September 2013 Quarterly Report

24 October 2013

Highlights

- Record gold production of 7,733 oz (34% increase on the previous quarter)
- Average gold price received of A$1,465/oz (US$1,335/oz)
- Cash costs reduced to A$1,115/oz (US$1,015/oz), down 14%
- All-in Sustaining costs reduced to A$1,397/oz (US$1,271/oz), down 27%
- Cash operating profit increased to A$2,602,000 (414% up on previous quarter)
- Net profit rose to A$1,225,000 from a net loss the previous quarter
- Wages agreement implemented on 1st July 2013 as planned

Quarterly Overview

A number of records were achieved in the quarter with tonnes milled and gold produced being the highest to date. Cash operating costs and all-in-sustaining costs also reduced to the lowest levels this year.

Underground development rates at Lily Mine have increased steadily in keeping with the company’s drive towards opening new stoping areas in order to provide greater underground mining flexibility. This accelerated development rate will be some 60% higher than last year. In addition, revised grade management procedures and the re-engineered mine layout has had the dual effect of improving ore body definition, increasing mining efficiencies and reducing mining dilution, thus raising head grades.

Tonnes milled at Taylors Mine in the quarter were the highest to date although the head grades were marginally lower than the previous quarter. The first full quarter of operating the direct CIL leaching of flotation concentrates has been completed. Ongoing work is targeting significant recovery improvements which are expected to form the foundation for the start of the Barbrook Stage 2 expansion in the first half of 2014. The three year trial mining phase at Barbrook (Stage1, Taylors Mine) will be complete at year end.

The good relationship with the labour union enabled the wage agreement to be implemented in July and a new one year agreement is now in place. Most of the labour for the mines is sourced from the local community, with whom the company also enjoys an excellent relationship.

All regional exploration has been suspended as part of the Company’s cost-cutting initiative.
**Outlook**

Increased development and improved mining efficiencies at the Lily Mine have alleviated the underground problems experienced during the first half of the year. With the subsequent development of additional stopes the issues of ore reserve availability and operational flexibility have been overcome. As a result, the outlook for maintaining production at planned levels for the remainder of the year remains positive.

Mining operations at the Taylors Mine continue as planned and gold recoveries continue to improve, albeit at a slower rate than planned. Investigations into optimising leach recoveries are on-going, with improvements expected to be confirmed once the HiTeCC process (high temperature caustic conditioning) test plant is installed in the current quarter.

**Operations**

**Lily Mine**

Mining of the ore body has been successfully optimised in stoping areas on 8 Level, where widths and grades have been higher than anticipated. Development of the second decline also advanced substantially during the quarter, with both declines approaching 10 Level. The ore body is now accessible via the second decline on 9 Level, providing additional stoping areas for mining, and improving flexibility to manage the run-of-mine production mix.

Implementation of the new mine plan, which enhances ground control and minimises waste development, has led to mining dilution being reduced substantially, with grades showing a material improvement from the previous quarter. Increased ore body sampling and diamond drilling ahead of advancing development has markedly enhanced grade control and planning.

Due to a combination of increased gold production and cost containment, cash operating costs for the quarter reduced to US$949 per oz and all-in sustaining costs were US$1,071 per oz.

<table>
<thead>
<tr>
<th>Summary</th>
<th>Dec 2012 Qtr</th>
<th>Mar 2013 Qtr</th>
<th>Jun 2013 Qtr</th>
<th>Sept 2013 Qtr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore tonnes mined</td>
<td>94,940</td>
<td>92,431</td>
<td>82,750</td>
<td>93,455</td>
</tr>
<tr>
<td>Ore tonnes milled</td>
<td>94,038</td>
<td>92,153</td>
<td>82,556</td>
<td>93,555</td>
</tr>
<tr>
<td>Grade (g/t)</td>
<td>2.03</td>
<td>1.61</td>
<td>2.01</td>
<td>2.35</td>
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<tr>
<td>Recovery (%)</td>
<td>89</td>
<td>83</td>
<td>87</td>
<td>90</td>
</tr>
<tr>
<td>Gold Produced (oz)</td>
<td>5,486</td>
<td>3,965</td>
<td>4,641</td>
<td>6,326</td>
</tr>
<tr>
<td>Cash Costs (US$/oz)</td>
<td>1,136</td>
<td>1,446</td>
<td>1,210</td>
<td>949</td>
</tr>
<tr>
<td>AISC (US$/oz)</td>
<td>1,300</td>
<td>1,668</td>
<td>1,455</td>
<td>1,071</td>
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</tbody>
</table>

