



OPERATIONS UPDATE

13 September 2013

Vantage Goldfields Limited (ASX: VGO) is pleased to announce the following operational update.

Record gold production of 2,627 ounces was achieved in the month of August 2013. This follows the recent improvements to the mining layout at Lily and improved metallurgical recovery at Taylors. Quarterly production is expected to improve by 30% to approximately 7,500 ounces in the September quarter.

The cost savings implemented in June, coupled with the relatively stable price of gold in South African currency terms, have also contributed to improved profitability. This has had a positive impact on the company's cash flow.

Labour relations with the union, AMCU, remain good and no labour unrest has been experienced despite the unsettled labour situation in South Africa. A wage settlement agreement was reached earlier in the year which was implemented in July 2013 without incident.

The company's cash position was bolstered in August by the introduction of a US\$500,000 loan and, while the position is being closely monitored, the cash position of the company is expected to remain stable for the remainder of the year.

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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

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 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".