

## HONDURAS

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**H**onduras is one of the least developed countries in the western hemisphere with 6.3 million people and a GDP of about US\$10 billion. Last November Ricardo Maduro of the National Party was officially declared the winner of the presidential election and promised a crackdown on crime as well as democratic reforms. While the election was mostly peaceful, there was violence leading up to which demonstrates the country's problems with crime and poverty. Economic hardship has forced many of its people to look for work in the US. Indeed such large numbers of expatriates are in the US that in the aftermath of the US national team's soccer World Cup qualifying match at RFK stadium in Washington, the winning team from Honduras had so many supporters that some argued home ground advantage was lost!

At home in Honduras itself, the country has had border problems with Nicaragua and plans to resume seaborne border patrols near an area claimed by both nations. Nicaragua has apparently detained several Honduran fishermen it accused of poaching in its waters and has filed a complaint with the OAS. Like other central American nations, Honduras is keen on a free trade agreement with the US and envies Mexico's treatment under NAFTA; ending such border disputes in the region would also help economic development and promote free trade. The government is encouraging foreign investment as well as foreign donors such as Japan and mining activity is another possible boost to a weakened economy.

Glamis Gold is intensifying its focus in Central America and has acquired all of the issued and outstanding shares of Francisco Gold Corp. that has been active in Guatemala. In Honduras, Glamis Gold's San Martin project has seen its first full year of operation with a production of 114,216 oz of gold in 2001 at a

total cash cost of US\$120/oz. In late 2000 the company elected to expand production to a rate of 120,000 oz/y. Expansion was completed in the third quarter of last year and in 2002 San Martin is expected to produce over 120,000 ounces of gold at US\$120/oz. Exploration efforts were focused on the Palo Alto pit area and a new concession, Minitas, has been recently staked and is located only a few kilometres away.

Maya Gold Ltd is conducting exploration on its copper/gold porphyry deposit in Honduras. Billiton-BHP may earn a 51% undivided interest in this property by funding US\$2.25 million of exploration prior to February 2004. The current Phase II program marks the first US\$375,000 expenditure to be made under this agreement. Maya's two exploration concessions in Honduras cover some 120,000 acres. Early reconnaissance exploration has discovered two significant targets, the copper/gold porphyry deposit "Los Lirios" and the potential epithermal precious metal deposit "Rio Rico"

First Point Minerals has completed a successful hand-trenching programme at the Cacamuya project in Honduras. The Filo Lapa and Hilo Libre zones lie within a broad 3 km long north-south trend of soil geochemical anomalies, pervasive alteration and mineral occurrences. The company encountered higher gold grades and widths at the disseminated Filo Lapa zone and the recently discovered Hilo Libre vein zone; a mechanical trenching programme is starting soon. An excavator is being mobilized onto the property to trench a total of six identified targets including Filo Lapa, Hilo Libre, the extensions of Cerro Chachagua and the D4 area. The purpose of the programme is to extend the surface mineralised showings into areas where soil cover has masked outcrops. No targets within this trend have yet been drill tested.

The country depends on imported petroleum products for domestic consumption, but there are several undeveloped oil basins with 500,000 bbl of oil produced annually by Texaco near the Mosquitia coast. Texaco will handle the importing of fuel through Puerto

Cortéz, the principal Caribbean port, the first of a series of concessions to private operators by the state-run port authority. There has been active seismic exploration and increased gas extraction by the petroleum industry with production in the region of 20,000 bbl/d.