

Vantage Goldfields Limited

An African Gold Producer



March 2011 Quarterly Report

29 April 2011

Highlights

- Commencement of production ramp up at Lily Mine – 33% increase in gold production.
- Lily gold production was 1,901 ounces but is expected to increase rapidly over the balance of calendar 2011.
- Lily Mine gold recovery affected by initial ‘lock-up’ in new processing circuit at the Central Metallurgical Complex (“CMC”).
- The Taylors (Barbrook) parallel circuit of the (“CMC”) was commissioned and initial production has commenced.
- Scoping study on initial production from Worcester mine indicates positive economics.
- Encouraging exploration results at the Bonnie Dundee and Crown prospects.
- Subsequent to end of the quarter placement to raise \$5 million completed and SPP targeting \$1m initiated. Funds to be applied to bring Taylors (Barbrook Stage1) into production.

Overview

Production (stopping) operations at the Lily Mine commenced during the quarter and tonnage build-up continues to increase according to plan. Small scale initial production for Barbrook Stage 1 also commenced with ore from the Taylors Project, where ore is currently being sourced from a surface stockpile and treated through the CMC flotation circuit. Regional exploration programs are on-going, targeting additional mineral resources.

Outlook

The ramp up of production at Lily is on track to reach a targeted 35,000 ounce annual production rate by the December quarter 2011. Grades are expected to increase to 3 g/t and ore processing through the CMC Lily circuit is expected to reach nameplate capacity of 400,000 tonnes per annum at that stage. Cash costs at Lily are forecast to trend down to below US\$650 per ounce by the December 2011 quarter.

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Underground mining at Taylors (Barbrook Stage 1) is expected to commence in the current quarter. Production is scheduled to steadily ramp up to reach 120,000 tonnes per annum of ore treatment in the first half of calendar 2012, with gold production rate in excess of 12,000 ounces per annum.

