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REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 23 OF 2010
CONCERNING
IMPLEMENTATION OF MINERAL AND COAL MINING BUSINESS ACTIVITIES

WITH THE BLESSING OF GOD ALMIGHTY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:
That to implement Article 5 section (5), Article 34 section (3), Article 49, Article 63, Article 65 section (2), Article 71 section (2), Article 76 section (3), Article 84, Article 86 section (2), Article 103 section (3), Article 109, Article 111 section (2), Article 112, Article 116 and Article 156 of Law Number 4 of 2009 concerning Mineral and Coal Mining, it is necessary to issue Regulation of the Government concerning Implementation of Mineral and Coal Mining Business Activities.

Bearing in Mind:
1. Article 5 section (2) of the 1945 Constitution of the State of the Republic of Indonesia;
2. Law Number 4 of 2009 concerning Mineral and Coal Mining (State Gazette of the Republic of Indonesia Number 4 of 2009, Supplement to State Gazette of the Republic of Indonesia Number 4959);

HAS DECIDED:

To issue: REGULATION OF THE GOVERNMENT CONCERNING IMPLEMENTATION OF MINERAL AND COAL MINING BUSINESS ACTIVITIES.

GENERAL ELUCIDATION:

The source is in Bahasa Indonesia from the Department of ESDM of the Republic of Indonesia E&OE
Article 33 of the 1945 Constitution of the State of the Republic of Indonesia underscores that the land and the waters and the natural resources contained therein shall be controlled by the State and exploited for the best prosperity of the people. Given that minerals and coal as natural resources contained in the land are nonrenewable natural resources, the management thereof needs to be conducted in optimum, efficient, transparent, sustainable, environmentally sound and just manner in order to obtain the maximum ongoing benefit and greatest prosperity for the people. Aligned with the promulgation of Law Number 4 of 2009 concerning Mineral and Coal Mining, it is necessary to renew the governance of mineral mining business activities that include:

1. Mining commercialization that is allowed in the form of Mining Permit, Special Mining Permit, and Small-Scale Mining Permit.
2. Preference for domestic minerals and coal supply to guarantee the availability of minerals and coal as raw materials and/or as energy sources for domestic needs.
3. Implementation and control of mining business activities in efficient, effective, and competitive manner.
4. Increase in income of the local communities, regions, and state, as well as the creation of job opportunity in the best welfare of the people.
5. Transparent issuance of mineral mining business permits to hopefully make the business climate more sound and competitive.
6. Increase in added value in the undertaking of mineral and coal processing and refining/smelting domestically. The aforesaid regulations need incorporation into this Regulation of the Government.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Regulation of the Government:

1. Mining, Mineral, Coal, Mineral Mining, Coal Mining, Mining Business, Mining Permit, hereinafter called an IUP, Entity, Mining Permit Area, hereinafter called a WIUP, Exploration Mining Permit, hereinafter called an Exploration IUP, Production Operation Mining Permit, hereinafter called a Production Operation IUP, Special Mining Area, hereinafter called an WUPK, Special Mining Permit, hereinafter called an IUPK, Exploration Special Mining Permit, hereinafter called an
2. Exploration IUPK, Production Operation Special Mining Permit, hereinafter called a Production Operation IUPK, Small-Scale Mining Area, hereinafter called a WPR, Small-Scale Mining Permit, hereinafter called an IPR, Exploration, and Production Operation, mean those as intended by Law Number 4 of 2009 concerning Mineral and Coal Mining.

3. Affiliate means any entity that has direct shareholdings in a Mining Permit holder or a Special Mining Permit holder.

4. National Private Entity means any entity that is either a legal entity or non-legal entity, 100% (one hundred percent) shares of which are domestically owned.

5. State-owned entity, hereinafter called BUMN, means any State-Owned Entity that is engaged in the mining field under laws and regulations.

6. Region-owned entity, hereinafter called BUMD, means any Region-Owned Entity that is engaged in the mining field under laws and regulations.

7. Cooperative means any entity with a membership of individuals or entities in Cooperative form, that bases its activities on the Cooperative principle, and which functions as a people’s economic movement with the principle of the family system.

8. Community means the community that is domiciled around the mining operation.

9. Share Divestment means a number of foreign shares that is subject to offer for sale to Indonesian participants.

10. Minister means a minister that administers governmental affairs in the field of mineral and coal mining.

Article 2

(1) Implementation of mineral and coal mining business activities shall aim to carry out policy on a preference for domestic use of minerals and/or coal.

(2) Mineral and coal mining as intended by section (1) shall be classified into 5 (five) mining commodities, as follows:

a. radioactive minerals that include radium, thorium, uranium, monazite and other radioactive excavated materials;

*Elucidation of Article 2 Section (2) (a):*
Radioactive minerals in this provision include nuclear excavated materials.

b. metal minerals that include lithium, beryllium, magnesium, kalium, calcium, gold, copper, silver, lead, zinc, tin, nickel, manganese, platinum, bismuth, molybdenum, bauxite, mercury, wolfram, titanium, barite, vanadium, chromite, antimony, cobalt, tantalum, cadmium, gallium, indium, yttrium, magnetite, iron, galena, alumina, niobium, zirconium, ilmenite, chrome, erbium, ytterbium, dysprosium, thorium, cesium, lanthanum, niobium, neodymium, hafnium, scandium, aluminum, palladium, rhodium, osmium, ruthenium, iridium, selenium, telluride, strontium, germanium, and zirconium;

c. nonmetal minerals, including diamond, corundum, graphite, arsenic, quartz, fluor spar, criolite, iodine, bromine, chlorine, sulfur, phosphate, halite, asbestos, talc, mica, magnesite, yarosite, ocher, fluorite, ball clay, fire clay, zeolite, kaolin, feldspar, bentonite, gypsum, dolomite, calcite, chert, pyrophilite, quartzite, zircon, wollastonite, limestone, dolomite, yarosite, tawas (alum), quartz rocks, perlite, rocksalt, clay, and limestone or manufacturing cement;

d. rocks that include pumice, trass, toseki, obsidian, marble, perlite, diatomaceous earth, fullers earth, slate, granite, granodiorite, andesite, gabro, peridotite, basalt, trachyte, leucite, ball clay, soil fill, pumice, opal, chalcedony, chert, quartz crystal, jasper, chrysoprase, silicified wood, gamet, jade, agate, diorite, topaz,

e. large quarry rock piles, excavated hill gravels, river gravels, river rocks, river gravels sieved without sand, sand fill, sieved sand, natural sandy gravels, selected fill material (earth), local landfill, red earth (laterite), onyx, sea sand, sand not containing elements of metal minerals or elements of nonmetal minerals in considerable amounts when sighted from the perspective of mining economy; and

f. coal, including solid bitumen, asphalt rocks, coal, and peat.

(3) Changes in the grouping of mining commodities as intended by section (2) shall be determined by the Minister.

Article 3

(1) Mining business shall be conducted under a Mining Permit, Small-
Scale Mining Permit, or Special Mining Permit.

(3) A Mining Permit, Small-Scale Mining Permit, or Special Mining Permit as intended by section (1) shall be granted within a Mining Permit Area, a Small-Scale Mining Area, or a Special Mining Permit Area in a Special Mining Area.

(4) A Mining Permit Area as intended by section (2) shall be located in a Mining Area as the Minister determines.

(5) A Small-Scale Mining Area as intended by section (2) shall be determined by the regents/mayors.

(6) A Special Mining Permit Area in a Special Mining Area as intended by section (2) shall be located in a Special Mining Area as determined by the Minister.

(7) A Mining Area, Small-Scale Mining Area, and Special Mining Area as intended by section (3), section (4) and section (5) shall be located in a Mining Zone.

(8) Provisions for Mining Zones as intended by section (6) shall be governed by separate Regulation of the Government.

Article 4

To obtain a Mining Permit, Small-Scale Mining Permit, and Special Mining Permit as intended by Article 3 section (1), an applicant must meet the administrative, technical, environmental, and financial requirements.

Article 5

The scope of this Regulation of the Government shall include the granting of Mining Permits, Small-Scale Mining Permits, and Special Mining Permits, obligations of Mining Permit holders, Small-Scale Mining Permit holders, and Special Mining Permit holders, as well as a preference for domestic use of metal mineral and/or coal.

CHAPTER II
MINING PERMITS
Part One
General

Article 6
(1) Mining Permits shall be granted by the competent Minister, the governors, or the regents/the mayors upon application by:
   a. entities;
   b. cooperatives; and
   c. sole proprietorships.

**Elucidation of Article 6 Section (1) Point c:**

*Sole proprietorships in this provision are Indonesian nationals.*

(2) Entities as intended by section (1) item (a) may be private entities, State-Owned Entities, or Region-Owned Entities.
(3) Sole proprietorships as intended by section (1) item (c) may be individuals, general partnerships, or limited partnerships.
(4) Mining Permits as intended by section (1) shall be granted after having access to Mining Permit Areas.
(5) 1 (one) Mining Permit Area may be granted 1 (one) or several Mining Permits.

**Article 7**

A Mining Permit shall be granted through:
   a. the authorization of a Mining Permit Area; and
   b. the granting of a Mining Permit.

**Part Two**

The Authorization of Mining Permit Areas

**Paragraph 1**

General

**Article 8**

(1) Mining Permit Areas as intended by Article 7 item (a) shall be authorized for:
   a. radioactive Mining Permit Areas;
   b. metal mineral Mining Permit Areas;
   c. coal Mining Permit Areas;
   d. nonmetal mineral Mining Permit Areas; and/or
   e. rock Mining Permit Areas.
(2) Radioactive Mining Permit Areas as intended by section (1) item (a)
(3) Metal mineral and coal Mining Permit Areas as intended by section (1) item (b) and item (c) shall be authorized through a bidding process.

(4) Nonmetal mineral and rock Mining Permit Areas as intended by section (1) item (d) and item (e) shall be authorized upon application for the area.

Article 9

(1) 1 (one) Mining Area may include 1 (one) or several Mining Permit Areas.

(2) An applicant as intended by Article 6 section (1) may be authorized 1 (one) Mining Permit Area only.

(3) An applicant as intended by section (2) that is a publicly-held entity (go public) may be authorized more than 1 (one) Mining Permit Area.

