NICKEL PROCESSING INDUSTRY
Distribution of Nickel Resources in Indonesia

- Sulawesi
- Maluku
- West Papua
- Papua
- Kalimantan
<table>
<thead>
<tr>
<th>Commodities</th>
<th>Mineral</th>
<th>Processing</th>
<th>Refining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nickel and/or Cobalt (Smelting Process)</td>
<td>Pentlandit, Garnerit, Serpentinit, Karolit</td>
<td>Nickel Matte, Metal Alloy and Nickel Metal</td>
<td>Ni Mate ≥ 70% Ni, FeNi ≥ 10% Ni, Nickel Pig Iron (NPI) ≥ 4% Ni, Metal Ni ≥ 93% and/or NiO ≥ 70% Ni</td>
</tr>
<tr>
<td>Nickel dan/atau Kobalt (Proses Pelindian)</td>
<td>Limonit</td>
<td>Metal, Metal Oxide, Metal Sulfide, Mix Hydroxide/Sulfide Precipitate and Hydroxide Nickel Carbonate</td>
<td>Metal Ni ≥ 93%, Mix Hydroxide Precipitate (MHP) ≥ 25% Ni, Mix Sulfide Precipitate (MSP) ≥ 45% Ni, Hydroxide Nickel Carbonate HNC ≥ 40% Ni, NiS ≥ 40% Co, Metal Cr ≥ 99% and/or Cr2O2 ≥ 40%</td>
</tr>
<tr>
<td>Nickel and/or cobalt (Reduction Process)</td>
<td>Limonit</td>
<td>Metal Alloys</td>
<td>FeNi Spon (Sponge FeNi) ≥ 4% Ni, Luppen FeNi ≥ 4% Ni and/or Nugget FeNi ≥ 4% Ni</td>
</tr>
</tbody>
</table>

**Commodities**
- Ore
- Commodities
- Nickel and/or Cobalt (Smelting Process)
  - a. Saprolit
  - b. Limonit
- Nickel dan/atau Kobalt (Proses Pelindian)
  - Limonit
- Nickel and/or cobalt (Reduction Process)
  - a. Saprolit
  - b. Limonit
### Nickel Processing Industry

**Facilities/Incentives for Industrial Business License (IUI)**

**Special Production Operations in Purification Facility Development**

<table>
<thead>
<tr>
<th>Type of Facilities</th>
<th>Legal Basis</th>
<th>Criteria</th>
</tr>
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</table>
| Corporate Income Tax Allowance Facility    | • Government Regulation Number 18 Year 2015  
• Regulation of ERM Minister Number 16 Year 2015 | - Has a high investment value or high value for export  
- Provide a large job offer, or  
- It has a high local content  
- Has investment value for processing and refining:  
  • Copper ore: IDR 250 billion  
  • Gold or silver ores: IDR 100 billion  
  • Iron sand: IDR 100 billion  
  • Iron ore: IDR 100 billion  
  • Uranium and thorium: IDR 100 billion  
  • Tin ore: IDR 100 billion  
  • Lead ore: IDR 50 billion  
  • Bauxite ore: IDR 250 billion  
  • Copper ore: IDR 250 billion  
  • Nickel: IDR 100 billion  
  • Manganese ore: IDR 100 billion  
  • Zinc ore: IDR 50 billion  
  • Zircon ore: IDR 50 billion |
| Duty-free on Import of Machinery, Goods and Materials, VAT-free on Import of Machinery | • Law Number 25 Year 2007  
• Regulation of the Minister of Finance Number 176 Year 2009 | Investments that meet one of the following criteria:  
- Provide a large number of job vacancies  
- Included in high priority scale  
- Included in infrastructure development  
- Conducting Transfer technology  
- Doing pioneer industry  
- Conducting research, development, and innovation  
- Using capital goods/machinery produced domestically  
- Etc |
## Facilities/Incentives for Mining Business License (IUP)
Production Operation (OP) of Refining Facility Development

<table>
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| Foreign Investment divestment of 40% (less if compared to upstream activities only, 51%) | Government Regulation Number 77 Year 2014             | Liabilities of divestment of shares for IUP of OP and IUPK OP after 5 years of production:  
  - 51% for IUP/IUPK OP which does not perform its own processing and/or refining  
  - 40% for IUP OP/IUPK OP which performs its own processing and/or refining |
| Royalties apply to final products in terms of integrated activities (refining activities from upstream to downstream) | Revised draft of Government Regulation Number 9 Year 2012 |                                                                                                                                             |
| The smelter developer (in the case of cooperation) shall not be subject to the ore royalties (royalties shall be imposed on the IUP Holders) |                                                       |                                                                                                                                             |
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