

20 January 2021

ANTILLES GOLD PROCEEDS WITH ARBITRATION OF \$20M CLAIM

Arbitration

Antilles Gold Limited (the Company, ASX Code: AAU) advises that the arbitration proceedings for settlement of contractual disputes with the Dominican Republic Government are moving forward with the submission of the formal Statement of Claim and Witness Statements to the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") on 15 January 2021.

The claims which relate to the completed Las Lagunas gold tailings project total approximately US\$20 million, with the majority of this amount due to the Government's failure to meet its contractual obligation to provide a site in 2005-6 for the construction of a new dam to store reprocessed tailings. As a consequence, the Antilles Gold's subsidiary which carried out the Las Lagunas project was forced to store reprocessed tailings in the dam from where they had been mined. This resulted in added costs of depositing the reprocessed tailings behind substantial rock retaining walls that had to be constructed within the dam.

Possible Settlement

The newly elected Dominican Government may be interested in negotiating a claims settlement as an alternative to the arbitration procedure following the Mining Advisor to the Dominican President recently confirming that the Company's point of contact for initiating such negotiations should be the Dominican Vice President. The Company will follow up on this opportunity but negotiations need to be conducted on a personal level, and unlikely to commence until COVID 19 restrictions are eased to permit travel to the Dominican Republic.

Potential Project in Dominican Republic

The new Dominican Government is also encouraging Antilles Gold to consider developing a second generation design 100,000tpa Albion/CIL plant at Las Lagunas to process imported refractory concentrate including the 60,000tpa planned production from the La Demajagua gold/silver mine in Cuba which is expected to be commissioned late 2023 or early 2024.

The La Demajagua mine will be developed by Minera La Victoria SA, the joint venture company in which Antilles Gold has a 49% shareholding, and is effectively the Manager. The 51% shareholder is the Cuban Government's mining company, GeoMinera SA.

The Mining Advisor to the Dominican President has indicated that he would prefer that Antilles Gold partner with Government owned Rosario Dominicana SA in any prospective development of a new Albion/CIL plant at Las Lagunas, on a 60:40 contributing basis. Rosario Dominicana owns the Las Lagunas dam which has the capacity to store tailings from a 100,000tpa processing plant for over 20 years.

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Subject to being able to settle current claims, Antilles Gold would seriously review such a prospect as any new plant would incorporate at fair value, the Company's fully depreciated infrastructure, plant and equipment including a substantial oxygen plant, and spares that are stored at Las Lagunas.

END

This announcement has been authorised for release by the Board of Antilles Gold Limited.

For further information:

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