

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 next elections will be in November 2006. Real GDP growth is estimated to have been from 4.7% in 2001 falling to 4.0% in 2002.

The country is a gold and silver producer, with other mining activity restricted to construction minerals. In 2002, it produced some 125,500 oz of gold, slightly up on the 123,500 oz produced in 2001 but down on the peak 1999 production of 143,000 oz. However, silver production in 2002 at 70,700 oz was down on the 80,400 oz produced in 2001.

The main gold production comes from El Limon, a mine operated by Black Hawk Mining, the Toronto-based mining and exploration company.

In 2002, El Limon produced 55,388 oz of gold down on the 70,351 oz produced in 2001. This drop was in large part due to labour unrest in the last quarter of 2002. In January 2003, the company announced a new two year labour agreement.

In the first quarter of 2003, the mine produced some 9,600 oz at a cash operating cost of US\$269/oz, compared with some 15,450 oz in the same quarter in 2002 at a cost of US\$198/oz. In the remainder of 2003 production is expected to be some 42,000 oz at a cash operating cost of under US\$225/oz.

At the end of December 2002, the reserves and resources at El Limon were estimated to be Proven Reserves of 268,600 t at 6.6/t gold plus Probable Reserves of 705,000 t at 6.0 g/t. There are additional Indicated Resources of 72,000 t at 8.4 g/t gold and Inferred Resources of some 920,000 t, both these tonnages are undiluted and above a cut-off of 4.5 g/t. Underground drilling programmes continue to promote the resources to reserves. This drilling has focussed on the Inferred Resources in the Talvera Este zone.

Elsewhere on other concession areas there are reported to be Indicated Resources of some 775,000 t at 8.2 g/t and Inferred Resources of some 1,120,000 t at 9.3 g/t, similarly undiluted and above a 4.5 g/t cut-off.

In October 2002, Newmont Overseas Exploration (Noel) withdrew from its joint venture for exploration of Black Hawk's Nicaraguan mineral concessions. The Limon mining concession was not part of this joint venture.

Diadem Resources Ltd, another Canadian group, through its takeover of Blue Emerald has an interest in the La Mestiza gold deposit. 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 cost per ounce is estimated to be between US\$150 – 175/oz.

Brett Resources Inc. has applied for the 170 km² Cerro Ventura II concession area, located near the border with Costa Rica. The application area covers the historic Sabalos mining district, which lies on trend from the Cerro Crucitas discovery in Costa Rica.

The Company has also applied for an exploration concession covering 327 km² in northeastern Nicaragua. This application area, Waulasa, covers several historic gold producing areas with both high grade vein potential and disseminated mineralisation.

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.