

PANORAMIC

MINING

Pakistan



LEXOLOGY

Mining

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Pakistan



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MINING INDUSTRY

Standing

What is the nature and importance of the mining industry in your country?

Pakistan's mining sector holds vast untapped potential, particularly in the province of Balochistan, which is regarded as one of the world's largest under-explored mineral regions. The province lies on the Tethyan copper-gold belt, hosting deposits of copper, gold, other metallic minerals and precious stones.

The country's first major large-scale venture was the Saindak copper project, which demonstrated Pakistan's capacity to structure significant resource projects. A major breakthrough has been the resolution of disputes around Reko Diq, paving the way for Barrick Gold's project at the Reko Diq region, with participation from the government of Balochistan and federal entities namely Pakistan Petroleum Limited (PPL), Oil and Gas Development Company Limited (OGDCL) and Government Holdings (Private) Limited (GHP)). This settlement has attracted substantial global interest from various significant investors, including Saudi Arabia's Manara Minerals and other foreign groups.

Most importantly, adjoining leases along the Tethyan belt also carry world-class potential, positioning Pakistan's mining sector as a future driver of large-scale foreign investment and industrial growth.

Law stated - 11 November 2025

Target minerals

What are the target minerals?

Pakistan's mining sector targets a diverse range of metallic minerals and precious stones, particularly copper and gold from the Tethyan belt in Balochistan. Other important metallic minerals include chromite, iron ore, bauxite, lead and zinc, while Pakistan is also home to a variety of precious stones such as emerald and ruby found mainly in the northern areas (ie, Swat, Hunza and Gilgit-Baltistan).

Law stated - 11 November 2025

Regions

Which regions are most active?

Mining activity for metallic minerals and precious stones in Pakistan is primarily concentrated in Balochistan, Khyber Pakhtunkhwa and Punjab.

Balochistan leads with major copper-gold projects such as Reko Diq (Barrick Gold and Pakistani state owned entities) mining project and Saindak, alongside emerging exploration for lithium and critical minerals.

Khyber Pakhtunkhwa hosts delineated metallic mineral zones in Chitral, Swat and Kohistan, rich in gold, copper and gemstones, with geological mapping programmes expanding the resource base.

Punjab features placer gold prospects along the Indus River near Attock and metallic belts in the Koh-e-Suleman range, where feasibility evaluations are underway through the provincial Mines and Minerals Department.

Law stated - 11 November 2025

LEGAL AND REGULATORY STRUCTURE

Basis of legal system

Is the legal system civil or common law-based?

Pakistan's legal system is common law based. However, most laws are codified and the legal principles and procedures are laid down in written statutes rather than developed solely through judicial precedents. While precedents are still followed by the courts, the primary source of law is statute.

Law stated - 11 November 2025

Regulation

How is the mining industry regulated?

The mining industry in Pakistan is primarily regulated at the provincial level, as mineral rights and development fall under the provincial domain under the Constitution. Accordingly, each province has its own mining legislation that regulates licensing, extraction and mineral development within its territory. At the federal level, the Ministry of Energy (Petroleum Division) oversees mining policy, while the Geological Survey of Pakistan conducts mineral exploration and surveys. Large-scale projects, operate under applicable mining laws together with specific agreements executed with the federal and provincial governments.

Law stated - 11 November 2025

Regulation

What are the principal laws that regulate the mining industry? What are the principal regulatory bodies that administer those laws? Were there any major amendments in the past year?

Regulatory framework

Mining in Pakistan is primarily regulated at the provincial level, with each province having its own mining laws and regulatory framework. The governance, licensing and regulation of minerals (excluding petroleum and natural gas) fall under provincial jurisdiction.

Each province has its own licensing authority responsible for granting licences, conducting inspections and ensuring compliance with provincial mining laws. These authorities oversee the entire mining life cycle from reconnaissance and exploration to extraction and closure.

Mining laws

Mineral exploration and mining in Pakistan are governed by, inter alia, the following provincial laws:

- Punjab: Mines and Oil-fields and Mineral Development (Government Control) Act 1948 read with [Punjab Mining Concession Rules, 2002](#);
- Sindh: [Sindh Mines and Minerals Governance Act, 2021](#) read with [Sindh Mining and Governance Rules, 2023](#);
- [Balochistan: Balochistan Mines and Minerals Act, 2025 read with Balochistan Mineral Rules 2002](#); and
- [Khyber Pakhtunkhwa: The Khyber Pakhtunkhwa Mines and Minerals Act, 2017](#).

These laws regulate, inter alia, the types of mineral titles, the licensing process, royalty structures and rights and obligations of leases and licence holders, ensuring a standardised regulatory regime across provinces.

Regulatory bodies

Applications for mining leases and licenses are made to the respective provincial licensing authorities:

- Punjab: Department of Industries, Mines and Minerals Government of the Punjab;
- Sindh: Mines & Mineral Development Department of Government of Sindh;
- Balochistan: Mines and Minerals Development Department Balochistan; and
- Khyber Pakhtunkhwa: Mineral Development Department of Government of Khyber Pakhtunkhwa.

Recent amendments

The Balochistan Mines and Minerals Act 2025 has recently been enacted, offering a more structured and detailed framework for the province's mining sector. It clearly outlines, inter alia, the rights and obligations of licence holders, categorises licences more effectively, distinguishes surface rights from mining rights and imposes social obligations with management plans to safeguard the interests of local communities.

Law stated - 11 November 2025

Classification system

What classification system does the mining industry use for reporting mineral resources and mineral reserves?

