24 October 2014

The Manager
ASX Announcement Office

Dear Sir

VANTAGE GOLDFIELDS LIMITED
ACN 140 157 820

As previously announced to ASX, Vantage Goldfields Limited (**Vantage** or **Company**) proposes to implement a Proposed Transaction which involves:

- a capital return of 5 cents per share by way of a selective reduction of capital and cancellation of those shares (**Capital Return**) in respect of all shares held by shareholders holding less than 500,000 shares as at 5.00pm on 5 December 2014 and other shareholders who elect to receive the Capital Return (**Exiting Shareholders**); and
- following completion of the Capital Return, the removal of the Company from the official list of ASX (**Delisting**),

Both the Capital Return and Delisting require approval by resolutions at shareholders' meetings.

In accordance with the ASX Listing Rules, attached are the following documents in relation to the Proposed Transaction which will be sent by mail to Shareholders on Monday, 27 October 2014:

- Notice of Special Meeting of Exiting Shareholders;
- Notice of General Meeting of all shareholders;
- Shareholder Booklet explaining the Proposed Transaction and resolutions to approve the Proposed Transaction;
- Proxy Forms for both Meetings; and
- Election Form for shareholders holding at least 500,000 shares if they want to elect not to receive the Capital Return and remain as continuing shareholders following the Capital Return and Delisting of the Company.

The Special Meeting and the General Meeting are to be held at the offices of Baker & McKenzie, Level 27, 50 Bridge Street, Sydney NSW 2000 on Friday, 12 December 2014.

An updated timetable for the Proposed Transaction is included on page 5 of the attached Shareholder Booklet and other key dates are as follows:

Date and time to return Election Form	5:00pm, Friday 5 December 2014
Capital Return record date	Thursday, 15 January 2015
Payment of Capital Return	Monday, 19 January 2015
Delisting of Vantage from ASX	Monday, 19 January 2015

Shareholders should carefully read and consider all of the enclosed documents before deciding what to do and should consider seeking their own independent financial and taxation advice before making any decision in relation to the Proposed Transaction.

Yours faithfully

Stephen Turner
Chairman

Vantage Goldfields Limited
ACN 140 157 820
Registered office: Level 11, 151 Macquarie Street, Sydney NSW 2000, Australia
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Shareholder Booklet

This Booklet includes:

A notice of Special Meeting of Exiting Shareholders regarding the Capital Return is included in Appendix 1 to this Booklet.

A notice of General Meeting of all Shareholders regarding the Proposed Transaction is included in Appendix 2 to this Booklet.

Information to assist Shareholders to decide how to deal with their Shares and vote at the Meetings.

Proxy Forms for both Meetings.

Election Form for Shareholders holding at least 500,000 Shares to be able to elect to remain as Continuing Shareholders.

The Independent Expert has concluded that the Capital Return is fair and reasonable to Shareholders as a whole.

Your vote is important in determining whether the Proposed Transaction proceeds. This is an important document and requires your urgent attention.

If you are in any doubt as to how to deal with the Proposed Transaction and matters set out in this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

If you have recently sold all of your Shares, please disregard all enclosed documents.

Important Notices

Purpose of this Booklet

This Booklet provides information regarding the proposal by Vantage Goldfields Limited (**Vantage or Company**) to implement a Proposed Transaction which involves:

- a capital return of 5 cents per Share by way of a selective reduction of capital and cancellation of those Shares (**Capital Return**) in respect of all Shares held by Shareholders holding less than 500,000 shares as at 5.00pm on 5 December 2014 and other Shareholders who elect to receive the Capital Return (**Exiting Shareholders**); and
- following completion of the Capital Return, the removal of the Company from the official list of ASX (**Delisting**),

The purpose of this Booklet is to:

- explain the terms and effect of the Proposed Transaction to Shareholders;
- provide the Notice of Special Meeting of Exiting Shareholders and the Notice of General Meeting of all Shareholders;
- explain the choices that Shareholders can make:

  - to receive the Capital Return as Exiting Shareholders;

  - to remain as Continuing Shareholders if they hold at least 500,000 Shares as at 5.00pm on 5 December 2014, by completing and returning the Election Form;

  - to vote in relation to the proposed Capital Return Resolutions and Delisting Resolution.

You should read this Booklet in its entirety before making a decision on what to do with your Shares and how to vote on the resolutions to be considered at the Meetings.

Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 4 of this Booklet or where the relevant term is first used. References to **dollars** or **$** are references to the lawful currency of Australia.

Meeting of Shareholders

There will be two Shareholder Meetings:

- one for Exiting Shareholders to approve the Capital Return; and
- another for all Shareholders to approve the Capital Return and Delisting.

The notice convening the Special Meeting of Exiting Shareholders of Vantage is contained in Appendix 1. A Proxy Form for this meeting is enclosed.

You will be an Exiting Shareholder if you hold less than 500,000 Shares as at 5 December 2014 or you do not return an Election Form to the Registry by 5.00pm on 5 December 2014, in which case you will be deemed to be an Exiting Shareholder and will receive the Capital Return and have your Shares cancelled.

The notice convening the General Meeting of all Shareholders of Vantage is contained in Appendix 2. A Proxy Form for this meeting is enclosed.

Election Form to remain as a Continuing Shareholder

Shareholders who will hold at least 500,000 Shares as at 5.00pm on 5 December 2014 can elect to remain as Continuing Shareholders, and not receive the Capital Return and have their Shares cancelled, by completing and returning to the Registry the enclosed Election Form.

Shareholders who as at 5.00pm on 5 December 2014 do not hold at least 500,000 Shares will be treated as Exiting Shareholders and will receive the Capital Return for their Shares and have their Shares cancelled. **Therefore, Shareholders who return an Election Form electing to remain as a Continuing Shareholder but who do not hold at least 500,000 Shares as at 5.00pm on 5 December 2014 will still be treated as Exiting Shareholders and receive the Capital Return for their Shares and have their Shares cancelled.**

Independent Expert's Report

Grant Thornton Corporate Finance Pty Ltd (**Independent Expert)** has prepared the Independent Expert's Report in relation to the Capital Return set out in Appendix 4 and takes responsibility for that Independent Expert's Report and for any other statement summarising the conclusion of the Independent Expert to the extent required by law. The Independent Expert's Report includes a technical specialist report on the South African gold assets of Vantage commissioned by the Independent Expert from Xstract (**Xstract Report**). Shareholders are urged to read the Independent Expert's Report and Xstract Report carefully to understand the scope of those reports, the methodology of the assessment, the sources of information and the assumptions made. Neither, the Independent Expert nor Xstract not responsible for any other information contained within this Booklet.

