

24 February 2022

ANTILLES GOLD ADVISES FINANCIAL RESULTS FROM SCOPING STUDY – LA DEMAJAGUA OPEN PIT MINE, CUBA

Antilles Gold Limited (ASX Code: AAU, OTCQB: ANTMF) (“Antilles Gold” or the “Company”) advises that following the recent establishment of Maiden JORC Resources for the proposed La Demajagua open pit gold/silver mine, and receipt of the preliminary mine plan, material scheduling, and ore grades from mining engineers, Cube Consulting, together with results from initial metallurgical testwork, the Company has completed a Scoping Study for the proposed development.

The mine is expected to be developed in the near term in a 49:51% joint venture with the Cuban Government’s mining company, GeoMinera SA, with the objective of producing a bulk gold/silver concentrate for sale to trading companies, or foreign smelters .

HIGHLIGHTS OF FINANCIAL ANALYSIS FOR THE LA DEMAJAGUA OPEN PIT MINE

Antilles Gold’s Equity Contribution to Project (A\$1.00 = US\$0.72)	A\$18.0 million
Antilles Gold’s Share of LoM Cash Surplus	A\$221.4 million
Antilles Gold’s Share of Average Annual Profits	A\$35 million
Antilles Gold’s Pay Back on Investment (from Commissioning)	8 months
Project Development Cost	US\$75 million
Life of Mine (“LoM”)	6 years
Annual Metal Production (75.0 oz Ag = 1.0 oz Au)	100,600 oz Au equivalent
LoM Sales Revenue (@ US\$1,650/oz Au, US\$22/oz Ag, after processing costs, and discount to buyer)	US\$700.5 million
LoM Production Costs (including royalties, financing, depreciation)	US\$320.7 million
LoM Concentrate Shipping Costs	US\$52.7 million
LoM Profit (after taxation of US\$12.5 million)	US\$312.4 million
LoM Cash Surplus	US\$325.4 million
Project NPV₈	US\$218.1 million
Project IRR	43.7 %

The Financial Results from the Scoping Study, and the data inputs and their source are attached.

Mr Brian Johnson, Executive Chairman of Antilles Gold, commented that the results of the Scoping Study were particularly encouraging and demonstrate the excellent return that Antilles Gold can expect to receive on its relatively low equity contribution to the project.

The returns from the La Demajagua project will increase with cash flow from the underground operation planned to follow the open pit mining for approximately 10 years.

The results also indicate that the joint venture company's first project could become the catalyst for realisation of its aim of developing a series of mines in order to progressively establish itself as a substantial mining company in Cuba. The joint venture's objective is to apply part of the surplus cash generated by the La Demagaua project to fund future developments, and in doing so achieve organic growth while minimising future equity contributions.

Mr Johnson also said that shareholders could look forward to exciting news this year from the Company's recently formed exploration group in Cuba as it moves forward with a series of geophysical surveys and drilling programs on previously explored deposits that are included in Antilles Gold's global Exploration Agreement with GeoMinera.

The pipeline of properties with development potential that have been made available to the joint venture, including La Demajagua, presents Antilles Gold with a unique opportunity for future growth.

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ABOUT ANTILLES GOLD LIMITED:

- Antilles Gold's strategy is to participate in the successive development of previously explored gold and copper/gold deposits in mineral rich Cuba, and on realising the value of assets it holds in the Dominican Republic.
- The Company is at the forefront of the emerging gold mining sector in Cuba and expects to be involved in the development of a number of projects through its 49:51 joint venture with the Cuban Government's mining company, GeoMinera SA.
- Antilles Gold is comfortable operating under the applicable law on Foreign Investment, and Mining and Environmental regulation's in Cuba, and has been granted a generous fiscal regime by the Government which is supportive of its objectives.
- The near-term project of the joint venture company, Minera La Victoria SA, is the proposed development of the La Demajagua gold/silver open pit mine on the Isle of Youth in southwest Cuba to produce gold and silver concentrate.
- The objective of the joint venture is to invest part of the surplus cash expected to be generated by the La Demajagua mine to fund projects that follow, in order to achieve organic growth with minimal additional equity contributions, and with the aim of ultimately establishing Minera La Victoria as a substantial mining company in Cuba.
- Minera La Victoria has access to a pipeline of additional projects with development potential including the large Golden Hills VMS deposit, and the adjacent Florencia and Maclama sulphide gold deposits in south east Cuba, together with 17 copper/gold deposits that are currently being reviewed for their prospectivity.