Paragraph 2

Procedures for Authorization of Metal Mineral and Coal Mining Permit Areas

Article 10

(1) Prior to the auction process for metal mineral and coal Mining Permit Areas as intended by Article 8 section (3) The competent Minister, governors, or regents/mayors shall announce transparently a Mining Permit Area to be offered for a bids to entities, cooperatives or sole proprietorships at the latest 3 (three) months prior to the conduct of an auction.

*Elucidation of Article 10 Section (1):*

*Announce transparently in this provision means:*

a. be published in at least 1 (one) local print media and/or 1 (one) national print media;

b. be announced at the office of the ministry that administers governmental affairs in the mining and coal field, the provincial governments, the district/city governments.

(2) Prior to the auction process for metal mineral and coal Mining Permit Areas, as intended by section (1):

(3) Areas, as intended by section (1):
a. the Minister must first receive a recommendation from the governors and the regents/mayors;
b. the governors must first receive a recommendation from the regents/mayors.

**Elucidation of Article 10 Section (2):**

*Recommendation in this provision means a recommendation in the form of consideration that addresses information about land utilization in Mining Permit Areas and the cultural characteristics of the community on a local wisdom basis with respect to bids for Mining Permit Areas.*

(4) The governors or the regents/mayors shall give a recommendation as intended by section (2) not exceeding 5 five) working days of submission of a recommendation.

**Article 11**

(1) In the auction for metal mineral and/or coal Mining Permit Areas as intended by Article 10, auction committees shall be formed by:
   a. the Minister, for an auction committee for Mining Permit Areas that overlap the boundaries of the provinces and/or in the territorial sea more than 12 (twelve) miles from the baselines;
   b. the governor, for an auction committee for Mining Permit Areas that overlap the boundaries of the districts/cities within 1 (one) province and/or in the territorial sea from 4 (four) miles to 12 (twelve) miles; and
   c. the regent/mayor, for an auction committee for Mining Permit Areas within 1 (one) district/city and/or in the territorial sea up to 4 (four) miles.

(2) The auction committee for Mining Permit Areas as intended by section (1) that is confirmed by:
   a. the Minister shall consist of an odd number of members and no fewer than 7 (seven) persons who are competent in the field of mineral or coal mining;
   b. the governor shall consist of an odd number of members and no fewer than 5 (five) persons who are competent in the field of mineral or coal mining;
   c. the regent/mayor shall consist of an odd number of members and no fewer than 5 (five) persons who are competent in the field of
d. mineral and/or coal mining;

(3) The auction committee as intended by section (2) may include the elements of the Government, the provincial governments, and/or district/city governments.

**Elucidation of Article 11 Section (3):**

*The elements of the Government in this provision are the representatives of the ministry that administer governmental affairs in the mining and coal field.*

**Article 12**

The duties and authority of the auction committee for metal mineral and/or coal Mining Permit Areas as intended by Article 11 shall include:

a. prepare auctions of Mining Permit Areas and determine the value of the compensation for access to data/information;

b. prepare bidding documents of Mining Permit Areas;

c. set out an auction schedule for Mining Permit Areas;

d. announce bidding time for Mining Permits;

e. republish the announcement not exceeding 2 (two) times in case there is only 1 (one) bidder for a Mining Permit Area;

f. assess the qualifications of bidders for Mining Permit Areas;

g. evaluate incoming bids;

h. conduct auctions of Mining Permit Areas;

i. make minutes of bid results and propose a preferred bidder for a Mining Permit Area.

**Article 13**

(1) To join a bid, bidders for Mining Permit Areas as intended by Article 10 section (1) must meet the following requirements:

a. administrative;

b. technical; and

c. financial

(2) The administrative requirements as intended by section (1) item (a) by:

a. entities, shall include at least:

1. a completed form, as made available by the auction committee;

2. the company profile;

3. the deed of establishment of the entity engaged in the mining
4. business already validated by the competent official; and
5. a taxpayer registration number.

b. cooperatives, shall include at least:
   1. a completed form, as made available by the auction committee;
   2. the cooperative profile;
   3. the deed of establishment of the cooperative engaged in the mining business already validated by the competent official; and
   4. a taxpayer registration number.

c. sole proprietorships, shall include at least:
   1. a completed form, as made available by the auction committee;
   2. a resident identification number; and
   3. a taxpayer registration number.

d. general partnerships and limited partnerships, shall include at least:
   1. a completed form, as made available by the auction committee;
   2. the firm profile;
   3. a valid deed of establishment of a general partnership and a limited partnership;
   4. a taxpayer registration number.

(3) The technical requirements as intended by section (1) item (b) shall include at least:
   a. entities, cooperatives or sole proprietorship with a minimum 3 years mining and coal experience; new companies shall require recommendation of their holding company or affiliates engaged in the mining field or have at least 1 (one) mining and/or geological expert
   b. 1 (one) mining and/or geological expert with a minimum 3 years experience; and
   c. annual working plans and budget for 4 (four) year’s exploration.

(4) The financial requirements as intended by section (1) item (c) shall include:
   1. the previous year’s public accountant audited financial statements;
   2. payment in cash of a 10% (ten percent) bid commitment deposit of the value of the compensation for access to data/information into a government bank, or adjusted replacement cost of the expired Mining Permit Areas; and
   3. a statement of commitment to pay the bid value of Mining Permit Areas not more than 5 (five) working days of notice of bid award;
Article 14

(1) Procedures for bid award shall include:
   a. notice of prequalification;

   **Elucidation of Article 14 Section (1) (a):**

   Notice of prequalification shall be announced:
   1. in at least 1 (one) local print media and/or 1 (one) national print media;
   2. at the office of the ministry that administers governmental affairs in the mineral and coal field; and
   3. at the office of the provincial governments and district/city governments.

   b. collection of prequalification documents;
   c. submission of prequalification documents;
   d. evaluation of prequalification;
   e. clarification and confirmation of prequalification documents;
   f. determination of prequalification results;
   g. notice of prequalification results;
   h. invitations to prequalified bidders;
   i. collection of bidding documents;
   j. bidders’ briefing;
   k. submission of a bid/offer;
   l. opening bid envelopes;
   m. ranking/rating;
   n. bid award/notice of a preferred bidder on a bid/offer and technical consideration basis; and
   o. to allow a chance to appeal the bid award.

(2) Bidders’ briefing as intended by section (1) item (j) must be given by the auction committee for Mining Permit Areas to prequalified bidders for Mining Permit Areas to explain technical data on:
   a. locations;
   b. coordinates
   c. mineral types, including associated minerals, and coal;
   d. summary research and survey results;
   e. summary preliminary exploration results, if any; and
   f. status of land.
Elucidation of Article 14 Section (2) (f):

Status of land, for example, land located in forest areas and plantation areas.

Article 15

(1) The auction committee authorized by the Minister, governors, or regents/mayors may allow a chance to prequalified bidders for Mining Permit Areas to conduct site visits within the time frame, as adjusted to the location’s distance, to be offered for bidding upon receipt of bidders’ briefing as intended by Article 14 section (1) item (j).

(2) Bidders for Mining Permit Areas in the conduct of a site visit with foreign nationals shall meet the requirements under laws and regulations.

(3) Costs required in the conduct of site visits as intended by section (1) and section (2) shall be for the account of the bidders for Mining Permit Areas.

Article 16

(1) A period of the bid award process shall not exceed 35 (thirty-five) working days of submission of the bid/offer as intended by Article 14 section (1) item (k).

(2) The results of auctions of Mining Permit Areas shall be reported by the auction committee to the competent Minister, governors, or regents/mayors to award preferred bidder status for a Mining Permit Area.

Article 17

(1) The competent Minister, governors, or regents/mayors upon a recommendation of the auction committee as intended by Article 16 section (2) shall award preferred bidder status for metal mineral and/or coal Mining Permit Areas.

(2) The competent Minister, governors, or regents/mayors shall notify in writing the award of preferred bidder status for metal mineral and/or coal Mining Permit Areas.

Article 18
(1) In case there is only 1 (one) bidder that submits a bid/offer as intended by Article 14 section (1) item (k), a re-auction shall be conducted.

(2) Where in the auction as intended by section (1) there is only 1 (one) bidder, that bidder shall be awarded preferred bidder status provided that the bid/offer shall at least be equal to or higher than the bid floor price that has been determined.

Article 19

Ancillary provisions for the auction procedures for Mining Permit Areas shall be governed by Regulation of the Minister.

*Elucidation of Article 19:*

A Regulation of the Minister shall provide at least the procedures for award of preferred bidder status and announcement of the preferred bidder.

Paragraph 3

Procedures for Authorization of Nonmetal Mineral and Rock Mining Permit Areas

Article 20

(1) To have access to nonmetal mineral or rock Mining Permit Areas, entities, cooperatives, or sole proprietorships shall submit an application for the area as intended by Article 8 section (4) to:

a. the Minister, for an application for Mining Permit Areas that overlap the boundaries of the provinces and/or in the territorial sea more than 12 (twelve) miles from the baselines;

b. the governor, for an application for Mining Permit Areas that overlap the boundaries of the districts/cities within 1 (one) province and/or in the territorial sea from 4 (four) miles to 12 (twelve) miles; and

c. the regent/mayor, for an application for Mining Permit Areas within 1 (one) district/city and/or in the territorial sea up to 4 (four) miles.

(2) Prior to authorizing nonmetal mineral and rock Mining Permit Areas as intended by section (1):

a. the Minister must first receive a recommendation from the governors and the regents/mayors;
b. the governors must first receive a recommendation from the regents/mayors.

*Elucidation of Article 10 Section (2):*

Recommendation in this provision means a recommendation in the form of consideration that addresses information about land utilization in Mining Permit Areas and the cultural characteristics of the community on a local wisdom basis with respect to bids for Mining Permit Areas.

(3) The governors or the regents/mayors shall give recommendations as intended by section (2) not exceeding 5(five) working days of submission of the recommendation.

**Article 21**

(1) An application for a nonmetal mineral and/or rock Mining Permit Area that has first met the latitude and longitude geographical coordinate requirements in accordance with the policy of nationally-prevailing geographical information system, and that has paid for area reserve fees and map printing, shall receive first priority to have access to a Mining Permit Area.

(2) The competent Minister, governors, or regents/mayors must at the latest 10 (ten) working days upon receipt of the application decide to accept or refuse the application for a Mining Permit Area as intended by section (1).

(3) A decision to accept as intended by section (2) shall be made for a Mining Permit Area applicant along with the delivery of a Mining Permit Area map and the Mining Permit Area boundaries and coordinates.