In Pakistan, currently there is no set classification system for reporting mineral resources and mineral reserves under applicable law. However, at the federal level, the Ministry of Petroleum and Natural Resources, through the National Mineral Policy 2013, has recommended for the mineral title holders to estimate and evaluate mineral reserves (oil and natural gas) in accordance with international reporting standards, such as the Australasian Joint Ore Reserves Committee Code. Pursuant to the policy, it has been recommended that the resource inventory align with the latest version of the United Nations Framework Classification system, detailing both reserves and remaining resources.

While these recommendations have not yet been codified into law, Pakistan intends to develop a unified national classification framework as part of the creation of a national mineral cadastre and reporting system.

Law stated - 11 November 2025

MINING RIGHTS AND TITLE

State control over mining rights

**To what extent does the state control mining rights in your jurisdiction?
Can those rights be granted to private parties and to what extent will they have title to minerals in the ground? Are there large areas where the mining rights are held privately or which belong to the owner of the surface rights?
Is there a separate legal regime or process for third parties to obtain mining rights in those areas?**

Under Pakistan law, all minerals in their natural condition, whether on or below the surface, are the property of the respective provincial government. Section 29 of the provincial mining statute of Balochistan makes this explicit, stating that such minerals 'shall always be deemed to be the property of the Government', which retains full control and ownership. The same applies to ownership of minerals in all provinces pursuant to their respective laws.

Private parties or corporations may obtain mining rights only through licences or leases granted by the provincial licensing authorities, including reconnaissance, exploration, prospecting, retention and mining leases. These instruments merely confer the right to explore and extract, not ownership of the minerals in situ. Title to minerals transfers to the lessee or licensee only after extraction, and subject to the payment of royalties and compliance with the lease or licence and mineral agreement (as applicable).

There are no areas in Pakistan where the ownership of minerals automatically vests in private landowners or follows from ownership of surface rights. Mining rights exist only to the extent they are granted by the government, and the owner of the surface land does not automatically acquire mineral rights beneath it.

Similarly, there is no separate legal regime allowing third parties to obtain mining rights over privately owned land and all such rights are governed by the provincial mining laws. Where private land is involved, the mining title holder must pay surface rent or compensation to the landowner, but the minerals themselves remain state property until lawfully extracted in accordance with the relevant permit.

Law stated - 11 November 2025

Publicly available information and data

What information and data are publicly available to private parties that wish to engage in exploration and other mining activities? Is there an agency, or securities commission regulating public companies, which collects mineral assessment reports from private parties? Must private parties file mineral assessment reports? Does the agency or the government conduct geoscience surveys, which become part of the database? Is the database available online?

The Geological Survey of Pakistan (GSP) is the federal department of the Ministry of Energy (Petroleum Division) government of Pakistan that is responsible for conducting geological studies and assessments nationwide. It provides geological maps, mineral resource data and geoscientific reports, which are publicly accessible through its official publications.

Some provinces, such as Khyber Pakhtunkhwa, provides online portals where private parties can access regulatory guidelines, licensing information and engage with the relevant authorities. The recently enacted mining law of Balochistan has introduced provisions for setting up an online Mining Cadastre System for processing various applications relating to mining activities and payments. It will provide accessible links to the geological database, mineral title application register, mineral reserve area register, etc. The mineral reserve area register will be freely accessible for search by the public by applying to the licensing authority.

Pakistan does not have a dedicated securities commission specifically for regulating public mining companies and collecting mineral assessment reports.

For exploration and mining activities, private entities that hold mining licences and leases must submit mineral assessment reports, records and other relevant information including feasibility studies regarding their activities within the designated retention area to the respective provincial mines and minerals departments. While provincial authorities collect and maintain these reports and information, there is no single national database that systematically compiles and publishes mineral assessment reports for public access.

Law stated - 11 November 2025

Acquisition of rights by private parties

What mining rights may private parties acquire? How are these acquired? What obligations does the rights holder have? If exploration or reconnaissance licences are granted, does such tenure give the holder an automatic or preferential right to acquire a mining licence or more senior tenure? What are the requirements to convert to a mining licence?

Private parties may acquire mining rights under the following.

- Large-scale mining:
 - reconnaissance licence;
 - exploration licence;
 - mineral deposit retention licence; and

- mining lease (large-scale).
- Small-scale mining:
 - prospecting licence; and
 - mining lease (small-scale).

The process for acquiring such rights is individually stipulated under relevant rules for each province. Applications for such rights are to be made to respective provincial licensing authorities in the prescribed form accompanied by the relevant requisite fees for securing the rights. Each application is required to include key particulars such as: (1) details of the applicant's incorporation, ownership and technical and financial capacity; (2) particulars of the area and minerals applied for, including maps and coordinates; and (3) supporting documents such as feasibility and environmental impact reports, development plans and capital investment forecasts.

Once these rights are obtained, holders of the relevant mining leases/licences across all provinces are required to comply with certain common obligations set out under the respective provincial mining laws which include, inter alia:

- commence operations within a specified period from the date of issuance;
- ensure the safety, welfare, and health of workers and take necessary measures to protect the environment;
- maintain proper records and reports of exploration or mining activities and make them available for inspection by the licensing authority;
- keep equipment and sites in good condition and remove unused machinery or structures from the licensed area; and
- notify the licensing authority promptly upon discovering any new mineral deposits, etc.

No mining lease may be issued for land where another person already holds an exploration, reconnaissance or mineral deposit retention licence in respect of the same land. The holder of the existing licence enjoys priority to apply for and progress to this senior tenure.

Lastly, for the conversion of an exploration licence to a mining lease, the general requirements set out under the provincial rules for the application of a mining lease shall apply. An application under the requisite form must be made and shall contain the prescribed information under the provincial rules, accompanied by requisite descriptions, maps and plans, relevant feasibility studies, plans for development, nature of products and an environmental impact assessment.

