

26 October 2022

## ANTILLES GOLD OUTLINES UPDATED NEAR-TERM DEVELOPMENT STRATEGY FOR JOINT VENTURE IN CUBA

Antilles Gold Limited (“Antilles Gold” or the “Company”) (ASX: AAU, FSE: PTJ, OTCQB: ANTMF) advises that the near-term focus of its joint venture with the Cuban Government’s mining company, GeoMinera SA, will be on the development of two mid-sized mining projects, and the exploration of a major copper-gold porphyry system.

The joint venture company, Minera La Victoria S.A. (“MLV”), intends to pursue the following activities in 2023:

- Construction of the proposed La Demajagua open-pit mine is planned to commence around April 2023, and produce two concentrate products following commissioning in late 2024, one being gold-rich, and the other silver-rich with high levels of valuable antimony.
  - Antimony is a strategic critical metal used in munitions, and the manufacture of batteries and semi-conductors, and is in increasing demand with its price doubling over the past two years.
  - The addition of antimony to the La Demajagua project revenue will impact positively on the project profitability and enhance financing options.
- A 7,000m drilling program of the outcropping El Pilar gold-copper oxide deposit is planned to commence in January 2023, in anticipation of construction of a shallow, low cap-ex open-pit mine between Q2 2024 and Q2 2025, to produce copper and gold concentrates.
- A separate 15,000m drilling program of the large, highly prospective El Pilar copper-gold porphyry system in central Cuba is planned to commence in February 2023.
- An airborne geophysical survey will be conducted over the 40km long New Horizons VMS style polymetallic mineral belt in central Cuba in Q3 2023.

## BACKGROUND

- Antilles Gold is focused on mineral-rich Cuba which has been extensively explored by Canadian, Russian, and Cuban mining companies, but where development opportunities have been overlooked for decades.
- The only recent development has been the US\$300 million Castellanos base metals mine which was commissioned in 2017-18 by the EMINCAR joint venture between Trafigura and GeoMinera.
- Cuba is a mining-friendly jurisdiction with attractive foreign investment laws, and realistic mining and environmental regulations.
- The Company spent over two years (2018-2020) negotiating a 49:51 joint venture with GeoMinera after being invited to participate in the development of the Country's largest known gold-silver deposit at La Demajagua.
- The 49:51 relationship reflects ownership of the joint venture company, Minera La Victoria ("MLV"), but not control of Board, or Shareholder Meetings, where voting is equal for both participants.
- Since early 2021, under the direction of Antilles Gold, MLV has been advancing the pre-development activities for the proposed La Demajagua open pit mine which, based on geological modelling and metallurgical test work, is currently planned to produce approximately 65,000 tpa of concentrate containing gold, silver, and antimony, for around 7 years, and be followed by underground operations for 10 years.
- In late 2021, GeoMinera agreed that it would work with Antilles Gold to progressively establish a mining company in Cuba focussed on the production of copper and zinc as well as precious metals, rather than developing a single project at La Demajagua.
- Antilles Gold was subsequently offered over 30 previously explored concessions and properties to review from which three were selected, and two were incorporated in a formal Exploration Agreement with GeoMinera.
  - the 17,800ha El Pilar Concession in central Cuba covering three copper-gold porphyry deposits (El Pilar, Gaspar, and San Nicholas), and their overlying gold-copper oxide deposits which have near-term development potential.
  - the 31,700ha 40km long New Horizons VMS style polymetallic mineral belt in central Cuba that includes four copper-zinc mines (Antonio, Santa Rosa, San Fernando, and Los Cerros) that were operated by a Soviet mining company until abandoned in the exodus from Cuba in 1991, and 16 identified targets with outcropping mineralisation.

