



MINISTER OF ENERGY AND MINERAL RESOURCES

THE REPUBLIC OF INDONESIA

REGULATION OF MINISTER OF ENERGY AND MINERAL RESOURCE

THE REPUBLIC OF INDONESIA

NUMBER 25 YEAR 2018

REGARDING

MINERALS AND COAL MINING BUSINESSES

BY THE BLESSING OF THE ONE AND ONLY ALMIGHTY GOD

MINISTER OF ENERGY AND MINERAL RESOURCES

THE REPUBLIC OF INDONESIA

Considering : a. that in order to ensure the legal certainty and business certainty and to increase the effectiveness, efficiency and accountability in the implementation of the mining business activity and to encourage the development of minerals and

coal businesses, it is necessary to regulated the provision regarding minerals and coal mining businesses;

- b. That on the basis of the consideration as referred to in letter a, and to carry out the provision of Article 127 Law Number 4 Year 2009 regarding Mineral and Coal Mining, provision Article 43, Article 84 paragraph (4), Article 85 paragraph (4), Article 88, Article 91, Article 92 paragraph (3), Article 96, Article 99, and Article 109, Article 112C point 5, Article 112F Government Regulation Number 23 Year 2010 regarding Realization of Mineral and Coal Mining Business Activities as several times amended lastly by Government Regulation Number 8 Year 2018 regarding the Fifth Amendment to Government Regulation Number 23 Year 2010 regarding The Realization of Mineral and Coal Mining Business Activities, Article 15 of the Government Regulation Number 9 Year 2012 regarding Type and Tariff to the Type of Non Tax State Revenue applied in the Ministry of Energy and Mineral Resources,

it shall be necessary to stipulate Regulation of Minister of Energy and Mineral Resources regarding Minerals and Coal Mining Businesses;

- In view of :
1. Law Number 40 Year 2007 regarding Limited Liability Company (State Gazette of the Republic of Indonesia Year 2007 Number 106, Supplement to State Gazette of the Republic of Indonesia Number 4756);
 2. Law Number 4 Year 2009 regarding Mineral and Coal Mining (State Gazette of the Republic of Indonesia Year 2009 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 4959);
 3. Law Number 32 Year 2009 regarding Environmental Protection and Management (State Gazette of the Republic of Indonesia Year 2009 Number 140, Supplement to the State Gazette of the Republic of Indonesia Number 5059);
 4. Law Number 23 Year 2014 regarding Regional Government (State Gazette of the Republic

of Indonesia Year 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587) as amended several times and most recently by Law Number 9 Year 2015 regarding Second Amendment to the Law Number 23 Year 2014 regarding Regional Government (State Gazette of the Republic of Indonesia Year 2015 Number 58, Supplement to the State Gazette of the Republic of Indonesia Number 5679);

5. Government Regulation Number 23 Year 2010 regarding Realization of Mineral and Coal Mining Business Activities (State Gazette of the Republic of Indonesia Year 2010 Number 29, Supplement to the State Gazette of the Republic of Indonesia Number 5111) as amended several times and most recently by Government Regulation Number 8 Year 2018 regarding the Fifth Amendment to Government Regulation Number 23 Year 2010 regarding the Realization of Mineral and Coal Mining Business Activities (State Gazette of the Republic of Indonesia Year 2018 Number 28, Supplement to the State Gazette of the

Republic of Indonesia Number 6186);

6. Government Regulation Number 55 Year 2010 regarding Fostering and Supervision over the Implementation of Mineral and Coal Mining Management (State Gazette of the Republic of Indonesia Year 2010 Number 85, Supplement to the State Gazette of the Republic of Indonesia Number 5142);

7. Government Regulation Number 78 Year 2010 regarding Reclamation and Post Mining (State Gazette of the Republic of Indonesia Year 2010 Number 138, Supplement to the State Gazette of the Republic of Indonesia Number 5172);

8. Government Regulation Number 9 Year 2012 regarding Type and Tariff to the Type of Non Tax State Revenue applied in the Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2012 Number 16, Supplement to the State Gazette of the Republic of Indonesia Number 5276);

9. Presidential Regulation Number 68 Year 2015 regarding Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2015 Number 132), as amended by Presidential Regulation Number 105 Year 2016 regarding Amendment to the Presidential Regulation Number 68 Year 2015 regarding Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2016 Number 289);

10. Regulation of Minister of Energy and Mineral Resources Number 13 Year 2016 regarding Organization and Work Procedures of Ministry of Energy and Mineral Resources (State Gazette of the Republic of Indonesia Year 2016 Number 782);

HEREBY DECIDES:

Stipulates : REGULATION OF MINISTER OF ENERGY AND MINERAL RESOURCES REGARDING MINERALS AND COAL MINING BUSINESSES.

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Regulation of Minister, the following definitions shall be given to the following terms:

1. Mining Business License hereinafter abbreviated to as IUP Mineral, Coal, General Investigation, Exploration, Feasibility Study, Construction, Mining, Transportation, Sales, and Business Entity, as referred in the Law Number 4 Year 2009 regarding Mineral and Coal Mining.
2. Exploration Mining Business License, hereinafter referred to as IUP, means business license so duly granted to perform a activity phase of general investigation, exploration and feasibility study.
3. Exploration Special Mining Business License, hereinafter referred to as IUPK means business license so duly granted to perform a activity phase of general investigation, exploration and feasibility study within the area of special mining business license;
4. Mining Business License (IUP) for Production Operation, hereinafter referred to as Mining Business License (IUP)

for Production Operation, means business license so duly granted after the finished of the implementation of Exploration Mining Business License (IUP) to perform the phase of production operation activity.

5. Special Mining Business License (IUPK) for Production Operation, hereinafter referred to as IUPK for Production Operation, means business license so duly granted after the finished of the implementation of Exploration Special Mining Business License (IUPK) to perform the phase of production operation activity
6. Mining Business License (IUP) for Production Operation specially to processing and/or purification hereinafter referred to as Mining Business License (IUP) for Production Operation specially to processing and/or purification, means a business permit granted to purchase, transport, process, and purify, as well as to sell the mineral and coal commodity produced from the mining.
7. Mining Business License (IUP) for Production Operation specially to transportation and sales hereinafter referred to as Mining Business License (IUP) for Production Operation specially to transportation and sales, means a business permit granted to the Company for the purchase, transport, and to sell the mineral and coal mining

commodity.

8. The Annual Work and Budget Plan, hereinafter referred to as Annual Work Plan and Budget (RKAB) shall mean the Work and Budget Plan for the current year in business activities of mineral and coal mining, which include business, engineering, and environmental aspects.
9. Boundary Markers for Mining Business License Area (WIUP) and Special Mining Business License Area (WIUPK), hereinafter referred to as Boundary Markers, shall mean any markers placed at Mining Business License Area (WIUP) and Special Mining Business License Area (WIUPK) Boundary Points on field with certain size, construction, color and naming.
10. Share Divestment shall mean number of foreign share must be offer for the sale to the Indonesian participant.
11. Concentrates shall mean any concentrated products rich in valuable Minerals resulted from the separation from the processing of Ore Minerals.
12. Ore shall mean a collection of minerals containing 1 (one) or more metal that can be processed profitably.

13. Side Products shall mean any mining products other than the main mining products that are by-products of the Processing and Purification process with economic value
14. Enhancement of Added Values shall mean an effort to increase the Mineral value through the processing and/or purification activities.
15. Metal Mineral Benchmark Price or *Harga Patokan Mineral Logam* hereinafter referred to as Metal HPM shall be the price of Metal Minerals determined at the sale point on a Free on Board basis for each of the Metal Minerals.
16. Coal Benchmark Price (HPB) or *Harga Patokan Batubara* hereinafter abbreviated as HPB shall mean the price of Coal determined at the sale point on a Free on Board basis.
17. Contract of Work, hereinafter abbreviated to as KK, is an agreement between the Government of the Republic of Indonesia and an Indonesian legal entity to perform mineral mining business activities.
18. Coal Mining Business Work Agreement, hereinafter referred to as Coal Mining Business Work Agreement (PKP2B) is an agreement between the government of the Republic of

Indonesia and an Indonesian legal entity to runs coal mining business activities

19. The processing and/or purification activity shall mean mining business activities to improve the quality of mineral and/or coal, utilize and obtain its derived mineral.