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

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LA DEMAJAGUA GOLD/SILVER PROJECT, CUBA

SCOPING STUDY FOR STAGE ONE OPEN PIT MINE





FINANCIAL RESULTS FROM SCOPING STUDY FOR LA DEMAJAGUA OPEN PIT GOLD/SILVER MINE, CUBA

Antilles Gold Inc (“AGI”), a Cayman Islands registered subsidiary of Antilles Gold Limited, formalised a Joint Venture Agreement (“JVA”) in August 2020 with Gold Caribbean Mining SA (“GCM”), a subsidiary of the Cuban Government’s mining company, GeoMinera SA (“GMSA”), to incorporate Minera La Victoria SA (“MLV”) to undertake mining projects in Cuba.

The objective of MLV is to achieve organic growth through the successive development of a series of mines based on previously explored gold and copper/gold deposits made available to MLV by GMSA, with the ultimate aim of establishing MLV as a substantial mining company in Cuba.

The first project expected to be developed by MLV is the La Demajagua gold/silver mine on the Isle of Youth in south-west Cuba.

The mine is planned to be developed in two stages with the open pit mine operating for six years, followed by underground mining for approximately ten years.

AGI has a 49% shareholding in MLV, and effectively manages the joint venture. AGI had the benefit of accessing results from 50,000m of previous drilling of the La Demajagua gold/silver deposit by Canadian exploration companies, when preparing preliminary financial modelling for the proposed open pit mine.

21,700m of drilling of the deposit for the planned open pit was undertaken by MLV in 2021 as part of the Definitive Feasibility Study (“DFS”) for the project, with an additional 6,000m to be completed in Q2 2022.

Assays received to date from this program plus selected data from the historic drilling were utilised by Western Australian mining engineers, Cube Consulting, when establishing the Maiden JORC Resources for the proposed open pit mine which were reported to ASX on 28 January 2022.

The ore at La Demajagua is primarily arsenopyrite, and MLV aims to produce a high grade gold/silver concentrate for sale to foreign smelters or trading companies.

The following production parameters, and data inputs to the Financial Analysis and their source, and various assumptions for the development concept, are recorded in the following:

Proposed Project Timetable

Pre-development Period	1 October 2020 to 31 December 2023
Completion of DFS & Permitting	30 November 2022
Construction Period – Mine Buildings & Infrastructure	1 January 2023 to 30 June 2023
– Mine	1 April 2023 to 31 March 2024
Operating Period – Life of Mine (LoM)	1 April 2024 to 31 March 2030
First Shipment of Concentrate	Q2 2024

LoM Production Target

Sulphide Ore		4,870,000 t
Waste		49,000,000 t
Ore Head Grade	– gold	3.26 g/t
	– silver	41.5 g/t

NOTE: The Production Target was established by the Company based on a preliminary pit design, mining schedules, and ore grades provided by Cube Consulting, and reported to ASX on 17 February 2022.

The Production Target is for sulphide ore, as are the Maiden JORC Resources, which were reported to ASX on 28 January 2022. The Production Target for ore and waste is based on mining 100% of the Maiden Indicated Resource of 4,870,000 tonnes grading 3.27 g/t Au and 40.5 g/t Ag, and 200,000 tonnes of the Maiden Inferred Resource of 3,100,000 tonnes grading 2.4 g/t Au and 230 g/t Ag.

"There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of additional indicated mineral resources or that the production target itself will be realised."

