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**MINISTER OF ENERGY AND MINERAL RESOURCES  
REGULATION REGARDING PROCEDURES FOR  
MINERALS AND COAL BENCHMARK PRICE  
DETERMINATION**

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**SUMMARY AND ANALYSIS  
OF  
KEY ARTICLES**

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**CHRISTIAN TEO & Associates**  
LAW OFFICES

The Indonesia Stock Exchange Building  
Tower II Floor 14 Suite 1405  
Sudirman Central Business District  
Jalan Jenderal Sudirman Kav. 52-53  
Jakarta 12190  
INDONESIA  
TEL: [62-21] 515 0280 FAX: [62-21] 515 0281

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## INTRODUCTORY NOTES

This Summary & Analysis is intended as an overview only of the Minister of Energy and Mineral Resources Regulation re **Procedures for Minerals and Coal Benchmark Price Determination**, in respect of the 2008–2009 Indonesian Minerals and Coal Mining Law (“**New Mining Law**”), which was issued, by the Indonesian Government, on 23 September 2010 (“**Benchmark Price Regulation**”).

This Summary & Analysis reflects our current understanding only of the Benchmark Price Regulation and is subject to change as that understanding develops and evolves.

This Summary & Analysis should be read in conjunction with our earlier (i) summary and analysis, dated 9 January 2009, of the New Mining Law, (ii) summary and analysis, dated 30 November 2009, of the Implementing Regulation in respect of Mining Services, (iii) summary and analysis, dated 7 January 2010, of the second draft of the Implementing Regulation on Reclamation & Post Mining Activities, (iv) summary and analysis, dated 25 January 2010, of the Regulation on Prioritization of Coal and Mineral Supply for Domestic Interest, (v) summary and analysis, dated 19 February 2010, of the Implementing Regulation on Coal Mining Enterprise Activities and (vi) summary and analysis, dated 13 September 2010, of the Implementing Regulation on Mining Direction & Supervision. Copies of these earlier Summaries & Analyses are available upon request.

The use of implementing regulations to augment a law is a very common practice in Indonesia. Laws are passed by the Indonesian Parliament with the intention they will set out the broad parameters only of a new regulatory regime while the details of the new regulatory regime will be provided in one or more implementing regulations and other instruments issued by the Ministry and or officials of the Ministry with primary responsibility for overseeing the application of the new regulatory regime. The use of the Benchmark Price Regulation to expand on Article 85 of the Implementing Regulation on Coal Mining Enterprise Activities is, therefore, entirely consistent with long established Indonesian legislative practice and procedure.

Many of the points made in this Summary & Analysis are necessarily speculative in nature and subject to further clarification and confirmation. Accordingly, it would be prudent not to rely solely on this Summary & Analysis but, rather, to seek specific legal advice with respect to any issue concerning the Benchmark Price Regulation before making a material business decision regarding the same. **CHRISTIAN TEO & Associates** would be pleased to assist you in this regard. Our contact details are set out below.

Mr. Christian B. Teo and Mr. Bill Sullivan  
Partner Licensed Foreign Advocate  
Address : **CHRISTIAN TEO & Associates**  
The Indonesia Stock Exchange Building  
Tower II Floor 14 Suite 1405  
Sudirman Central Business District  
Jakarta 12190  
INDONESIA  
Email : [cteo@cteolaw.com](mailto:cteo@cteolaw.com) and [bsullivan@cteolaw.com](mailto:bsullivan@cteolaw.com)  
Telephone : [62-21] 515 0280  
Facsimile : [62-21] 515 0281  
Mobile : [62-21] 818 124 747 and [62-21] 815 850 609 28

