

10 NOVEMBER 2020

LA DEMAJAGUA GOLD/SILVER PROJECT, CUBA

JOINT VENTURE

In October 2018 an Antilles Gold Limited subsidiary was selected by the Cuban Government's mining company, GeoMinera S.A. ('GMSA'), as its proposed 49% joint venture partner for the development of GMSA's La Demajagua refractory gold/silver property on the Isle of Youth in Southwest Cuba.

The terms of a Joint Venture Agreement were subsequently negotiated and finalised in December 2019. The Joint Venture company, Minera La Victoria SA ('MLV'), was then approved by the Council of Ministers, and registered on 14 August 2020

The La Demajagua mineral deposit incorporates the old workings of the Delita gold mine which operated intermittently between 1947 and 1985. More recently the deposit has been the subject of three professional preliminary feasibility studies. The results of these studies, and from 50,000m of historic drilling, predominantly by Canadian mining companies, formed the basis for Antilles Gold's evaluation of the technical and commercial viability of the proposed Stage One open pit mine development, prior to entering into the Joint Venture.

Senior Cuban administration and technical staff have been engaged by MLV, and Antilles Gold's nominated General Manager for the proposed mine development will relocate from the Dominican Republic to Cuba next month to oversee the conduct of a Preliminary Feasibility Study ("PFS"), and the following Definitive Feasibility Study ('DFS') for the proposed mine development .

MLV will undertake the PFS and DFS over the next eighteen to twenty months to confirm the viability of developing a Stage One 800,000tpa open pit mine to produce approximately 60,000tpa of refractory concentrate for six years, which could be sold to prospective buyers that have shown interest in the La Demajagua concentrate.



The planned open pit operation is likely to be followed by a Stage Two underground operation for up to ten years at a reduced rate of mining and concentrate production.

Antilles Gold will also study the viability of constructing a 100,000tpa Albion/CIL plant to process the concentrate and produce gold and silver in doré bars for refining. The plant could be developed at either La Demajagua within the MLV joint venture company, or possibly at Las Lagunas in the Dominican Republic. The location would be dependent on the outcome of feasibility studies, ongoing US sanctions against Cuba, and the availability of project finance for either alternative.

If developed, the second generation design will involve modifications found necessary at the Group's Albion/CIL project at Las Lagunas and subsequently incorporated in the plant installed by the Albion process patent holder, Glencore Technology, at Ararat in Armenia.

The Armenian plant currently recovers 95% of gold from a clean arsenopyrite concentrate similar to that which will be produced at La Demajagua.



Ararat Albion/CIL Plant, Armenia

Selected items of plant and equipment, from the Group's completed Las Lagunas tailings retreatment project, including a sophisticated and well maintained oxygen plant could be incorporated in any new plant. All of this equipment has been fully depreciated against the Las Lagunas project.

DRILLING CONTRACTOR ENGAGED

MLV has accepted a proposal from drilling contractor, Cubanex, to undertake a 25,000m program for the La Demajagua project as part of the PFS. Cubanex is an experienced contractor jointly owned by Canadian driller Heath & Sherwood International, and GMSA.

Western Australian mining consultants, Cube Consulting, have reviewed and modelled the results from the approximately 50,000m of historic drilling and recommended drill hole locations for the program.

Cubanex will commence the drilling program in January 2021 which should permit an initial JORC Resource to be established for the planned Stage One open pit mine, by around July 2021.

EXPLORATION TARGET

Cube Consulting have also estimated the Exploration Target Range for the La Demajagua mineral deposit (refer attached Technical Memo and Competent Persons Statement for further detail). The potential quantity and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource in accordance with the JORC Code, and it is uncertain if the planned exploration program will result in the estimation of a Mineral Resource.

LA DEMAJAGUA EXPLORATION TARGET (above 1.0 g/t Au)

	Tonnes	Grade (Au g/t)	oz Au	Grade (Ag g/t)	oz Ag
Lower	16,000,000	2.3	1,200,000	17	8,700,000
Upper	20,000,000	2.7	1,700,000	23	14,800,000

PRELIMINARY ECONOMIC ASSESSMENT

Antilles Gold has had the benefit of access to the historic drilling data and the results of previous preliminary feasibility studies for the development of open pit and underground mines at La Demajagua.

This information assisted the Company in its preparation of a Preliminary Economic Assessment ("PEA") for the Stage One open pit mine planned by MLV, which demonstrated attractive returns for both the sale of concentrate, and production of doré based on a conservative gold price.

For the purposes of the PEA it was assumed the La Demajagua project would be able to sell concentrate at the same % of value of gold and silver contained in concentrate as that advised by a Chinese smelting company which is permitted to import and process concentrate with high arsenic content.

Interest in concentrate offtake has also been shown by an international metals trader, and a smelter in far east Russia.

The PEA indicated a total capital cost for developing the Stage One open pit mine, concentrator, and power station for the production of concentrate to be approximately US\$73 million inclusive of the cost of feasibility studies, project management, administration, interest during construction, and working capital.

