

BRIEF CIRCULAR TO SHAREHOLDERS

IT IS IMPORTANT THAT THIS CIRCULAR IS READ BY SHAREHOLDERS OF PT ENERGI MEGA PERSADA Tbk. ("THE COMPANY")

If you are in any doubt as to the information provided in this Announcement or the action you should take, it is recommended that you consult with a securities brokerage agent, investment manager, legal counsel, accountant, and other reliable professionals concerning this matter.

If you have sold all your shares in The Company after 3 April 2007, you are kindly advised to submit this Circular including its attachments to the buyer or dealer who is acting as a broker who will inform the buyers.



PT ENERGI MEGA PERSADA Tbk.

Principal Business

Onshore and offshore oil and gas exploration, development, and production company

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INFORMATION TO SHAREHOLDERS REGARDING SHARE SUBSCRIPTION BY STRATEGIC PARTNERS THROUGH THE ISSUANCE OF NEW SHARES IN ENERGI MEGA PRATAMA INC (EMP INC), WHOLLY OWNED SUBSIDIARY OF THE COMPANY.

EMP Inc is planning to increase its shares by issuing new shares to strategic partners Mitsubishi Corporation ("Mitsubishi") and Japan Petroleum Exploration Co., Ltd. ("Japex") each of whom will acquire a 25% (twenty five percent) equity interest in EMP Inc, to enhance Kangean PSC's block productivity and efficiency.

The Board of Commissioners and Directors of the Company accept full responsibility for the accuracy of all the material information or facts contained in this Circular, and confirmed that, after making sufficient and reasonable inquiries, and to the best of their knowledge and belief, there is no important and relevant information the omission of which would cause the material information in this circular to be incorrect and/or misleading.

The Boards of Commissioners and Directors of the Company declare that the above transaction does not constitute a transaction with a conflict of interest, as defined in Bapepam Regulation No. IX.E.1 concerning Conflict of Interest on Certain Transactions Attachment to Decree of the Chairman of Bapepam No. Kep-32/PM/2000 dated 22 August 2000 on Conflict of Interest on Certain Transaction. However, the issuing of new shares of EMP Inc constitutes a material transaction for the Company, as stipulated in Bapepam Regulation No. IX.E.2 on Material Transaction and Changing of the Core Business Activities, Attachment to the Decree of the Chairman of Bapepam No. Kep-02/PM/2001 dated 20 February 2001 ("Bapepam Regulation No. IX.E.2"), and the Boards of Commissioners and Directors of the Company will seek approval from the shareholders in the Extraordinary General Meeting of Shareholders (EGMS) in accordance with the terms and conditions of Bapepam Regulation No. IX.E.2.

The announcement of the EGMS of the Company, which will be held on Thursday, 19 April 2007 in Jakarta, will be announced in 2 (two) Indonesian language daily newspapers, *Bisnis Indonesia* and *Investor Daily* and in 1 (one) English language daily newspaper, *The Jakarta Post*, on 20 March 2007. If you can not attend this EGMS, you can be represented by your proxy by immediately completing and returning the attached form of authorization according to the instructions enclosed to the Company at Wisma Mulia Floor 23, Jl. Jend. Gatot Subroto No. 42, Jakarta 12710 at least 3 (three) working days before the date of the EGMS, which date will be on Monday, 16 April 2007.

I. INTRODUCTION

This Circular is prepared for the benefit of the Company's shareholders to provide them with complete information on the Company's plans to invite two strategic partners, Mitsubishi and Japex, to subscribe for new shares in EMP Inc and acquire a 25% (twenty five percent) equity interest in EMP Inc to further enhance Company's financial strength as well as the Kangean PSC block's productivity and efficiency (the "Proposed Transaction").

Based on the Company's Financial Statements for the year ended 31 December 2006, the Company's net sales was amounted to Rp 1,646,538,248,288 (one trillion six hundred forty six billion five hundred thirty eight million two hundred forty eight thousand two hundred eighty eight Rupiah), and the Company's equity was amounted to Rp 1,833,167,047,850 (one trillion eight hundred thirty three billion one hundred sixty seven million forty seven thousand eight hundred fifty Rupiah). Based on the Shareholders Agreement, the subscription price to be paid by Mitsubishi and Japex for 50% of EMP Inc's shares is US\$ 360 million or equal to 197.2 % of Company's net sales and 177.1% of Company's equity. Since the Proposed Transaction exceed 10% of the Company's net sales and 20% of the Company's equity, hence the Proposed Transaction constitutes as material transaction, as stipulated in Bapepam Regulation No. IX.E.2 and needs approval from the Company's Shareholders General Meeting by following the guidance as mentioned in Bapepam Regulation No. IX.E.2.

This Proposed Transaction is not considered a conflict of interest transactions since the strategic partners is not an affiliated party to the directors, commissioners, majority shareholders, or affiliated party of directors, commissioners, majority shareholders.

In connection with the Proposed Transaction, the Company has appointed Truscel Capital as an independent party to provide valuation report and a fairness opinion on the Proposed Transaction for the benefit of the Company's shareholders.

This Circular also contains opinions from Hadiputranto, Hadinoto & Partners as Legal Counsel regarding the Proposed Transaction.

II. DESCRIPTION OF THE PROPOSED TRANSACTION

1. Preface

The Company signed agreements with Mitsubishi and Japex on 6 March 2007. Mitsubishi and Japex will become the Company's strategic partners, via a share subscription into EMP Inc (the Company's subsidiary). Through the agreement, Mitsubishi and Japex will assume, in aggregate, an indirect 50% working interest in the Kangean PSC Block as well as agree to carry a substantial portion of the Company's remaining development capex obligations for Kangean's major projects.

EMP Inc, a subsidiary of the Company, currently owns 100% of the outstanding shares in EKL and 100% of the outstanding shares in EEKL, which hold 60% and 40% working interest, respectively, in the Kangean PSC.

Post Transaction, EKL will still remain as the Kangean PSC operator however Japex will have management control through its ability to appoint the EKL President and General Manager.

Japex is a leading Japanese E&P company active internationally holding operated interests in Indonesia, China, Philippines, Libya and Canada. In Indonesia, Japex currently operates the Buton PSC in Southeast Sulawesi and holds a working interest in the Sanga Sanga and North Sumatra Block A PSC's. The other new partner, Mitsubishi, is Japan's largest general trading company with over 200 bases of operations in approximately 80 countries worldwide.