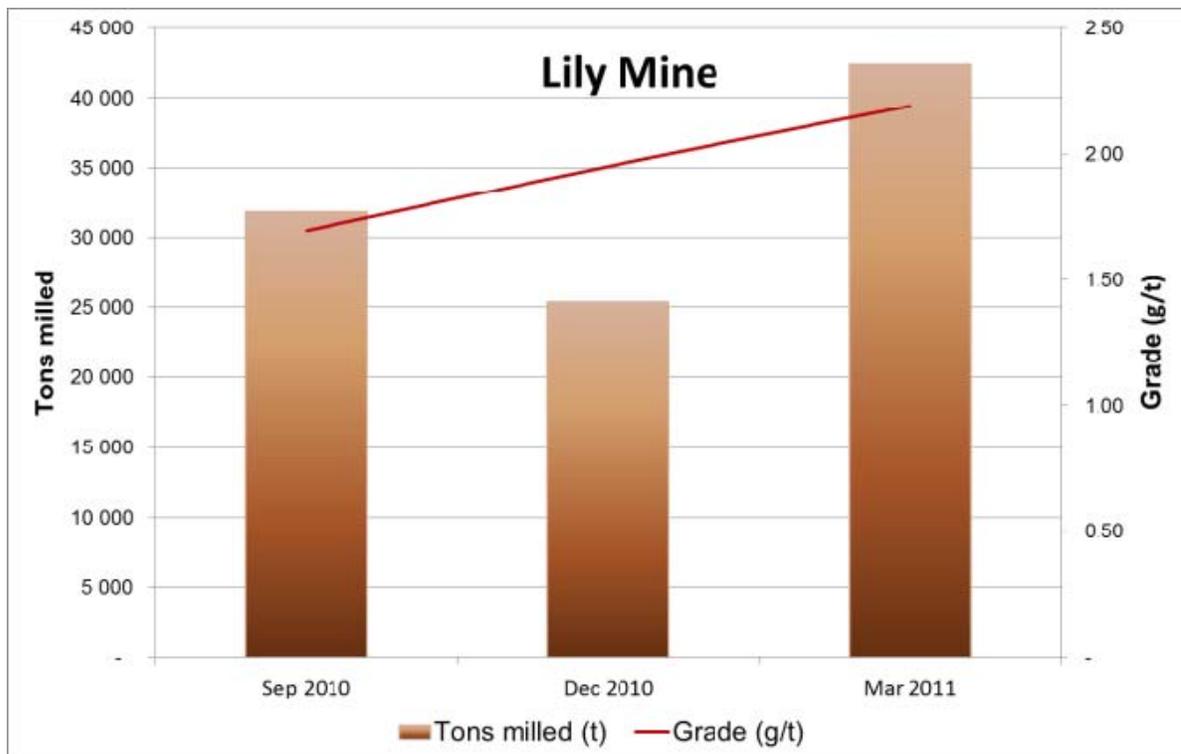
Operations

Safety and Health

The Lost Time Injury Frequency Rate (LTIFR) measured out of 1,000 shifts stands at 1.4. This compares favourably within the South African mining industry, and the Company continues to demonstrate that safety is a high priority in its operations.

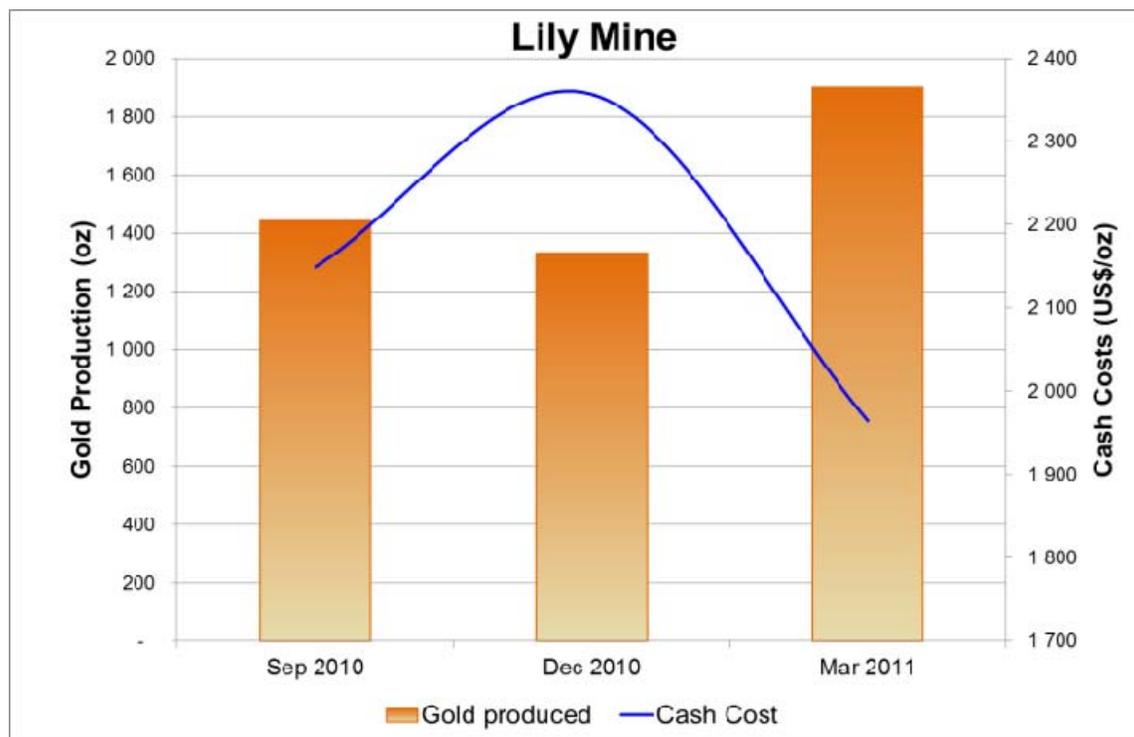
Lily Mine

Tonnages and grades mined from underground increased as the higher proportion of stope tons contributed to the production mix. Recovery in the plant was only 64% owing to gold 'lock up' of an estimated 1,000 ounces in the new CMC circuit dedicated to processing the free-milling ore from Lily Mine. This ore was first introduced to the CMC in January, upon closure of the Makonjwaan plant at the end of 2010.



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Production	Dec 2010 Qtr	March 2011 Qtr
Ore tonnes mined	25,789 t	42,451 t
Ore tonnes milled	25,376 t	42,420 t
Grade	1.95 g/t	2.19 g/t
Recovery	84%	64 %
Gold Produced	1,333 oz	1,901 oz



Owing to the modest start-up levels of stope production in the quarter, cash operating costs remained relatively high, but these are expected to continue reducing as production increases over the next three quarters.