## EXECUTIVE SUMMARY

1. The Benchmark Price for mining products must be determined pursuant to a market mechanism and/or in accordance with prevailing prices in international markets.
2. Holders of Production Operation IUP/IUPKs for mining products are obliged to sell mining products of the Benchmark Price subject to certain cost adjustments.
3. DGoMCG /Governor/Regent/Mayor in accordance with their respective authority (“**Relevant Government Authority**”) will determine the Benchmark Price for mining products on a monthly basis.
4. Production Operation IUP/IUPK holders must submit reports regarding sales of mining products, on a monthly basis, to the Relevant Government Authority.
5. Production Operation IUP/IUPK holders must reset metal mineral and coal prices, in the case of term sales, once a year.
6. Low quality coal may be sold at a special Benchmark Price, below the Coal Benchmark Price, and in accordance with the Low Quality Coal Benchmark Price.
7. Certain Types of Coal and Coal for Specific Purposes may be sold at a price below the Coal Benchmark Price following approval from DGoMCG on behalf of MoEMR.
8. **Sellers of metal minerals and coal must use:**
  - (a) **Indonesian flagged transportation services providers;**
  - (b) **national or domestic insurance companies in the case of CIF sales; and**
  - (c) **verification surveyors approved by DGoMCG.**
9. Violations of the Benchmark Price Regulation may result in the imposition of administrative sanctions as follows:
  - (a) written warnings;
  - (b) suspension of sales of mining products; or
  - (c) revocation of Production Operation IUP/IUPKs.
10. Following the introduction of the Benchmark Price Regulation:
  - (a) holders of CoWs and CCoWs must comply with all provisions of the Benchmark Price Regulation in connection with all sales of mining products;
  - (b) after not later than 6 months, spot sales contracts, which were entered into by the holders of Production Operation IUP/IUPK/CoW/CCoWs prior to the introduction of the Benchmark Price Regulation, must be adjusted so as to comply with the Benchmark Price Regulation; and
  - (c) after not later than 12 months, term sales contracts, which were entered into by the holders of Production Operation IUP/IUPK/CoW/CCoWs prior to the introduction of the Benchmark Price Regulation, must be adjusted so as to comply with the Benchmark Price Regulation; but

(d) (b) and (c) above shall not apply to existing spot sales contracts and term sales contracts to the extent that the selling price has been re-negotiated in accordance with instructions from MoEMR or DGoMCG.

11. **The Benchmark Price requirement applies to sales of mining products to both “arms-length” buyers and to “Affiliates” of the seller (i.e., related parties). Making “Affiliates” of the seller pay the Benchmark Price would seem to have potentially serious implications for owners of power plants in China and India which have invested in coal mines in Indonesia for the express purpose of ensuring a reliable supply of low cost coal to fuel their offshore power plants. On its face, the Benchmark Price Regulation will require these foreign owners of “captive” Indonesian coal mines to pay substantially the same price for coal from their own Indonesian mines as they would for coal sourced from independent suppliers. If this continues to be the case, the Benchmark Price Regulation may, unintentionally or otherwise, prevent the realization of one of the main objectives of many foreign investors in Indonesia’s coal mining industry.**

## SUMMARY & ANALYSIS

### 1. GENERAL

Legal Basis	Remarks
Articles 2 - 3	<ol style="list-style-type: none"> <li>1. Benchmark prices must be determined pursuant to a market mechanism and/or in accordance with prevailing prices in international markets.</li> <li>2. In selling mining products:               <ol style="list-style-type: none"> <li>(a) Production Operation Mining Business License (<i>Ijin Usaha Pertambangan Operasi Produksi</i> or “<b>Production Operation IUP</b>”) holders; and</li> <li>(b) Special Production Operation Mining Business License (<i>Ijin Usaha Pertambangan Khusus Operasi Produksi</i> or “<b>Production Operation IUPK</b>”) holders</li> </ol> <p style="margin-left: 20px;">must comply with the Benchmark Price.</p> </li> <li>3. The provisions above are applicable, without limitation, to:               <ol style="list-style-type: none"> <li>(a) any sales made to either (i) domestic parties or (ii) foreign parties (pursuant to export trading activities); and</li> <li>(b) any sales made to “Affiliates” of the Production Operation IUP/IUPK holders, being:                   <ol style="list-style-type: none"> <li>(i) business entities which have direct share ownership in the Production Operation IUP/IUPK holder; and/or</li> <li>(ii) business entities which are capable of affecting the decisions of the Production Operation IUP/IUPK holder.</li> </ol> </li> </ol> </li> </ol>