2. Reason and Background of the Proposed Transaction

The proposed transaction will result in a significant strengthening of the Company's pre-transaction highly leveraged balance sheet whilst maintaining a significant level of exposure for the Company to a material oil and gas growth asset. Post transaction, the Company will still retain the single largest indirect participating interest in the Kangean PSC. The proceeds from the transaction will be used to fully pay down the existing Kangean Credit Suisse Loan Facility and related costs and expenses, plus EMP Inc's intercompany liabilities to the Company and to other subsidiaries, which will subsequently be used for working capital for the Company and its subsidiaries.

The Kangean PSC is characterized by several major development projects for which, without this transaction, would place a significant financial strain on the Company's balance sheet and its ability to fund and deliver these projects on time and on budget. An integral part of the transaction involves Mitsubishi and Japex committing to fund a substantial amount of the Company's portion of the Kangean PSC future capital expenditure requirements and therefore enables the Company to accelerate realization of the full reserve and resource potential of the Kangean PSC portfolio.

3. Benefits of the Proposed Transaction

The Board of Directors of the Company believe that the transaction is in the best interests of the Company shareholders as it brings in new investors with the financial and technical resources to help the Company fully develop the reserve and resource potential of the Kangean PSC and establishes a strategic relationship that can be leveraged by all parties to pursue growth opportunities within and outside of Indonesia.

The management of the Company believes that the Proposed Transaction accelerates the delivery to shareholders of a portion of the value created in the PSC since it was acquired from BP in August, 2004. The value creation is a product of the Company's strategic focus on gas commercialization, organic growth and operational excellence and this in itself demonstrates that the Company's strategy is working. Further the Proposed Transaction demonstrates the Company's commitment to maximizing shareholder value through portfolio, funding and balance sheet optimization through the asset cycle.

In more detail the Proposed Transaction delivers numerous benefits to the shareholders including:

1. Accelerated delivery of value created by the Company through successful organic growth and gas commercialization initiatives over the last 2½ years of the Company ownership.
2. Accelerated development of the full reserve and resource potential of the block through full funding of the investment opportunity set.
3. Ongoing exposure to a material oil and gas growth asset.
4. A strengthening of the Company's group balance sheet through the repayment of debt and the resultant improvement in group wide working capital availability.
5. Access to new investors with the financial and technical resources to help the Company fully develops the reserve and resource potential of the Kangean PSC block.
6. A reduction of the Company's cost of funds and hence WACC through access to lower cost project finance type partner funding that is non recourse to the Company.
7. Provides enhanced governance and assurance through the benefits of partner contestability and expertise.
8. Provides a benchmark valuation for the Kangean PSC block, and other undeveloped gas assets in other blocks which are carried on the Company books at their historically low acquisition cost.
9. Enhanced overall credibility and image through partnership with material industry participants.
10. Expanded access to equipment and services through enhanced financial strength and industry relationships.
11. In addition, the Proposed Transaction, establishes a strategic relationship that can be leveraged by all parties to pursue growth opportunities within and outside of Indonesia.

4. Object of the Proposed Transaction

The object of the Proposed Transaction is EMP Inc's new shares subscribed by Mitsubishi and Japex each being 13,000,005 shares or in total of 26,000,010 shares with nominal values of US\$ 1 per shares .

EMP Inc is the owner of 100% of the total issued and paid up shares in EKL and EEKL. Both EMP Inc's subsidiaries is the holder of each 60% and 40% of the participating interest in the block Kangean PSC.

5. Value of the Proposed Transaction

The Value of the Proposed Transaction under SSA is US\$ 360 million.

6. Important Provisions in respect of Transaction Documents

In relation to the Transaction, Company has executed several inter-related agreement:

- a. Share Subscription Agreement ("SSA") signed on 6 March 2007;
- b. Shareholders Agreement in respect of EMP Inc, executed on 6 March 2007 between the Company, Mitsubishi and Japex ("Shareholders Agreement" or "SA");
- c. Term Sheet for Carry Cost Agreement ("Carry Term Sheet") and Loan Agreement between Company and Mitsubishi and Japex ("Term Sheet") signed on 6 March 2007 .
- d. Escrow Agreement signed on 14 March 2007 between the Company, MC, JAPEX and Credit Suisse, Singapore Branch as the Escrow Agent.

Aside from that, EKL and EEKL have also executed a new Joint Operating Agreement Covering Kangean Contract Area on 6 March 2007 ("New JOA"), which governs oil and gas exploration and exploitation in the Kangean operating area (Kangean Block), and under which EKL will continue to act as the operator in Kangean Block. The new JOA will replace the JOA dated 9 April 1982 between Atlantic Richfield Bali North Inc and BNOG (ALPHA) Limited. Under the New JOA, The

Company, on the one hand, and Mitsubishi and Japex jointly on the other, will vote their indirect participating interests in the Operating Committee.

6.1. Share Subscription Agreement (“SSA”)

This sets out the Transaction between the Company and EMP Inc on the one hand and Mitsubishi and Japex on the other hand, where by Mitsubishi and Japex will invest in Kangean Block business activity through the issue by EMP Inc of new shares to those two strategic partners. A round up of the important provisions of the Share Subscription Agreement is set out below:

