

17 March 2022

## **ANTILLES GOLD WINS DISPUTES WITH DOMINICAN REPUBLIC GOVERNMENT**

- **Antilles Gold has had two significant wins in disputes with the Dominican Republic Government.**
- **First win – the Company is not liable for taxation assessments on its completed Las Lagunas gold/silver project.**
- **Second win – The International Centre for Settlement of Investment Disputes (“ICSID”) confirmed as the jurisdiction for Arbitration of Claims against the Dominican Government.**
- **Claims against the Government total approximately A\$40 million including legal costs and interest.**

**Antilles Gold Limited (ASX Code: AAU, OTCQB: ANTMF) (“Antilles Gold” or the “Company”)** is pleased to advise that it has had two significant wins in its long running disputes with the Dominican Republic Government.

### **BACKGROUND**

In 2004, a subsidiary of Antilles Gold, EnviroGold (Las Lagunas) Limited (“EVGLL”), entered into a contract with the Dominican Republic Government entitled, “Special Contract for the Evaluation, Exploitation and Profit from the Las Lagunas Tailings Dam (the “Special Contract”).

The Special Contract obligated EVGLL to oxidize 5.4 million tonnes of sulphide gold tailings from the Pueblo Viejo mine that were stored in the Las Lagunas dam as the principle element of an environmental remediation program to limit acid mine drainage from the dam, and permitted EVGLL to extract gold and silver from the tailings, with the expectation of a profitable operation.

The basic commercial terms were that EVGLL would be exempted from any national or municipal tax, including income tax, but pay to the Government 25% of the cash flow generated after recovery of EVGLL’s investment in the project, plus a 3% royalty on precious metals.

A condition precedent to the Special Contract was the requirement for EVGLL to gain approval from the Congress of the Dominican Republic for a waiver of taxation, which EVGLL received within the stipulated time frame.

Despite these commercial terms being clearly and unequivocally established in the Special Contract, the Government, through its Taxation Department, has for seven years, lodged numerous income tax and asset tax assessments against EVGLL, together with claims for penalties and interest. This required EVGLL to defend each assessment in the Dominican Courts, as well as subsequent Appeals by the Taxation Department against Court decisions favourable to EVGLL.

## CONSTITUTIONAL COURT RULING

After losing every Appeal that it had initiated, the Taxation Department ultimately challenged the legitimacy of the Special Contract in the Dominican Constitutional Court.

The Constitutional Court has recently posted on its website that it has upheld a previous Supreme Court Judgment in which the Supreme Court acknowledged the tax exempted status of EVGLL under the Special Contract, and also that both the sharing of cash flow and royalties are not taxes but rather considerations to be paid to the Dominican State under the Special Contract. The Constitutional Court Judgement should be issued within two to three weeks.

There is no provision for the Government to Appeal decisions of the Constitutional Court.

EVGLL will claim damages against the Government to recover its legal costs, overheads, and other associated costs related to this matter, and these damages will be added to previous Claims against the Government for their breach of contract with respect to certain obligations under the Special Contract.

## ARBITRATION JURISDICTION

**Claims against the Dominican Government total approximately A\$40 million including legal costs and interest, and are being arbitrated at the International Centre for the Settlement of Investment Disputes (“ICSID”), which is a unit of the World Bank in Washington DC.**

The Groups’ second win is the recent determination by ICSID that it is the correct jurisdiction for the settlement of disputes, as is clearly documented in the Special Contract.

Despite this, the Dominican Government chose to challenge ICSID being the jurisdiction and agency for settling disputes, with the challenge recently being dismissed by a unanimous decision of the three member Arbitration Tribunal.

Arbitration proceedings which were interrupted by the jurisdictional challenge can now continue with ICSID, with its decisions on the Claims expected in June 2023.

EVGLL’s London based lawyers who specialize in resolving disputes between investors and Governments, are extremely confident of achieving a positive outcome for the Company.

END

## 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 to realise 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 for sale to trading companies or foreign smelters.
- Minera La Victoria has access to a pipeline of additional projects with development potential including a cluster of highly prospective porphyry copper/gold deposits, a large VMS deposit at Golden Hills, and the Florencia and Maclama sulphide gold deposits, which will be assessed initially by Antilles Gold prior to Minera La Victoria undertaking exploration and studies, and possible development.
- The objective of the joint venture company is to invest part of the surplus cash expected to be generated by the La Demajagua mine to fund projects that follow, 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.

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

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