June 2015 Quarterly Report

Highlights

- Gold produced was 8,581/oz for the quarter (8,241/oz).
- Gold price received was US$1,183/oz (US$1,216/oz).
- Cash Costs were US$937/oz (US$978/oz).
- All-In Sustaining Costs were US$1,239/oz (US$1,225/oz).
- Net Profit was A$151,000 (Loss A$27,000).

Quarterly Overview

The quarterly performance of the Group continued to improve with a 4% increase in gold production and a further reduction in cash costs. This was achieved despite a work stoppage enforced by the Department of Mineral Resources (DMR) as a result of a fatality at the Barbrook Mine in June.

Tragically, a Barbrook employee was fatally injured when he neglected to connect his safety harness to the safety rail and fell into an ore bin in a freak accident. Desperate efforts by fellow workers to rescue him were in vain. The DMR issued a Section 54 notice suspending all operations for 2 days, although the suspension at Barbrook continued for 7 days.

Despite the 2 day plant closure, quarterly gold production at Lily Mine increased by 11%. However, gold production at Barbrook dropped some 25% on the previous quarter as a result of the Section 54 suspension and lower plant recoveries. Group Cash Operating Costs reduced slightly and All-in Sustaining Costs remained constant. Capital Expenditure, which essentially comprises sustaining capital, increased marginally to A$2.067 million.

The company reported a Net Profit of A$151,000 for the quarter.

Outlook

The recent drop in the gold price to US$1,100/oz is a concern. Not only does this place additional pressure on the operating performance of the mines, but it reduces the likelihood of raising additional capital for the expansion of operations at Barbrook. A concerted effort is being made to restructure the company’s BEE partnership and, in doing so, to significantly expand Barbrook’s production profile. Market conditions remain very tough and other alternatives for Barbrook will also be considered.

The South African mining industry’s labour market remains fragile and union demands continue to be unrealistic. Despite this, the Company reached agreement on 1 July 2015 with its labour union, AMCU, for a 10% overall wage increase. This was achieved at a time when the remainder of the gold mining industry was still in deadlock over wage agreements. Vantage’s staff members will receive a salary increase of half of this, while senior management and directors have again agreed to receive no salary increase at all.
Operationally, the mines are in good shape and managed by committed personnel. However, the combination of a lower gold price and relentless cost inflation are likely to place further financial pressure on the Company. The Company’s financial status is being constantly reviewed and a decision will be made by the end of the third quarter on operational restructuring, should it be required.

Operations

Lily Mine

Grade improved appreciably as a result of sound geological control and lower ore dilution. The grade for the quarter was 2.70 g/t and the mine remains on target to achieve an average of approximately 2.50 g/t for the year. Underground development targets were not met during the quarter. This can partly be attributed to the low availability of trackless mining machinery, where technical skills remain in short supply, a problem which continues to receive priority attention. For as long as operating margins are unable to provide budgeted capital expenditure to meet planned rates of development, these are likely to remain below target until alternative financing becomes available.

Cash Operating costs reduced to US$861/oz and All-in Sustaining Costs were US$1,046/oz.

<table>
<thead>
<tr>
<th>Summary</th>
<th>Sept 2014 Qtr</th>
<th>Dec 2014 Qtr</th>
<th>March 2015 Qtr</th>
<th>Jun 2014 Qtr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore tonnes mined</td>
<td>99,263</td>
<td>85,789</td>
<td>96,042</td>
<td>95,113</td>
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<td>Ore tonnes milled</td>
<td>99,245</td>
<td>88,885</td>
<td>98,320</td>
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<tr>
<td>Grade (g/t)</td>
<td>2.44</td>
<td>2.40</td>
<td>2.34</td>
<td>2.70</td>
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<tr>
<td>Recovery (%)</td>
<td>89</td>
<td>91</td>
<td>90</td>
<td>90</td>
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<tr>
<td>Gold Produced (oz)</td>
<td>6,925</td>
<td>6,217</td>
<td>6,633</td>
<td>7,369</td>
</tr>
<tr>
<td>Cash Costs (US$/oz)</td>
<td>954</td>
<td>1,000</td>
<td>941</td>
<td>861</td>
</tr>
<tr>
<td>AISC (US$/oz)</td>
<td>1,155</td>
<td>1,238</td>
<td>1,111</td>
<td>1,046</td>
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</tbody>
</table>

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

Lily Mine generated free cash flows of A$2.0 million during the quarter, of which A$1.6 million was used in sustaining capital expenditure.
Barbrook Mine

The poor performance of Barbrook Mine during the June quarter can be attributed to lower plant recoveries compounded by the Section 54 suspension of operations. Declining plant recoveries, which commenced last quarter, were a direct result of the high preg-robbing index, caused by excessive organic carbon in the ore. The ore reserves in the area mined during the last 6 months have a higher than normal carbon content and this has a major effect on recovery. While the HiTeCC circuit is in the process of being commissioned, this alone was not sufficient to counter the problem, particularly in the past 3 months. As a result, gold recovery dropped to 45%, having averaged 60% last year.