- a. New Shares Issuance. On the Closing Date, EMP Inc will issue 26,000,010 shares (“New Shares”), with Mitsubishi and Japex each subscribing per 13,000,005 shares. New shares will give rights as shareholder in EMP Inc to Mitsubishi and Japex, free from any lien or encumbrance.
- b. Subscription Price. EMP Inc will earn US\$ 360 million for the New Shares subscribed by Mitsubishi and Japex.
- c. Payment of Share Subscription.
Method of payment:
 - i. Mitsubishi and Japex have paid 10% of the Subscription Price as a deposit into an escrow. Acting as Escrow Agent is Credit Suisse, Singapore. In that respect, the Company, MC, JAPEX and Credit Suisse, Singapore Branch that acts as the Escrow Agent have signed an Escrow Agreement on 14 March 2007
 - ii. On the Closing Date, Mitsubishi and Japex will pay Subscription Price minus deposit fund paid to EMP Inc for the issue of shares by it.
- d. Allocation of the Proceeds. Based on SSA, funds from the Share Subscription Price amount US\$ 360 million plus funds in the Debt Service Reserve Account in the amount of worth approximately US\$ 4.4 million, under the credit facility agreement dated 19 May 2005 between EMP Inc, Company, Credit Suisse Singapore and several financial institutions (“Credit Facility”) will be used for:
 - i. Repay the Credit Facility amount which is approximately US\$ 275 million, plus accrued interest, settlement value and agent fee (“Facility Repayment Amount”);
 - ii. Repay all EMP Inc inter-companies liabilities, in the amount of approximately US\$ 51 million;
 - iii. Applied to part-payment of third party payables, if required;
 - iv. The remaining balance will be paid to Company (only) in the form of a dividend.
- e. Conditions Precedent. Closing will depend on satisfaction of the following conditions precedent:
 - i. Deposit and Facility Repayment Amount paid by Mitsubishi and Japex in the Escrow Account;
 - ii. Approval from EGMS of Company to the Transaction;
 - iii. Notification to the Jakarta Stock Exchange;
 - iv. Letter from credit facility agent confirming that on full payment of the Credit Facility amount, EMP Inc will be free from all liens and encumbrances set out in Credit Facility;
 - v. Execution of release and termination agreements with the facility agent with regard to all security documents made to secure EMP Inc and Company’s obligations under the Credit Facility;
 - vi. Termination of the Old JOA;
 - vii. EMP Inc shareholder resolution to declare a dividend to the Company as the shareholder of EMP Inc
 - viii. Execution of the new JOA, Shareholders’ Agreements, Definitive Agreements (see below) and provision of closing documents.

The Parties agree that SSA will automatically terminate if the conditions precedent above cannot be fulfilled or waived until 1 July 2007, but can be extended (i) until 1 August 2007 if Company give

notification to Mitsubishi and Japex at the latest on 30th April 2007 in relation to time needed for approvals; or (ii) other date agreed by the Parties.

- f. Governing Law. The SSA is governed by and construed under the Laws of England.
- g. Dispute Settlement. Arbitration in Singapore based on Arbitration Rules by Singapore International Arbitration Centre.

6.2. Shareholders Agreement

Shareholders Agreement or SA governs the relationship between the Company on the one part and Mitsubishi and Japex on the other part in their capacity as shareholders of EMP Inc Round up of important provisions in SA :

- a. Amendment to EMP Inc, EKL and EEKL's Articles of Association ("AoA"). Company, Mitsubishi and Japex agree to amend the AoA of EMP Inc to conform to the SA's provisions. Further amendments, as necessary to EKL and EEKL's AoA will also be made as necessary.
- b. Name Changes. The Parties agree to change the name of EMP Inc, EKL and EEKL, to names agreed by the Parties.
- c. Capital Structure. From the Closing Date, the authorized capital of EMP Inc will be US\$ 52,000,020, divided into 52,000,020 shares with a nominal value of US\$ 1 each share.
- d. Shareholders. After the Closing Date, the shareholder of EMP Inc will be as follows:
 - the Company 26,000,010 shares (50%)
 - Mitsubishi 13,000,005 shares (25%)
 - Japex 13,000,005 shares (25%)
- e. EMP Inc Board of Directors. The Board of Directors of EMP Inc shall consist of 4 members. The Company has a right to nominate and appoint 2 directors, Mitsubishi and Japex each have a right to nominate and appoint one Director. Each Director shall be appointed for a term of 3 years. The quorum for a meeting of the Board of Directors shall be 3 members, and every resolution shall be resolved in one accord.
- f. Shareholders Meeting. The Shareholders meeting shall be 6 month after the closing of EMP Inc financial year. Every resolution shall be require the approval of shareholders holding 80% of the shares.
- g. Director and General Manager Appointment of EKL. Each shareholder of EMP Inc has the right to appoint 1 director in EKL. Mitsubishi and Japex jointly have the right to appoint the managing director and other officers in EKL. Mitsubishi and Japex jointly also have the right to appoint the General Manager, whose duty is to overseen the functions of the Company as operator based on the New JOA and the decisions of the Operating Committee. The Company shall have the right to appoint the directors and officers of EEKL.
- h. Governing Law. The Shareholders Agreement is governed by and construed under the Laws of England.
- i. Dispute Settlement. Arbitration in Singapore based on the Arbitration Rules of the Singapore International Arbitration Centre.

6.3. Carry Term Sheet

The Carry Term Sheet sets out the obligations of Mitsubishi and Japex to provide funding to Company, for its share of the exploration and development costs of several projects in the Kangean Block working area. It was agreed in the Term Sheet that Mitsubishi and Japex to provide funding to the Company in relation to funding obligation for Capex ("Carry Cost") that shall be borne by the Company as the indirect participating interest holder of 50% of working interest in Kangean Block. A round up of the important provisions of the Term Sheet is set out below

- a. Carry Payment. Japex and Mitsubishi agree to provide funding to EKL and EEKL with regard to the Company's Capital Expenditure obligation ("Capex") in the Kangean Block. At Closing Date Mitsubishi and Japex will pay Company 50% of amount of money paid by Company for past Capex up to approximately US\$ 21,550,000 and will provide separate loans to carry Company's liability for future Capex commitments. The total allocated fund for Company share of the Capex costs, including Capex incurred at Closing is US\$ 215 million. The funding is subject to interest

based on LIBOR depository interest rate plus 3.75% premium or such better rate as Mitsubishi and Japex may each obtain from the Japan Bank for International Corporation (JBIC).

- b. Carry Fund Repayment. The repayment to Mitsubishi and Japex shall be from income from EKL and EEKL attributable to Company. The first installment to be repaid to Mitsubishi and Japex shall not become due until 5 years after the Closing Date under the Share Subscription Agreement. Repayment will be made in 10, six monthly installments, over 5 years
- c. Definitive Agreements. The Parties agree to execute definitive agreements in accordance with all terms and conditions of the Term Sheet before the Closing Date.
- d. Governing Law. The Term Sheet is governed by and construed under the Laws of England.
- e. Dispute Settlement. Arbitration in Singapore based on Arbitration Rules of the Singapore International Arbitration Centre.