Pursuant to the Balochistan law, a title holder may apply to convert reconnaissance into: an exploration licence; an exploration licence into a large-scale mining lease or a mineral deposit retention licence; or a mineral deposit retention licence into large-scale mining lease; or a prospecting licence into a small-scale mining lease. The title holder is permitted to continue relevant mining operations upon expiry of the relevant licence during the processing of the conversion application.

The effect of the acquisition of such mining lease is such that any previously held title (exploration or reconnaissance) shall cease to have effect once mining lease is acquired.

Furthermore, in the case of Punjab and Khyber Pakhtunkhwa, there is a provision for the adjustment of security previously deposited for conversion of the reconnaissance, exploration or mineral deposit retention licence to a mining lease.

Law stated - 11 November 2025

Renewal and transfer of mineral licences

What is the regime for the renewal and transfer of mineral licences?

In Pakistan, the renewal and transfer of mineral licences are governed by the respective provincial mining laws, which provide for the following types of mineral titles: reconnaissance licences, exploration licences, prospecting licences, mineral deposit retention licences and mining leases.

- A reconnaissance licence is typically valid for up to one year and is non-renewable.
- An exploration licence is valid for three to eight years, depending on the province, and may be renewed for a further term ranging between two to four years.
- A mineral deposit retention licence is valid for two years, with renewal permitted for one additional year, except in Balochistan, where renewal is not allowed.
- A prospecting licence is valid for three to five years (renewable for two years in Sindh and Punjab). It is non-renewable in Khyber Pakhtunkhwa and Balochistan.
- A large scale mining lease is typically granted for up to 30 years, with renewal periods varying by province and generally ranging between 10 and 30 years.
- Small-scale mining leases may be granted for 20 years (applicable in Balochistan only), renewable for another 20 years.

The renewal of the leases and licences are subject to compliance with the prescribed environmental, financial and operational obligations associated with each lease or licence.

The transfer of a mineral licence or lease requires prior written approval of the respective provincial licensing authority. The transferee must meet prescribed eligibility criteria, including financial and technical capability and fulfilment of the criteria otherwise applicable to an applicant of the licence or lease. In Balochistan, large-scale mining leases may only be transferred to a company, while small-scale leases may be transferred to a company or a firm.

With respect to change of control in Balochistan, no organisation or individual may acquire or dispose of a controlling interest (50 per cent or more of the ultimate beneficial ownership, whether direct or indirect) in a title holder without prior approval of the licensing authority. Applications for such approval must include details of ownership, transaction documents and evidence that the title holder will continue to meet all legal and technical conditions post-transaction. The licensing authority exercises reasonable discretion and may approve the transaction if satisfied that all statutory conditions remain fulfilled.

For the avoidance of doubt, the creation of a security interest over the share capital of a title holder does not constitute an acquisition of control; however, enforcement of such security (eg, transfer following default) requires prior consent of the licensing authority.

Law stated - 11 November 2025

Duration of mining rights

What is the typical duration of mining rights? Is there a requirement to relinquish a portion of the mining rights to the government after a certain number of years?

The duration of mining rights in Pakistan varies based on the type of licence or lease:

- Reconnaissance licence – Typically granted for one year.
- Exploration licence – Issued for an initial period of three to eight years (depending on provincial laws).
- Mineral Deposit Retention Licence – duration varies according to provincial regulations. In Khyber Pakhtunkhwa, Balochistan and Punjab, it is granted for two years.
- Mining Lease (large scale) – Generally issued for up to 30 years.
- Mining lease (small scale) – Issued up to 20 years.

For exploration licences, except in Khyber Pakhtunkhwa, there is a requirement to relinquish a portion (generally up to 50 per cent) of the licensed area after each renewal period. This ensures that unutilised land is made available for new applicants. The specific percentage and conditions vary by province. Mining leases do not have a relinquishment requirement. Renewal depends on compliance with legal, environmental and financial obligations.

Law stated - 11 November 2025

Acquisition by domestic parties versus acquisition by foreign parties

Is there any distinction in law or practice between the mining rights that may be acquired by domestic parties and those that may be acquired by foreign parties?

In Pakistan, mining rights can only be acquired by companies or firms (in the case of small-scale mining in Balochistan). The companies and firms must be incorporated or registered, as the case may be, locally. There is no legal distinction between mining rights held by a local entity entirely owned by domestic parties or that is wholly or partly owned by foreign parties.

Law stated - 11 November 2025

Protection of mining rights

How are mining rights protected? Are foreign arbitration awards in respect of domestic mining disputes freely enforceable in your jurisdiction?

The provincial mining statutes contain provisions for dispute resolution by the respective provincial licensing authorities, along with the right of appeal against their decisions.

Appeals against decisions of the licensing authority can be made to the relevant government department (ie, the Secretary Department of Mines & Minerals in the case of Balochistan to Appellate Tribunal to be established by the government).

In Balochistan/Khyber Pakhtunkhwa, land-related surface rent and compensation disputes are to be handled by the District Mining Liaison Committee.

Pakistan is also a party to multiple bilateral investment treaties (BITs), which provide for ICSID arbitration in cases involving expropriation or other breaches, ensuring protection of foreign investors' rights under the BITs.

In cases where multiple parties, including foreign investors, hold mining rights jointly under a joint venture arrangement, the ownership and operational rights among them are governed by contract, which typically provides for international arbitration as the agreed dispute resolution mechanism. Foreign arbitration awards are enforceable under the Recognition and Enforcement (Arbitration Agreements and Foreign Arbitral Awards) Act 2011, which implements the New York Convention (1958). The Act incorporates the Convention's provisions, adopting a 'pro-enforcement bias' that favours the enforcement of foreign arbitral awards. Pakistani courts have generally upheld this stance, with minimal grounds for refusing enforcement.

