

NICARAGUA

By a Special Contributor

In June 2000 it was announced that the Nicaragua Government is considering three dam sites for a 10 MW hydroelectric project that would supply 80,000 inhabitants of the Siuna-Rosita-Bonanza "mining triangle." The possible sites are La Toboba, La Bodega and El Salto, state power company Enel board technical assistant Roberto Duarte said, quoted in La Prensa (Nicaragua), that the French Government had promised to donate a 10 MW, US\$11 million plant. French technicians are currently in Nicaragua assessing sites, he continued. The triangle is part of the North Atlantic Autonomous Region (RAAN) that has only 20% electricity coverage. Demand in the triangle is 5 MW, and so a 10 MW plant would allow Enel to run a transmission line to Puerto Cabezas and use the excess power there. Power supply at Bonanza depends on a private mining company operating there, whereas at Siuna there is an isolated Enel plant and at Rosita there is no power at all.

In June, also, Nicaragua's National Assembly (Congress) passed the country's new Mining Code, despite opposition from groups including small-scale artisanal miners and environmentalists, who argued it will only provide benefits to multinationals and will lead to environmental damage. The Code's opponents have threatened to appeal to Nicaragua's Supreme Court saying it is unconstitutional. La Prensa (Nicaragua) reported. "This must be the first time these two groups have seen eye-to-eye on anything," observed one congressman. Nevertheless, the Code received full support from Congressional Environmental and Natural Resources Committee president Augusto Lopez, who said it would strengthen environmental safeguards and support large- and small-scale mining equally. One of the small-scale miners' major concerns is that the Code sets no limit on the amount of land under a mining or exploration claim. Nomel

Perez, spokesperson for Nicaragua's Community Development Organization said that claims by multinationals would supersede those of small-scale miners. "Submission of environmental impact statements would be mandatory," he added. "Congress is investigating ways to incorporate legislation to protect the interests of the artisanal miners."

Toronto-based mining and exploration company Black Hawk Mining will issue 3.2 million shares to Toronto-based Repadre Capital Corp. in lieu of cash for a net smelter return royalty from Black Hawk's El Limon gold mine, Nicaragua. The arrangement, subject to regulatory approval, will give Repadre a 14.6% stake in Black Hawk.

Black Hawk has signed a letter of intent with Newmont Overseas Exploration (Noel) to negotiate an option and exploration joint venture agreement on Black Hawk's Nicaraguan mineral concessions. The agreement covers Black Hawk's 1,736 sq. km Limon-La India and two other concessions that are pending government approval. Newmont will have 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. Black Hawk's Limon mining concession is not part of the agreement.

Increased production and lower costs at El Limon gold mine in Nicaragua enabled Black Hawk to register a US\$900,000 profit in the September quarter compared with a US\$1.1 million loss in the 1999 September quarter. Sales revenues were US\$6.9 million from production of 25,780 oz of gold, exclusively from El Limon. El Limon's September quarter output was a 48% improvement over its performance in the same period last year, and was achieved with a 30% reduction in cash costs to US\$147/oz.

Over the first nine months of 2000, El Limon produced 68,372 oz gold, a 43% increase over the 47,890 oz produced over the same period last year. Average cash costs fell 23.1% to US\$173/oz. The improvement was due to a significant reduction in operational costs, a reduction in administration costs and the mining of higher-grade underground material and better mill recoveries. Mined ore grade this year has averaged 9.3 g/t gold, against 6.5 g/t gold over the first nine months of 1999, while mill recoveries have improved to 87% from 84% in same-period 1999.

Exploration Update

Black Hawk is conducting an underground drilling program at El Limon in an effort to expand the Talavera Sur underground reserve and check the possibility of extending mining operations to the 300 m level. The latest batch of results includes 10.41 m grading 9.46 g/t gold, 4.34 m at 8.79 g/t and 3.49 m at 7.55 g/t. Also in Nicaragua, Black Hawk and a subsidiary of Newmont Mining are discussing the possibility of a joint-venture exploration campaign at the Limon-La India gold prospect. Newmont has been conducting preliminary exploration work on the property to define drill targets.