Taylor's Project

The Taylor's Project (Barbrook Stage 1) processing circuit in the CMC was completed and commissioned during the quarter. This included work on the milling and flotation sections to enable production operations to commence, although further work is still required on the crushing and concentrate drying sections. Small tonnages of surface stockpiled material were processed in March to provide the first batch of concentrates, which was dispatched at the end of the month. This production was insufficient to be reported in this quarterly summary, hence detailed figures will be provided in next quarter's report, when mining operations at the Taylor's Project have officially been commissioned.

The underground workings at the Taylors Project are now being re-opened and production operations will commence in the next quarter. The balance of the surface stockpile will be processed first, after which better quality underground ore will be milled and treated to meet the requirements of the concentrate off-take agreement schedule.

Corporate

In order to fund the development of the Taylors Project (Barbrook Stage 1) as set out in the Prospectus, \$5 million was raised on 7 April 2011 by way of a placement to institutional and sophisticated investors. A total of 25 million shares were issued at a price of 20c per share. A Share Purchase Plan (SPP) for a maximum of \$1 million on the same terms has been offered to Australian and New Zealand resident shareholders. This offer closes on 5 May 2011.

Capital expenditure at Lily totalled \$1.72 million. While ongoing capital will be required during the year, the initial capital expenditure programme is now largely complete. Capital expenditure at Barbrook was \$240,000, which was incurred on the Taylors Project processing circuit. An amount of \$3 million has been allocated to develop and equip the existing underground workings at the Taylors Project, which will take place over a period of approximately 6 months.

Regional Exploration

The Company's regional exploration programme has continued satisfactorily during the quarter. Exploration activities were concentrated mainly on the Worcester Project and Bonnie Dundee and Crown prospects. No further work was done on the Lily West prospect during the quarter.

Follow-up field investigations of prominent shear zones at the Bonnie Dundee prospect have yielded results that warrant further exploration, while scoping studies to determine the economic potential for mining have been completed at the Worcester Project and are under way at the Crown prospect.

Lily West Prospect

Approximately 1500 meters of RC drilling were completed in 18 boreholes by the beginning of the quarter at the Lily West prospect, many consisting of more than one borehole drilled from the same site. The assay results of these boreholes are tabled below.

Borehole #	From (m)	To (m)	Width (cm)	Au g/t	Reef
CSRC02	4	6	2.0	0.50	A Reef
CSRC04	70	71	1.0	0.50	Lily Main
CSRC10	81	82	1.0	3.50	South Reef
CSRC13	37	38	1.0	0.80	A Reef
CSRC13	71	72	1.0	2.02	A Reef
CSRC13	74	75	1.0	2.30	A Reef

