



## September 2014 Quarterly Report

31 October 2014

### Highlights

- Gold produced was 8,466 oz for the quarter.
- Average gold price received was A\$1,389/oz (US\$1,269 /oz).
- Cash costs decreased to A\$1,092 /oz (US\$994/oz).
- All-in sustaining costs were A\$1,392 /oz (US\$1,267 /oz).
- Net Profit of A\$280,000 for the quarter.

### Quarterly Overview

The tragic accident at Barbrook Mine in September, which led to the death of a rock-drill operator, resulted in the loss of a week's production from that mine due to the suspension of operations as directed by the Department of Mineral Resources. The enquiry into the accident took place in October and the outcome is expected in due course. Despite this set-back, the total gold production of 8,466 oz for the Group was higher than the previous quarter.

This achievement was largely due to increases in quarterly gold production on the back of improvements in grade at both mines and had the effect of offsetting the reduced tonnage milled at Barbrook Mine. Operating costs at both mines reduced significantly. The improved operating performance in the September quarter is reflected in the cash operating profit of A\$2,576,000, more than double that of the previous quarter.

The average gold price received remained relatively constant at US\$1,269 per oz and cash costs and all-in sustaining costs declined appreciably due to the higher production. Despite the fatality, the Lost Time Injury Frequency Rate (LTIFR) remains at 1.1 per 1,000 shifts for the quarter.

No regional exploration was carried out during the quarter.

### Outlook

Production from Lily Mine was on target during the quarter and this is expected to continue until the end of the year. It will ensure a stable operating platform from which to commence the ramp-up to full production at the mine in 2015.

An impediment to accelerating the underground development and stoping rates to full production levels at Lily Mine has been the shortage of Trackless Mining Machinery (TMM). New TMM units have been purchased, however, and these are only expected to be fully operational during the last quarter.

The postponement of the Barbrook Mine Expansion Plan remains in force pending the results of a re-evaluation of the entire operational strategy for the mine, expected to be completed in December 2014. The new plan will be based on optimisation of gold recoveries, hence production, possibly by including appropriate pre-concentration methodologies currently being investigated. The installation of the HiTeCC process is already yielding improved recoveries.

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The development below 10 Level into the unmined extensions of French Bob ore body at Barbrook Mine has commenced and is on schedule.

## Operations

### Lily Mine

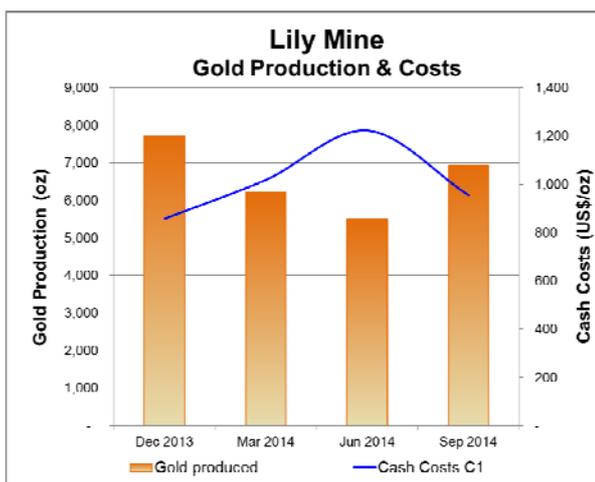
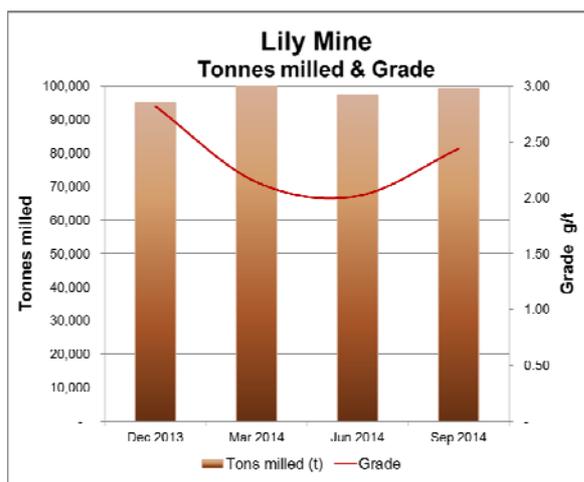
Following the temporary flooding of the lower levels of the mine during the June quarter, and the resultant loss in production, operations were brought back to normal in the September quarter.

Tonnage milled was higher, as was grade and recovery, resulting in the mine producing 6,925 oz of gold – on budget and some 30% more than the previous quarter. Cash operating costs reduced to US\$954/oz and All-in sustaining costs to US\$1,155/oz as planned.

Summary	Dec 2013 Qtr	Mar 2014 Qtr	Jun 2014 Qtr	Sept 2014 Qtr
Ore tonnes mined	94,925	102,457	97,191	<b>99,263</b>
Ore tonnes milled	94,872	102,303	97,101	<b>99,245</b>
Grade (g/t)	2.82	2.14	2.02	<b>2.44</b>
Recovery (%)	90	88	87	<b>89</b>
Gold Produced (oz)	7,732	6,217	5,500	<b>6,925</b>
Cash Costs (US\$/oz)	836	1,018	1,214	<b>954</b>
AISC (US\$/oz)	1,007	1,190	1,514	<b>1,155</b>

(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 infrastructure.