20. Mineral Processing shall mean an effort to improve the quality of Minerals that produce products with the same physical and chemical properties as the origin Minerals

21. Mineral Purification shall mean an effort to improve the quality of metallicMinerals through extraction process and also a process to improve further purity to produce products with different physical and chemical properties from the origin Minerals.

22. Indonesian State Owned Enterprises, hereinafter abbreviated to as State-Owned Enterprise (SOE), is the State-Owned Enterprise (SOE) engaged in the mining sector in accordance with the provisions of legislation.

23. Indonesian Regional Owned Enterprises, hereinafter abbreviated to as Regional-Owned Enterprise (ROE), is the Regional-Owned Enterprise (ROE) in accordance with the

provisions of legislation.

24. Independent Verifier shall mean any State-Owned Enterprise, including a subsidiary of such State-Owned Enterprise, that has the capabilities of providing the management consulting services of industrial project and/or engineering whose duty is to verify the plan and the physical progress of the construction of the Processing and/or Purification facilities

25. Coal Production Funds or *Dana Hasil Produksi Batubara* hereinafter abbreviated as DHPB shall mean the government portion from the coal production of any holders of Coal Mining Business Work Agreement (PKP2B), which includes production or royalty fees and sales of mining products

26. Communities shall mean the communities domiciled around the mining site.

27. Director General shall mean the director general who has the duty of organizing the formulation and implementation of policies in the field of fostering, controlling and supervising mineral and coal activities.

28. Minister shall mean the minister who conducts the government affairs in the field of energy and mineral

resources.

CHAPTER II

MINERAL AND COAL MINING BUSINESS

Article 2

- (1) The mining business shall be grouped into:
 - a. Mineral Mining; and
 - b. Coal Mining.
- (2) Mineral Mining as referred to in paragraph (1) letter a classified into:
 - a. Radioactive Mineral Mining;
 - b. Metal Mineral Mining;
 - c. Non-Metal Mineral Mining; and
 - d. Rock Mining.

Article 3

- (1) Mining Business as referred to in Article 2 paragraph (1) implemented in the form:
 - a. Mining Business License (IUP);
 - b. Special Mining Business License (IUPK); and
 - c. People Mining License (IPR).

- (2) Mining Business License (IUP), Special Mining Business License (IUPK) and People Mining License (IPR) as referred to in paragraph (1) is given in accordance with the provision of laws and regulations.

Article 4

- (1) Mining Business License (IUP) as referred to in Article 3 paragraph (1) letter a consisting of two phase:
- a. Exploration Mining Business License (IUP); and
 - b. Mining Business License (IUP) for Production Operation;
- (2) Exploration Mining Business License (IUP) as referred to in paragraph (1) letter a consisting of the activities:
- a. General Investigation
 - b. Exploration; and
 - c. Feasibility Study.
- (3) Mining Business License (IUP) for Production Operation as referred to in paragraph (1) letter b consisting of the activities:
- a. Construction;
 - b. Mining;
 - c. Processing and/or Purification; and
 - d. Transportation and sales

Article 5

- (1) Special Mining Business License (IUPK) as referred to in Article 3 paragraph (1) letter b consisting of two phase:
 - a. Exploration Special Mining Business License (IUPK); and
 - b. Special Mining Business License (IUPK) for Production Operation;
- (2) Exploration Special Mining Business License (IUPK) as referred to in paragraph (1) letter b consisting of the activities:
 - a. General Investigation
 - b. Exploration; and
 - c. Feasibility Study.
- (3) Special Mining Business License (IUPK) for Production Operation as referred to in paragraph (1) letter b consisting of the activities:
 - a. Construction;
 - b. Mining;
 - c. Processing and/or Purification; and
 - d. Transportation and sales

Article 6

People Mining License (IPR) as referred to in Article 3 paragraph (1) letter c consists of the activities in the documents preparation of environmental, Mining, Processing and/or Purification, and/or Transportation and Sales.

CHAPTER III

ACTIVITIES IMPLEMENTATION OF EXPLORATION MINING BUSINESS LICENSE (IUP) OR EXPLORATION SPECIAL MINING BUSINESS LICENSE (IUPK)

Part One

General Investigation

Article 7

- (1) The holders of Exploration Mining Business License (IUP) and Exploration Special Mining Business License (IUPK) before commence the activities of Exploration can conduct the General Investigation activities.
- (2) General Investigation activities as referred to in paragraph (1) shall be implemented for:
 - a. Knowing the conditions of regional geological; and
 - b. Knowing the indications of mineralization or Coal deposits.

Part Two
Exploration

Article 8

- (1) The holders of Exploration Mining Business License (IUP) and Exploration Special Mining Business License (IUPK) are required to prepare the Exploration activities plan shall at least consist of:
- a. Purpose;
 - b. Stages;
 - c. Locations;
 - d. Method;
 - e. Executor;
 - f. Time; and
 - g. Costs.
- (2) Exploration activities plan as referred to in paragraph (1) shall be prepared in the Annual Work Plan and Budget (RKAB) in accordance with the provisions of the laws and regulations.
- (3) The holders of Exploration Mining Business License (IUP) and Exploration Special Mining Business License (IUPK) are required to implement the Exploration activities in

accordance with the Exploration activities plan as referred to in paragraph (1).

- (4) Exploration activities as referred to in paragraph (3) shall be conducted by the holders of Exploration Mining Business License (IUP) and Exploration Special Mining Business License (IUPK) to obtain the detailed and thorough information on the entire WIUP or Special Mining Business License Area (WIUPK) concerning the locations, forms, dimensions, distribution, quality, designated and/or measured resources of minerals.

Article 9

- (1) The holders of Exploration Mining Business License (IUP) and Exploration Special Mining Business License (IUPK) upon completion of the Exploration activities are required to prepare the full report of Exploration.
- (2) The preparation of the full report of Exploration as referred to in paragraph (1) shall be implemented in accordance with the provisions of the laws and regulations.

Part Three

Feasibility Study

Article 10

- (1) The holders of Exploration Mining Business License (IUP) and Exploration Special Mining Business License (IUPK) are required to implement the Feasibility Study activities based on the results of Exploration activities.
- (2) Feasibility Study as referred to in paragraph (1) shall be conducted to obtain the information of all aspect related to the feasibility of technical, economical, and environmental in detail.
- (3) Feasibility Study as referred to in paragraph (1) shall at least consist of the activities:
 - a. Technical feasibility study;
 - b. Economical feasibility study;
 - c. Document preparation of living environment.

Article 11

- (1) The holders of Exploration Mining Business License (IUP) and Exploration Special Mining Business License (IUPK) upon the completion of Feasibility Study activities are required to prepare and submit the Feasibility Study

report to the Minister through the Director General or governor in accordance with his authority to obtain the approval.

- (2) Procedures of preparation, submission, and approval of the Feasibility Study report as referred to in paragraph (1) shall be implemented in accordance with the provisions of the laws and regulations.

CHAPTER IV

ACTIVITIES IMPLEMENTATION OF MINING BUSINESS LICENSE (IUP) FOR PRODUCTION OPERATION AND SPECIAL MINING BUSINESS LICENSE (IUPK) FOR PRODUCTION OPERATION

Part One

Construction

Article 12

- (1) The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation are required to implement the activities of Construction with reference to the Feasibility Study report which has been approved by the Minister or governor in accordance with his authority.

