double the output after securing a long term contract with buyers. Medco intends to achieving its targets in the coming months by continuing ongoing operations and optimizing available resources to produce 50,000 tons of coal per month. Production for 2012 is estimated at 170,000 tons with expectations to achieve total production 600.000 tons in 2013.

As of November this year, MedcoMining has successfully secured 1 year contract with attractive price to a Chinese's buyer. This contract will generate a positive operating cash flow minimal of \$ 12.2 million in 2013 from this business.

7

## **October 9<sup>th</sup> 2012 : Signed a Gas Sales and Purchase Agreement (GSPA) with Perusahaan Daerah Nusa Serambi Persada and a GSPA amendment with PLN Borang, South Sumatra**

PT Medco Energi Internasional Tbk, through its subsidiaries PT Medco E&P Indonesia and PT Medco E&P Simenggaris continues to expand its role as a national oil and gas company that supports the supply of gas for domestic market. A testament to this are the signing of a gas sales and purchase agreement (GSPA) between Joint Operating Body (JOB) Pertamina-Medco E&P Simenggaris (consisting of PT Medco E&P Simenggaris, PT Pertamina Hulu Energi Simenggaris, and Salamander Energy Simenggaris Limited), and Perusahaan Daerah Nusa Serambi Persada and also the signing of a GSPA Amendment between PT MEPI and PT Perusahaan Listrik Negara during the Gas Information Exchange in the Western Pacific Area or GASEX 2012, in Bali, October 9th.

The signing of the GSPA with Perusahaan Daerah Nusa Serambi Persada was represented by JOB P-MEPS as the operator of the working area in the Simenggaris PSC Block, East Kalimantan. The gas, which is scheduled to be sent in the third quarter of 2013 by JOB P-MEPS, will be converted into Compressed Natural Gas (CNG) by Perusahaan Daerah Nusa Serambi Persada. It will then be used to fulfill the energy demand of Nunukan Regency and other surrounding regencies in the northern East Kalimantan province with a daily gas supply of 5 MMSCFD for 11 years (2013 – 2024). The agreed gas price was USD5.2/MMBTU with an escalation of 3% per year. This transaction is estimated to generate a total income approximately at USD129 million for the government and PSC contractor.

In addition, the Company also signed the 4th Amendment of the GSPA with PLN Borang, South Sumatra. The gas is used as fuel for the gas-fired power plant in Borang, owned by PLN, to meet electricity demand in Palembang, South Sumatra. The GSPA Amendment constituted price increase for the Make-Up Gas, originally priced at USD2.55/MMBTU, now adjusted to a range of USD 4.7-6.0/MMBTU. Furthermore, the Amendment also set the gas price to be adjusted at USD6.00/MMBTU starting in June 2013. The contract period is for 10 years or until the Total Contract Quantity (TCQ) volume of 36.8 TBTU has been fulfilled, whichever earlier. This gas price increase is estimated to provide additional gross revenues of approximately USD39 million for the government and PSC contractor.

## 8 October 11<sup>th</sup> 2012 : Dilution of 63.88% ownership in PT Medco Sarana Kalibaru (MSK) to Puma Energy LLC.

Puma Energy LLC, the global midstream and downstream energy company, announced the signing of an agreement to purchase 63.88% of PT Medco Sarana Kalibaru, the fuel storage and distribution subsidiary of PT Medco Energi Internasional Tbk on October 11th, 2012. The new venture will be called PT Puma Medco Petroleum. This agreement was completed on 4 December 2012.

This transaction, with the total amount of USD36,000,000, has been carried out in two (2) stages and at the same day as follows :

1. The sale of 63.88% MSK shares owned by PT Medco Energi Internasional Tbk through its wholly owned subsidiary PT Medco Downstream Indonesia (MDI) in the amount of USD 13,003,200; and
2. Shares Subscription:
  - PUMA subscribed 2,206,083 newly issued shares of MSK for a subscription price of USD 22,996,800; and
  - MDI subscribed 1,247,397 newly issued shares of MSK using the proceeds from the Sale of Shares for a subscription price of US\$ 13,003,200.

Upon the effectiveness of the acquisition and shares subscription by PUMA and MDI, the shareholders structure of MSK becomes the following:

- Puma Energy (Singapore) Pte. Ltd. – 63,88%; and
- PT Medco Downstream Indonesia – 36,12%.

From this transaction Medco booked capital gain amounting to USD 90,000

The acquisition will add 60 members of staff and increase Puma Energy's fast-growing Asian presence. Indonesia will be the 34th country worldwide in which Puma Energy operates. Both companies are investing together in this new venture to become a leading player in the industry. The strategic alliance is designed to bring together the strengths and expertise of both companies to create the best fuel trading and distribution business in Indonesia and the surrounding region for the benefit of our customers, employees, as well as other stakeholders in the country.

## 9 December 1<sup>th</sup> 2012 : Signed an Amendment of the GSPA with PT Mitra Energi Buana, South Sumatra.

PT Medco Energi Internasional Tbk, through its subsidiaries PT Medco E&P Indonesia has signed a gas sales and purchase agreement Amendment with PT Mitra Energi Buana (MEB) to supply gas to the Muara Enim Regency in South Sumatra area. The gas will be supplied from South & Central Sumatra PSC Block and sent to Rambutan Station as the Delivery Point.

The GSPA will take effect on 1 December 2012 and will last for five years or until the the Total Contract Quantity (TCQ) volume has been fulfilled, whichever earlier. The Amendment will bring several important changes, among others the increase of Daily Contract Quantity (DCQ) volume from 2.5 BBTUD to 3.7 BBTUD and also the TCQ from 6.1 TBTU to 12.6 TBTU.

Other adjustment includes the increase of gas price, from the previous gas price of USD3.41/MMBTU to USD6.04/MMBTU in 2012, with an escalation factor of 3% per year. The new gas price is effective after the signing of the GSPA. The combined increase of gas sales volume and price contributes a positively, in increasing the gross revenues of the project by approximately by USD 40 million (an increase from USD18 million to USD 58 million). Hence this GSPA Amendment will also contribute an increase income for the central government, local government of Muara Enim Regency, and Medco E&P as the contractor of the South & Central Sumatra PSC Block.

MedcoEnergi remains committed to increase its gas supply for domestic market in Indonesia. Aside South Sumatera area, Medco E&P has been supplying gas for other domestic needs such as fertilizer industry as well as the State-owned Electricity Company PLN's power generation plants in Java and East Kalimantan. Gas Contracts to PLN has very low credit risk since payment has generally been on time.

10

## **December 12<sup>th</sup> 2012 : Issuance of Medco Energi Internasional Shelf-Registered Bond I in the amount of IDR 4.5 trillion for a 5-year maturity period**

PT Medco Energi Internasional Tbk., has started the issuance of 'Medco Energi Internasional Shelf-Registered Bond I' in the amount of IDR 4.5 trillion for a 5-year maturity period. For the 1st phase issuance in 2012, the Bond offering will amount up to IDR 500 billion with a coupon rate of 8.8%. The Bond is rated idAA- from Pefindo. Proceeds from the Bond, after being deducted by issuance costs, will be used to repay parts or all of the Company's debt instruments, prioritized based on the maturity date. The offered Bond does not have any specific collateral and the Bond's interest will be paid quarterly. To mitigate the exchange rate risk of the bond, the Company has entered into Cross Currency Swap (CCS) agreement with PT Bank DBS Indonesia and Standard Chartered Bank. The swap will allow MedcoEnergi to receive the bond proceeds in US Dollar (USD) thus converting its Rupiah liability into USD liability with the all-in interest rate of 4.6% per annum.

The Company has obtained the effective statement from the Indonesia Capital Market and Financial Institution Supervisory Agency (Bapepam and LK) on 12 December 2012, while the public offering will be conducted on 13 and 14 December 2012. The allotment date will be on 17 December 2012, while electronically the Bond will be distributed on 19 December 2012 and listed on the Indonesia Stock Exchange (IDX) on 20 December 2012. The Due Diligence Meeting & Public Expose has already been held in Ritz-Carlton Hotel on 19 November 2012. Acting as the joint lead underwriters are PT DBS Vickers Securities Indonesia, PT Bahana Securities, PT Danareksa Sekuritas, PT Mandiri Sekuritas and PT Standard Chartered Securities Indonesia. Bank Mega will act as the custodian.

With reliable corporate management team coupled by the Company's strong experience in the energy sector and profitability as well as its sound performance and efficiency, the management are optimistic that the Bond offering would have the same success as its previous bond issuances.





**Objective: Commercialize 1.96 TCF of gross 2P reserve and contingent gas resources through LNG product**

## Upstream:

- ❖ Scope: Build 310 MMSCFD plant, target 3Q-2014
- ❖ Status:
  - Obtained POD approval on May 2011 and AFE approval on February 2012
  - Site Preparation activities on CPP have reached 82.5% progress, full handover of CPP area to EPC contractor in 4Q-2012, and Jetty area in 1Q-2013
  - EPC CPP contract awarded to Tripatra – Samsung Consortium (TSC) on 17 September 2012
  - Land Acquisition of 127 hectares of CPP and Jetty and 21 km of Pipeline Right-of-Way (ROW) to DSLNG have been completed.
  - Project Financing Due Diligence is ongoing.

