

EL SALVADOR

By Laurence Curtis

El Salvador continues to maintain a high economic status relative to its peers in Central America. The economy is dollarised and inflation has been maintained at less than 2% per annum since the US dollar was introduced as legal tender in January 2001. Recent progressive revisions to the Mining Act have encouraged investment in the country although exploration is still restricted to a handful of companies.

The most advanced project is El Dorado in central El Salvador. This project is owned by Pacific Rim Mining Corp. which merged with Dayton Mining Corp. in April 2002. The currently indicated resource at El Dorado totals 742,100 oz of gold and 5.53 Moz of silver, and there is an inferred resource of 117,800 oz of gold and 860,000 oz of silver.

In 2002, Pacific Rim commenced drilling at Coyatera, where a resource of 566,500 t has been outlined at a grade of 8.44 g/t Au and 71 g/t Ag at a 6 g/t Ag cut-off grade, for a total of 153,718 oz of gold and 1.3 Moz of silver. Six new holes were drilled at El Dorado Central resulting in narrow intercepts of 0.2-0.7 m at 7-33 g/t Au. In early 2003, drilling started at La Calera, a property 20 km east of El Dorado. Six holes were drilled resulting in narrow intercepts of 6.3 g/t to 20 g/t Au over true widths of 0.35-2.36 m. The system was drilled over a strike length of 100 m and to a depth of 100 m.

Elsewhere in El Salvador, Intrepid Minerals completed a 2,800 m diamond drill programme on its Aldea Zapote silver property in Metapan. The programme is a joint venture between Intrepid (the operator) and Apex Silver Mines Ltd, which is earning a 60% interest. Highlights of the programme included 145 g/t Ag over 30 m, 22 m at 264 g/t Ag and 2.69% Zn (including 7 m at 526 g/t Ag and 5.85% Zn). The silver-bearing breccia pipe has a diameter of about 200 m and has been probed down plunge for 400 m.

In eastern El Salvador, Intrepid commenced a 5,000 m drilling programme on its 100%-owned San Cristobal property. Several bulk tonnage gold-silver targets are being tested in this programme, centred on the former Montecristo and Encuentros mines. In addition, Intrepid has a joint venture with Bema Gold Corp. who can earn a 60% interest in the former Divisadero mine area by expending US\$2 million over three years on the project. The target is a high-grade gold-silver epithermal system which was mined to a depth of 80 m *circa* 1900-1920.

Commerce Group's San Sebastian mine and mill has been closed subject to re-financing of the company. Cementos De El Salvador (CESSA) remains the principal miner in the country, sourcing limestone in Metapan for its expanded 2,500 t/d cement plant.