(4) A decision to refuse as intended by section (2) must be made in writing to a Mining Permit Area applicant along with the reasons for refusal.

**Part Three**

The Granting of Mining Permits

Paragraph 1

General

**Article 22**
(1) Mining Permits as intended by Article 7 item (b) shall include:
   a. Exploration Mining Permits; and
   b. Production Operation Mining Permits.
(2) Exploration Mining Permits shall include:
   a. metal minerals;
   b. coal;
   c. nonmetal minerals; and/or
   d. rocks.
(3) Production Operation Mining Permits shall include:
   a. metal minerals;
   b. coal;
   c. nonmetal minerals; and/or
   d. rocks.

Paragraph 2
The Requirements for Exploration Mining Permits and Production Operation Mining Permits

Article 23
The Requirements for Exploration Mining Permits and Production Operation Mining Permits shall include the following requirements:
   a. administrative;
   b. technical;
   c. environmental; and
   d. financial.

Article 24
(1) The administrative requirements as intended by Article 23 item (a) for entities shall include:
   a. For metal mineral and coal Exploration Mining Permits and Production Operation Mining Permits:
      1. a letter of application;
      2. the composition of the board of directors and a list of shareholders; and
      3. a certificate of domicile
   b. For nonmetal mineral and rock Exploration Mining Permits and Production Operation Mining Permits:
      1. a letter of application;
      2. the entity profile;
3. a deed of establishment of an entity that is engaged in the mining business and has been validated by the competent official;
4. a taxpayer registration number;
5. the composition of the board of directors and a list of shareholders; and
6. a certificate of domicile.

(2) The administrative requirements as intended by Article 23 item (a) for cooperatives shall include:

a. For metal mineral and coal Exploration Mining Permits and Production Operation Mining Permits:
   1. a letter of application;
   2. the composition of the management; and
   3. a certificate of domicile.

b. For nonmetal mineral and rock Exploration Mining Permits and Production Operation Mining Permits:
   1. a letter of application;
   2. the cooperative profile;
   3. a deed of establishment of a cooperative that is engaged in the mining business and has been validated by the competent official;
   4. a taxpayer registration number;
   5. the composition of the management; and
   6. a certificate of domicile.

(3) The administrative requirements as intended by Article 23 item (a) for sole proprietorships shall include:

a. For metal mineral and coal Exploration Mining Permits and Production Operation Mining Permits:
   1. a letter of application; and
   2. a certificate of domicile.

b. For nonmetal mineral and rock Exploration Mining Permits and Production Operation Mining Permits:
   1. a letter of application;
   2. a resident identification card;
   3. a taxpayer registration number; and
   4. a certificate of domicile.

(4) The administrative requirements as intended by Article 23 item (a) for general partnerships and limited partnerships shall include:

a. For metal mineral and coal Exploration Mining Permits and Production Operation Mining Permits:
   1. a letter of application;
2. the composition of the management and a list of shareholders; and
3. a certificate of domicile.

b. For nonmetal mineral and rock Exploration Mining Permits and Production Operation Mining Permits:
1. a letter of application;
2. the firm profile;
3. a valid deed of establishment of a general partnership or a limited partnership;
4. a taxpayer registration number;
5. the composition of the board of directors and a list of shareholders; and
6. a certificate of domicile.

Article 25

The technical requirements as intended by Article 23 item (b) for:

a. Exploration Mining Permits shall include at least:
   1. a curriculum vitae and statement of mining and/or geological experts with a minimum 3 (three) years experience;
   2. a Mining Permit Area map along with latitude and longitude geographical coordinates in accordance with the policy of nationally-prevailing geographical information system.

b. Production Operation Mining Permits shall include at least:
   1. an area map along with latitude and longitude geographical coordinates in accordance with the policy of nationally-prevailing geographical information system.
   2. a full report of exploration;
   3. a report of feasibility study;
   4. a report on planned reclamation and post mining;
   5. working plans and budget;
   6. planned construction of facilities and infrastructure in support of production operation activities; and
   7. availability of mining and/or geological experts with a minimum 3 (three) years experience.

Article 26

The environmental requirements as intended by Article 23 item (c) shall include at least:

a. for an Exploration Mining Permit, a statement of commitment to
manage and monitor the environment as well as observe the environmental laws and regulations;

b. for a Production Operation Mining Permit:
   1. a statement of commitment to observe the environmental laws and regulations; and
   2. approval of the environmental management documentation under laws and regulations.

Article 27

(1) The financial requirements as intended by Article 23 item (d) for:
   a. Exploration Mining Permits shall include at least:
      1. a receipt of payment for a commitment deposit to perform exploration activities; and;
      2. a receipt of payment for the value of the compensation for access to data/information about the bid results of metal mineral or coal Mining Permit Areas as per the value of the bid/offer or a receipt of payment for an area reserve and payment for nonmetal mineral or rock Mining Permit Area map printing for applications for the areas;
   b. Production Operation Mining Permits shall include at least:
      1. the previous year’s public accountant-audited financial statement;
      2. a receipt of payment for the last 3 (three) years dead rents; and
      3. a receipt of payment for adjusted replacement cost as per the value of the bid/offer for the preferred bidder for an expired Mining Permit Area.

(2) Ancillary provisions for refunds of commitment deposits shall be governed by Regulation of the Minister.

Paragraph 2
Exploration Mining Permits

Article 28

Exploration Mining Permits as intended by Article 22 section (1) item (a) shall be granted by:
   a. the Minister, for a Mining Permit Area that overlaps the boundaries of the provinces and/or in the territorial sea more than 12 (twelve) miles from the baselines;
   b. the governor, for a Mining Permit Area that overlaps the boundaries
c. of the districts/cities within 1 (one) province and/or in the territorial sea from 4 (four) miles to 12 (twelve) miles from the baselines; and
d. the regent/mayor, for a Mining Permit Area that is located within 1 (one) district/city and/or in the territorial sea up to 4 (four) miles from the baselines.

Article 29

(1) Exploration Mining Permits as intended by Article 28 shall be granted upon application by entities, cooperatives, and sole proprietorships that have had access to Mining Permit Areas and met eligibility requirements.

(2) Exploration Mining Permits shall include the activities of general survey, exploration, and feasibility study.

Article 30

(1) The preferred bidder for a metal mineral or coal Mining Permit Area as intended by Article 17 must submit an application for an Exploration Mining Permit to the competent Minister, governors, or regents/mayors at the latest 5 (five) working days of notice of bid award for Mining Permit Areas.

(2) An application as intended by section (1) must meet the requirements as intended by Article 23.

(3) The preferred bidder for a Mining Permit Area as intended by section (1) that fails to submit an application for a Mining Permit within 5 (five) working days shall be deemed to have withdrawn and the bid commitment deposit shall become the property of the Government or the property of the regional governments.

(4) Where the preferred bidder for a Mining Permit Area as intended by section (3) is deemed to have withdrawn, the Mining Permit Area shall be offered to the next-ranked bidder sequentially, provided that the value of compensation for access to data/information is at least equal to the price offered by the first preferred bidder.

(5) The competent Minister, governors, or regents/mayors shall conduct a re-auction of Mining Permit Areas if bidder(s) as intended by section (4) lacks interest.

Article 31

(1) The Minister shall deliver a nonmetal mineral and/or rock Mining...
(2) Permit Area map applied for by entities, cooperatives, or sole proprietorships as intended by Article 21 section (3) to the governors and the regents/mayors for a recommendation for the issuance of a nonmetal mineral and/or rock Exploration Mining Permit.

(3) The governors shall issue a nonmetal mineral and/or rock Mining Permit Area map applied for by entities, cooperatives, or sole proprietorships to the regents/mayors for a recommendation for the issuance of a nonmetal mineral and/or rock Exploration Mining Permit.

(4) The governors or the regents/mayors shall give recommendations as intended by section (1) not exceeding 5 (five) working days of receipt of the issuance of a nonmetal mineral and/or rock Mining Permit Area map.

Article 32

(1) Entities, cooperatives, or sole proprietorships that have received a Mining Permit Area map along with the boundaries and coordinates as intended by Article 31 must at the latest 5 (five) working days of the issuance of a nonmetal mineral and/or rock Mining Permit map submit an application for an Exploration Mining Permit to the competent Minister, governors, or regents/mayors.

(2) An application as intended by section (1) must meet the requirements as intended by Article 23.

(3) Entities, cooperatives, or sole proprietorships as intended by section (1) that fail to submit an application for a Mining Permit within 5 (five) working days shall be deemed to have withdrawn and the area reserve monies shall become the property of the Government or the property of the regional governments.

(4) Where entities, cooperatives, or sole proprietorships as intended by section (3) are deemed to have withdrawn, the Mining Permit Area shall become an open area.

Article 33

Exploration Mining Permit holders may submit an application for the area outside Mining Permit Areas to the competent Minister, governors or regents/mayors to support their mining business activities.
Elucidation of Article 33:
Areas outside the Mining Permit Areas in this provision are project areas in which mining activities are banned.

Paragraph 3
Production Operation Mining Permits

Article 34

(1) Production Operation Mining Permits as intended by Article 22 section (1) item b shall be granted to entities, cooperatives, and sole proprietorships as an upgrade from an exploration activity.

(2) Exploration Special Mining Permit holders shall be guaranteed to receive Production Operation Special Mining Permits as an upgrade by submission of applications therefor and being eligible for the production operation upgrade.

(3) Production Operation Mining Permits shall include the activities of construction, mining, processing and refining/smelting as well as hauling and sale.

(4) Production Operation Mining Permits as intended by section (1) shall be granted to eligible entities, cooperatives, and sole proprietorships as intended by Article 23.

Article 35

(1) Production Operation Mining Permit shall be granted by:
   a. the regents/mayors where the mine location, processing and refining/smelting location, and port are within 1 (one) district/city or the territorial sea up to 4 (four) nautical miles;
   b. the governors where the mine location, processing and refining/smelting location, and port are within different districts/cities within 1 (one) province or the territorial sea up to 12 (twelve) nautical miles upon recommendation from the regents/mayors; or

Elucidation of Article 35 Section (1) (a):

Port in this provision means a special port or a special terminal that is built by Mining Permit holders.
Paragraph 36

Where Production Operation Mining Permit holders do not perform activities of hauling and sale and/or processing and refining/smelting, the activities of hauling and sale and/or processing and refining/smelting may be performed by other parties that hold:

a. a Production Operation Mining Permit specifically for hauling and sale;
b. a Production Operation Mining Permit specifically for processing and refining/smelting; and/or
c. a Production Operation Mining Permit.