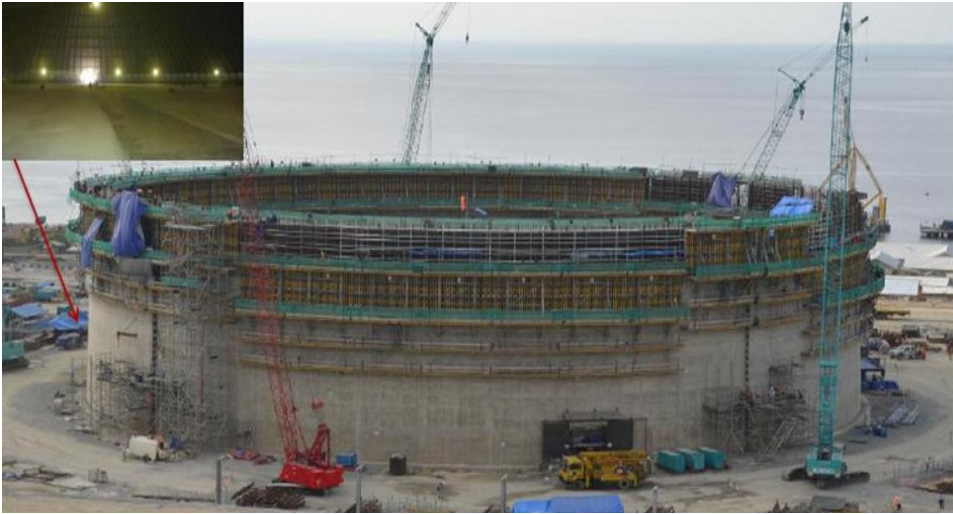


**Objective: Commercialize 1.96 TCF of gross 2P reserve and contingent gas resources through LNG product**

**Downstream:**

- ❖ Scope : Build 2.0 MT per annum LNG facilities, target first LNG to buyer by 4Q-2014.
- ❖ Status:
  - Commence LNG EPC contract on 28 Feb 2011.
  - EPC progress currently reached 68.2% (compared to 57.4% target) as of end of October 2012.
  - Project Financing Due Diligence is ongoing.





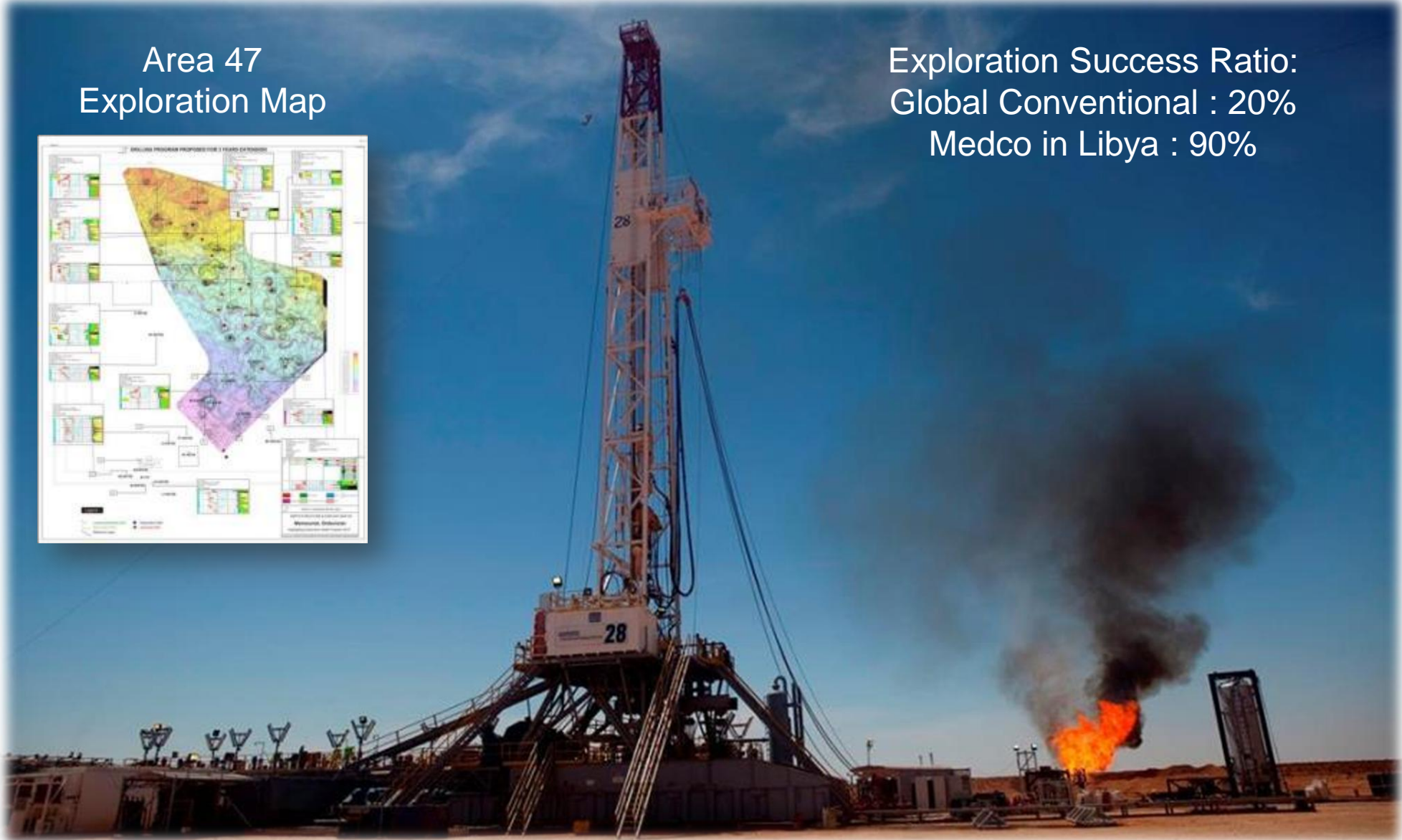


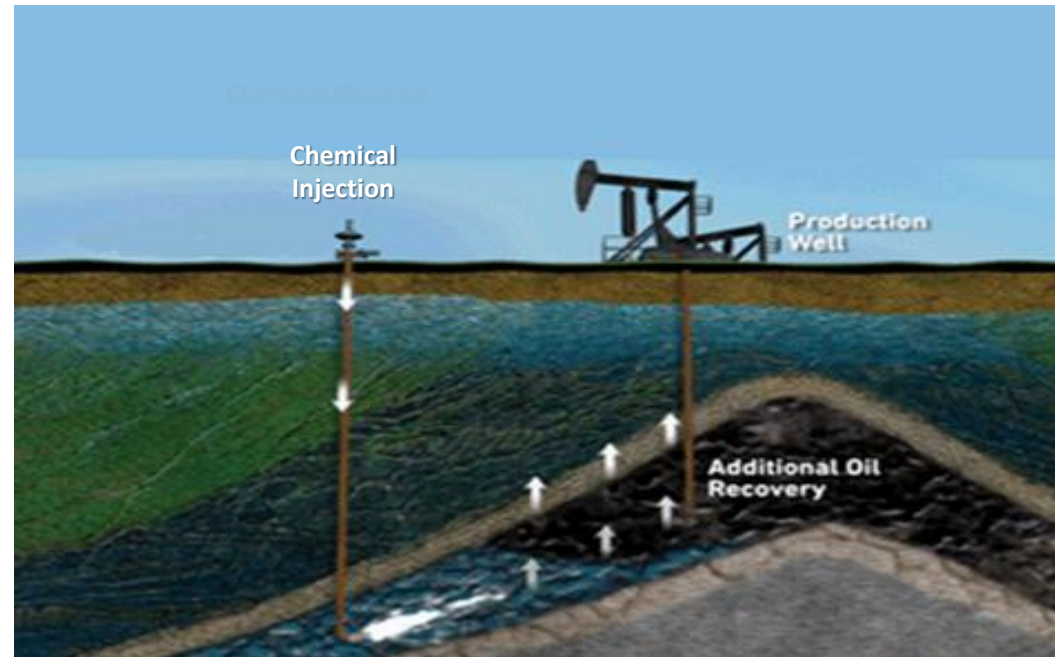
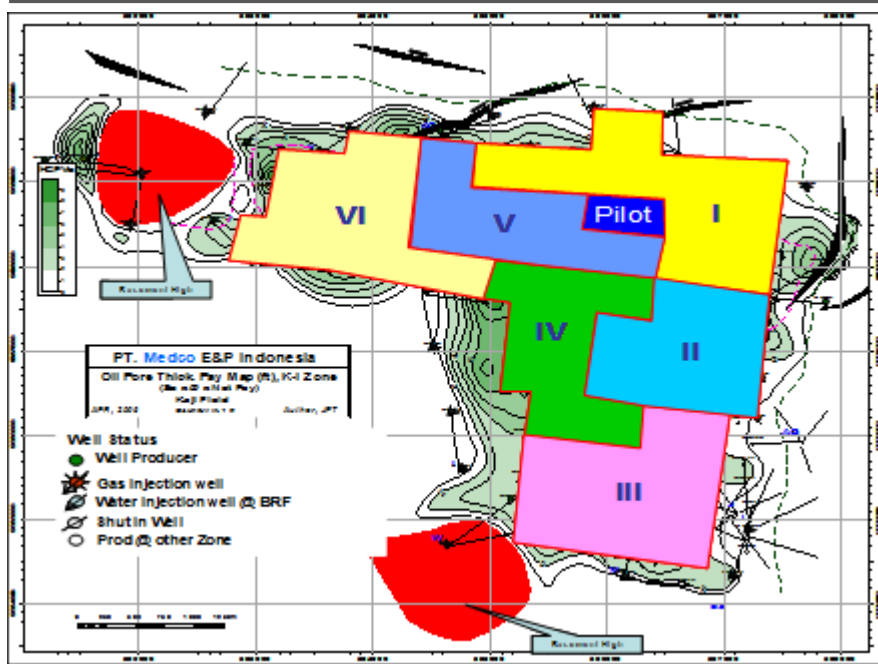
- ❖ Scope : Build 50-100 MBOPD capacity production facilities with associated pipelines
- ❖ Status :
  - Total 26 wells drilled, 20 exploration wells and 6 appraisal wells. 18 out of 20 exploration wells discovered oil and gas (exploration success rate of 90%).
  - Obtained Commerciality Declaration for structure A,D and F on 14 December 2011.
  - Preparing the establishment of Joint Operating Company (JOC) and finalizing Joint Operation Agreement (JOA) and Shareholder Agreement (SHA) negotiation with National Oil Company (NOC) of Libya
  - Pre-Engineering study by Foster Wheeler is completed. Production facilities targeted for completion in 2015.

