



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/NRE/PROJECTS/14
10 April 1990

ORIGINAL: ENGLISH

Thirty-seventh session
28 May-22 June 1990, Geneva
Item 8 (d) of the provisional agenda

OTHER FUNDS AND PROGRAMMES

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Exploration for Base Metals and Gold in Peru (PER/NR/82/001)

Report of the Administrator

I. BACKGROUND

1. The Administrator informed the Governing Council at its thirtieth session, in June 1983, of his approval of a Minimum Work expenditure for the project entitled "Mineral Exploration for Base Metals and Gold in Peru" in the amount of \$1.7 million. The Administrator also recommended the approval by the Governing Council of possible additional expenditure of \$2.7 million for further activities following the Minimum Work.
2. The Governing Council, in paragraph 1 of its decision 83/20 of 23 June 1983, approved the project Mineral Exploration for Base Metals and Gold in Peru (PER/NR/82/001) involving a total possible expenditure of \$4.4 million.
3. The objective of the project was the evaluation of the possible economic potential of placer gold in Area I: San Antonio de Poto (Gold) and sulphide zinc mineralization in Area II: Las Orquídeas (Zinc). Work in the Las Orquídeas area was completed early in the project, and the Fund then concentrated its efforts on the very promising San Antonio de Poto (Ananea) area. The efforts of the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) resulted in a major discovery.
4. In late 1987 the Government of Peru requested the incorporation of two previously excluded areas (EA.1 and EA.2) in the project. The Fund agreed to undertake the required exploration in these two areas since they represented the

best potential for a significant increase in mineral reserves. Additionally, the economic assessment of these areas was crucial to the Government's plans for mine expansion.

5. Extension of the above project areas represented an increase of 36 per cent in the actual Zone of Subsequent Work. Work in the new areas includes the drilling of nearly 162 boreholes, 500 tonnes of sample material processed, and 4,700 samples analysed. With clear evidence of a discovery of major economic potential ready to go into production in Ananea, a pilot plant has been constructed to determine the processing and recovery parameters of production. This additional work increased the expenditure by \$367,000 which was approved by the Administrator on 10 November 1989, in accordance with section I, paragraph 2, of Governing Council decision 81/8 of 18 June 1981.

II. FINANCIAL DATA

6. As noted above, by including the pilot plant, the total expenditure of the project is expected to increase by \$367,000 as follows:

<u>UNRFNRE ALLOCATION</u>	\$
Minimum Work/Subsequent Work approved in June 1983	4 400 000
Based on the additional expenditure (2 additional areas + pilot plant) allocation approved by the Administrator on 10 November 1989	<u>367 000</u>
Total possible cost of the project	<u>4 767 000</u>

7. In light of the above, the Administrator recommends that the Governing Council take note of the additional approval by the Administrator of \$367,000 for the project, Exploration for Base Metals and Gold in Peru (PER/NR/82/001), involving a total possible expenditure of \$4,767,000.
