



June 2014 Quarterly Report

29 July 2014

Highlights

- Gold production declined sharply after the flooding at the Lily mine.
- Gold produced was 6,913 oz for the quarter.
- Average gold price received was A\$1,390/oz (US\$1,297 /oz).
- Cash costs increased to A\$1,364/oz (US\$1,273/oz).
- All-in sustaining costs were A\$1,766/oz (US\$1,648/oz).
- Net Loss of A\$992,000 for the quarter.

Quarterly Overview

Gold production of 6,913 oz was lower than the previous quarter, largely because of operational setbacks caused in the aftermath of the underground flooding at the Lily Mine as announced to the ASX on 6 May 2014. Tonnage milled and grade declined at both mines during the quarter and operating costs increased slightly. The poor operating performance in the June quarter is reflected in the cash operating profit being only A\$221,000 and the net loss being A\$992,000.

The average gold price received remained steady at US\$1,297 per oz but cash costs and all-in sustaining costs rose appreciably due to the lower production.

There were no changes to the Lost Time Injury Frequency Rate (LTIFR) which remained at 1.1 per 1,000 shifts for the quarter. A wage agreement was reached with the labour union, AMCU, for an effective increase of 10.2% in July 2014. The good working relationship with AMCU ensured that the agreement was negotiated and signed without incident.

No regional exploration was carried out during the quarter.

Outlook

Production for the next two quarters is expected to return to normal levels. This will ensure a stable operating platform from which to commence the ramp-up to full production at the Lily Mine.

New Trackless Mining Machinery has been purchased for the Lily Mine in order to accelerate the underground development and stoping rates to full production levels. This TMM is expected to be on site and operational by November 2014. In addition, a change to the "cut and fill" mining method will be implemented over the next 12 months.

Expansion of the Barbrook Mine has, however, been put on hold. This is pending a re-evaluation of the entire mining plan to take cognisance of the low gold price. The new plan will optimise gold recovery, hence production, by inclusion of the HiTeCC and BIOX processes. The development below 10 Level will commence immediately with a view to accessing recently drilled ore reserves.

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Operations

Lily Mine

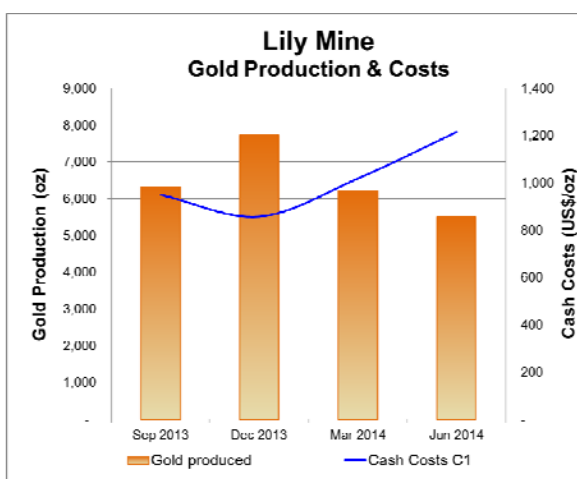
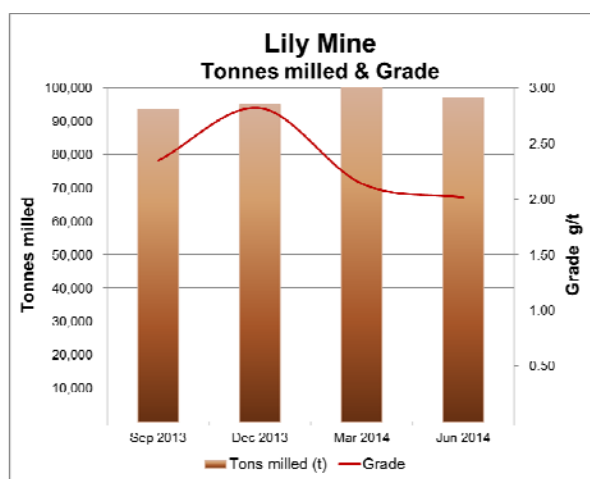
When the underground development end intersected a water-bearing fissure it caused temporary flooding of the lower levels of the mine. It also caused a number of other unforeseen production problems which were rectified during the quarter. The resultant loss in production and the extraordinary costs in rehabilitating the lower working areas during the June quarter resulted in Lily's profits being severely affected.

Tonnage milled was lower than forecast, as was grade and recovery, resulting in the mine only producing 5,500 oz of gold - some 20% less than planned. Operating costs were slightly higher as a result of the additional rehabilitation costs. The net effect was the loss of A\$2 million in potential profits.

Summary	Sept 2013 Qtr	Dec 2013 Qtr	Mar 2014 Qtr	Jun 2014 Qtr
Ore tonnes mined	93,455	94,925	102,457	97,191
Ore tonnes milled	93,555	94,872	102,303	97,101
Grade (g/t)	2.35	2.82	2.14	2.02
Recovery (%)	90	90	88	87
Gold Produced (oz)	6,326	7,732	6,217	5,500
Cash Costs (US\$/oz)	949	836	1,018	1,214
AISC (US\$/oz)	1,071	1,007	1,190	1,514

(AISC = All-in Sustaining Costs as recommended by the World Gold Council)

Capital expenditure for the quarter was A\$1.6 million. This was incurred mainly on underground development and upgrading of the tailings pipeline.



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Barbrook Mine

The difficulties in achieving scheduled ore grades in the previously mined areas above 10 Level continued into the June quarter. There are a number of reasons for this, the primary one being the paucity of geological data on the ore bodies currently being mined.