- (2) Construction activities as referred to in paragraph (1) shall consist of:
- a. Provision of mining equipment;
 - b. Construction of facilities/ infrastructure; and
 - c. Commissioning

Article 13

The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation are required to start the Construction activities no later than 6 (six) months since the enactment of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation.

Article 14

- (1) The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation are required to implement the installation of Boundaries Mark of Mining Business License Area (WIUP) for Production Operation or Special Mining Business License Area (WIUPK) for Production Operation no later than 6 (six) months since the enactment of Mining Business License (IUP) for Production

Operation or Special Mining Business License (IUPK) for Production Operation.

- (2) Obligations of Boundaries Mark installation as referred to in paragraph (1) only applies to Mining Business License (IUP) for Production Operation or Special Mining Business License (IUPK) for Production Operation with an area of Mining Business License Area (WIUP) for Production Operation or Special Mining Business License Area (WIUPK) for Production Operation of more than 10 (ten) hectares that:

a. Mining Business License Area (WIUP) for Production Operation or Special Mining Business License Area (WIUPK) for Production Operation is coincide / bordered directly with Mining Business License Area (WIUP), Special Mining Business License Area (WIUPK), Contract of Work (KK) areas, or other areas of Coal Mining Business Work Agreement (PKP2B); or

b. The location of activities of Mining and its stockpiling is adjacent to the limit of Mining Business License Area (WIUP) for Production Operation or Special Mining Business License Area (WIUPK) for Production Operation

- (3) Implementation of measurement and installation activities of Boundaries Mark shall be integrated into the Geospatial Reference System stipulated by government institutions which organize the government affairs in the field of survey and mapping.
- (4) The Minister shall stipulate the implementation guidelines for the Boundaries Mark installation of Mining Business License Area (WIUP) for Production Operation or Special Mining Business License Area (WIUPK) for Production Operation.

Part Two

Mining

Article 15

- (1) Mining Activities shall consist of:
- a. Stripping of ground cover and/or rocks cover;
 - b. Excavation or retrieving of Mineral or Coal; and
 - c. Mineral or Coal Transportation.
- (2) The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation in conducting the activities of stripping of ground cover and/or rocks

cover as referred to in paragraph (1) letter a and the activities of Mineral or Coal Transportation as referred to in paragraph (1) letter c may cooperate with the holders of Mining Service Business License in accordance with the provisions of the laws and regulations.

Part Three

Processing and/or Purification

Paragraph 1

General

Article 16

- (1) The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation are required to conduct the Enhancement of Added Values of Mineral and Coal.
- (2) The enhancement of Added Values as referred to in paragraph (1) shall implemented through the activities:
 - a. Processing and/or Purification for mining commodities of metallic Mineral;
 - b. Processing for mining commodities of Coal;
 - c. Processing for mining commodities of nonmetallic Mineral; or

d. Processing for mining commodities of rocks.

(3) Processing activities of Coal as referred to in paragraph

(2) letter b, include among others:

a. Coal upgrading;

b. Coal briquetting;

c. Cokes making;

d. Coal liquefaction;

e. Coal gasification including underground coal gasification; and

f. Coal slurry/ coal water mixture.

(4) The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation in conducting the activities of Enhancement the Added Values as referred to in paragraph (1) may conduct the cooperation with the holders of:

a. Mining Business License (IUP) for Production Operation specifically for the processing and/or purification;
or

b. Other Mining Business License (IUP) for Production Operation or Special Mining Business License (IUPK) for Production Operation which build the facility of Processing and/or Purification.

- (5) The holders of Mining Business License (IUP) for Production Operation and Mineral Special Mining Business License (IUPK) for Production Operation in conducting the Enhancement of Added Values as referred to in paragraph (1) may conduct the cooperation in the form of:
- a. Processing and/or purify at the facility of Processing and/or Purification which is jointly built; or
 - b. Processing and/or purify at the facility of Processing and /or Purification which is built by the holders of other Mining Business License (IUP) for Production Operation, other Special Mining Business License (IUPK) for Production Operation, and/or holders of Mining Business License (IUP) for Production Operation specifically for the processing and/or purify through the activities:
 1. Sale and purchase of Ore, Concentrate, or By-products, or residual proceeds of Processing and/or Purification; or
 2. Services of Processing and/or Purification of Ore, Concentrate, Side Product, or residual proceeds of Processing and/or Purification.

- (6) The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation of coal are required to conduct the Enhancement of Added Values through the activities of processing as referred to in paragraph (3) as long as the technology is available and economically feasible.

Paragraph 2

Mineral Sales of the Results of Processing and/or Purification
Abroad

Article 17

- (1) The holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification of metallic Mineral, nonmetallic Mineral, or rocks before conducting the sales activity abroad shall at first conducting the Enhancement of Added Values through the activities of Processing and/or Purification in accordance with the minimum limits of Processing and/or Purification as included in Appendix I, Appendix II, and Appendix III which are the integral part of this Ministerial Regulation.

- (2) Type of mining commodities of metallic Mineral, nonmetallic Mineral, or rocks that have not been included in the Appendix I, Appendix II, and Appendix III may only be sale abroad after the minimum limits of the Processing and/or Purification is stipulated by the Minister.

Article 18

- (1) By-products or residual proceeds of Purification of mining commodities of copper tin Mineral in the form of anode mud are obliged to be performed the enhancement of further domestic purify in accordance with the minimum limits of Further Purification of By-products or residual proceeds of mining commodities of Purification of metallic Mineral as included in Appendix IV which are the integral part of this Ministerial Regulation.
- (2) By-products or residual proceeds of Purification of mining commodities of copper metallic Mineral in the form of soil metal are rarely obliged to be performed the Purification in the country in accordance with the minimum limits of mining commodities Purification of metallic Mineral as contained in Appendix I which are the integral part of this Ministerial Regulation.

- (3) By-products or residual proceeds of Purification of mining commodities of metallic Mineral, lead and zinc in the form of gold and silver are obliged to be performed the domestic Purification in accordance with the minimum limits of Purification of mining commodities of metallic Mineral as included in Appendix I which are the integral part of this Ministerial Regulation.
- (4) By-products or residual proceeds of Processing of mining commodities of tin metallic Mineral in the form of Zircon Concentrate, ilmenite, rutile, monazite, and senotim are obliged to be performed the Processing and/or Purification in the country in accordance with the minimum limits of the Processing and/or Purification of mining commodities of metallic Mineral and nonmetallic Mineral as included in Appendix I and Appendix II which are the integral part of this Ministerial Regulation.
- (5) By-products or residual proceeds of Purification of tin Concentrate in the form of Slag are obliged to performed the enhancement of domestic further purification in accordance with the minimum limits of further Purification of By-products or residual proceeds of Purification of mining commodities of metallic Mineral as included in Appendix IV which are the integral part of this Ministerial Regulation.

(6) By-products of the residual proceeds of Processing of mining commodities of tin metallic Mineral among others are Zircon concentrate, ilmenite, rutile, monazite, and senotim as well as the By-products or residual proceeds of Purification of tin Concentrate in the form of Slag which have not met the minimum limits of Processing and/or Purification of mining commodities of metallic Mineral and minimum limits of further Purification of By-products or residual proceeds of mining commodities Purification of metallic Mineral as referred to in paragraph (4) and paragraph (5) are obliged to be secured and managed in accordance with the provisions of the laws and regulations.

Article 19

- (1) The holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and Mining Business License (IUP) for Production Operation specifically for transportation and sales, may conduct the sales abroad:
- a. Metallic Mineral which have met the minimum limits of purification; and/or

b. Nonmetallic Mineral or Rocks which have met the minimum limits of Processing,

by using the Tariff Post/HS (Harmonized System) in accordance with the provisions of the laws and regulations.