### 2. MINERAL BENCHMARK PRICE

Legal Basis	Remarks
Articles 4 - 9	<ol style="list-style-type: none"> <li>1. The Minerals Benchmark Price shall include:               <ol style="list-style-type: none"> <li>(a) the metal minerals benchmark price;</li> <li>(b) the non-metal minerals benchmark price; and</li> <li>(c) the rock minerals benchmark price.</li> </ol> </li> <li>2. The Director General of Minerals, Coal and Geothermal (“<b>DGoMCG</b>”), on behalf of the Minister of Energy and Mineral Resources (“<b>MoEMR</b>”), shall, on a monthly basis, determine the metal minerals benchmark price based on calculations with reference to (i) the metal minerals price in accordance with the market mechanism and/or (ii) the prevailing metal minerals price in international markets (“<b>Metal Minerals Benchmark Price</b>”).</li> </ol>

Legal Basis	Remarks
	<p>3. The Metal Minerals Benchmark Price must be used as the price reference by the holders of Production Operation IUP/IUPKs for metal minerals in carrying out metal minerals selling activities.</p> <p>4. The Metal Minerals Benchmark Price shall be the price for metal minerals, at the sale point and FOB Vessel, for each and every metal mineral mining product.</p> <p>5. Holders of Production Operation IUP/IUPKs for metal minerals may sell metal minerals in the form of (i) ores, (ii) concentrates, (iii) intermediary products and (iv) metal in accordance with the prevailing laws and regulations.</p> <p>6.1 The selling of metal minerals may be conducted:</p> <ul style="list-style-type: none"> <li>(a) in the form of metal sales FOB vessel;</li> <li>(b) in the form of metal sales FOB barge;</li> <li>(c) in the form of sales of ores, concentrates or intermediary products FOB vessel or FOB barge;</li> <li>(d) in the form sales to domestic end-users; or</li> <li>(e) on a Cost Insurance Freight (CIF) basis or Cost and Freight (C&amp;F) basis.</li> </ul> <p>6.2 The calculation of the metal minerals sales price, as mentioned in 6.1(a) above, must comply with the Metal Minerals Benchmark Price.</p> <p>6.3 The calculation of the metal minerals sales price, as mentioned in 6.1(b) to (e) above, must comply with the Metal Minerals Benchmark Price subject to cost adjustment (either by way of addition or reduction) as approved by DGoMCG on behalf of MoEMR.</p> <p>7. The cost adjustment to the Metal Minerals Benchmark Price (either by way of addition or reduction) shall include the following components:</p> <ul style="list-style-type: none"> <li>(a) transportation cost (barge cost);</li> <li>(b) surveyor cost;</li> <li>(c) transshipment cost;</li> <li>(d) processing and refining cost and/or metal payable; and/or</li> <li>(e) insurance cost.</li> </ul> <p>8. In carrying out sales of metal minerals, the holders of Production Operation IUP/IUPKs for metal minerals must use Indonesian flagged transportation services providers.</p> <p>9. Holders of Production Operation IUP/IUPKs for metal minerals carrying out sales of metal minerals, on a Cost Insurance Freight (CIF) basis, must use the services of national or domestic insurance companies.</p> <p>10. Holders of Production Operation IUP/IUPKs, using the services of a surveyor to</p>

