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Mining in Mongolia

Ten things to know

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Mongolia is one of the world's most mineral-rich jurisdictions, with mining contributing approximately a quarter of the country's GDP and close to 90% of its exports.

The sector has entered a balanced growth phase, following a boom period between 2009 and 2013 and subsequent decline. The underground ramp-up at the Oyu Tolgoi copper mine – one of the largest copper mines in the word – is underway, new rail links such as the Tavantolgoi–Gashuunsukhait line facilitated record coking coal exports in 2023 and the government has adopted a clearer and more transparent mining regime to further bolster investor interest. Further, a Mining Product Exchange now auctions coal (with copper and other commodities to follow) to improve pricing transparency and, as of October 2025, royalty pricing for exports has also shifted to exchange-based references.

With world copper demand projected to rise 60% by 2050, Mongolia's vast untapped reserves place the country in a strong position to benefit from the energy transition and the development of emerging technologies. Alongside copper and gold, in line with the country's Vision 2050, Mongolia continues to court increasing regional and international interest for development of its critical mineral reserves (such as lithium, graphite and rare earths), supported by new geophysical mapping.

This guide highlights the key factors shaping Mongolia's mining sector and provides an overview of the legal and operational prospects and challenges to help stakeholders navigate Mongolia's evolving mining landscape.

01 | State Ownership of Minerals and Metals

All mineral resources in Mongolia are state-owned and the state has the exclusive right to grant prospecting, exploration and mining rights to third parties.

The Minerals Law of Mongolia 2006 (the **Minerals Law**) distinguishes minerals into three categories: (i) strategically important mineral deposits (**SIMDs**); (ii) common; or (iii) conventional. SIMDs are classified as such by the government and are those that may have a national security or economic or social development impact and constitute or have the potential to constitute more than 5% of Mongolia's annual GDP.

A company holding a mining licence for SIMDs must sell 10% or more of its shares through the Mongolian Stock Exchange and the government may participate in mining projects of SIMDs with up to 50% ownership if reserves are discovered using state funds, or up to 34% if discovered privately. Please see section 5 below for further details of the government's participation rights.

Deposits of common materials cover abundant sediments and rock concentrations used as construction materials (e.g., sand, gravel and limestone). These are governed separately from the Minerals Law. Deposits of conventional materials cover all other mineral accumulations not classified as strategic or common - including gold, copper and iron. Radioactive minerals are governed separately, although uranium mining is subject to both the Mineral Law and the Nuclear Energy Law, creating uncertainty regarding the legislative regime governing such minerals.

Private companies can obtain mining rights and licences from the state which do not transfer ownership of minerals to the subsoil user but entitle the user to the proceeds of the minerals extracted, which must be sold at international market prices. There are no blanket restrictions on foreign ownership. Mineral exploration and mining licences can only be granted to a company duly formed and operating under the laws of Mongolia and which is a Mongolian taxpayer.

02 | Mining Legalisation

The Minerals Law, which has undergone over a hundred amendments, is the primary legal framework governing mining in Mongolia. The Minerals Law deals with prospecting, exploration and mining of minerals other than water, oil, natural gas, radioactive and common minerals.

In addition to the Minerals Law, other legislative acts applicable to exploration and mining include:

- Law of Mongolia on Common Materials;
- Law of Mongolia on Subsoil;
- Law of Mongolia on Petroleum;
- Law of Mongolia on Petroleum Products;
- Law of Mongolia on Nuclear Energy;
- Law of Mongolia on Mining Products Exchange;
- Law of Mongolia on Investment;
- Law of Mongolia on Land;
- Law of Mongolia on Environmental Protection;
- Law of Mongolia on General Taxation;
- Law of Mongolia on Corporate Income Tax; and
- Law of Mongolia on Value-Added Tax.