Paragraph 37

(1) A specific Production Operation Mining Permit as intended by Article 36 item (a) shall be granted by:

a. the Minister if the sale and hauling activities are performed in a location that overlaps provinces and states;
b. the governor if the sale and hauling activities are performed in a location that overlaps districts/cities; or
c. the regent/mayor if the sale and hauling activities are performed in 1 (one) district/city.

(2) A specific Production Operation Mining Permit as intended by Article 36 item (b) shall be granted by:

a. the Minister if the processing and refining/smelting activities are in a location that overlaps provinces;
b. the governor if the processing and refining/smelting activities are in a location that overlaps districts/cities; or
c. the regent/mayor if the processing and refining/smelting activities are located in 1 (one) district/city

(3) Where mining materials to be processed as intended by section (2) are imported, a Production Operation Mining Permit specifically for processing and refining/smelting shall be granted by the Minister.

Article 38

Where the environmental management results that have been validated by the competent agency show there are environmental impacts on:

a. 1 (one) district/city, a Production Operation Mining Permit shall be granted by the regent/mayor upon a recommendation of the Minister and the governor;

b. a location that overlaps districts/cities, a Production Operation Mining Permit shall be granted by the governor upon a recommendation of the relevant regents/mayors; or

c. a location that overlaps provinces, a Production Operation Mining Permit shall be granted by the Minister upon a recommendation of the relevant regents/mayors and the governors.

Article 39

Entities that perform metal mineral or coal trading activities in Indonesia must obtain Production Operation Mining Permits specifically for hauling and sale from the competent Minister, governors, or regents/mayors.

Article 40

Exploration Mining Permit holders may submit an application for the area outside Mining Permit Areas to the competent Minister, governors or regents/mayors to support their mining business activities.

Article 41

Ancillary provisions for the procedures for the granting of specific Production Operation Mining Permits shall be governed by Regulation of the Minister.

Part Four
Placement of Boundary Markers
Article 42

(1) Within 6 (six) months of receipt of a Production Operation Mining Permit, a Mining Permit holder must place boundary markers by placement of stakes in the Mining Permit Area.
(2) Placement of boundary markers as intended by section (1) must have been completed before production operation activities begin.
(3) Where there are changes in area boundaries at the Production Operation Mining Permit Area, the boundary markers must be changed and new stakes shall be placed in the Mining Permit Area.

Article 43

Ancillary provisions for the procedures for placement of boundary markers in Mining Permit Areas shall be governed by Regulation of the Minister.

Part Five
Other Mining Commodities within Mining Permit Areas

Article 44

(1) Where other non-associated minerals mining commodities are found within a Mining Permit Area location given through a Mining Permit, the Exploration Mining Permit holder and the Production Operation Mining Permit holder shall be given first priority to commercialize the other mining commodities found.
(2) Elucidation of Article 44 Section (1):

Other mining commodities in this provision are minerals other than nonmetal minerals that are found within a nonmetal mineral Mining Permit Area, for example, metal minerals or coal.
(3) To commercialize other mining commodities as intended by section (1), a new entity must be formed.
(4) Where Exploration Mining Permit holders and Production Operation Mining Permit holders lack interest in other mining commodities as intended by section (1), the opportunity to commercialize them may be given to any other party through a bidding process or application.

Elucidation of Article 44 Section (3):

The source is in Bahasa Indonesia from the Department of ESDM of the Republic of Indonesia E&OE
Other parties in this provision are entities, cooperatives, or sole proprietorships other than Exploration Mining Permit holders and Production Operation Mining Permit holders that lack interest in those mining commodities.

(5) Any other party that obtains a Mining Permit through a bidding process or application for the area must coordinate with the first Exploration Mining Permit holder and Production Operation Mining Permit holder.

(6) Ancillary provisions for the procedures for the granting of new Mining Permits by commodities shall be governed by Regulation of the Minister.

Part Six
Extensions of Production Operation Mining Permits

Article 45

(1) Applications for extensions of the Production Operation Mining Permits shall be submitted to the competent Minister, governors, or regents/mayors no earlier than 2 (two) years and at the latest 6 (six) months prior to expiration of the Mining Permits.

(2) Applications for extensions of the Production Operation Mining Permits as intended by section (1) shall be accompanied by at least:
   a. an area map and coordinates;
   b. a receipt of payment for the last 3 (three) years dead rents and production royalties;
   c. a report on the final production operation activities;
   d. an environmental management report;
   e. working plans and budget; and
   f. balance sheet of resources and reserves.

(3) The competent Minister, governors, or regents/mayors may refuse an application for an extension of a Production Operation Mining Permit if the Production Operation Mining Permit holder, upon evaluation, fails to demonstrate good performance of the production operation.

(4) A refusal as intended by section (3) must be delivered to the Production Operation Mining Permit holder at the latest prior to expiration of said Production Operation Mining Permit.

(5) Production Operation Mining Permit holders may only be granted an extension 2 (two) times.

(6) Production Operation Mining Permit holders that have received an
extension of the Production Operation Mining Permit 2 (two) times must revert the Production Operation Mining Permit Area to the competent Minister, governors, or regents/mayors under laws and regulations.

Article 46

(1) A Production Operation Mining Permit holder that has obtained 2 (two) Production Operation Mining Permit extensions as intended by Article 45 section (6) shall within 3 (three) years prior to expiration of the Mining Permits submit to the competent Minister, governors, or regents/mayors the available mineral or coal potential and deposits found within his/her Mining Permit Areas.

(2) A Mining Permit Area of which the Mining Permit is to expire as intended by section (1) but which still has the potential for commercialization shall be re-determined by the Minister to be offered in the bid.

(3) In the bidding process of Mining Permit Areas as intended by section (2), the previous Mining Permit holder shall acquire the right of first refusal.

CHAPTER III
SMALL-SCALE MINING PERMITS
Part One
General

Article 47

(1) A Small-Scale Mining Permit shall be granted by the regents/mayors upon application submitted by local residents, either individuals or community groups and/or cooperatives.

(2) A Small-Scale Mining Permit shall be granted by the regent/mayor after having access to a Small-Scale Mining Area.

(3) 1 (one) Small-Scale Mining Permit Area may be granted 1 (one) or several Small-Scale Mining Permits.

Part Two
The Granting of Small-Scale Mining Permits

Article 48
(1) Any small-scale mining business in a Small-Scale Mining Area shall be conducted upon obtaining a Small-Scale Mining Permit.

(2) To obtain Small-Scale Mining Permits, an applicant must meet:
   a. the administrative requirements;
   b. the technical requirements; and
   c. the financial requirements.

(3) The administrative requirements as intended by section (2) item (a) for:
   a. an individual shall include at least:
      1. a letter of application;
      2. a resident identification card.
      3. information about mining commodities for which an application is submitted; and
      4. a certificate from the local office of urban administrative division/office of rural administrative division.
   b. a community group shall include at least:
      1. a letter of application;
      2. information about mining commodities for which an application is submitted; and
      3. a certificate from the local office of urban administrative division/office of rural administrative division.
   c. a local cooperative shall include at least:
      1. a letter of application;
      2. a taxpayer registration number;
      3. a deed of establishment of the cooperative that has been validated by the competent official;
      4. information about mining commodities for which an application is submitted; and
      5. a certificate from the local office of urban administrative division/office of rural administrative division.

(4) The technical requirements as intended by section (2) item (b) shall be a statement that sets forth at least:
   a. shafts for Small-Scale Mining Permits not exceeding 25 (twenty-five) meters in depth;
   b. use of mechanical pumps, retorting or machinery with total power of not more than 25 (twenty-five) horsepower for 1 (one) Small-Scale Mining Permit; and
   c. no use of heavy equipment and explosives.

(5) The technical requirements as intended by section (2) item (c) shall be the previous year’s financial statement and shall be required only for local cooperatives.
CHAPTER IV
SPECIAL MINING PERMITS
Part One
General

Article 49

(1) A Special Mining Permit shall be granted by the Minister upon application submitted by State-Owned Entities, Region-Owned Entities or private entities.

(2) A Special Mining Permit as intended by section (1) shall be granted after having access to a Special Mining Permit Area in a Special Mining Area that has been determined by the Minister. 1 (one) Special Mining Permit Area in a Special Mining Area may include 1 (one) or several Special Mining Permits.

(3) Any applicant as intended by section (1) shall be authorized only 1 (one) Special Mining Permit Area in a Special Mining Area except that a publicly-held entity applicant may be authorized more than 1 (one) Special Mining Permit Area in a Special Mining Area.

(4) The provisions for the determination of Special Mining Area as intended by section (2) shall be governed by separate Regulation of the Government.

Article 50

A Special Mining Permit shall be granted through:

a. the granting of a Special Mining Permit Area in a Special Mining Area; and
b. the granting of a Special Mining Permit.

Part Two

The Authorization of Special Mining Permit Areas in Special Mining Areas

Paragraph 1
General

Article 51

(1) The authorization of a Special Mining Permit Area in a Special Mining Area as intended by Article 50 item (a) shall include a metal mineral and/or coal Special Mining Permit Area in a Special Mining Area.

The source is in Bahasa Indonesia from the Department of ESDM of the Republic of Indonesia
E&OE
(2) Special Mining Permit Areas in Special Mining Areas shall be authorized by the Minister to State-Owned Entities, Region-Owned Entities or private entities.

(3) With respect to the authorization of Special Mining Permit Areas in Special Mining Areas, the Minister must in the first place offer them to State-Owned Entities or Region-Owned Entities on priority terms.

(4) Where the interested party as intended by section (3) is only 1 (one) State-Owned Entity or Region-Owned Entity, a Special Mining Permit Area in a Special Mining Area shall be authorized to a State-Owned Entity or Region-Owned Entity for the payment of the cost of the compensation for access to data/information.

(5) Where the interested party as intended by section (3) is more than 1 (one) State-Owned Entity or Region-Owned Entity, a Special Mining Permit Areas in a Special Mining Areas shall be authorized through a bidding process.

(6) The preferred bidder as intended by section (5) shall be required to pay the cost of the compensation for access to data/information as per the bid value.

Article 52

(1) Where State-Owned Entities or mining Region-Owned Entities lack interest, a Special Mining Permit Area in a Special Mining Area shall be offered to mineral and coal mining private entities through a bidding process.

