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PT KOBA TIN:
Ensuring Compliance with Environmental and Reclamation Regulations

The PT Koba Tin legacy illustrates why mine closure, financial assurance and environmental restoration must be managed as continuing legal obligations, not residual corporate housekeeping.

EXECUTIVE SUMMARY: *Indonesia's mining regime requires approved reclamation and post-mining plans, properly funded guarantees, measurable rehabilitation, periodic reporting and verified completion. Expiry or revocation of mining rights does not erase these duties. The Minister may appoint a third party using the guarantees when an operator fails to perform, while any funding shortfall remains attributable to the responsible mining-right holder. For the former PT Koba Tin areas, defensible compliance requires a verified obligations register, reconciliation of all guarantee funds, independent site assessment, transparent remediation procurement and a documented allocation of responsibilities among the bankruptcy estate, regulators and any incoming operator.*

REGULATORY CONTEXT. *Public reporting records that PT Koba Tin's mining contract ended on 18 September 2013 and that the company was declared bankrupt by the Central Jakarta Commercial Court on 22 July 2020. The continued treatment of reclamation funds and former mining areas therefore raises overlapping mining, environmental, insolvency and public-governance issues.*

I. Why PT Koba Tin Remains a Live Regulatory Issue

PT Koba Tin operated a major tin-mining area in Bangka Belitung for several decades. Although its Contract of Work ended in 2013, mine closure did not conclude the legal and technical work required to restore affected land, manage final voids, stabilise water systems, monitor environmental performance and deliver the agreed post-mining land use. The central compliance question is therefore not whether production has stopped, but whether the approved closure obligations have been fully funded, implemented, verified and formally released by the competent authority.

The company's bankruptcy adds a second layer of complexity. Insolvency administration determines control over the debtor's estate and creditor claims, but it should not be treated as creating a clean environmental slate. Reclamation guarantees are regulatory instruments dedicated to restoration. They must be traced separately from ordinary corporate assets, while the curator, the Ministry of Energy and Mineral Resources, environmental authorities and any successor operator require a common record of what work remains outstanding and who is authorised to perform it.

Public scrutiny has continued. In May 2025, the House of Representatives' official publication raised concerns over legacy reclamation responsibilities connected with the former PT Koba Tin area and referred to a post-mining fund of approximately USD 16.7 million. On 29 January 2026, the official website of the Central Bangka District

Prosecutor's Office reported that an investigation concerning alleged misuse of PT Koba Tin post-mining funds remained under the Bangka Belitung High Prosecutor's Office. Those reports do not establish liability, but they demonstrate the need for an auditable chain from legal obligation, to fund placement, to procurement, field implementation and verified environmental outcome.

II. The Current Compliance Framework

2.1 Mining-law obligations

Law No. 4 of 2009 on Mineral and Coal Mining, as most recently amended by Law No. 2 of 2025, treats reclamation and post-mining work as core components of good mining practice. Article 99 requires IUP and IUPK holders to prepare and submit reclamation and post-mining plans, implement the work according to the designated post-mining land use, maintain a balance between disturbed and reclaimed land, manage final mine voids and surrender rehabilitated land through the Minister to the entitled party.

Article 100 requires the holder to provide and place reclamation and post-mining guarantees in an amount determined by the Minister. The Minister may appoint a third party to conduct the work using those guarantees when the holder fails to perform the approved plan. This mechanism is corrective, not substitutive: the availability or use of a guarantee does not remove the original obligation or transfer every residual cost to the State.

2.2 2.2 Guarantees, performance and third-party execution

Government Regulation No. 78 of 2010 remains the principal regulation on reclamation and post-mining activities. It confirms that placing a reclamation guarantee does not eliminate the holder's duty to perform. If the guarantee is insufficient, the shortfall remains the responsibility of the IUP or IUPK holder. Where performance does not satisfy the approved success criteria, the competent authority may appoint a third-party contractor to perform all or part of the work using the guarantee.

