

MINES &
MINERALS



GOVERNMENT OF NEPAL
INVESTMENT BOARD NEPAL

APRIL 2024

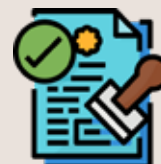
1. OVERVIEW

0.51%

Contribution of the mining and quarrying sector to GDP: 0.51% (2022/23)



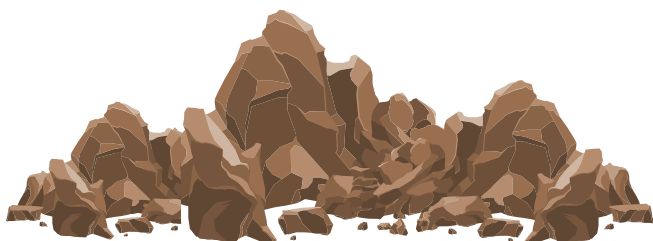
Government-owned industries and several private companies hold prospecting licenses for 30 mineral categories and mining licenses for 18 mineral categories



Nepal has so far granted 422 prospecting licenses and 158 mining licenses

Mineral occurrence

Geological unit	Major rock type	Mineral potential
Tethys Sedimentary Zone	Limestone, shale, granitic intrusions	Uranium, limestone, gas, rare earth elements (REEs) phosphates
Higher Himalayan Zone	High grade metamorphic rocks and migmatites	Gemstones, lithium, REEs
Lesser Himalayan Zone	Largely non fossiliferous metasedimentary rocks limestone, dolomite, sandstone, quartzite, slate, phyllite, schist, gneiss, amphibolites, granite, etc.	Cu, Fe, Pb, Zn, Sn, W, Mo, Co, Ni, Bi, Au, Ag, U etc., limestone, dolomite, construction material, coal, roofing slate, slab stones, REEs, graphite, talc
Sub Himalaya Zone	Molasse sediments of mid-Miocene to Upper Pleistocene age Sandstone, shale, siltstone, conglomerate	Petroleum, construction material, REEs, U/Th
Indo-Gangetic Plain/Terai Zone	Gravel, sand, and clay	Petroleum, construction material, industrial clay