Other Information

Other than in respect of the information contained in the Independent Expert's Report or attributed to the Independent Expert, the information contained in the remainder of this Booklet has been prepared by Vantage and is the responsibility of Vantage (**Vantage Information**). Vantage assumes responsibility for the Vantage Information only to the extent required by law.

Investment decisions

It is important that you read the entire Booklet before making any decision regarding your Shares or voting in relation to the Proposed Transaction. In particular, it is important that Shareholders consider the possible advantages and disadvantages of the Proposed Transaction identified in Section 1.8 and the Independent Expert's Report.

This Booklet does not take into account the investment objectives, financial situation, tax position and requirements of any particular person.

This Booklet should not be relied on as the sole basis for any decision in relation to the Proposed Transaction. Independent financial and taxation advice should be sought before making any decision in relation to the Proposed Transaction.

ASIC and ASX

A copy of this Booklet has been lodged with ASX and ASIC. None of ASX, ASIC or any of their officers takes any responsibility for the contents of this Booklet. The ASX has provided in principle advice that removal from the official list of ASX would be granted subject to compliance with certain conditions. A formal application for delisting will be made to ASX if the Proposed Transaction, including the delisting, is approved by Shareholders.

Important dates and time

Announcement of Proposed Transactions to ASX	Thursday 2 October 2014
Date and time by which you must return your Election Form *You must hold at least 500,000 Shares as at 5.00pm on Friday 5 December 2014 to be able to remain as a Continuing Shareholder by completing and returning the Election Form*	5:00 pm on Friday 5 December 2014
Date and time for lodgement of Proxy Forms	
Proxy Form for Special Meeting of Exiting Shareholders	11:00 am on Wednesday 10 December 2014
Proxy Form for General Meeting of all Shareholders	11:30 am on Wednesday 10 December 2014
Date and time for determining eligibility to vote General Meeting and Special Meeting of Exiting Shareholders	7:00 pm on Wednesday 10 December 2014
Dates and times of Meetings	
Special Meeting of Exiting Shareholders	11:00 am on Friday 12 December 2014
General Meeting of all Shareholders	11:30 am on Friday 12 December 2014
Trading in Shares on ASX will be suspended from this time	4.00pm on Monday 12 January 2015
Capital Return record date	5:00pm on Thursday 15 January 2015
Payment / dispatch of Capital Return*	Monday 19 January 2015
Delisting of Vantage*	Monday 19 January 2015

Dates marked with an asterisk (*) are indicative only and may differ from these indicative dates. Any change to these indicative dates will be announced to the ASX.

Chairman's letter

24 October 2014

Dear Shareholder

Proposed Transaction

As outlined in the recent ASX announcement on 2 October 2014, the Board has considered various strategies to reduce costs and allow Shareholders to realise value for their Shares, in particular smaller Shareholders who may not have been able to sell their Shares due to the low liquidity and trading of the Shares.

The Company is of the view that a continued listing on ASX would have limited benefits for the Company and Shareholders, and proposes to implement a selective capital return to Shareholders of 5 cents per Share (**Capital Return**), which is approximately 70% above the last traded price of the Company's Shares of 3 cents on 12 September 2014 (being the last date on which Shares traded before the Proposed Transaction was announced), and subsequently delist the Company from ASX.

The rationale for the Proposed Transaction including the key drivers and key objectives of implementing the Proposed Transaction is outlined in Section 2 of this Booklet.

ASX in-principle advice on Delisting

The ASX has provided in principle advice that approval for the removal of Vantage from the official list of the ASX would be granted subject to the Company obtaining Shareholder approval for the Delisting. A formal application for Delisting will be made to ASX if the Proposed Transaction, including the Delisting, is approved by Shareholders.

Key aspects of the Proposed Transaction

The Company will make available approximately $3 million from the Company's cash balance in order to provide minority Shareholders with an opportunity to receive value for their Shares. The management team proposes to remain as Shareholders, and the Company has received binding commitments from management and the three largest Shareholders that they are prepared to remain as shareholders (***Key Continuing Shareholders***). This should allow the Company to implement the Capital Return and remain within the budgeted amount.

The Capital Return will be made available to all Shareholders other than the Key Continuing Shareholders, on the following terms:

- all Shareholders holding less than 500,000 Shares will be deemed to be ***Exiting Shareholders*** and receive the Capital Return and have their Shares cancelled, unless by 5.00pm on 5 December 2014 they:
  - sell all of their Shares on ASX or off-market by private arrangement; or
  - acquire additional Shares on ASX or off-market by private arrangement to increase their shareholding to at least 500,000 Shares and elect to continue as Shareholder by completing and returning an Election Form so that the Registry receives the Election Form by 5.00pm on 5 December 2014.
- Shareholders holding at least 500,000 Shares will be able to complete and return to the Registry an Election Form and will have a period of 6 weeks up to 5 December 2014

(***Election Period***) to elect whether to remain as continuing Shareholders, with those Shareholders who:

- return an Election Form electing to remain as continuing Shareholders, who together with the Key Continuing Shareholders will be ***Continuing Shareholders***;
- do not return an Election Form being deemed to be Exiting Shareholders so that they will receive the Capital Return and have their Shares cancelled.

Shareholders will only be able to receive the Capital Return or elect to remain as Continuing Shareholders for all of the Shares held by them. It will be not be possible for Shareholders to receive a Capital Return for some of their Shares and also elect to continue to hold Shares after the Capital Return.

It is important to note that Shareholders who as at 5.00pm on 5 December 2014 do not hold at least 500,000 Shares will be treated as Exiting Shareholders and will receive the Capital Return for their Shares and have their Shares cancelled. Therefore, Shareholders who return an Election Form electing to remain as a Continuing Shareholder but who do not hold at least 500,000 Shares as at 5.00pm on 5 December 2014 will still be treated as Exiting Shareholders and receive the Capital Return for their Shares and have their Shares cancelled. This means that any Shareholders who acquire additional Shares to increase their holding to at least 500,000 Shares will need to ensure their acquisition is completed and their shareholding is recorded on the Register by no later than 5.00pm on Friday, 5 December 2014.

Subject to the necessary Shareholder and ASX approvals being obtained, following the Capital Return, the Company will be Delisted.

Independent Expert

The Company has engaged the Independent Expert to consider the Capital Return. The Independent Expert's Report is included in Appendix 4 and I recommend you read that report in full.

The Independent Expert has concluded that the Capital Return is fair and reasonable to Shareholders as a whole.

Board Committee Recommendations

A Board Committee was established to consider the Proposed Transaction comprising only directors who are non-executive directors (**BC Directors**). The directors comprising the Board Committee are responsible for all decisions by the Company in relation to the Proposed Transaction.