Law stated - 11 November 2025

Surface rights

What types of surface rights may mining rights holders request and acquire? How are these rights acquired? Can surface rights holders oppose these requests or does the holder of the mineral tenure have priority over surface rights use?

To the extent the surface rights are not duly acquired by way of the means set out above, the private landowners may obstruct access to their land. The holder of the mineral title has priority over the use of surface rights of such land provided that the landowner is duly given compensation against such rights.

Law stated - 11 November 2025

Participation of government and state agencies

Does the government or do state agencies have the right to participate in mining projects? Is there a local listing requirement for the project company?

While the mining-specific legislation of the provinces does not confer an explicit right on the respective governments to participate in mining projects, in practice, both the federal and provincial governments often participate in large-scale mining ventures. The Balochistan government typically holds shares directly, either on a free-carried basis or through financial contribution, while the federal government participates through funding provided by state-owned entities.

As a matter of law, except in Balochistan, provincial governments may enter into mineral agreements (ie, joint venture agreements between the government and mining lease holders) at the request of the lease holders if substantial foreign investment is expected and the project benefits provincial mineral development. The federal government may also be a party to such joint ventures. In Balochistan, the government may enter into such agreements for large-scale mining leases based on the licensing authority's recommendations.

There is no local listing requirement for a project company.

Law stated - 11 November 2025

Government expropriation of licences

Are there provisions in law dealing with government expropriation of licences? What are the compensation provisions?

There is no specific provision under the mining specific legislation that extends power to the government to expropriate a duly granted mining lease or licence. However, under the Foreign Private Investment (Promotion and Protection) Act 1976, foreign private investment cannot be acquired except under due process of law and upon payment of adequate compensation in the currency of origin. Additionally, Pakistan's bilateral investment treaties (BITs) provide protection against unlawful expropriation and allow investors to pursue compensation through investor–state arbitration, including through ICSID arbitration.

Law stated - 11 November 2025

Protected areas

Are any areas designated as protected areas within your jurisdiction and which are off-limits to mineral exploration or mining, or specially regulated?

Yes, certain areas within the jurisdiction are designated as protected areas, where mineral exploration and mining are either restricted or subject to special regulations. Specifically, if an application for a mineral title or concession is made within a reserved or protected forest, the licensing authority cannot grant such a title or concession without prior consultation with the relevant forestry department.

In the province of Sindh, there is a complete ban on mining and stone crushing activity in any historical, religious, heritage, cultural and public places including old archaeological, historical hills and mountains having historical identity, irrespective of sites of specified areas or locations.

In Balochistan, mining is restricted on land near graveyards, holy sites, historical landmarks and human dwellings, as well as near railways, public roads, power lines and gas pipelines unless exempted by the government. Military installations, federally reserved areas for nuclear energy and designated conservation zones also prohibit mining unless a no-objection certificate is obtained.

Several provincial wildlife and environmental laws designate protected areas such as national parks, wildlife sanctuaries etc., where exploration or mining may be restricted

or specifically regulated. For example, the Balochistan Wildlife Protection, Preservation, Conservation and Management Act 2014 empowers the provincial government to notify such areas and regulate industrial or extractive activities within them.

Law stated - 11 November 2025

DUTIES, ROYALTIES AND TAXES

Duties, royalties and taxes payable by private parties

What duties, royalties and taxes are payable by private parties carrying on mining activities? Are these revenue-based or profit-based?

Royalty

Royalties are to be charged at a specified percentage of the fair market value of the minerals as prescribed by relevant provincial government from time to time.

Annual rent

In addition to royalties, annual rent in respect of a mining lease is payable by a lessee in accordance with the rates approved by the respective licensing authority of the province.

Surface rent/compensation

Surface rent is payable to a private owner of land. In respect of any government-owned land covered by a mining lease or licence, the holder is required to pay land compensation to the government at rates notified in the Official Gazette, as determined by the government, taking into account the nature, location and value of the land. Moreover, the respective government may acquire land under the provincial Land Acquisition Act to provide access to the leased area for the lessee. Such access land does not form part of the leased area.

Dead rent

In Balochistan, if a mining lease or licence remains idle for six consecutive months or an aggregate of nine months in a year, the holder must pay a dead rent equal to 10 times the annual rent for each idle month until operations resume or the lease or license expires, is surrendered, forfeited or cancelled.

Law stated - 11 November 2025

Tax advantages and incentives

What tax advantages, tax credits and incentives are available to private parties carrying on exploration and mining activities?

There are no tax advantages or credits prescribed for mining projects generally. However, under the Foreign Investment (Promotion and Protection) Act 2022, investments notified

as 'qualified' have been granted extensive fiscal and regulatory protections. These include exemptions from income tax, sales tax, customs duties and other levies, along with stabilisation guarantees for the duration of the project. The Act has thus far notified only the Reko Diq Project as a 'qualified investment' and does not extend similar incentives to other mining ventures unless they are explicitly notified by law.

Law stated - 11 November 2025

Tax stabilisation

Does any legislation provide for tax stabilisation or are there tax stabilisation agreements in force?

There is no specific legislation or agreement in place for tax stabilisation in general. However, the Foreign Investment (Promotion and Protection) Act 2022 provides tax and fiscal stabilisation for 'qualified investments', defined in section 2(r) as:

investments, sectors, industries or projects as may be chosen, approved and duly notified by the Federal Government as a qualified investment in the First Schedule.

Under section 3 sub-sections (11) through (13) of the Act, investment incentives granted to such qualified investments are designated as protected benefits and cannot be withdrawn, modified or altered in any manner detrimental to the investor. To the extent the underlying law is later amended adversely, the un-amended law continues to apply to that investment.