In addition to the tonnages included in the LoM Production Target, Cube Consulting have advised approximately 850,000 tonnes of oxide/transitional ore with a grade of around 2.7 g/t Au (~74,000oz Au) and 36.0 g/t Ag (~984,000oz Ag) can be mined and blended with the sulphide ore as feed to the flotation circuit and this concept has been included in the financial modelling.

Metallurgical Test Work

Recovery – Sulphide Ore	– gold	90.0 %
	– silver	95.0 %
– Oxide/Transitional	– gold	70.0 %
Ore	– silver	75.0 %
LoM Concentrate Production		424,000 t
Average Annual Concentrate Production		70,600 t
Concentrate Grade	– gold	37.5 g/t
	– silver	504.4 g/t
	– arsenic	20%
	– sulphur	21%
Annual Contained Metal	– gold	85,200 oz
	– silver	1,152,000 oz
	– gold equivalent	100,600 oz
	(75.0 g/t Ag = 1.0 g/t Au)	

NOTE: The above forecasts were derived from the results of the initial metallurgical test work on La Demajagua sulphide ore by SGS Laboratories which is being supervised by Antilles Gold's highly experienced, Vancouver based Technical Director, Dr Jinxing Ji. Recoveries for the oxide/transitional ore were recommended by Dr. Ji based on his previous experience. The test work will continue until August/September 2022 with final results forming the basis for the revision and confirmation of an existing offer from a large Chinese engineering group to design and construct the crushing, milling, and flotation circuits for the project on a turnkey basis.

PROJECT DEVELOPMENT COSTS	US\$M	SOURCE OF DATA	RANGE
Pre-development Activities including drilling & DFS	6.7	AGI estimate	
Mine Buildings & Infrastructure	10.4	MLV design/estimate	
Mine Development			
Mining Plant & Equipment	13.5	Supplier quotations	
Logistics Support	3.9	AGI estimate	
Pre-Stripping	9.1	AGI estimate	
Concentrator	16.4	Supplier quotation	
Power Station	5.6	Supplier quotation	
Barge Loading Facility	0.5	MLV estimate	
Project Management & Administration	5.4	AGI estimate	
Capitalised Interest during Construction	3.5	AGI estimate	
TOTAL DEVELOPMENT COSTS	75.0		+10% -10%

Proposed Project Financing

Antilles Gold's equity contribution to MLV	13.0	Contractual commitment
Project Loan (5 year, 10% pa)	46.3	Indicated by potential lender
Supplier Credit (5 year, 5% pa)	15.7	Assumed with China Exim Bank support
	75.0	

LoM INCOME

Anticipated LoM Sale of Concentrate

	US\$M	
88% value of contained gold at spot price of US\$1,650/oz	742.3	
70% value of contained silver at spot price of US\$22/oz	106.5	
Less processing costs	(148.3)	
TOTAL LoM SALES REVENUE	700.5	+0% -10%

NOTE: The approximate selling price for the gold/silver concentrate delivered in TEU shipping containers to the destination port was advised by a potential buyer, subject to final concentrate grades and testing samples when available.

This element of the financial modelling will remain uncertain until off-take agreements have been established.

LoM PRODUCTION COSTS	US\$M	SOURCE OF DATA	RANGE
Mining			
Mining Operation	45.1	AGI estimate	
Salaries	14.4	MLV estimate	
Equipment Maintenance	19.0	AGI estimate	
Total Mining Costs	78.5		+15% -0%
Concentrate Processing			
Power Supply	31.2	Concentrator supplier estimate	
Consumables	23.0	Metallurgical test work	
Maintenance Spares	8.4	Concentrator supplier estimate	
Maintenance Services	2.1	Concentrator supplier estimate	
Salaries	21.9	MLV estimate	
Port Costs & Ferry Services	4.6	MLV estimate	
Shipping of Consumables	5.6	MLV estimate	
Site & Camp Costs	9.1	MLV estimate	
Total Processing Costs	105.9		+10% 0%
Concentrate Shipping			
Nueva Gerona Port Costs	3.0	MLV estimate	
Nueva Gerona – Jamaica	18.0	MLV estimate	
Jamaica – China	31.8	Indicated – Shipping Line	
Total Concentrate Shipping Costs	52.8		+22% -22%

NOTE: MLV intends to charter a 3,000 DWT landing craft to transport TEU shipping containers loaded with 24 DMT of concentrate from the Nueva Gerona port on the Isle of Youth (35 km from the mine site) to the Kingston Freeport Container Terminal in Jamaica (580nm) from where a major shipping line has quoted the cost of transporting the TEU's to a port in north-east China as the assumed destination.

