



Iron and Steel Plant Based on Dhaubadi Iron Ore Deposit



Dhaubadi Iron Company Limited
(An undertaking of Government of Nepal)



Background

Dhaubadi Iron Company Limited (DICL) aims to develop hematite ore deposits located in Dhaubadi-Pokhari area as an integrated iron ore mining, beneficiation and steel plant project with a production capacity of about 0.5 million tons per annum of steel billets suitable to produce quality rebars. The installation of the steel plant could be a game change in Nepal steel scenario and this establishment would further boost setting up of ancillary and auxiliary industries in and around.



Sector

Mines and Minerals,
Manufacturing



Location

Hupsekot Rural Municipality -5,
Nawalpur, Gandaki Province

Accessibility: 24 km from the East West Highway (Daldale)

Plant site: Lies about 200 m North from the Lokha bridge.

Coordinates: 27°39'59" N and 84°09'15" E

Site elevation ranges from 450 m to 1771 m above sea level

Project Rationale

- Current domestic steel demand of 2.15 million tons per year
 - This project targets to fulfill a significant portion of this demand
- Leverages the demand- supply gap for investment opportunities
- Generates employment for 1749 individuals
- Establishes long term indigenous capacity for future steel production needs
- Utilizes 55% indigenous ore and 45 % imported pellet from India

Project Components



Mining Operation

- Exploration
- Environmental and Social Impact Assessment
- Planning and Design
- Infrastructure development
- Mining operation
- Ore processing
- Waste management
- Monitoring and Reporting



Plant Facilities

- Raw material handling system
- Plant power distribution system
- Plant illumination system
- Instrumentation and control
- Water system
- Laboratories
- Repair and Maintenance facilities
- Storage facilities
- Transportation system
- Plant communication system
- Fire detection and alarm system

Block Name	Ore tonnage (Million tons)
Dhaubadi	32.5
Durlunga	14.2
Pokhari	7.3
Ramche (North)	15.0
Ramche (South)	9.3
Rathekhola	18
Total	96.3

(*Detailed Study Report considers Scenario - 6 among the seven scenarios)

Extractable mining tonnage after applying recovery of 92% dilution of 5% (as of February 2023)

Project Outcomes



Revenue Generation through mining activities



Enhances local land value



Creates employment opportunities



Stimulates growth in auxiliary industries and trade



Diverse Industrial Application of Extracted Iron Ores

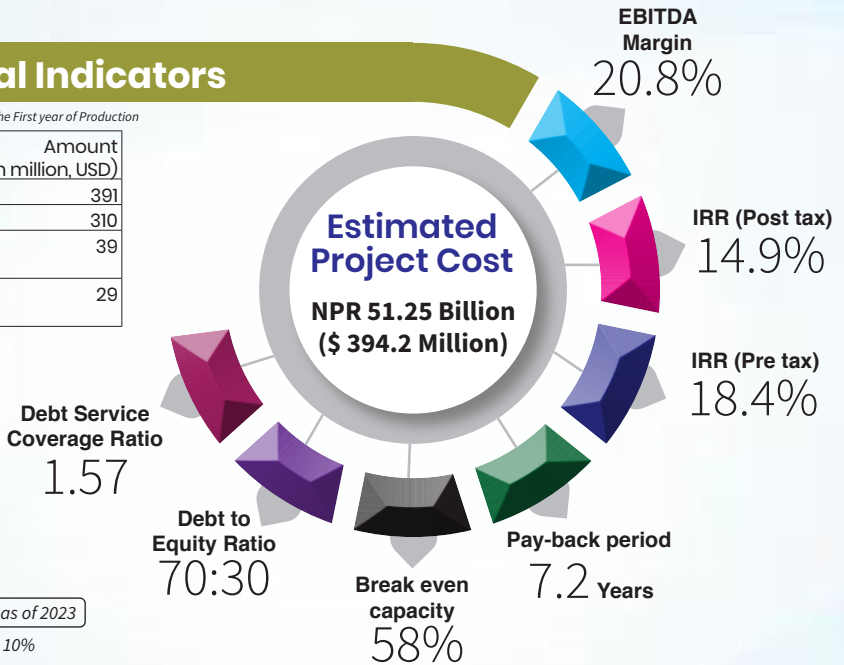


Utilization of domestic resources efficiently

Financial Indicators

Financial Performance in the First year of Production

Description	Amount (in million, USD)
Revenue	391
Total OPEX	310
Profit before income tax	39
Profit after income tax	29

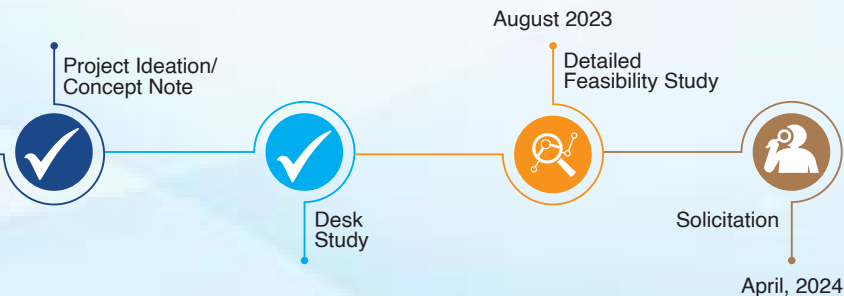


Note: 1 USD = 130 as of 2023

Loan Interest Rate: 10%

(Information is based on Detailed Feasibility Study in 2023)

Project Implementation Timeline



Project Implementation Modality



Public Private Partnership (PPP)

Geology

- Situated primarily within Lakhaparka and Surkhet group of Rocks
- Hematite mineralization occurs in the Melpani formation of the Surkhet Group Rock, primarily along the Melpani Formation, Charchare contact.
- Iron band thickness is approximately 15-35 m, featuring alternating sequences of hematite-rich bands and slate/phyllite.

Grade and Reserve

Chemical Analysis:

Grade of TFe from 24% to 58 % within mineralization zone

Metallurgical Test: 35 % Average TFe



Relevant Agencies

- Investment Board Nepal
- Dhaubadi Iron Company Limited
- Department of Mines and Geology

About the Agency

The Investment Board Nepal (IBN)

IBN is a high-level government body chaired by the Right Honorable Prime Minister, that serves as a facilitator for both domestic and foreign investments in Nepal. Its primary objective is to create an investment-friendly environment by mobilizing and managing domestic as well as foreign investments to promote investment across different sectors through a transparent and efficient process. Being guided by the Long-term Vision (2043), the 15th Plan, international commitments such as Sustainable Development Goals and other subsequent policies of the Government of Nepal, IBN has been developing credible and bankable projects to garner investment.

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