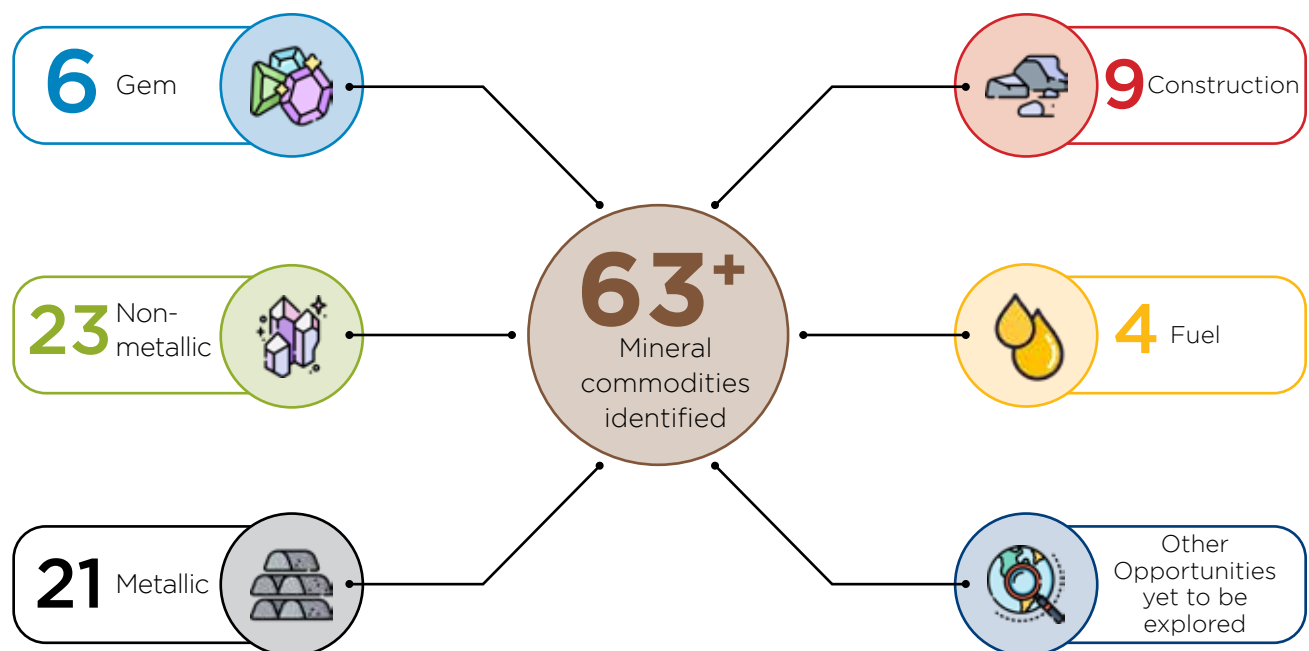
Minerals availability in Nepal

Minerals	Availability
Metallic minerals	<ul style="list-style-type: none"> • Copper, iron, lead, zinc, gold, silver, uranium, rare earth elements • Found in various parts of the country • Economically feasible for excavation • High market value and many uses
Non-metallic industrial minerals (chemicals, fertilisers, insulators, ceramics, refractories, and abrasives)	<ul style="list-style-type: none"> • Clay, phosphorite, dolomite, graphite, magnesite, talc, limestone • Found in various parts of the country • Economically feasible for excavation • High market value and many uses
Precious and non-precision gems stones	<ul style="list-style-type: none"> • Aquamarine, beryl, kyanite, quartz, ruby and sapphire, tourmaline • Discovered in several parts of the country
Construction materials and decorative stones	<ul style="list-style-type: none"> • Boulder, gravel and sand, granite, marble, quartzite, natural bed rock deposits
Fuel minerals and thermal springs	<ul style="list-style-type: none"> • Coal, natural methane gas, petroleum. Geothermal hot springs and natural gas

