

THE MINERAL INDUSTRY OF HONDURAS

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The Republic of Honduras ranked among the least developed countries in the Western Hemisphere, with a gross domestic product (GDP) of about \$9.7 billion.² Having an economy based largely on agriculture, employing 62% of the work force, and accounting for about 28% of the GDP, the country faced problems of unemployment, inflation, and dependence on exports of coffee and bananas.

Mining laws in Honduras include Decree 194-84 covering the petroleum industry; a subsequent petroleum and minerals law, Decree 123-90, passed in 1990; and a general mining code passed in 1991. Mineral and petroleum deposits were owned by the Honduran Government. All deposits were available for exploration and exploitation by private companies through concessions, granted to individuals or corporations within the terms of the general mining law. Exclusive exploration concessions to foreigners were granted for 4 years and were renewable for 2 years. Mining concessions were granted for 40 years. All companies were required to have a labor force that is 90% Honduran.

Honduras mainly produced lead and zinc, with ancillary copper, gold, and silver, and minor amounts of cadmium associated with the zinc. Industrial minerals included cement, gypsum, limestone, marble, and salt. Honduras exported about 40% of its metals to Europe and some to Japan, Mexico, the United States, and Venezuela.

The El Mochito Mine near Lake Yojoa, operated by Compania Minera Santa Barbara S.A., a wholly owned subsidiary of Canada's Breakwater Resources Ltd., was the only large operating metal mine in Honduras. Lead and zinc concentrates from the mine, however, contributed less than 2% to the GDP, and less than 0.3% of the labor force was involved in mining. During the year, Breakwater drilled to augment reserves at El Mochito; one hole retrieved 6.1 meters grading 3% zinc, 6% lead, and 168 grams of silver per ton.

The San Andrés Mine, 150 km southwest of San Pedro Sula, was the second largest gold producer in Honduras. The owner, Canada's Greenstone Resources Ltd., projected 554,000 ounces (17,232 kilograms) (kg) of gold proven and probable, and estimated 300,000 ounces (9,331 kg) nearby at a separate deposit. The Cementos de Honduras S.A. is the largest cement company in Honduras, followed by the Industria Cementera Hondurena S.A. de C.V., with capacities of 600,000 tons per year (t/yr) and 450,000 t/yr, respectively. Both companies are privately owned. Salt was produced in the Choluteca district, in the southwestern area

of the country. Gypsum and marble were produced primarily for export, and limestone was used in local cement plants.

About 500,000 barrels of oil were produced annually by Texaco Inc. near the Mosquitia coast, although Honduras has several undeveloped oil basins such as Matique, Olancho, Tela, and Ulua. Colombia, Mexico, and Venezuela supplied its crude petroleum. Honduras' Refineria Texaco de Honduras S.A., its only refinery, operated privately in Puerto Cortes, Trujillo Bay, and relied entirely on imported crude. Even so, the country depended on imported petroleum products for domestic consumption.

²Where necessary, values have been converted from Honduran lempira (d) to U.S. dollars at the rate of d10.4=US\$1.00.

Major Sources of Information

Direccion General de Inversiones y Promocion de Exportaciones

Ministerio de Economia y Comercio

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Major Publications

Johnson, Michael D., Mining and Mineral Deposits of Honduras and El Salvador: Fischer-Watt Gold Co., Inc., Randol International meeting, Acapulco, Mexico, October 26-27, 1993.

Latin American Mining Institute, Washington, DC: Mexico and Central America Investment and Mining Guide, annual.

Ministerio de Recursos Naturales, Direccion General de Minas e Hidrocarburos and Bureau de Recherches Geologiques et Mineres. Special Reports.

TABLE 1
HONDURAS: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

Commodity	1991	1992	1993	1994 e/	1995 e/
Cadmium, Cd content of lead and zinc concentrates	212	333	113	46 3/	32
Cement	693,040	650,000 e/	723,000 r/	615,000 r/ 3/	655,000
Copper, Cu content of lead and zinc concentrates e/	1,000	1,600	1,000	500 r/	390
Gold kilograms	180	163	111	106 3/	110
Gypsum e/	27,000	26,000	25,500	25,500	26,000
Lead, mine output, Pb content	8,719	10,797	3,550	2,810 3/	2,000
Petroleum refinery products 3/ thousand 42-gallon barrels	3,000 e/	1,903	1,900 e/	1,900	2,000
Salt e/	30,000	30,000	30,000	25,000	25,000
Silver kilograms	39,359	42,847	23,934	24,876 3/	25,000
Building materials:					
Limestone e/	500,000	450,000	400,000	400,000	450,000
Marble square meters	95,937	100,000 e/	95,000 e/	90,000	93,000
Zinc, mine output, Zn content	38,280	29,008	18,300	16,700 3/	14,500

e/ Estimated. r/ Revised.

1/ Estimated data are rounded to three significant digits.

2/ Includes data available through May 1, 1996.

3/ Reported figure.

4/ Includes LPG, aviation and motor gasoline, diesel, kerosene, and distillate fuel oil.

TABLE 2
HONDURAS: STRUCTURE OF THE MINERAL INDUSTRY FOR 1995

(Thousand metric tons unless otherwise specified)

Commodity		Major operating companies and major equity owners	Location of main facilities	Annual capacity e/
Cement		Cementos de Honduras, S.A. (private, 100%)	Río Bijao plant., San Pedro Sula, Cortés Department	600
Do.		Industria Cementera Hondureña, S.A. de C.V. (private, 100%)	Piedras Azules plant, Comayagua Department	450
Gold kilograms		Compañía Minera Santa Bárbara (Breakwater Resources Ltd., 100%)	El Mochito Mine, Santa Bárbara Department	300
Do.	do.	Cía. Minerales de Copan, S.A.(Greenstone Resources Ltd. 92%; controls other 8%.)	San Andrés Mine, Copán Department	150
Lead		Cía. Minera Santa Bárbara (Breakwater Resources, Ltd., 100%)	El Mochito Mine, Santa Bárbara Department	35
Petroleum products	thousand 42-gallon barrels	Refinería Texaco de Honduras, S.A. (Texaco, Inc., 100%)	Puerto Cortés, Cortés Department	5,040
Silver kilograms		Cía. Minera Santa Bárbara (Breakwater Resources, Ltd., 100%)	El Mochito Mine, Santa Bárbara Department	50
Do.	do.	Cía. Minera El Paso Mining (private, 100%)	La Pochota Mine, Valle Department	20
Steel		Aceros de Honduras, S.A. (100%)	Choloma, Cortés Department	14
Zinc		Cía. Minera Santa Bárbara (Breakwater Resources, Ltd., 100%)	El Monchito Mine, Santa Bárbara Department	30