



## March 2013 Quarterly Report

30 April 2013

### Highlights

- Total gold production was 5,100 ounces for the quarter.
- Cash operating profit was A\$864,000 for the quarter.
- Gold production at Lily was 3,965 ounces at a cash operating cost of US\$1,443 per ounce.
- Gold production at Taylors was 1,135 ounces at a cash operating cost of US\$1,380 per ounce.
- Taylors' concentrates were blended into the Lily circuit with improved recoveries.
- A dedicated Taylors CIL plant is being refurbished for further improvement in overall recovery.
- Good progress was made on the Barbrook BFS with an interim report expected by mid-year.

### Quarterly Overview

Mining operations suffered a setback at the Lily Mine in January, causing gold production to decline in the quarter. A portion of a crown pillar collapsed, resulting in the loss of the main stope and the permanent loss of a remote underground loader. The after-effects of this fall of ground resulted in severe disruption to the operations, the consequences of which were further exacerbated by excessive ore dilution. This situation was stabilised during March, enabling run-of-mine grades to improve.

The Taylors Mine fared much better, with tonnages and grades increasing from the previous quarter. Gold production also increased, as did profits. The mine continued to produce concentrates that were blended into the Lily processing circuit to enable recovery by direct cyanidation. This temporary arrangement has been remarkably successful as overall recoveries have improved from those achieved under the now cancelled Mine2Market Off-take Agreement. This has resulted in increased revenues.

Work on the Barbrook Stage 2 BFS continued as planned. The underground diamond drilling programme, in which a further 1,124 metres were completed, produced a number of good intersections. Borehole results continue to confirm continuity of the Taylors ore body below 10 Level. The BIOX metallurgical testwork on the Taylors concentrates is now complete. Recoveries of 96% have been achieved. This result indicates that overall recoveries of 85% should be achievable at Barbrook. The BFS is scheduled for completion by end 2013 but an interim update report is planned for mid-year.

Regional exploration continued on a modest basis and was confined to ground-based geophysics over properties containing prominent magnetic anomalies.

### Outlook

Expansion of the operations to planned levels has been set back by the pillar failure at Lily Mine. Reduced cash flows as a result of lower gold production have had an adverse effect on capital adequacy for accelerating development rates. Trackless mining machinery (TMM) availability and maintenance have improved significantly and the majority of appropriate skills are now in place. Labour relations on the mine remain sound and, although power shortages are expected throughout South Africa's mining industry during the approaching winter months, these should have minimal impact on the Company's operations. On balance, the combined operations are expected to produce 30,000 oz in 2013, expanding to 45,000 oz next year.

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## Operations

### Lily Mine

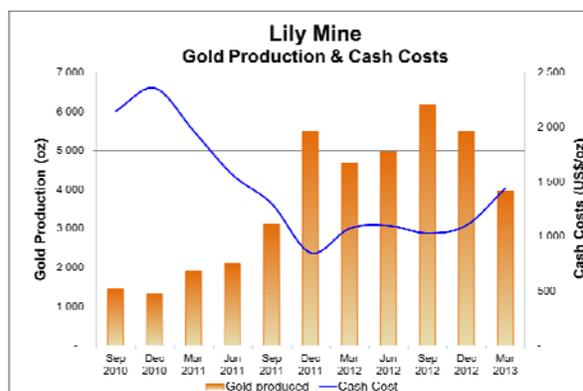
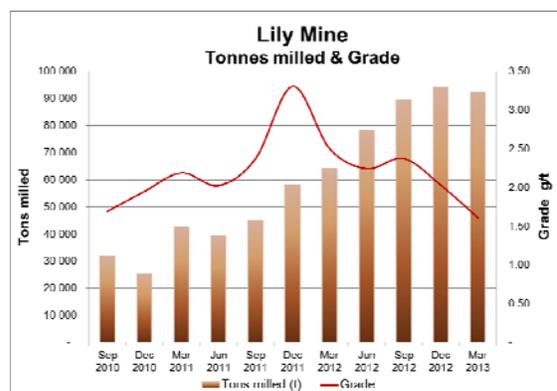
Scheduled mining operations recently took place in an area of known structural weakness. Additional pillar support was, therefore, planned and provided to mitigate this situation. However, early in January, a portion of one of the crown pillars collapsed, resulting in the loss of a main stope and, with it, an underground remote loader. Ore in the stope, as well as the loader, had to be abandoned, leaving only low grade ore available for mining although the loader was replaced following a successful insurance claim. The situation was remedied in March when higher grade ore was accessed, although the effects of ore dilution on run-of-mine grades and gold production for the quarter were severe.