Having regard to the conclusion of the Independent Expert, and the potential advantages and disadvantages of the Proposed Transaction, the BC Directors unanimously recommend that, in the absence of a superior proposal emerging:

- Exiting Shareholders vote in favour of the Capital Return Resolution at the Special Meeting of Exiting Shareholders;
- Continuing Shareholders vote in favour of the Capital Return Resolution at the General Meeting; and
- all Shareholders vote in favour of the Delisting Resolution to remove Vantage from the official list of the ASX at the General Meeting.

Shareholders also should carefully consider their available choices whether or not to receive the Capital Return having regard to the conclusion of the Independent Expert and matters set out in the Independent Expert's Report, the potential advantages and disadvantages of the Proposed Transaction, their personal financial and other circumstances and any independent advice they receive.

The other Directors, who were not BC Directors, believe it is not appropriate for them to provide recommendations to Shareholders, as they have already decided that they intend to remain as Continuing Shareholders of the Company.

Choices for Shareholders

Your choices as a Shareholder are summarised in the "Your choices as a Shareholder" section of this Booklet.

The advantages and disadvantages of the Proposed Transaction are outlined in Section 1.6 of this Booklet and the Independent Expert's Report and should be considered before making any such choices.

As a Shareholder you should carefully read and consider this Booklet, including the Independent Expert's Report, before deciding what to do and should consider seeking your own independent financial and taxation advice before making any decision in relation to the Proposed Transaction.

Yours sincerely

Stephen Turner

Chairman
Vantage Goldfields Limited

Your choices as a Shareholder

Below is a summary of the choices you have as a Shareholder and the steps you need to follow both in relation to participating in the Capital Return and voting at the Meetings.

There is more detail in this Booklet, which you should read carefully to ensure that you understand the Proposed Transaction, including the Capital Return and how it will affect you before deciding what to do and you should consider seeking their own independent financial and taxation advice before making any decision in relation to the Proposed Transaction.

Participating in the Capital Return and dealing with your Shares

You have a number of choices available to you in relation to your Shareholding, and your decision whether to participate in the Capital Return. The choices available to you will depend on whether you will hold at least 500,000 Shares as at 5.00pm on 5 December 2014.

For Shareholders holding less than 500,000 Shares as at 5 December 2014

Shareholders who hold less than 500,000 Shares as at 5.00pm on 5 December 2014 will be deemed to be Exiting Shareholders and will receive the Capital Return and have their Shares cancelled unless by that time they choose to:

1. sell all of their Shares on ASX or off-market by private arrangement; or

2. acquire additional Shares on ASX or off-market by private arrangement to increase their shareholding to at least 500,000 Shares by 5.00pm on 5 December 2014 and elect to remain as a Continuing Shareholder by ensuring that their Election Form electing to remain as Continuing Shareholders is completed and received by the Registry by that date. Any Shareholders who acquire additional Shares to increase their shareholding to at least 500,000 Shares will need to ensure their purchase is completed and their shareholding is recorded with the Registry by no later than 5.00pm on Friday, 5 December 2014.

Shareholders who return an Election Form electing to remain as a Continuing Shareholder but who do not hold at least 500,000 Shares as at 5.00pm on 5 December 2014 will still be treated as Exiting Shareholders and receive the Capital Return for their Shares and have their Shares cancelled.

You can continue to trade in all or part of your Shares on ASX or off-market by private arrangement. However, if you hold less than 500,000 Shares as at 5.00pm on 5 December 2014 you will be deemed to be an Exiting Shareholder and will receive the Capital Return and have your Shares cancelled.

Please contact your stockbroker if you wish to sell any of your Shares on ASX. Please note that the Shares will be sold at the current market price at the time of the sale (which is currently below the Capital Return amount of 5 cents per Share) and you may incur brokerage.

If you wish to trade your Shares off-market by private arrangement and hold your Shares on an Issuer Sponsored basis (if you have an SRN) you can obtain an off-market share transfer form from the Company's Registry, Computershare Investor Services Pty Limited by calling 1800 783 447 from within Australia or +61 3 9473 2555 from outside Australia or by downloading a share transfer form at

https://www-au.computershare.com/Investor/help/PrintableForms

If your Shares are held on a CHESS Sponsored basis (if you have an HIN), you should contact your sponsoring broker to make arrangements for any dealings in your Shares.

There is no stamp duty payable on transfer of the Company's Shares, as it is listed on ASX, but the Registry will charge a fee of A$55 to register a transfer of Shares.

For Shareholders holding at least 500,000 Shares as at 5 December 2014

Shareholders holding at least 500,000 Shares as at 5.00pm on 5 December 2014 can choose to:

1. do nothing, in which case they will be deemed to be Exiting Shareholders, and receive the Capital Return for their Shares and have their Shares cancelled;

2. sell all or part of their Shares on ASX or off-market by private arrangement but if they hold less than 500,000 Shares as at 5.00pm on 5 December 2014 they will receive the Capital Return for their remaining Shares which will then be cancelled; or

3. complete and return to the Registry by 5.00pm on 5 December 2014 the Election Form electing to remain as a Continuing Shareholder. Shareholders will only be able to elect to remain as a Continuing Shareholder for all of their Shares so that it will not be possible to receive a Capital Return for some of their Shares and also continue to hold some Shares.

Eligible Shareholders can return the completed and signed Election Form by:

- post to Computershare Investor Services Pty Limited at GPO Box 1282 Melbourne Victoria 3001 Australia;
- hand delivery to Computershare Investor Services Pty Limited at Level 4, 60 Carrington Street Sydney NSW 2000 Australia; or
- fax to Computershare Investor Services Pty Limited on 1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia.

The Election Forms must be received by the Registry no later than **5.00pm on 5 December 2014** in order to be valid.

You can continue to trade in all or part of your Shares on ASX or off-market by private arrangement unless you return an Election Form. Shareholders who return an Election Form electing to remain as Continuing Shareholders will also consent to a holding lock on their Shares, so they will not be able to trade their Shares after the date the Registry receives their Election Form until the Capital Return and the Delisting is completed, or if the Proposed Transaction is not approved by Shareholders, until the conclusion of the General Meeting of Shareholders.

Shareholders who return an Election Form electing to remain as a Continuing Shareholder but who do not hold at least 500,000 Shares as at 5.00pm on 5 December 2014 will still be treated as Exiting Shareholders and receive the Capital Return for their Shares and have their Shares cancelled.