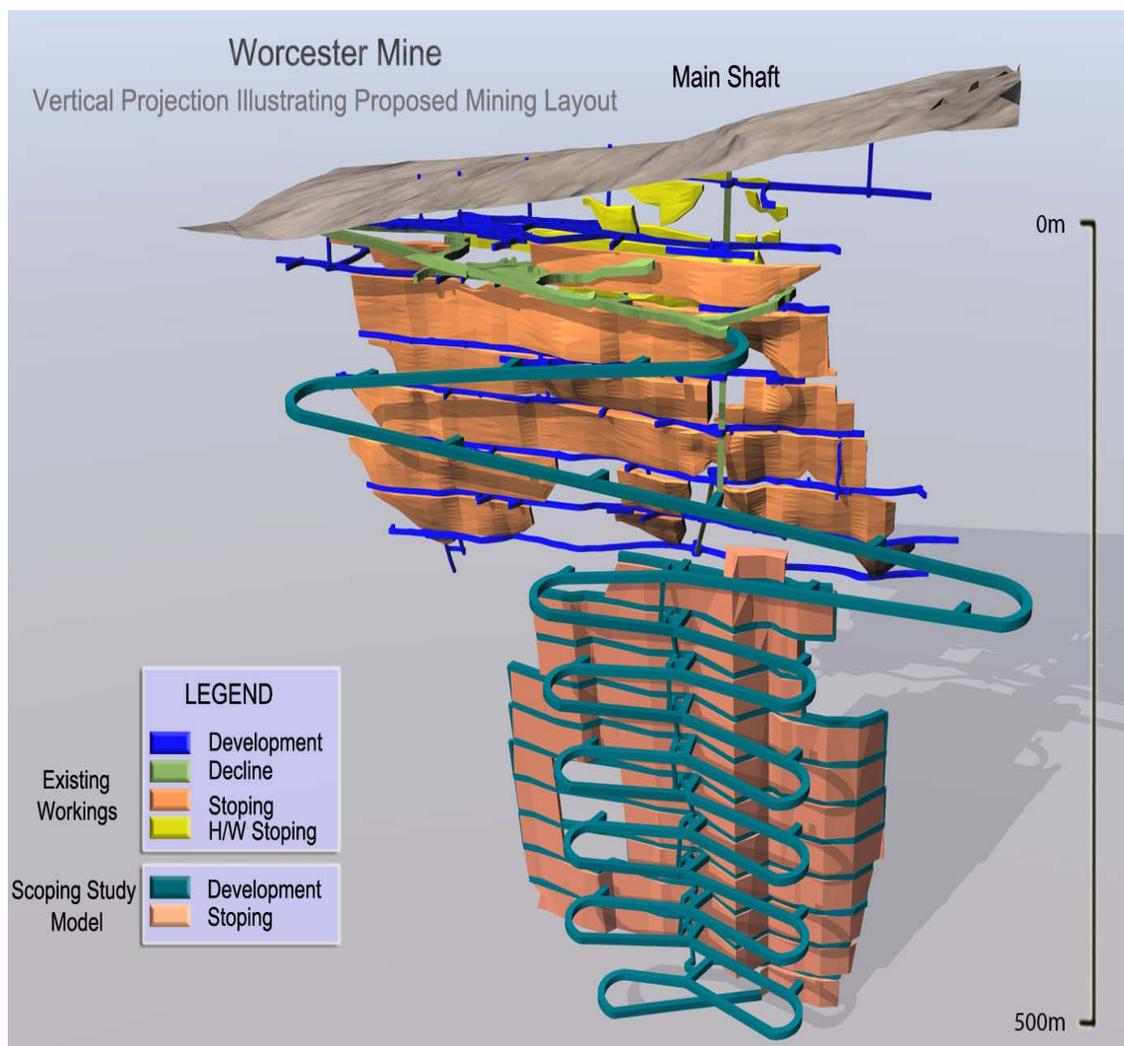
Although the results of this initial phase of drilling have not exposed gold mineralization that is sufficiently continuous to warrant immediate open pit mine planning, further phases of drilling along strike of the mineralized structures will be considered in due course.

Worcester Project

As part of the Company's on-going evaluation of the Worcester Project, being Vantage's third potentially producing mine, a scoping study has been completed to determine the economic viability of mining the Indicated Mineral Resources discovered to date below the old mine workings. Should mining operations at Worcester be feasible, these will add to the Company's objective of producing a collective 100,000 ounces per annum from its various mines.

A preliminary mine design considered accessing those Mineral Resources containing 1.7 million tonnes at 4.1 g/t from beneath the dormant workings, which extend to approximately 200 m below surface, by developing a trackless decline. The decline proposed in the study will commence from the existing decline which provides access to the two uppermost production levels (30 metres below portal elevation) of the old mine.

The results of the scoping study showed that an underground mining operation would be feasible at a production rate of 120,000 tonnes per annum over a 12 year life, producing a modest 10,000 ounces per annum. The mining method proposed in the scoping study for this 'satellite' operation is mechanized, long-hole open stoping with pillars, similar to the method employed at the Company's Lily Mine. In this model, a separate dedicated processing plant was not considered to be a viable option.