6.4. Escrow Agreement.

The Company, Mitsubishi, Japex and Credit Suisse, Singapore Branch as the Escrow Agent have signed the Escrow Agreement on 14 March 2007 ("Escrow Agreement"). The Escrow Agreement sets out the mechanism for payment of deposit, the Facility Repayment Amount, the remaining Subscription Price, and the actions to be taken by the Escrow Agent at the Closing Date in relation to the closing documents. If the deal does not close, the deposit will be retained to be paid to either EMP or Mitsubishi/Japex, depending upon the reasons for not closing.

7. Description of the Strategic Partner

7.1. Mitsubishi Corporation

Brief Summary

The origins of Mitsubishi go back to 1870, when the founder, Yataro Iwasaki, started a shipping firm with three aging steamships. Yataro's brother, son and nephew expanded the business into various fields during their respective terms as president and set the foundation for the Mitsubishi companies.

After WWII, the original Mitsubishi organization was disbanded to become independent companies as they are today. The old Mitsubishi organization ended in 1946. The Mitsubishi holding company was dissolved while the trading house fragmented into hundreds of independent enterprises. In 1954, more than 100 companies that had been part of the trading house, Mitsubishi Corporation, merged to reestablish that company. Similarly, the principal components of Mitsubishi Heavy Industries reunited in 1964. Mitsubishi companies that had abandoned that name after the war began using it and the three-diamond mark again.

Capital

The authorized capital of Mitsubishi is 2,500,000,000 common shares. The issued and paid-in capital of Mitsubishi as at 31 March 2006 is 1,687,347,445 shares which are owned by 158,521 shareholders.

Shareholders Structure

The shareholders structure of Mitsubishi on 31 March 2006 is as follows:

Description	Number of Shares (rounded down to the nearest thousand shares)	%
The Master Trust Bank of Japan, Ltd (Trust Account)	126,505	7.50
Japan Trustee Services Bank, Ltd. (Trust Account)	120,950	7.17
Tokio Marine & Nichido Fire Insurance Co., Ltd.	93,167	5.52
Meiji Yasuda Life Insurance Company	79,552	4.71
Mitsubishi Heavy Industries, Ltd.	48,920	2.90
State Street Bank and Trust Company	48,499	2.87
The Bank of Tokyo – Mitsubishi UFJ Ltd.	42,701	2.53
State Street Bank and Trust Company 505103	32,807	1.94
The Chase Manhattan Bank, N.A. London	30,267	1.79

The Nomura Trust and Banking Co., Ltd. (Pension Benefit Trust Account, Mitsubishi UFJ Trust and Banking Corporation)	22,088	1.31
Others	1,041,891	61.75

Board of Directors

Chairman of the Board	: Mikio Sasaki
President & CEO	: Yorihiro Kojima
Directors	: Takeru Ishibashi Yukio Ueno Hidetoshi Kamezaki Takeshi Inoue Ichiro Mizuno Masao Miyamoto Hisanori Yoshimura Haruo Matsumoto Yoshikuni Kanai Hajime Katsumura Mutsumi Kotsuka Masaaki Seita Ichiro Taniguchi Tatsuo Arima Tomio Tsutsumi

7.2. Japan Petroleum Exploration Co., Ltd.

Brief Summary

Japex is a leading Japanese upstream company engaged in oil and natural gas exploration and production (E&P) activities both in Japan and overseas. Its main operating areas are Hokkaido, Akita, Yamagata and Niigata in Japan, and Canada, Indonesia, China, the Philippines, Libya, and other regions where it has overseas interests.

Japex was founded in December 1955 as a special purpose company through a government initiative and has continued to explore and produce oil and natural gas in Japan and expand its activities overseas. Japex was once incorporated into the former Japan Petroleum Development Corporation (JPDC) as its E&P operating body from 1967 to 1970. Subsequently, Japex was separated and established in April 1970 as a private company under the former Commercial Code. Japex listed on the First Section of the Tokyo Stock Exchange in December 2003.

Since its foundation, Japex has conducted integrated operations extending from oil and gas E&P through transportation and supply. Japex is continuing to work on increasing its reserves, expanding its natural gas supply network and other aspects of its operations as it aims for growth as a competitive player in the market.

Capital

The authorized capital in Japex is 120,000,000 shares. The issued and paid in capital of Japex as at 31 March 2006 is 57,154,776 shares which are owned by 5,365 shareholders.

Shareholders Structure

The shareholders structure of Japex on 31 March 2006 is as follows:

Description	Number of Shares	%
The Minister of Economy, Trade and Industry	28,543,724	49.9
Teikoku Oil Co., Ltd.	2,847,612	4.9
JFE Engineering Corporation	1,848,012	3.2
Japan Trustee Services Bank, Ltd.	1,444,800	2.5
The Master Trust of Japan, Ltd.	1,129,500	1.9
Mizuho Corporate Bank, Ltd.	920,152	1.6
State Street Bank and Trust Company	906,900	1.6
Nippon Petroleum Refining Co., Ltd	872,456	1.5
Nippon Oil Corporation	763,400	1.3