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

Notwithstanding the improved operational performances, the mine requires further capital expenditure, mainly for additional trackless mining equipment, in order to bring it full production. Capital expenditure for the quarter was A$1.438 million.
**Taylors Mine**

Mining and development remained on schedule as planned above 10 Level. Tonnes milled during the quarter continued to increase, however grades declined due to the mining of lower grade ore reserves and accumulations in old stopping areas. Gold production for the quarter was, nevertheless, higher than previous quarters this year. Encouraging results from drilling and sampling to the west and east of the current mining area has led to development taking place in those extensions of the Taylors and French Bob ore bodies, respectively.
Metallurgical recoveries improved marginally to 51% after the first full quarter of operations in the dedicated CIL plant. With the introduction of additional CIL tanks to improve leaching efficiency and better process controls to manage the effects of organic carbon (‘preg robbing’), it is anticipated that recoveries will improve further. In addition, once the HiTeCC process is operating on a continuous basis, recoveries are expected to reach planned levels.

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<th>Jun 2013 Qtr</th>
<th>Sept 2013 Qtr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore tonnes mined</td>
<td>21,593</td>
<td>18,929</td>
<td>25,579</td>
<td>27,480</td>
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<td>Ore tonnes milled</td>
<td>22,019</td>
<td>23,078</td>
<td>25,043</td>
<td>27,175</td>
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<tr>
<td>Grade (g/t)</td>
<td>3.08</td>
<td>3.31</td>
<td>3.27</td>
<td>3.19</td>
</tr>
<tr>
<td>Recovery (%)</td>
<td>48</td>
<td>46</td>
<td>43</td>
<td>51</td>
</tr>
<tr>
<td>Gold Produced (oz)</td>
<td>1,045</td>
<td>1,135</td>
<td>1,126</td>
<td>1,408</td>
</tr>
<tr>
<td>Cash Costs (US$/oz)</td>
<td>1,593</td>
<td>1,382</td>
<td>1,487</td>
<td>1,312</td>
</tr>
<tr>
<td>AISC (US$/oz)</td>
<td>1,936</td>
<td>1,625</td>
<td>1,632</td>
<td>1,378</td>
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</tbody>
</table>

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

Cash operating costs at Taylors reduced to US$1,312 per oz and all-in sustaining costs were US$1,378 per oz.

Capital expenditure was A$40,000 for the quarter.
Barbrook Stage 2 Expansion

The BIOX test work has been successfully completed and, while this provides an excellent solution to the refractory ore at Barbrook, it is a relatively high capital option. The current metallurgical test work programme is production oriented and focused on a conventional, and therefore much cheaper, option. The work is aimed at optimising the newly commissioned Taylors CIL circuit to further improve recoveries using the HiTeCC process. If successful this will avoid the need for the BIOX process and will determine the eventual flow sheet selection for the Barbrook Expansion Plan. Current investigations are targeting an overall recovery in the Barbrook flotation and direct leaching circuit of 60% - 70%.

The underground diamond drilling programme has been reduced due to necessary cost cutting. As a result only one drill rig with a drilling target of 200m per month (previously 600m per month) is operating. The purpose of the drilling programme is to improve the confidence of the down-dip extension of the Taylors ore body below 10 Level. Total metres completed to date amount to 5,996 metres of the planned 8,000 metre programme. Results of the drilling continue to confirm mineralized extensions of the Taylors ore body below 10 Level, particularly to the east of the known pay shoot and including the French Bob ore body.

Capital expenditure on the project during the quarter was A$216,000.

Exploration

No exploration was conducted during the quarter.

Corporate

The Company reported a Cash Operating Profit of A$2,602,000 (previous quarter A$628,000) and a Net Profit of A$1,225,000 (previous quarter loss A$1,003,000) for the quarter. Capital expenditure reduced to A$1,694,000 during the quarter. The company raised a convertible loan of US$0.5 million and the cash balance at 30 September 2013 improved to A$1,144,000.

While the financial position of the company has improved, additional capital is required in order to strengthen the balance sheet. This is also necessary for providing essential capital expenditure for both operations in order for them to expand production to planned levels in 2014.

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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 (“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 with the first stage of trial mining about 3 years ago. The Barbrook Stage 1 operation (Taylors Mine) is almost complete and will be terminated at the end of 2013. This operation has been successful, thus paving the way to commence with the Barbrook Stage 2 expansion programme in 2014. The “Barbrook Expansion Plan” will be detailed in a report by the end of 2013 and this will be followed by a full Bankable Feasibility Study in the fourth quarter of 2014. The expansion plan targets initial production levels of 15,000 oz pa rising to 60,000 oz pa in the next few years.

- 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 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 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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