## Area 47 Exploration Map



Exploration Success Ratio:  
Global Conventional : 20%  
Medco in Libya : 90%





- ❖ Objective: Increase oil production from existing reservoir using enhanced recovery technique (surfactant)
- ❖ Scope : Implementation of Chemical Flooding project in Kaji Semoga to increase the recovery of original oil in place (OOIP) by up to 60 MMBO starting 2015
- ❖ Status :
  - Started pre-flush activity in December 2011
  - Obtained Mechanical Completion of Chemical Injection Facility on August 2012 and started commissioning Chemical Injection in November 2012.
  - Capex will be internally funded from operation.

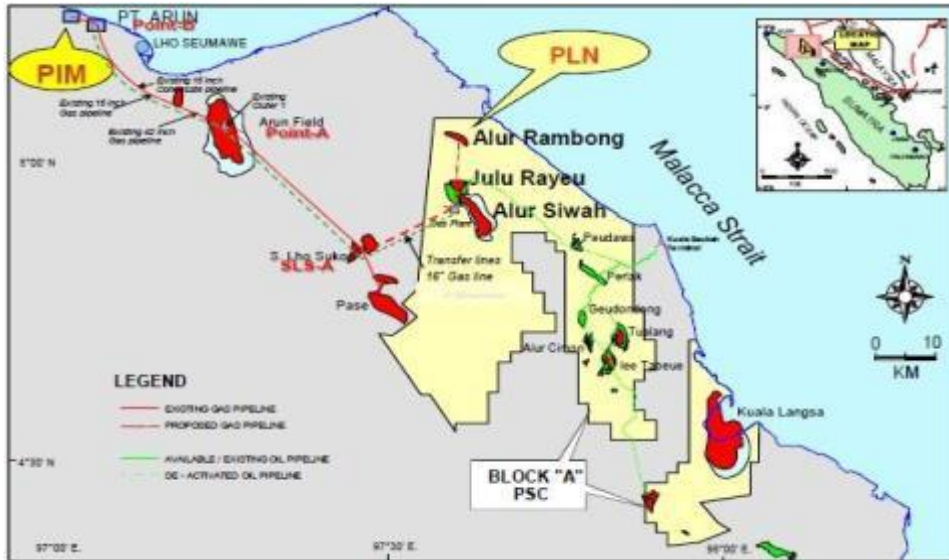


Road Asphalting on EOR Pilot Area



Production Area





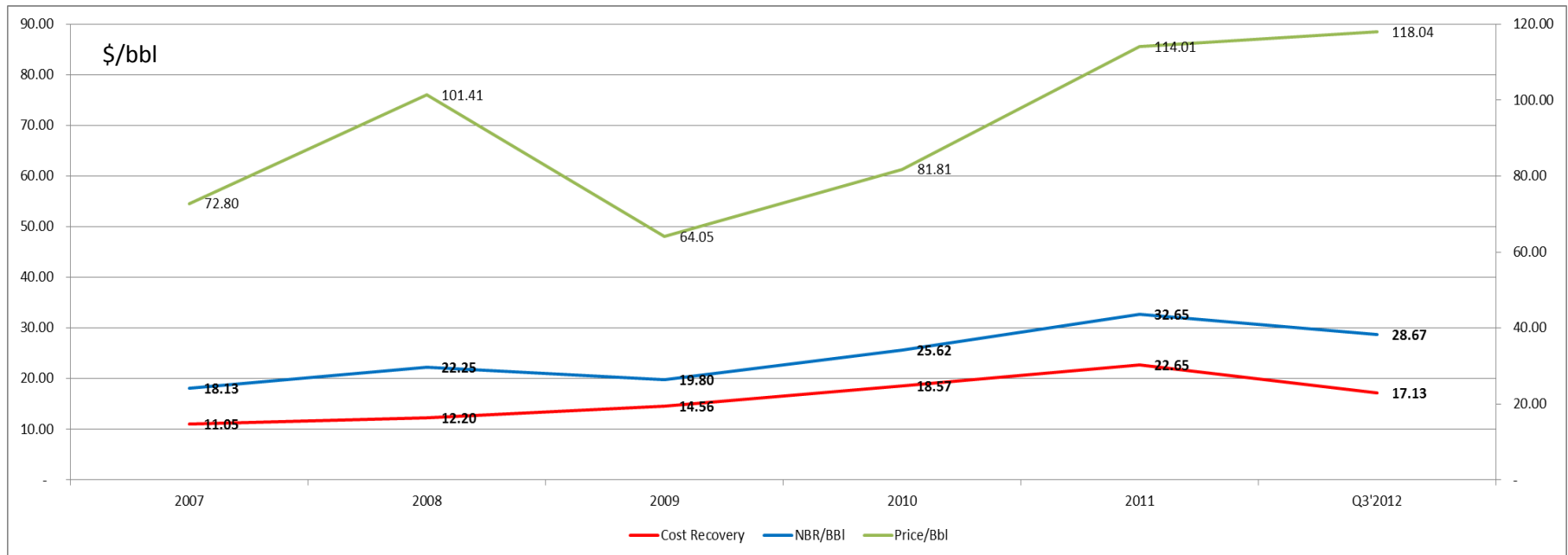
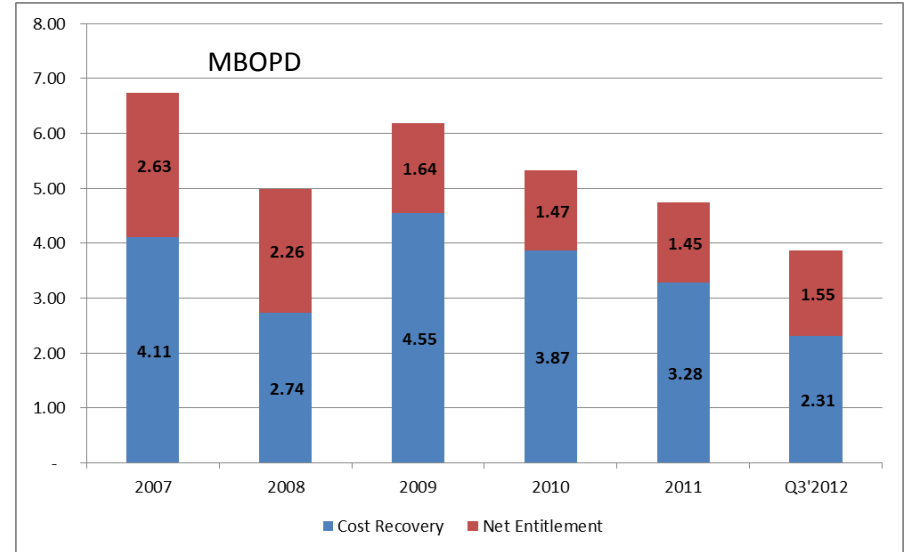
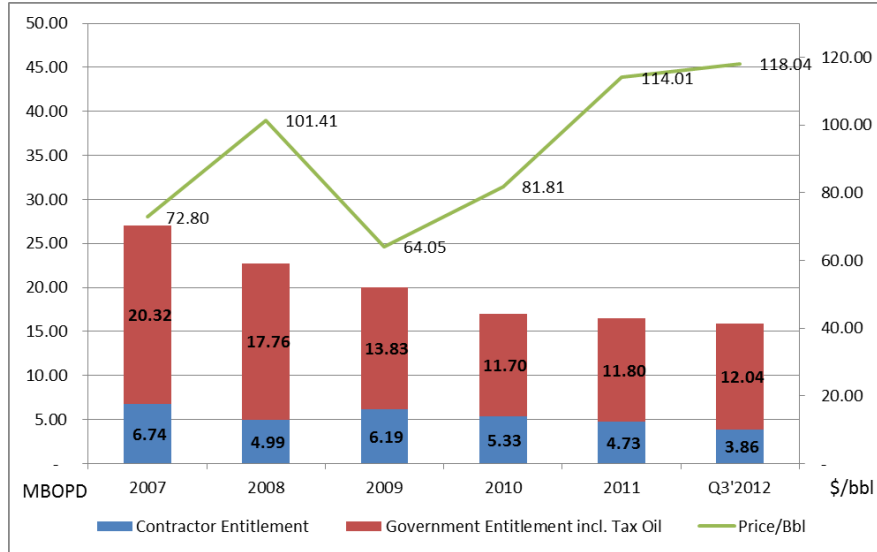
Future office illustration

- ❖ Scope:  
Build 2 x 55 MMSCFD capacity gas plant facilities and associated pipelines, to monetize 343 BCF of gross contingent reserves; to supply state owned fertilizer company (Pupuk Iskandar Muda).
- ❖ Status:
  - EPC contract re-tender in process, in consultation with BPMIGAS for Direct Selection Tender
  - Facility Sharing Agreement (FSA) finalization with Exxon Mobil Indonesia (EMOI), DJKN and PT Arun is ongoing, target to conclude by 4Q-2012
  - Matang-1 exploration contracts are ready, rig mobilization has been completed with spud in late November 2012.

