

## ANTILLES GOLD QUARTERLY REPORT & APPENDIX 5B – DECEMBER 2021

### ANTILLES GOLD

#### DEVELOPMENT OPPORTUNITIES

**Antilles Gold is uniquely positioned to access a number of gold and copper/gold development opportunities in mineral rich Cuba through its joint venture with a subsidiary of the Government's mining company, GeoMinera SA.**

#### CUBA'S MINERAL POTENTIAL

Cuba hosts a significant number of gold, copper, and nickel deposits that have been extensively explored by Canadian, Russian and Cuban mining companies, but where development opportunities have been largely overlooked by the international mining sector for over 20 years. However, Cuba is now emerging as a new frontier for mining investment.

#### JOINT VENTURE

Antilles Gold's projects in Cuba will be carried out in a joint venture company, Minera La Victoria SA ("MLV"), which was registered in August 2020.

MLV's shares are held by a subsidiary of GeoMinera (51%), and Antilles Gold Limited's Cayman Islands registered subsidiary, Antilles Gold Inc ("AGI") (49%). Though a minority shareholder, AGI has the same number of directors on the Board of MLV as GeoMinera, and all decisions must be unanimous. Any disputes that arise are to be settled by arbitration at the International Court of Commercial Arbitration ("CCI") in Paris.

For its 49% shareholding in MLV, AGI is contributing US\$13.0 million equity of which US\$4.0 million has already been invested. US\$3.0 million will be spent during 2022 for the conduct of a Definitive Feasibility Study ("DFS") for MLV's first project, the development of the La Demajagua gold/silver open pit mine, and for general overheads of MLV. A further US\$6.0 million will be spent on mine infrastructure in early 2023.

GeoMinera has transferred the 900ha La Demajagua Mining Concession with 50,000m of historic drilling data to MLV for its 51% shareholding.

MLV has been granted an attractive fiscal regime by the Cuban Government, including a waiver for 8 years of the 15% corporate tax rate.

Antilles Gold has nominated the Project Director, General Manager, and Construction Manager for the La Demajagua project and is entitled to nominate all senior operations management engaged by MLV.

The geology in Cuba is predominantly sulphidic and the joint venture's primary aim is to produce high grade gold concentrate from La Demajagua, and subsequent gold projects, and also copper/gold concentrate, for sale to foreign smelters.

## DEVELOPMENT PROJECT

### LA DEMAJAGUA GOLD/SILVER MINE

MLV expects to develop an open pit mine in 2023 at the La Demajagua gold/silver deposit on the Isle of Youth in south west Cuba.

Antilles Gold is managing the DFS for this project which is expected to be completed in time for a development decision in Q4 2022.

#### Drilling Program & Resources

The Maiden Mineral Resource Estimate set out below for the proposed open pit mine was released to the ASX on 28 January 2022, and was calculated by Cube Consulting from historic drilling, and assays received to date from around 50% of the cored drill holes that will ultimately be undertaken across the defined 2,000m strike length of the La Demajagua deposit.

#### MINERAL RESOURCE STATEMENT FOR LA DEMAJAGUA PROJECT WITHIN PRELIMINARY PIT SHELL at 0.8g/t Au cut off

Resource Category	Tonnes (Mt)	Au Grade (g/t)	Contained Au (koz)	Ag Grade (g/t)	Contained Ag (koz)
Indicated	4.67	3.27	490	40.50	6,080
Inferred	3.1	2.4	230	35.6	3,490
<b>Total</b>	<b>7.7</b>	<b>2.9</b>	<b>720</b>	<b>38.6</b>	<b>9,570</b>

Note – Figures may not add up due to rounding

The Mineral Resource Estimate will be updated when assays are received in around two months from drill holes that have already been completed, and will be finalised after additional results have been received following completion of the drilling program for the DFS.

The Company expects the final Indicated Resources for the open pit to increase after incorporating assays from 12,500m of additional drilling, and increasing the cut off grade to 1.0g/t Au.



Drilling at La Demajagua Gold/Silver Deposit

### Metallurgical Test Work

The Company advised the ASX on 27 January 2022 of the following results from initial test work on the La Demajagua ore by SGS Laboratories.

- Initial test work is being conducted on an ore sample grading 3.76g/t Au, 36g/t Ag, 2.24% S, and 2.75% As with a gold to sulphur ratio of 1.61
- Flotation of a bulk concentrate from this sample indicated grades of 33.6g/t Au, 330g/t Ag, 21.1% S, and 23.0% S in the concentrate.
- Reverse flotation of pyrite, galena, stibnite, graphite, and chalcopryite from the bulk concentrate is expected to produce a silver enriched concéntrate at a grade of over 300g/t Ag, and a primary gold enriched concentrate with anticipated gold grades ranging from 37.6g/t Au to 48.4g/t Au.
- By increasing the cut off grade of the ore to be mined, and increasing the head grade, and the gold to sulphur ratio of the feed to the flotation plant, final grades in the gold concentrate are expected to range from 45g/t Au to 50g/t Au.