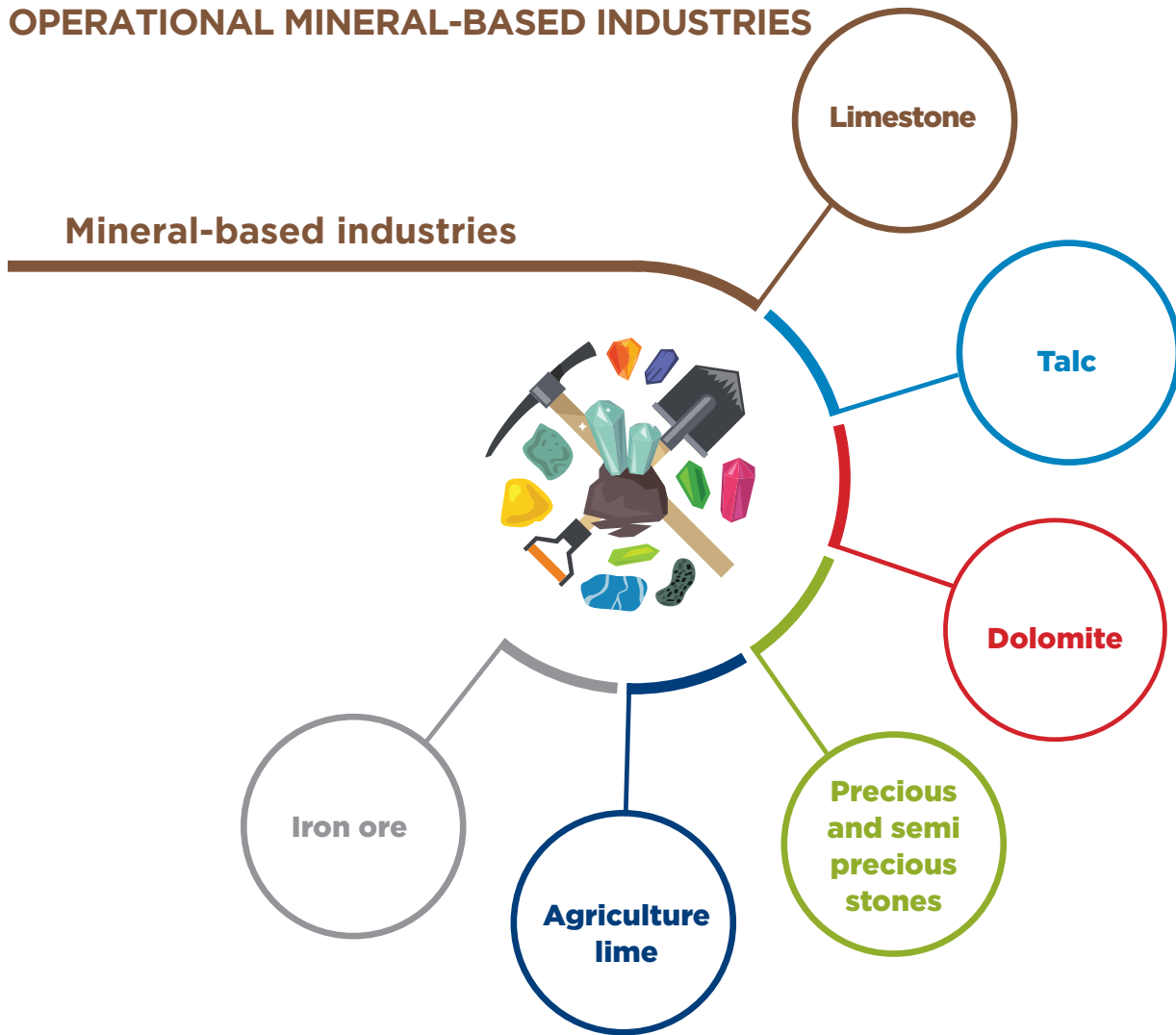
Source: Department of Mines and Geology

Status of exploration of minerals

There is economic potential for 63 mineral commodities in Nepal, 21 of the metal mineral group, 23 of the non-metallic industrial mineral group, six of the gemstone group, nine of the construction materials, and four of the fuel mineral group.



OPERATIONAL MINERAL-BASED INDUSTRIES



Cement industries

Registered cement industries

124

Integrated units

26

Operational cement industries

63

Grinding Units

28

Annual cement production capacity: 17 million tonnes (both clinker and grinding units)

17

3. SUPPORT SYSTEM

Legal and institutional framework



Mineral Policy 2074

- Aims to bring both foreign and domestic private investment in the mineral industry



Mines and Minerals Act 2042; Regulation 2056

- Regulation and licensing of different types of minerals
- Procedural guidelines for issuing license for exploration, mining, royalty collection, and operation of mines and minerals



Nepal Petroleum Act, 2040 (1983); Petroleum Regulation 2041 (1985)

- Promotion and regulation of exploration blocks for both exploration and production



Policy formulation agency

- Ministry of Industry, Commerce and Supplies



Regulatory agency

Department of Mines and Geology

- Responsible for geological mapping, mineral exploration, evaluation and mineral administration
- Promotion of mineral-based industries
- Administration of mineral and mining rules and regulations



Tax incentive

Income tax exemption	Eligibility
<ul style="list-style-type: none">• 100% for first 7 years from commercial transaction.• 50% for next three years.	Persons exploring and excavating mines (except limestone), petroleum products, natural gas and fuel commencing transaction from no later than the mid-April 2024.



Exemptions on petroleum operations

- All taxes, charges, duties, and fees
- Royalty of 12.5% charged on the value of petroleum produced
- Import duties and taxes on materials and equipment imported for such operation

Provision for prospecting and excavation operations

Prospecting license lease holders

- Can employ various methods for prospecting within the designated area.
- Can export mineral samples within specified limits for testing and analysis.
- Can engage foreign experts.

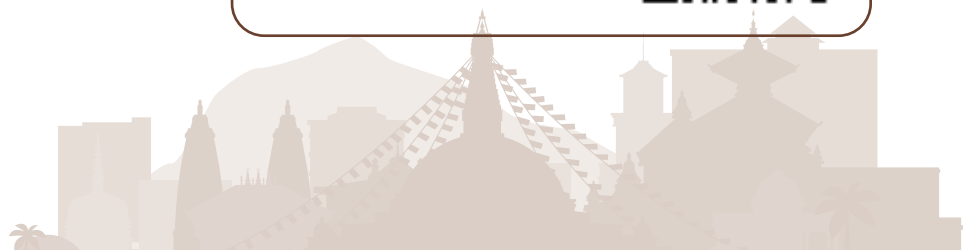
Mining license lease holders

- Authorised to conduct excavation for mineral extraction.
- Can conduct processing, purification, refining, storage, transportation, sale, and export of the mined minerals.
- Permitted to import machinery, tools, and equipment needed for excavation.
- Permitted to build necessary structures for mining activities, including excavation of various materials, within the designated mining area.

Contractors for petroleum exploration

- Permitted to export contractor's entitlements of petroleum as per the agreement with government.
- Permitted to employ foreign nationals and use land in specified conditions.

Scan for full sectoral profile, including the data sources.





For this document



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