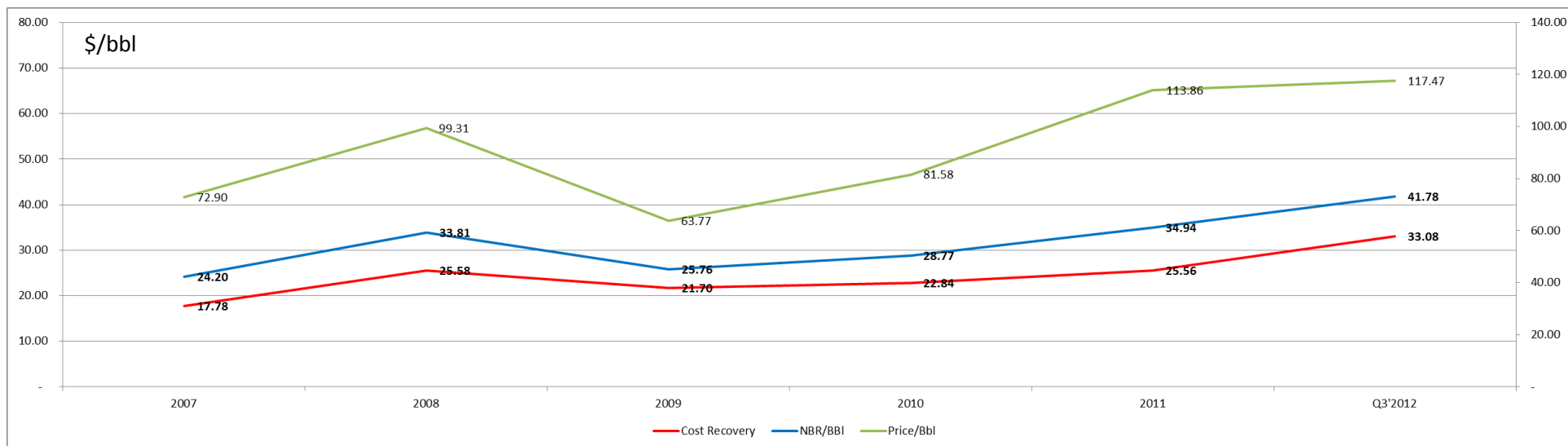
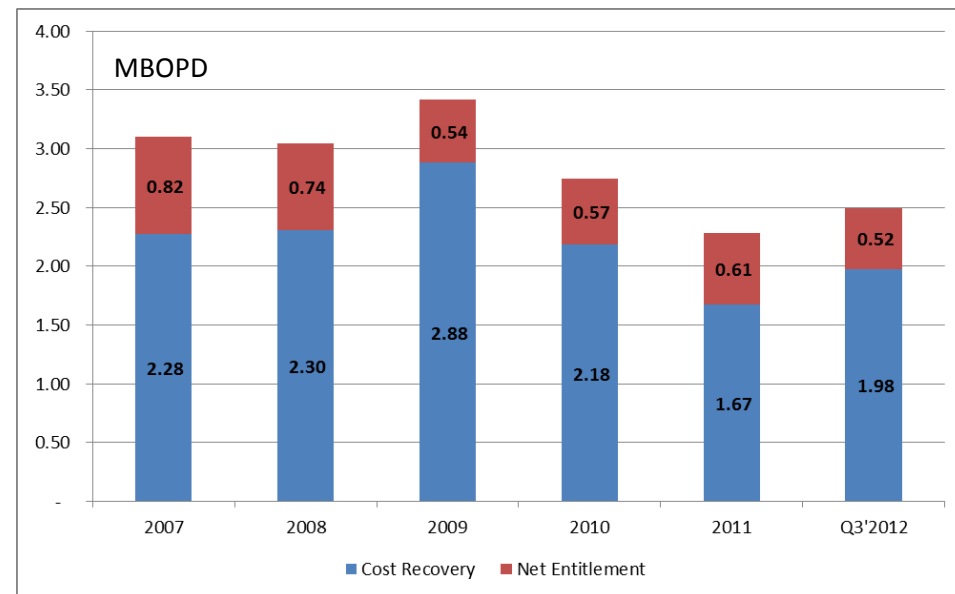
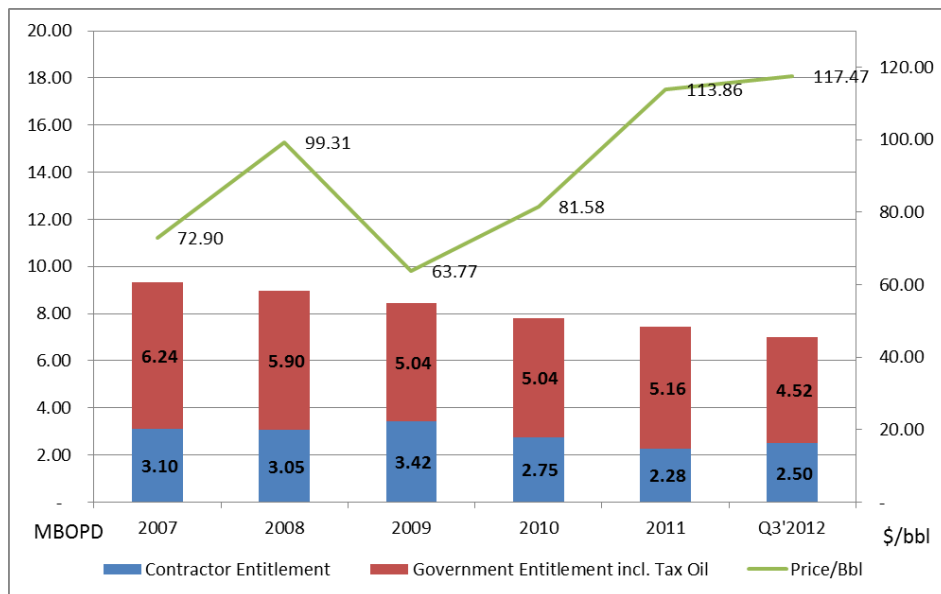
Rig Installation on Matang-1 Well



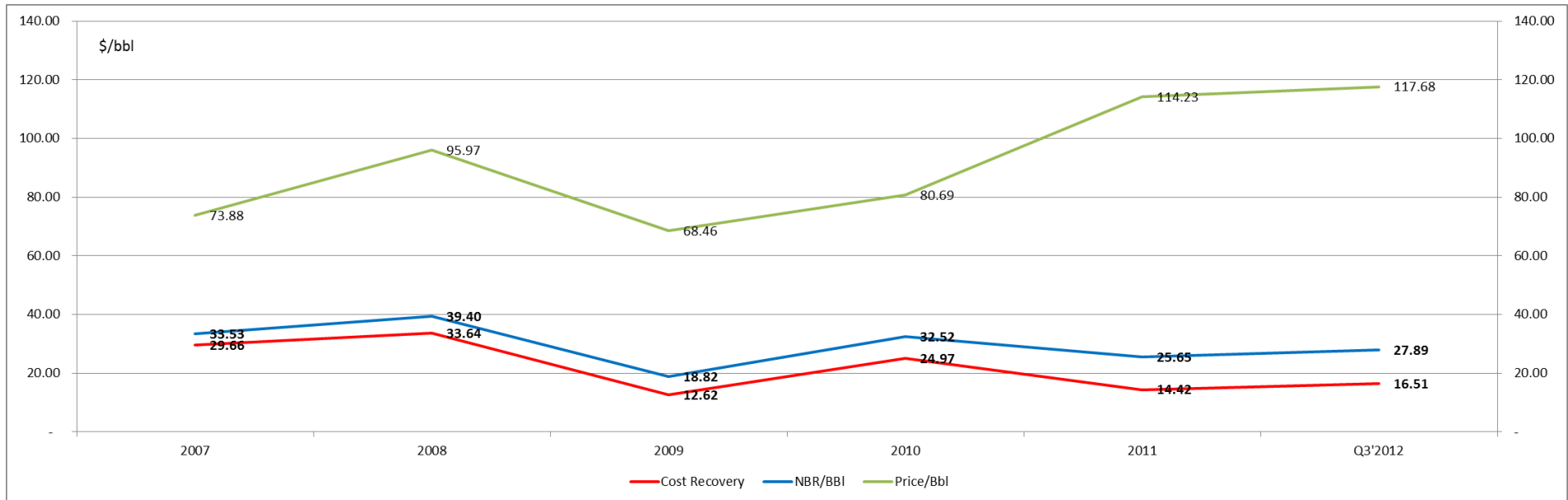
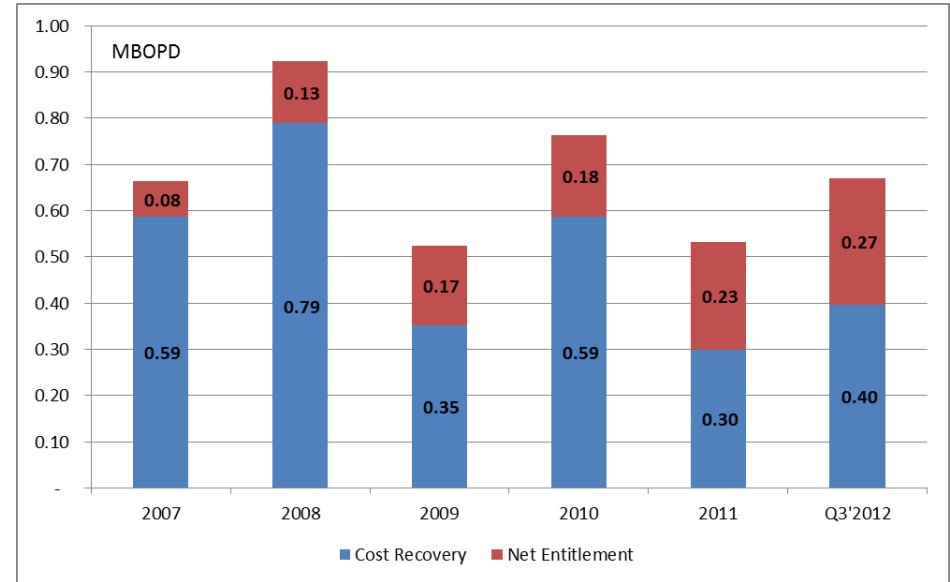
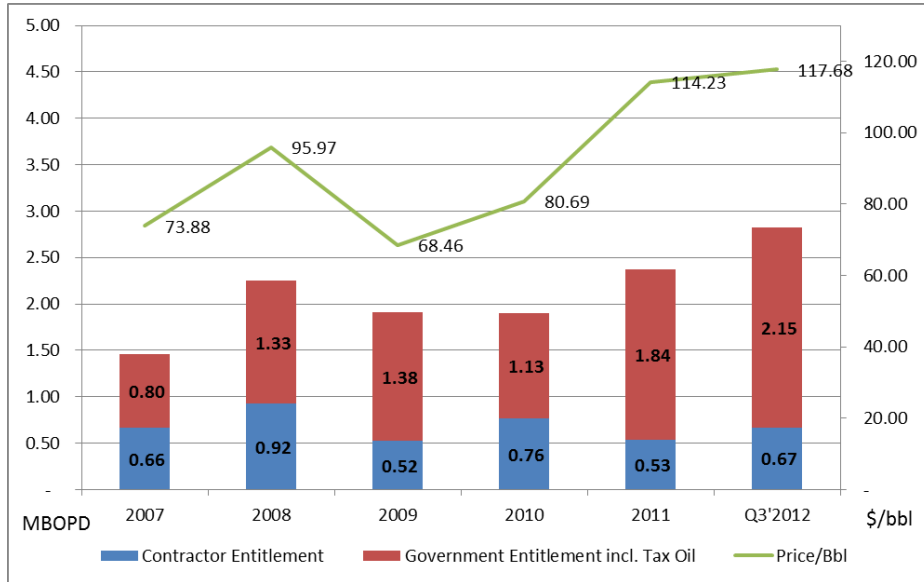
# Rimau Oil Net Entitlement, Cost Recovery and Net Back