- The third property, a major VMS polymetallic mineral field in south-east Cuba, is also expected to be included in the Exploration Agreement.
- The Exploration Agreement permits Antilles Gold to review, at its cost, the potential of various deposits through preliminary exploration, metallurgical test work, and financial analysis before nominating which properties should be transferred to a joint venture for potential development.
- The Company will be reimbursed the cost of its review by the joint venture that is established to undertake the development of the nominated project.
- It is expected that the development of smaller projects such as the proposed gold-copper mine on the El Pilar oxide deposit, and the potential re-opening of copper-zinc mines within the New Horizons polymetallic mineral belt, will be undertaken in the existing joint venture which was established for the development of the La Demajagua gold-silver deposit.
- Any large prospective developments will be incorporated in separate joint venture companies where all or part of Antilles Gold's shareholding may ultimately attract a major mining company interested in progressing a substantial mining project.

## STRATEGY

### LA DEMAJAGUA SULPHIDE GOLD-SILVER MINE

- The proposed La Demajagua open pit mine will be development-ready when its DFS is completed in March 2023.
- In the interim, a revised Scoping Study is expected to be completed in December 2022 taking into account metallurgical test work indicating the potential to produce two separate concentrates:
  - ~ 54,000 tpa of a gold-rich concentrate with high arsenic content where samples have demonstrated good recoveries from smelters, and an off-take agreement is being negotiated with an international trading group (indicative grades of 38.4 g/t Au, 114 g/t Ag, 6.6% Sb, and 29% As).
  - ~ 11,000 tpa of a silver-rich concentrate with relatively low arsenic content, and high antimony (Sb) content (indicative grades of 33% Sb, 28 g/t Au, 1540 g/t Ag, and 8.8% As).
- Additional metallurgical test work will be aimed at potentially increasing the content of the high value antimony to over 40% in the silver-rich concentrate.

- **Negotiations have commenced for off-take with parties that have provided expressions of interest in purchasing both concentrates, with indicative pricing of 75% for contained precious metals, and 50% for antimony which has a current price of approximately US\$12,000/t.**

- It is intended to meet the anticipated US\$75 million to US\$80 million of capital costs (including pre-development activities) by a combination of:

	USD
Equity contributions to the joint venture by Antilles Gold	13.0 M
Deferred payments to Chinese suppliers of mining equipment, concentrator and power station, supported by the China Ex-Im Bank	20.0 M
Pre-payments for concentrates by trading companies	20.0 M
Project loan	27.0 M
	<b>80.0 M</b>

- The Company will follow-up on preliminary discussions with financiers after the updated Scoping Study is completed, and is confident of having financing in place by mid-2023 which would allow commissioning of the La Demajagua mine by the end of 2024.
- Antilles Gold has to date contributed US\$8.0 million of its committed equity to the joint venture. An additional US\$1.0 million will be applied to completing the DFS, and the US\$4.0 million balance will be spent primarily on mine infrastructure after project financing has been arranged.
- An updated revised Scoping Study is expected to be completed in December 2022, and will take into account increased JORC Resources, potential income from antimony, and a mine life planned to be extended to 7 years, which should improve the economics of the project.

**EL PILAR OXIDE GOLD-COPPER MINE**

- The joint venture will also focus on the near-term development potential of what is expected to be its second project, a shallow, low cap-ex open pit mine on the El Pilar gold-copper oxide deposit which overlies a large copper-gold porphyry deposit in central Cuba.
- The reasons why this small project is most attractive include the following:
  - the development costs for the El Pilar oxide deposit are expected to be in the order of only US\$30 million including pre-development and infrastructure costs.
  - the infrastructure costs will be relatively low with the level mine site benefitting from the existence of near-by HT power lines, highway connection, water supply, an available local workforce, and a 50km rail link to a port for concentrate export, and the absence of agricultural activities.
  - the clean gold and copper concentrates expected to be produced should attract payables in the order of 95% of the value of contained metal.