Mongolia has a long-term developmental plan 'Vision 2050', which is intended to improve transparency and create a more attractive business environment in Mongolia, including in respect of its mining industry. Vision 2050 calls for transparent licensing, anti-corruption measures and digital governance in the mining sector, encourages environmentally responsible mining practices and supports rehabilitation of mining sites, reduction of emissions and sustainable resource use.

03 | Mining Licences

Mining licences are granted by the Mineral Resources and Petroleum Authority of Mongolia (**MRPAM**), which is the implementing agency of the Mongolian government responsible for issuing and managing mining and exploration licences. Exploration of minerals in artisanal mining does not require a licence and is not covered by this publication. Reconnaissance for minerals can be conducted without a licence, provided that the state is notified, no subsoil is disturbed and permission is obtained from the users of the land.

There are two main categories of licences: (i) exploration licences and (ii) mining (exploitation) licences. Mongolia has an open bidding system which was created at the end of 2022 and is overseen by the MRPAM. Recent reforms have focused on digitalising the licensing process and applications can now be submitted via an online platform (see www.tender.gov.mn).

Exploration licence

Exploration licences are typically granted for three years with the possibility of three extensions, each for three years - totalling 12 years. An exploration licence entitles the holder to conduct exploration within the boundaries of an area between 25 and 150,000 hectares in size, access and construct temporary structures and apply for a mining licence for any part of the area explored. To apply for an exploration licence, applicants must submit a tender application that includes: (i) a price quotation; (ii) a technical proposal detailing the type, scope, duration and cost of the proposed exploration work, environmental protection measures and budget; and (iii) proof of payment of the required service fee.

To maintain a licence, holders must meet minimum annual exploration expenditure requirements and comply with environmental management obligations. Please see sections 7 and 8 below for further details of these requirements. Extensions are contingent on demonstrating compliance with these conditions, including submission of exploration reports and environmental approvals.

Mining licence

Mining licences are granted for an initial term of 30 years with the possibility of two extensions (each for 20 years), totalling 70 years, subject to the reserve of the mineral deposit. Only holders of valid exploration licences may apply for mining licences within their licenced area. Applying for a mining licence in Mongolia requires the submission of a formal application accompanied by several key documents, including a map of the proposed mining area, proof of payment of the applicable service fee, the Minerals Professional Council's notes on its review of the exploration results, verification of compliance with environmental management obligations during the exploration phase and an environmental impact assessment. The mining licence includes the date of issuance, the licence holder's name and address, and the coordinates marking the boundaries of the licensed mining area. It also contains an attachment for recording any subsequent amendments to the licence. Within seven business days of issuance, the MRPAM must publish an official notice in a daily newspaper to inform the public of the granting of the licence.

The mining licence entitles the holder to extract and sell minerals within the licensed area and conduct further exploration. Mining licence holders must comply with obligations including preparing feasibility studies, implementing environmental protection measures and ensuring health and safety standards. A mining licence holder must exhaust all mineral reserves and is prohibited from selectively mining only high-grade areas.

Transfer of licences

An exploration licence may be transferred only if the holder proves that all exploration materials have been properly sold and taxes paid, while a mining licence may be transferred upon proof that the mine, mine-related equipment and agreements relating to the mine have been sold or transferred in accordance with the law, as well as all tax obligations having been met. A licence transfer also requires approval from the MRPAM.

A licence holder may pledge its licence to a bank or financial institution with the related documents, such as the exploration work results, geological information, feasibility study report and properties which are permitted to be pledged by law. A licence alone cannot, however, be pledged. The pledge agreement must be submitted with the licence certificate and application to the state administrative agency to record the pledge. If the licence holder fails to meet their obligations under a pledge agreement, the pledgee may apply to the state administrative agency which will decide whether to record the licence transfer. On termination of the pledge, the licence holder must submit an application to the state administrative agency which includes a statement from the pledgee confirming that all obligations under the agreement have been met, along with the original pledged licence certificate.

In the event of a merger, a licence holder may transfer its licence in accordance with applicable laws, and a subsidiary may transfer a licence to its parent company.

