June 2013 Quarterly Report

30 July 2013

Highlights

- Total gold production was 5,767 ounces for the quarter.
- Cash operating profit was A$628,000 for the quarter.
- Gold production at Lily was 4,641 ounces at a cash operating cost of US$1,210 per ounce.
- Gold production at Taylors was 1,126 ounces at a cash operating cost of US$1,487 per ounce.
- A dedicated Taylors CIL plant was commissioned.
- Good results continue to be achieved by the Barbrook BFS drilling programme.

Quarterly Overview

In the face of a substantial decline in the gold price during the quarter, the Company implemented a stringent cost-cutting programme while, at the same time, focussing on improving operational efficiencies on both its developing mines.

Following the adverse effects which a major fall of ground had on gold production at the Lily Mine during the first quarter, and the on-going excessive ore dilution experienced, a new mining strategy was introduced in June. The new plan, which involved re-engineering the mining layout, is intended to improve grade control, blasting efficiencies, cost reductions and greater mining flexibility. Increased in situ grades and more selective stope tonnages resulted in higher gold production than the previous quarter.

At the Taylors Mine, tonnages increased while recovered grades were marginally lower resulting in gold production remaining relatively consistent with the previous quarter. Although a transition was made in May from blending Taylors’ concentrates into the Lily Mine’s processing circuit to recovering gold separately by direct cyanidation, initial gold lock-up and ‘preg-robbing’ during leaching resulted in low overall recoveries. Costs were higher, primarily as a result of increased underground development to access ore reserves.

While work continued on the Barbrook Stage 2 BFS, the rate of advance on the underground diamond drilling programme was reduced in line with the Company’s cost-cutting measures. A total of 1,148 metres was completed, producing further, good, borehole intersections in the Taylors ore body below 10 Level.

Notwithstanding the encouraging results achieved from the ground-based geophysics being conducted over properties containing prominent target anomalies, the regional exploration programme was wound down and temporarily discontinued as a part of the Company’s austerity programme.

Outlook

Despite the underground setbacks at Lily during the first half of the year and the low recoveries still being experienced in the Taylors processing circuit, both mines have implemented improved operating flexibilities and efficiencies. Consequently, and subject to no further decreases in the gold price, the outlook for maintaining production at planned levels for the year remains positive.
Reduced cash flows as a result of lower gold prices have had a material effect on the Company's working capital adequacy. The Company is investigating various funding options to bolster its cash reserves. Labour relations on the mine remain sound and the latest, negotiated wage increases have been implemented.

Operations

*Lily Mine*

While development remains a priority to open new stoping areas and improve underground mining flexibility, this had to be temporarily reduced in order to conserve working capital. Development of the second decline continued, however, and stoping operations in the eastern pay shoot commenced in June. This provided an additional stope to that being mined in the main pay shoot, thus improving abilities to manage the run-of-mine production mix.

The new mine plan provides for reduced inter-level spacing to improve ground control and minimising of waste development by doing away with hanging wall drives. By the end of June, total tonnes milled and meters developed for first six months of the year at Lily had exceeded that completed during the equivalent period in 2012. By quarter end, the main decline was approaching 9 Level and stoping is expected to commence in that area in the third quarter.

Due to a combination of increased gold production and cost reductions, cash operating costs for the quarter reduced to US$1,210 per oz and total costs to US$ 1,411 per oz.

<table>
<thead>
<tr>
<th>Summary</th>
<th>Sep 2012 Qtr</th>
<th>Dec 2012 Qtr</th>
<th>Mar 2013 Qtr</th>
<th>Jun 2013 Qtr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore tonnes mined</td>
<td>89,593</td>
<td>94,940</td>
<td>92,431</td>
<td>82,750</td>
</tr>
<tr>
<td>Ore tonnes milled</td>
<td>89,476</td>
<td>94,038</td>
<td>92,153</td>
<td>82,556</td>
</tr>
<tr>
<td>Grade (g/t)</td>
<td>2.37</td>
<td>2.03</td>
<td>1.61</td>
<td>2.01</td>
</tr>
<tr>
<td>Recovery (%)</td>
<td>91</td>
<td>89</td>
<td>83</td>
<td>87</td>
</tr>
<tr>
<td>Gold Produced (oz)</td>
<td>6,183</td>
<td>5,486</td>
<td>3,965</td>
<td>4,641</td>
</tr>
<tr>
<td>Cash Costs (US$/oz)</td>
<td>1,030</td>
<td>1,136</td>
<td>1,446</td>
<td>1,210</td>
</tr>
<tr>
<td>Total Costs (US$/oz)</td>
<td>1,160</td>
<td>1,291</td>
<td>1,480</td>
<td>1,411</td>
</tr>
</tbody>
</table>

The mine is still in an expansionary phase and further capital expenditure, mainly for additional trackless mining equipment, is required to bring it full production. Capital expenditure for the quarter was A$1.6 million.
Taylors Mine

At Taylors, there was an increase in tonnes milled during the quarter but grades declined as a result of planned mining taking place in a pre-developed area of lower ore reserve grades. Gold production was, therefore, marginally lower than the previous quarter.

