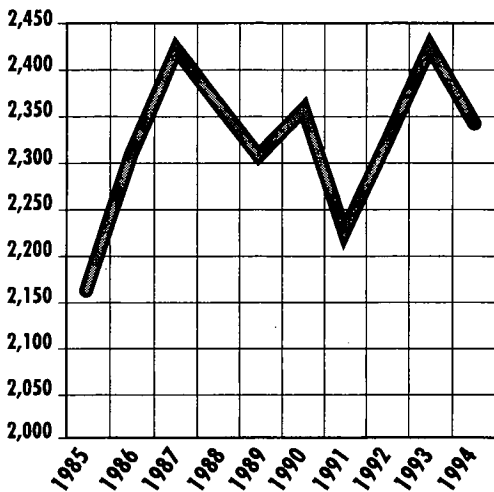


## PRECIOUS METALS

*In spite of Mexico's long tradition as a source of silver and gold, precious metal resources have never been fully exploited.*

### PRECIOUS METALS PRODUCTION, KILOGRAMS



Source: Secretaría de Comercio y Fomento Industrial (SECOFI),  
Secretariat of Commerce and Industrial Development.

## GOLD

The gold deposits that Canadians and Americans have long exploited throughout the Rocky Mountains extend southward into Mexico's Sierra Madre. But since the development of Mexico's deposits have been held back by government policies, they remain relatively unexploited. The same policies that encouraged domestic ownership also restricted imports of modern technology. The new mining law has changed this situation. More than 120 mining companies from Canada and the United States have opened offices in Mexico during the past two years. According to media reports, some 60 Canadian companies are either already engaged in the Mexican mining sector or are carrying out feasibility studies.

In 1994, gold production rose by 32 percent to reach 14.6 tonnes, largely due to several new projects that went into production during the year. Most Mexican gold mines are open-pit mines that leach gold from ore using a cyanide solution. Small- to medium-sized operations are common. The Moris Gold property, operated by Vancouver-based Manhattan Minerals Corp., 300 kilometres west of Chihuahua, is typical. A pre-feasibility study estimated mineable reserves at 4.3 million tonnes of oxide ore. Concentration is reportedly about 0.06 ounces of gold per ton. Assuming a 75 percent recovery rate and an eight-year mine life, total gold recovery is estimated at 191,000 ounces.

The main states producing gold in Mexico are Sonora, Durango and Guanajuato, which together accounted for 71 percent of production in 1994. Sonora alone produced 29 percent of the total.

## SILVER

Mexico is the world's leading producer of silver, accounting for about 16 percent of global production. Output in 1994 was 2,334 tonnes, a 3.4 percent decline from the year before. A large proportion of silver production is exported. The U.S. is the main export market, receiving some 60 percent of Mexico's silver exports over the last five years. Japan is also a major customer. According to the *Consejo Mexicano de Inversion (CMI)*, Mexican Investment Board, the nation's reserves are sufficient to ensure a continuing dominant position in world production.