- modelling of 24,000m of historic drilling of the oxide deposit resulted in an Upper Exploration Target in the gold domain of 1.4Mt of ore containing 221,000 oz Au at a grade of 4.8 g/t Au, and 1.7Mt of ore in the underlying copper domain containing 52.7Mlb of Cu at a grade of 1.4% Cu. (reported to ASX on 5 July 2022)
- the current in-ground value of metals may increase based on the extensive activities of artisanal miners in the surrounding area which will assist in identifying where additional pits might be developed to feed the concentrator, and extend the anticipated six year mine life.
- Assay results from a recent 1800m cored drilling program along strike of the oxide deposit are expected to be received in November 2022 and will provide an indication of the reliability of the historic drilling.
- An additional 7000m drilling program on the oxide deposit is planned to commence in January 2023, with JORC Resources, metallurgic test work, and an accurate Scoping Study to be completed in October 2023.
- Gold concentrate would probably be shipped to a smelter in Canada, and the copper concentrate to Europe thereby avoiding costly shipping to East Asia through the Panama Canal.
- It is expected the project will be financed internally from the anticipated surplus cash generated by the La Demajagua mine.
- A preliminary financial analysis of the proposed oxide mine development indicates a payback of six to nine months at current metal prices with the project having the potential to add to the joint venture's profits and cash flow from La Demajagua.
- This project should be ready to commence mine construction in Q2 2024 and be commissioned 12 months later.

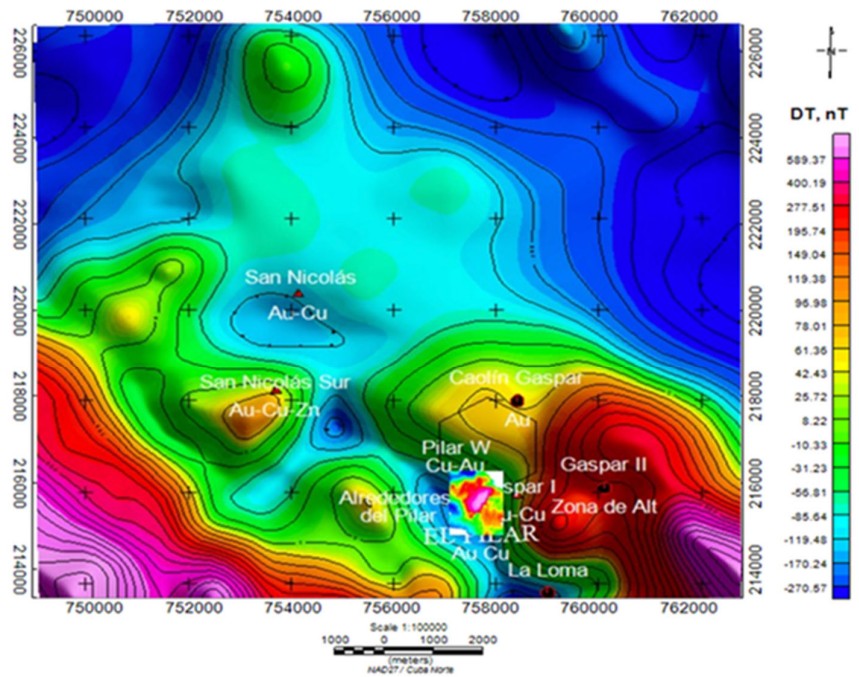
## EXPLORATION OF MAJOR TARGETS

- Over the next two years, Antilles Gold will complete the preliminary review of the stand-out targets within the Concessions held in the Exploration Agreement, and establish the appropriate joint venture agreements with GeoMinera.
- Any of these targets could be "company makers".
- **The initial exploration focus will be on the large El Pilar copper-gold porphyry deposit where a 15,000m drilling program to an initial depth of approximately 300m is planned to commence in February 2023 following completion of ground magnetics and Induced Polarisation ("IP") surveys over a 3.0km by 2.0km area, which will cover both the El Pilar and Gaspar porphyry deposits.**



- 48,000m of historic shallow drilling over these deposits was focussed on the overlying oxide caps but penetrated into outer zones of porphyry intrusions.
- The in-situ copper-gold sulphide mineralization of the target potassic porphyry core is interpreted to be immediately below the surficial phyllic caps and remains untested with deeper drilling.

- The surficial hydrothermal alteration evident at El Pilar represents a classic porphyry phyllic cap and the dimensions of the phyllic alteration (upper part of in-situ porphyry systems) indicate the porphyry intrusion has large dimensions and a depth greater than 1,000m.



