

26 October 2023

## **PROPOSED EXPANSION OF THE LA DEMAJAGUA PROJECT TO INCLUDE GOLD DORÉ PRODUCTION & INCREASE PROFITS**

**Antilles Gold Limited (“Antilles Gold” or the “Company”) (ASX: AAU, OTCQB: ANTMF) advises that the scope of the proposed La Demajagua gold project has been expanded to include the production of gold doré.**

The Company and its Cuban partner, GeoMinera, anticipate a significant increase in profit, and NPV from the decision to expand the La Demajagua Project (the “Project”) to produce gold doré from the open pit mine’s gold-arsenopyrite concentrate, rather than selling the concentrate into a difficult market for this product.

Since the pre-development activities for the Project commenced, sales to China have become uneconomic as a consequence of recently imposed taxes on imported concentrates with high arsenic content, and Russian POX plants are no longer accessible due to sanctions.

Further, the commodities trader that the joint venture company, Minera La Victoria (“MLV”), has been dealing with has advised that due to reducing availability of excess processing capacity in plants outside of China, it cannot commit to purchasing 100% of the mine’s output of gold arsenopyrite concentrate.

To address this problem, MLV now proposes to establish a concentrate processing facility at the mine site based on a 75,000tpa two-stage fluid-bed roaster that will oxidise 50,000tpa of La Demajagua gold arsenopyrite concentrate, and 25,000tpa of gold pyrite concentrate imported from regional mines.

An associated 100,000tpa CIL circuit will have sufficient capacity following mass losses during roasting to allow production of additional doré from approximately 40,000tpa of oxide gold ore from the La Demajagua deposit that will be mined separately from the predominantly sulphide ore .

The targeted doré production will be established by the DFS for the expanded project, and is expected to be around 125,000oz Au per year for the 9 year open pit LoM, and could potentially continue with underground operations to follow for a similar period.

The ~6,000tpa of gold antimony concentrate that will also be produced by the mine is readily saleable.

Negotiations have commenced with a Chinese engineering group with extensive experience in designing and constructing roasters in order to obtain a turnkey proposal for the proposed plant. Metallurgical test work will be necessary prior to finalisation of the proposal.

Preliminary indications are that the capital cost for the proposed roaster and associated CIL circuit will be approximately US\$45 million including pre-development activities. The processing facility is expected to produce a robust return, while underwriting the development of the La Demajagua mine.

In order to meet this expenditure, Richlink Capital ([www.richlink.com.au](http://www.richlink.com.au)), a Beijing based financial services group with an office in Sydney, has been engaged to assist MLV to arrange for a suitable Chinese company with experience in operating roasters, to provide additional capital by subscribing for a shareholding in MLV at a price that reflects the market value of its projects.

A CA has already been requested by one potential investor in association with a Chinese financier, to permit their due diligence investigations prior to commercial negotiations on such an investment.

It is anticipated that any new shareholder will provide senior management for the operation of the processing plant, and also assist in arranging project finance.

If this occurs, Antilles Gold and GeoMinera will both have their shareholdings diluted but the increased NPV for the expanded project is expected to maintain, or improve each partner's share of the NPV for the Project, despite the reduced ownership.

The results of the Scoping Study advised to ASX on 30 March 2023 for the mine development based on producing and selling concentrates indicated a project NPV<sub>8</sub> of US\$196 million at US\$1,800 per oz Au.

Based on comparative capital costs with recently commissioned two-stage roasters in Laos, and China, indicated operating costs, and anticipated gold recoveries, the combined NPV for the mine and associated processing facility is expected to increase significantly.

Although construction commencement for the expanded La Demajagua Project will be delayed, it is expected that it will be fully permitted and development-ready by the end of 2024.

**In the interim period, MLV's focus will be on commencing construction of the proposed Nueva Sabana gold-copper mine in central Cuba in May/June 2024, with commissioning targeted for Q2 2025.**

**The intention of MLV to expand the scope of the Project and prioritise development of the Nueva Sabana mine has been confirmed as an appropriate strategy for Antilles Gold in a review by Richlink Capital, acting in the advisory capacity advised in an ASX announcement on 19 September 2023.**

Mr Brian Johnson, Executive Chairman of Antilles Gold commented “the concept of adding the production of gold doré to the La Demajagua project will not only increase its profitability but will de-risk the mine development in a market where it is becoming increasingly difficult to place all of its annual production of gold arsenopyrite concentrate through reliable, long term offtake arrangements.

The expanded project will increase the financial returns for the project, increase the certainty of its development, and should be attractive to potential investors in Minera La Victoria (“MLV”).