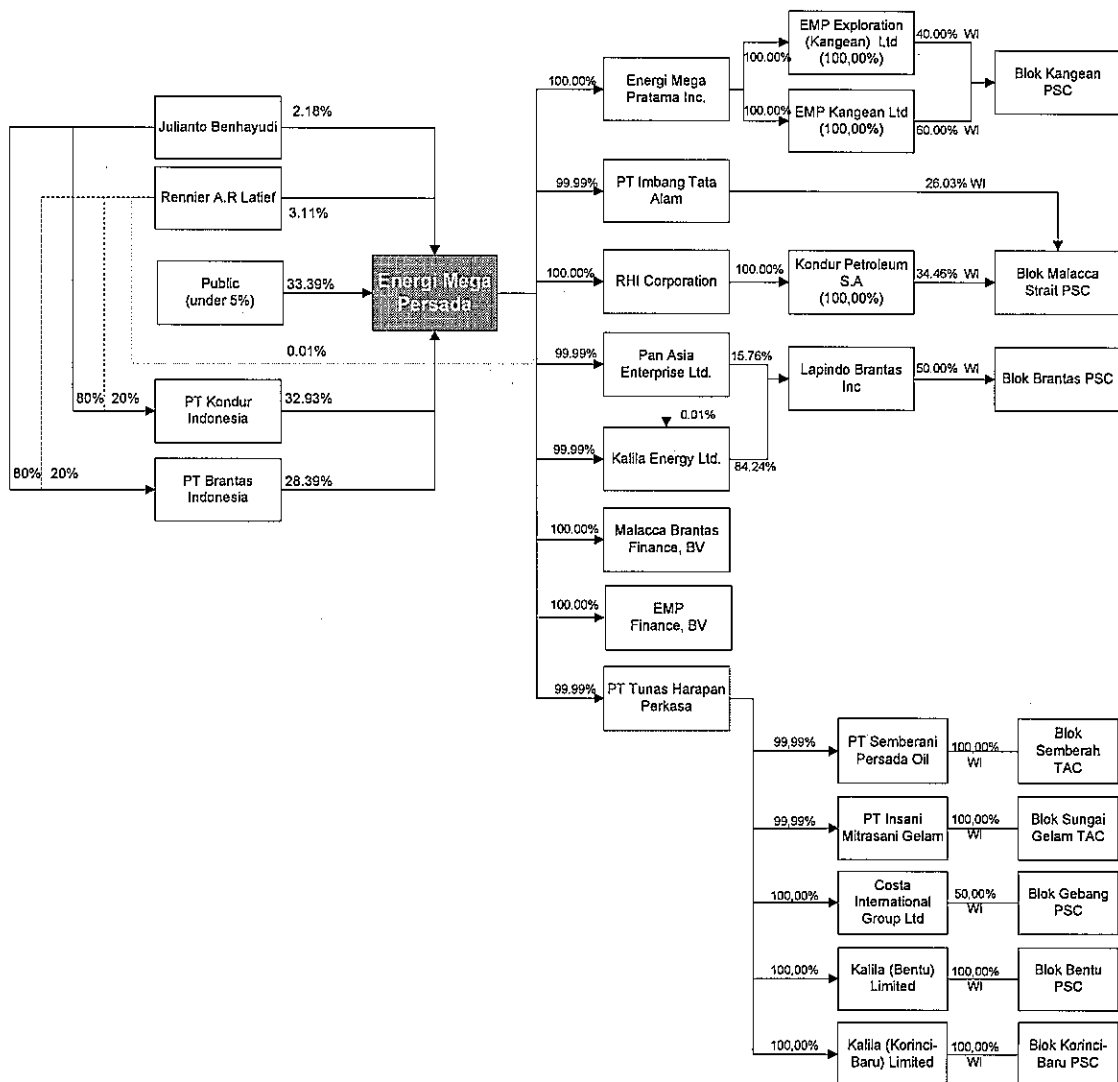
Itochu Corporation	698,000	1.2
Others	17,180,220	30.0

Board of Directors

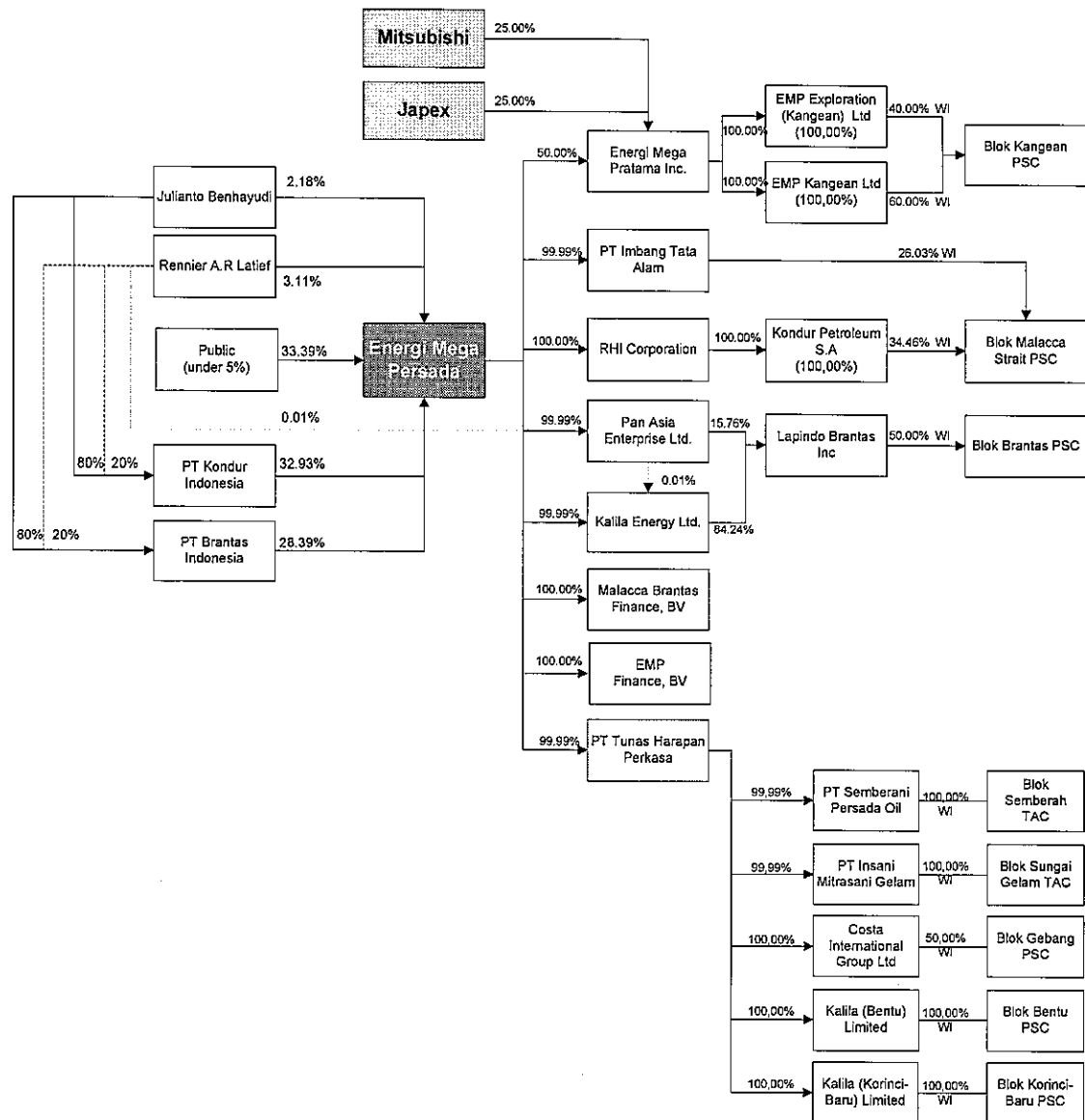
Chairman	: Kazuo Wakasugi
President & Chief Executive Officer	: Yuji Tanahashi
Executive Vice President & Executive Officers	: Tetsuo Awano Tadashi Sagai
Senior Managing Director & Executive Officers	: Tadatsuna Koda Katsuo Suzuki Norihiro Sawara
Managing Directors & Executive Officers	: Hiroshi Sato Nobuzo Ichikawa Masaki Hattori Shoichi Ishii Chikao Yoshida

8. Structure of the EMP Inc and its Subsidiaries Before and After the Transaction

The Structure of EMP Inc before the Transaction is presented below.