Please contact your stockbroker if you wish to sell any of your Shares on ASX. Please note that the Shares will be sold at the current market price at the time of the sale (which is currently below the Capital Return amount of 5 cents per Share) and you may incur brokerage.

If you wish to trade your Shares off-market by private arrangement and hold your Shares on an Issuer Sponsored basis (if you have an SRN) you can obtain an off-market share transfer form from the Company's Registry, Computershare Investor Services Pty Limited by calling 1800 783 447 from within Australia or +61 3 9473 2555 from outside Australia or by downloading a share transfer form from

https://www-au.computershare.com/Investor/help/PrintableForms

If your Shares are held on a CHESS Sponsored basis (if you haven an HIN), you should contact your sponsoring broker to make arrangements for any dealings in your Shares.

There is no stamp duty payable on transfer of the Company's Shares, as it is listed on ASX, but the Registry will charge a fee of A$55 to register a transfer of Shares.

Shares held by trustees and nominees

Trustees and nominees who hold Shares should inform the beneficial owner(s) about the Capital Return and seek their instructions.

If a trustee or nominee receives instructions from the beneficial owner(s) who in aggregate hold at least 500,000 Shares that they wish to retain their Shares, such trustee or nominee should complete an Election Form specifying the details of the beneficial owner(s) and the aggregate number of Vantage Shares they want to retain.

Voting at the Meetings

Shareholders will also need to decide on how to vote at the Meetings, on those resolutions on which they are entitled to vote.

Overview of voting choices

In addition to Shareholders choosing what they want to do with their own Shares, they will be able to vote in relation to the Proposed Transaction and can:

- vote in favour of the Capital Return and Delisting, if they want to receive the Capital Return and/or want the Capital Return and Delisting to proceed; or
- vote against the Capital Return and Delisting, if they do not want the Capital Return and Delisting to proceed.

As the resolutions at each of the Meetings are interdependent, the Proposed Transaction will only proceed if both the Capital Return and Delisting are approved by Shareholders. Therefore, if the Capital Return Resolutions are not approved but the Delisting Resolution is approved, or the Capital Return Resolutions are approved but the Delisting Resolution is not approved, then neither the Capital Return nor the removal of the Company from the official list of ASX will proceed.

Voting at the Special Meeting (Exiting Shareholders only)

You will only be eligible to vote at the Special Meeting if you are an Exiting Shareholder who will receive the Capital Return.

At the Special Meeting, Exiting Shareholders will be asked to vote on a special resolution to approve the Capital Return, which must be approved by at least 75% of the Exiting Shareholders present and entitled to vote at the Special Meeting.

If you are a Shareholder who is an Exiting Shareholder, you can vote either in favour or against the Capital Reduction Resolution at the Special Meeting. However, if you vote against the resolution and it is not passed by the requisite majority, the Proposed Transaction will not proceed.

Voting at the General Meeting

At the General Meeting, Shareholders will be asked to vote on two resolutions:

- a special resolution to approve the Capital Return which must be approved by at least 75% of shareholders present and entitled to vote on that resolution; and

- an ordinary resolution to remove Vantage from the official list of the ASX which must be approved by a 50% simple majority of Shareholders present and entitled to vote on that resolution.

Entitlement to Vote - Capital Return Resolution

As Exiting Shareholders will receive the Capital Return, only Continuing Shareholders will be entitled to cast votes in favour of the special resolution to approve the Capital Return. If you are an Exiting Shareholder, any votes you cast in favour of the resolution to approve the Capital Return will be disregarded.

The resolution approving the Capital Return must be passed by special resolution of at least 75% of the Continuing Shareholders present and entitled to vote on that resolution at the General Meeting.

Entitlement to Vote - Delisting Resolution

All Shareholders can vote either in favour or against the ordinary resolution to remove Vantage from the official list of the ASX.

The resolution approving the removal of Vantage from the official list of the ASX must be approved by an ordinary resolution of at least 50% of Shareholders present and entitled to vote on that resolution at the General Meeting.

Please refer to the Notices of Meeting in Appendices 1 and 2 for further information regarding the procedures which will apply at the Meetings.

Reasons why you should vote in favour of the Proposed Transaction

From the point of view of the Exiting Shareholders

1	The Capital Return of 5 cents per Share represents a premium of approximately 70% above the last traded price of 3 cents on 12 September 2014, being the last day on which Shares traded on ASX prior to the date of the announcement of the Proposed Transaction on 2 October 2014.
2	The Independent Expert has concluded that the Capital Return is fair and reasonable to Shareholders as a whole. The Capital Return amount of 5 cents per Share is within the Independent Expert's assessed valuation range for Vantage Shares.
3	Opportunity for Exiting Shareholders to realise value which otherwise could not be achievable as trading in the Company is likely to continue to be illiquid.
4	Exiting Shareholders will no longer be exposed to the risks of an ongoing investment in the Company.
5	Opportunity to dispose of your Shares without brokerage.
6	It is unlikely that, in the present circumstances, Exiting Shareholders will receive a higher offer or superior proposal from an alternative third party.

From the point of view of the Continuing Shareholders

1	Continuing Shareholders will be shareholders in a company which is no longer subject to the regulatory obligations and related ongoing costs associated with a listing on the ASX, which are currently impacting shareholder value.
2	The Continuing Shareholders' interests in the Company will increase as the Shares previously held by Exiting Shareholders will be cancelled, resulting in a relative increase in both their voting interests and economic interests in the Company.
3	If there is any improvement in mining or trading conditions or financial position of the Company, Continuing Shareholders may be able to participate in any increase in value of the Company and it's Shares.

Reasons why you might vote against the Proposed Transaction

From the point of view of the Exiting Shareholders

1	Following the Capital Return, all Shares held by Exiting Shareholders will be cancelled. Exiting Shareholders will cease to enjoy any rights as Shareholders of the Company, including participation in any future dividend payments (although no dividends are expected to be paid in the short to medium term).
2	Exiting Shareholders will no longer have exposure to the potential benefits associated with holding an investment in the Company, including improved trading conditions, any favourable changes in economic factors (such as the gold price and exchange rates) or operational factors (such as head grade, recovery rate and level of cash costs).
3	A Shareholder may disagree with the assessment of the Independent Expert that the Capital Return is fair and reasonable to Shareholders as a whole.
4	A Shareholder may believe that the Company will attract a superior proposal in due course.

From the point of view of the Continuing Shareholders

1	The Continuing Shareholders will be the holders of 100% of the Shares and therefore will be exposed to 100% of the downside of any adverse trading conditions or deterioration in financial position that the Company may suffer in the future.
2	As the Company will be Delisted after completion of the Capital Return (subject to ASX approval: • the liquidity of the Continuing Shareholders' investment in the Company will be reduced; and • the Company will no longer be able to raise funds from the market, and accordingly, unless other debt or equity funding is available, the Continuing Shareholders will be responsible for meeting the Company's future capital needs.
3	Once Delisted from ASX the Company will no longer be subject to the ASX listing rules, including continuous disclosure and ASX corporate governance requirement, which offer certain investor protections.