**Aeromagnetic Survey El Pilar**

- **In Q4 2023, an airborne geophysical survey will be conducted over the New Horizons VMS polymetallic mineral belt in central Cuba, and a review of this data and results from 68,000m of historic drilling will determine the exploration program to be conducted on any identified VMS structures in 2024.**
- **To fund the preliminary exploration programs, and project evaluations in 2023-2024, the Company aims to conclude negotiations in early 2023 with one of several parties showing interest in taking up a substantial strategic shareholding in Antilles Gold through a share placement, which should be undertaken at a premium to the then prevailing market.**
- **From early 2025, exploration could be met by cash flow from within the joint venture company, following commissioning of the La Demajagua open-pit mine.**

## KEY TARGETS

### MINE DEVELOPMENTS

#### LA DEMAJAGUA SULPHIDE DEPOSIT (Au – Ag)

Revised Scoping Study	Dec 2022
Completion of Metallurgical Test Work	Feb 2023
Concentrate Off-take Agreements	Mar 2023
DFS	Mar 2023
Project Financing	June 2023
Mine Development	July 2023-Dec 2024
Commissioning	Dec 2024

#### EL PILAR OXIDE DEPOSIT (Au - Cu)

Assay Results from completed 1800m Drilling Program	Nov 2022
Update of Exploration Target Range	Dec 2022
Drilling program ~ 7,000m	Jan-April 2023
Assays	May-June 2023
Metallurgical Test Work	July-Sep 2023
Scoping Study	Oct 2023
Concentrate Off-take Agreement	Oct 2023
DFS	Dec 2023
Project Financing	Mar 2024
Mine Development	April 2024-Mar 2025
Commissioning	April 2025

#### NEW HORIZONS EXISTING MINES (Cu – Zn)

Review Potential for Re-Opening 4 Copper-Zinc Mines abandoned in the Soviet withdrawal from Cuba in 1991	Oct-Dec 2023
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### EXPLORATION PROJECTS

#### EL PILAR PORPHYRY DEPOSIT (Cu – Au)

Completion of Ground Magnetics & IP Surveys	Jan 2023
Drilling Program ~ 15,000m	Feb-July 2023
Assays	April-Sep 2023
Metallurgical Test Work	Sep-Nov 2023
Project Evaluation	Dec 2023

#### NEW HORIZONS VMS POLYMETALLIC BELT (Cu – Zn – Ag)

Airborne Geophysical Survey of Concession	Sep 2023
Review 68,00m of Historic Drilling	Oct-Dec 2023

END

This announcement has been authorised by the Board of Antilles Gold Limited.  
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## ABOUT ANTILLES GOLD LIMITED:

- Antilles Gold's strategy is to participate in the successive development of previously explored gold, silver, copper, and zinc 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 a number of projects through its 49:51 mining joint venture with the Cuban Government's mining company, GeoMinera SA.
- Importantly, GeoMinera's 51% shareholding in the joint venture company reflects ownership and does not provide control of decisions at Board or Shareholder Meetings, where the two shareholders have equal votes.
- The 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, and for Antilles Gold to nominate all senior management.
- Antilles Gold is comfortable operating under the applicable law on Foreign Investment in Cuba which protects minority shareholdings, 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 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 south-west Cuba which, based on geological modelling and metallurgical test work, is planned to produce approximately 65,000 tpa of concentrate, containing gold, silver, and antimony for 7 years.
- The current pipeline of additional projects with near-term development potential includes the El Pilar gold-copper oxide deposit overlying a very large copper-gold porphyry system, and the reopening of four previously producing copper-zinc mines. These properties in central Cuba will be explored initially by Antilles Gold prior to their transfer to a joint venture with GeoMinera for additional exploration and studies, and potential development to produce gold, silver, copper, and zinc concentrates.
- The joint venture partners intend to invest part of the expected profits from the La Demajagua mine to fund future mine developments, and an extensive exploration program of major targets, including the large El Pilar copper-gold porphyry system and the 40km long New Horizons VMS style polymetallic mineral belt. Both of these Concessions are held in an Exploration Agreement with GeoMinera.

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