

Executive Summary on Regulation of Minister of Energy and Mineral Resources No. 28 of 2009 on The Conduct of Mineral and Coal Mining Services Business

Regulation of Minister of Energy and Mineral Resources No. 28 of 2009 on The Conduct of Mineral and Coal Mining Services Business (the “**Minister Regulation**”) is issued in Jakarta on September 30, 2009. This Minister Regulation is the implementing regulation of Article 127 of Law No. 4 of 2009 on Mineral and Coal Mining (the “**Mining Law**”).

Important points that may affect your business

1. Affiliated Company

Holders of Mining Permit (*Ijin Usaha Pertambangan – “IUP”*) or Special Mining Permit (*Ijin Usaha Pertambangan Khusus – “IUPK”*) may not involve subsidiaries and/or its affiliate company of mining services business.

Article 8

Paragraph (1)

“At no time shall any Mining Permit holders or Special Mining Permit holders involve their subsidiaries and/or affiliates in the fields/lines of mining services business in mining areas they commercialize, unless granted approval of the Director General on behalf of the Minister.”

Paragraph (2)

“Subsidiaries and/or affiliates as intended by section (1) shall be business entities having direct ownership of shares of Mining Permit holders or Special Mining Permit holders.”

2. Mining company must perform its own mining activities

Article 10

Paragraph (1)

“Production Operation Mining Permit holders or Special Mining Permit holders must perform itself mine activities, processing and refining/smelting.”

3. Mining activities that can be undertaken by mining services company

Article 10

Paragraph (2)

“Production Operation Mining Permit holders or Special Mining Permit holders may refer mine activities to mining services business, the activities of which are limited to:

- a. stripping of overburden to;*
- b. hauling of minerals and coal.*

4. Mining company cannot accept any fees from mining services company

Article 7

Paragraph (2)

“At no time shall any Mining Permit holders or Special Mining Permit holders collect fees from work performed by mining services business actors.”