

December 2025

## IMPLEMENTATION OF THE NEW MINING GOVERNANCE FRAMEWORK

### Overview

Following the enactment of Law No. 2 of 2025, which amends Law No. 4 of 2009 on Mineral and Coal Mining (“**Mining Law**”), and the issuance of Government Regulation No. 39 of 2025, which is the second amendment to Government Regulation No. 96 of 2021 on the Implementation of Mineral and Coal Mining Activities (“**GR 39/2025**”), the Minister of Energy and Mineral Resources (“**MEMR**”) has issued a new implementing regulation mandated by these regulations, namely MEMR Regulation No. 18 of 2025 on the Implementing Regulation of GR 39/2025 (“**MEMR Regulation 18/2025**”).

This new regulation sets out, among other things, detailed criteria, guidelines, and procedures for the granting of Mining Business License Areas (*Wilayah Izin Usaha Pertambangan* or “**WIUP**”) and Special Mining Business License Areas (*Wilayah Izin Usaha Pertambangan Khusus* or “**WIUPK**”), thereby providing greater clarity for business entities in acquiring and operating mining areas under the Mining Law.

### Key Provisions

- **WIUP and WIUPK:** A WIUP consists of WIUP for: (i) radioactive minerals, (ii) metal minerals, (iii) coal, (iv) non-metal minerals, (v) certain non-metal minerals, and (vi) rocks, granted through auction, priority granting, or direct application. Meanwhile, WIUPK consists of WIUPK for: (i) metal minerals, and (ii) coal, granted through auction or priority granting.
- **WIUP for Radioactive Minerals and Rare Earth Metal Minerals:** The development and operation of WIUPs for radioactive minerals and rare earth metal minerals is reserved for state-owned companies (“**BUMN**”) appointed by the MEMR, after the MEMR completes the relevant area inventory.
- **WIUP and WIUPK for Metal Minerals and Coal:** WIUPs and WIUPKs for metal minerals or coal may be granted through auction or priority granting. If a WIUP offered at auction is the result of a prior assignment given to a business entity to study or prepare that WIUP for metal minerals or coal, or the increase of mineral value added and/or coal utilization, the relevant business entity may directly participate in the auction qualification stage and is entitled to match the highest bid price.
- **WIUP for Non-Metal Minerals, Certain Non-Metal Minerals, and Rocks:** WIUPs for non-metal minerals, certain non-metal minerals, and rocks are granted through an application submitted to the MEMR or the governor, by: (i) BUMN, (ii) regional-owned companies (“**BUMD**”), (iii) private business entities, either fully Indonesian-owned companies (“**PMDN**”) or foreign investment companies (“**PMA**”) (PMA are not allowed to apply for WIUPs for rocks), (iv) cooperatives, and (v) individual companies, consisting of firms and limited partnerships.
- **Commitments:** Special shareholding and profit allocation requirements apply for certain priority applicants: (i) a business entity owned by a religious community organization (“**Ormas**”) that applies for a WIUP or WIUPK for metal minerals and coal must ensure that at least 67% of its shares remain owned by the Ormas on a non-diluted basis throughout the term of the IUP or IUPK, and (ii) BUMN, BUMD, and

private business entities granted a WIUP or WIUPK through priority granting for the purpose of improving public access to higher education and enhancing the independence and excellence of universities must allocate at least 60% of their profits, starting from the commencement of production, for those educational purposes. Compliance with this profit allocation is to be verified by a public accountant.

- **Commitment Guarantee:** Any BUMN designated as the operator for the development and utilization of rare earth metal minerals, as well as any business entity that wins an auction or receives a priority allocation for a WIUP or WIUPK for metal minerals and coal, is required to provide a commitment guarantee to carry out exploration. This guarantee must be placed as a time deposit with a government bank in the name of the MEMR (on behalf of the company), in the amount of: (i) Rp50,000,000 for a mining area up to 40 hectares, or (ii) Rp1,500,000 per hectare for a mining area exceeding 40 hectares.
- **Extension of Exploration and Operation Production Periods:** Holders of a Mining Business License (*Izin Usaha Pertambangan* or “IUP”) or a Special Mining Business License (*Izin Usaha Pertambangan Khusus* or “IUPK”) for exploration that have not completed all required exploration work may apply for an extension of the exploration period of the license, provided that the application is submitted no later than 45 days before the expiry of the relevant license. Meanwhile, an IUP or IUPK for operation production stage can be extended by applying after the license holder has fulfilled all obligations and requirements stipulated under the applicable laws and regulations.
- **Reduction of Mining Areas:** To optimize the use of mineral and coal resources and adhere to spatial planning, the MEMR may reduce a mining area if: (i) there are overlapping areas for the same commodity between different license holders and the parties cannot reach an agreement, (ii) there is a shift in the area’s coordinates based on updated geographic information system data, and/or (iii) the license holder fails to optimally utilize the mining area.
- **Consolidation of Mining Areas:** The consolidation of IUP and IUPK areas may be carried out based on: (i) an evaluation conducted by the MEMR of IUP holders that hold multiple IUPs or IUPKs, or (ii) proposals from business entities, local governments, or ministries/institutions for the optimization and/or efficiency of mining activities. Such consolidation may be carried out provided that the relevant IUP or IUPK areas: (i) are located in a single location, cover the same area, and are contiguous, (ii) involve the same commodities, and (iii) are at the same stage of activity. For consolidation based on proposals, in addition to the foregoing requirements, consolidation may only be carried out if the proposal is submitted by a single business entity or its affiliates, as evidenced by the share ownership structure and the merger of that business entity.
- **Revocation of IUP and IUPK:** An IUP or IUPK for exploration may be revoked if the holder shows no progress in exploration activities for three consecutive reporting periods. Further, any IUP issued by a local government that fails to obtain “clean and clear” status during the reconciliation between the central and local governments, and is not included in the registered IUP database, shall be declared void and may not be reinstated.