It is anticipated that the additional capital that will be sought by MLV from an Investor for a one third shareholding would be in the order of US\$50 million (~A\$75 million) based on a large discount to the NPV of MLV’s assets. The amount ultimately negotiated for any investment will provide an indication of the market value of Antilles Gold’s diluted shareholding in MLV.

While the La Demajagua project will delay construction commencement to the end of 2024, the outcome of the expanded scope will be in the best interest of the joint venture, and Antilles Gold.”

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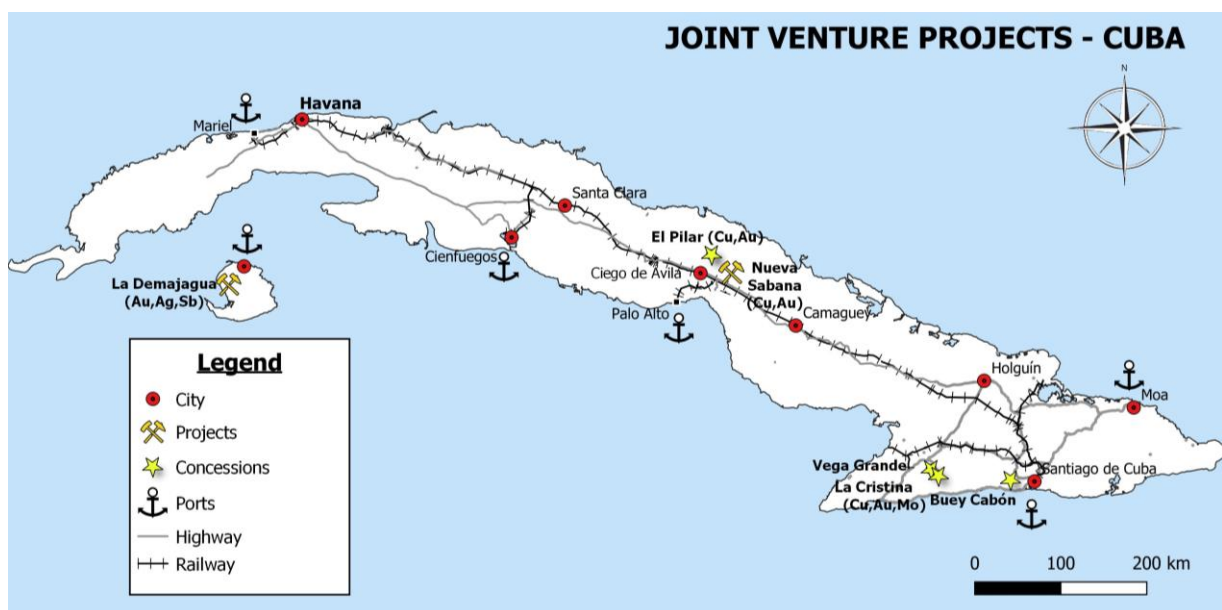


Recently Commissioned 300tpd Two Stage Roaster  
Ba Mian Gold Mine, Laos

## ABOUT ANTILLES GOLD LIMITED:

Antilles Gold's strategy is to participate in the successive development of previously explored gold, silver, and copper deposits in mineral rich Cuba.

- The Company is at the forefront of the emerging mining sector in Cuba and expects to be involved in the development of several projects through its joint venture with the Cuban Government's mining company, GeoMinera SA.
- The first project expected to be developed by the 50:50 joint venture company, Minera La Victoria SA, is the proposed Nueva Sabana mine based on the El Pilar gold-copper oxide deposit which overlays a large copper-gold porphyry system in central Cuba.



- The second project is expected to be the development of the La Demajagua open pit mine on the Isle of Youth in south-west Cuba to produce gold arsenopyrite, and gold antimony concentrates. It is planned to process the high arsenic concentrate at a plant incorporating a 200tpd two stage fluid bed roaster and a 275tpd CIL circuit to produce gold doré.
- The joint venture partners intend to invest part of the expected surplus cash flow from early mine developments to fund exploration of major copper targets, including the El Pilar copper-gold porphyry system, and three highly prospective properties within the Sierra Maestra copper belt in south east Cuba.

- Antilles Gold is comfortable operating under the applicable law on Foreign Investment in Cuba, and the realistic Mining and Environmental regulations, and has been granted a generous fiscal regime by the Government which is supportive of its objectives.
- The existing joint venture agreement includes the requirement for all funds to be held in a foreign Bank account with the only transfers to Cuba being for local expenses, which will obviate country credit risk for foreign lenders and suppliers.



Drilling - El Pilar