



**PAKISTAN
MINERALS
INVESTMENT
FORUM 2025**

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Pakistan's rich mineral endowment

Unlocking one of the world's great untapped mining opportunities

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Introduction

The Pakistan Minerals Investment Forum represents an exciting moment for Pakistan and for global mining industry players on the hunt for potential new and exciting frontiers for investment. With some positive recent developments in its mining sector, Pakistan seeks to continue introducing itself to the global mining community. Faced with an intense and growing need to bring on new supply of minerals to enable the Energy Transition and to establish secure supply chains of key minerals, the mining world is hungry for appealing investment opportunities. If the country can build on recent advancements in its sector, it has a rare chance to catch a coming wave of investment and play an important role in solving some of the fundamental economic and geopolitical challenges of the coming decades.

As a Knowledge Partner for the 2025 edition of the Pakistan Minerals Investment Forum, it is Wood Mackenzie’s privilege to contribute to the discussion about Pakistan’s enticing potential to become a prominent mining investment destination, as well as what remains to be done to unlock that potential to convert it into substantial benefits for Pakistan’s people and into attractive returns for investors willing to be long-term partners in the country’s development.

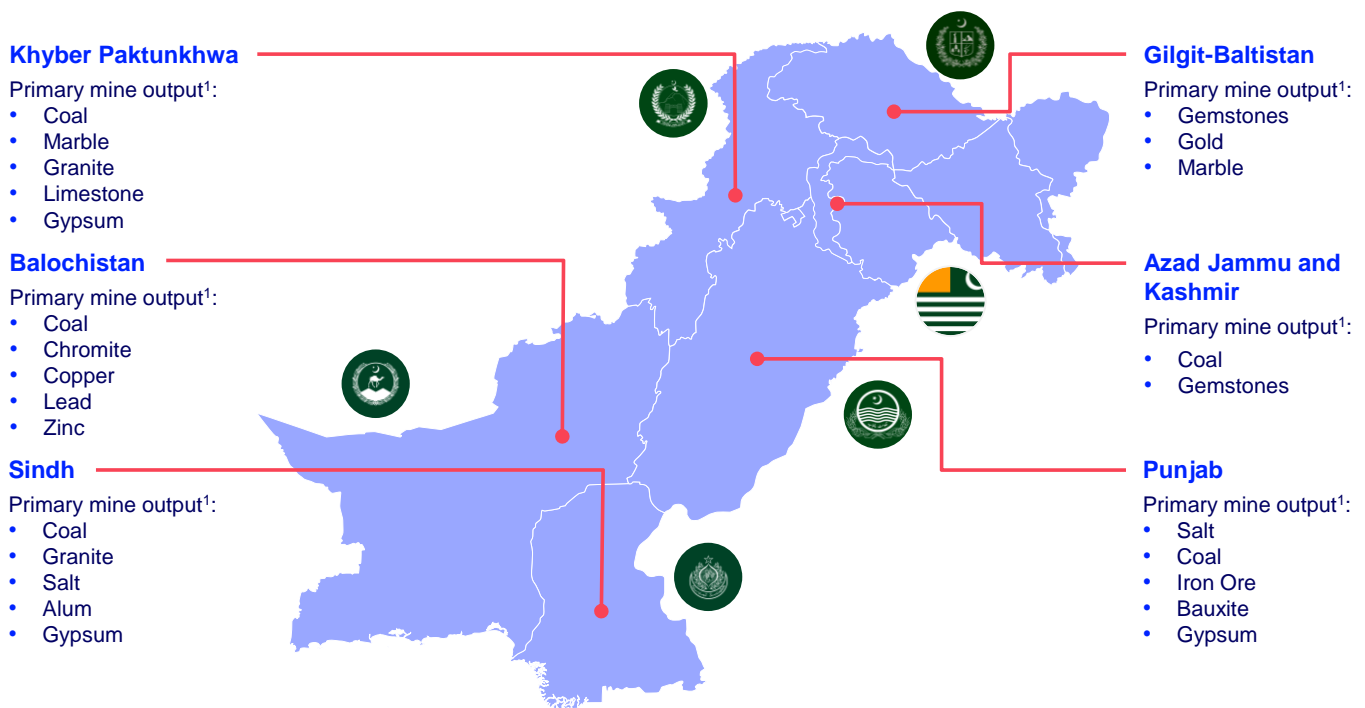
Together with the organisers of the Forum, we invite you to read this report and join the conversation.