1. Summary of the Proposed Transaction

1.1 Overview

In summary:

- The Proposed Transaction involves Vantage conducting a selective capital reduction pursuant to sections 256B and 256C of the Corporations Act by making a Capital Return of 5 cents per Share to Exiting Shareholders and cancelling their Shares, and subsequently Delisting the Company from ASX.
- All Shareholders who hold less than 500,000 Shares as at 5:00 pm on 5 December 2014 or who hold at least 500,000 Shares as at 5:00 pm on 5 December 2014 and do not complete and return to the Registry the Election Form by 5:00 pm on 5 December 2014 will be deemed to be Exiting Shareholders.
- It is important to note that Shareholders who as at 5:00 pm on 5 December 2014 do not hold at least 500,000 Shares will be treated as Exiting Shareholders and will receive the Capital Return for their Shares and have their Shares cancelled. **Therefore, Shareholders who return an Election Form electing to remain as a Continuing Shareholder but who do not hold at least 500,000 Shares as at 5:00 pm on 5 December 2014 will still be treated as Exiting Shareholders and receive the Capital Return for their Shares and have their Shares cancelled.**
- Shareholders who want to remain as Continuing Shareholders by acquiring additional Shares to increase their shareholding to at least 500,000 Shares will need to ensure their acquisition is completed and their shareholding is recorded on the Registry by no later than 5.00pm on Friday, 5 December 2014. They must also return their Election Form to the Company by that time to remain as Continuing Shareholders.
- Exiting Shareholders will receive 5 cents per Share as a Capital Return and will have their Shares cancelled.
- The Proposed Transaction is subject to the Shareholder approvals at the Meetings as set out in the Notices of Meeting in Appendices 1 and 2 of this Booklet.
- The ASX has provided in principle advice that approval for the removal of Vantage from the official list of the ASX would be granted subject to the Company obtaining Shareholder approval for the delisting. A formal application for Delisting will be made to ASX if the Capital Return Resolution and the Delisting Resolution are approved by Shareholders.
- If the Capital Reduction Resolutions and the Delisting Resolution are approved at the Meetings, then:
    - upon all Shares held by Exiting Shareholders being cancelled, the Continuing Shareholders will become the only Shareholders in Vantage; and
    - subject to ASX giving final approval for the Delisting, Vantage will be removed from the official list of the ASX.

1.2 What are the requirements for the Capital Return?

Under section 256B of the Corporations Act, the Company may reduce its Share capital, such as by making the Capital Return and cancelling Shares, if the proposed capital reduction:

- is fair and reasonable to the Company's Shareholders as a whole;
- does not materially prejudice the Company's ability to pay its creditors; and
- is approved by Shareholders.

The proposed reduction of Vantage's Share capital is a selective capital reduction as it does not apply to each Shareholder in proportion to the number of Shares they hold, and the terms of the proposed reduction are not the same for each Shareholder. Therefore there are specific requirements for approval of the Capital Return by Shareholders.

1.3 What Shareholder approvals are required?

The Proposed Transaction will only proceed:

- if the special resolution to approve the Capital Return to be considered at the Special Meeting of Exiting Shareholders is approved by Exiting Shareholders (being the only Shareholders entitled to vote at that meeting); and
- if the special resolution to approve the Capital Return to be considered at the General Meeting is approved by the Continuing Shareholders (being the only Shareholders entitled to vote in favour of that resolution),

  (together the **Capital Return Resolutions**); and
- if the ordinary resolution to approve the removal of Vantage from the official list of the ASX to be considered at the General Meeting is approved by Shareholders (**Delisting Resolution**).

The Capital Return Resolutions require approval by at least 75% of votes cast by Shareholders who are present and entitled to vote at the Meetings. Only Exiting Shareholders will be entitled to vote at the Special Meeting and only Continuing Shareholders will be entitled to vote in favour of the special resolution to approve the Capital Return at the General Meeting.

The Delisting Resolution is an ordinary resolution that requires approval by a majority of votes cast by Shareholders who are present and entitled to vote at the General Meeting. All Shareholders may vote on this Resolution.

For a further explanation of the resolutions and the voting restrictions applying to them at each of the Meetings, please refer to the section on voting choices in the section headed "Your Choices as a Shareholder" and the Notices of Meeting in Appendices 1 and 2.

1.4 Purpose of this Booklet

This Booklet has been prepared for the purpose of section 256C(4) of the Corporations Act and to convene the Meetings.

The purpose of this Booklet is to provide Shareholders with all the information known to Vantage that is material to Shareholders in deciding whether or not to receive the Capital Return and approve the resolutions to be put forward at the Meetings regarding the Proposed Transaction.

1.5 What is the rationale for the Proposed Transaction

Vantage was listed on ASX in May 2010. For the reasons set out below, the Company believes that a continued listing is not warranted and proposes to take steps to delist the Company from ASX and implement a mechanism to allow Shareholders to realise value for their Shares before Delisting.

The key drivers for the Proposed Transaction are:

- there has been a steady decrease in the Company's Share price, to about 3 cents before the Proposed Transaction was announced on the last day that Shares traded on ASX, and which fell to as low as 2.1 cents previously;
- trading in the Shares is highly illiquid, effectively locking in Shareholders;
- the listing on the ASX does not serve the capital raising needs of Vantage because of its low Share price and Shareholders would suffer dilution if capital is raised for future capital needs and expansion; and
- the listing has limited benefits for Shareholders and costs now outweigh the benefits.

The key objectives of implementing the Proposed Transaction which have driven the structure of the Proposed Transaction are;

- to delist the Company to reduce the ongoing costs and compliance burden for the Company;
- to give Shareholders, and in particular smaller investors, the opportunity to realise their shareholdings at a value which is approximately 70% above the last traded price (before announcement of the Proposed Transaction) of 3 cents on 12 September 2014 and which represents a fairer value of those Shares;
- to utilise a part of the cash resources of the Company to implement the Capital Return in a way that gives priority to smaller Shareholders to realise value for their Shares. Accordingly, the Capital Return will be made available to all Shareholders other than the Key Continuing Shareholders, details of whom are set out in section 1.6; and
- to rationalise and streamline the Share register of the Company to a small number of Shareholders who are prepared to remain as Shareholders in an unlisted company in the longer term, which is also intended to reduce costs and administrative burdens for the Company.