Any IUP or IUPK that has been revoked and returned to the state cannot be recovered.

- **Overlapping Mining Areas:** In the event of an overlap between an IUP for non-metal minerals, certain non-metal minerals, or a Rocks Mining License (*Surat Izin Penambangan Batuan* or “**SIPB**”) and an earlier-issued IUP for metal minerals or coal, the overlapping non-metal minerals IUPs or SIPB shall be revoked or subject to area reduction, unless the holder of metal minerals or coal IUP grants exploitation approval, in which case a new WIUP may be issued for the overlapping area. If the non-metal minerals IUP or SIPB was issued before the overlapping metal mineral or coal IUP, the non-metal or SIPB mining activities may continue until the expiry of that license, but no extension is allowed. Such IUP and SIPB are also prohibited from mining any metal minerals or coal, and any metal minerals or coal produced must be delivered to the adjacent holder of the metal minerals or coal IUP.
- **Public Mining (*Pertambangan Rakyat*):** A Public Mining License (*Izin Pertambangan Rakyat* or “**IPR**”) is issued by the governor, with a maximum area of five hectares for individuals and ten hectares for

cooperatives. Individuals and cooperatives holding an IPR are required to: (i) have a Business Identification Number (*Nomor Induk Berusaha*) with business activities in accordance with the Indonesia Business Standard Classification Code (*Klasifikasi Baku Lapangan Usaha Indonesia*) for the mining sector, (ii) open a bank account *q.q.* the governor for the placement of a reclamation guarantee deposit equal to 10% of each mineral sale, and (iii) pay the applicable fees and taxes (IPR fees for metal mineral commodities, and local taxes, as well as IPR fees for other commodities). In the implementation of IPR activities, the governor is responsible for environmental management and environmental impact restoration.

### Closing

MEMR Regulation 18/2025 provides more detailed guidelines and procedures to implement the new mining governance framework introduced by the recent amendments to the Mining Law and GR 39/2025. This regulation aims to strengthen legal certainty and establish a more structured and transparent framework for the administration of mining areas and the issuance of mining business licenses in Indonesia.

For more information or inquiries, please contact:

Andika Mendrofa at [andika.mendrofa@nusaadvocates.com](mailto:andika.mendrofa@nusaadvocates.com)

Shanti Prameshwara at [shanti.prameshwara@nusaadvocates.com](mailto:shanti.prameshwara@nusaadvocates.com)

**SCHEDULE 1**

<b>WIUP or WIUPK</b>	<b>Mechanism</b>	<b>Mining Area</b>	<b>Participants or Applicants</b>
WIUP	Auction	≤ 500 hectares	(a) BUMD from the same province; (b) Micro and small scale PMDN from the same province; and/or (c) Cooperative.
		> 500 hectares	(a) BUMN; (b) BUMD; (c) Large scale PMDN; (d) PMA; and/or (e) Cooperative.
	Priority granting	≤ 2,500 hectares	(a) Cooperative; and (b) Micro and small scale PMDN.
		> 2,500 hectares (up to 25,000 hectares for metal mineral or 15,000 hectares for coal)	(a) Private business entities owned by Ormas; (b) BUMN, BUMD or private business entities aimed at improving public access to higher education and enhancing the independence and excellence of universities; and (c) BUMN and/or private business entities focused on increasing value added (downstream development).
WIUPK	Auction	No size restriction on the area	Private business entities in the mining sector, provided that: (a) No BUMN or BUMD has submitted a proposal to form a joint venture for the WIUPK; (b) No BUMN and/or BUMD is interested in the WIUPK under the priority mechanism; or (c) Any offer made to a BUMN, BUMD, or joint venture was declared failed (e.g., BUMN, BUMD or joint venture did not pay the required information compensation and/or did not provide the exploration guarantees within the specified period).
	Priority granting	≤ 2,500 hectares	(a) Cooperative; and (b) Micro and small scale PMDN.
		> 2,500 hectares (up to 25,000 hectares for metal mineral or 15,000 hectares for coal)	(a) Private business entities owned by Ormas; and (b) BUMN, BUMD, or private business entities dedicated to improving public access to higher education and enhancing university quality and independence.

Note: Except for BUMN, all the above participants or applicants are not allowed to hold any mining business licenses, e.g., an IUP, a mining service business license (*izin usaha jasa pertambangan* or IUJP), or a transportation and sales license.