

THE MINERAL INDUSTRY OF

NICARAGUA

By David B. Doan

Mineral production in Nicaragua accounted for less than 1% of the country's gross domestic product in spite of its history as the world's 14th or 15th largest gold producer in the 1940's and 1950's. The Nicaraguan Mining Corp., or Corporación Nicaraguense de Minas (INMINE), was established in 1988 to organize, administer, direct, and promote the country's mining industry as well as to control permits and licenses for mining concessions. Since 1990, the Government of Nicaragua has devoted increasing attention to modernizing its legal framework. A new mining law was being drafted that would bring both the awarding of concessions and the tax structure into closer accord with common practice in the rest of the world. Besides encouraging private investment, the law would be updated and simplified in the context of current mining technology. The country had no environmental regulations, but environmental remediation was a growing priority, given that Nicaragua had a poor history of responsibility by past mining operations.

Nicaragua operated several small metal mines, producing gold and silver, mostly in sparsely populated areas in the northwest. Most bentonite, gold, gypsum, lime, and silver were exported. Other industrial minerals, such as cement, sand and gravel, and salt were consumed domestically. (*See table 1.*) The Central Bank of Nicaragua controlled the export of gold and silver. INMINE controlled most of the country's mineral exploration and production operations. Corporaciones Nacionales del Sector Publico's role included returning firms to former owners, selling them to private investors, and closing unprofitable companies.

Nicaragua's largest producer of gold was the El Limon Mine, operated by INMINE's Empresa Francisco Meza Rojas, including two open pits with an adjacent cyanide processing plant and the underground Talavera Mine, 4 kilometers (km) to the west. The mill was expanded to treat 1,000 metric tons per day (t/d).

Following 2 years of negotiations, Canada-based Greenstone Resources Ltd. acquired, in 1994, a 75% interest in the La Libertad gold mine from the Nicaraguan Government. The 120-square-kilometer concession surrounded a small open pit mine. Upon completion of nearly 6,000 meters of reverse-circulation drilling, Greenstone projected reserves of 9.3 million tons containing 2.12 grams per ton of gold at La Libertad.¹ After producing about 155 kilograms in 1994, increases were expected as

part of a large-scale mine expansion.

Cement was produced by the State-owned Compañía Nacional Productora de Cemento. Empresa Nicaraguense de Minerales No Metalicos controlled several of the state's industrial mineral companies, including bentonite (Empresa Rotowa S.A.), gypsum (Yesera Centroamericana S.A.), and limestone (Empresa Piedra Cal S.A. and Empresa Cal El Pueblo). The Inversiones Mineras A.S. (IMISA) functioned as a holding company to promote and expand its affiliated production companies. IMISA incorporated Arenas S.A. (sand and gravel), Canteras S.A. (dimension stone), and Calizas S.A. (limestone). Salt was produced by private companies. Nicaragua relied on imports for mineral fuel, especially crude from Venezuela. Esso Standard Oil S.A. Ltd. supplied most of the country's petroleum products. Geothermal energy was an important energy resource, having an estimated potential of 1,200 megawatts (MW). The 70 MW Momotombo geothermal plant on the north shore of Lake Managua accounted for 20% of Nicaragua's installed capacity.

Mining in Nicaragua had great potential for expansion; ; the Government planned to revive the industry with financial and technical aid from abroad.

¹Greenstone Resources Ltd. (Toronto): Annual Report, 1995.

Major Sources of Information

Banco Central de Nicaragua

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Corporacion Nicaraguense de Minas (INMINE)

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Corporaciones Nacionales del Sector Publico (CORNAP)

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Telephone: (505)2-31289

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Instituto Nicaraguense de Energia

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Telephone: (505)2-674103 or 2-672688
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Instituto Nicaraguense de Recursos Naturales del Ambiente
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Managua, Nicaragua
Telephone: (505)2-631273 or 2-631848
Inversiones Mineras, S.A.
Cine Cabrera, 4c.al
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Ministerio de Economic y Desarrolla
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Nicaraguan Mining Chamber
Del Porton El Retiro, 2C. Al Lago
Managua, Nicaragua
Telephone: (505)2-669623