(2) Other parties who conduct the Processing and/or Purification of Mineral may conduct the Sales abroad:

a. Metallic Mineral that have met the minimum limits of purification; and/or

b. Nonmetallic Mineral or rocks that have met the minimum limits of processing,

by using the Tariff Post/HS (Harmonized System) in accordance with the provisions of the laws and regulations.

(3) The obligation to fulfill the minimum limits of Processing and/or Purification does not apply for the Mineral that used for:

a. Domestic interest; or

b. Research and development of Mineral through the delivery of Mineral Sample to abroad.

Part Four

Research and Development

Article 20

- (1) The holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification can perform the research and development of Mineral to support the business activities of mining.
- (2) Research and development as referred to in paragraph (1) shall be conducted through the cooperation with:
 - a. Accredited research and development institutions;
 - b. Universities;
 - c. Business entities which have the technology for research and development of Mineral; and/or
 - d. Other parties who conduct the research and development abroad.
- (3) In performing the cooperation of research and development as referred to in paragraph (2) letter d, the holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production

Operation, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification can deliver the Mineral Sample to abroad after obtaining the recommendation from the Director General.

- (4) The recommendation as referred to in paragraph (3) is used as a base to obtain the export approval from the Director General of Foreign Trade, Ministry of Commerce.

Article 21

- (1) To obtain the recommendation as referred to in Article 20 paragraph (3), the holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, or Mining Business License (IUP) for Production Operation specifically for the Processing and/or purification shall submit the application to the Minister through the Director General by listing:

- a. Purpose and objectives of the delivery of Mineral Sample to abroad;
- b. Types and quantities of Mineral Sample; and
- c. Country of destination.

- (2) Director General on behalf of the Minister shall conduct the evaluation against the request as referred to in paragraph (1).
- (3) Based on the evaluation results as referred to in paragraph (2), the Director General on behalf of the Minister shall grant the approval or rejection over the request for recommendation no later than 14 (fourteen) working days since the request is accepted complete and correct.
- (4) In the event that the request for recommendation is rejected, the rejection is submitted in writing to the applicant accompanied by the reasons of the rejection.

Article 22

The holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, or Mining Business License (IUP) for Production Operation specifically for the processing and/or purification are required to submit the results of research and development of Mineral report to the Minister through the Director General.

Transportation and Sales

Article 23

- (1) The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation can conduct the activities of Transportation and Sales of Mineral and Coal.
- (2) In conducting the activities of Transportation and Sales as referred to in paragraph (1), the holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation can conduct the cooperation with the holders of Mining Business License (IUP) for Production Operation specifically for transportation and sales.
- (3) Transportation and Sales as referred to in paragraph (1) consist of the activities:
 - a. Loading;
 - b. Transportation;
 - c. Unloading; and
 - d. Sales.

FINANCIAL

Article 24

- (1) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification are required to manage the finance with the accounting system applicable in Indonesia.
- (2) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification in spending the expenses based on the principle of fairness and in accordance with the provisions of the laws and regulations.
- (3) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business

License (IUPK) for Production Operation, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification are required to submit the financial statements that have been audited by public accountant in accordance with the provisions of the laws and regulations.

CHAPTER VI

NON-TAX STATE REVENUE

Article 25

- (1) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification are required to pay the type of non-tax state revenue which consists of:
- a. Services of providing data information system of Mineral and Coal;
 - b. Fixed fees;
 - c. Production/ royalty fees;

- d. DHPB;
 - e. Compensation of information data;
 - f. Central Government section of net profit of the holders of Special Mining Business License (IUPK) for Production Operation;
 - g. Guarantee of the seriousness auction of Mining Business License Area (WIUP) or Special Mining Business License Area (WIUPK) of metallic Mineral or Coal which designated to be owned by the Central Government in accordance with the provisions of the laws and regulations;
 - h. Guarantee of the seriousness of the Exploration activities implementation which designated to be owned by the Central Government in accordance with the provisions of the laws and regulations; and/or
 - i. Other types of state revenue which are regulated by the provisions of the laws and regulations.
- (2) The Minister shall stipulate the guidelines on the implementation of the imposition, collection, payment/ deposit of non-tax state revenue.

CHAPTER VII

DATA MANAGEMENT OF MINERAL AND COAL

Article 26

- (1) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, and Special Mining Business License (IUPK) for Production Operation, are required to manage the data of the activities results of Exploration and Production Operation with a good data management system.
- (2) Data as referred to in paragraph (1) shall be submitted to the Minister or governor in accordance with his authority periodically and at the end of the activities.

CHAPTER VIII

SHARE DIVESTMENT

Article 27

- (1) The holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation in the framework of foreign investment, since 5 (five) years after the production shall required to conduct the Share Divest in

staged manner, so that in the tenth years the share at least 51% (fifty one percent) owned by Indonesian participants.

- (2) After the production as referred to in paragraph (1) shall be calculated since the date enactment of the first time commencing the Mining activities in the Annual Work Plan and Budget (RKAB) approval by the Minister.
- (3) Indonesian participants as referred to in paragraph (1) shall consist of:
- a. Government;
 - b. Regional Government of Provincial and Regency / city;
 - c. State-Owned Enterprise (SOE);
 - d. Regional-Owned Enterprise (ROE); and
 - e. National private enterprise.

Article 28

Procedure of Share Divestment implementation shall be regulated in a separate Ministerial Regulation.

CHAPTER IX

PROVISION OF LABOR, PROCEDURE OF CAPITAL GOODS PURCHASE,
EQUIPMENTS, RAW MATERIAL AND OTHER SUPPORTING MATERIALS

Part One

Labor

Article 29

- (1) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and Mining Service Business License are required to give priority to the local and/or national labor.
- (2) In the event that there are no local and/or national labor who have the required competitions and/or qualifications, the holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and Mining Service Business License can use the foreign labor in the framework of technology transfer and/or transfer skills.

- (3) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and Mining Service Business License are required to prepare and finance the programs of education and training of local and/or national labor.

Second Part

Purchase of Capital Goods, Equipments, Raw Material and Supporting Materials

Article 30

- (1) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and Mining Service Business License in implementing the mining business activities are required to give priority to the domestic capital goods, equipments, raw material, and other supporting materials.

- (2) In the event that the domestic products as referred to in paragraph (1) are not available, the holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and Mining Service Business License can purchase the imported products sold in Indonesia with the provisions:
- a. Meet the standard quality and after sales service; and
 - b. Can ensure the continuity of the supply and the determination of delivery time.
- (3) In the event that the provisions as referred to in paragraph (2) are not met, the holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and Mining Service Business License can import the capital goods, equipments, raw material, and other supporting materials to Indonesia.

- (4) To fulfill the needs as referred to in paragraph (3), the holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and Mining Service Business License are required to submit the notification:
- a. List of goods purchase;
 - b. Temporary import; and
 - c. Remanufactured.
- (5) The purchase plan of capital goods, equipments, raw material, and other supporting materials for the holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification shall be submitted in Annual Work Plan and Budget (RKAB).
- (6) Purchase of imported capital goods, equipments, raw material and other supporting materials can obtain the

import quality in accordance with the provisions of the laws and regulations.

CHAPTER X

PRODUCTION AND SALES CONTROL

Part One

Production Control

Article 31

- (1) The Minister shall perform the control of Mineral and Coal production which aims to:
 - a. Fulfill the provisions of environmental aspects;
 - b. Implement the conservation of Mineral and Coal resources.
- (2) The Minister can stipulate the scale of national production of Mineral and Coal for the national interests;
- (3) In determining the scale of national production as referred to in paragraph (2), the Minister shall coordinate with the related government institutions and/or provincial government.