1.6 Who are Key Continuing Shareholders?

The Key Continuing Shareholders comprise certain Directors and management who are Continuing Management Shareholders and the three most substantial Shareholders of the Company, being Asian Investment Management Services Limited, Platinum Investment Management and IAL International Aviation Logistics Limited.

The following Shareholders are Key Continuing Shareholders who have given binding commitments that they will not receive the Capital Return and will remain as Shareholders of the Company.

Name of Shareholder	Details	Number of Shares Held	%
Asian Investment Management Services Limited	Held directly and through HSBC Custody Nominees (Australia) Limited and National Nominees Limited	73,368,093	29.7%
Platinum Investment Management Limited	Held through HSBC Custody Nominees (Australia) Limited	56,270,257	22.8%
IAL International Aviation Logistics Limited	Held directly	23,632,000	9.6%
Continuing Management Shareholders			
Stirling Nominees Limited	Entity controlled by Michael McChesney, director of Vantage	18,465,702	7.47%
Michael McChesney	Director of Vantage	461,692	0.19%
Willo Morton Steer	Director of Vantage	411,692	0.17%
Derrick Short	Director of Vantage	206,236	0.08%
Mike Begg	Director of Vantage	90,228	0.04%

The Key Continuing Shareholders in aggregate hold 172,905,900 Shares representing approximately 70% of the total issued Shares of Vantage.

1.7 Independent Expert's Report

The Company engaged the Independent Expert to prepare an Independent Expert's Report and the Independent Expert has concluded that the Capital Return is fair and reasonable to Shareholders as a whole.

The Independent Expert's Report is set out in full in Appendix 4 to this Booklet and you should read it as part of your assessment of the Proposed Transaction.

1.8 What are the key advantages and disadvantages to Shareholders of the Proposed Transaction?

There are a number of key potential advantages and disadvantages for both Exiting Shareholders and Continuing Shareholders that they should consider in deciding what to do in relation to the Proposed Transaction.

Advantages for Exiting Shareholders

The key potential advantages of the Proposed Transaction to Exiting Shareholders are.

- They will receive a Capital Return of 5 cents per Share which represents a premium of approximately 70% above the last traded price of 3 cents on 12 September 2014 prior to the date of the announcement of the Proposed Transaction on 2 October 2014.

- The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to Shareholders as a whole. The Capital Return Amount is within the Independent Expert's assessed valuation range for Vantage Shares. Further, following the Proposed Transaction, as Shares are likely to be less marketable, the Independent Expert has assessed the fair market value of Vantage Shares that would be held by Continuing Shareholders after the Proposed Transaction as being between 1.6 and 7.9 cents on a minority basis.

- They can realise value for their Shares which otherwise could not be achievable as trading Shares in Vantage may continue to be illiquid, particularly as approximately 70% of the Shares in Vantage are held by the Key Continuing Shareholders who have not traded their Shares since Vantage was listed on ASX.

- The Capital Return enables Exiting Shareholders to realise their investment in Vantage and receive a certain value for their Shares in the form of a cash payment and allows Exiting Shareholders to apply the funds as they wish.

- After the implementation of the Capital Return, Exiting Shareholders will no longer be exposed to the risks of an ongoing investment in Vantage.

- As the Capital Return involves the cancellation of Shares held by Exiting Shareholders rather than the sale of those Shares, it will provide Exiting Shareholders will the opportunity to dispose of their Shares without incurring brokerage costs.

- Given that the Key Continuing Shareholders hold approximately 70 % of the Shares in Vantage, it is unlikely that Shareholders will receive a higher offer or superior proposal from an alternative third party in the current circumstances.

Advantages for Continuing Shareholders

The key potential advantages of the Proposed Transaction for the Continuing Shareholders are:

- They will be Shareholders in a company which is no longer subject to the additional regulatory obligations and administrative and other costs associated with being listed on the ASX. This is also expected to allow management to have an enhanced focus on the operations of the business without the distraction of being a publicly listed company.

- Continuing Shareholder interests in the Company will increase as the Shares previously held by Exiting Shareholders will be cancelled, resulting in a relative increase in both voting interests and economic interests in the Company and the ability to exercise greater control of the Company. The Continuing Shareholders will together participate in 100% of any increase in value in the future and will together control 100% of the cashflows of Vantage.

- If there is any improvement in mining or trading conditions or financial position of the Company, Continuing Shareholders may be able to participate in any increase in value of the Company and its Shares.

Disadvantages for the Exiting Shareholders

The key potential disadvantages for Exiting Shareholders in implementing the Proposed Transaction are:

- After the Capital Return is implemented, all Shares held by Exiting Shareholders will be cancelled and the Exiting Shareholders will cease to enjoy any rights as Shareholders of Vantage, including participation in any future dividend payments (although no dividends are expected to be paid in the short to medium term).
- Exiting Shareholders will no longer have exposure to the potential benefits associated with holding an investment in the Company, including improved trading conditions, any favourable changes in economic factors (such as the gold price and exchange rates) or operational factors (such as head grade, recovery rate and level of cash costs).
- By receiving the Capital Return, Exiting Shareholders may forgo the opportunity to realise higher value for their Shares in future.

Disadvantages for the Continuing Shareholders

The key potential disadvantages for the Continuing Shareholders in implementing the Proposed Transaction are:

- The Continuing Shareholders will be the only Shareholders of Vantage and therefore will be exposed to 100% of the downside of any adverse trading conditions that Vantage may suffer in the future.
- As Vantage will be Delisted after completion of the Capital Return:
  - the liquidity of the Continuing Shareholders' investment in Vantage will be reduced.
  - Vantage will no longer be able to raise funds from the market, and accordingly, unless other debt or equity funding is available, the Continuing Shareholders will be responsible for meeting Vantage's future capital needs; and
- Once delisted the Company will no longer be subject to the ASX Listing Rules, including continuous disclosure and ASX corporate governance requirements, which offer certain investor protections. In addition, the level of transparency and safeguards for minority shareholders may be reduced.

1.9 How will the Capital Return be funded?

If the Capital Return is approved by Shareholders and implemented, Vantage will make a total Capital Return of about $3,000,000 at 5 cents per Share and incur expenses totalling about $300,000 in implementing the Proposed Transaction.

The amount required to fund the Capital Return to Exiting Shareholders and expenses will be paid from Vantage's existing cash resources, and this use of funds has been approved by the Company's Lender.

1.10 What is the impact of Capital Return on Vantage's financial position

Following implementation of the Capital Return and the cancellation of the Shares held by the Exiting Shareholders, Vantage will have a cash balance of around $3 million.