Development is still a major priority. This is planned to be increased during 2013 to open new stoping areas and, in turn, improve underground mining flexibility. The second decline, which is being developed towards the eastern pay shoot, has intersected the ore body. Stoping in this area will commence in June, thus providing additional flexibility to manage the production mix and ensuring delivery of the required run-of-mine grades to the plant.

During the quarter, operating costs reduced to A\$60 per tonne but the effect of the lower grade resulted in cash costs increasing to US\$1,446 per oz. Total costs increased to US\$ 1,480 per oz.

Summary	June 2012 Qtr	Sep 2012 Qtr	Dec 2012 Qtr	Mar 2013 Qtr
Ore tonnes mined	79 613	89,593	<b>94,940</b>	<b>92,431</b>
Ore tonnes milled	77 977	89,476	<b>94,038</b>	<b>92,153</b>
Grade (g/t)	2.25	2.37	<b>2.03</b>	<b>1.61</b>
Recovery (%)	88	91	<b>89</b>	<b>83</b>
<b>Gold Produced (oz)</b>	<b>4 967</b>	<b>6,183</b>	<b>5,486</b>	<b>3,965</b>
Cash Costs (US\$/oz)	1,096	1,030	1,136	1,446
Total Costs (US\$/oz)	1,190	1,160	1,291	1,480

The mine is still in an expansionary phase and further capital expenditure is required to bring it full production. This relates mostly to carrying out the necessary development and to purchase additional trackless mining equipment. Capital expenditure for the quarter was A\$2.4 million, which includes the cost of the replacement loader although this was covered by the insurance claim.



## Taylor's Mine

Tonnes milled and grades both increased during the quarter. As Taylor's concentrates were blended into the Lily processing circuit, metallurgical recoveries remained low at 46%. Although this was an expedient arrangement, it is not conducive to optimising gold recovery from both mining operations, hence Lily's recovery was also reduced to 83% from an average of 90%.

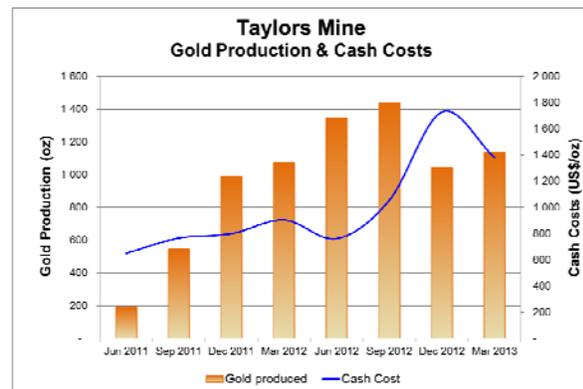
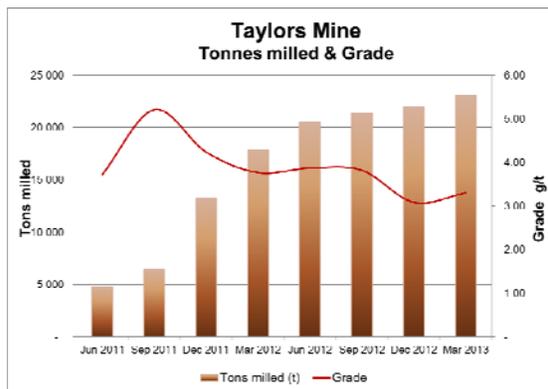
This temporary processing arrangement will be phased out in the current quarter when the new, dedicated CIL plant for Taylor's becomes operational. This plant is designed to process the concentrates separately and, while this is not yet an optimal solution, it should improve recoveries further to between 55% and 60%.