Part Two
Sales Control

Article 32

- (1) The Minister shall perform the control of Mineral and Coal sales which aims to:
- a. Guarantee the supply of domestic needs of Mineral and Coal;
 - b. Maintaining the economic resilience;
 - c. Maintaining the stability of defense and security; and
 - d. Controlling the prices of Mineral and Coal.
- (2) In implementing the controlling of Mineral and Coal Sales as referred to in paragraph (1), the Minister shall stipulate:
- a. Quantities and types of Mineral and Coal needs to fulfill the domestic market obligation; and
 - b. Quantities and types of Mineral and Coal which can be sold abroad.
- (3) In determining the quantities and types of Mineral and Coal which can be sold abroad as referred to in paragraph (2) letter b, the Minister shall coordinate with the related government institutions and/or provincial government.

CHAPTER XI
PRICES OF MINERAL AND COAL

Part One
Benchmark Price

Article 33

- (1) The holders of Mining Business License (IUP) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of Coal, Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Special Mining Business License (IUPK) for Production Operation of Coal in selling the metallic Mineral or Coal produced shall be guided by the Metal Mineral Benchmark Price (HPM) or Coal Benchmark Price (HPB).
- (2) Metal Mineral Benchmark Price (HPM) and Coal Benchmark Price (HPB) as referred to in paragraph (1) is the price of the lower limits in the calculation of production fee payment.

- (3) Metal Mineral Benchmark Price (HPM) and Coal Benchmark Price (HPB) shall be stipulated by the Minister for each types of metallic Mineral and Coal commodities.

Part Two

Prices of Specific Types of Mineral and Coal and For Specific Purposes

Article 34

- (1) The Minister can stipulate the selling price formula of metallic Mineral for the nation interests.
- (2) The nation interests as referred to in paragraph (1) is based on the consideration:
- a. Sustainability of mining business activities; and
 - b. Domestic Enhancement of Added Values of Mineral.

Article 35

- (1) The Minister shall establish the Selling price formula:
- a. Specific types of Coal
 - b. Specific purposes of Coal.
- (2) Specific types of coal as referred to in paragraph (1) can take form:

- a. Fine coal;
- b. Reject coal; and
- c. Coal with specific impurities.

(3) Coal for specific purposes as referred to in paragraph (1) can take form:

- a. Coal which utilized for mine mouth power plant;
- b. Coal which utilized by the company for own purposes in the process of Coal Mining;
- c. Coal which utilized by the Company in the framework of Enhancement of Added Values of Coal which conducted in mine mouth; and
- d. Coal for the development of underdeveloped region around the mine.

(4) The holders of Mining Business License (IUP) for Production Operation of Coal and Special Mining Business License (IUPK) for Production Operation of Coal can sell the Coal to the company of mine mouth power plant with the price in accordance with the provisions in the Ministerial Regulation which regulates the procedures for supply and pricing of Coal for the mine mouth power plant.

Part Three
Selling Price of Coal

Article 36

- (1) In the framework of the fulfillment of Coal needs for national interests, the Minister shall establish the selling price of Coal for the national interests in accordance with the quality of the Coal.
- (2) The selling price as referred to in paragraph (1) is conducted by taking into account the national interests.

Article 37

The procedures of benchmark pricing and selling price of metallic Mineral and Coal shall be regulated by separate Ministerial Regulation.

CHAPTER XII

COMMUNITY DEVELOPMENT AND EMPOWERMENT

Article 38

- (1) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License

(IUP) for Production Operation, and Special Mining Business License (IUPK) for Production Operation are required to prepare the master plan of community development and empowerment program with reference to the blue print established by the governor.

- (2) The preparation of the master plan of community development and empowerment program as referred to in paragraph (1) shall be conducted together with the preparation of Feasibility Study and living environment document in accordance with the provisions of the laws and regulations.
- (3) The master plan of community development and empowerment program as referred to in paragraph (1) shall include the plan of community development and empowerment program during the Production Operation up to post mining program.
- (4) The financing of the annual community development and empowerment program comes from the operational costs of the holders Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation.

- (5) The financing of the annual community development and empowerment program as referred to in paragraph (4) shall be managed directly by the holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation.
- (6) In the event of the enhancement of production capacity, the holders of Mining Business License (IUP) for Production Operation and Special Mining Business License (IUPK) for Production Operation are required to increase the costs of community development and empowerment program.
- (7) In the event that the costs realization of the community development and empowerment program is not achieved shall be added to the next year.
- (8) The Minister shall establish the guidelines on the implementation of the community development and empowerment program.

CHAPTER XIII

TERMINATION OF BUSINESS ACTIVITIES OF MINERAL AND COAL MINING

Article 39

(1) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, Production Operation specifically for the transportation and sales, and Mining Service Business License, which ended because of:

- a. Returned;
- b. Revoked; or
- c. Expired,

are required to fulfill and accomplish all liabilities in accordance with the provisions of the laws and regulations.

(2) The liabilities of the holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, Mining Business License (IUP) for Production Operation specifically for the transportation and sales, and Mining Service Business License shall be

deemed to have been fulfilled after obtaining the approval from the Minister or governor in accordance with his authority.

CHAPTER XIV

ADMINISTRATIVE SANCTIONS

Article 40

- (1) The holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, Mining Business License (IUP) for Production Operation specifically for the transportation and sales, and Mining Service Business License which do not comply with or violate the provisions as referred to in Article 8 paragraph (1) or up to the paragraph (3), Article 9 paragraph (1), Article 10 paragraph (1), Article 11 paragraph (1), Article 12 paragraph (1), Article 13, Article 14 paragraph (1) or paragraph (3), Article 16 paragraph (1) or paragraph (6), Article 17 paragraph (1), Article 18 paragraph (1) or up to paragraph (6), Article 22, Article 24 paragraph (1) or paragraph (3), Article 25 paragraph (1), Article 26

paragraph (1) or paragraph (2), Article 27 paragraph (1), Article 29 paragraph (1) or paragraph (3), Article 30 paragraph (1) or paragraph (4), Article 33 paragraph (1), Article 38 paragraph (1), paragraph (4), paragraph (6), or paragraph (7), or Article 39 paragraph (1) are subject to the administrative sanctions.

- (2) Administrative sanctions as referred to in paragraph (1) in the form of:
- a. Written warning
 - b. Temporary suspension of part or all business activities; and/or
 - c. Revocation of permission.
- (3) Administrative sanctions as referred to in paragraph (2) shall be granted by the Director General on the behalf of the Minister or governor in accordance with his authority.

Article 41

The written warning as referred to in Article 40 paragraph (2) letter a shall be given at the most of 3 (three) times with each warning period no longer than 30 (thirty) days calendar.

Article 42

(1) In the event that the holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, Mining Business License (IUP) for Production Operation specifically for the transportation and selling, or Mining Service Business License who received the written warning sanctions after the expiry of the written warning period as referred to in Article 40 paragraph (2) letter a have not implement their liabilities, shall be subject to the administrative sanctions in the form of temporary suspension of part or all business activities as referred to in Article 40 paragraph (2) letter b.

(2) Administrative sanctions in the form of temporary suspension of part or all business activities as referred to in paragraph (1) shall be levied no longer than 60 (sixty) days of calendar.

Article 43

Administrative sanctions in the form of revocation of permission as referred to in Article 40 paragraph (2) letter c shall be imposed to the holders of Exploration IUP, Exploration Special Mining Business License (IUPK), Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, Mining Business License (IUP) for Production Operation specifically for the transportation and sales, or Mining Service Business License who do not implement the liabilities up to the expiry of the period of imposition of sanctions in the form of temporary suspension of part or all business activities as referred to in Article 42 paragraph (2) letter b.