At present, only the Reko Diq Project in Balochistan is a notified qualified investment under the First Schedule. Therefore, the tax-stabilisation protections apply solely to the said notified project.

Law stated - 11 November 2025

Carried interest

Is the government entitled to a carried interest, or a free carried interest in mining projects?

Under mining-specific legislation (other than that of Balochistan), the provincial government is not entitled to any carried interest.

In the case of Balochistan, a free-carried interest of up to 10 per cent may be vested in an entity wholly owned and controlled by the provincial government. The federal government, however, often participates in such projects through direct investment or by holding a carried interest under specific contractual arrangements.

Law stated - 11 November 2025

Transfer taxes and capital gains

Are there any transfer taxes or capital gains imposed regarding the transfer of licences?

There is no specific provision under mining-specific legislation regarding imposition of tax on transfer of mining licences; however, disposal of assets is generally subject to taxation in terms of the income tax legislation.

Law stated - 11 November 2025

Distinction between domestic parties and foreign parties Is there any distinction between the duties, royalties and taxes payable by domestic parties and those payable by foreign parties?

A foreign entity cannot directly acquire mining rights. There is no distinction between the obligations of holders of mining leases acquired by locally incorporated companies with or without foreign shareholders.

Law stated - 11 November 2025

BUSINESS STRUCTURES

Principal business structures What are the principal business structures used by private parties carrying on mining activities?

Private parties generally establish a company with limited liability and share capital to carry out mining operations. Joint ventures are also common, where multiple parties including foreign companies, etc, collaborate and form a joint venture company in Pakistan to hold the relevant mining lease and carry out the mining project.

Law stated - 11 November 2025

Local entity requirement Is there a requirement that a local entity be a party to the transaction?

A mining lease is granted only to a body corporate (ie, a company, incorporated under the laws of Pakistan). Under the laws of Balochistan, a small-scale mining lease will not be granted unless local residents of the district where the applied area is situated are partners or owners in the application.

Law stated - 11 November 2025

Bilateral investment and tax treaties

Are there jurisdictions with favourable bilateral investment treaties or tax treaties with your jurisdiction through which foreign entities will commonly structure their operations in your jurisdiction?

Bilateral investment treaties

Pakistan has entered into numerous bilateral investment treaties (BITs) with various jurisdictions to promote and protect foreign investment, including, inter alia, Australia, the United Kingdom, Germany and China. In fact, the world's first ever BIT was signed between Pakistan and the Federal Republic of Germany (then West Germany) in 1959. These BITs typically include provisions ensuring fair and equitable treatment, protection against expropriation and access to investor–state dispute settlement under international arbitration mechanisms such as the ICSID Convention. The Reko Diq arbitration award was decided under the ICSID Convention in favour of, inter alios, Barrick Gold Corporation and Antofagasta PLC and was rendered under the Australia–Pakistan Bilateral Investment Treaty. The tribunal found that the government of Pakistan's refusal to renew or grant the mining lease, together with the Supreme Court of Pakistan's decision declaring the original agreements void, constituted a breach of the BIT amounting to expropriation, resulting in an award of approximately US\$5.9–6 billion, including interest and costs, in favour of the investors.

Income tax treaties

Pakistan has also entered into double taxation treaties (DTTs) with 68 countries, including jurisdictions such as the United States, United Kingdom, China, Germany, Mauritius, Japan, Qatar, Azerbaijan and Hong Kong. Under many of these DTTs, each contracting state offers tax benefits such as reduced withholding tax rates on dividends to residents of the other contracting state. The specific rates and conditions vary by jurisdiction, and some treaties offer more favourable terms than others, for instance:

- Japan: Dividend withholding tax is as low as 5 per cent for beneficial owners holding at least 50 per cent shares, 7.5 per cent for at least 25 per cent shares, and 10 per cent in all other cases, for a period of six months.
- Qatar: 5 per cent rate for beneficial owners with at least 10 per cent ownership; 10 per cent otherwise.
- Mauritius, Hong Kong, Azerbaijan: Flat 10 per cent rate for beneficial shareholders of the company paying the dividends.
- China: 10 per cent for beneficial owners of the dividends.
- USA: 15 per cent U.S. tax rate on dividends paid by a US corporation to a Pakistani company owning more than 50 per cent of the voting power (and having no US permanent establishment).
- UK: 15 per cent for companies and 20 per cent for others; reduced to 10 per cent for UK companies controlling over 25 per cent (or 50 per cent) of a Pakistani industrial undertaking.

Law stated - 11 November 2025

FINANCING

Principal sources of financing

What are the principal sources of financing available to private parties carrying on mining activities? What role does the domestic public securities market play in financing the mining industry?

In Pakistan, mining projects are generally financed through private arrangements, including sponsor equity and loans from financial institutions. However, the domestic financial infrastructure is not sufficiently developed to support large-scale project financing. As a result, sponsors typically rely on foreign funding sources, including multilateral development institutions (such as the Asian Development Bank (ADB) and the International Finance Corporation (IFC)), export credit agencies (such as FMO and COFACE) and export–import (Exim) banks of foreign jurisdictions. Local banks may provide limited ancillary or working capital facilities, but the majority of funding is sourced from foreign lenders and is subject to foreign exchange restrictions.

The domestic public securities market does not yet play a significant role in financing the mining industry.

Law stated - 11 November 2025

Direct financing from government or major pension funds

Does the government, its agencies or major pension funds provide direct financing to mining projects?

The provincial governments generally do not provide funding to private mining projects in Pakistan, though they may contribute in certain large-scale ventures.

The federal government, through its state-owned entities, may also participate in mining projects by way of equity, particularly in strategic or large-scale ventures, resulting in such projects being co-funded by the government alongside private sponsors.

