

REGULATION OF DIRECTOR GENERAL OF MINERAL AND COAL  
NUMBER: 644.K/30/DJB/2013

CONCERNING

AMENDMENT OF REGULATION OF DIRECTOR GENERAL OF MINERAL AND COAL  
NUMBER: 999.K/30/DJB/2011 ON PROCEDURE TO DETERMINE COST TO ADJUST THE  
REFERENCE PRICE OF COAL

WITH THE BLESS OF GOD THE ALMIGHTY  
DIRECTOR GENERAL OF MINERAL AND COAL

In Considering

- a. That in order to guarantee the business certainty of coal mining activities, it shall be necessary to revise the cost to adjust the reference price of coal;
- b. That based on the consideration as cited in letter a, it shall be necessary to enact a Regulation of Director General of Mineral and Coal number 999.K/30/DJB/2011 on procedure to determine the cost to adjust the reference price of coal;

As referring to in

1. Law number 4 year 2009 on mineral and coal mining (State Gazette of the Republic of Indonesia Year 2009 Number 4, Supplement to State Gazette of the Republic of Indonesia number 4959);
2. Government Regulation (PP) number 23 year 2010 on the implementation of activities of mineral and coal mining (State Gazette of the Republic of Indonesia Year 2010 Number 29, Supplement to State Gazette of the Republic of Indonesia number 5111) as having been revised by Government Regulation (PP) Number 24 Year 2012 (State Gazette of the Republic of Indonesia Year 2012 Number 45, Supplement to State Gazette of the Republic of Indonesia number 5282);
3. Presidential Decree number 85/M year 2011 dated 21 April 2011;
4. Ministerial decree of energy and mineral resources number 17 year 2010 on procedure to determine the reference selling price of mineral and coal (State Official Report of the Republic of Indonesia year 2010 number 463);
5. Ministerial decree of energy and mineral resources number 18 year 2010 on organization and work procedure of the Ministry of Energy and Mineral Resources (State Official Report of the Republic of

Indonesia year 2010 number 552);

Regulation of Director General of Mineral and Coal Number 999.K/ 30/ DJB/ 2011 on procedure to determine the cost to adjust the reference price of coal;

DECIDES:

To enact

REGULATION OF DIRECTOR GENERAL OF MINERAL AND COAL CONCERNING THE AMENDMENT OF THE REGULATION OF DIRECTOR GENERAL OF MINERAL AND COAL NUMBER 999.K/30/DJB/2011 ON PROCEDURE TO DETERMINE THE COST TO ADJUST THE REFERENCE PRICE OF COAL.

#### Article 1

Stipulations in the Regulation Of Director General Of Mineral And Coal Number 999.K/30/DJB/2011 On Procedure To Determine the Cost to Adjust The Reference Price of Coal shall be amended as follows:

1. The stipulation of Article 1 points 3 and 10 shall be amended and Article 1 shall be reading:

#### Article 1

1. Reference Price of Coal, hereinafter referring to HPB, shall be the price of thermal coal and coking (metallurgical) coal as determined by Director General on behalf of Minister.
2. Coal price shall be the price of coal as agreed by the coal seller and buyer in a certain period based on HPB.
3. Sales in an island up to end-user(s) shall be the sales by the holder of IUP Operation-Production or IUPK Operation-Production up to the location of facility of stockpile of end-user(s).
4. End-user(s) shall be an industry that directly consumes coal as raw material and/ or fuel.
5. The cost of adjustment shall be the cost of addition or deduction to HPB in order to determine the coal price for the sales Free on Board vessel.
6. Delivery cost by barge shall be the cost of delivery by barge from a final loading seaport owned by the holder of IUP or IUPK of coal to location Free on Board vessel, including tax.
7. Delivery cost by vessel shall be the cost of coal delivery from location Free on Board vessel to a point of handover as decided by the coal buyer, including tax.
8. Cost of surveyor shall be all the costs of surveys of quality and quantity of coal in regard of coal sales, including tax.
9. Cost of shipment shall be all the costs of coal deliveries from barge to vessel or from vessel to a point of handover, including

the costs of administration of shipment, stevedoring, loading and unloading, porters, guiding and also tax.

10. Cost of insurance shall be all the costs of insurances of coal sales Free on Board barge up to Free on Board vessel.
  11. Minister shall be the Minister who is in charge of governmental authorities in the sector of mineral and coal mining.
  12. Director General shall be the Director General whose responsibilities and tasks are in the sector of mineral and coal mining.
2. Stipulation of Article 3 shall be amended and Article 3 shall be further reading:

#### Article 3

- (1) The holders of IUP Operation-Production of Coal and IUPK Operation-Production of Coal when calculating the price of coal sales as cited in Article 2 paragraph (2) letter b and letter c shall apply HPB minus adjustment costs.
  - (2) Adjustment cost that is to deduct HPB as cited in paragraph (1) shall be the highest cost as allowed in the calculation of payment of retribution of State's non-tax revenue to Government from the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal.
  - (3) In case the actual adjustment cost is lower than the adjustment cost as cited in paragraph (2), the calculation of payment of retribution of State's non-tax revenue to Government from the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal shall be based on the actual adjustment cost.
3. Between Articles 3 and 4 shall be added 1 (one) Article, namely Article 3A, reading as follows:

#### Article 3A

- (1) The calculation of State's non-tax revenue paid by the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal who own or use the facilities of seaport that can be berthed by barges and vessels shall be on a basis of Free on Board barge or Free on Board vessel depending on what means of transportation to be used.
- (2) The calculation of State's non-tax revenue paid by the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal, who sell the products by trucks or railway transport for the sales in an island up to the end-users, shall be determined at the location of facilities of stockpile of the mill/ power plant owned by end-user(s).

4. Stipulation of Article 4 paragraphs (1), (2) and (3) shall be amended and Article 4 shall be further reading as follows:

Article 4

- (1) In regard that the coal sales are Free on Board barge and the location of loading is different from the location of loading by vessel as cited in Article 2 paragraph (2) letter b, the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal when calculating the price of coal sales shall apply HPB minus the adjustment costs of:
  - a. Transshipment;
  - b. Delivery by barge;
  - c. Surveyor; and
  - d. Insurance.
- (2) In regard of coal sales in an island up to the location of end user(s) as cited in Article 2 paragraph (2) letter c, the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal when calculating the price of coal sales shall apply HPB minus the adjustment costs of:
  - a. Transshipment;
  - b. Delivery by barge;
  - c. Surveyor;
  - d. Insurance;
  - e. Transport by truck; and/ or
  - f. Railway transport;
- (3) In regard of coal sales on a basis of Cost Insurance Freight or Cost and Freight as cited in Article 2 paragraph (2) letter d, the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal shall be obliged to include the cost of Free on Board vessel, and the cost of Insurance Freight or Cost and Freight at the point of selling as agreed between the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal, and the coal buyer(s).
- (4) The delivery costs by truck and railway transport as cited in paragraph (2) letters e and f shall include the cost of loading and unloading.

5. Stipulation of Article 5 shall be amended and Article 5 shall be further reading as follows:

Article 5

In case the coal sales are delivered in a distance of more than 100 kilometers starting from the outside of IUP area up to the location of sales Free on Board, the holders of IUP Operation-Production of coal

and IUPK Operation-Production of coal shall be allowed to propose a review of the evaluated coal price for the sake of calculation of payment of State's non-tax revenue to Director General by attaching the realization of costs of deliveries from several firms of transportation services, the quality of coal and distance of delivery.

- (1) Stipulation of Article 6 paragraph (3) shall be amended and stipulations of paragraphs (4), (5) and (6) shall be removed, therefore Article 6 shall be further reading as follows:

#### Article 6

- (2) The determination of adjustment cost for the calculation of deduction to HPB of coal sales Free on Board barge as cited in Article 4 paragraph (1) is shown in Appendix I as an inseparable part of this Regulation of Director General.
- (3) The determination of adjustment cost for the calculation of deduction to HPB of coal sales in an island up to the end-user(s) as cited in Article 4 paragraph (2) is shown in Appendix II as an inseparable part of this Regulation of Director General.
- (4) The adjustment cost of HPB as cited in paragraphs (1) and (2) shall be reviewed at least one time in one year when an amendment shall be deemed considered necessary.
- (5) Removed
- (6) Removed
- (7) Between Articles 6 and 7 shall be inserted 4 (four) Articles, namely Articles 6A, 6B, 6C and 6D reading as follows:

#### Article 6A

- (1) The coal price and the adjustment cost of coal as cited in Articles 2, 3, 5 and 7 shall be calculated in the denomination of US Dollar or Rupiah.
- (2) The exchange value between US Dollar and Rupiah shall be based on mid-exchange rate published by Bank Indonesia effective in a period as decided by the holders of IUP Operation-Production of coal and IUPK Operation-Production of coal, and the coal buyer(s).

#### Article 6B

The determination of the distance of coal delivery when calculating the adjustment costs of coal as cited in Article 4 paragraphs (1), (2) and (4) shall be decided by an authoritative and accountable agency or a surveyor registered at the Directorate General of Mineral and Coal.

Article 6C

The holders of IUP Operation-Production of coal and IUPK Operation-Production of coal when selling coal as cited in Article 2 paragraph (2) letters a and d shall be obliged to prioritize the services of transportation and transshipment under Indonesia's flagship as in compliance with the prevailing laws and regulations.

Article 6D

The holders of IUP Operation-Production of coal and IUPK Operation-Production of coal when selling coal as cited in Article 2 paragraph (2) letters a, c and d shall be obliged to prioritize the services of national or domestic insurance firms.

Article 11

This Regulation of Director General shall be effective as of the date of enactment.

Enacted in Jakarta

Dated on 21 March 2013

DIRECTOR GENERAL OF MINERAL AND COAL

THAMRIN SIHITE