Land rights

There are recognised land occupancy rights for ownership, possession and use of land in Mongolia. A mining licence holder must obtain surface land rights from the landowners or users (such as nomadic herders) and there is a displacement and compensation regime in place.

Pursuant to the Law on Land (2002), land rights are granted by way of a land use contract and a certificate of land use, which certifies rights granted to foreign investors. Land use contracts grant the right to use a specific parcel of land for mining activities without transferring ownership or granting any disposal rights and are issued by the local governors of the relevant administrative area (the soum or aimag) after confirming compliance with land classification and environmental requirements. A mining licence holder must register its land use right in the state register in accordance with the Law on State Register of Property Right (2018).

04 | Rights of Foreign Investors

Pursuant to the Law on Investment (2013), there is a capital investment requirement for foreign investors of US$ 100,000. Foreign state-owned entities must obtain prior permission from the Ministry of Economy and Development to own 33% or more of the total issued shares of company operating in the mining industry. The Government of Mongolia must enter into an investment agreement at the request of an investor injecting more than 500 billion Mongolian Tugrik (**MNT**) to, amongst other things, stabilise taxes, grant the investor rights in relation to foreign currency (discussed in more detail in section 10 below) and provide expropriation protections.

The Minerals Law provides that a licence can be granted to only one legal person and, as noted in section 1 above, licence applicants must be Mongolian taxpayers and a legal entity under Mongolian law. An amendment to the Minerals Law enacted in 2024 introduced a prohibition for any legal person (either individually or jointly with an affiliated person) to own more than 34% of the total issued shares of a legal entity holding a licence for a SIMD. This does not apply to shares owned by state-owned or locally-owned entities or to legal entities that have an investment agreement in place with the Government of Mongolia.

05 | Government's Interest in the Project

Where a SIMD has been explored and its reserves have been determined using state budget funds, the state may hold up to 50% of the shares in the exploiting entity free of charge, with the exact percentage reflecting the level of public investment. If the deposit was explored without state funding, the state may instead hold up to 34% of the shares. In both cases, the state's equity interest may be substituted with a royalty payment for the use of the mineral reserves and will be documented in an agreement between the licence holder and the government.

06 | Lending into Mongolia

Foreign lenders are generally permitted to lend without needing any consent or approvals from Mongolian authorities, but any foreign loan must be registered with the Bank of Mongolia within five business days of execution.

Mongolian law permits creation and enforcement of pledges over immovable and movable property, as well as intangible assets such as contractual rights or intellectual property rights. Pledges of most types of collateral assets are subject to registration for the purpose of perfection or establishment of the pledgee's priority right in the event of enforcement. Foreign entities cannot hold interests in land, which is generally owned by the state. Therefore, leasehold interests in land are usually pledged through a locally appointed security trustee.

There are no exchange control restrictions applicable to the remittance of US dollars to a bank account outside of Mongolia and lending can be in foreign currencies. A provision under the Law of Mongolia on Currency Regulation (1994) requires consent from the Bank of Mongolia for a local bank to carry out a transaction which may impact the rate of the local currency, although as at the date of this publication, this requirement has not been imposed in practice. Foreign exchange controls are discussed further in section 10 below.

07 | Environmental and Local Content Obligations

Fees and minimum costs

Annual exploration licence fees are charged per hectare and increase progressively over the duration of the licence, from MNT 145 for the first year of the licence to MNT 7,250 for years 10-12 of the licence. In contrast, mining licence fees are a flat MNT 21,750 per hectare per year (which for limestone, coal and domestic production minerals is reduced to MNT 7,250 per hectare).

Exploration licence holders in Mongolia are required to invest a minimum amount per hectare each year in reconnaissance and exploration activities, starting at US$ 0.50 per hectare in years 2 and 3 and increasing progressively to US$ 10 per hectare for years 10 to 12 (inclusive).