(2) The preferred bidder as intended by section (1) shall be required to pay the cost of the compensation for access to data/information as per the bid value.

Paragraph 2

Procedures for Giving Priority to Metal Mineral and Coal Special Mining Permit Areas in Special Mining Areas

Article 53

(1) State-Owned Entities and Region-Owned Entities that have had access to Special Mining Permit Areas in Special Mining Areas must submit an application for a metal mineral and coal Special Mining Permit to the Minister.

(2) At the latest 10 (ten) working days of receipt of an application as intended by section (1), the Minister shall grant a Special Mining Permit...
Paragraph 3
Auction Procedure for Metal Mineral and Coal Special Mining Permit Areas in Special Mining Areas

Article 54

(1) Prior to the auction process for metal mineral and coal Special Mining Permit Areas in Special Mining Areas as intended by Article 51 and Article 52, the Minister shall announce transparently the Special Mining Permit Area in a Special Mining Area to be offered for bidding at the latest 3 (three) months prior to an auction.

(2) Elucidation of Article 54 Section (1):

Announce transparently in this provision means:

a. be published in at least 1 (one) local print media and/or 1 (one) national print media; and
b. be announced at the office of the ministry that administers governmental affairs in the mining and coal field.

(3) In the conduct of an auction for Mining Permit Areas as intended by section (1), the Minister shall form an auction committee for metal mineral or coal Special Mining Permit Areas in Special Mining Areas.

(4) The membership of an auction committee for Special Mining Permit Areas in Special Mining Areas as intended by section (2) shall consist of an odd number of members competent in the mineral or coal mining field.

Article 55

The duties and authority of the auction committee for Special Mining Permit Areas in Special Mining Areas as intended by Article 54 shall include:

a. prepare auctions of Special Mining Permit Areas in Special Mining Areas and determine the value of the compensation for access to data/information;
b. prepare bidding documents of Special Mining Permit Areas in Special Mining Areas;
c. set out an auction schedule for Special Mining Permit Areas in Special Mining Areas;
d. announce bidding time for Special Mining Permit Areas in Special Mining Areas;
e. republish the announcement not exceeding 2 (two) times in case there is only 1 (one) bidder for a Special Mining Permit Area in a Special Mining Area;
f. assess the qualifications of bidders for Special Mining Permit Areas in Special Mining Areas;
g. evaluate incoming bids;
h. conduct auctions of Special Mining Permit Areas in Special Mining Areas; and
i. make minutes of bid results and propose a preferred bidder for a Special Mining Permit Areas in a Special Mining Area.

Article 56

(1) To join a bid, bidders for Special Mining Permit Areas in Special Mining Areas as intended by Article 46 section (6) must meet the following requirements:
   a. the administrative requirements;
   b. the technical requirements; and
   c. the financial requirements.

(2) The administrative requirements as intended by section (1) item (a) shall include at least:
   a. a completed form, as made available by the auction committee;
   b. the company profile;
   c. the deed of establishment of the entity engaged in the mining business already validated by the competent official; and
   d. a taxpayer registration number.

(3) The technical requirements as intended by section (1) item (b) shall include at least:
   a. entities, with a minimum 3 years mining and coal experience, or new companies shall require recommendation of their holding company, business partners, or affiliates engaged in the mining field;
   b. 1 (one) mining and/or geological expert with a minimum 3 years experience;
   c. 1 (one) year’s annual working plans and budget.

(4) The financial requirements as intended by section (1) item (d) shall
include at least:
  a. the previous year’s public accountant audited financial statements;
  b. payment in cash a 10% bid commitment deposit of the value of the compensation for access to data/information into a government bank, or adjusted replacement cost of the expired Special Mining Permit Areas in Special Mining Areas; and
  c. a statement of commitment to pay the bid value not more than 5 (five) working days of notice of bid award.

Article 57

(1) Procedures for bid award shall include:
  a. notice of prequalification;
  b. collection of prequalification documents;
  c. submission of prequalification documents;
  d. evaluation of prequalification;
  e. clarification and confirmation of prequalification documents;
  f. determination of prequalification results;
  g. notice of prequalification results;
  h. invitations to prequalified bidders;
  i. collection of bidding documents;
  j. bidders’ briefing;
  k. submission of a bid/offer;
  l. opening bid envelopes;
  m. ranking/rating;
  n. bid award/notice of a preferred bidder on a bid/offer and technical consideration basis; and
  o. to allow a chance to appeal the bid award.

(2) Bidders’ briefing as intended by section (1) item (j) must be given by the auction committee for Special Mining Permit Areas in Special Mining Areas to prequalified bidders for Special Mining Permit Areas in Special Mining Areas to explain technical data on:
  a. locations;
  b. coordinates;
  c. mineral types, including associated minerals, and coal;
  d. summary research and survey results;
  e. summary preliminary exploration results, if any; and
  f. status of land.
Article 58

(1) The auction committee authorized by the Minister may allow a chance to prequalified bidders for Special Mining Permit Areas in Special Mining Areas to conduct site visits within the time frame, as adjusted to the location’s distance, to be offered for bidding upon receipt of bidders’ briefing as intended by Article 57 section (1) item (j).

(2) Bidders for Special Mining Permit Areas in Special Mining Areas in the conduct of a site visit with foreign nationals shall meet the requirements under laws and regulations.

(3) Costs that are required in the conduct of site visits as intended by section (1) and section (2) shall be for the account of the bidders for Special Mining Permit Areas in Special Mining Areas.

Article 59

(1) A period of the bid award process shall not exceed 35 (thirty-five) working days of submission of the bid/offer as intended by Article 57 section (1) item (k).

(2) The results of auctions of Special Mining Permit Areas in Special Mining Areas shall be reported by the auction committee to the Minister to award preferred bidder status for a Special Mining Permit Area in a Special Mining Area.

Article 60

(1) The Minister upon a recommendation of the auction committee as intended by Article 59 section (2) shall award preferred bidder status for metal mineral and/or coal Special Mining Permit Areas in Special Mining Areas.

(2) The Minister shall notify the preferred bidder in writing of the award of preferred bidder status for metal mineral and/or coal Special Mining Permit Areas in Special Mining Areas.

Article 61

Ancillary provisions for the auction procedure for Special Mining Permit Areas in Special Mining Areas shall be governed by Regulation of the Minister.
Part Three
The Granting of Special Mining Permits

Paragraph 1
General

Article 62

(1) Special Mining Permits shall be granted by the Minister to State-Owned Entities, Region-Owned Entities, or private entities after having access to Special Mining Permit Areas in Special Mining Areas.

(2) A Special Mining Permit as intended by section (1) shall include:
   a. an Exploration Special Mining Permit that includes metal minerals or coal; and
   b. a Production Operation Special Mining Permit that includes metal minerals or coal.

Paragraph 2
The Requirements for Exploration Special Mining Permits and Production Operation Special Mining Permits

Article 63

The Requirements for Exploration Special Mining Permits and Production Operation Special Mining Permits as intended by Article 62 must meet:
   a. the administrative requirements;
   b. the technical requirements;
   c. the environmental requirements; and
   d. the financial requirements.

Article 64

(1) The administrative requirements as intended by Article 58 item (a) shall include:
   a. For a metal mineral and coal Exploration Special Mining Permit and a Production Operation Special Mining Permit for which an application is submitted by State-Owned Entities or Region-Owned Entities granted on priority terms:
      1. a letter of application;
      2. the entity profile;
      3. a deed of establishment of an entity that is engaged in the
mining business, already validated by the competent official;
4. a taxpayer registration number;
5. the composition of the board of directors and a list of shareholders; and
6. a certificate of domicile
b. For a metal mineral and coal Exploration Special Mining Permit and a Production Operation Special Mining Permit for which an application is submitted by the preferred bidder for Special Mining Permit Areas in Special Mining Areas:
   1. letter of application;
   2. the composition of the board of directors and a list of shareholders; and
   3. a certificate of domicile
(2) The technical requirements as intended by Article 63 item (b) shall include:
   a. Mineral or coal mining State-Owned Entities, Region-Owned Entities or private entities with a minimum 3 years experience;
   b. 1 (one) mining and/or geological expert with a minimum 3 years experience; and
   c. annual working plans and budget for 4 (four) year's exploration.
(3) The environmental requirements as intended by Article 63 item (c) shall include at least:
   a. for an Exploration Mining Permit, a statement of commitment to manage and monitor the environment as well as observe the environmental laws and regulations;
   b. for a Production Operation Mining Permit:
      1. a statement of commitment to observe the environmental laws and regulations; and
      2. approval of the environmental management documentation under laws and regulations.
(4) The financial requirements as intended by Article 63 item (d) shall include:
   a. for an Exploration Special Mining Permit, at least:
      1. a receipt of payment for a commitment deposit to perform exploration activities; and;
      2. a receipt of payment for the value of the compensation for access to data/information or as per the value of the bid/offer.
   b. for a Production Operation Special Mining Permit, at least:
      1. the previous year's public accountant-audited financial statement; an
      2. a receipt of payment for the last 3 (three) years dead rents.
Paragraph 3
Procedures for Issuance of Metal Mineral and Coal Exploration Special Mining Permits

Article 65

(1) A State-Owned Entity or Region-Owned Entity that is authorized in a Special Mining Permit Area in a Special Mining Area on priority terms, or the preferred bidder for a metal mineral and/or coal Special Mining Permit Area in a Special Mining Areas, must submit an application for an Exploration Special Mining Permit to the Minister at the latest 5 (five) working days of notice of bid award for a Special Mining Permit Area in a Special Mining Area.

(2) An application as intended by section (1) must meet the requirements as intended by Article 63.

(3) A State-Owned Entity or Region-Owned Entity that is authorized in a Special Mining Permit Area in a Special Mining Area on priority terms, or the preferred bidder for a Special Mining Permit Area in a Special Mining Area as intended by section (1) that fails to submit an application for a Special Mining Permit within 5 (five) working days, shall be deemed to have withdrawn.

(4) Where the preferred bidder for a Special Mining Permit Area in a Special Mining Area as intended by section (3) is deemed to have withdrawn, the Special Mining Permit Area in a Special Mining Area shall be offered to the next-ranked bidder sequentially, provided that the value of compensation for access to data/information is at least equal to the price offered by the first preferred bidder.

(5) The Minister shall conduct a re-auction of Special Mining Permit Areas in Special Mining Areas if the next-ranked bidder(s) as intended by section (4) lacks interest.