Summary 2012	June 2012 Qtr	Sep 2012 Qtr	Dec 2012 Qtr	Mar 2013 Qtr
Ore tonnes mined	21 871	24,064	<b>21,593</b>	<b>18,929</b>
Ore tonnes milled	20 491	21,395	<b>22,019</b>	<b>23,078</b>
Grade (g/t)	3.87	3.82	<b>3.08</b>	<b>3.31</b>
Recovery (%)	53	55	<b>48</b>	<b>46</b>
<b>Gold Produced (oz)</b>	<b>1 345</b>	<b>1,437</b>	<b>1,045</b>	<b>1,135</b>
Cash Costs (US\$/oz)	762	1,056	1,593	1,382
Total Costs (US\$/oz)	829	1,157	1,740	1,498

Gold production improved by 9% from the previous quarter. This is a result of all of Taylor's gold revenue now being received (instead of a reduced amount under the previous Off Take Agreement). Revenues from gold sales increased, therefore, by 34%, thus enhancing profitability. The cash operating profit for the quarter was A\$270,000 compared to a cash operating loss in the previous quarter of A\$375,000. Further improvements are expected throughout the year as mining accesses higher grades.

Cash operating costs reduced at Taylor's to US\$1,382 per oz as a result of improved grades. Total costs were US\$1,498 per oz.

Capital expenditure was A\$0.7 million for the quarter, which was mainly incurred on completion of a new crushing plant and the Barbrook Stage 2 BFS drilling.



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## Barbrook Stage 2 BFS

The underground diamond drilling program, which is designed to upgrade existing JORC mineral resources in the down-dip extension of the Taylors ore body beneath the 10 Level adit, continued as planned. A total of 1,124 metres was drilled in the quarter, bringing the total completed to date to 4,848 metres of the 8,000 metre program.

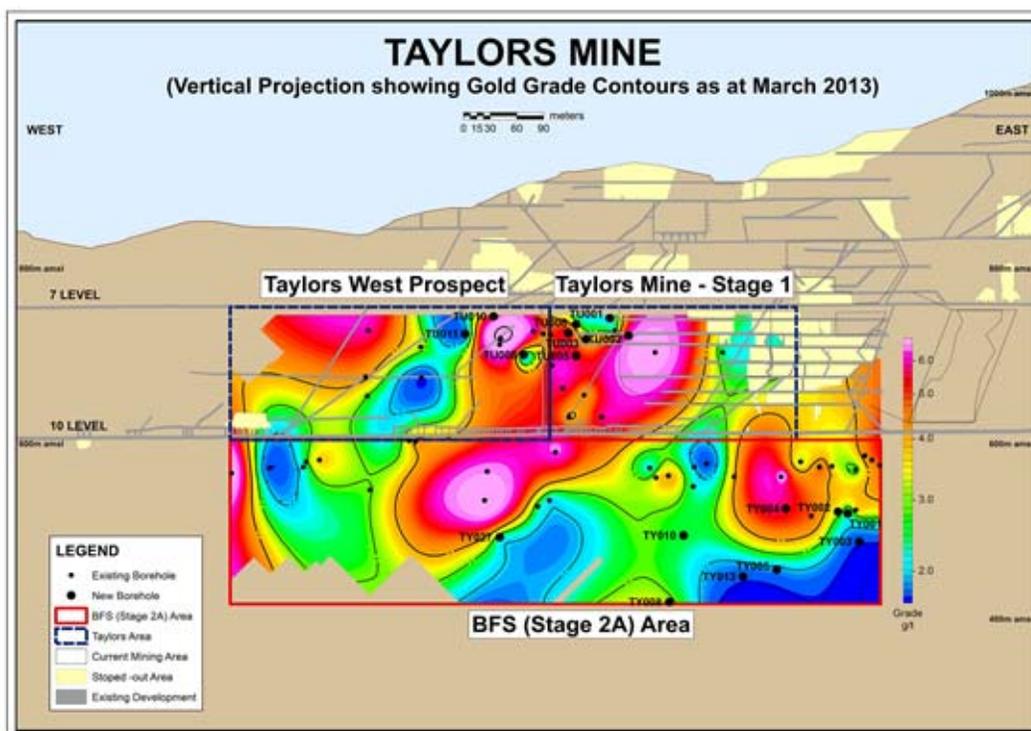
The results from the drill holes assayed to date are summarised in the table below:

Hole ID	Dip °	Azimuth deg	Easting m	Northing m	Elev m	Total Length m	From m	To m	Length m	TRUE m	Grade Au g/t
<b>BFS Stage 2(A) Resource Drilling</b>											
TY001	-70°	180°	30386.04	-2846052.74	611.47	133.6	91.0	106.0	15.0	9.60	2.60
TY001-DEF	-66°	180°	30381.53	-2846025.33	543.66	133.6	87.0	95.0	15.0	5.30	1.44
TY002	-62°	340°	30385.62	-2846052.49	611.61	139.5	89.0	92.0	3.0	0.94	1.86
TY002	-62°	340°	30385.62	-2846052.49	611.61	139.5	95.0	102.0	7.0	3.29	3.62
TY002	-62°	340°	30385.62	-2846052.49	611.61	139.5	104.0	116.0	12.0	5.64	3.98
TY002-DEF	-58°	338°	30373.55	-2846016.40	546.89	13.5	85.0	88.0	3.0	1.50	0.91
TY003	-69°	180°	30390.82	-2846076.59	611.71	128.4	126.0	130.0	4.0	3.56	Trace
TY004	-63°	319°	30391.38	-2846073.92	611.85	181.1	137.0	151.0	14.0	7.00	10.90
TY005	-50°	180°	30276.37	-2845859.57	610.20	378.9	215.5	218.5	3.0	2.67	3.41
TY005	-50°	180°	30276.37	-2845859.57	610.20	378.9	220.0	222.0	2.0	1.78	1.71
TY005-DEF	-40°	180°	30294.53	-2846001.79	465.51	378.9	216.6	220.1	3.5	3.16	5.20
TY008	-50°	220°	30275.77	-2845858.95	610.14	287.6	257.0	263.0	6.0	5.34	3.45
TY008-DEF	-42°	204°	30184.28	-2845995.29	435.49	287.6	255.0	260.7	5.7	5.07	3.87
TY010	-31°	250°	30198.78	-2846030.00	610.00	12.0	Abandoned				
TY010A	31°	180°	30273.64	-2845857.00	610.00	230.0	188.0	192.3	4.3	3.12	2.83
TY013	-50°	200°	30275.75	-2845859.03	610.27	260.9	225.0	229.0	4.0	3.56	2.64
TY014	-64°	150°	30274.91	-2845858.29	610.06	450.0	182.0	185.0	3.0	2.67	6.13
TY027	-58°	180°	30012.52	-2845917.00	608.65	250.0	236.0	240.0	4.0	3.29	3.24
TY027-DEF 1	-55°	180°	29986.53	-2845981.05	504.30	250.0	234.0	237.5	3.4	3.07	2.40
TY027-DEF 2	-55°	180°	30000.89	-2845941.19	566.00	250.0	130.0	132.0	2.0	1.00	1.39

The results from boreholes TY004 and TY002 are particularly noteworthy:

Borehole TY004: True width 7.0m @ 10.90 g/t from 137m

Borehole TY002: True width 10.7m @ 3.43g/t from 95m\*



The BIOX® pilot plant testwork is now complete. Operations proved to be very stable and the results satisfactory. After bio-oxidation, the product was leach-tested using a CIL bottle roll test and further batch treated in a laboratory scale HiTeCC process to determine final overall gold recovery achievable.

The results indicated that leach gold recoveries (from concentrates) in excess of 80% could be achieved after BIOX® processing. However, the addition of the HiTeCC processing step to treat the CIL residues resulted in leach recoveries from concentrates being enhanced to over 90%. These results are considered to be very encouraging and represent a potentially significant 'breakthrough' in the treatment of Barbrook's ores.

Summary results from recent test work on products from the BIOX® pilot plant using Taylors low grade (14g/t Au) concentrate feed and operated at four and then five day residence times are shown in the Table below:

BIOX® Test Sample	CIL recovery	CIL + HiTeCC Recovery
4 Day BIOX® residence time composite sample	83.7%	96.2%
5 day BIOX® residence time composite sample	84.0%	96.0%

*Note: these results refer to leach recoveries from concentrates. Overall gold recovery from ore feed to the plant will also take into account flotation recoveries, which are expected to be approximately 90% to produce a 14g/t gold concentrate.*

The BFS is expected to be complete by the end of the year, however a preliminary update will be provided by mid-year.