Exceptional mineral potential

Situated at the convergence of the Indian, Eurasian, and Arabian tectonic plates, Pakistan features vast and varied geological potential. The Tethyan Metallogenic Belt is world-renowned as mineral-rich region with potential to eventually rival traditionally dominant mining jurisdictions like Peru and Chile, particularly for its potential to host world-class porphyry copper gold deposits. It also features regions prospective for lithium, tantalum, rare earth minerals, chromite, nickel and cobalt, among others.

While much of Pakistan remains underexplored, the country features mature coal, construction materials, industrial & agricultural minerals as well as precious & semi-precious gemstone industries.

Selected examples of current mining activity in Pakistan



Note: Not exhaustive

The recovered momentum behind the development of Reko Diq as a top tier copper-gold deposit has captured global attention and re-introduced the country as an intriguing mining jurisdiction. The eyes of the world are once again upon Pakistan, with anticipation that, as the project proceeds toward financing and construction, it paves the way for other industrial scale mining investments.

Preparing the way

The Government of Pakistan has set its sights on the realisation of this mineral potential, as a key pillar of its strategy to accelerate the development of the economy and to convert the great untapped mineral potential into tangible benefits for the population. The mining and minerals sector is intended to become a pillar of the economy and a key enabler of greater industrialisation, employment and economic prosperity.

To attract investment for growth in its mining sector, Pakistan is laying the groundwork for a streamlined entry to the sector for foreign and national investors. As part of this initiative, the government has embarked on a national level study to harmonise its mineral policy.

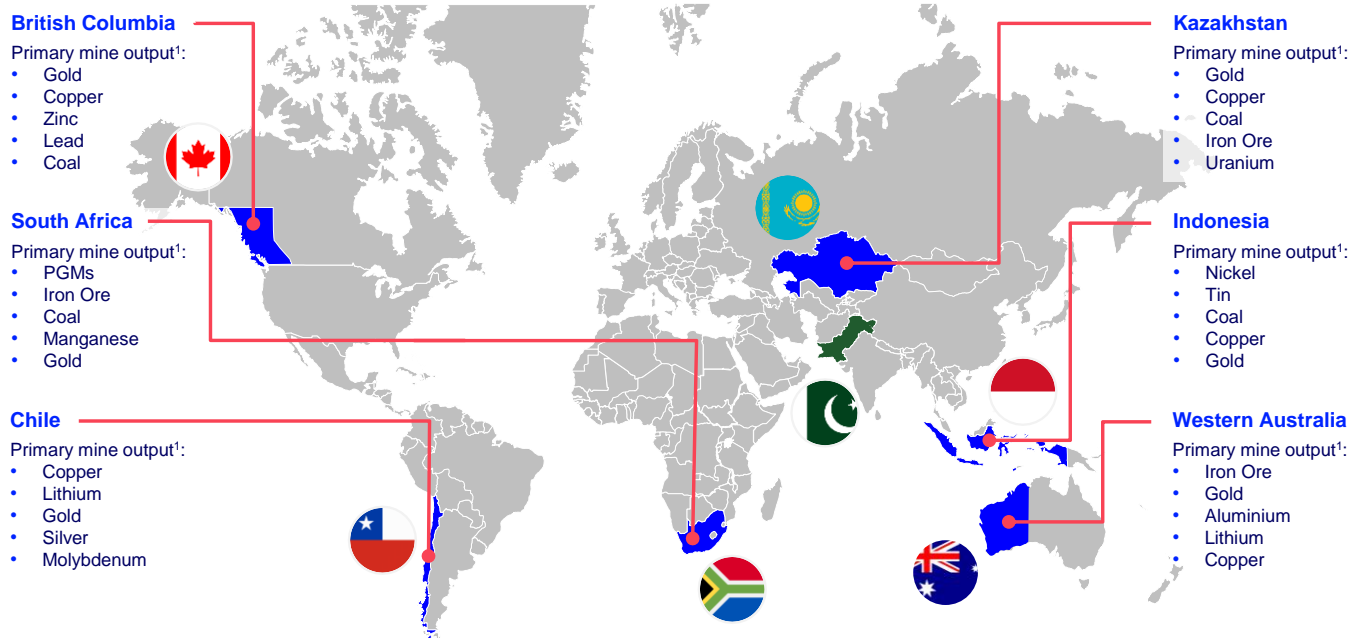
Mineral Policy Harmonisation Strategic Objectives

- Attract investments
- Promote sustainable development
- Unlock the full mineral economic potential of Pakistan
- Enhance transparency
- Provide security of tenure
- Reduce bureaucratic hurdles, and
- Provide a conducive environment to both domestic & foreign investors

In pursuit of these objectives, Pakistan has sought support and advice from experienced international firms, including White & Case for the legal and regulatory aspects and Wood Mackenzie for the fiscal and commercial aspects. A key aspect of this initiative is to identify gaps in Pakistan's current mineral fiscal policy. The fiscal workstream includes a competitive assessment of the existing fiscal regime which governs several commodities, based on benchmarking against a group of selected countries from across the world. The aim is to identify gaps in the existing fiscal regime and propose recommendations to enhance mineral sector fiscal attractiveness for investors.