Legal Basis	Remarks
	<p>verify metal mineral selling activities, must use the services of certain surveyors appointed by DGoMCG on behalf of MoEMR.</p> <p>11. The following provisions shall apply to the calculation of mandatory payments of non-tax state revenue by holders of Production Operation IUP/IUPKs for metal minerals:</p> <p>(a) in the case of sales of metal minerals FOB Vessel:</p> <p>(i) the metal minerals actual selling price shall be used in the event that the metal minerals actual selling price is higher than the Metal Minerals Benchmark Price; and</p> <p>(ii) the Metal Minerals Benchmark Price shall be used in the event that the actual metal minerals selling price is the same as or lower than the Metal Minerals Benchmark Price; and</p> <p>(b) in the case of:</p> <p>(i) sales of metal minerals FOB Barge;</p> <p>(ii) sales of metal minerals in the form of ores, concentrates, or intermediary products FOB vessel or FOB barge;</p> <p>(iii) sales of metal minerals to domestic end-users; and/or</p> <p>(iv) sales of metal minerals on the basis of:</p> <p>(A) Cost Insurance Freight (CIF); or</p> <p>(B) Cost and Freight (C&amp;F);</p> <p>it is mandatory to use:</p> <p>(i) the metal minerals actual selling price in the event the metal minerals actual selling price is higher than the Metal Minerals Benchmark Price after the cost adjustment addition or reduction; and</p> <p>(ii) the Metal Minerals Benchmark Price subject to cost adjustment (either by way of addition or reduction) if the metal minerals actual selling price is the same as or lower than the Metal Minerals Benchmark Price after such cost adjustment.</p> <p>12. The relevant Governor shall, on a monthly basis, determine the non-metal minerals selling price in his Province in accordance with the market mechanism and following discussions with DGoMCG (“<b>Non-Metal Minerals Benchmark Price</b>”).</p> <p>13. The relevant Regent/Mayor shall, on a monthly basis, determine the rock minerals selling price in his Regency/Municipality in accordance with the market mechanism and following discussions with the relevant Governor (“<b>Rock Minerals Benchmark Price</b>”).</p> <p>14. The Non-Metal Minerals Benchmark Price and/or the Rock Minerals Benchmark Price must be used as the price reference for Production Operation IUP holders in</p>

Legal Basis	Remarks
	<p>carrying out non-metal minerals and rock minerals selling activities.</p> <p>15. The mandatory payments of non-tax state revenue and regional taxes by holders of Production Operation IUPs for non-metal minerals and rock minerals shall be calculated based on:</p> <p>(a) the non-metal minerals or rock minerals actual selling price, as the case may be, in the event the non-metal minerals or rock minerals actual selling price, as the case may be, is higher than the Non-Metal Minerals Benchmark Price or Rock Minerals Benchmark Price, as the case may be; and</p> <p>(b) the Non-Metal Minerals Benchmark Price or the Rock Minerals Benchmark Price, as the case may be, in the event the non-metal minerals or rock minerals actual selling price, as the case may be, is the same or lower than the Non-Metal Minerals Benchmark Price or the Rock Minerals Benchmark Price, as the case may be.</p>

**3. COAL BENCHMARK PRICE**

Legal Basis	Remarks
Article 10 - 14	<p>1. The coal benchmark price shall distinguish between the following:</p> <p>(a) the coal benchmark price for steam (thermal) coal, being coal used as fuel for power plants and steam machines in industries (“<b>Steam Coal</b>”); and</p> <p>(b) the coal benchmark price for coking (metallurgical) coal, being coal used in iron smelting industries or metallurgy (“<b>Coking Coal</b>”).</p> <p>2. DGoMCG, on behalf of MoEMR, shall, on a monthly basis, determine the coal benchmark prices for Steam Coal and Coking Coal based on calculations with reference to the average coal price index as determined in accordance with the market mechanism and/or the prevailing prices in the international market (“<b>Coal Benchmark Price</b>”).</p> <p>3. The Coal Benchmark Price must be used as the price reference by holders of Production Operation IUP/IUPKs for coal in carrying out coal selling activities.</p> <p>4. The Coal Benchmark Price shall be the price of coal at the sale point and FOB lower case Vessel.</p> <p>5.1 The coal sales may be conducted on the basis of:</p> <p>(a) FOB vessel;</p> <p>(b) FOB barge;</p> <p>(c) sales to domestic end consumers (in the same island);</p> <p>(d) Cost Insurance Freight (CIF) or Cost and Freight (C&amp;F).</p> <p>5.2 The calculation of the coal selling price, as mentioned in 5.1(a) above, must</p>