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## Barbrook Mine

Run-of-mine ore grades currently being extracted from the previously mined areas above 10 Level remain lower than planned. This is primarily due to the lack of underground development and, consequently, the paucity of advanced geological information on the remnant ore reserves currently being mined in the lower grade, peripheral areas of the mined-out mineralized zones.

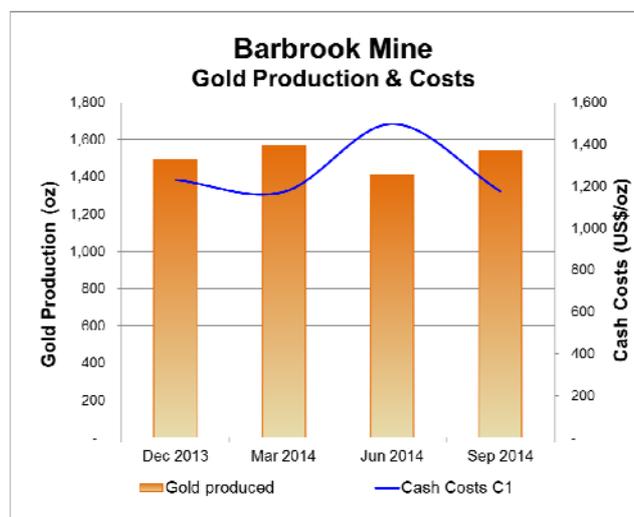
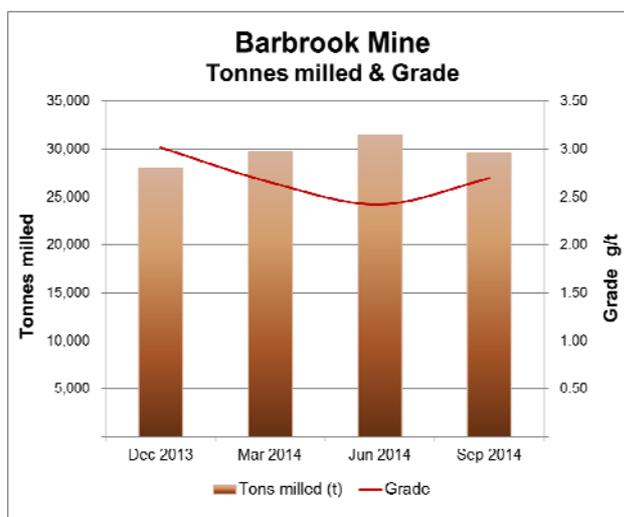
Until sufficient ore reserve blocks are opened up through development below 10 Level, operations will continue in these areas of complicated geology. As part of the Barbrook Expansion Plan's geological investigations, emphasis is being placed on ore body modelling and redefining mineral resource estimation parameters in the areas still to be mined above 10 Level.

Production was 1,541 oz - some 18% below forecast, however Cash and All-in sustaining operating costs were reduced to US\$1,175/oz and US\$1,374/oz respectively. The result was a break-even for the quarter.

Summary	Dec 2013 Qtr	Mar 2014 Qtr	Jun 2014 Qtr	Sept 2014 Qtr
Ore tonnes mined	27,254	26,862	32,091	<b>28,966</b>
Ore tonnes milled	27,879	29,647	31,404	<b>29,501</b>
Grade (g/t)	3.01	2.65	2.42	<b>2.69</b>
Recovery (%)	55	62	58	<b>60</b>
Gold Produced (oz)	1,495	1,569	1,413	<b>1,541</b>
Cash Costs (US\$/oz)	1,219	1,173	1,500	<b>1,175</b>
AISC (US\$/oz)	1,288	1,230	1,719	<b>1,374</b>

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

Capital expenditure was lower at A\$0.5 million, which was incurred mainly on the upgrading of underground and surface infrastructure.



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## **Barbrook Expansion**

The Barbrook Expansion Plan remains on hold pending a complete re-evaluation. This involves refining the geological models and mineral resource estimates, revising the mine plan (with consideration being given to implementing a new mining method) and enhancing metallurgical recoveries by the installation of the HiTeCC process and possibly other ore upgrading techniques.

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 be completed in December 2014 and will result in a new development strategy for Barbrook.

The diamond drilling into the unmined area below 10 Level is complete. It has been replaced by the development of a new decline below 10 Level which will access the newly drilled ore reserves in that unmined area. Mining operations will continue in the meantime above 10 Level, accessing low grade ore reserve blocks in the old section of the mine on the French Bob ore body.

## **Exploration**

No exploration was carried out during the quarter.

## **Corporate**

The Company reported a Cash Operating Profit of A\$2,576,000 for the quarter and a Net Profit of A\$280,000. Capital expenditure was A\$2.1 million and the cash balance at 31 September 2014 was A\$6.15 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 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](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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