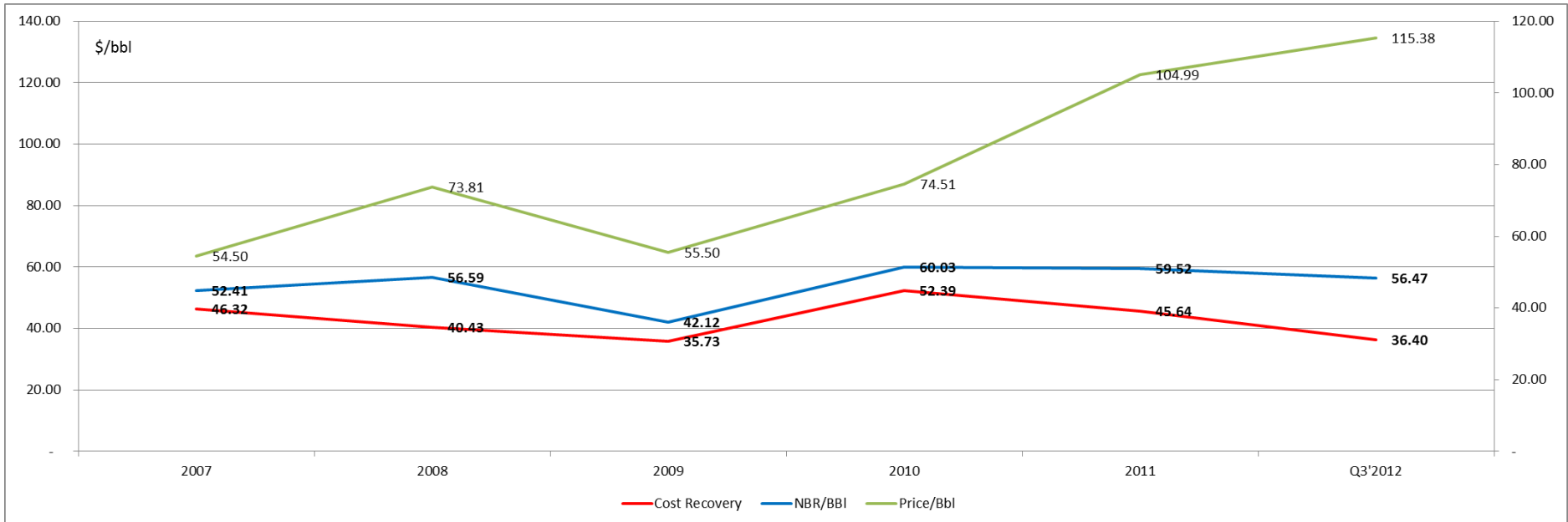
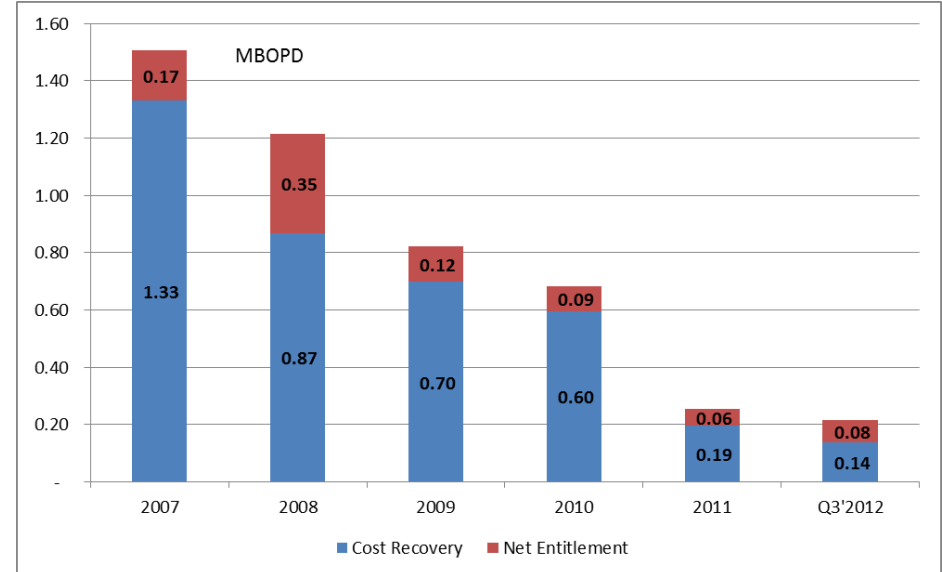
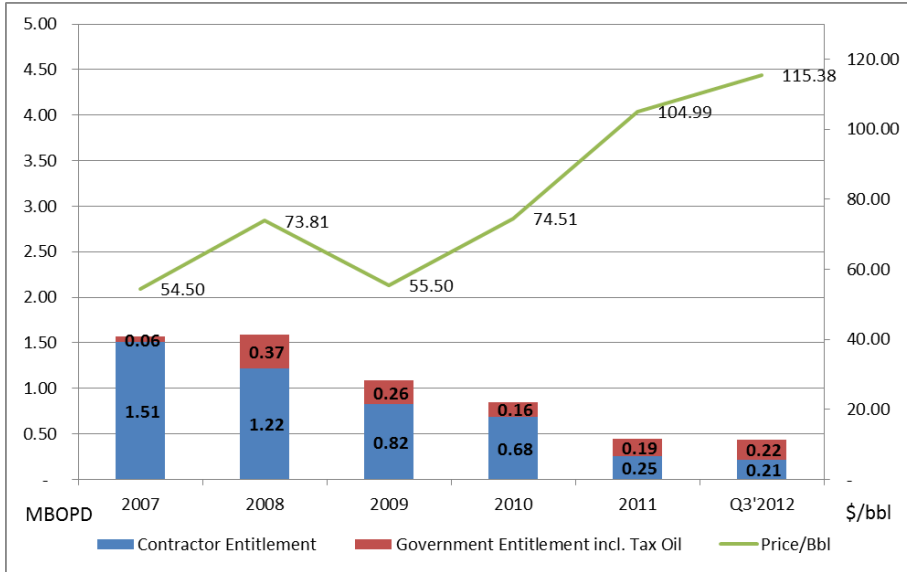
# SCS Oil Net Entitlement, Cost Recovery and Net Back