Law stated - 11 November 2025

Security regime

Please describe the regime for taking security over mining interests.

In Balochistan, a title holder may grant a security interest over the rights conferred by a large scale mining lease to secure financing for mining operations by notifying the Licensing Authority at least 30 days before the effective date of the security document. Upon receiving the notice, the licensing authority issues an acknowledgment and registers the security interest. Enforcement of the security (including by way of transfer of the mining lease) requires the licensing authority's prior consent, which cannot be unreasonably withheld.

There are no corresponding provisions under the mining specific laws of other provinces relating to creation of security over mining interests. However, there is no prohibition under the generally applicable laws on the creation of such security. Security interests are perfected

through statutory filings with the Securities and Exchange Commission of Pakistan (SECP) and, in the case of immovable property, also by registration in terms of the Transfer of Property Act 1882 read with the Registration Act 1908.

Law stated - 11 November 2025

RESTRICTIONS

Importation restrictions

What restrictions are imposed on the importation of machinery and equipment or services required in connection with exploration and extraction?

Import of goods is regulated under the Imports and Exports (Control) Act 1950 and the Import Policy Order. There are no specific restrictions applicable to the import of equipment or materials for the mining industry. The Import Policy Order specifies the categories of goods that may be imported and excludes certain items, such as second-hand goods, except where expressly permitted. It also prescribes the permissible modes of payment for imports, which must be made in accordance with the general permissions issued from time to time by the State Bank of Pakistan.

For import of services, State Bank of Pakistan approval is required for payments over US\$25,000 or recurring payments beyond five years, with exemptions for royalties, franchises and technical service fees.

The mining specific legislation of the provinces (except Sindh and Punjab) also imposes certain procurement requirements. In Balochistan, a title holder must allocate a minimum of 50 per cent (for large-scale mining) or 75 per cent (for small-scale mining) of its total spending on goods and services each year to procurement from local communities (not exceeding the radius of 10km from the licensed area) or, if unavailable, from within Pakistan. Worker wages from local communities are to be excluded from this calculation. If the required goods and services are not available locally in sufficient quantity, quality or at competitive prices, the licence holder must implement social development programmes in collaboration with local authorities, spending an amount equivalent to the procurement target.

In Khyber Pakhtunkhwa, the mining lease holders are obligated to ensure technical and economic efficiency and make use of the products or equipment locally manufactured or produced, and the services locally available.

Law stated - 11 November 2025

Standard conditions and agreements

Which standard conditions and agreements covering equipment supplies are used in your jurisdiction?

Equipment supply contracts in Pakistan are generally independently negotiated by the parties and are not based on any specific standards. In high-value transactions, it is common for the contracts to be governed by foreign law (typically English law) and to

provide for dispute resolution through foreign arbitration institutions such as the Singapore International Arbitration Centre (SIAC) or the London Court of International Arbitration (LCIA). The contractual framework in such cases often includes payment through letters of credit (LCs) and the provision of performance guarantees or bank guarantees to secure supplier obligations.

Law stated - 11 November 2025

Mineral restrictions

What restrictions are imposed on the processing, export or sale of minerals? Are there any export quotas, licensing or other mechanisms that prevent producers from freely exporting their production?

Exports from Pakistan are regulated by the Imports and Exports (Control) Act 1950, and the Export Policy Order 2022.

There are no licensing requirements specifically imposed on the processing, export or sale of minerals in general. However, under the Foreign Exchange Regulation Act 1947, no person is permitted to, except with the general or special permission of the State Bank of Pakistan or a person duly authorised by it, take or send out of Pakistan any gold, jewellery or precious stones.

There are also no export quotas or other obligations applicable to mineral producers. Nevertheless, the authorities encourage local value addition to promote downstream development, although such measures remain policy objectives rather than legal requirements at present.

Law stated - 11 November 2025

Import of funds restrictions

What restrictions are imposed on the import of funds for exploration and extraction or the use of the proceeds from the export or sale of minerals?

Private borrowings from foreign sources (such as working capital loans) are allowed under the Foreign Exchange Regulation Act 1947, subject to compliance with the State Bank of Pakistan's prescribed general permissions setting out conditions, including those for repayment of principal and interest. In cases where general permissions are not applicable, special permission is required to be obtained. Foreign investors may also make equity investments in local entities without any upper limit on shareholding, either on a repatriable or non-repatriable basis. Repatriable investments, once registered with the SBP, allow free remittance of dividends and disinvestment proceeds, whereas non-repatriable investments cannot be freely remitted abroad.

Proceeds from the export or sale of minerals are required to be remitted into Pakistan, unless a special permission of the State Bank of Pakistan is obtained.

Law stated - 11 November 2025

ENVIRONMENT

Principal applicable environmental laws

What are the principal environmental laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

In addition to the environmental preservation provisions contained in the provincial mining statutes, the following environmental laws are generally applicable:

- Environmental protection laws:
 - the Sindh Environmental Protection Act 2014;
 - the Punjab Environmental Protection Act 2012;
 - the Balochistan Environmental Protection Act 2012; and
 - the Khyber Pakhtunkhwa Environmental Protection Act 2014.
- Forests protection laws:
 - the respective Forest Act 1927 (as applicable in the provinces of Sindh and Punjab);
 - the Balochistan Forest Act 2022; and
 - Khyber Pakhtunkhwa Forest Ordinance 2002.
- Wildlife protection laws:
 - Sindh Wildlife Protection, Preservation, Conservation and Management Act, 2020;
 - Punjab Wildlife (Protection, Preservation, Conservation and Management) Act, 1974;
 - Khyber Pakhtunkhwa Wildlife and Biodiversity (Protection, Preservation, Conservation and Management) Act, 2015; and
 - Balochistan Wildlife (Protection, Preservation, Conservation and Management) Act, 2014
Department.