Antilles Gold also studied the option of installing an Albion/CIL plant to process the La Demajagua concentrate which, if constructed, would add approximately US\$60 million to the development costs.

Projections of profitability and the estimated NPV for the project cannot be reported prior to establishing JORC compliant Indicated Resources. Antilles Gold is confident that the current value of its 49% shareholding in the La Demajagua gold deposit is significantly higher than its nominal costs to secure this interest.



Las Lagunas Albion/CIL Plant, Dominican Republic

CAPITAL CONTRIBUTIONS

Antilles Gold will contribute a total of US\$13.0 million of equity for its 49% shareholding in MLV over a two year period from December 2020. Of this amount, approximately US\$7.0 million will be spent on the drilling program, feasibility studies, project management, and administration, with the balance on mine infrastructure when construction commences.

Antilles Gold will be responsible for arranging financing for the Stage One project and anticipates that around half of the required amount for concentrate production could be provided as credit from suppliers of the mining equipment, concentrator, and power plant.

If the Company is to maintain its shareholding for the planned underground operation it will be required to subscribe an additional US\$13.0 million of equity to MLV, in around 2027/28.

GeoMinera will transfer the La Demajagua mining concession to MLV for its 51% shareholding.

INVESTMENT IN CUBA



Capitol Building, Havana

The Cuban Parliament adopted Law 118 for Foreign Investment in March 2014.

The Act provides basic investment protection and other general rules relevant to foreign investors and sets out the various legal structures for the implementation of investment projects in Cuba.

Antilles Gold chose to invest in the development of the La Demajagua gold mine through a registered Joint Venture Company in which it will hold 49% of the shares.

Features of Law 118/2014 which will apply to the Joint Venture company include;

- The potential to invest in additional mining projects
- No assets may be expropriated without compensation in convertible currency, and determined by agreed experts

- All Board decisions must be unanimous
- Free transfer abroad of loans, profits and dividends are guaranteed without taxes or fees
- Sale of shares in the Joint Venture company are not restricted
- Senior management, specialists, and consultants to be nominated by Antilles Gold
- Workers must be hired through a Government agency
- Importation of goods and services for the project may be carried out by the Joint Venture company rather than a State agency
- The corporate tax rate will be 15% but waived for the first 8 years, or longer subject to approval by the Ministry of Finance
- Disputes in relation to termination and liquidation of the Joint Venture company or deadlock must be submitted to the Cuban Courts for resolution
- Disputes in relation to the Joint Venture Agreement or operational matters must be submitted to arbitration in Paris for resolution at the International Court of Arbitration ("CCI")
- Payroll tax is not applicable
- A social security contribution equal to 14% of payroll is applicable
- The goods and services tax of 10% is reduced by 50% for the duration of the project, and waived for the first year of operations
- Withholding tax is not applicable
- Personal income tax for expatriates is 15%
- Import duties are not applicable during the project development period, nor on capital equipment thereafter
- A 'Proceeds Account' is to be established overseas at an International Bank to receive all loans to the project, and sales proceeds. From this account payments will be made directly to service such loans, and pay foreign creditors, as well as dividends/distribution of profits. Funds to be remitted to Cuba from the Proceeds Account will only be those required for domestic capital and operating expenses, and Government taxes and fees.

THE DELITA MINE & ASSOCIATED LA DEMAJAGUA MINERAL DEPOSIT

Mining in Cuba

Cuba has a history of mining dating back to the days of Columbus and the Spanish settlement that followed. The geology of the island is varied giving rise to different types of mineral deposits scattered across the island. During the past century, a number of metal mining centres have been developed to exploit these deposits.

Cuba has some of the world's largest deposits of nickel, cobalt, manganese and chromium.

Over the past 30 years, Cuba has conducted regional exploration across the country for a wide variety of minerals and has identified substantial deposits of copper, gold, lead, zinc and other minerals, some of which are being exploited.

Sherritt Gordon of Canada has maintained a nickel refining operation in Cuba for over twenty five years.

More recently, the EMINCAR joint venture between Trafigura and the Government's mining company GeoMinera, commissioned the US\$275 million Castellanos base metals mine in 2017/18, and an increasing interest is being shown in the emerging mining sector by international mining companies, with a number of mining and exploration joint venture agreements signed in the past three years.

Site Location

The dormant Delita gold mine and the associated La Demajagua mineral deposit are located on the Isle of Youth which lies 60km south west of mainland Cuba, and are accessible from the port town of Nueva Gerona by 40km of paved two-lane highway. The 900ha mining concession is approximately 4km inland from tidewater on the west side of the island.

The property, which is at an elevation of 20m above sea level, lies in a gently rolling landscape with no major relief.

Delita History

The Delita deposit was discovered around 1900 but it received only cursory attention until the 1920s when a North American company acquired the concession, but production was minimal until after World War II.

In the period 1947 – 1950, approximately 60,000 – 70,000t of ore were mined underground at Delita. As mining progressed in depth, the material changed from shallow, oxide-zone material, to sulphidic arsenic mineralization. Some reports suggest that 60,000 t mined at a recovered grade of 14 g/t gold. A 40 tpd beneficiation plant was constructed to drive off arsenic and sulphur, and concentrates were shipped offshore to a smelter for direct refining. The property was abandoned in 1958 when the concentrator ceased operating.