CHAPTER XV

TRANSITIONAL PROVISIONS

Article 44

At the time this Ministerial Regulation comes into force:

- a. The holders of metallic Mineral Contract of Work (KK) can perform the Sales abroad of processing results in the specific amount at the latest of the date of January 11, 2022 after making changes the form of the mining

concession to Special Mining Business License (IUPK) for Production Operation and pay the export duty in accordance with the provisions of the laws and regulations as well as fulfill the minimum limits of the processing included in Appendix I which is the integral part of this Ministerial Regulation;

- b. The holders of Mining Business License (IUP) for Production Operation of metallic Mineral can perform the Sales abroad of processing results in the specific amount at the latest of the date of January 11, 2022 after paying the export duty in accordance with the provisions of the laws and regulations and fulfill the minimum limits which is the integral part of this Minister Regulation;
- c. The holders of Mining Business License (IUP) for Production Operation specifically for the processing and/or purification of metallic Mineral which issued before the enactment of the Government Regulations Number 1 Year 2017 and have been proceed the products of processing results, can perform the Sales abroad of the processing results in the specific amount at the latest of the date of January 11, 2022 after paying the export duty in accordance with the provisions of the laws and regulations and fulfill the minimum limits of the

processing included in Appendix II which is the integral part of this Ministerial Regulation;

- d. Other parties which produce the anode mud can perform the Sales of anode mud as the By-products or residual proceeds of the purification of mining commodities of tin metallic Mineral abroad in the specific amount at the latest of the date of January 11, 2022;
- e. The sales abroad in the specific amount as referred to in letter a, letter b, letter c and letter d only can be done after obtaining the Export Approval from the Director General who organize the government affairs in the field of foreign trade; and
- f. Before obtaining the Export Approval as referred to in letter e, the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and other parties that produce the anode mud are required to obtain the Recommendation from the Director General.

- (1) The holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, or other parties who conduct the Processing and/or Purification of metallic Mineral are required to utilize the metallic Mineral with the specific criteria of the domestic Mining results .
- (2) Metallic Mineral with the specific criteria as referred to in paragraph (1) consists of:
- a. Nickel with a level of $< 1,7\%$ (less than one point seven percent); or
 - b. Washed bauxite with a level of $Al_2O_3 > 42\%$ (more than or equal to forty two percent).
- (3) The utilization of metallic Mineral with the specific criteria as referred to in paragraph (1) is conducted to fulfill the domestic utilization through:
- a. Processing and purify the metallic Mineral with the specific criteria at the facility of Processing and/or Purification for the holders of Mining Business License (IUP) for Production Operation or Special Mining Business License (IUPK) for Production

Operation who build their own facility of the Processing and/or Purification;

b. Supplying the metallic Mineral with the specific criteria which built by the holders of other Mining Business License (IUP) for Production Operation, other Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, or other parties who conduct the Processing and/or Purification for the holders of Mining Business License (IUP) for Production Operation or Special Mining Business License (IUPK) for Production Operation who work together to conduct the Processing and/or Purification; or

c. Receive the supply of metallic Mineral with the specific criteria for the holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification as well as other parties who conduct the Processing and/or Purification.

(1) The holders of Mining Business License (IUP) for Production Operation or Special Mining Business License (IUPK) for Production Operation can conduct the Sales of nickel with a level of $<1,7\%$ (less than one point seven percent) or washed bauxite with a level of $Al_2O_3 >42\%$ (more than or equal to forty two percent) abroad in the specific quantities by using the Tariff Post/ HS (Harmonized System) in accordance with the provisions of the laws and regulations at the latest of the date of January 11, 2022.

(2) The sales of nickel with a level of $<1,7\%$ (less than one point seven percent) or washed bauxite with a level of $Al_2O_3 >42\%$ (more than or equal to forty two percent) as referred to in paragraph (1) is conducted with the provisions:

- a. Has or is building the facility of Purification; and
- b. Paying the export duty in accordance with the provisions of the laws and regulations.

(3) Has or is building the facility of Purification as referred to in paragraph (2) letter a can take form:

- a. Build his own facility of Purification; or

b. Cooperate to build the facility of Purification in the form of:

1. Share ownership directly to the Business Entity of the holders of Mining Business License (IUP) for Production Operation specifically for the processing and/or purification; or
2. Share ownership directly to the holders of Mining Business License (IUP) for Production Operation specifically for the processing and/or purification at the Business Entity of the holders of Mining Business License (IUP) for Production Operation or Special Mining Business License (IUPK) for Production Operation.

Article 47

- (1) The holders of Mining Business License (IUP) for Production Operation of metallic Mineral and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification of metallic Mineral can perform the Sales of Processing results abroad in the specific amount by using the Tariff Post/HS (Harmonized System) in accordance with the provisions of the laws and regulations at the latest of the date of January 11, 2022.

- (2) Sales of Processing results abroad by the holders of Mining Business License (IUP) for Production Operation of metallic Mineral or Mining Business License (IUP) for Production Operation specifically for the processing and/or purification of metallic Mineral as referred to in paragraph (1) is conducted with the provisions:
- a. Has produced the Processing results;
 - b. Pay the export duty in accordance with the provisions of the laws and regulations; and
 - c. Is building his own facility of Purification or cooperate to perform the Purification.
- (3) Cooperate to perform the Purification as referred to in paragraph (2) letter c can take form:
- a. Construct the facility of Purification together with other holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, or other parties by establish the Business Entity of the holders of Operation IUP specifically for the processing and/or purification; or

b. Purify at the facility of Purification which is built by other holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and/or holders of Mining Business License (IUP) for Production Operation specifically for the processing and/or purification through the activities:

1. Sale and purchase of Concentrate or By-products or residual results of Processing; or
2. Purification services of Concentrate or By-products or residual results of Processing.

Article 48

(1) The holders of Contract of Work (KK) who have made the changes form of their mining concession to Special Mining Business License (IUPK) for Production Operation can perform the Sales of Processing results abroad in specific amount by using Tariff Post/HS (Harmonized System) in accordance with the provisions of the laws and regulations at the latest of the date of January 11, 2022.

(2) Sales of Processing results abroad by the holders of Special Mining Business License (IUPK) for Production

Operation as referred to in paragraph (1) is conducted with the provisions:

- a. Has produced products of Processing results;
- b. Pay the export duty in accordance with the provisions of the laws and regulations; and
- c. Is building his own facility of Purification or cooperate to perform the Purification.

(3) Cooperate to perform the Purification as referred to in paragraph (2) letter c can take form:

- a. Construct the facility of Purification with the holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, or other parties who establish the Business Entity of the holders of Operation IUP specifically for processing and/or purification; or

- b. Purify at the facility of Purification which built by the holders of Mining Business License (IUP) for Production Operation, other Special Mining Business License (IUPK) for Production Operation, and/or holders of Mining Business License (IUP) for

Production Operation specifically for the processing and/or purification through the activities:

- 1) Sale and purchase the Concentrate or By-products or residual proceeds of Processing; or
- 2) Purification services of Concentrate or By-products or residual proceeds of Processing.

Article 49

- (1) Other parties who have produced the By-products or residual proceeds of Purification of tin metallic Mineral in the form of anode mud can perform the Sales of anode mud abroad in specific amount by using Tariff Post/ HS (Harmonized System) in accordance with the provisions of the laws and regulations at the latest of the date of January 11, 2022.
- (2) Sales of anode mud abroad by other parties who has produced the By-products of residual proceeds of Purification of copper tin Mineral mining commodities in the form of anode mud as referred to in paragraph (1) is performed with the provisions of:
 - a. Has or is building his own facility of further purification; and

b. Cooperate to perform the Purification with the holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and/or holders of Mining Business License (IUP) for Production Operation specifically for the processing and/or purification.