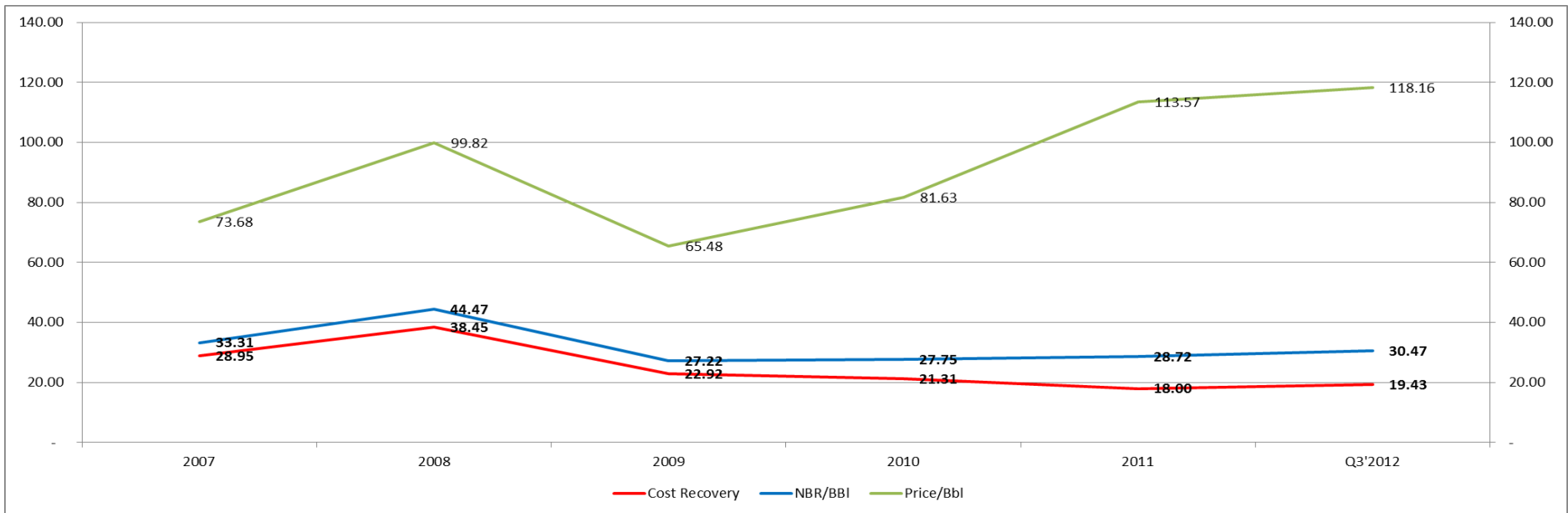
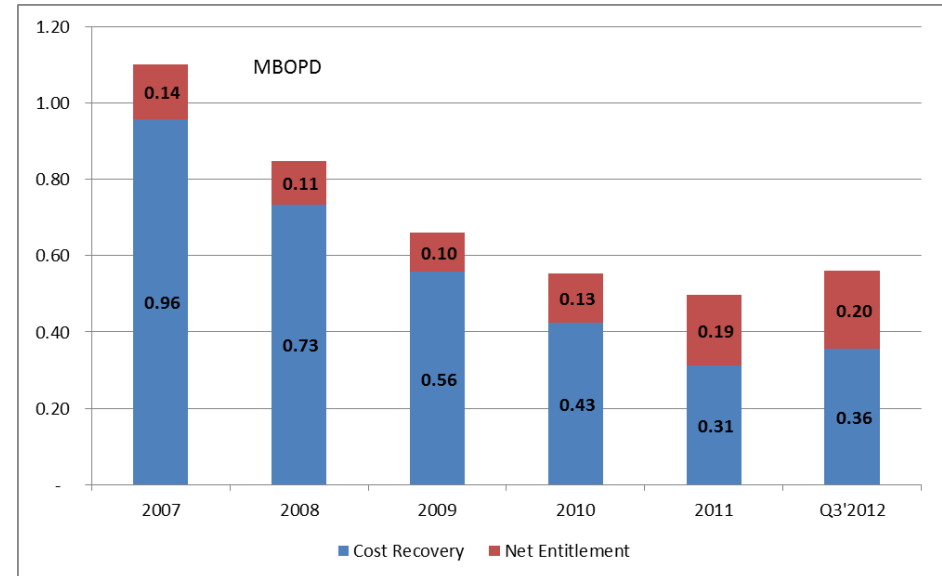
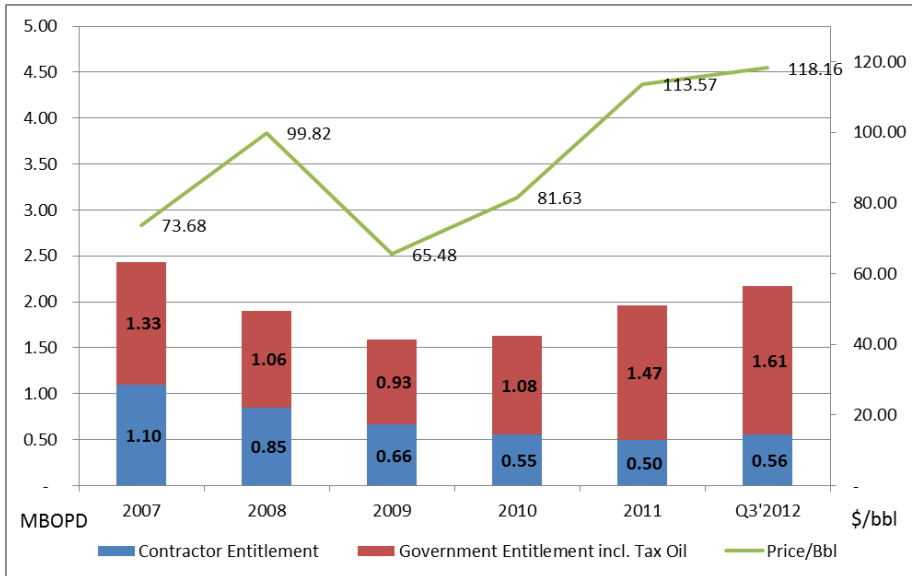
# Tarakan Oil Net Entitlement, Cost Recovery and Net Back



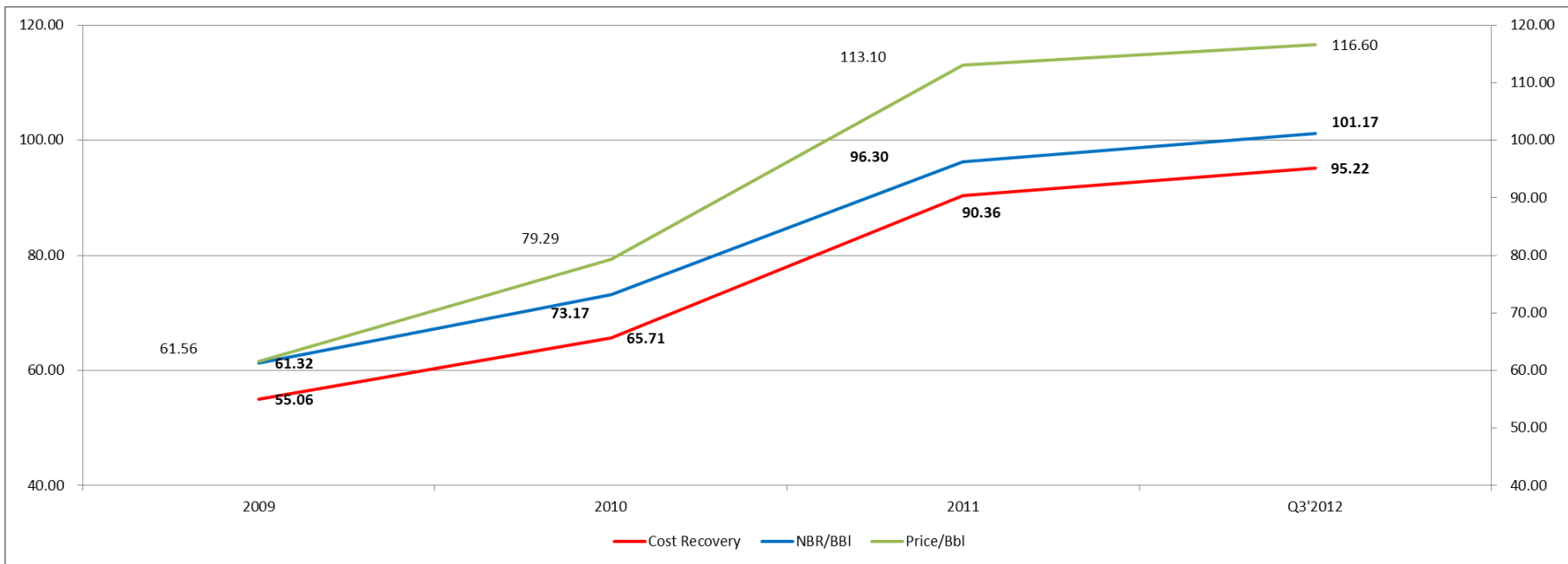
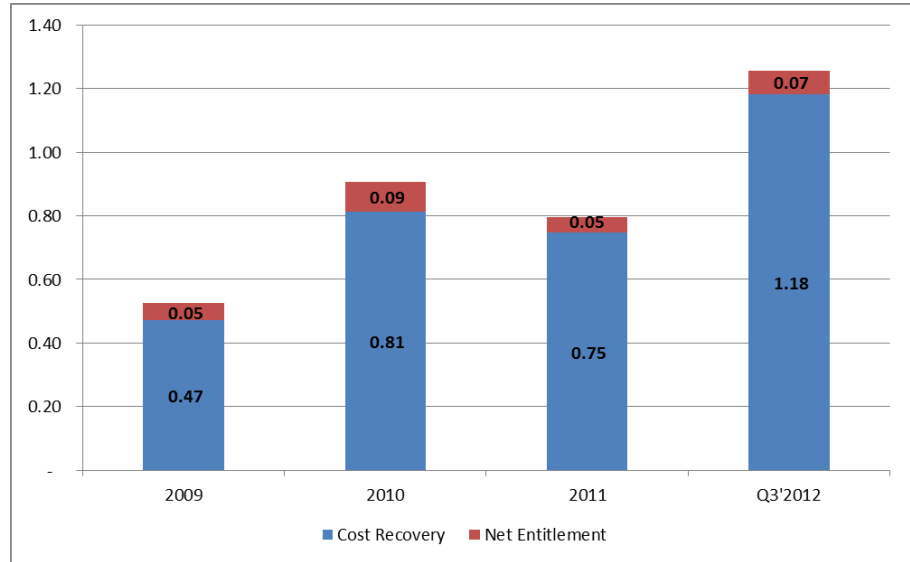
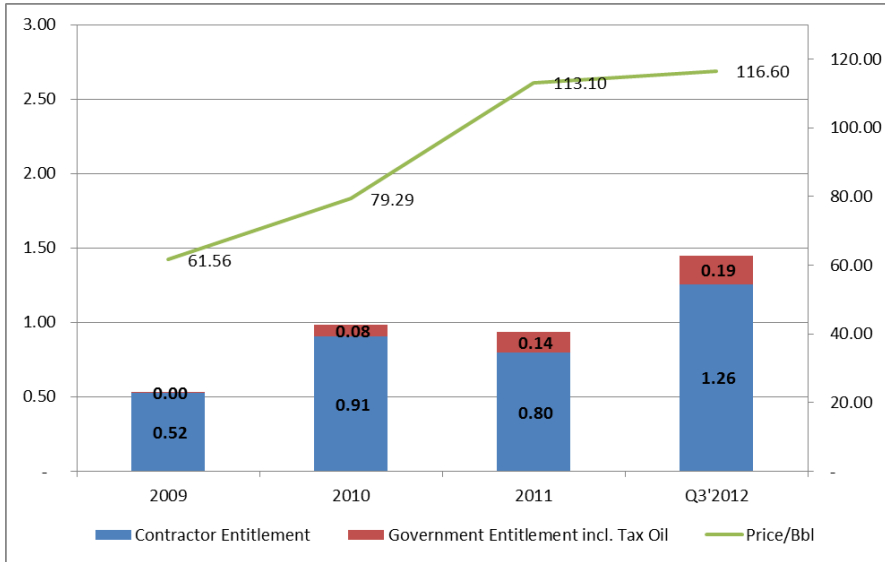
# Tomori Oil Net Entitlement, Cost Recovery and Net Back