Six internationally diverse mining jurisdictions of various states of maturity have been selected to benchmark Pakistan's fiscal regime. Each has significant production of at least two of the three commodities selected for modelling of Pakistan's competitiveness (copper, gold and coal).

Peer jurisdictions selected for benchmarking



Source: Pakistan Mining Policy Harmonisation programme

Royalty rates in Pakistan are under the authority of each province. To assist the provinces in determining rates that are competitive internationally, and to foster greater harmonisation, the benchmarking includes an especial focus on royalty rates for over 80 of Pakistan's mineral commodities.

Commodity royalty rates benchmarked

Construction Material		Industrial & Agricultural Minerals		Low Value Minerals	Materials Under Levelling Permit	Mineral Fuels
Aggregate Stone	Laterite (Cement Factory)	Agglomerate	Industrial Garnet	Barytes	Mouram	Coal
Argillaceous Clay	Limestone (Cement factory)	Asbestos	Laterite (others)	Bentonite	Metallic Minerals (incl. precious metals)	Tar Sand
Bajri	Limestone (Others)	Bauxite	Mica	Feldspar		Precious & Semi-precious Gemstones
Ball Clay	Marble (Onyx)	Brine	Nepheline Synite	Gypsum	Alum	
Basalt	Marble (Other)	Calcite	Orpiment	Ordinary Sand	Antimony	Beryl
Chalk	Marble (Waste/ Kanda)	Celestite	Phosphate	Ordinary Stone	Arsenic	Garnet Schist
China Clay	Marble (White)	Chromite	Potash Brine	Quartzite	Copper	Nephrite
Conglomerate	Marl	Clay	Pumice	Red Ocher	Gold	Quartz
Diorite	Salt (Lake) and Salt (Rock)	Fluorite	Red Oxide	Shale Clay (Others)	Iron ore (LS)	Serpentine
Dolomite	Sandstone	Fuller Earth	Soap Stone	Silica Sand	Iron ore (SS)	Other
Fire Clay	Sandstone (Others)	Granite (Black)	Sulphur Ore	Slate Stone (Others)	Magnesite	
Gabbro Stone	Shale Clay (Cement Factory)	Granite (Others)	Trona	Talc	Manganese	Pooaolan
Granodiorite	Slate Stone (Cement factory)	Graphite	Vermiculite			
Gravel	Tuff					

Source: Pakistan Mining Policy Harmonisation programme

Pakistan currently features a much less harmonised approach to royalty rates than the peer jurisdictions, with a high degree of variation between the rates within the different provinces, and a much more bespoke royalty table with many commodities featuring unique rates. A large number of gaps were also confirmed, in which some of the commodities do not appear to have rates set in one or more provinces. Adding further opacity, it is currently quite difficult to collect and confirm the applicable royalty rate for many of the commodities in some provinces.

More streamlined royalty regimes, common in the benchmarked jurisdictions, tend to legislate a uniform royalty treatment for groups of similar commodities. This approach is much easier to understand for new investors, but more importantly it greatly reduces the administrative burden on the host government tasked with control and enforcement of the royalty payments, particularly for companies that produce more than one product. For example, many countries establish a uniform royalty rate for nearly all construction materials as a group, with exceptions made only for a few strategically important subcategories or those of significantly greater value, where the cost of additional complexity is deemed warranted by the value at stake.

Such an approach also greatly improves the clarity and predictability of a fiscal regime, and makes it much easier to establish reasonable, objective definitions and criteria. It also simplifies the effort to maintain a clear explanation of the royalty regime in an easily accessible public website.

While royalty policy will remain the prerogative of each province, a proposal for significantly simplified, harmonised royalty rates in line with international peer benchmarks has been recommended by Wood Mackenzie and is being discussed with the provinces.