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Major Publications

Banco Central de Nicaragua, Gerencia de Estudios Economicos: Indicadores de Actividad Economica, 1993, Managua, Nicaragua, annual.
Corporacion Nicaraguense de Minas (INMINE): Balance Anual, 1993, Managua, Nicaragua, annual.
Empresa Nicaraguense de Minerales No Metalicos (COMNOMET, S.A.): Balance Anual, 1993, Managua, Nicaragua, annual.
Instituto Nacional de Estadisticas y Censos: Anuario Estadistico de Nicaragua, Managua, Nicaragua, annual.
Latin American Mining Institute, Washington, DC: Mexico and Central America Investment and Mining Guide, annual.
Nicaragua Export Directory, 1993-94, Managua, Nicaragua, annual.
U.S. Department of Commerce, International Trade Administration: Foreign Economic Trends and Their Implications for the United States, annual.

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

(Metric tons unless otherwise specified)

| Commodities 3/ | 1991 | 1992 | 1993 | 1994 e/ | 1995 e/ |
|--|---------|---------|------------|---------------|---------|
| Bentonite | 5,070 | 2,816 | 2,161 | 2,200 | 3,000 |
| Cement | 239,300 | 277,400 | 255,000 r/ | 308,800 r/ 4. | 350,000 |
| Gold, mine output, Au content kilograms | 1,154 | 1,322 | 1,240 | 1,073 4/ | 1,600 |
| Gypsum and anhydrite, crude | 16,200 | 9,115 | 11,078 | 11,000 | 12,500 |
| Lime | 2,120 | 2,003 | 3,630 | 3,500 | 3,600 |
| Petroleum refinery products thousand 42-gallon barrels | 4,543 | 4,810 | 4,630 | 4,700 | 4,800 |
| Salt, marine e/ | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Sand and gravel thousand tons | 1,170 | 1,288 | 1,100 | 1,200 | 1,300 |
| Silver, mine output, Ag content kilograms | 1,014 | 2,240 | 2,237 | 2,235 r/ 4. | 2,400 |

e/ Estimated. r/ Revised.

1/ Estimated data are rounded to three significant digits.

2/ Includes data available through May 1, 1996.

3/ In addition to the commodities listed, Nicaragua produced a variety of industrial minerals to meet domestic needs. Output of these materials was not reported, and there was insufficient information for projecting estimates.

4/ Reported figure.

TABLE 2
NICARAGUA: STRUCTURE OF THE INDUSTRY FOR 1995

(Thousand metric tons unless otherwise specified)

| Commodity | Major operating companies and major equity ownership | Location of main facilities | Annual capacity |
|---|---|---|-----------------|
| Bentonite | Empresa Rotowa S.A. (Corporación Nicaragüense de Minas (INMINE), (Government, 100%)) | South of Sébaco, Matagalpa Department | 4 |
| Cement | Compañía Nacional Productora de Cemento (Government, 100%) | San Rafael del Sur, Managua Department | 700 |
| Gold kilograms | INMINE, 100% | El Limón Mine, León Department; Bonanza mining complex, Zelaya Department; Siuna mining complex, 1/ Zelaya Department | 12,000 |
| Do. | Mining of Nicaragua S.A. (Greenstone Resources Ltd., 75%; Inversiones Mineras S.A., - Grupo IMISA, 25%) | La Libertad Mine, Chontales Department | 350 |
| Gypsum | Yesera Centroamericana S.A. (INMINE, 100%) | Santa Rosa del Peñón, León Department | 17 |
| Petroleum products thousand 42-gallon barrels | Esso Standard Oil S.A. Ltd. (100%) | Managua, Managua Department | 5,400 |
| Silver kilograms | INMINE, 100% | Bonanza and Siuna 1/ mining complexes, Zelaya Department; El Limón Mine, León Department | 3,000 |

1/ The Siuna Mine is inactive.