Decree of the President of the Republic of Indonesia
Number 75 Of 1996
Regarding
The Main Provisions of the Work Agreement
On A Coal Mining Undertaking
The President of the Republic of Indonesia,

Considering:

a. that in order to accelerate the development process of coal mining within the context of both the national energy policy and non-oil export policy, it is deemed necessary to step up the development and utilization of coal resources;

b. that due to the ever decreasing role of the Government in coal mining undertakings, it is deemed necessary to increase the involvement of private parties as contractors of the Government in coal mining undertakings;

c. that in connection with the facts referred to above, it is deemed necessary to review the provisions in Presidential Decree no.21 of 1993 regarding the Main Provisions of the Agreement on Cooperation in Coal Mining Undertaking between the Public Company (PERSERO) PT Tambang Batubara Bukit Asam and Contractor Companies, and to establish the Main Provisions of a Work Agreement in Coal Mining Undertaking by Presidential Decree;

In view of:

1. Article 4, sub-article (1) of the 1945 Constitution;
3. Law no.11 of 1967 regarding the Main Provisions on Mining (State Bulletin no.22 of 1967, State Bulletin Supplement no.2831);
6. Law no.7 of 1983 regarding Income Tax (State Bulletin no.50 of 1983, State Bulletin Supplement no.3263), as several times amended, lastly by Law no.10 of 1994 (State Bulletin no.60 of 1994, State Bulletin S no.3567);
9. Law no.13 of 1985 on Stamp Duty (State Bulletin no.73 of 1985, State Bulletin Supplement no.3316);
11. Government Regulation no.1 of 1982 regarding Export and Import Execution and Foreign Exchange Traffic (State Bulletin no.1 of 1982, State Bulletin Supplement no.3210);
13. Presidential Decree no.96 of 1993 regarding Foreign Capital Investment Procedures;
Has Decided:

To Establish:
The Presidential Decree Regarding the Main Provisions of A Work Agreement on A Coal Mining Undertaking.

CHAPTER I
GENERAL PROVISION

Article 1
In this Presidential Decree, Agreement refers to the Work Agreement between the Government and a Private Contractor company to carry out a coal mining undertaking.

Article 2
1. A Private Contractor company which is carrying out a coal mining undertaking on the basis of an Agreement is responsible for its management.
2. A Private Contractor company bears, based on an Agreement, all risks and all expenditure in carrying out its coal mining undertaking.
3. A Private Contractor company is obliged to submit an annual Work Programme and Budget Plan to the Government.

Article 3
1. A Private Contractor company is obliged to deliver 13.50% (thirteen and one half percent) of its coal production yield to the Government in cash at Free on Board price or at Sale Point price.
2. If the mining undertaking is carried out underground and or the coal produced is obviously of low quality, the amount of the production yield to be delivered to the Government as referred to in sub-article (1) may be considered for review based on the result of an assessment submitted by the Private Contractor company concerned.
3. The production yield referred to in sub-article (1) or sub-article (2) will be utilized for:
   a. financing coal development;
   b. setting up an inventory of coal resources;
   c. financing the control of mining environment and occupational safety management;
   d. paying the Exploration Contribution and Exploitation Contribution (royalty) and Added Value Tax.
4. The data processing and procedure of utilizing the funds derived from the coal production yield referred to in sub-article (3) sub a, b and c are determined by the Minister of Finance based on the Minister of Mines and Energy's proposal and consideration, while the funds derived from the coal production yield referred to in sub-article (3) sub d is directly deposited in the State Treasury.

Article 4
1. A Private Contractor company is obliged to pay:
   a. Taxes to the Government according to the prevailing tax rules at the time the Agreement is signed;
   b. Regional levies that have been legalized by the Central Government;
   c. General administration costs applicable for facility or service rendered by the Government.
2. A Private Contractor Company is obliged to pay annually the Dead Rent to the Government based on the size of the work area of the coal mining undertaking and according to the prevailing legislative rules concerned.

Article 5
1. Capital goods and materials, imported by a Private Contractor company within the context of the Agreement, are exempted from Import Duty, Import Levies and Duty on Ownership Transfer according to the prevailing legislative rules.

2. A Private Contractor company is obliged to submit annually a list of the planned to be imported capital goods and materials referred to in sub-article (1) to the Government for approval.

CHAPTER II
IN VolvEMENT AND DEVELOPMENT
OF THE NATIONAL INTEREST

Article 6
1. A capital investor to act as a Private Contractor company should establish an Indonesian legal entity, domiciled in Indonesia and exclusively involved in the coal mining undertaking business.

2. If a Private Contractor company is a foreign capital investment company with its entire capital owned by foreign citizens and or legal entities, said Private Contractor company should sell part of its shares to Indonesian citizens and or legal entities, according to the prevailing legislative rules.

Article 7
In doing its business, a Private Contractor company should give priority to using domestic products and services, Indonesian workers and abide by the Government policies on regional development and environmental protection.

CHAPTER III
OTHER PROVISIONS

Article 8
The Minister of Mines and Energy signs on behalf of the Government any Agreement conform to this Presidential Decree and exercises control over the implementation of the Agreement concerned.

CHAPTER IV
TRANSITIONAL PROVISIONS

Article 9
1. Cooperation Agreements on Coal mining Undertaking that were signed before this Presidential Decree’s becoming effective remain valid for the term stated in the Agreement concerned.

2. All rights and obligations of the Public Company (PERSERO) PT Tambang Batubara Bukit Asam based on an Agreement referred to in sub-article (1) are transferred to the Government.

Article 10
The part of the coal production that has been delivered by the Private Contractor company to the Public Company (PERSERO) PT Tambang Batubara Bukit Asam, but not yet delivered to the Government, should be settled with one (1) year at the latest as of the date this Presidential Decree becomes effective.

Article 11
The Minister of Mines and Energy takes the necessary steps for the transfer of rights and obligations to take place as referred to in Article 9 sub-article (2) and for the settlement of the part of production not yet delivered by the Public Company (PERSERO) PT Tambang Batubara Bukit Asam as referred to in Article 10.

CHAPTER V
CLOSING PROVISIONS

Article 12
Further provisions required for the implementation of this Presidential Decree are arranged by:
a. The Minister of Mines and Energy as far as concerning the mining technical implementation and
   the procedure of Private Contractor company applications;
b. The Minister of Finance as far as concerning the fiscal technical implementation;
c. The State Minister of Mobilization of Investment Funds/Chairman of the Capital Investment Board
   as far as concerning the capital investment technical implementation.

Article 13
With this Presidential Decree's becoming effective, Presidential Decree no.21 of 1993 regarding the Main
Provisions of Cooperation Agreements on Coal Mining Undertaking between the Public Company
(PERSERO) PT Tambang Batubara Bukit Asam and Contractor Companies together with its
implementation regulations, which are in contravention of this Presidential Decree, are declared as
invalid.

Article 14
This Presidential Decree becomes effective on the date of its establishment.

Established in Jakarta
on the date of 25 September 1996

President Of The Republic Of Indonesia
(signed)

S O E H A R T O