Article 66

Exploration Special Mining Permit holders or Production Operation Special Mining Permit holders may submit an application for the area outside Special Mining Permit Areas in Special Mining Areas to the Minister to support their mining business activities.

Elucidation of Article 66:

Areas outside the Special Mining Permit Areas in this provision means
Paragraph 4

Procedures for Issuance of Metal Mineral and Coal Production Operation Special Mining Permits

Article 67

(1) Production Operation Special Mining Permits shall be granted to State-Owned Entities, Region-Owned Entities, or private entities as an upgrade from an exploration activity.

(2) Exploration Special Mining Permit holders shall be guaranteed to receive Production Operation Special Mining Permits as an upgrade upon submission of applications therefor and meeting the requirements for the production operation upgrade.

(3) Production Operation Special Mining Permits shall be granted by the Minister.

(4) Production Operation Mining Permits as intended by section (3) shall include the activities of construction, mining, processing and refining/smelting as well as hauling and sale.

(5) Production Operation Special Mining Permits as intended by section (4) shall be granted to State-Owned Entities, Region-Owned Entities, or private entities that meet the requirements as intended by Article 63 as an upgrade from an Exploration Special Mining Permit.

(6) Special Mining Permit Areas in Special Mining Areas that already have complete data on exploration, feasibility study and environmental management documentation that has been approved by the competent agency may be granted Production Operation Special Mining Permits to State-Owned Entities or Region-Owned Entities on priority terms, or to the preferred bidder.

Article 68

Ancillary provisions for the procedures for the granting of specific Production Operation Special Mining Permits shall be governed by Regulation of the Minister.

Part Four

Placement of Boundary Markers

Article 69
(1) Within 6 (six) months of receipt of a Production Operation Special Mining Permit, a Special Mining Permit holder must place boundary markers by placement of stakes in the Special Mining Permit Area in a Special Mining Areas.
(2) Placement of boundary markers as intended by section (1) must have been completed before production operation activities begin.
(3) Where there are changes in area boundaries at the Production Operation Special Mining Permit Area in a Special Mining Areas, the boundary markers must be changed and new stakes shall be placed in the Special Mining Permit Areas in the Special Mining Area.

Article 70

Ancillary provisions for the procedures for placement of boundary markers at the Special Mining Permit Areas in Special Mining Areas shall be governed by Regulation of the Minister.

Part Five
Other Mining Commodities within Special Mining Permit Areas in Special Mining Areas

Article 71

(1) Where other non-associated minerals mining commodities are found within a Special Mining Permit Area in Special Mining Area location given through a Special Mining Permit, the Exploration Special Mining Permit holders and the Production Operation Special Mining Permit holders shall be given first priority to commercialize the other mining commodities found.
(2) To commercialize other mining commodities as intended by section (1), a new entity must be formed.
(3) Where Exploration Special Mining Permit holders and Production Operation Special Mining Permit holders lack interest in other mining commodities as intended by section (1), their chance to commercialize the other mining commodities may be given to any other party on priority terms or through a bidding process.
(4) Any other party that obtains a Special Mining Permit on priority terms or through a bidding process as intended by section (3) must coordinate with the first Exploration Special Mining Permit holder and Production Operation Special Mining Permit holder.
Part Six
Extensions of Production Operation Special Mining Permits

Article 72

(1) Applications for extensions of the Production Operation Special Mining Permits shall be submitted to the Minister no earlier than 2 (two) years and at the latest 6 (six) months prior to expiration of the Production Operation Special Mining Permits.

(2) Applications for extensions of the Production Operation Special Mining Permits as intended by section (1) shall be accompanied by at least:
   a. an area map and coordinates;
   b. a receipt of payment for the last 3 (three) years dead rents and production royalties;
   c. a report on the final production operation activities;
   d. an environmental management report;
   e. working plans and budget; and
   f. balance sheet of resources and reserves.

(3) The Minister may refuse an application for an extension of a Production Operation Special Mining Permit if the Production Operation Special Mining Permit holder upon evaluation fails to demonstrate good performance of the production operation.

(4) A refusal as intended by section (3) must be delivered to the Production Operation Special Mining Permit holder at the latest prior to expiration of said Production Operation Special Mining Permit.

(5) Production Operation Special Mining Permit holders may only be granted an extension 2 (two) times.

(6) Production Operation Special Mining Permit holders that have received an extension of the Production Operation Special Mining Permit 2 (two) times must revert the Production Operation Special Mining Permit Area in the Special Mining Area to the Minister under laws and regulations.

Article 73

(1) A Production Operation Special Mining Permit holder that has obtained 2 (two) Production Operation Mining Permit extensions as intended by Article 72 section (6) must within 3 (three) years prior to expiration of the Special Mining Permit submit to the Minister the available metal mineral or coal potential and deposits found within
his/her Special Mining Permit Area in a Special Mining Area.

(2) A Special Mining Permit Area in a Special Mining Area of which the Special Mining Permit is to expire as intended by section (1) but which still has the potential for commercialization may be re-determined by the Minister to be offered on priority terms or in the bid.

(3) In the bidding process of a Special Mining Permit Area in a Special Mining Area as intended by section (2), the previous Special Mining Permit holder shall acquire the right to first refusal.

CHAPTER V
REDUCTION IN MINING PERMIT AREAS AND SPECIAL MINING PERMIT AREAS IN SPECIAL MINING AREAS

Article 74

(1) Mining Permit holders may at any time submit applications to the competent Minister, governors, or regents/mayors for partial reduction in or reversion of all Mining Permit Areas.

(2) Special Mining Permit holders may at any time submit applications to the Minister for partial reduction in or reversion of all Special Mining Permit Areas in Special Mining Areas.

(3) In the conduct of reduction in or reversion of Mining Permit Areas or Special Mining Permit Areas in Special Mining Areas as intended by section (1) and section (2), the Mining Permit or Special Mining Permit holders must turn in:

a. a report, data and information on reduction or reversion that contain all technical and geological findings obtained from the area to be reduced, along with the reasons for reduction or reversion, as well as the site data generated from activities;

b. a reduced or reverted area map with its coordinates;

c. a receipt of payment for financial obligations;

d. an activity report that reflects the final stage status; and

e. a report on reclamation activities in the reduced or relinquished

*Elucidation of Article 74 Section 3 (c):*

*Receipt of payment in this provision means rents, royalties, and taxes.*
Article 75

(1) Exploration Mining Permit holders or Special Mining Permit holders shall have obligations to relinquish Mining Permit Areas or Special Mining Permit Areas in Special Mining Areas on the following conditions:

a. for metal mineral Mining Permits or metal mineral Special Mining Permits, the holders shall:
   1. in the fourth year retain an exploration area of not exceeding 50,000 (fifty thousand) hectares; and
   2. in the eighth year or at the final stage of an Exploration Mining Permit or an Exploration Special Mining Permit at the time of upgrade to a Production Operation Mining Permit or a Production Operation Special Mining Permit, retain an area of not exceeding 25,000 (twenty-five thousand) hectares.

b. for coal Mining Permits or Special Mining Permits, the holders shall:
   1. in the fourth year retain an exploration area of not exceeding 25,000 (twenty-five thousand) hectares; and
   2. in the seventh year or at the final stage of an Exploration Mining Permit or an Exploration Special Mining Permit at the time of upgrade to a Production Operation Mining Permit or a Production Operation Special Mining Permit, retain an area of not exceeding 15,000 (fifteen thousand) hectares.

c. for nonmetal mineral Mining Permits, the holders shall:
   1. in the second year retain an exploration area of not exceeding 12,500 (twelve thousand five hundred) hectares; and
   2. in the third year or at the final stage of an Exploration Mining Permit at the time of upgrade to a Production Operation Mining Permit, retain an area of not exceeding 5,000 (five thousand) hectares.

d. for certain-typed nonmetal mineral Mining Permits, the holders shall:
   1. in the third year retain an exploration area of not exceeding 12,500 (twelve thousand five hundred) hectares; and
   2. in the seventh year or at the final stage of an Exploration Mining Permit at the time of upgrade to a Production Operation Mining Permit, retain an area of not exceeding 5,000 (five thousand) hectares.
e. for rock Mining Permits, the holders shall:
   1. in the second year retain an exploration area of not exceeding 2,500 (two thousand five hundred) hectares; and
   2. in the third year or at the final stage of exploration at the time of upgrade to a Production Operation Mining Permit, retain an area of not exceeding 1,000 (one thousand) hectares.

(2) When the maximum required size of the retained area is met as intended by section (1), then Exploration Mining Permit holders or Exploration Special Mining Permit holders shall no longer be required to reduce the area.

CHAPTER VI
SUSPENSION OF MINING BUSINESS ACTIVITIES

Article 76

(1) Mining business activities may be subject to suspension if the following events occur:
   a. force majeure;

   **Elucidation of Article 76 Section (1) (a):**
   
   *Force majeure in this provision shall include, inter alia, wars, civil commotions, rebellions, epidemics, earthquakes, floods, fire, and other acts of God beyond the control of human beings.*

   b. any preventing circumstances; and/or

   **Elucidation of Article 76 Section (1) (b):**

   *Preventing circumstances in this provision shall include, inter alia, blockades, strikes, labor disputes other than by the fault of Mining Permit holders and Special Mining Permit holders, and laws and regulations issued by the Minister that delay mineral and coal mining business activities in progress.*

   c. the carrying capacity of the environment.

   **Elucidation of Article 76 Section (1) (c):**
The carrying capacity of the environment in this provision shall be the carrying capacity of the environment of the areas that cannot support the loads of mineral and/or coal resource production operation activities performed in their areas.

(2) Suspension of mining business activities as intended by section (1) shall not detract from the validity period of Mining Permits and Special Mining Permits.

(3) Where events as intended by section (1) item (a) and item (b) occur, suspension shall be made by the competent Minister, governors, or regents/mayors upon application by Mining Permit holders or Special Mining Permit holders.

(4) Where events as intended by section (1) item (c) occur, suspension shall be made by:
   a. mine inspectors;
   b. the competent Minister, governors, or regents/mayors upon public request.

Article 77

(1) Applications for suspension because of force majeure as intended by Article 76 section (1), section (1) item (a) shall be submitted by Mining Permit holders or Special Mining Permit holders at the latest 14 (fourteen) calendar days of the occurrence of force majeure to the competent Minister, governors, or regents/mayors for approval.

(2) Suspension as intended by section (1) shall be granted for a period not exceeding 1 (one) year and is extendable 1 (one) time.

