THE MINERAL INDUSTRY OF

HONDURAS

By David B. Doan

Although the Republic of Honduras ranked among the least developed countries in the Western Hemisphere, subsisting primarily on its agricultural productivity, increasing mineral exploration activity suggested that its economy might gain future support from mineral production. But in 1996, with a gross domestic product (GDP) of about $10 billion, the country faced problems of unemployment, inflation, external debt exceeding the GDP (Financial Times, 1997), and dependence on exports of coffee and bananas. The Government encouraged foreign investment, and new mining legislation has been aimed at moderating the tax climate.

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 (Latin American Mining Institute, 1993).

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 San Andres Mine, 150 kilometers southwest of San Pedro de Sula, not yet in production, was the second largest gold mine in Honduras. The owner, Canada’s Greenstone Resources Ltd., projected reserves of 1 million ounces (31.1 metric tons) of gold at its Water Tank Hill deposit and predicted as much or more at the nearby Twin Hills deposit nearby. This led to revision of production plans upward from 85,000 ounces [about 2,600 kilograms (kg)] per year to possibly 200,000 ounces (roughly 6,221 kg) per year (Northern Miner, 1997). Production would be open pit, followed by heap leaching. The local company is Honduran, Compania Minerales de Copan, owned 73.2% by Greenstone with options to buy 25.5% more.

Vancouver-based Mar-West Resources Ltd., an early arrival and now the principal concession-holder in Honduras with 20 properties, had several different exploration projects underway with joint venturers, chiefly Tombstone Exploration Co. and Battle Mountain Gold Co., both U.S. companies.

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 base metal mine in Honduras. Although El Mochito is the largest lead-zinc mine in all of Central America, lead and zinc concentrates from the mine contributed less than 2% to the GDP, and less than 0.3% of the labor force was involved in mining. During the year, however, Breakwater drilled to augment reserves at El Mochito; especially to test whether the east limb of a fold could be a mineralized “mirror image” of the ore body in the west limb. One new hole retrieved 6 meters grading 5.3% zinc, 6% lead, and 168 grams of silver per ton. Meanwhile the company announced higher production, higher grades, and higher recoveries from El Mochito, as well as an increase of 49% in revenue amounting to $26.7 million for the year 1995 (Northern Miner, 1996).

The Metal Mining Agency of Japan announced that it was sending a geological team to Honduras, in cooperation with the Japan International Cooperation Agency, to assist the Government in exploring for lead, zinc, and silver in the San Antonio region, not far from the capital of Tegucigalpa (Metal Bulletin, 1996).

The Cementos de Honduras S.A. is the largest cement company in Honduras, followed by the Industria Cementera Hondureana 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.

Honduras has several undeveloped oil basins such as Matique, Olancho, Tela, and Ulua, but 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.

References Cited

———1997, Greenstone to boost capacity at San Andres, March 10, 1997, p. 22

**Major Sources of Information**

Dirección General de Inversiones y Promoción de Exportaciones
Ministerio de Economía y Comercio
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**Major Publications**


Ministerio de Recursos Naturales, Dirección General de Minas e Hidrocarburos and Bureau de Recherches Géologiques et Miniers. Special Reports.
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*Estimated.  r/ Revised.*

1/ Estimated data are rounded to three significant digits.
2/ Includes data available through April 1997.
3/ Reported figure.
4/ Includes LPG, aviation and motor gasoline, diesel, kerosene, and distillate fuel oil.