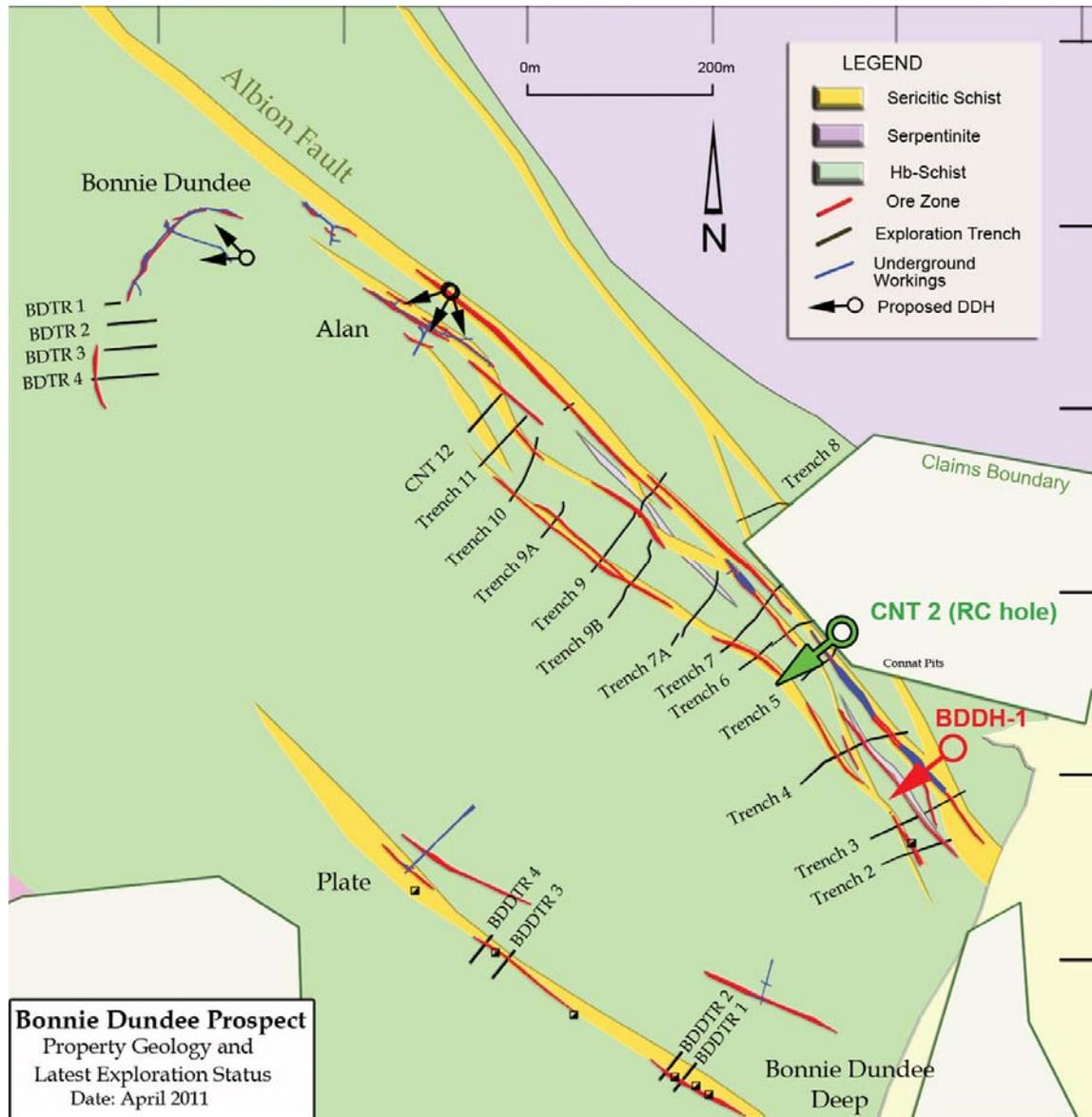
Based on the positive results of the scoping study, a pre-feasibility study is now in progress which is expected to be completed in the third quarter 2011. This study will evaluate all processing options, including the possibility of producing concentrates on site for further treatment at the CMC.

It is the Company's intention to implement a further phase of diamond drilling at Worcester in an attempt to increase the mineral resource of the project. This is in addition to continuing to explore for the possible strike extensions of the Worcester mineralized structure, as well as determining any geological associations between this structure and the mineralized shears currently being investigated at the Bonnie Dundee prospect. The objective is to delineate sufficient additional Mineral Resources capable of being mined at shallow depths in the Worcester-Bonnie Dundee project area to enable greater flexibility to be applied when evaluating economies of scale at Worcester.

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Bonnie Dundee Prospect

This prospect is located on an extension of the Albion Fault towards the southeast of the dormant Worcester Mine and, as such, forms part of the Worcester Project area. The Albion Fault is the controlling structure for the mineralization at the Worcester Mine and other small, dormant workings within the project area, such as the Bonnie Dundee and Connat prospects.