# Sembakung Oil Net Entitlement, Cost Recovery and Net Back

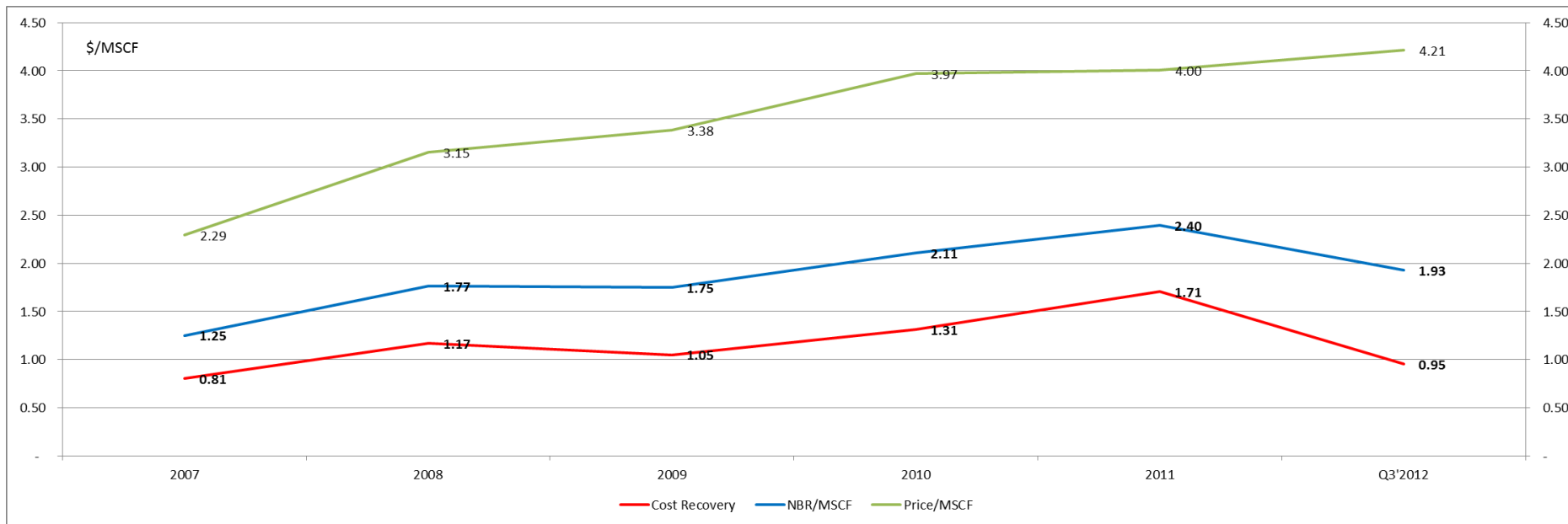
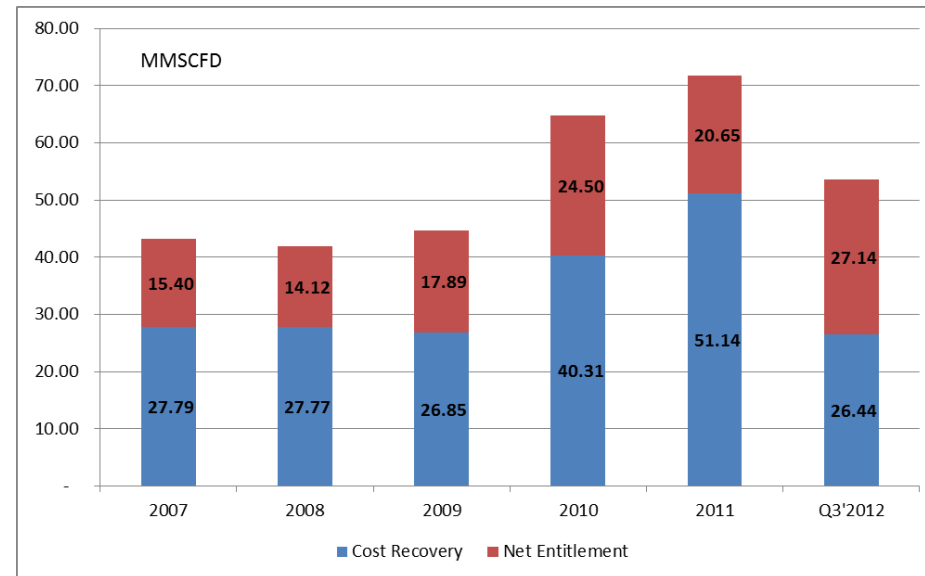
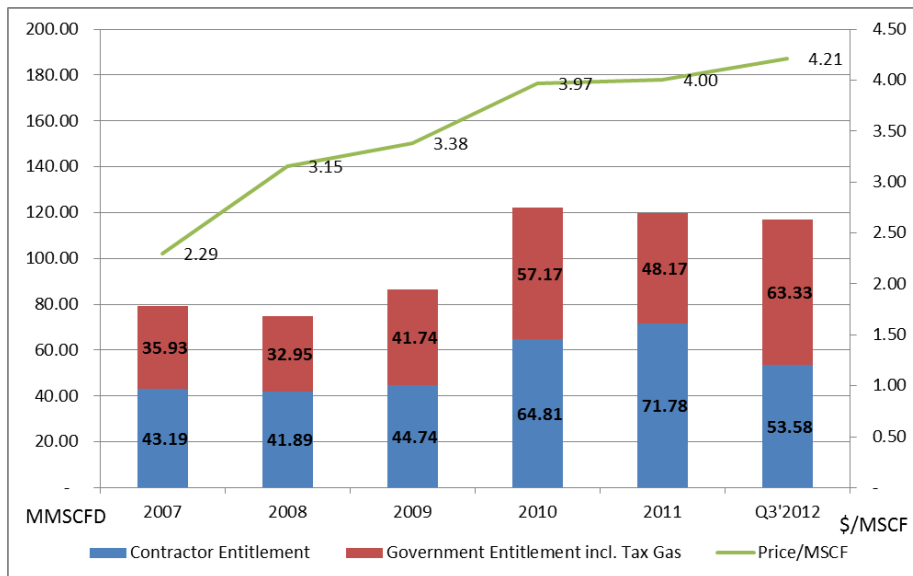


# Bawean Oil Net Entitlement, Cost Recovery and Net Back

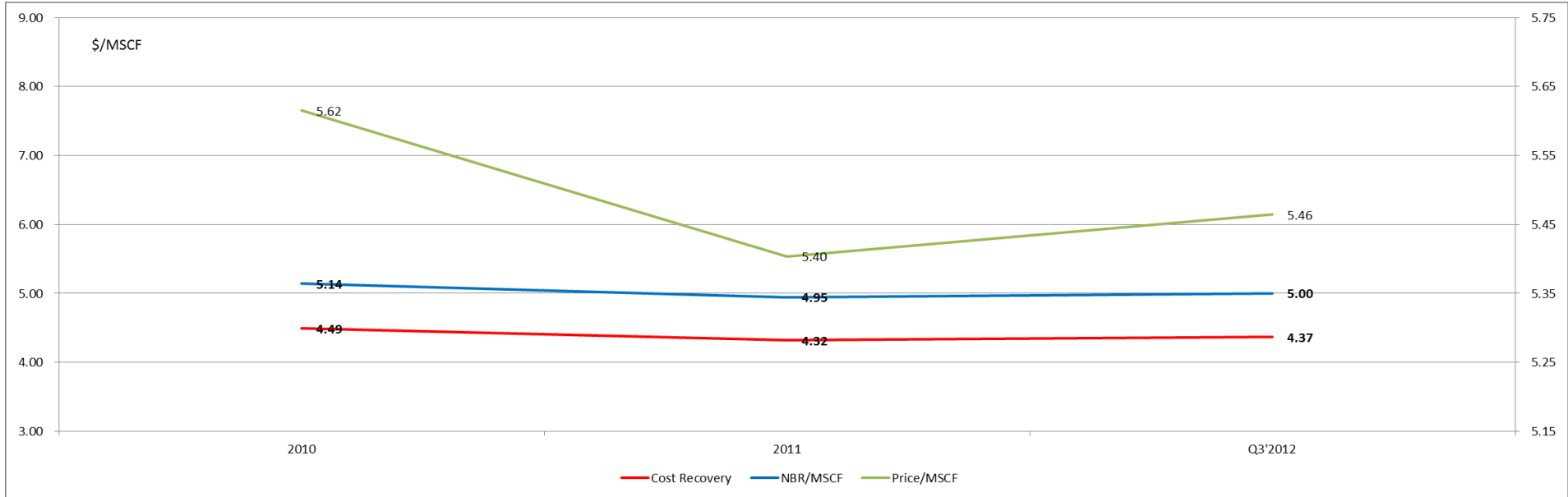
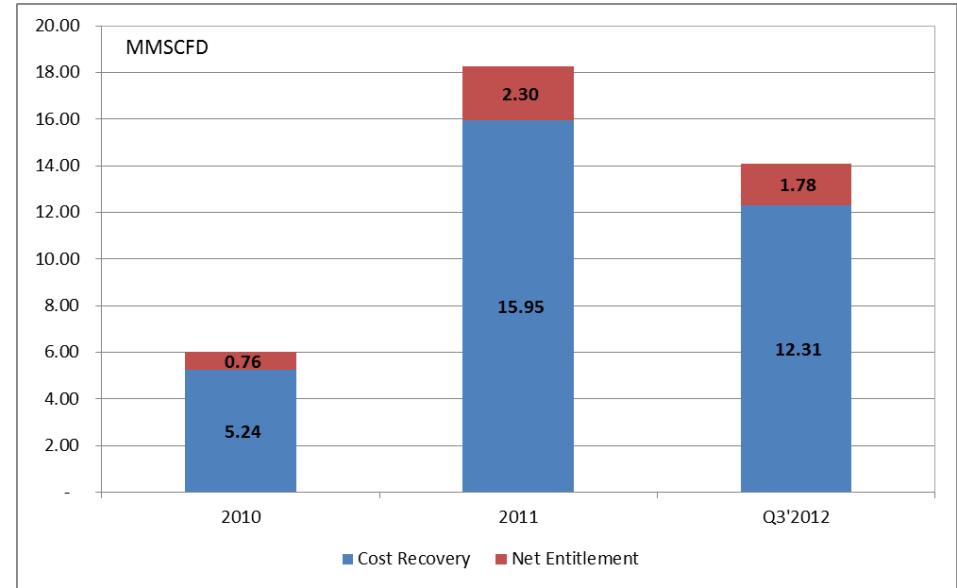
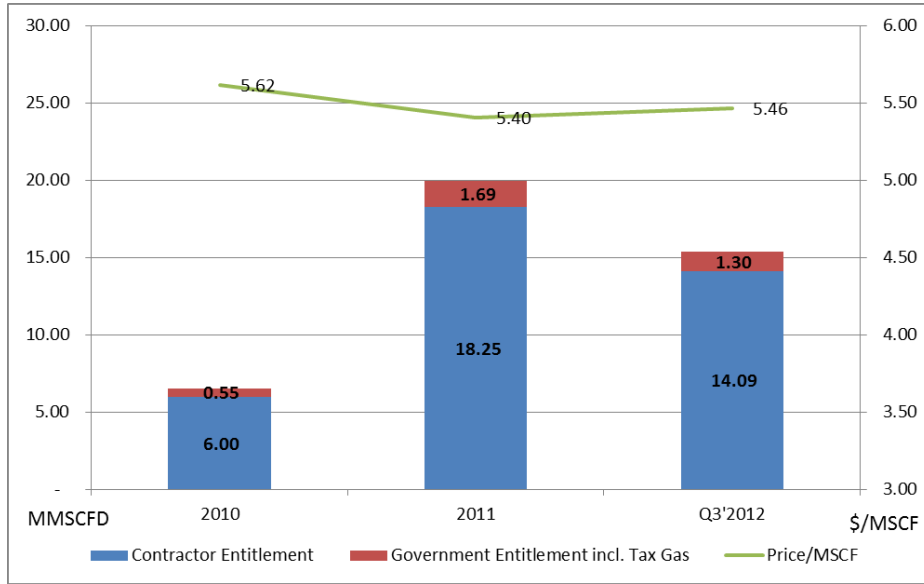