The freight rates from Kingston have been assumed to be at the mid-point between long standing historic rates, and the current high rates quoted by the shipping line.

If current rates, which have recently spiked, are maintained through 2024, shipping costs from Kingston for LoM would increase by approximately US\$12.0 million. Similarly if rates return to historic levels the LoM costs would reduce by approximately US\$12.0 million.

LoM PRODUCTION COSTS (continued)	US\$M	SOURCE OF DATA	RANGE
Indirect Costs			
Overheads & Administration	6.7	MLV estimate	
Allocated AGI Expenses	2.0	AAU estimate	
Rehabilitation Costs	2.5	MLV estimate	
Total Indirect Costs	11.2		+20% -20%
Government Charges			
Royalty 3%	19.4	Mining Regulation	
Territorial Contribution	1.0	Mining Regulation	
Surface Rights	2.4	Mining Regulation	
Total Government Charges	22.8		+0% -0%
LoM PRODUCTION COSTS	271.2		+15% -5%
LoM OPERATING PROFIT	429.3		+5% -25%
LESS INTEREST	17.8		
LESS DEPRECIATION	84.4		
LESS TAXATION (15% taxation waived for first 4.5 years of operation)	14.7		
LoM NET PROFIT	312.4		
LoM CASH SURPLUS ⁽ⁱ⁾	325.4		
PAYBACK OF DEVELOPMENT COSTS (from Commissioning)	1.7 years		

Note (i) – includes equity contributed by Antilles Gold (US\$13.0 million).

	C1 CASH COSTS PER TONNE CONCENTRATE	CASH COSTS PER OZ GOLD EQUIVALENT
	US\$ per tonne	US\$ per oz Au equiv
Mining	185.1	130.1
Processing	249.8	175.5
Government Charges	53.8	37.8
Indirect	26.4	18.6
Concentrate Transport	124.5	87.5
	639.6	449.5

SENSITIVITY

GOLD PRICE US\$/OZ	1,500	1,650	1,800	1,950
LoM CASH SURPLUS US\$M	262.6	325.4	388.1	450.9
NPV₈ US\$M	172.8	218.1	263.4	308.7
IRR%	37.6	43.7	49.1	54.0

The order of accuracy for the Study is within normal $\pm 30\%$ for a Scoping Study.

The Financial Model will be updated progressively as part of the DFS for the project as final JORC Resources, and the pit design are produced, metallurgical test work is concluded, supplier quotations are confirmed, and concentrate off-take agreements negotiated.

ADDITIONAL NOTES

CAUTIONARY STATEMENTS

The Scoping Study referred to in this announcement is a preliminary technical and economic study of the potential viability of the proposed La Demajagua open pit mine in Cuba. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before Antilles Gold will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

The Scoping Study is based on the material assumptions previously noted. These include assumptions about the availability of funding. While Antilles Gold considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the outcomes indicated in the Scoping Study, funding of approximately US\$62 million will be required. Investors should note that there is no certainty that Antilles Gold or the joint venture company, Minera La Victoria SA, will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Antilles Gold's existing shares.

It is also possible that Antilles Gold may pursue other value realisation strategies such as a sale, partial sale, or joint venture of the foreign component (49%) of the project. If it does, this could materially reduce Antilles Gold's proportionate ownership of the project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Production Target

All material assumptions underpinning the Production Target notified to ASX on 17 February 2022, continue to apply and have not materially changed.

Location

The 900ha La Demajagua Mining Concession is located 35km by paved highway from the Port City of Nueva Gerona on the Isle of Youth which is 70nm from the mainland in south-west Cuba.