The principal regulatory authorities overseeing environmental compliance are the provincial environmental protection agencies, the provincial forest departments and the provincial wildlife departments.

Law stated - 11 November 2025

Environmental review and permitting process

What is the environmental review and permitting process for a mining project? How long does it normally take to obtain the necessary permits?

In Pakistan, mining projects cannot begin construction or operations without submitting an environmental impact assessment (EIA) to the relevant provincial environmental agency (EA) for approval. The EA must review and decide on the EIA within four months in all provinces, subject to public participation (with limited disclosure of information). Additionally, for exploration in reserved or protected forests, a 30-day prior notice must be given to the Forest Officer, and all operations must comply with the prescribed land-use conditions.

Law stated - 11 November 2025

Sustainability

Do government agencies or other institutions in your jurisdiction provide incentives or publish environmental and social governance (ESG) guidelines for green projects?

The Securities and Exchange Commission of Pakistan has published voluntary guidelines (ie, Guidelines on ESG Disclosures for Listed Companies 2023) to encourage such companies to report on environmental, social and governance matters. These guidelines promote transparency and responsible business practices, supporting sustainability efforts in various sectors. However, they do not explicitly offer direct incentives for green projects.

Law stated - 11 November 2025

Closure and remediation process

**What is the closure and remediation process for a mining project?
What performance bonds, guarantees and other financial assurances are required?**

The general conditions imposed on a mining title holder require that upon closure, fill all excavations to a significant level, securely plug all mines, remove all equipment and structures and take necessary actions to restore the land as closely as possible to its original condition. In Balochistan, a holder of a mining lease is required to submit and update a mine closure plan every three years or as directed by the licensing authority. Upon closure, the holder must conduct rehabilitation and closure works to address environmental impacts, ensure geotechnical stability and protect the safety of individuals, property, wildlife and livestock. Failure to fulfil these obligations may result in fines ranging from 1 million rupees to 3 million rupees.

Performance bonds and guarantees

Upon issuance of any mineral title, excluding reconnaissance licence, the applicant must provide a performance guarantee of the prescribed amount. In Sindh, upon issuance of any mineral title excluding reconnaissance licences the applicant is required to furnish a performance guarantee in the form of a bank guarantee at a rate of 10,000 rupees per acre, subject to a minimum aggregate guarantee of 30 million rupees. Likewise, each province has its own minimum requirements for performance guarantees. These guarantees generally secure all obligations of the mining lease holders including those pertaining to closure.

Law stated - 11 November 2025

Restrictions on building tailings or waste dams

What are the restrictions for building tailings or waste dams?

There are no restrictions for building tailings or waste dams. Provincial licensing authorities require mineral title holders to ensure the structural safety of tailings dams and address hazardous conditions from mining operations, including waste dumps, shafts, trenches and excavations. Moreover, any such structures must be constructed in accordance with the Environmental Impact Assessment (EIA) report submitted and duly approved by the relevant Environmental Protection Agency. Non-compliance may lead to fines.

Law stated - 11 November 2025

HEALTH AND SAFETY, AND LABOUR ISSUES

Principal health and safety, and labour laws

What are the principal health and safety, and labour laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

The principal health and safety laws applicable to the mining industry in each province that primarily regulate mining operations and workers' safety standards, include:

- Sindh Metalliferous Mines Act 2021, granting authority to the Mines and Mineral Development Department Government of Sindh.
- Khyber Pakhtunkhwa Mines Safety, Inspection, and Regulation Act 2019, granting authority to the Chief Inspector of Mines Khyber Pakhtunkhwa and Deputy and other Inspectors of Mines.
- Mines Act 1923 (applicable in Punjab and Balochistan), granting authority to the Chief Inspector and Inspector of Mines.

Provincial mining laws require mining lease holders to maintain safe working conditions, secure employee welfare, remove unused equipment and structures and warn people near potential hazards. These regulations authorise the provincial directorates of mines and minerals to oversee compliance.

Law stated - 11 November 2025

Management and recycling of mining waste

What are the rules related to management and recycling of mining waste products? Who has title and the right to explore and exploit mining waste products in tailings ponds and waste piles?

Applicable provincial laws stipulate that while applying for a mining lease, the applicant must present a proposal for proper disposal of waste resulting from their respective mining operations and provide that the holder of a mining lease must keep records of the waste generated with respect to its nature, mass, volume and the method adopted for its disposal. In addition, as part of the Environmental Impact Assessment (EIA), the applicant for the relevant mining lease is required to include in its proposal outlining the manner in which such waste management and disposal measures will be implemented.

For the province of Sindh, the Sindh Mines and Minerals Governance Rules 2023 further provide that it shall be the responsibility of the licensee to make arrangements for water and solid waste management plans for the disposal of special focus on its treatment, recycling and re-use in line with best practices in vogue in the industrial sector.

Law stated - 11 November 2025

Use of domestic and foreign employees

What restrictions and limitations are imposed on the use of domestic and foreign employees in connection with mining activities?

While there are no specific provisions in the applicable laws stipulating any restriction on the employment of foreign employees, holders of mineral titles are required to give preference to the citizens of Pakistan in the employment of all grades of employees.

Law stated - 11 November 2025

SOCIAL AND COMMUNITY ISSUES

Community engagement and CSR

What are the principal community engagement or corporate and social responsibility (CSR) laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

All mineral title holders in Pakistan must contribute to the welfare of local communities.

The Sindh Mining and Governance Rules 2023 require mining operators to contribute to a CSR fund for infrastructure, health, education and social services. They must also fund community improvement projects and provide a production bonus to nearby communities.