Legal Basis	Remarks
	<p>comply with the Coal Benchmark Price.</p> <p>5.3 The calculation of the coal selling price, as mentioned in 5.1(b) to (d) above must comply with the Coal Benchmark Price subject to cost adjustment (either by way of addition or reduction) as approved by DGoMCG on behalf of MoEMR.</p> <p>6 The cost adjustment to the Coal Benchmark Price (either by way of addition or reduction) shall include the following components:</p> <ul style="list-style-type: none"> <li>(a) transportation cost (barge cost);</li> <li>(b) surveyor cost;</li> <li>(c) transshipment cost; and/or</li> <li>(d) insurance cost.</li> </ul> <p>7 In carrying out sales of coal, Production Operation IUP/IUPKs holders must use Indonesian flagged transportation services providers.</p> <p>8 Holders of Production Operation IUP/IUPKs for coal carrying out sales of coal by way on a Cost Insurance Freight (CIF) must use the services of national or domestic insurance companies.</p> <p>9 Holders of Production Operation IUP/IUPKs, using the services of a surveyor to verify coal selling activities, must use the services of certain surveyors appointed by DGoMCG on behalf of MoEMR.</p> <p>10 The following provisions shall apply to the calculation of mandatory payments of non-tax state revenue by holders of Production Operation IUP/IUPKs for coal:</p> <ul style="list-style-type: none"> <li>(a) in the case of sales of coal FOB lower case Vessel: <ul style="list-style-type: none"> <li>(i) the actual coal selling price shall be used in the event that the actual coal selling price is higher than the Coal Benchmark Price;</li> <li>(ii) the Coal Benchmark Price shall be used in the event that the actual coal selling price is the same as or lower than the Coal Benchmark Price;</li> </ul> </li> <li>(b) in the event of: <ul style="list-style-type: none"> <li>(i) sales of coal to domestic end-users (in the same island);</li> <li>(ii) sales of coal at FOB barge;</li> <li>(iii) sales of coal on the basis of <ul style="list-style-type: none"> <li>(A) Cost Insurance Freight (CIF); or</li> <li>(B) Cost and Freight (C&amp;F),</li> </ul> </li> </ul> </li> </ul>

Legal Basis	Remarks
	<p>it is mandatory to use:</p> <ul style="list-style-type: none"> <li data-bbox="548 302 1404 394">(i) the actual coal selling price in the event the actual coal selling price is higher than the Coal Benchmark Price after the of cost adjustment addition or reduction; and</li> <li data-bbox="548 428 1404 548">(ii) the Coal Benchmark Price subject to cost adjustment (either by way of addition or reduction) if the actual coal selling price is the same as or lower than the Coal Benchmark Price after such addition or reduction.</li> </ul>

**4. REPORTING OBLIGATIONS**

Legal Basis	Remarks
<p>Article 15 - 16</p>	<ol style="list-style-type: none"> <li data-bbox="435 768 1404 1213"> <p>1. Holders of Production Operation IUP/IUPKs for metal minerals and coal and holders of Production Operation IUPs for non-metal minerals or rock minerals shall, on a monthly basis, submit reports, to the Relevant Government Authority, on sales of the produced metal minerals and coal at the latest on the 10<sup>th</sup> day of the next month with copies to:</p> <ul style="list-style-type: none"> <li data-bbox="493 957 1404 1020">(a) the relevant Governor and Regent/Mayor if the Production Operation IUP/IUPK for metal minerals or coal was issued by MoEMR;</li> <li data-bbox="493 1054 1404 1117">(b) DGoMCG and the relevant Regent/Mayor if the Production Operation IUP/IUPK for metal minerals or coal was issued by the Governor; or</li> <li data-bbox="493 1150 1404 1213">(c) DGoMCG and the relevant Governor if the Production Operation IUP /IUPK for metal minerals or coal was issued by the Regent/Mayor.</li> </ul> </li> <li data-bbox="435 1247 1404 1367"> <p>2. Reports of sales of metal minerals, coal, non-metal minerals and rock minerals must, as a minimum, include details of the (i) sales price, (ii) sales volume, (iii) quality, (iv) point of sale, (v) adjustment cost, and (vi) domestic users and/or countries of destination as well as supporting documents/evidence.</p> </li> <li data-bbox="435 1400 1404 1965"> <p>3. The supporting documents/evidence must be submitted in the form of hardcopies and include:</p> <ul style="list-style-type: none"> <li data-bbox="493 1495 1003 1526">(a) invoices for sales of the mining products;</li> <li data-bbox="493 1560 1182 1591">(b) Bills of Lading/Air Way Bills and Certificates of Weight;</li> <li data-bbox="493 1625 1205 1656">(c) certificates of assessment of quality of the mining products;</li> <li data-bbox="493 1690 1404 1753">(d) shipment schedules (only for Production Operation IUP/IUPKs for metal minerals and coal);</li> <li data-bbox="493 1787 1404 1871">(e) adjustment costs for sales not on the basis of FOB lower case vessel or FOB barge (only for Production Operation IUP/IUPKs for metal minerals and coal);</li> <li data-bbox="493 1904 1404 1965">(f) invoices and/or barge contracts for sales where the delivery point is not FOB lower case vessel (only for Production Operation IUP/IUPKs for metal</li> </ul> </li> </ol>