The Concession is 4km from the coast, 20m above sea level, and the site is flat.

The site is remote from local communities, and devoid of structures and vegetation, and connected to the electricity grid, water supply, and fibre optic cable.

Operation

Fuel costs, and staff and labour costs are quite low and stable in Cuba.

The proposed open pit mining is expected to be a straightforward operation with mining to a depth of approximately 150m, and though the stripping ratio is relatively high the project will benefit from reasonably soft waste material.

The mining fleet will be supplied by Chinese manufacturers of high quality equipment, as will the concentrator.

Management

MLV has established its head office in Havana, staffed by the Australian General Manager for the project who was seconded from Antilles Gold, and a full complement of experienced Cuban staff covering functions such as;

Legal, company secretarial, accounting, procurement, logistics, engineering, planning, and environmental.

In August 2022, an experienced Australian project manager will assume the role of Construction Manager for the mine development, followed by the progressive appointment of construction supervisors, and operations and plant maintenance management, with all senior roles to be filled by nominees of Antilles Gold.

Environmental

Environmental approval for the proposed project is proceeding and expected to be received in September 2022.

The primary environmental issue will be the avoidance of acid mine drainage from the co-mingled tailings/waste disposal stockpile.

Cyanide is not required in the production of concentrate.

Financing

Financing of the Project will be a challenge with US sanctions in place against Cuba. However, preliminary discussions with several financial institutions not affected by the sanctions have been encouraging, as is the prospect of obtaining deferred payment terms from the preferred Chinese suppliers which could be supported by the China Exim Bank.

Negotiations on project financing can be accelerated now the Maiden JORC Resources have been established, and the detailed Financial Model from the Scoping Study can be provided to prospective lenders.

Similarly, as the preferred Chinese suppliers have now been selected, discussions on deferred payments can commence.

Fiscal Regime

Law 118 for Foreign Investment was adopted in March 2014 and provides basic investment protection and other general rules relevant to foreign investors.

The fiscal regime applying to MLV and the La Demajagua mine include;

- Equal numbers of directors with all Board decisions to be unanimous.
- Senior management, and consultants nominated by Antilles Gold.
- An Account at an International Bank will receive project loans, and concentrate sales proceeds, from which repayment of loans, foreign creditors, and dividends will be met. Funds remitted to Cuba will be limited to those required to service local creditors

- The corporate tax rate (15%) has been waived for approximately 4.5 years of operations. The goods and services tax of 10% has been reduced by 50% for the duration of the project.
- Import duties have been waived for the project development.
- Sale of Antilles Gold's shares in the joint venture company is un-restricted.
- Disputes to be resolved at the International Court of Arbitration ("CCI") in Paris.

FORWARD LOOKING STATEMENT

Some of the statements contained in this document are forward-looking statements, such as statements that describe Antilles Gold Limited's ("AAU") or Minera La Victoria SA's ("MLV") future plans, intentions, objectives or goals, and specifically include but are not limited to statements regarding MLV's properties, resource estimates, potential mineralization, future financial or operating performance, gold and silver prices, estimated future production, future costs, timing of production start and economic analysis.

Actual results and developments may differ materially from those contemplated by such forward-looking statements depending on, among others, such key factors as the possibility that actual circumstances will differ from estimates and assumptions used in assessing the potential of the proposed La Demajagua gold/silver open pit mine, the environmental and social cost of proceeding with the project, uncertainty relating to the availability and costs of financing needed in the future, economic sanctions, general business and economic conditions, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of the project, and the impact of future legislation and regulations on expenses, capital expenditures and taxation, changes in project parameters, variation in ore grade or recovery rates, delays in obtaining government approvals and necessary permitting, impurities in products and other risks involved in the mineral exploration and development industry.

The forward-looking statements represent AAU's and MLV's current views and subsequent events and developments may cause these views to change. AAU disclaims any obligation to update forward-looking information except as required by law. Readers should not place undue reliance on any forward-looking statements.