Minister of Energy and Mineral Resources Decision No. 344.K/MB.01/MEM.B/2025 now supplies detailed technical procedures for plans, cost standards, guarantee placement, reporting, release of guarantees and third-party appointment. It requires reclamation plans to correspond with approved environmental documents, generally places guarantees in time deposits at a government bank under the relevant authority for the account of the operator, and preserves the operator's responsibility for any funding deficit. For production-stage reclamation, two successive assessment periods below 60 percent success may trigger a third-party mechanism. Appointment by the authority must follow an accountable process, including tender procedures where the authority selects the contractor.

2.3 2.3 Environmental approval and restoration duties

Mining-law compliance operates together with Law No. 32 of 2009 on Environmental Protection and Management, as amended, and Government Regulation No. 22 of 2021. Environmental approval commitments, pollution-control duties, waste management, monitoring and restoration obligations remain independently enforceable. Where pollution or environmental damage has occurred, the responsible party may be required to stop the source, remediate, rehabilitate, restore or adopt another scientifically appropriate recovery method. Compliance therefore cannot be measured only by hectares planted; it must address soil stability, water quality, erosion, biodiversity, safety, final land use and the social function of the post-mining area.

2.4 2.4 Exposure after expiry or revocation

Article 161B of the Mining Law creates specific criminal exposure where a person whose IUP or IUPK has expired or been revoked fails to conduct reclamation or post-mining work, or fails to place the required guarantees. The offence carries imprisonment of up to five years and a fine of up to Rp100 billion, together with a potential additional order to pay the funds required to complete the outstanding obligations. Administrative, civil, environmental and corruption-law exposure may also arise on their own elements. Each pathway must be assessed separately and with due process.

III. Principal Compliance Risks in a Legacy Mine

1. **Fragmented records.** Historical plans, revisions, annual reports, field-verification minutes, guarantee instruments and release approvals may sit with different institutions. An incomplete archive prevents a reliable statement of the outstanding obligation.
2. **Unreconciled guarantee funds.** The legal amount, actual placement, interest accrual, withdrawals, procurement payments and remaining balance must reconcile to bank evidence and authorised government decisions. Any gap requires immediate explanation and preservation of supporting records.
3. **Plan-to-site mismatch.** Approved plans may no longer match the current land condition because of informal mining, land-use changes, erosion, community occupation or later operations. A lawful amendment and fresh technical baseline may be required before further expenditure.
4. **Unclear allocation of legacy liability.** The former holder, bankruptcy estate, government, landowner and any incoming operator may have different roles. An asset or licence transition should not silently transfer, duplicate or extinguish liabilities without an express regulatory determination.
5. **Outcome-free expenditure.** Payment records alone do not prove reclamation success. Release of guarantees should follow field verification against approved criteria, geospatial evidence and environmental monitoring results.
6. **Investigation and evidence risk.** Where fund management is under scrutiny, uncontrolled document movement, retrospective reconstruction or inconsistent public statements can increase legal exposure. Evidence preservation and a single verified data room are essential.

IV. A Defensible Compliance Roadmap

1. **Establish a legal obligations register.** Compile the Contract of Work, termination instruments, approved reclamation and post-mining plans, environmental approvals, government directions, bankruptcy documents and land-status records. Identify each obligation, responsible actor, deadline, funding source and release condition.

2. **Reconcile the guarantees.** Obtain original bank instruments and complete transaction histories. Match principal, accrued returns, withdrawals and balances against authorised work packages. Ring-fence disputed or unallocated amounts pending regulatory confirmation.
3. **Commission an independent technical baseline.** Map disturbed and rehabilitated areas by coordinates; inspect final voids, slopes, drainage, soil, vegetation, water quality and public-safety risks; and distinguish historical Koba Tin impacts from later third-party disturbance.
4. **Approve a gap-closure programme.** Convert the baseline into measurable work packages, budgets, milestones and success criteria. Any deviation from an existing approved plan should be processed through the competent authority before implementation.
5. **Use transparent third-party procurement.** Where a third party is required, apply the appointment and tender framework, conflict checks, technical qualification standards, performance security and milestone-based payment. Contractor appointment must not obscure the legal responsibility of the original obligor.
6. **Verify before releasing funds.** Require independent field verification, geotagged evidence, laboratory results and signed minutes before payment or guarantee release. Performance should be tracked by environmental outcome, not merely by physical activity or expenditure.
7. **Create an investigation-ready governance system.** Preserve originals, maintain document provenance, restrict access, record decisions and separate legal review from technical verification. Communications should respect the presumption of innocence while avoiding statements that cannot be supported by the verified record.