**It is important to maximise the gold grade in the milled ore feed to the flotation plant to achieve the highest possible grade of gold contained in the primary concentrate, and minimise shipping costs to buyers. Optimisation will benefit from selective mining and blending of ore to maximize the gold to sulphur ratio of the feed, which will increase the flotation efficiency.**

## Financial Model

The Mineral Resource Statement and metallurgical test work support the current Financial Model for the La Demajagua open pit mine prepared by Antilles Gold which assumes a mining rate of 800,000 tpa of ore, a stripping ratio of 7:1, and the production of approximately 50,000 tpa of high grade gold concentrate, and 20,000 tpa of high grade silver concentrate, for six years.

Project development costs in addition to Antilles Gold's US\$13 million equity contribution are expected to be in the order of US\$62 million including financing costs during construction, and be funded by a combination of supplier credit for plant and equipment, and project loans.

The robust results from the financial modelling are expected to be confirmed by a current Scoping Study, and ultimately by the DFS, which will be carried out by a Canadian consulting group, in association with specialist sub-consultants.

An underground operation is planned to follow the open pit mining for a minimum period of 10 years and will benefit from utilising the existing infrastructure, concentrator, and power station. The relatively low investment in underground development, and the resultant cash flow should significantly increase returns from the La Demajagua project.

### Proposed Development Timetable – Open Pit Mine

- Completion of Scoping Study – February 2022
- Completion of 25,000m drilling program – April 2022
- Completion of metallurgical test work – August 2022
- Completion of DFS - September 2022.
- Commencement of construction of mine infrastructure – Q4 2022.
- Commencement of pre-stripping – Q1 2023.
- Commissioning of mine – Q1 2024.
- Commencement of Concentrate Shipping – Q2 2024.

## EXPLORATION PROJECTS

### LOS LLANOS PROJECT

As part of its strategy to develop successive mid-size mines in Cuba, Antilles Gold has agreed with GeoMinera to conduct at the Company's cost, preliminary exploration of a group of three sulphide gold deposits at Golden Hills, Florencia, and Maclama in the Guaimaro region of south east Cuba which have been extensively explored (mainly by McDonald Mines from Canada between 1994 and 1998).

The terms of an International Economic Assessment ("IEA") (equivalent to an Exploration License), for these properties which are known collectively as the Los Llanos Project, have been finalised and approved by the Cuban Government, with documentation expected to be signed in February 2022 and allow exploration to commence in April 2022.

## **GOLDEN HILLS**

The Golden Hills sulphide deposit was explored by MacDonald Mines between 1994 and 1998 when they conducted ground and airborne geophysical surveys, mapping, geochemical surveys, trenching, and 199 cored drill holes to an average depth of 80m. The database generated by this work was well archived and available for Antilles Gold.

A cluster of three oxide deposits at Golden Hills that have already been mined are underlaid by a potentially large, interconnected volcanogenic massive sulphide ("VMS") deposit. The mineralisation discovered to date lies in a 1.5km long by 1.0km wide west-northwest oriented zone, and within a lens shaped body 7.0km long and 2.0km in true thickness that has been interpreted to be a section through a volcanic edifice, with the property having the potential to produce copper concentrate with gold credits.

## **FLORENCIA AND MACLAMA DEPOSITS**

The Florencia and Maclama gold deposits are low sulphide, near surface deposits which have been previously explored by Canadian and Russian mining companies.

Geological data from 17,000m of cored drill holes (237 holes), and an 80m shaft at Florencia with 1,200m of drifts and cross cuts which allowed bulk sampling of ore, has been made available to Antilles Gold. Metallurgical test work on Florencia ore by SGS Lakefield in Canada indicated concentrate grades could be up to 120 g/t Au and 90 g/t Ag with a very low arsenic content (0.05% As).

The deposits are approximately 7km apart, and 15km from Golden Hills, and the concept is to develop two relatively small mines with ore being transported to a central plant for the production of high grade concentrate.

## **POTENTIAL COPPER/GOLD PROJECTS**

GeoMinera confirmed in a Letter of Intent on 20 July 2021 that it would make available to Antilles Gold, extensive geological data, and past exploration results for six Mining Concessions hosting 17 individual copper/gold deposits, for the Company to review their prospectivity. Most of these properties have been subject to previous exploration, and some have had small scale mining operations in the past.

The review of these properties has commenced and on completion Antilles Gold will nominate which projects should be incorporated in the existing IEA with the expectation that some could ultimately be transferred to the MLV joint venture for further exploration and possible development.

## **CORPORATE DEVELOPMENT STRATEGY**

Antilles Gold is now in the position, with sufficient development opportunities within its commercial arrangements with GeoMinera, to be confident that it can realise its objective of achieving steady growth for its mining activities in Cuba.