Legal Basis	Remarks
	<p>minerals or coal); and</p> <p>(g) notices of export of goods (<i>pemberitahuan ekspor barang</i> or PEB) and surveyor's reports for export in the event of export sales of mining products.</p>

**5. SALES OF METAL MINERALS AND COAL**

Legal Basis	Remarks
<p>Article 17 - 22</p>	<ol style="list-style-type: none"> <li>1. Sales of metal minerals may be conducted in the form of spot sales or term sales based on price agreement between Production Operation IUP/IUPK holders and buyers.</li> <li>2. Prior to the incorporation of the agreed price in the metal mineral sales contract, the agreed price must be discussed with MoEMR through DGoMCG.</li> <li>3. The execution of the sale and purchase agreement for metal minerals must take place within the following periods: <ol style="list-style-type: none"> <li>(a) for metal products, not later than 1 month from the date of the agreement on price; and</li> <li>(b) for metal ores, concentrates and/or intermediary products, not later than 3 months from the date of the agreement on price.</li> </ol> </li> <li>4. The schedule for annual shipment of metal minerals must be reported to DGoMCG at the beginning of the relevant year and any changes in the shipment schedule must be reported to DGoMCG periodically.</li> <li>5. Production Operation IUP/IUPK holders must adjust metal mineral selling prices for term sales once a year.</li> <li>6. Coal sales may be conducted in the form of spot sales or term sales based on price agreement between Production Operation IUP/IUPK holders and coal purchasers subject to the following conditions: <ol style="list-style-type: none"> <li>(a) the coal price for spot sales must refer to the Coal Benchmark Price in the relevant month being the month in which the coal is delivered; and</li> <li>(b) the coal price for term sales must refer to the average Coal Benchmark Price for the last 3 months prior to the month in which the sales agreement is executed.</li> </ol> </li> <li>7. Prior to the incorporation of the agreed price in the coal sales agreement, the agreed price must be discussed with MoEMR through DGoMCG.</li> <li>8. The execution of sale and purchase agreements for coal must take place not later than 1 month after the date on which the coal price is agreed.</li> <li>9. The first shipment of coal for spot or term sales must take place not later than 2 months after the execution of the coal sales agreement and must be completed in not later than 1 year. In the event the first shipment takes more than 1 year to be</li> </ol>