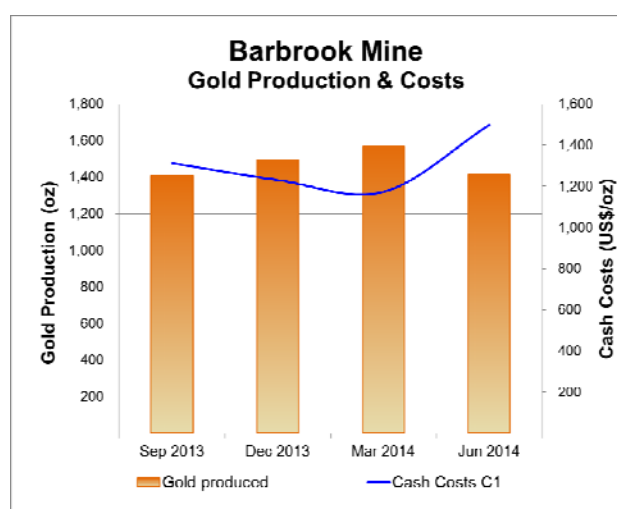
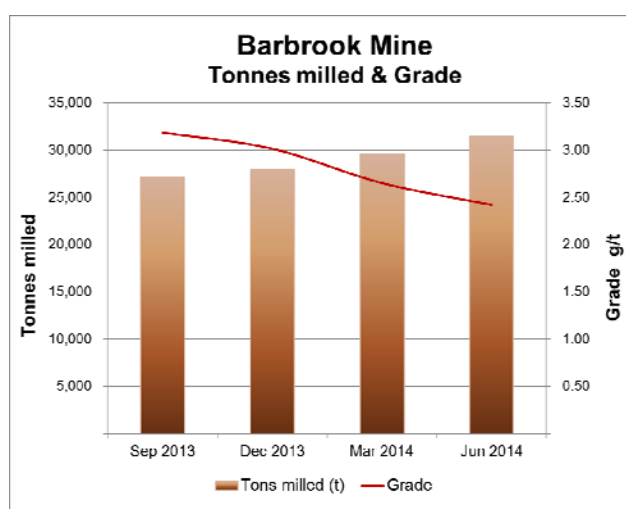
With the ore reserves in the Taylors Section having been largely exhausted when Stage 1 was completed at the end of last year, compounded by the lack of newly developed ore above 10 Level, it became necessary to maintain short term operations from peripheral, lower grade ore bodies. These have proved difficult to delineate, evaluate and mine without adequate drill coverage, resulting in dilution and lower grades being delivered to the mill.

Production was only 1,413 oz - some 20% below forecast. The consequential loss in profits was, therefore, A\$0.5 million.

Summary	Sept 2013 Qtr	Dec 2013 Qtr	Mar 2014 Qtr	Jun 2014 Qtr
Ore tonnes mined	27,480	27,254	26,862	32,091
Ore tonnes milled	27,175	27,879	29,647	31,404
Grade (g/t)	3.19	3.01	2.65	2.42
Recovery (%)	51	55	62	58
Gold Produced (oz)	1,408	1,495	1,569	1,413
Cash Costs (US\$/oz)	1,312	1,219	1,173	1,500
AISC (US\$/oz)	1,378	1,288	1,230	1,719

(AISC = All-in Sustaining Costs as recommended by the World Gold Council)

Capital expenditure increased to A\$0.6 million, which was incurred on the upgrading of underground and surface infrastructure.



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Barbrook Expansion

The Barbrook expansion plan has been placed on hold pending a complete re-evaluation. This involves refining the Mineral Resource estimates, revising the mine plan (with consideration being given to implementing a new mining method) and enhancing metallurgical recoveries by installation of the HiTeCC and BIOX processes, as opposed to direct CIL.

This departure from the original plan has come about because of the sustained lower gold price which now dictates that the mine, even in the short term, will have to operate at higher grades and recoveries. The envisaged re-engineering phase is expected to take 3 to 4 months to complete and will result in a new development plan for Barbrook.

The diamond drilling into the unmined area below 10 Level was terminated at the end of the quarter as this program is now complete. It will be replaced by the development of a new decline below 10 Level in order to access the newly drilled ore reserves. While mining operations will continue above 10 Level from available developed ore blocks, this will be supplemented in 12 months from the ore below 10 Level.

Exploration

No exploration was carried out during the quarter.

Corporate

The Company reported a Cash Operating Profit of A\$221,000 for the quarter and a Net Loss of A\$992,000. Capital expenditure was A\$2.2 million and the cash balance at 30 June 2014 was A\$9.4 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 and Barbrook Mines Complex.

The Company has three advanced projects and total estimated Mineral Resources of 4.7 million ounces, including estimated Ore Reserves of 0.7 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 30,000 ounces of gold per annum for at least 14 years.
- The Barbrook Mines Complex ("Barbrook") 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 commenced mining at Barbrook about 3 years ago. The Barbrook Stage 1 trial mining operation (Taylors Mine) was completed at the end of 2013. This operation was successful, thus paving the way to commence with the Barbrook Expansion Plan. The lower gold price in the past year has, however, necessitated a revision of this plan to target higher grade ore bodies. The revised plan will also consider the installation of the HiTeCC and BIOX processes to maximise gold recovery and enhance the profitability of the mine.
- The Worcester Project is a dormant mine which is continues to be 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 Ore Reserves 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 Lomshiyu 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") and Mr M Begg, Director Operations, who is a member of the Geological Society of South Africa ("GSSA") and SACNASP. The GSSA is a Recognised Overseas Professional Organisation ("ROPO"). Mr Mawson is responsible for the Mineral Resource modelling. Mr Begg is responsible for the Mineral Resource reporting. Both persons are full time employees of Vantage Goldfields. The Competent Person responsible for the Independent Audit of the Mineral Resources is Professor RCA 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 three persons have sufficient relevant experience to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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