The objective is for MLV to reinvest part of the significant surplus cash expected to be generated by the La Demajagua open pit mine after debt service, in the funding of subsequent projects.

This would achieve organic growth in the profitability of MLV, and resultant dividends to shareholders, while minimising or eliminating additional equity contributions to MLV by Antilles Gold in the foreseeable future.

## ACTIVITIES DURING DECEMBER QUARTER 2021

### CUBA

#### MINERA LA VICTORIA (49%)

Drilling Program at La Demajagua

Holes drilled:	35
Metres drilled:	4,851
Samples for assay:	2,832

Results for drilling undertaken during the December Quarter were released to the ASX on 13 October 2021 and 13 January 2022.

- Finalisation of layout for mine, waste dump, tailings storage, concentrator, buildings, and power station.
- Designs for accommodation facilities, industrial buildings, and offices.
- Negotiations for supply of mining fleet, and turnkey offers for design and construction of crushing and milling circuits, flotation plant, and 8Mw power station.
- Appointment of consultants for conduct of BFS.
- Metallurgical test work by SGS Laboratories.
- Estimation of Initial JORC Resources by Cube Consulting

### DOMINICAN REPUBLIC

#### ENVIROGOLD (LAS LAGUNAS) LIMITED (100%)

- Continued Arbitration proceedings for US\$20 million claim against Dominican Republic Government at World Bank's International Centre for Settlement of Investment Disputes ("ICSID").
- Maintenance of stored plant

## PLANNED ACTIVITIES FOR MARCH QUARTER 2022

### CUBA

#### MINERA LA VICTORIA SA (49%)

- Continue drilling program at La Demajagua.
- Continue metallurgical testwork of La Demajagua ore.
- Hydrogeological and Geotechnical studies.
- Continuation of DFS Activities for La Demajagua open pit mine.

## DOMINICAN REPUBLIC

### ENVIROGOLD (LAS LAGUNAS) LIMITED

- Continue Arbitration proceedings.
- Continue maintenance of store plant and equipment.

### QUARTERLY CASHFLOW

During the Quarter, payments totalling US\$242,000 were made to directors for salaries, directors fees and superannuation, as follows:

- |                                                                                                                                                                      |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| • Payment of 3 months of deferred management fees payable to the Executive Chairman for the period from July to September 2021, and 2 months of current quarter fees | US\$151,000 |
| • Payment of fees to Non-Executive Directors                                                                                                                         | US\$20,000  |
| • Payment of salary to Executive Director                                                                                                                            | US\$71,000  |

Cash on hand at 31 December 2021 was A\$4.6 million.

Attached Appendix 5B is in USD.

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

END

### COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information reviewed by Mr. Dale Schultz, a Competent Person who is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan ("APEGS"), which is accepted for the purpose of reporting in accordance with ASX listing rules. Mr. Schultz is a Consultant to the Company and 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. Schultz consents to the inclusion of the Exploration Results based on the information and in the form and context in which it appears.

The information in this document that relates to Mineral Resources is based on information compiled by Mr Daniel Saunders, a Competent Person who is a Member of 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 Inc. Mr Saunders has sufficient experience relevant to the style of mineralization and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Saunders consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ANTILLES GOLD LIMITED

ABN

48 008 031 034

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	21	142
1.2	Payments for		
	(a) exploration & evaluation	(1,176)	(3,463)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(19)	(127)
	(e) administration and corporate costs	(165)	(1,109)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	(a) Plant closure and storage costs – Las Lagunas project	(116)	(887)
	(b) Arbitration with Dominican Government	(144)	(395)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,599)</b>	<b>(5,840)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(26)	(98)
	(e) investments	-	-

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	36
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(26)</b>	<b>(62)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,965	5,755
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(230)	(392)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,735</b>	<b>5,363</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,227	3,876
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,599)	(5,840)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(26)	(62)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,735	5,363

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,337</b>	<b>3,337</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	3,337	2,227
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,337</b>	<b>2,227</b>
	<b>Note: Cash and cash equivalents in AUD</b>	<b>4,599</b>	<b>3,087</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	242
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
	<i>Details of the amounts shown at 6.1 are as follows:</i>	
	<ul style="list-style-type: none"> <li>• <i>Payment of 3 months of deferred management fees payable to the Executive Chairman for the period from July to September 2021, and 2 months of current quarter fees</i></li> </ul>	151
	<ul style="list-style-type: none"> <li>• <i>Payment of fees to Non-Executive Directors</i></li> </ul>	20
	<ul style="list-style-type: none"> <li>• <i>Payment of salary to Executive Director</i></li> </ul>	71
	<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

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## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. <b>Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,599)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(26)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,625)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,337
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,337
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>2</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: The Chairman of Antilles Gold Limited

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.