Legal Basis	Remarks
	<p>completed, the selling price of the coal shall refer to the Benchmark Price applicable in the relevant year.</p> <p>10. The schedule for annual shipments of coal must be reported to DGoMCG at the beginning of the relevant year and any change in the shipment schedule must be reported periodically.</p> <p>11. Production Operation IUP/IUPK holders must adjust the coal price for term sales once a year.</p> <p>12. Low quality coal may be sold at a benchmark price below the Coal Benchmark Price and must be determined in accordance with the low quality coal benchmark price (“<b>Low Quality Coal Benchmark Price</b>”).</p> <p>13. The Low Quality Coal Benchmark Price shall be determined based on a formula which refers to the low quality coal average index price prevailing in the market.</p> <p>14. Mandatory payments of non-tax state revenues and/or regional taxes by Production Operation IUP/ IUPK holders of low quality coal shall be calculated based on the following provisions:</p> <ul style="list-style-type: none"> <li>(a) in the case of sales of coal FOB lower case vessel, the Coal Benchmark Price shall be used if the actual coal selling price is higher than the Low Quality Coal Benchmark Price;</li> <li>(b) in the case of sales of coal FOB lower cessel, the Low Quality Coal Benchmark Price shall be used if the actual coal selling price is the same as or lower than the Low Quality Coal Benchmark Price;</li> <li>(c) in the event of: <ul style="list-style-type: none"> <li>(i) sales of low quality coal to domestic end-users;</li> <li>(ii) sales of coal FOB barge;</li> <li>(iii) sales of coal on the basis of: <ul style="list-style-type: none"> <li>(A) Cost Insurance Freight (CIF); or</li> <li>(B) Cost and Freight (C&amp;F),</li> </ul> </li> </ul> </li> </ul> <p>it is mandatory to use:</p> <ul style="list-style-type: none"> <li>(i) the actual selling price of the low quality coal in the event the actual coal selling price is higher than the Low Quality Coal Benchmark Price after the cost adjustment; or</li> <li>(ii) the Coal Benchmark Price subject to cost adjustment (either by way of addition or reduction) in the event the actual coal selling price is the same as or lower than the Coal Benchmark Price after the cost adjustment.</li> </ul> <p>15. Certain types of coal used domestically (“<b>Certain Types of Coal</b>”) may be sold at a price below the Coal Benchmark Price following prior approval from</p>

Legal Basis	Remarks
	<p>DGoMCG on behalf of MoEMR.</p> <p>16. Certain Types of Coal include among others:</p> <ul style="list-style-type: none"> <li>(a) fine coal;</li> <li>(b) rejected coal; and</li> <li>(c) coal with certain impurities.</li> </ul> <p>17. Coal utilized for own consumption in the production process and/or coal for development of underdeveloped regions (“<b>Coal for Specific Purposes</b>”) may be sold in domestic markets below the Coal Benchmark Price following prior approval from DGoMCG on behalf of MoEMR.</p> <p>18. Mandatory payments of non-tax state revenues and/or regional taxes by Production Operation IUP/ IUPK holders in respect of sales of Certain Types of Coal for Coal for Specific Purposes shall be calculated based on the actual selling price of Certain Types of Coal or Coal for Specific Purposes.</p>

**6. MISCELLANEOUS**

Legal Basis	Remarks
Article 23 - 28	<p>1. Violations of the Benchmark Price Regulation may result in the imposition of administrative sanctions in the form of:</p> <ul style="list-style-type: none"> <li>(a) written warnings;</li> <li>(b) suspension of sales of metal minerals, non-metal minerals, coal or rock minerals; or</li> <li>(c) revocation of Production Operation IUP/ IUPKs.</li> </ul> <p>2. Following the introduction of the Benchmark Price Regulation:</p> <ul style="list-style-type: none"> <li>(a) in carrying out sales of minerals and coal, holders of Contracts of Work (“<b>CoW</b>”) and Coal Contracts of Work (“<b>CCoW</b>”) must comply with all provisions of the Benchmark Price Regulation;</li> <li>(b) after not later than 6 months, any spot sales contracts which have already been signed by the holders of Production Operation IUP/IUPK/CoW/CCoWs must be adjusted so as to comply with the Benchmark Price Regulation; and</li> <li>(c) after not later than 12 months, any term sales contracts which have already been signed by the holders of Production Operation IUP/ IUPK/CoW/CCoWs must be adjusted so as to comply with the Benchmark Price Regulation.</li> </ul> <p>3. The provisions of 2(b) and (c) above, however, shall not apply to any spot sales contracts and term sales contracts which have been already signed by the holders of Production Operation IUP, CoW or CCoW but where the applicable selling price has been renegotiated in accordance with instructions from MoEMR or DGoMCG.</p>