Instead of blending concentrates into the Lily processing circuit, as has been the case since cancellation of the Off Take Agreement, these were introduced into a separate CIL circuit during the quarter. Metallurgical recoveries remained low at 42% due to initial ‘lock-up’ and the presence of a ‘preg robber’ (organic carbon in the ore) during the leaching process, which is having a negative effect on gold dissolution.

This problem has been alleviated with better process controls and should be mitigated further by the HiTeCC process (heated caustic conditioning), which has yet to be implemented on a production scale. Once fully operational, the HiTeCC process should improve recoveries to between 55% and 60%.

<table>
<thead>
<tr>
<th>Summary 2012</th>
<th>Sep 2012 Qtr</th>
<th>Dec 2012 Qtr</th>
<th>Mar 2013 Qtr</th>
<th>Jun 2013 Qtr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore tonnes mined</td>
<td>24,064</td>
<td>21,593</td>
<td>18,929</td>
<td>25,579</td>
</tr>
<tr>
<td>Ore tonnes milled</td>
<td>21,395</td>
<td>22,019</td>
<td>23,078</td>
<td>25,043</td>
</tr>
<tr>
<td>Grade (g/t)</td>
<td>3.82</td>
<td>3.08</td>
<td>3.31</td>
<td>3.27</td>
</tr>
<tr>
<td>Recovery (%)</td>
<td>55</td>
<td>48</td>
<td>46</td>
<td>43</td>
</tr>
<tr>
<td>Gold Produced (oz)</td>
<td>1,437</td>
<td>1,045</td>
<td>1,135</td>
<td>1,126</td>
</tr>
<tr>
<td>Cash Costs (US$/oz)</td>
<td>1,056</td>
<td>1,593</td>
<td>1,382</td>
<td>1,487</td>
</tr>
<tr>
<td>Total Costs (US$/oz)</td>
<td>1,157</td>
<td>1,740</td>
<td>1,498</td>
<td>1,684</td>
</tr>
</tbody>
</table>

Cash operating costs increased at Taylors to US$1,487 per oz due to low recoveries and gold ‘lock up’. Total costs were US$1,684 per oz.

Capital expenditure was A$0.6 million for the quarter, which was mainly incurred on completion of a new crushing plant and the Barbrook Stage 2 BFS drilling.
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 below 10 Level, continued but at a lower rate than planned due to cost-cutting. A total of 1,148 metres was drilled in the quarter, bringing the total completed to date to 5,996 metres of the planned 8,000 metre program.

The results from the drill holes assayed as at 12 July 2013 are summarised in the table below:

<table>
<thead>
<tr>
<th>Hole</th>
<th>ID</th>
<th>Stage</th>
<th>Reserve</th>
<th>Hole Type</th>
<th>TRUE Grade</th>
<th>Dip</th>
<th>Azimuth</th>
<th>x</th>
<th>y</th>
<th>z</th>
<th>Total Length</th>
<th>From</th>
<th>To</th>
<th>Length</th>
<th>TRUE</th>
<th>Grade</th>
<th>Au</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFS Stage 2A</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tbody>
</table>
The positions of the borehole intersections are illustrated in the following vertical projection of the Taylors Mine.

With the BIOX test work complete, the only remaining test work is the HiTeCC process which, to date, has provided excellent results in the laboratory. Two HiTeCC batch tests were carried out in the operating plant but with mixed results. Further HiTeCC tests will be conducted to determine its production scale efficiency in reducing the ‘preg robbing’ effects, hence increasing overall recoveries.

Capital expenditure on the BFS during the quarter was A$369,000. As a consequence of the decision to reduce the rate of BFS drilling, the study is now scheduled to be completed during the first quarter of 2014.

**Exploration**

Although the ground resistivity and IP (induced potential) survey over selected target areas identified from detailed airborne magnetic and geological interpretation continued to yield encouraging results, the programme was temporarily suspended due to cost containment. An amount of A$106,000 was spent on field exploration during the quarter.

**Corporate**

The decline in the gold price during the quarter, and the material impact this had on operating cash flows, necessitated the implementation of a cost-cutting programme at the end of May. This entailed the temporary suspension of the regional exploration programme, a 65% reduction in the BFS drilling programme, paying off all non-essential contractors and certain reductions in staff. In addition, all directors took a pay cut with effect from 1st June.
The Company successfully completed a A$2.0 million placement, being the issue of 20,000,000 fully paid ordinary shares at A$0.10 per share.

The company reported a Cash Operating Profit of A$628,000 and a Net Loss of A$1,003,000, Capital expenditure was A$2.2 million during the quarter and the cash balance at 30 June 2013 reduced to A$693,000.

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For further information please contact:

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http://www.vantagegoldfields.com

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”.

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