## Exploration

Results of the ground resistivity and IP (induced potential) survey currently being undertaken on a modest basis over selected target areas identified from detailed airborne magnetic and geological interpretation remain encouraging. Some 14,000 line kilometres of survey readings were completed during the quarter and A\$123,333 were spent on field exploration.

Prominent features indicating shears or other displacement structures associated with gold mineralization continue to be identified. The full significance of these anomalies as potential drilling targets will only become evident once further areas have been covered by the survey.

## Corporate

The company reported a Cash Operating Profit of A\$864,000 and a Net Profit of A\$62,000. Capital expenditure was A\$3.0 million during the quarter and the cash balance at 31 March 2013 reduced to A\$1.15 million.

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***About Vantage Goldfields Limited***

Vantage holds mining and exploration rights to a large area within the Barberton Goldfield district, the second largest goldfield in South Africa. This district has a long history of gold production and is the location of several operating gold mines containing multi-million ounce gold deposits, including the Lily Mine, which was acquired and developed by Vantage in 1997 and which has already produced more than 100,000 ounces of gold.

The Company has three advanced projects and total estimated Mineral Resources of 4.5 million ounces, including estimated Ore Reserves of 0.5 million ounces. The Mineral Resources and Ore Reserves statement can be accessed via the following link;

[http://www.vantagegoldfields.com/gold\\_reserves\\_resources.htm](http://www.vantagegoldfields.com/gold_reserves_resources.htm)

The advanced projects are:

- The Lily Mine is an underground operation. It has well established surface and underground infrastructure and the Company is expanding operations with the objective of producing 35,000 ounces of gold per annum for at least 11 years.
- The Barbrook Mines Complex is in the process of being developed. It has approximately 50 km of underground development tunnelling providing ready access to defined Mineral Resources and Ore Reserves. The Company has completed advanced investigations into a resumption of mining in two stages. The first (Taylors Mine – Barbrook Stage 1) produces float concentrates from underground

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mining in accordance with a Bankable Feasibility Study. The Barbrook Stage 2 expansion will be a major expansion targeting approximately 70,000 ounces per annum of gold production. A review of processing options was completed in 2011, and this has progressed to the commencement of a Bankable Feasibility Study, scheduled to be completed in the fourth quarter of 2013.

- The Worcester Project is a dormant mine which is being evaluated as part of the Company's exploration and evaluation programme. The Company has successfully completed a Pre-Feasibility Study on the viability of developing a new mine on the defined Mineral Resources at the Worcester mine.

Vantage's interest in each project is 74% (other than the Lily Project, in which the interest is currently 85%, but which will be reduced to 74% by 2014). The remaining interest in each project is held by Lomshiyo Investments (Pty) Ltd, the Company's Black Economic Empowerment partner.

Vantage holds an extensive portfolio of project opportunities at various stages of appraisal. These exploration targets include a number of known gold deposits which are being investigated as potential mining projects.

**Competent Persons Statement**

The principal Competent Persons responsible for the Mineral Resource and Ore Reserve information in this announcement are Mr S Mawson, Mineral Resource Management Consultant, who is a member of the South African Council for Natural Scientific Professions ("SACNASP"), Mr M Begg, General Manager, who is a member of the Geological Society of South Africa ("GSSA") and SACNASP and Dr W Stear, Executive Director, who is a fellow of the AusIMM. The GSSA is a Recognised Overseas Professional Organisation ("ROPO"). Mr Mawson is responsible for the Mineral Resource modelling. Mr Begg and Dr Stear are responsible for the Mineral Resource reporting. All three persons are full time employees of Vantage. The Competent Person responsible for the Independent Audit of the Mineral Resource is Professor R C A Minnitt, JCI Professor of Mineral Resources and Reserves, School of Mining Engineering, University of Witwatersrand, South Africa. Professor Minnitt is a fellow of the AusIMM. All four persons have sufficient relevant experience to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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