Trenches have exposed prominent quartz-filled shears that are associated with the mineralization previously mined in the old workings.

The following are selected results of samples taken from within some of the trenches, indicating the mineralized potential of the shear zones:

Trench Number	Width (m)	Au (g/t)	Structure
CNT 12	1.0	1.84	Alan Reef Zone
Trench 8	1.0	2.09	North Zone
Trench 7	1.0	3.53	Albion Reef Zone
Trench 2	2.0	2.2	Connat Reef Zone
Trench 2	2.0	14.56	Connat Reef Zone
Trench 9B	2.0	2.2	Alan Reef Zone

In addition to the surface trench sampling, sections of the dormant underground workings are being cleaned and channel-sampled where accessible. The first to be sampled was the Bonnie Dundee prospect adit. This is situated on a folded extension of one of the prominent, mineralised shears. The following are the assay results, to date, of this sampling exercise:

Channel Number	Width (m)	Au (g/t)
B01	2.3	5.4
B02	2.0	2.9
B03	2.3	3.11
B04	2.0	1.4
B05	2.0	2.53
B06	2.0	0.5
B07	2.0	0.5
B08	2.0	0.86
B09	2.0	1.0

The results of the trench and underground sampling are sufficiently indicative of mineralization along the Albion, Connat and Alan shears to warrant the implementation of a drilling programme designed to probe these structures within and below the oxidation zone.

Reverse circulation drilling was initially introduced but, due to excessive ingress of groundwater and probable loss of drilled material within the oxide zone, only two boreholes were completed with inconclusive results. Consequently, the RC drilling has been abandoned and substituted with a diamond drilling programme. Assay results from the first of these boreholes are still awaited.

A ground geophysical survey is also currently under way over the prospect area with the objective of obtaining more detailed definition of the strike and depth extent of the mineralized structures.

Crown Prospect

This prospect is located at the eastern extremity of the Barbrook Mines Complex mining right. Shear-hosted mineralization at Crown was mined in the past both as oxide ore by open pit and, to lesser extent, as sulphide ore by underground through access from the existing 4 level adit.

Results of a detailed geological re-modelling of the drilling and underground sampling data at the Crown prospect have led to a re-evaluation of the mineral resources. The results indicate the potential to bulk mine the array of mineralized shears, both in the oxidised zone and from underground.

A scoping study to investigate the economic viability of a new extended open pit has begun. A RC drilling programme has been planned for in-fill drilling areas within the oxide mineral resource blocks in order to refine the estimates for open pit modelling and scheduling. The viability of erecting a mobile processing plant at the Crown prospect is also being investigated.

Other Prospects

As with the Taylors and Crown prospects, re-evaluation of exploration drilling and sampling data, has led to the identification of numerous other prospects warranting scoping and/or pre-feasibility studies, primarily from the Barbrook Mines Complex. On-going assessment of these prospects is continuing, including prospects in the Bonanza Project area.

Vantage has entered into preliminary discussions with Pan African Resources on the possibility of consolidating mineral assets in the area including Vantage's Bonanza Project and Pan African Resources' Royal Sheba Project.

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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 4.38 million ounces, including estimated Ore Reserves of 0.52 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 Project is an operating mine. It has well established surface and underground infrastructure and the Company is expanding operations in terms of a Bankable Feasibility Study to produce 35,000 ounces of gold per annum from 2011 for at least 13 years.
- The Barbrook Project is in the process of being reviewed for development in 2011. 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 Project) has commenced preliminary production of concentrates from surface stockpiled material but is planned to increase production from underground mining in May 2011 in accordance with a Bankable Feasibility Study.
- The Worcester Project is a dormant mine which is being evaluated as part of the Company's exploration and evaluation programme. The Company has completed a scoping study at the Worcester Project as the first phase of a Pre Feasibility Study to investigate the viability of developing a new mine on the defined Mineral Resources.

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 will be investigated as potential mining projects.

Competent Persons Statement

The Competent Persons responsible for the Mineral Resource and Ore Reserve information in this announcement are Mr V Trashliev, Group Geologist, who is a member of the South African Council for Natural Scientific Professions ("SACNASP"), Mr M Begg, Technical 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 AusIMM. The GSSA is a Recognised Overseas Professional Organisation ("ROPO"). Mr Trashliev 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 GSSA. 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".