In addition to harmonised royalty rates, Wood Mackenzie has recommended that the overall fiscal regime (including federal and provincial taxes, tributes and levies) be optimised to enable a sustainable balance in the distribution of benefits-sharing between the federal government of Pakistan, the government of the host province, and private investors. Given that some of the tax rates in Pakistan are relatively high compared to peers (including the corporate income tax and general sales tax rates), coupled with the demonstrated interest by some provincial governments in seeking carried equity stakes in large-scale mining assets, it will be necessary to make a package (or packages) of fiscal incentives available to the mining sector. This will be essential to the development of a modern mining sector in Pakistan, as the current fiscal burden features an unusually high government take that may render a large portion of potential mines uneconomic for foreign investors.

A promising precedent exists in the negotiated terms of the Reko Diq asset, which can serve as an instructive model, however for the sector to proceed at pace and attract a wider set of financing sources, clear, competitive and predictable terms must be established for the sector without the need to negotiate any major terms after discovery. Wood Mackenzie recommends that the terms be aimed at establishing a competitive level of government take both centrally and at provincial level, while enabling an appropriate set of potential projects to achieve sufficient returns to private sources of capital that they can be developed. Some adjustments from the Reko Diq terms (which were agreed during resolution

of a legal dispute) may be advisable for the broader sector. Establishment of a stable, effective and efficient overall fiscal regime has been shown in other countries to enable private mining investment to enter at speed, while preserving an equitable balance that can remain resilient to both commodity price volatility and political cycles.

Fiscal framework for effective, sustainable fiscal regimes

Attributes	Features	Description	Government Impact	Investors Impact
Stability	Transparent	Policies are openly available and understandable by the taxpayer and other stakeholders	<ul style="list-style-type: none"> ▪ Demonstrates good governance ▪ Effective stakeholder engagement 	<ul style="list-style-type: none"> ▪ Boosts investor confidence and trust ▪ Encourages informed decision making
	Enforceable	Public and private institutions are accountable , under the law, to execute those policies	<ul style="list-style-type: none"> ▪ Sustainable resource management ▪ Effective management of revenues 	<ul style="list-style-type: none"> ▪ Protects investors ▪ Mitigates risk
Effectiveness	Uniform	Policies apply, as far as possible, across all businesses in similar circumstances to ensure equity amongst producers	<ul style="list-style-type: none"> ▪ Regulatory stability ▪ Attracts investment 	<ul style="list-style-type: none"> ▪ Allows fair competition ▪ Reduced regulatory arbitrage
	Distributional	Tax contributions get effectively distributed across the different channels to contribute to society	<ul style="list-style-type: none"> ▪ Social and environmental benefits ▪ Aids community development 	<ul style="list-style-type: none"> ▪ Enhances social license and ESG ▪ Boosts stakeholder engagement
Efficiency	Clear	The law provides sufficient details to clarify the relevant tax basis across the different types of minerals	<ul style="list-style-type: none"> ▪ Enables regulation enforcement ▪ Maximises revenue collection 	<ul style="list-style-type: none"> ▪ Increased investor confidence ▪ Allows investors to plan long term
	Actionable	The enforcement of the fiscal regime is supported by appropriate level of administrative resources	<ul style="list-style-type: none"> ▪ Improved compliance with regulations ▪ Enhanced resource allocation 	<ul style="list-style-type: none"> ▪ Streamlined processes reduces costs ▪ Increased investment attractiveness

Source: Wood Mackenzie analysis

In addition to the fiscal reforms evaluated, additional regulatory and legal recommendations have been made by White & Case as part of the Mineral Policy Harmonisation initiative, which are summarised in a policy document currently being evaluated.

Conclusion and invitation

Pakistan has long featured excellent geology and competitive costs in a number of categories relevant to mining projects, and many other appealing attributes that draw interest in its potential to be an exciting new frontier for mining exploration and development. The government's recent commitment to getting the Reko Diq project back on track and to establishing attractive investment conditions through programmes such as the Mineral Policy Harmonisation demonstrate a greater appreciation for the need to address the key bottlenecks to be addressed to fully accelerate the sector's growth. These bottlenecks have prevented the type of stability, predictability and security that are inherently essential for investment in the mining sector due to its innate capital intensity and long payback periods. As these bottlenecks are addressed and resolved, Pakistan's mining industry can begin to fill its natural role as an engine for both national development and fair, attractive investment returns.

The Pakistan Mineral Investment Forum represents an opportunity to participate in open discussions about the geological potential, advantages and remaining challenges to be addressed in cooperation with all the key stakeholders in the country's mining sector. We look forward to engaging with you during the event and in the exciting next steps for Pakistan as it works to establish itself as a world-class mining investment destination.

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