

NICARAGUA

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In November 2001, Enrique Bolanos of the Partido Liberal Constitucionalista (PLC) won the presidential election and he took office on January 9, 2002. The outgoing president, Daniel Ortega, remains leader of the Frente Sandinista de Liberacion Nacional (FLSN). The new president is considered to be more favourable for business and investment but tough austerity measures are expected. Real GDP growth is estimated by the government to have fallen from 4.1% in 2000 to 3.0% in 2001, or even to as low as 1.4% by some observers.

The country is a gold and silver producer, with other mining activity restricted to construction minerals. In 2001, it produced some 120,400 oz of gold, slightly up on the 118,100 oz produced in 2000 but down on the 1999 production of 143,000 oz. Similarly, silver production in 2001 at 80,300 oz was up on the 50,500 oz produced in 2000.

The main gold production comes from the El Limon mine of Black Hawk Mining, the Toronto-based mining and exploration company. In 2001, El Limon produced 70,351 oz gold. In the first nine months of 2001, average cash costs were US\$183/oz, compared with US\$164/oz in the same period in 2000. This was in part due to lower mill feed grade, which was offset by more tonnes being milled, and the cost per tonne milled fell by some 15% as a result.

At the end of February 2002, El Limon was estimated to contain 168,000 t (at 7.9 g/t) of proven reserves plus 879,000 t (at 7.9 g/t) of probable reserves both at a cut-off grade of 4.76 g/t. There are additional indicated resources of 113,900 t at 7.8 g/t gold, and inferred resources of some 1,100,000 t.

Underground drilling programmes continue to promote the resources to reserves. This drilling has focussed on the inferred resources in the Talvera Este zone.

Black Hawk has a joint venture agreement with Newmont Overseas Exploration Ltd (Noel) for exploration of Black Hawk's Nicaraguan mineral concessions. The agreement covers Black Hawk's 1,736 km² Limon-La India and two other concessions that are pending government approval. Newmont has to spend at least US\$5 million over six years to earn a 55% interest in the properties, and an additional 20% by spending US\$4 million more within a further two years. In 2001, Noel field crews carried out surface sampling and mapping of areas with hydrothermal alteration to identify potential drill targets. Black Hawk's Limon mining concession is not part of the agreement.

Diadem Resources Ltd, another Canadian group, has an interest in the La Mestiza gold deposit through its takeover of Blue Emerald. The deposit's five veins have been investigated by trenching, shafts and adits. Diadem estimates the deposit to have measured resources of 157,470 t at 10.63 g/t gold, indicated resources of 1,514,000 t at 9.3 g/t, and inferred resources of some 3,465,000 t. Diadem's interest will be 68.25% upon production being achieved. Operating costs are estimated to be between US\$150 - 175/oz.

Other gold deposits include that at the Cerro El Mojan mine of Greenstone Resources, which halted its production early in 2000.

Nicaragua has deposits of industrial minerals including calcium bentonite, limestone, gypsum, kaolin, zeolite, pumice and dimension stone.