Under the Balochistan Mines and Minerals Act 2025, applicants for mining leases must submit a social impact study and management plan, prioritise local employment and training and allocate procurement of equipment and services to local communities or fund social development projects if local sourcing is unavailable.

The Punjab Mining Concession Rules 2002 mandate contributions to the government for local welfare as outlined in mineral permits.

The Khyber Pakhtunkhwa Mines Mineral Act 2017 requires prioritising qualified Pakistani workers, using local products and services and making contributions to the government for local community benefits.

Law stated - 11 November 2025

Rights of aboriginal, indigenous or disadvantaged peoples

How do the rights of aboriginal, indigenous or currently or previously disadvantaged peoples affect the acquisition or exercise of mining rights?

The provincial mining statutes make only limited provisions concerning the welfare and participation of local persons. For instance, the applicable law in Balochistan provides that in the case of small-scale mining leases, local residents of the district where the applied area is situated must be partners or owners in the application for the acquisition of such leases.

Provincial mining laws prohibit mineral title holders from constructing buildings or conducting surface operations in places considered sacred by local population as specified by the government or licensing authority. Construction on such leased areas requires prior permission from the licensing authority.

Law stated - 11 November 2025

International law

What international treaties, conventions or protocols relating to CSR issues are applicable in your jurisdiction?

Pakistan ratified the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 2008 which influences the country's national policies on areas closely linked to CSR, such as labour rights, social protection, health and education. In terms of the ICESCR, Pakistan is required to, inter alia, report to the UN Committee on the Economic, Social and Cultural Rights on the steps taken to implement the Covenant.

In addition, some private parties in Pakistan also voluntarily follow international frameworks such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the Tripartite Declaration of Principles on Multinational Enterprises and Social Policy. These instruments provide valuable guidance on CSR issues and serve as voluntary guidelines and are not mandatory by law in Pakistan.

Law stated - 11 November 2025

ANTI-BRIBERY AND CORRUPT PRACTICES

Local legislation

Describe any local legislation governing anti-bribery and corrupt practices.

In Pakistan, anti-bribery and corrupt practices are regulated by laws such as the Corporate Governance Rules, the Pakistan Penal Code 1860 (PPC), the Prevention of Corruption Act 1947, and the National Accountability Bureau Ordinance 1999 (NAB Ordinance). The Corporate Governance Rules require public sector companies to develop anti-corruption policies and obtain declarations from directors and executives not to offer or accept any

bribe, favour or inducement. A director involved in misconduct, including corruption, may be removed. Under sections 161 and 165 of the PPC, it is an offence for a public servant to accept any unauthorised benefit or valuable thing in connection with official duties. The Prevention of Corruption Act criminalises obtaining valuable things or advantages through misuse of position. The NAB Ordinance prohibits corrupt practices by holders of public office, punishable by up to 14 years imprisonment, fines and forfeiture of disproportionate assets. It also penalises those who give illegal gratification or assist in corrupt practices. Convicted individuals lose their public office and are disqualified from holding public office for up to 10 years, with the disqualification also applying to those opting for plea bargaining.

Law stated - 11 November 2025

Foreign legislation

Do companies in your country pay particular attention to any foreign legislation governing anti-bribery and foreign corrupt practices in your jurisdiction?

It is common practice for local companies with foreign shareholders to follow global policies implemented by their parent companies that are based on foreign legislation governing anti-bribery and corrupt practices.

Law stated - 11 November 2025

Disclosure of payments by resource companies

Has your jurisdiction enacted legislation or adopted international best practices regarding disclosure of payments by resource companies to government entities in accordance with the Extractive Industries Transparency Initiative (EITI) Standard?

Pakistan has not adopted or enacted the Extractive Industries Transparency Initiative Standard.

Law stated - 11 November 2025

FOREIGN INVESTMENT

Foreign ownership restrictions

Are there any foreign ownership restrictions in your jurisdiction relevant to the mining industry?

Mineral rights are granted exclusively to entities incorporated in Pakistan. However, foreign investors can participate in mining projects through acquiring shareholding in these local entities. There is no upper limit on the shareholding that foreign investors may acquire for this purpose.

Law stated - 11 November 2025

INTERNATIONAL TREATIES

Applicable international treaties

What international treaties apply to the mining industry or an investment in the mining industry?

Pakistan is a party to several international treaties that generally pertain to investments in various sectors rather than specifically in the mining industry. These include bilateral investment treaties (BITs) and multilateral agreements that provide protections such as fair and equitable treatment, protection from expropriation and access to international arbitration. The investment protection provisions contained in BITs equally apply to investments in the mining industry.

Law stated - 11 November 2025

UPDATE AND TRENDS

Recent developments

What were the biggest mining news events over the past year in your jurisdiction and what were the implications? What are the current trends and developments in your jurisdiction's mining industry (legislation, major cases, significant transactions)?

Over the past year, Pakistan's mining industry has seen significant developments. One of the most notable projects is in the Reko Diq copper and gold region in the province of Balochistan, which is expected to generate approximately US\$74 billion in free cash flow over a 37-year period. The first phase, costing US\$5.5 billion, aims to produce 200,000 tons of copper annually by late 2028, followed by a second phase (estimated at US\$3.5 billion) that is expected to double production. On the legislative front, the government aims to introduce the National Minerals Harmonisation Framework 2025 to standardise mining regulations across provinces and boost investment. More recently, the Mines and Minerals Act 2025 has been enacted in the province of Balochistan, repealing the Balochistan Mineral Rules 2002 and Regulation of Mines and Oilfields and Mineral Development (Government Control) Act 1948.

Law stated - 11 November 2025