During the 1970s and 1980s, regional exploration, mapping and geophysical surveys were conducted, and between 1977 and 1980, trenching and drilling were conducted on the Delita property. This work considerably expanded the potential resources.

Following a 1980 study, a new shaft was sunk and a flotation and gravity process plant constructed, with approximately 80,000 t of ore processed through the plant. High recoveries of gold and silver, reporting to flotation and gravity concentrates, were achieved in the plant, which had a nominal 6080 tpd capacity. However, the inability to process the refractory concentrates prevented operations from being expanded to full scale production.

Concentrate produced at the mine site amounted to about 5000 t of 30-60 g/t Au, 15-30% As, and 20-30% S.

A 1,000 t experimental block was mined in 1984 to test mining conditions and provide material for metallurgical testing. An auriferous arsenopyrite concentrate was produced but the operators were not able to market or process this material.

All work ceased on Delita in 1989

Previous Feasibility Studies

Boliden Contech, working under a technical assistance program for Cuba, prepared a Preliminary Feasibility Study of the Delita deposit in June 1990. It was concluded that the project was not viable at gold prices prevailing at that time, primarily because the metallurgical treatment was likely to be expensive and a costly undercut-and-fill method was proposed for underground mining.

In May 1992, Minproc Engineers prepared a Preliminary Feasibility Study of Delita for Matlock Mining NL of Australia. Minproc evaluated metallurgical test work and concluded that the project was economically viable.

Minera Mantua SA acquired its interest in the Delita project in 1993 and engaged Toronto based Davey Engineering to conduct a Preliminary Feasibility Study for the project, which was completed in March 1995.

In summary, Davey Engineering reported;

"Mine production schedules will allow a milling rate of 715,000 tpy (1,959 tpd) ore at an average head grade of 4.6 g/t gold from the combined open pit and underground operation.

The overall process is based on crushing and SAG milling run of mine ore, followed by flotation to produce concentrate which is to be fed to a pressure autoclave. The residue will then be treated in a carbon-in-leach (CIL) circuit for gold extraction followed by stripping and electrowinning with gold and silver produced in the form of a doré bar, which would be shipped offshore for final refining to gold and silver bullion. Tailings would be filtered and deposited with mine waste rock."

It should be noted that MLV intends to mine underground for up to 10 years after completing open pit operations but at a lower mining rate, and if it decides to produce doré rather than selling concentrate it would use an Albion/CIL processing plant for precious metals extraction instead of an expensive pressure autoclave as proposed by Minproc and Davey Engineering.

END

This announcement has been authorised for release by the Board of Antilles Gold Limited. For further information:

Brian Johnson
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Technical Memo

To: James Tyers
Company: Antilles Gold Limited
From: Daniel Saunders
Date: 4 November 2020
Project: La Demajagua
Subject: Exploration Target



Introduction

Cube Consulting Pty Ltd (Cube) were engaged by Antilles Gold Limited (AAU) to prepare an Exploration Target for the La Demajagua project located on the Isle of Youth in south west Cuba.

Exploration Target

Cube have defined an Exploration Target of approximately 16 to 20 million tonnes at a grade ranging between 2.3 and 2.7 g/t gold and 17 to 23 g/t silver across the La Demajagua project (Table 1).

The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

Table 1: La Demajagua Exploration Target (above 1.0 g/t Au)

Range	Tonnes	Gold		Silver	
		Grade (g/t)	Contained Metal (koz)	Grade (g/t)	Contained Metal (koz)
Lower	16,000,000	2.3	1,200	17	8,700
Upper	20,000,000	2.7	1,700	23	14,800

The Exploration Target is based on the current geological understanding of the mineralisation geometry and regional geology. This is provided by an extensive historic drill hole database of approximately 50,000 metres.

The Exploration Target, being conceptual in nature, does not consider factors related to geological complexity, possible mining method or metallurgical recovery factors. The Exploration Target was estimated to provide an assessment of the potential scale of the La Demajagua project mineralisation.

The reported Exploration Target is defined by:

- Three-dimensional interpretation of the historical drilling to generate a mineralisation wireframe.
- Generation of a block model with grades interpolated within the mineralisation wireframe using ordinary kriging with parameters defined by spatial analysis and estimation neighbourhood assessments.

Top-cuts were applied to composite data prior to estimation for both the gold and silver assays and ranged between 6 and 20 g/t gold and 200 to 250 g/t silver. Exploration Target grade ranges are based on a lower cut-off of 1 g/t gold.

Yours sincerely,



Daniel Saunders

Senior Consultant Geologist

Competent Persons Statement

The information in this report that relates to Exploration Targets is based on information compiled by Mr Daniel Saunders, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Saunders is a full-time employee of Cube Consulting Pty Ltd, acting as independent consultants to Antilles Gold Limited. Mr Saunders has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Saunders consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.