(3) Suspension because of the preventing circumstances shall be granted 1 (one) time for a period of 1 (one) year and is extendable 1 (one) time for a period of 1 (one) year in every stage of the activities with approval of the competent Minister, governors, or regents/mayors.

(4) If a suspension period as intended by section (2) expires, an extension of a suspension period may be granted where relevant to licensing by the relevant agencies.

Article 78

Applications for an extension of suspension as intended by Article 77 section (3) shall be submitted in writing no later than 30 (thirty) working days prior to expiration of the suspension permit.
Article 79

(1) Mining Permit holders and Special Mining Permit holders to whom suspension approvals have been issued because of events of force majeure as intended by Article 76 section (1) item (a) are under no obligation to meet financial obligations under laws and regulations.

(2) Mining Permit holders and Special Mining Permit holders to whom suspension approvals have been issued because of preventing circumstances and/or carrying capacity of the environment as intended by Article 76 section (1) item (b) and item (c) must:
   a. submit reports to the competent Minister, governors, or regents/mayors;
   b. meet financial obligations; and
   c. remain in place to conduct environmental management, occupational safety and health, and environmental monitoring.

Article 80

A suspension approval shall terminate:
   a. when it expires; or
   b. upon application for revocation by Mining Permit holders or Special Mining Permit holders.

Article 81

Where a period specified in the suspension approval expires and no application for an extension thereof is submitted, or an application for an extension is disapproved, the suspension shall terminate.

Article 82

(1) If a suspension period has not expired but Mining Permit holders or Special Mining Permit holders are prepared to resume operating activities, they may submit an application for revocation of suspension to the competent Minister, governors, or regents/mayors.

(2) Upon application as intended by section (1) the competent Minister, governors, or regents/mayors shall declare a cessation of the suspension.
Article 83

Ancillary provisions for the procedures for termination of suspension of mining business activities shall be governed by Regulation of the Minister.

CHAPTER VII
DOMESTIC PREFERENCE, CONTROL OF PRODUCTION, AND CONTROL OF MINERAL AND COAL SALES

Article 84

(1) Production Operation Mining Permit holders and Production Operation Special Mining Permit holders must give preference to the domestic needs of minerals and/or coal.

(2) The Minister shall determine the domestic needs of minerals and coal as intended by section (1) that include the needs for processing industries and domestic direct use.

(3) Production Operation Mining Permit holders and Production Operation Special Mining Permit holders may export minerals or coal they produce upon meeting the domestic needs of minerals and coal as intended by section (1).

(4) Ancillary provisions for the procedures for giving preference to the domestic needs of minerals and coal shall be governed by Regulation of the Minister.

Article 85

(1) Mineral and coal Production Operation Mining Permit holders that export minerals and/or coal they produce must refer to the benchmark prices.

(2) Benchmark prices as intended by section (1) shall be determined by:
   a. the Minister, for metal minerals and coal;
   b. the competent governors or regents/mayors, for nonmetal minerals and rocks.

(3) Benchmark prices as intended by section (1) shall be determined by market mechanisms and/or following prices generally prevailing on the international markets.

(4) Ancillary provisions for the procedures for determination of benchmark metal mineral and coal prices shall be governed by
Regulation of the Minister.

*Elucidation of Article 85 Section (4):*

A Regulation of the Minister shall provides at least adjustment costs that are charged as sales costs.

Article 86

(1) Mining Permit holders and Special Mining Permit holders must give preference to local workers for employment.

(2) Mining Permit holders and Special Mining Permit holders intending to employ foreign workers shall first submit an application to the Minister.

(3) The Minister upon receipt of an application as intended by section (2) shall make technical evaluation and coordinate with the minister that administers governmental affairs in the field of labor.

Article 87

(1) Mining Permit holders and Special Mining Permit holders must give preference to domestic goods, equipment, raw materials, and/or components as well as imported products sold in Indonesia in mining and coal business activities if they:
   a. meet the standard quality and after-sales service;
   b. guarantee the continuity of supplies and timely deliveries.

(2) Purchase plans for capital goods, equipment, raw materials and other components as well as imported products sold in Indonesia as intended by section (1) and goods to be self-imported must be submitted to the Minister.

(3) Mining Permit holders and Special Mining Permit holders to import goods, equipment, raw materials and components must meet trade laws and regulations.
Article 88

Ancillary provisions for labor procurement, procedures for purchases of capital goods, equipment, raw materials and other components shall be governed by Regulation of the Minister.

Article 89

(1) The Minister shall control the production of minerals and coal made by mineral and coal Production Operation Mining Permit holders Special Mining permit holders.
(2) Control of mineral and coal production as intended by section (1) shall aim to:
   a. meet the environmental requirements;
   b. conserve mineral and coal resources;
   c. control mineral and coal prices.

Article 90

(1) The Minister shall determine the national quantity of mineral and coal production at the provincial level.
(2) The Minister may delegate authority to the governors to determine the quantity of mineral and coal production for the respective districts/cities.

Article 91

Ancillary provisions for the procedures for control of mineral and coal production shall be governed by Regulation of the Minister.

Article 92

(1) The Minister shall control mineral and coal sales undertaken by mineral and coal Production Operation Mining Permit holders and mineral and coal Production Operation Special Mining holders.
(2) Control of mineral or coal sales as intended by section (1) shall aim to:
   a. give preference to the supply of the domestic needs of minerals and coal; and
   b. stabilize mineral and coal prices.
(3) Ancillary provisions for the procedures for control of mineral and coal
sales shall be governed by Regulation of the Minister.

CHAPTER VIII
INCREASE IN ADDED VALUE, MINERAL AND COAL PROCESSING
AND REFINING/SMELTING

Part One
Obligations to Increase Added Value, Processing and Refining/Smelting

Article 93

(1) Mineral Production Operation Mining Permit holders and Production Operation Special Mining Permit holders must undertake processing and refining/smelting to increase added value to minerals they produce, either directly or in cooperation with other companies, Mining Permit holders and Special Mining Permit holders.

Elucidation of Article 93 Section (1):

Processing and/or refining/smelting in this provision shall include:

a. coal crushing;
b. coal washing;
c. coal blending;
d. coal upgrading;
e. coal briquetting;
f. coal liquefaction;
g. coal gasification; and
h. coal water mixer.

(2) Companies as intended by section (1) have obtained Production Operation Special Mining Permits specifically for processing and refining/smelting.

(3) Production Operation Mining Permits specifically for processing and refining/smelting as intended by section (2) shall be granted by the competent Minister, governors, or regents/mayors.

Article 94

(1) Coal Production Operation Mining Permit holders must undertake processing to increase added value to coal they produce, either
directly or in cooperation with other companies, Mining Permit holders and Special Mining Permit holders.

(2) Companies as intended by section (1) shall have obtained Production Operation Special Mining Permits specifically for processing.

(3) Production Operation Mining Permits specifically for coal processing as intended by section (1) and section (2) shall be granted by the competent Minister, governors, or regents/mayors.

Part Two
Increase in Added Value to Minerals and Coal

Article 95

(1) Mining commodities of which the added value can be increased shall include:
   a. metal mineral mining;
   b. nonmetal mineral mining;
   c. rock mining; or
   d. coal mining.

(2) Increase in added value to metal minerals as intended by section (1) item (a) shall be made through the activities of:
   a. metal processing; or
   b. metal refining/smelting.

Elucidation of Article 95 Section (2):

The increase in added value in this provision shall be made to increase and optimize the mining value, the availability of industrial raw materials, labor absorption, and increase in state revenues.

(3) Increase in added value to nonmetal minerals as intended by section (1) item (b) shall be made through the activities of nonmetal mineral processing.

(4) Increase in added value to rocks as intended by section (1) item (c) shall be made through the activities of rock processing.

(5) Increase in added value to coal as intended by section (1) item (d) shall be made through the activities of processing.

Article 96

Ancillary provisions for the procedures for increase in added value to
minerals and coal as intended by Article 89 shall be governed by Regulation of the Minister.

CHAPTER IX
SHARE DIVESTMENT BY MINING PERMIT HOLDERS AND SPECIAL MINING PERMIT HOLDERS WHOSE SHARES ARE FOREIGN OWNED

Article 97

(1) Mining Permit holders and Special Mining Permit holders with foreign capital must upon 5 (five) years of production divest 20% (twenty percent) of their shares to Indonesian participants.

Elucidation of Article 97 Section (1):

“Foreign capital” means capital that is owned by a foreign state, an individual of foreign nationality, a foreign entity, a foreign legal entity, and/or an Indonesian legal entity whose entire capital is foreign-owned.

(2) Share divestment as intended by section (1) shall be made directly to Indonesian participants that include the Government, the provincial governments or the district/city governments, State-Owned Entities, Region-Owned Entities, or national private entities.

(3) Where the Government lacks interest in the purchase of shares as intended by section (1), the shares shall be offered to the provincial governments or the district/city governments.

(4) Where the provincial governments or the district/city governments lack interest in the purchase of shares as intended by section (3), the shares shall be offered to State-Owned Entities or Region-Owned Entities through a bidding process.

(5) Where State-Owned Entities and Region-Owned Entities lack interest in the purchase of shares as intended by section (4), the shares shall be offered to national private entities through a bidding process.

(6) A share offer as intended by section (1) shall be made no later than 90 (ninety) working days of the 5 (fifth) year of the issuance of a the mining-stage Production Operation permit.

(7) The Government, the provincial governments, the district/city...
governments, State-Owned Entities, and Region-Owned Entities must submit their expression of interest at the latest 60 (sixty) working days of the date of offer.

(9) Where the Government and the provincial governments or the district/city governments, State-Owned Entities, and Region-Owned Entities lack interest in the purchase of divested shares as intended by section (7), the shares shall be offered to national private entities at the latest 30 (thirty) working days.

(10) National private entities must submit their expression of interest at the latest 30 (sixty) working days of the date of offer.

(11) Payment and delivery of the purchased shares by Indonesian participants shall be made at the latest 90 (ninety) working days of the date of expression of interest or the date of award of preferred bidder status.

(12) If no divestment as intended by section (1) is reached, the share offer shall be made in the following year pursuant to the mechanisms in section (2) through section (9).

Article 98

Where there is an increase in capital of the company, the shares of Indonesian participants shall not be diluted to less than 20% (twenty percent).

Article 99

Ancillary provisions for the procedures for share divestment and mechanisms for share pricing shall be governed by Regulation of the Minister upon coordination with the relevant agencies.