The Structure of EMP Inc after the Transaction is presented below.



After the completion of the Proposed Transaction, the Company's shares ownership in EMP Inc will be diluted down to 50% of the entire shares issued by EMP Inc. Under accounting principles, EMP Inc's accounts will still be proportionally consolidated with the Company's. The Company, as the indirect holder of the participating interest in the Kangean Block PSC will continue to carry out various transactions with EMP Inc as well as EKL and EEKL.

III. DESCRIPTION OF EMP Inc AND ITS SUBSIDIARIES

The object of the Proposed Transaction is EMP Inc's new shares subscribed by Mitsubishi and Japex in total of 26,000,010 shares. A brief description of EMP Inc and its subsidiaries is set out as follows:

a. Brief Summary

EMP Inc was first established as Chatterbox Ventures Inc under a Certificate of Incorporation dated 15 October 2003, under the laws of the British Virgin Islands. Based on the Certificate of Incorporation on a Change of Name No. 564263 dated 26 July 2004, Chatterbox Ventures Inc amended its name to Energi Mega Pratama (EMP Inc).

b. Business Activity

EMP Inc's main business activity is limited in investments in its subsidiaries, EMP Kangean Ltd. (EKL) and EMP Exploration (Kangean) Ltd., (EEKL) of which it owns 100%. The subsidiaries engage in oil and gas production in Kangean Island, East Java, Indonesia.

c. Capital

The authorized capital in EMP Inc amounted to US\$ 26,050,000 which comprises 26,050,000 shares, with nominal value per share of US\$ 1. The issued and paid-in capital in EMP Inc is US\$ 26,000,010.

d. Composition of Shareholders

At the time of publishing this Circular, all of the shares of EMP Inc are owned by the Company.

e. Board of Director

At the time of publishing this Circular, the Board of Director of EMP Inc is as follows:

Director : First Pacific (Asia) Pte Ltd

f. Financial Highlights

The consolidated financial statements have been audited by Jimmy Budhi & Rekan, Registered Public Accountants for the years ended 31 December 2006 and 31 December 2005, with unqualified opinion, are as follows:

Consolidated Balance Sheets

Balance Sheet	31 December	
	2006	2005
	In US Dollar	
Current Assets	76,294,486	62,809,262
Non-Current Assets	425,240,491	259,380,830
Total Asset	501,534,977	322,190,092
Current Liabilities	71,187,555	38,134,617
Non-current Liabilities	351,176,093	238,957,073
Total Liabilities	422,363,648	277,091,690
Total Equity	79,171,329	45,098,402
Total Liabilities and Equity	501,534,977	322,190,092

* BI Rates on 31 December 2005, 1 US\$ = Rp. 9,830; 31 December 2006, 1 US\$ = Rp. 9,020.

Consolidated Statements of Income

Net Income	31 December	
	2006	2005
	In US Dollar	
Net Sales	53,173,991	66,681,935
Income from Operation	6,273,918	15,336,543
Income before Tax	12,003,007	9,232,161
Net Income	34,072,927	22,506,805

* BI Average Rate for the year ended on 31 December 2005, 1 US\$ = Rp.9,789; 31 December 2006, 1 US\$ = Rp.9,164.

g. Description Of The EMP Inc Subsidiaries

EMP Kangean Ltd.**General**

EKL was first established as Atlantic Richfield Bali North Inc under a Certificate of Incorporation dated 29 August 1980, under the laws of the State of Delaware, USA (Federal ID 94-2687572).

Based on the Certificate of Amendment of Certificate of Incorporation dated 30 July 2004, EKL amended its name to EMP Kangean Limited.

Business Activity

EKL's main business activity is in oil and gas in Indonesia. EKL is the owner of 60% participating interest and is one of the operators of the Kangean PSC Block. The Kangean PSC Block covers onshore and offshore oil and gas operations in East Java and surrounding islands, with a total area of 4,508 Km².

Capital Stock

The capital stock of EKL comprises of 1,000 common shares with a nominal value of US\$ 100 per share. The issued and paid-in capital of EKL is 100 shares with a nominal value of US\$ 100 per share.

Shareholders

At the time of publishing this Circular, all of the shares of EKL are owned by EMP Inc

Board of Directors

At the time of publishing this Circular, the Board of Directors of EKL is as follows:

Director : Rennier Abdul Rachman Latief
Nazamudin Latief
Norman Hafiz Harahap

Financial Highlights

The financial statements have been audited by Jimmy Budhi & Rekan, Registered Public Accountants for the years ended 31 December 2006 and 2005, with an unqualified opinion. The financial highlights of EKL are as follows:

Balance Sheets

Balance Sheet	<i>In US Dollar</i>	
	31 December	
	2006	2005
Current Assets	45,574,964	32,396,155
Non-Current Assets	204,630,873	122,180,263
Total Asset	250,205,837	154,576,418
Current Liabilities	50,053,207	30,871,628
Non-current Liabilities	117,260,420	59,927,608
Total Liabilities	167,313,627	90,799,236
Total Equity	82,892,210	63,777,182
Total Liabilities and Equity	250,205,837	154,576,418

* BI Rates on 31 December 2005, 1 US\$ = Rp. 9,830; 31 December 2006, 1 US\$ = Rp. 9,020.

Statements of Income

Net Income	<i>In US Dollar</i>	
	31 December	
	2006	2005
Net Sales	31,904,350	40,009,216
Income from Operation	6,240,510	10,888,166
Income before Tax	7,020,792	7,108,983
Net Income	19,115,028	14,330,650

* BI Average Rate for the year ended on 31 December 2005, 1 US\$ = Rp.9,789; 31 December 2006, 1 US\$ = Rp.9,164.