Mining operations have since been moved away from the high carbon ore reserve area and improvements are being made to the HiTeCC circuit in an effort to mitigate further gold losses during processing. Recoveries are expected to improve again to 55% - 60% in the short term.

Management’s objective in the medium term is to increase recoveries to 80%, but this requires a further injection of capital. Therefore, until the Company is able to afford the implementation of BIOX processing technology, the mine can be expected to operate in the 55% - 60% gold recovery level.

Cash costs for the quarter were US$1,402 /oz and All-in Sustaining Costs US$1,727/oz.

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<th>March 2015 Qtr</th>
<th>June 2015 Qtr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore tonnes mined</td>
<td>28,966</td>
<td>27,613</td>
<td>36,969</td>
<td>28,406</td>
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<td>Ore tonnes milled</td>
<td>29,501</td>
<td>27,799</td>
<td>35,214</td>
<td>28,833</td>
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<tr>
<td>Grade (g/t)</td>
<td>2.69</td>
<td>2.75</td>
<td>2.95</td>
<td>2.90</td>
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<tr>
<td>Recovery (%)</td>
<td>60</td>
<td>60</td>
<td>48</td>
<td>45</td>
</tr>
<tr>
<td>Gold Produced (oz)</td>
<td>1,541</td>
<td>1,482</td>
<td>1,608</td>
<td>1,212</td>
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<tr>
<td>Cash Costs (US$/oz)</td>
<td>1,175</td>
<td>1,191</td>
<td>1,129</td>
<td>1,402</td>
</tr>
<tr>
<td>AISC (US$/oz)</td>
<td>1,374</td>
<td>1,458</td>
<td>1,386</td>
<td>1,727</td>
</tr>
</tbody>
</table>

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

Capital expenditure remained constant at A$0.5 million for the quarter, which was funded from Lily Mine’s cash flow.
Barbrook Expansion

The recent plunge in the gold price to US$1,100/oz has placed the Barbrook Expansion project in jeopardy. The short term operational viability of Barbrook is also being reviewed as a result of the lower gold price and the scarcity of capital, and a decision in this regard will be made before the end of September 2015. Notwithstanding capital constraints, and should recoveries improve as planned, it is still possible that the first phase of the planned expansion could be implemented. This possibility is being carefully considered by management.

Exploration

No exploration was carried out during the quarter.

Corporate

The Cash Operating Profit for the company was A$2.8 million (A$2.5 million) and the Net Profit A$151,000 (Loss A$28,000). This was achieved largely as a result of Lily's continually improving operational performance. Management is cognisant of Barbrook's recent lacklustre performance and is reviewing all options for this mine so as avoid any further drain on Lily Mine's cash flow. Capital Expenditure for the Group increased to A$2.1 million for the quarter and the cash balance at 30 June 2015 closed at A$765,000.

The gold price has dropped US$250/oz (or some 20%) in the past 15 months since the Company entered into a gold loan agreement. One of the consequences of the resultant decline in gold revenues has been the inability of the Company to service the loan. An amount of A$3.2 million was repaid last year, however it is unlikely that a similar magnitude of loan repayments will be possible in 2015. Consequently, the terms of the loan are in the process of being re-negotiated with the lender.

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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 (*Barbrook).

The Company has three advanced projects and total estimated Mineral Resources of 4.3 million ounces, including estimated Ore Reserves of 0.6 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 11 years.

- **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 4 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 (Stage 2). The lower gold price in the past year has, however, necessitated a revision of this plan. The revised plan will involve ore pre-concentration as well as 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 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 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”) 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 Mr F Dabrowski, BSc Eng (Mining Geology) (Wits); MSc Mineral Exploration (Rhodes); Pr Sci Nat; Director of Geo-Consult International Pty Ltd. 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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