Having regard to the value of Vantage's assets, the date for repayment of Vantage's loans and other obligations and based on Vantage's current cashflow, the Capital Return will not materially prejudice Vantage's ability to pay its creditors.

Vantage's summary consolidated pro-forma statement of financial position as 30 June 2014 is set out below:

	2014[1] $000	**Adjustments[2] $000**	**2014[3] $000**
Current assets	14,178	(3,300)	10,878
Non-current assets	61,860	-	61,860
Total assets	**76,038**	**(3,300)**	**72,738**
Current liabilities	12,302	-	12,302
Non-current liabilities	12,433	-	12,433
Total liabilities	**24,735**	**-**	**24,735**
Net assets	**51,303**	**(3,300)**	**48,003**
Equity share capital	62,696	(3,000)	59,696
Reserves	(15,831)	-	(15,831)
Accumulated profit	4,438	(300)	4,138
Total equity	**51,303**	**(3,300)**	**48,003**

[1] Based on the Half-Year Financial Report released to the ASX on 29 August 2014

[2] It is expected that about $3.3 million of cash will be used to effect the Capital Return together with about $300,000 of expenses.

[3] Pro-forma financial position at 30 June 2014

1.11 What is the impact of the Capital Return on Vantage's capital structure?

Vantage currently has 247,314,532 Shares on issue. The Key Continuing Shareholders together hold 172,905,900 of those Shares, being approximately 70% of the total issued Share capital.

If the proposed Capital Return is approved by Shareholders, the Shares held by the Exiting Shareholders will be cancelled, leaving the number of Shares held by the Key Continuing Shareholders and other Continuing Shareholders as the only Shares on issue.

Vantage has 3.6 million Options on issue having an exercise price of 15 scents per Share. These will only be able to participate in the Capital Return if they are exercised and Shares are issued before the record date for the Capital Return. As the exercise prices for all such Options are higher than the Capital Return amount of 5 cents per Share, it is not expected they any such Options will be exercised. Any Options which are not exercised will remain on issue on their current terms and conditions.

1.12 What are the implications if the Proposed Transaction is implemented?

If the Capital Return is approved by Shareholders and the Continuing Shareholders become the holders of 100% of the issued Shares in Vantage, the Company will be Delisted and removed from the official list of the ASX.

If the Proposed Transaction is implemented, the Board intends that Vantage continues to operate as an unlisted public company. In those circumstances, it is likely that trading in Shares will be even more illiquid.

It is intended that the Company will continue to operate its business in a similar manner as it currently operates consistent with its current business plans and budget.

1.13 What are the implications if the Proposed Transaction is not implemented?

If the Proposed Transaction is not implemented:

- Vantage will not be Delisted and will remain on the official list of the ASX and its Shares will continue to be able to be traded on ASX;
- the Board and management of Vantage will continue to manage the Company in a manner consistent with its current business plans and budgets and with a view to maximising profits and Shareholder value.

In addition, if the Proposed Transaction is not implemented:

- the Shares of Vantage may continue to be illiquid;
- an alternative to the Proposed Transaction is unlikely to emerge from a third party because approximately 70% of the Shares of Vantage are owned by the Key Continuing Shareholders; and
- the potential benefits of the Proposed Transaction as described above may not be obtained.

1.14 Board Committee recommendations and intentions

A Board Committee has been established to consider the Proposed Transaction which is comprised of the following non-executive directors (**BC Directors**):.

- Stephen Turner – Non-Executive Chairman
- Terence Willsteed – Non-Executive Director; and
- Gilbert Chalk – Non-Executive Director.

Having regard to the conclusion of the Independent Expert, and the potential advantages and disadvantages of the Proposed Transaction, the BC Directors unanimously recommend that, in the absence of a superior proposal emerging:

- Exiting Shareholders vote in favour of the Capital Return Resolution at the Special Meeting of Exiting Shareholders;
- Continuing Shareholders vote in favour of the Capital Return resolution at the General Meeting; and
- all Shareholders vote in favour of the Delisting Resolution to remove Vantage from the official list of the ASX at the General Meeting.

Shareholders also should carefully consider their available choices whether or not to receive the Capital Return having regard to the conclusion of the Independent Expert and matters set out in the Independent Expert's Report, the potential advantages and disadvantages of the Proposed Transaction, their personal financial and other circumstances and any independent advice they receive.

All other Directors, other than the BC Directors, believe it is not appropriate for them to provide recommendations to Shareholders, as they have already decided that they intend to remain as Continuing Shareholders of the Company.

All BC Directors, other Directors and other Continuing Shareholders have indicated to the Board they intend to vote in favour of all resolutions to approve the Proposed Transaction, in respect of Shares in which they have an interest, or open proxies they hold, to the extent they are entitled to vote at the Special Meeting and General Meeting.

Stephen Turner and Terence Willsteed, both members of the Board Committee, have confirmed that their controlled entities which hold Shares will receive the Capital Return on the same terms as other Exiting Shareholders. Their relevant interests in Shares as at the date of this Booklet are as follows:

Name of Director	**Name of Shareholder**	**Number of Shares Held**	**%**
Stephen Turner	Afro Pacific Capital Pty Ltd	575,000	0.23%
Terence Willsteed	Patermat Pty Ltd	325,000	0.13%

Gilbert Chalk, also a member of the Board Committee, presently intends to seek to increase the number of Shares in which he has a relevant interest to at least 500,000 Shares and elect to remain as a Continuing Shareholder if he is able to do so. Mr Chalk's relevant interest in Shares as at the date of this Booklet is as follows:

Gilbert Chalk	HSBC Custody Nominees (Australia) Limited	200,000	0.08%

1.15 What should you do next

Read the Booklet carefully

You should read and consider the remainder of this Booklet in full before making any decision on the Proposed Transaction.

Consider your choices

You will need to decide:

- whether you will receive the Capital Return or, if you will hold at least 500,000 Shares as at 5.00pm on 5 December 2014, whether to elect to remain as a Continuing Shareholder; and
- how you will vote in relation to the Proposed Transaction (in relation to both the Capital Return Resolutions and Delisting Resolutions).

Further information on these choices is set out in the section headed "Your Choices as a Shareholder".

Vote at the Meetings

Your voting entitlement at the Meetings will depend on whether you are an Exiting Shareholder or a Continuing Shareholder on the basis that:

- only Exiting Shareholders are entitled to vote on the Capital Reduction Resolution at the Special Meeting;
- only Continuing Shareholders can vote in favour of the Capital Reduction Resolution at the General Meeting and any votes cast by Exiting Shareholders at the General Meeting in favour of the Capital Reduction Resolution will be disregarded; and
- both Exiting Shareholders and Continuing Shareholders are entitled to vote on the Delisting Resolution at the General Meeting.