EMP Exploration Kangean Ltd.**General**

EEKL was first established as Distillers Hydrocarbons Limited under a Certificate of Incorporation dated 17 March 1966, under the laws of England and Wales (Company Number: 874192).

Based on the certificate of Incorporation on Change of Name No. 874192, by the Registrar of Companies for England and Wales dated 5 August 2004, EEKL amended its name to EMP Exploration (Kangean) Ltd.

Business Activity

EEKL's main business activity is in oil and gas in Indonesia. EEKL is the owner of a 40% participating interest in the Kangean PSC Block. The Kangean PSC Block covers onshore and offshore oil and gas operations in East Java and Surrounding islands, with a total area of 4,508 Km².

Capital Stock

The capital stock of EEKL comprises 100,000 common shares with a nominal value of £1 (US\$ 1.87) per share. The issued and paid-in capital of EEKL is 100 shares with total nominal value of £100 (US\$ 187).

Shareholders

At the time of publishing this Circular, all of the shares of EEKL are owned by EMP Inc.

Board of Directors

At the time of publishing this Circular, the Board of Directors of EEKL is as follows:

Directors : Rennier Abdul Rachman Latief
Nazamudin Latief

Financial Highlights

The financial statements have been reviewed by Jimmy Budhi & Rekan, Registered Public Accountants for the years ended 31 December 2006 and 2005, with an unqualified opinion. The financial highlights of EEKL are as follows:

Balance Sheets

Balance Sheet	31 December	
	2006	2005
	<i>In US Dollar</i>	
Current Assets	30,476,620	20,744,924
Non-Current Assets	133,806,780	79,982,320
Total Asset	164,283,400	100,727,244
Current Liabilities	43,919,266	29,335,296
Non-current Liabilities	73,174,646	36,664,698
Total Liabilities	117,093,912	65,999,994
Total Equity	47,189,488	34,727,250
Total Liabilities and Equity	164,283,400	100,727,244

* BI Rates on 31 December 2005, 1 US\$ = Rp. 9,830; 31 December 2006, 1 US\$ = Rp. 9,020.

Statements of Income

Net Income	31 December	
	2006	2005
	<i>In US Dollar</i>	
Net Sales	21,269,641	26,672,719
Income from Operation	1,867,346	6,112,481
Income before Tax	2,486,554	4,605,954
Net Income	12,462,239	10,658,931

* BI Average Rate for the year ended on 31 December 2005, 1 US\$ = Rp.9,789; 31 December 2006, 1 US\$ = Rp.9,164.

IV. PRO FORMA CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY

A pro forma consolidated financial statements as shown below has been prepared in accordance with the Statement Of Financial Accounting Standards in Indonesia, on assumption that the Company did the proposed Transaction on 31 December 2006. The pro forma consolidated financial statement was prepared by the management based on the consolidated financial statement to the Company which was audited on 31 December 2006.

The following is the Pro forma consolidated financial statement of the Company and its subsidiaries for the year ending 31 December 2006 and has been reviewed by Jimmy Budhi & Rekan, before and after the Transaction:

Description	31 December 2006	
	Before	After
<i>In Billion Rupiah</i>		
A. BALANCE SHEET		
Assets		
Current Asset	2,433	2,907
Non-current Asset	7,450	5,484
Total Assets	9,883	8,391
Liabilities		
Current Liabilities	1,336	657
Non-current Liabilities	6,714	4,624
Total Liabilities	8,050	5,281
Equity		
Capital Stock	1,440	1,440
Additional Paid In Capital	3,355	3,355
Difference in Value of Restructuring Transactions of Entities		
Under Common Control	(3,377)	(3,377)
Difference due to Change of Equity in Subsidiary	-	1,411
Translation Adjustment	(36)	(17)
Retained Earnings	451	297
Total Equity	1,833	3,110
Total Liabilities and Equity	9,883	8,391
B. STATEMENTS OF INCOME		
Net Sales	1,646	1,403
Gross Profit	471	410
Operating Expenses	(233)	(227)
Income from operation	238	183
Net Income	203	49
C. FINANCIAL RATIOS		
Solvency Ratios		
DAR (Debt Asset Ratio)	0.81	0.63
DER (Debt Equity Ratio)	4.39	1.70

V. REPORT AND OPINIONS OF INDEPENDENT PARTIES

In order for the Proposed Transaction plan to fulfill Regulation No.IX.E.2, the Company has appointed the independent parties as follows:

Truscel Capital

Opinion on the Fair Market Value of EMP Inc Shares

Based on the Share Valuation Report prepared by an independent financial advisor, Truscel Capital as per Report No. TC/CF/6003/07 dated 16 March 2007, **Fair Market Value of 100% shares ownership of the Company in EMP Inc before the Proposed Transaction (for 26,000,010 shares) as of 31 December 2006 amounts to US\$ 340,905,346,-** (three hundred forty million and nine hundred five thousand three hundred forty six Dollar). **Meanwhile the Fair Market Value of 50% shares ownership of the Company in EMP Inc after the Proposed Transaction (for 26,000,010 shares) as of 31 December 2006 amounts to US\$ 363,920,024,-** (three hundred sixty three million and nine hundred twenty four Dollar)

Fairness Opinion on the Value of Divestment Proposed Transaction

The Fairness Opinion Report on the Proposed New Shares Subscription prepared by Truscel Capital as per Report No. TC/CF/6103/07 dated 16 March 2007 indicates the following:

- Based on the Share Valuation Report issued by Truscel Capital it indicates that the 100% Fair Market Value of the Company's ownership in EMP Inc before the Proposed Transaction (for 26,000,010 shares) amounts to US\$340,905,346.-. By subscribing to new shares which amount to US\$360,000,000.-, the 50% Fair Market Value of the Company's ownership in EMP Inc after the Proposed Transaction (for 26,000,010 shares) amounts to US\$363,920,024.- Hence, by performing the Proposed Transaction, the Company will have a potential value increase amounting to US\$23,014,678.-

Description	(US\$)
100% Fair Market Value of the Company before Proposed Transaction plan	340,905,346
50% Fair Market Value of the Company after Proposed Transaction plan	363,920,024
Value Increase	23,014,678

- The Proceeds from the Proposed Transaction Plan will be used to fully repay the existing Kangean Credit Suisse Loan Facility amounting to US\$275,000,000 as of 31 December 2006 including its related costs and expenses.
- After the Proposed Transaction, the Company's solvency ratios will also improve. The Debt to Asset Ratio (DAR) will improve from 0.81x before the Transaction plan to 0.63x after the Proposed Transaction. While the Debt to Equity Ratio (DER) will also improve from 4.39x before the Proposed Transaction to 1.70x after the Proposed Transaction. Hence the Proposed Transaction will result in a significant strengthening of the Company's financial performance, where as before the Proposed Transaction, the Company was highly leveraged.
- The Company's proforma as of 31 December 2006 indicated an increase in the Company's equity from Rp 1,833 billion before the Proposed Transaction into Rp 3,110 billion after the Proposed Transaction.
- Based on the analysis above, it can be seen that the Proposed Transaction shall result in a better financial condition of the Company. Therefore, the Proposed Transaction is fair and will be beneficial to the Company's shareholders including its minority shareholders.