(3) Cooperate to perform the Purification as referred to in paragraph (2) letter b can take form:

a. Construct the facility of Purification together with the holders of Mining Business License (IUP) for Production Operation or Special Mining Business License (IUPK) for Production Operation, or other parties, by establishing Business Entity of the holders of Operation IUP specifically for processing and/or purification; or

b. Purify at the facility of Purification which built by the holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, and/or the holders of Mining Business License (IUP) for Production Operation specifically for processing and/or purification, through the activities:

- 1) Sale and purchase of anode mud; or
- 2) Purification services of anode mud.

Article 50

- (1) Sales abroad as referred to in Article 46, Article 47, Article 48, and Article 49 is performed after obtaining the Export Approval from the Director General who organize the government affairs in the field of foreign trade.
- (2) Before obtaining the Export Approval as referred to in paragraph (1), the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, and other parties who produced the By-products or residual results of Purification are required to obtain the Recommendation from the Director General.

Article 51

The recommendation granting as referred to in Article 50 only can be granted with the provisions:

- a. The physical progress of the facility of purification at least has completed all stages of initial preparation

activities including Feasibility Study, environmental permit, and land tenure as well as the activities stages of the project preparation including basic design. Detail engineering design), and site preparation on the year of 2018.

- b. The physical progress of the facility of purification at least has completed the activity stage of the preparation of initial project and activity stage of project preparation as well as has entered the activity stage of project implementation including the procurement and construction on the year of 2019.
- c. The physical progress of the facility of purification at least has completed the activity stage of preparation of initial project, activity stages of project preparation, and all activity stage of project implementation including the procurement and construction on the year of 2020; and
- d. The physical progress of the facility of purification at least has completed the activity stage of preparation of initial project, activity stages of project preparation, and all activity stages of project implementation, as well as has entered the activity stage of commissioning and starts up on the year of 2021.

Article 52

- (1) To obtain the recommendation as referred to in Article 50, the holders of Mining Business License (IUP) for Production Operation of metallic Mineral, Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, or Other Parties shall submit the request for recommendation to the Minister through Director General accompanied with the requirements:
- a. Development plan of domestic facility of Purification which has verified by Independent Verifier; and
 - b. Verification of physical progress of the facility of purification by Independent Verifier.
- (2) The Director General shall implement the evaluation against the recommendation application as referred to in paragraph (1).
- (3) Based on the evaluation results as referred to in paragraph (1), the Director General on behalf of the Minister providing the approval or rejection of the recommendation application within a period no later than 14 (fourteen) working days since the receipt of the complete and correct request.

- (4) In the event that the request for recommendation is rejected, the rejection shall be submitted in writing to the applicant accompanied with the reasons of the rejection.

Article 53

- (1) The specific amount of Sales abroad as referred to in article 44 letter a, letter b, letter c, and letter d is determined based on the consideration:
- a. Reserve estimation or guarantee of raw material supply to fulfill the needs of the facility of Purification;
 - b. Amount of sales abroad in the approval of Annual Work Plan and Budget (RKAB) of the current year; and
 - c. Input capacity of the facility of Purification.
- (2) The Minister shall stipulate the guidelines on implementation of application, evaluation, and the approval of granting export recommendation.

Article 54

- (1) The holders of Contract of Work (KK) can perform the domestic Ore Sales after obtaining the approval of the Director General on behalf of the Minister.

- (2) The approval as referred to in paragraph (1) is granted after taking into consideration the fulfillment of conservation aspects as well as in the framework of enhancement of the state revenues.

Article 55

- (1) Director General on behalf of the Minister shall perform the supervision against:
- a. Implementation of Sales Mineral abroad;
 - b. Improvement of domestic facility of purification consists of:
 - 1) Physical progress of the facility of purification; and
 - 2) Amount of development absorption costs of the facility of purification.
- (2) Supervision of Mineral Sales abroad as referred to in paragraph (1) letter a include:
- a. Research and examination against data or information about administrative validity and origin of mining products to be exported; and
 - b. Product type, amount, and quality based on the testing results by the surveyor appointed by the government.

- (3) Supervision of Mineral Sales abroad as referred to in paragraph (1) letter a is performed at any time if needed.
- (4) Supervision as referred to in paragraph (1) letter b is conducted periodically every 6 (six) months or at any time if needed.
- (5) Physical progress of the facility of Purification development as referred to in paragraph (1) letter b number 1 shall achieve at least 90% (ninety percent) of the plan of physical progress of the facility of purification development which is calculated cumulatively up to the last 1 (one) month by the Independent Verifier.
- (6) Director General can provide the approval of force majeure beyond human capabilities resulting in direct stunted achievement of at least 90% (ninety percent) of the plan of physical progress of the facility of Purification development as referred to in paragraph (5) based on the written report of the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation specifically for

the processing and/or purification, and other parties as the basis to conduct the evaluation of request of extension recommendation.

(7) In the event that in every 6 (six) months of physical progress percentage of the facility of Purification as referred to in paragraph (5) does not achieve 90% (ninety percent), the Director General on behalf of the Minister shall issue the recommendation to the Director General who organize the government affairs in the field of foreign trade to revoke the export approval that has been granted.

(8) Other than the revocation of recommendation of export approval as referred to in paragraph (7), the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification may be subject to administrative fines of 20% (twenty percent) from the cumulative values of mineral sales abroad.

(9) The administrative fine as referred to in paragraph (8) is deposited to the state treasury through a bank of

perception.

(10) In the event that the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification do not fulfill the payment liability of administrative fines as referred to in paragraph (8) in the period no later than 1 (one) month since the imposition of administrative fine, the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification may be subject to administrative fine of temporary suspension of part or all business activities at the latest of 60 (sixty) days by the Minister or governor in accordance with his authority.

(11) The administrative fine in the form of license revocation shall be imposed to the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, and Mining

Business License (IUP) for Production Operation specifically for the processing and/or purification who do not fulfill the payment liability of the administrative fine until the expire of the period of temporary suspension as referred to in paragraph (10) by the Minister or governor in accordance with his authority.

- (12) In the event that the administrative sanctions as referred to in paragraph (10) and paragraph (11) is granted by the governor, the Minister through the Director General shall deliver the notification related to the violation conducted by the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification for the governor.

Article 56

- (1) Independent Verifier as referred to in Article 52 paragraph (1) shall be stipulated by the Director General on behalf of the Minister.

- (2) To be designated as the Independent Verifier as referred to in paragraph (1), the Independent Verifier shall submit the application in writing to the Minister through the Director General by fulfilling administrative and technical requirements.
- (3) The application as referred to in paragraph (2) shall not apply to the Public Service Agency stipulated as the Independent Verifier.
- (4) Application, evaluation, and the determination of Independent Verifier shall be processed in accordance with the procedures included in Appendix V which are the integral part of this Ministerial Regulation.

Article 57

- (1) To be verified the plan of the domestic facility of Purification development as referred to in Article 52 paragraph (1) letter a or verification of physic progress of domestic facility of purification development as referred to in Article 52 paragraph (1) letter b, the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production

Operation specifically for the processing and/or purification, or other parties shall submit the request for verification to the Independent Verifier.

- (2) Verification implementation of physical progress of domestic facility of purification development as referred to in paragraph (1) is conducted periodically every 6 (six) months.
- (3) In case of more rigorous monitoring of physical progress of the facility of Purification development is required, the Director General on behalf of the Minister at any time can ask the Independent Verifier to conduct the verification against the physical progress of domestic facility of purification development.
- (4) The verification and verification results of the development plan of the facility of purification as referred to in paragraph (1) is implemented in accordance with the criteria and prepared in accordance with the report included in Appendix VI and Appendix VII which are the integral part of this Ministerial Regulations.
- (5) The verification and verification results of the physical progress of domestic facility of purification development as referred to in paragraph (1) is implemented in

accordance with the criteria and prepared in accordance with the report included in Appendix VIII and Appendix IX which are the integral part of this Ministerial Regulations.