Royalties

The standard rate of royalties payable is 5% of the sales value. From October 2025, royalties on exported minerals are calculated based on average prices from the Mongolian Stock Exchange. However, exporters must sell at least 25% of their annual output on the domestic exchange for this pricing method to apply. Otherwise, the sales value is determined by the average monthly price of such products on the international market. Gold must be sold to the Bank of Mongolia or other banks authorised by the Bank of Mongolia with a royalty of 2.5% of the sales value.

Taxes

The corporate tax rate in Mongolia for annual taxable income exceeding MNT 6 billion is 25%. A tax incentive is available to investors which allows them to benefit from stabilising percentage rates of corporate tax, customs duties, VAT and royalties for up to 27 years by obtaining a tax stabilisation certificate in accordance with the Law on Investment (2013). Withholding taxes are applied to services provided by non-resident taxpayer's services in Mongolia. The standard rates are 20% for dividend payments to foreign entities, 20% for interest payments and 20% for royalties, but Mongolia has around 26 double taxation treaties which remove or reduce withholding tax payments.

08 | Protection of the Environment and Social Obligations

Before commencing prospecting and exploration operations, licence holders must obtain written approval from the relevant environmental agency, and before commencing mining operations, licence holders must obtain commission approval from the MRPAM.

Exploration licence holders are required to prepare an environmental management plan within 30 days of receiving their licence, in consultation with the local governor and environmental inspection agency. This plan must include pollution control measures and land reclamation strategies.

Prior to obtaining a mining licence, an environmental impact assessment and a management plan must be submitted to the central administrative agency in charge of the environment for approval, and following approval, delivered to the Governor of the aimag, soum or district and to the local environmental inspection agency of the area where the mineral deposit is located. The plan should, as a minimum, cover toxic substance control, water conservation, tailings dam safety and reclamation.

A licence holder must appoint a full-time employee responsible for regular reporting on environmental, restoration and mine closure matters to the MRPAM.

Information on adequate professional personnel, technique and equipment and a technical proposal including the type, scope, period and cost of exploration work, environmental protection plan and relevant costs, budget and other relevant documents must be submitted as part of the exploration licence application process.

There are also regular reporting requirements for mining licence holders. Within one year of receiving a mining licence, a licence holder must submit a feasibility study prepared by a competent authority detailing the development of the deposit. Additionally, by 1 December each year, licence holders are required to provide estimated production data and a mining work plan for the following year. Exploration expenditures must also be verified annually by the state administrative agency, based on the licence holder's geological and exploration work report and financial statements.

Rehabilitation bonds

An exploration licence holder must deposit 50% of the annual environmental protection budget into a special account established by the local governor of the relevant soum or district. Failure to implement these plans can result in the use of deposited funds by authorities to carry out remediation and mining may be halted if deposits are not made on time.

Social Obligations

Social obligations include mandatory cooperation with local administrative bodies through formal agreements on environmental protection, infrastructure and employment. Licence holders must employ Mongolian citizens, with a maximum of 10% foreign workers permitted.

Penalties are payable for exceeding this quota, at 10 times Mongolia's minimum wage for each foreign citizen for every month. Compensation is required for any damage to private or public property, including cultural landmarks, and health and safety standards must be upheld for both workers and local residents.

When procuring goods, services, or engaging subcontractors, licence holders must give preference to suppliers that meet regulatory standards and are registered in Mongolia.

09 | Enforcement Regime

Mongolia ratified the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards on 24 October 1994 and this is codified in the Law on Arbitration in Mongolia (2017). An arbitral award can be set aside for certain reasons, which include invalidity of the arbitration agreement, the subject matter of the dispute being incapable of resolution via arbitration under the laws of Mongolia and the award being in conflict with the public policy of Mongolia. These grounds for refusing the recognition or enforcement of foreign awards are the same as those for which an award can be set aside.