Hadiputranto, Hadinoto & Partners

Legal Opinion

Hadiputranto, Hadinoto & Partners, as an independent Legal Consultant, in its Report Ref. No.: 42356-v1 dated 16 March 2007 gives the following legal opinions:

1. Based on the Company's Statement Letter dated 16 March 2007, the Board of Directors of the Company states that Mitsubishi and Japex are not the affiliated parties of the Company's Directors, Commissioners and Principal Shareholders. Therefore, the Proposed Transaction is not a conflict of interest transaction as stipulated in Bapapem Regulation No. IX.E.1 on Conflict of Interest of Certain Transaction.
2. The Proposed Transaction is a material transaction as referred to in Bapepam Regulation No.IX.E.2 on Material Transactions and Change of Main Business Activities, considering that based on the Company's financial statements for the year ended on 31 December 2006, the Company's revenue is Rp.1,646,538,248,288, and the Company's equity is Rp.1,833,167,047,850. The value of the Proposed Transaction is US\$360 million or equal to 197.2% of the Company's revenue and 177.1% of the Company's total equity. Therefore, the value of the Proposed Transaction has exceeded 10% of the revenue and 20% of the equity of the Company.
3. As a material transaction as referred to in Bapepam Regulation No. IX.E.2, the Proposed Transaction can be conducted after fulfilling several conditions, including obtaining approval from the shareholders of the Company in accordance with the procedures and requirements as stipulated in Bapepam Regulation No. IX.E.2.

VI. EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

In connection with the Proposed Transaction, the Company intends to obtain the approval during the EGMS which will be held on Thursday, 19 April 2007 in compliance with the relevant provisions stipulated in Regulation No. IX.E.2 and in the Company's articles of association, which are as follows:

- a. The EGMS must be attended by the Shareholders or their proxies representing more than ½ of the shares owned by shareholders, and the Transaction must be approved by the Shareholders or their proxies representing more than ½ of the shares owned by shareholders.
- b. If the Shareholders do not approve the Transaction, then the Transaction cannot be proposed again for approval within a period of 12 months from the date of the EGM when the Transaction is disapproved.

For information, important dates to be noted in accordance with the EGMS of the company are in the schedule below:

EVENTS	DATE
Announcement of the EGMS and the Abridged Circular of the Transaction in the newspapers	20 March 2007
Recording Date	3 April 2007
Announcement of Invitation for the EGMS in newspapers	4 April 2007
EGMS	19 April 2007
Announcement of the results of the EGMS in the newspapers	20 April 2007

Venue and Attendance of the Company

Information about the venue and time of the Company EGMS will be announced to the shareholders on the date of the invitation, which is 5 October 2006. For those shareholders who can not attend this EGMS, can give their proxy to other parties by filling up the proxy form attached in this Circular, which can also be obtained from the Company Corporate Secretary, at the following address: Wisma Mulia Floor 23, Jl. Jend. Gatot Subroto No. 42, Jakarta, Indonesia.

The Company EGMS Agenda

The EGMS will ask for shareholders approval of the following:

- a. Invite Mitsubishi and Japex to become our subscribe for 50% of EMP Inc's shares and to enhance EMP Inc development efficiency.
- b. Revised proposed use of proceeds from Right Issue I.
- c. Others.

VII. INDEPENDENT PARTIES APPOINTED BY THE COMPANY

Independent parties appointed by the Company for this Proposed Transaction are as follows:

- | | | |
|---------------------------------|---|--|
| 1. Financial Advisor | : | PT Danatama Makmur |
| 2. Legal Consultant | : | Hadiputranto, Hadinoto & Partners |
| 3. Public Accountant | : | Jimmy Budhi & Rekan |
| 4. Independent Valuer and Party | : | Truscel Capital |
| 5. Notary | : | Buntario Tigris, S.H., S.E., M.H. |
| 6. Shares Registrar | : | PT Ficomindo Buana Registrar |

VIII. RECOMMENDATION OF THE COMPANY DIRECTORS AND COMMISSIONERS

The Board of Directors of the Company believe that the transaction is in the best interests of the Company shareholders as it brings in new investors with the financial and technical resources to help the Company fully develop the reserve and resource potential of the Kangean PSC and establishes a strategic relationship that can be leveraged by all parties to pursue growth opportunities within and outside Indonesia.

The management of the Company believes that the transaction accelerates the delivery to shareholders of a portion of the value created in the PSC since it was acquired from BP in August, 2004. The value creation is a product of the Company's strategic focus on gas commercialization, organic growth and operational excellence and this in itself demonstrates that the Company's strategy is working. The further transaction demonstrates the Company's commitment to maximizing shareholder value through portfolio, funding and balance sheet optimization through the asset cycle.

Based on the considerations above, the Board of Directors and the Board of Commissioners of the Company hereby recommend to the Shareholders of the Company to approve the Proposed Transaction as mentioned in this Circular. In relation to this recommendation, the Board of Directors and the Board of Commissioners of the Company have received the reports and opinions from the appointed independent parties, and have considered the benefits of the Proposed Transaction, and believe that the Proposed Transaction is in the best interests of the Company and the entire Shareholders of the Company.

IX. ADDITIONAL INFORMATION

Shareholders who need additional information may contact the Company at the following address:

PT ENERGI MEGA PERSADA Tbk.

Wisma Mulia, Floor 33
Jl. Jend. Gatot Subroto No. 42
Telp : (62-021) 5290 - 6250
Fax: (62-021) 5290 - 6254
Website: www.energi-mp.com