CHAPTER X
USE OF LAND FOR PRODUCTION OPERATION ACTIVITIES

Article 100

(1) Production Operation Mining Permit holders or Production Operation Special Mining Permit holders to perform production operation activities must settle a part or all of the land titles within the Mining Permit Areas or Special Mining Permit Areas in Special Mining Areas with the land titleholders under laws and regulations.
(2) Production Operation Mining Permit holders or Production Operation Special Mining Permit holders must give compensation in accordance with the agreement with the land titleholders.

**Elucidation of Article 100 Section (2):**

*Compensation in this provision may be given in the form of renting, trading or lending.*

CHAPTER XI
PROCEDURES FOR SUBMISSION OF REPORTS

Article 101

(1) Mining Permit holders and Special Mining Permit holders must turn in all data obtained from explorations and production operations to the competent Minister, governors, or regents/mayors.

(2) Mining Permit holders whose permits are issued by the regents/mayors must submit a written report periodically on working plans and budget for the performance of mineral and coal mining activities to the regents/mayors, a copy of which to the Minister and the governors.

(3) Mining Permit holders whose permits are issued by the governors must submit a written report periodically on working plans and budget for the performance of mineral and coal mining activities to the governors, a copy of which must be provided to the Minister.

(4) Mining Permit holders and Special Mining Permit holders whose permits are issued by the Minister must submit a written report periodically on working plans and budget for the performance of mineral and coal mining activities to the Minister.

Article 102

(1) The competent regents/mayors must submit a written report on the management of mining activities to the governors semiannually (every 6 (six) months).

(2) The competent governors or regents/mayors must submit a written report on the management of mining activities to the Minister semiannually (every 6 (six) months).
Article 103

(1) Reports as intended by Article 101 shall be progressive reports on work within a specified time frame and a specified activity submitted by Exploration Mining Permit holders and Exploration Special Mining Permit holders as well as Production Operation Mining Permit holders and Production Operation Special Mining Permit holders.

(2) Reports as intended by Article 101 shall be submitted at the latest 30 (thirty) working days of the conclusion of each quarterly period or each calendar year, save for biweekly and monthly reports on the production operation activities.

(3) Annual working plans and budget as intended by Article 101 shall be submitted to the competent Minister, governors or regents/mayors at the latest 45 (forty-five) working days prior to the conclusion of each calendar year.

(4) Biweekly and monthly reports as intended by section (2) shall be submitted to the competent Minister, governors or regents/mayors at the latest 5 (five) working days of the conclusion of each biweekly or monthly calendar period.

Article 104

(1) The competent Minister, governors or regents/mayors may provide a response to the reports as intended by Article 103 section (3) and section (4).

(2) Any response as intended by section (1) must be followed up by Mining Permit holders and/or Special Mining Permit holders not exceeding 30 (thirty) working days of receipt of response from the competent Minister, governors or regents/mayors.

Article 105

Ancillary provisions for the procedures for reporting shall be governed by Regulation of the Minister.

CHAPTER XII

DEVELOPMENT AND EMPOWERMENT OF THE COMMUNITIES LIVING AROUND MINING PERMIT AREAS AND SPECIAL MINING PERMIT AREAS IN SPECIAL MINING AREAS
Article 106

(1) Mining Permit holders and Special Mining Permit holders must prepare a development and empowerment program for the communities living around Mining Permit Areas and Special Mining Permit Areas in Special Mining Areas.

(2) A program as intended by section (1) must be consulted with the Government, the provincial governments, the district/city government, and the local community.

(3) The community as intended by section (2) may propose community development and empowerment program activities to the relevant regent/mayor for a referral to Mining Permit holders or Special Mining Permit holders.

(4) Community development and empowerment as intended by section (1) shall be prioritized for the communities living around Mining Permit Areas and Special Mining Permit Areas in Special Mining Areas directly affected by the impact of mining activities.

(5) The community to be prioritized as intended by section (3) shall be the community living adjacent to mining operating activities regardless of the administrative boundaries of the subdistricts/districts.

(6) A community development and empowerment program as intended by section (1) shall be financed from development and empowerment program funds allocated in the annual budget and costs of Mining Permit holders or Special Mining Permit holders.

(7) The allocated funds for a community development and empowerment program as intended by section (5) shall be managed by Mining Permit holders or Special Mining Permit holders.

Article 107

Mining Permit holders and Special Mining Permit holders must annually submit plans and costs of the community development and empowerment program as part of the annual working plans and budget to the competent Minister, governors or regents/mayors for approval.

Article 108

Any Exploration Mining Permit holders and Exploration Special Mining Permit holders as well as Production Operation Mining Permit holders and Production Operation Special Mining Permit holders must submit a
report on the realization of the community development and empowerment program semiannually (every 6 (six) months) to the competent Minister, governors or regents/mayors.

Article 109

Ancillary provisions for community development and empowerment shall be governed by Regulation of the Minister.

CHAPTER XIII
ADMINISTRATIVE SANCTIONS

Article 110

(1) Mining Permit holders or Special Mining Permit holders in violation of Article 42 section (1), Article 69 section (1), Article 73 section (1), Article 79 section (2), Article 85 section (1), Article 93 section (1), Article 94 section (1), Article 97 section (1), Article 100 section (1) or section (2), Article 101 section (1), section (2), section (3), or section (4), Article 106 section (1), Article 107, or Article 108 shall be imposed administrative sanctions.

(2) Administrative sanctions as intended by section (1) shall be in the form of
   a. written warning;
   b. suspension of mineral and coal Production Operation Mining Permits or Production Operation Special Mining Permits; and/or
   c. revocation of a Mining Permit or Special Mining Permit.

(3) Administrative sanctions as intended by section (1) shall be imposed by the competent Minister, governors, or regents/mayors.

Article 111

Ancillary provisions for the procedures for imposition of administrative sanctions shall be governed by Regulation of the Minister.

CHAPTER XIV
TRANSITIONAL PROVISIONS

Article 112
Upon this Regulation of the Government coming into effect:

1. Contracts of works and coal contracts of works that are signed prior to the promulgation of this Regulation of the Government shall be declared to remain valid until their expiration.

2. Contracts of works and coal contracts of works as intended by item 1 that have not received the first and/or second extension are extendable to become extended Mining Permits without bids and their business activities shall be conducted under this Regulation of the Government, except the business activities with respect to more beneficial state revenues.

3. Contracts of works and coal contracts of works as intended by item 1 that have conducted production operation activities must give preference to domestic needs under this Regulation of the Government.

4. Mining authorizations, regional mining permits and small-scale mining permits granted under laws and regulations prior to the issuance of this Regulation of the Government shall remain valid until their expiration and must:
   a. be adjusted to become Mining Permits or Small-Scale Mining Permits under this Regulation of the Government at the latest 3 (three) months upon this Regulation of the Government coming into effect, and the Mining Permits of state-owned entities and region-owned entities shall be the first Mining Permits.
   b. submit activity plans of all mining authorization areas until expiration of the mining authorizations to the competent Minister, governors, or regents/mayors.
   c. undertake domestic processing and/or refining/smelting at the latest 5 (five) years of Law Number 4 of 2009 concerning Mineral and Coal Mining coming into effect.

5. Applications for mining authorizations that have been received by the Minister, the governors, the regents/mayors prior to issuance of Law Number 4 of 2009 concerning Mineral and Coal Mining and have had access to reserved areas under the competent Minister, governors, or regents/mayors may be processed for permit issuance in the form of a Mining Permit without any bidding process at the latest 3 (three) months upon this Regulation of the Government coming into effect.

6. Mining authorizations, contracts of works and coal contracts of works that have processing units are allowed to receive mining commodities from mining authorizations, contracts of works and coal contracts of works, Mining Permit holders and Small-Scale Mining Permits.

7. Mining authorization holders with more than 1 (one) mining
authorization and/or more than 1(one) commodity prior to Law Number 4 of 2009 coming into effect shall remain valid until expiration and is/are extendable to become Mining Permits under this Regulation of the Government.

9. Holders of mining authorizations, contracts of works and coal contracts of works in the production operation stage that have entered into valid long-term export agreements may add their production quantity to meet the domestic supply requirements upon approval of the competent Minister, governors, or regents/mayors to the extent meeting the environmental and coal resource conservation requirements under laws and regulations.

CHAPTER XV
CONCLUDING PROVISIONS

Article 113

Upon this Regulation of the Government coming into effect, all regulations ancillary to Regulation of the Government Number 32 of 1969 concerning Implementation of Law Number 11 of 1967 concerning Basic Provisions of Mining (State Gazette of the Republic of Indonesia Number 60 of 1969, Supplement to State Gazette of the Republic of Indonesia Number 2916), as amended several times, most recently amended by Regulation of the Government Number 75 of 2001 (State Gazette of the Republic of Indonesia Number 141 of 2001, Supplement to State Gazette of the Republic of Indonesia Number 4154) are declared to remain valid to the extent not in contravention or not having been issued with new ancillary regulations under this Regulation of the Government

Article 114

Upon this Regulation of the Government coming into effect:
1. Regulation of the Government Number 32 of 1969 concerning Implementation of Law Number 11 of 1967 concerning Basic Provisions of Mining (State Gazette of the Republic of Indonesia Number 60 of 1969, Supplement to State Gazette of the Republic of Indonesia Number 2916), as amended two times, most recently amended by Regulation of the Government Number 75 of 2001 (State Gazette of the Republic of Indonesia Number 141 of 2001, Supplement to State Gazette of the Republic of Indonesia Number
2. Regulation of the Government Number 27 of 1980 concerning The Grouping of Excavated Materials (State Gazette of the Republic of Indonesia Number 47 of 1980, Supplement to State Gazette of the Republic of Indonesia Number 3174),
3. Regulation of the Government Number 37 of 1986 Delegation of Partial Governing Affairs in the Field of Mining to Level-1 Regional Governments (State Gazette of the Republic of Indonesia Number 53 of 1986, Supplement to State Gazette of the Republic of Indonesia Number 3340), are revoked and declared to no longer be in effect.

Article 115

This Regulation of the Government shall take effect from the date of its promulgation. In order that every person may know of it, the promulgation of this Regulation of the Government is ordered by placement in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on February 1, 2010
PRESIDENT OF THE REPUBLIC OF INDONESIA
Sgd.
DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta
on February 1, 2010
MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,
Sgd.
PATRIALIS AKBAR

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

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