Under the Law on Investment (2013), the parties are generally free to choose a governing law other than Mongolian law as the governing law of a contract and have the right to choose international or domestic arbitration for disputes with state authorities. Pursuant to the Law on Land (2002), land agreements must be governed by Mongolian law, and disputes are primarily resolved through domestic mechanisms.

Depending on the nature of the dispute, cases may first be handled by local or higher-level governors or specialised land offices. Property disputes and issues over limited land use rights (akin to easements) may be resolved through arbitration if this is expressly agreed under the documentation, but in the absence of such an agreement, disputes will be subject to the exclusive jurisdiction of the Mongolian courts.

10 | Foreign Exchange Controls

Mongolia's foreign exchange regime is governed by the Law on Currency Regulation (1994) and regulations issued by the Bank of Mongolia. The MNT is the sole legal tender for domestic cash payments and all domestic transactions must be denominated and settled in MNT (with limited exceptions for certain banking and government operations).

The Bank of Mongolia prohibits indexing or quoting domestic prices in foreign currencies and businesses that attempt to mirror MNT prices to hard currency movements risk regulatory penalties.

Foreign currency transactions must be conducted through the Bank of Mongolia or authorised commercial banks. Permanent residents who receive foreign currency income must either sell it or hold it in an authorised commercial bank within 60 days of receipt, while temporary residents must provide written contracts for foreign currency transactions conducted in Mongolia.

Foreign and domestic investors are generally permitted to convert and transfer funds, including dividends, profits, royalties and loan repayments, through the banking system in the currency of their choice. Remittances are typically processed within days, but during periods of hard currency constraint commercial banks have occasionally imposed temporary limits on FX sales or outward transfers. Outbound payments may be subject to withholding tax of typically 10%, depending on the nature of the transaction and the applicable tax rules.

Currency transactions above a threshold (historically around MNT 20 million) are subject to reporting requirements and banks apply standard anti-money laundering and counter-terrorist financing checks, often requesting supporting documentation for significant FX purchases or transfers.

Mongolia imposes few formal restrictions on capital inflows or outflows, and portfolio and direct investments are largely free of FX controls. There is no broad surrender requirement for export proceeds, although sector-specific measures, such as gold sales to the Bank of Mongolia, have been introduced at times to support reserves.

While the formal foreign exchange regime is supportive of foreign investment, practical frictions can arise during external shocks or liquidity shortages, when banks may ration foreign exchange or impose operational limits. Large conversions and transfers often require advance coordination and complete documentation.

Entry into an investment agreement between by the government and investors provides specific protections in respect of foreign exchange to mitigate risks associated with the regime, including granting rights to the investor to:

- bring in freely convertible foreign currencies for core operations and convert such funds into MNT;
- hold and dispose of funds outside Mongolia without restriction;
- retain all revenues from exports or product sales abroad and freely use such revenues overseas;
- repatriate proceeds from domestic sales, dividends, distributions and loan repayments abroad without barriers;
- make payments to contractors, subcontractors and Mongolian citizens working abroad in foreign currencies; and
- maintain foreign currency accounts in Mongolian banks.

Concluding Remarks

Mongolia's mining industry is entering a phase of steady growth, underpinned by legal reforms to the mining and investment laws, increased market transparency via the Mineral Commodities Exchange and new rail capacity which have all improved investor sentiment. Coal exports have normalised at strong levels, while copper and gold output is rising as underground capacity ramps up and legacy assets are modernised. Further, exploration is broadening into critical minerals and uranium, supported by increasing regional and international investor interest.

Looking ahead, competitiveness of the country's mining sector will hinge most notably on stable fiscal and royalty regimes and the availability of necessary power, utility and logistics infrastructure to support the growth of the country's mining industry. With increasing global focus on decarbonisation, electrification and the deployment renewable energy for mining operations will play an important role in enabling Mongolia to meet the growing demand for critical minerals such as copper and battery minerals. Provided that these imperatives are effectively navigated, Mongolia is well positioned to pivot from a coal-weighted exporter to a diversified mining market.

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