



MEDCOENERGI

Press Release

PT Medco Energi Internasional Tbk

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MEDCOENERGI EGMS Results & 1H16 Financial Results

Jakarta, 30 September, 2016 – Today PT Medco Energi Internasional Tbk ("MedcoEnergi" or the "Company") held an Extraordinary General Meeting of its Shareholders ("EGMS") with two agenda items. The first item approved was the acquisition of 50% of PT Amman Mineral Investama which will indirectly control an 82.2% interest in PT Newmont Nusa Tenggara (the "Acquisition"). The second agenda item approved was a capital increase through a limited public offering with preemptive rights to shareholders ("Rights Issue").

The Acquisition will add significant shareholder value by giving access to a world class operating facility at Batu Hijau with proved reserves of 2.6 billion lbs of copper and 2.7 million oz of gold and future access to discovered undeveloped reserves of 12.9 billion lbs of copper and 19.7 million oz of gold. The Acquisition will add scale to the Company's equity and investment portfolio, and will materially elevate the revenue contribution from non-energy sectors.

Through the Rights Issue, the Company will raise fund the equivalent of approximately US\$ 150 million. The proceeds will be used to repay maturing debt and to fund capital expenditures. Post Rights Issue, the Company will have a stronger capital structure to support its expanded activities.

Today, the Company has also released its audited consolidated financial statements for the six month period ending June 30, 2016 ("1H16"), and results are summarized below.

1H16 Operational Key Points

- Oil and Gas production volume of 64 MBOEPD was 29% higher than 1H15. The increase in production volume was mainly due to the continued excellent performance from the Senoro-Toili Gas field.
- Compared to 1H15, the Company reduced oil and gas production cash costs per unit by 32% to US\$ 7.6/boe, well within the Company's 2016 full year target of below US\$ 10/boe.
- 1H16 revenues of US\$ 281 million with an average realized oil price of US\$ 38.3/bbl and average realized gas price of US\$ 4.18/mmbtu.
- Awarded Block A Aceh EPC contract to JEC to construct the gas plant facilities. First gas is expected in Q1 2018.

1H16 Financial Key Points

- Gross profit was US\$ 107 million and operating income US\$ 58 million. The Company's EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) increased by 14% from 1H15 to US\$ 121 million, with an improved EBITDA margin up 11% year on year.
- 1H16 Net Income from continuing operations was US\$ 11 million, compared to a US\$ 31 million net loss in 1H15.
- Obtained shareholder approval for the proposed acquisition of a 50% stake in PT Amman Mineral Investama which will acquire an 82.2% interest in PT Newmont Nusa Tenggara. Closing is expected in October 2016.
- Signed a Sale and Purchase Agreement to acquire Japex's 16.67% interest in the Block A Aceh PSC. Closing is expected in October 2016.
- Signed a Share Sale and Purchase Agreement with ConocoPhillips to acquire a 40% participating interest (and Operatorship) in the South Natuna Sea Block B PSC, along with West Natuna Transportation System gas transportation system. Closing is expected in November 2016.
- Signed a Share Sale and Purchase Agreement to divest a 100% participating interest in Bawean PSC. Closing is expected in Q4 2016.
- Raised a total of IDR 2.5 trillion through its Shelf Registered IDR bond program. The recent issuance was heavily oversubscribed and the Company will issue another phase of this program in Q4 2016.

Full year guidance for operating costs and capex, excluding acquisitions, remains unchanged. Whilst full year production, excluding acquisitions, is expected to be slightly above the 55 – 60 mboepd range previously advised.



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The CEO of MedcoEnergi, Roberto Lorato, said “Amidst the still challenging industry environment, MedcoEnergi is continuing to renew the Company’s asset portfolio. Our focus now will be to successfully complete these acquisitions and to integrate them into our organization. The operational performance of our producing assets continues to improve while our Block A Aceh development is on schedule and under budget.”

The President Director of MedcoEnergi, Hilmi Panigoro, remarked the strategic nature of the recent acquisitions is in line with our ambition to become the leading independent player in the Indonesian natural resources sector.

MedcoEnergi is a publicly listed, integrated energy company with significant interests in Power Generation and support services alongside its core Oil & Gas Exploration & Production activities in Indonesia, the Middle East, North Africa and the US.

This document may contain projections, plans, strategies, policies and objectives of PT Medco Energi Internasional Tbk. (“the Company”), which should be treated as forward looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. The Company does not guarantee that any action taken in reliance on this document will bring specific results.

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