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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Exploration for Precious and Base Metals
in Honduras (HON/NR/83/001)

Recommendation of the Administrator

I. BACKGROUND

1. Honduras has been an important mineral producer since colonial times, but the number of operational mines has drastically declined during the past decades. A priority was set in the national mining industry development plan for 1982/86 to encourage participation of both private and public sectors, as well as to invite foreign investment to strengthen the mineral industry of the country.

2. Following several evaluatory missions to select areas with the greatest possibilities of exploration success, the Government and the United Nations Revolving Fund for Natural Resources Exploration (UNRFRNRE) came to an agreement on a project recommendation for exploration work in three areas. The presence of mineralization is known in each of the areas and the project will concentrate its activities on increasing the known reserves and determining their grades. The project agreement was signed on 9 August 1985.

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* Reissued for technical reasons

II. THE PROJECT

3. The objective of the project will be to locate base metal mineralization with possible associated silver in Area I (Quita Gana) and precious metal mineralization in Areas II (Chantón) and III (Yuscarán) in the Departments of Santa Bárbara, La Paz and El Paraiso respectively. The three areas designated for exploration cover approximately 300 sq km.

4. The Minimum Work will have a duration of about 14 months and will include the following activities:

(a) Area I: Quita Gana

- (i) Diamond or percussion drilling up to 3000 metres. Some 15 holes will be required with hole depths in the range of up to 200 metres;
- (ii) Continuation as required of geological mapping at a scale of 1:5000;
- (iii) Sample assaying and bench scale metallurgical test work;
- (iv) Preliminary scouting exploration activities to the north of Quita Gana with respect to the possible occurrence of Carlin-type disseminated gold deposits.

(b) Area II: Chantón

- (i) Photogeological interpretation using conventional air photos, Landsat imagery or the space-shuttle imaging Radar-A SIR-A data;
- (ii) Detailed geological, alteration and structural mapping;
- (iii) Geochemical soil and outcrop sampling, and geophysical surveys, followed by shallow trenching and pitting as and where required;
- (iv) A limited percussion and/or scout core drilling programme may be undertaken if results of work outlined in sub-paragraphs (i) through (iii) above are positive.

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(c) Area III: Yuscarán

- (i) Re-opening the access to the old mine tunnels;
- (ii) Mapping (at a scale of 1:2000) the tunnel system and, where mineralized, systematic channel sampling of the walls;
- (iii) Surface geological mapping of the area at a scale of 1:10,000;
- (iv) Limited geochemical soil sampling (at a depth of 1 metre) of the mineralized structure;
- (v) Geophysical surveys such as induced polarization and/or some other appropriate methods as well as an underground underground survey, if feasible;
- (vi) Surface percussion or deep auger drilling or, if feasible, some scout diamond drilling.

5. In carrying out the Minimum Work described above, the Fund will spend \$1.39 million equivalent to finance the services of nationally and internationally recruited staff, as well as providing the necessary equipment, supplies and supporting services.

6. If the results of the Minimum Work are favourable, it is estimated that in order to better define and evaluate the economic potential of individual ore deposit(s) to the point where, in the opinion of the Fund, development investment can be attracted, additional expenditure of up to \$1 million will be required.

III. FINANCIAL DATA

<u>UNRFNRE allocation</u>	\$
Minimum Work	1 390 000
Possible additional expenditure for further activities following the Minimum Work	1 000 000
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Total possible cost of the project	2 390 000

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7. The Administrator, in accordance with Governing Council decision 80/29, approved the Minimum Work for the project on 8 August 1985. The financial assets of the Fund are adequate to meet the cost of the project.

IV. RECOMMENDATION OF THE ADMINISTRATOR

8. In the light of the above, the Administrator recommends that the Governing Council take note of the approval by the Administrator of the Minimum Work for the project Exploration for Precious and Base Metals in Honduras (HON/NR/83/001), at a cost of \$1,390,000, as an obligation of the United Nations Revolving Fund for Natural Resources Exploration, and approve this project, involving a total possible expenditure of \$2,390,000.