V. Implications for Key Stakeholders

⇒ **For the curator and the bankruptcy estate**

⇒ The curator should maintain a distinct inventory of environmental obligations, dedicated guarantees, relevant contracts and regulator correspondence. Any proposed disposal, settlement or distribution that may affect restoration funding should be coordinated with the competent authorities and supported by a written legal basis.

⇒ **For the Ministry and regional government**

⇒ Regulators should issue a consolidated statement of the approved plan, remaining scope, guarantee position and responsible implementation pathway. Community participation is important, but expenditure must remain tied to legally approved reclamation or post-mining activities rather than being treated as an unrestricted social programme.

⇒ **For PT Timah or any incoming operator**

⇒ Before taking operational control of a former area, the incoming operator should perform enhanced environmental and title due diligence. The transaction or licence instrument should distinguish legacy liabilities from new disturbance, allocate monitoring duties and state whether any historic guarantee may lawfully be used. Operational access should not be confused with an automatic assumption or release of past liabilities.

VI. Key Takeaways

1. **Closure obligations survive the end of production.** Expiry, termination and bankruptcy do not by themselves establish that reclamation and post-mining duties have been completed or released.
2. **Guarantees are security, not a liability cap.** The guarantee may finance third-party work, but an insufficiency does not automatically shift the remaining cost to the public.
3. **Compliance must be evidence-based.** The defensible record links the approved legal obligation, dedicated funding, authorised procurement, field execution and verified environmental result.
4. **Legacy and new liabilities must be separated.** Any successor operator requires a documented baseline and express allocation of responsibility before disturbing or reusing a former mining area.
5. **Enforcement pathways remain distinct.** Administrative, environmental, insolvency, corruption and mining-criminal issues may overlap factually, but each requires proof of its own legal elements and observance of due process.

VII. Conclusion

The PT Koba Tin legacy is a governance test for Indonesia's mine-closure regime. The correct response is not simply to identify a remaining fund or appoint a contractor. It is to establish the approved obligation, protect and reconcile the financial assurance, verify current site conditions, procure work transparently, measure environmental recovery and document the authority for every decision.

A disciplined process protects the environment and affected communities while also protecting regulators, curators, contractors and any successor operator from unclear or duplicated liability. In a legacy mine, legal certainty follows from a complete evidentiary chain and independently verified performance.

Key Authorities

- Law No. 4 of 2009 on Mineral and Coal Mining, as amended by Law No. 2 of 2025, including Articles 99, 100 and 161B.
- Government Regulation No. 78 of 2010 on Reclamation and Post-Mining Activities.
- Government Regulation No. 96 of 2021 on the Implementation of Mineral and Coal Mining Business Activities, as amended.
- Minister of Energy and Mineral Resources Regulation No. 26 of 2018 and Decision No. 344.K/MB.01/MEM.B/2025.
- Law No. 32 of 2009 on Environmental Protection and Management, as amended, and Government Regulation No. 22 of 2021.
- Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations.

PUBLIC RECORD BASIS. PT TIMAH Tbk consolidated financial statements; the Secretariat General of the House of Representatives publication dated 15 May 2025; and the Central Bangka District Prosecutor's Office publication reporting statements made on 29 January 2026.

DISCLAIMER. This note is for general information, not legal advice or a finding of liability. Any investigation remains subject to the presumption of innocence. Responsibilities depend on the applicable licences, approved plans, environmental records, bankruptcy documents, government decisions and verified site conditions.