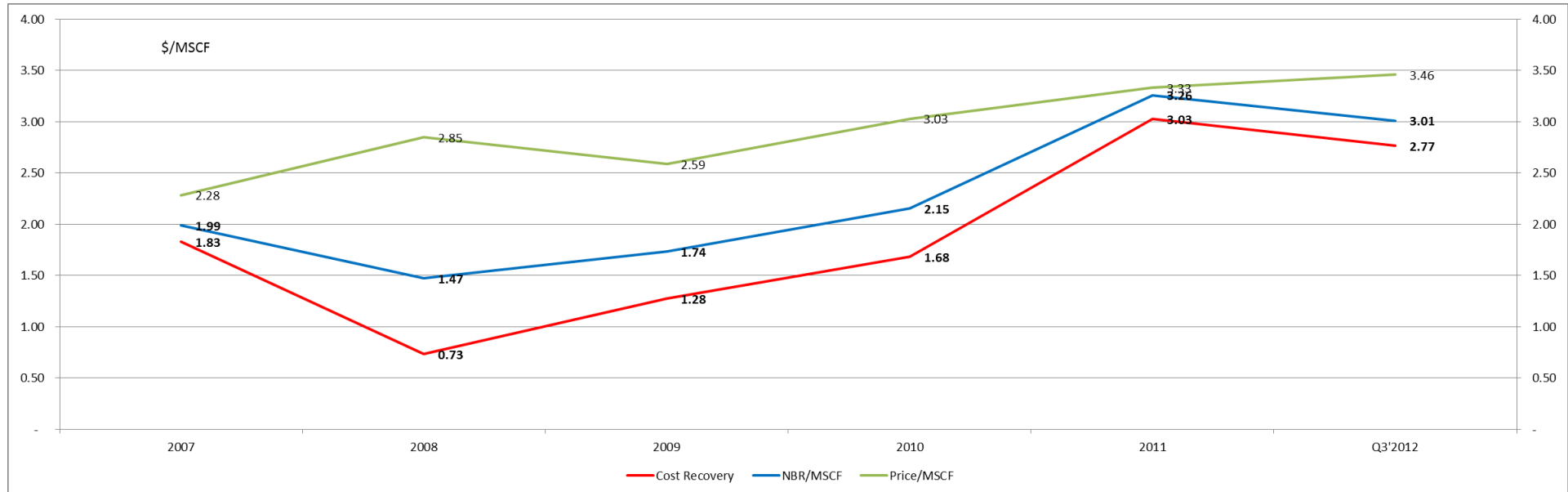
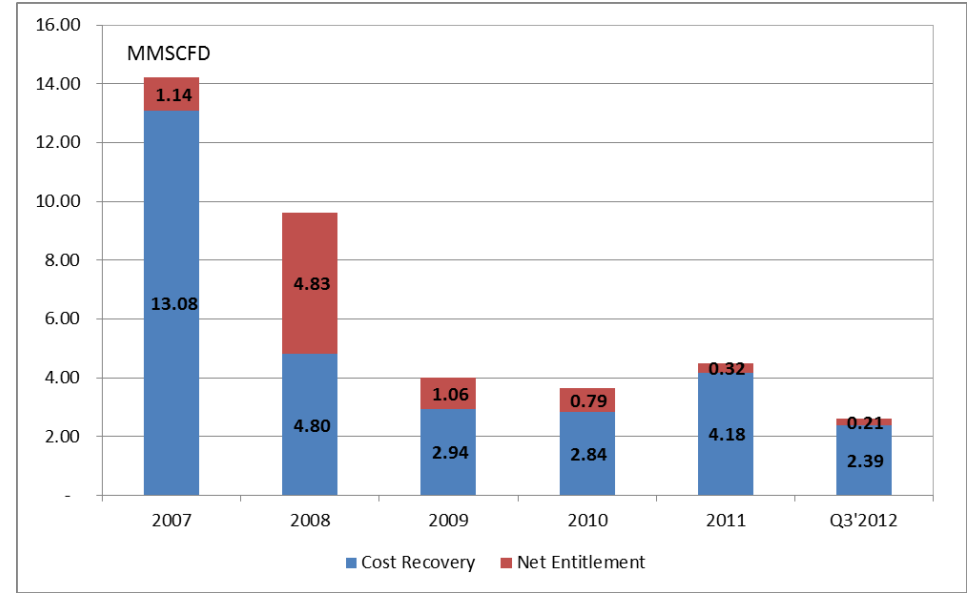
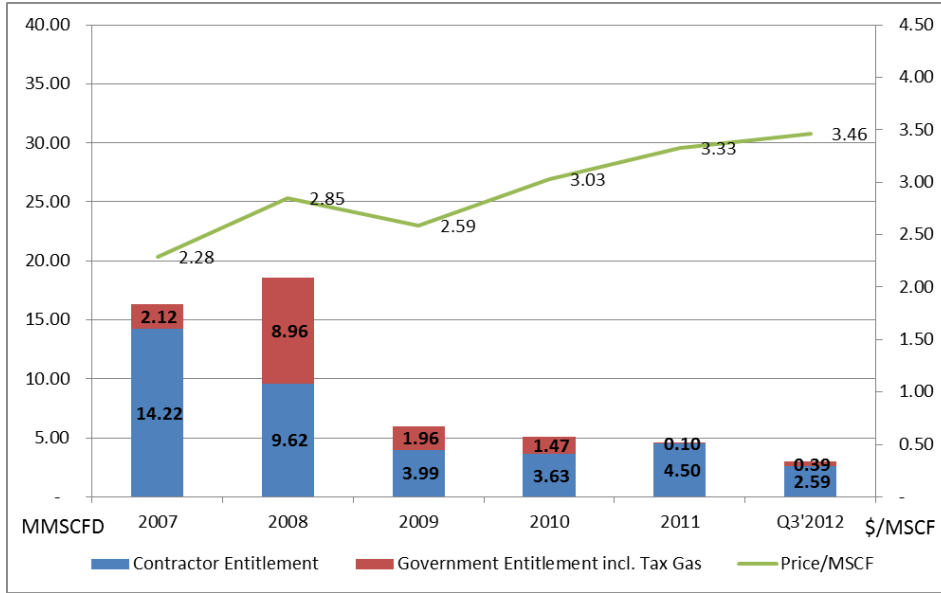
# SCS Gas Net Entitlement, Cost Recovery and Net Back



# Lematang Gas Net Entitlement, Cost Recovery and Net Back



# Tarakan Gas Net Entitlement, Cost Recovery and Net Back





*This document contains certain 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.*

**Company address:**

PT Medco Energi Internasional Tbk.  
The Energy Building 52nd Floor  
SCBD Lot 11A  
Jl. Jend. Sudirman, Jakarta 12190  
Indonesia  
P. +62-21 2995 3000  
F. +62-21 2995 3001

**Investor Relations:****Sumantri Slamet**

M. +62-811 158 298

Email: [sumantri.slamet@medcoenergi.com](mailto:sumantri.slamet@medcoenergi.com)

**Nugraha Adi**

M. +62-819 815 815

Email: [nugraha.adi@medcoenergi.com](mailto:nugraha.adi@medcoenergi.com)

Website: [www.medcoenergi.com](http://www.medcoenergi.com)