- (6) The verification of the physical progress is conducted by the Independent Verifier who is different than the Independent Verifier who conducts the verification of development plan.
- (7) The Independent Verification is prohibited to engage directly in the planning and development of the verified facility of purification.
- (8) In the event that the Independent Verification committing the violation against the provisions in this Ministerial Regulation and/or submitting the verification results report incorrectly, the designation as the Independent Verifier is revoked.
- (9) Costs incurred for the verification implementation of the plan of domestic facility of Purification development and verification against the physical progress of the domestic facility of purification development shall be charged to the holders of Special Mining Business License (IUPK) for Production Operation of metallic Mineral,

Mining Business License (IUP) for Production Operation of metallic Mineral, Mining Business License (IUP) for Production Operation specifically for the processing and/or purification, or other parties who submit the request for verification.

Article 58

At the time this Ministerial Regulations comes into force:

- a. Special Mining Business License (IUPK) for Production Operation which granted as a change in the form of the mining concession from KK before the enactment of this Ministerial Regulations shall remain valid until its term expires.
- b. Guarantee of the seriousness that has been placed by the holders of Mining Business License (IUP) for Production Operation of metallic Mineral, KK, and Mining Business License (IUP) for Production Operation specifically for the processing and/or purification before the enactment of this Ministerial Regulation can be presented entirely along with the interest at the time of the physical progress of the domestic facility of Purification has achieved 35% (thirty five percent) at the latest of the date of January 12, 2022.

- c. The physical progress of the domestic facility of Purification development as referred to in letter b shall be determined based on the verification results conducted by the Independent Verifier; or
- d. In the event that until the expire of the terms as referred to in letter b of physical progress of the domestic facility of Purification does not achieve 35% (thirty five percent), the guarantee of the seriousness shall be deposited to the State Treasury through the bank of perception at the latest of the date of 3 (three) months after the January 12, 2022.

Article 59

At the time this Ministerial Regulation comes into force, the holders of Contract of Work (KK) and Coal Mining Business Work Agreement (PKP2B) can follow the provisions of Share Divestment in accordance with the provisions in this Ministerial Regulation or conduct the Share Divestment directly of 51% (fifty one percent) in the tenth year after production.

Article 60

At the time of this Ministerial Regulation comes into force, the holders of Special Mining Business License (IUPK) for Production Operation of the results of form change of mining concession from KK which has been produced at least for 5 (five) years at the time of the enactment of the Government Regulation Number 1 Year 2017 concerning the Fourth Amendment of the Government Regulation Number 23 Year 2010 concerning the Implementation of Business Activities of Mineral and Coal Mining are required to implement the provisions of Share Divestment of 51% (fifty one percent) in the terms at the latest of the year of 2019 in accordance with the Special Mining Business License (IUPK) for Production Operation.

Article 61

At the time this Ministerial Regulation comes into force:

- a. The holders of Contract of Work (KK) and Coal Mining Business Work Agreement (PKP2B) are required to implement the installation of Boundaries Mark in accordance with the provisions of this Ministerial Regulation;
- b. The holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Contract of Work (KK) and Coal Mining Business Work Agreement (PKP2B) who are

required to implement the installation of Boundaries Mark in accordance with the provisions of this Ministerial Regulation and have conducted the installation of the Boundaries Mark and have not yet obtained the designation of Boundaries Mark, are required to submit the request for the designation of Boundaries Mark to the Minister through the Director General in accordance with his authority; or

- c. The holders of Mining Business License (IUP) for Production Operation, Special Mining Business License (IUPK) for Production Operation, Contract of Work (KK) and Coal Mining Business Work Agreement (PKP2B) who are required to implement the installation of Boundaries Mark in accordance with the provisions of this Ministerial Regulation and have conducted the installation of the Boundaries Mark and has obtained the designation of Boundaries Mark, are required to undertake the maintenance and care of Boundaries Mark in accordance with the attachment of coordinate list of the Decree of stipulation of Boundaries Mark;

Article 62

At the time this Ministerial Regulation comes into force, the holders of Contract of Work (KK) and Coal Mining Business Work Agreement (PKP2B) are required to implement the provision

concerning Community Development and Empowerment whose regulated in this Ministerial Regulation, including the preparation of the master plan of community development and empowerment program in accordance with the provision of laws and regulations.

Article 63

When this Ministerial Regulation comes into force,

- a. Regulation of the Minister of Energy and Mineral Resources Number 25 Year 2008 regarding Procedures for Determination of the Limitation Policy for the National Mineral Mining Production Technical Guidelines of the Implementation of Government Duty on General Mining;
- b. Regulation of the Minister of Energy and Mineral Resources Number 34 Year 2009 regarding Prioritization of Mineral and Coal Supply Needs for Domestic Interest (State Gazette of the Republic of Indonesia Year 2009 Number 546);
- c. Regulation of the Minister of Energy and Mineral Resources Number 17 Year 2010 regarding Procedures On Benchmark Price Determination of Mineral and Coal Sales (State Gazette of the Republic of Indonesia Year 2010 Number 463);

- d. Regulation of Minister of Energy and Mineral Resources Number 33 Year 2015 regarding Procedure for Installation of Boundaries Mark of the Mining Business License Area and Mining Business License Area especially Mineral and Coal (State Gazette of the Republic of Indonesia Year 2015 Number 1585);
- e. Regulation of the Minister of Energy and Mineral Resources Number 41 Year 2016 regarding Development and Empowerment of Communities through Business Activities of the Mineral and Coal Mining (State Gazette of the Republic of Indonesia Year 2016 Number 1879);
- f. Regulation of the Minister of Energy and Mineral Resources Number 05 Year 2017 regarding Enhancement of Added Values of Mineral through the activities of Domestic Processing and Purification of Mineral (State Gazette of the Republic of Indonesia Year 2017 Number 98);
- g. Regulation of the Minister of Energy and Mineral Resource Number 06 Year 2017 regarding Procedures and Requirements for the Granting of Implementation Recommendation of the Mineral Sales to abroad of the Processing and Purification Result (State Gazette of the Republic of Indonesia Year 2017 Number 99);

- h. Regulation of the Minister of Energy and Mineral Resource Number 28 Year 2017 regarding Amendment to the Regulation of the Minister of Energy and Mineral Resource Number 5 Year 2017 Enhancement of Added Values of Mineral through the activities of Domestic Processing and Purification of Mineral (State Gazette of the Republic of Indonesia Year 2017 Number 515);
- i. Regulation of the Minister of Energy and Mineral Resource Number 35 Year 2017 regarding Amendment to the Regulation of the Minister of Energy and Mineral Resource Number 6 Year 2017 regarding Procedures and Requirements for the Granting of Implementation Recommendation of the Mineral Sales to abroad of the Processing and Purification Result (State Gazette of the Republic of Indonesia Year 2017 Number 687);

shall be revoked and declared null and void.

Article 64

This Ministerial Regulation shall become effective as from the date of enactment.

In order to make known to all citizens, it is hereby order to

promulgate the enactment of this Ministerial Regulation in the
State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On the date of 30 April 2018

MINISTER OF ENERGY AND MINERAL RESOURCES
THE REPUBLIC OF INDONESIA,

[signed]

IGNASIOUS JONAN

Enacted in Jakarta

On the date of 3 May 2018

DIRECTOR GENERAL OF
LAWS AND REGULATIONS
MINISTRY OF LAW AND HUMAN RIGHTS
THE REPUBLIC OF INDONESIA

[signed]

WIDODO EKATJAHJANA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2018 NUMBER

In conformity with the original
MINISTRY OF ENERGY AND MINERAL RESOURCES
HEAD OF LEGAL BUREAU

[signed and sealed]

HUFRON ASROFI
NIP 196010151981031002

DITERJEMAHKAN OLEH APBI-ICMA