As soon as practicable after 5 December 2014, (being the final date for the Registry to receive Election Forms from Shareholders) and before the deadline for lodgement of proxy forms on 10 December 2014, the Company will issue an ASX announcement confirming the final list of Continuing Shareholders which will allow Shareholders to confirm if they are Continuing Shareholders or Exiting Shareholders for the purposes of voting at the Meetings and the Proposed Transaction.

Your vote at the Meetings is important. Please vote by voting in person, by proxy, by attorney or by corporate representative. For further details on how to vote, please see the Notice of Meetings in Appendices 1 and 2 of this Booklet.

2. Information about Vantage

2.1 Overview of Vantage

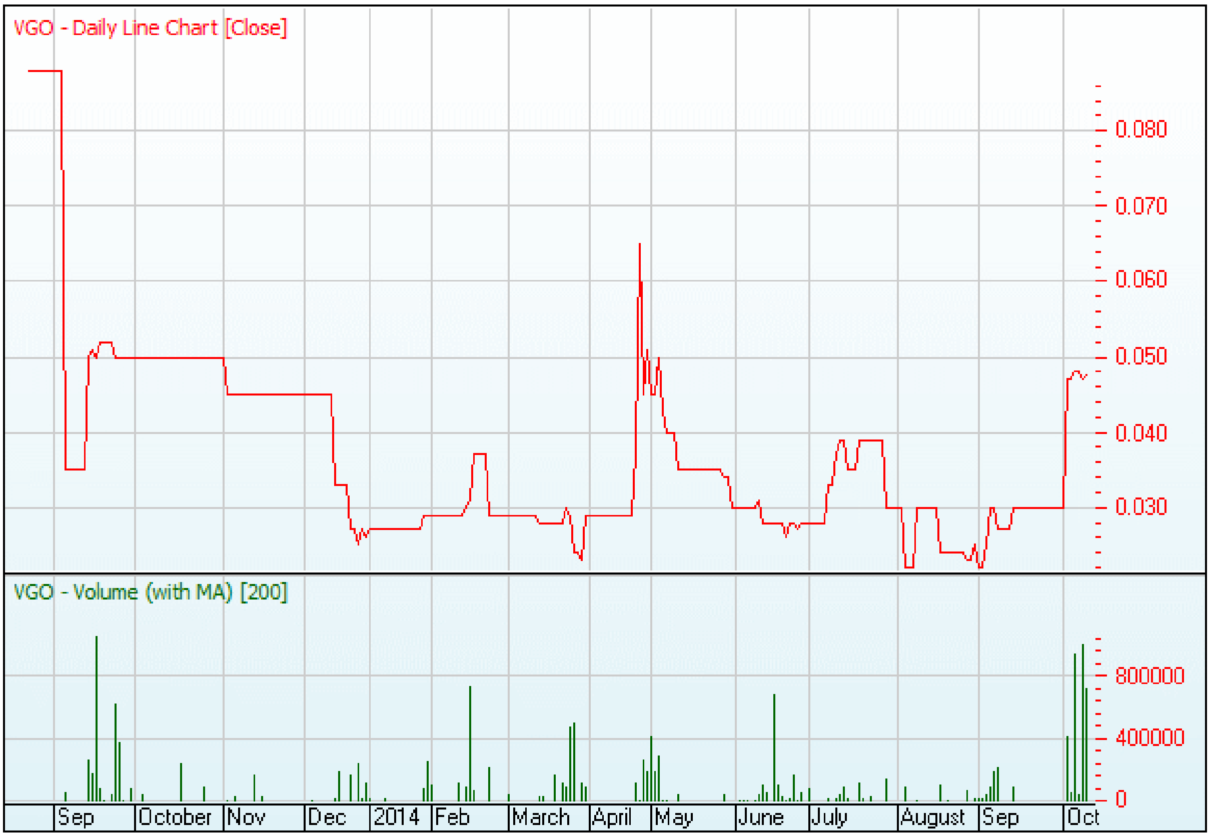
Vantage is a gold miner and explorer and holds mining and exploration rights to a large area within the Barberton Goldfield district, the second largest goldfield in South Africa. This district has a long history of gold production and is the location of several operating gold mines containing multi-million ounce gold deposits, including the Lily Mine and Barbrook Mines Complex.

The business and operations of Vantage are described in detail in Annual Reports, Quarterly Reports and other announcements which can be found on the ASX website www.asx.com.au under the code VGO and on the Company website at www.vantagegoldfields.com

2.2 Vantage's Share price and trading history

Vantage has a very small market capitalisation for a listed company. There also has been a minimal amount of on-market Share trading over the past 12 months before the announcement of the Proposed Transaction, amounting to less than 1% of the issued Share capital of Vantage.

The diagram below provides an indication of the historical trading price of Shares and the trading volume of Shares for the 12 months to 10 October 2014.



2.3 Financial position

Gold produced from Lily Mine and Barbrook Mine for the 6 months ended 30 June 2014 was 14,697 ounces and the average gold price received was US$1,298 per ounce. Revenue from gold sales was A$20,667,604 while cost of sales was A$18,104,951. This resulted in a gross profit of A$2,562,653. The net loss for the period was A$1,496,116.

The Vantage Group has a net asset position of A$51,302,250 and net current assets of A$1,875,405 as at 30 June 2014. The Company secured an A$12.5 million loan in March 2014 which is repayable over three years and can be extended to five years.

The Company's funds have and will continue to be used to optimise the current operations and to provide working capital. Capital expenditure commitments will remain high for the rest of the year, but such capital expenditure will not be incurred unless cash resources are available. The Directors believe that the Vantage Group has adequate resources to continue as going concern for the foreseeable future.

2.4 Vantage's historical financial performance for 2012 to 2014

Vantage's summary consolidated statement of comprehensive income

Vantage's summary consolidated statement of comprehensive income for the full financial years ending on 31 December 2012 and 31 December 2013 and the half year ending on 30 June 2014 is set out below:

	2014[4] **$000**	**2013**[5] **$000**	**2012**[6] **$000**
Sales and operating revenue	20,672	40,381	40,835
Finance income	15	32	127
Sales and operating expenses	(21,047)	(40,121)	(36,370)
Finance costs	(828)	(245)	(176)
Fair value decrease of embedded derivative	(360)	–	–
Profit/(loss) for the period before income tax	**(1,548)**	**47**	**4,416**
Income tax benefit/(expense)	52	1,268	(575)
Profit/(loss) for the period	**(1,496)**	**1,315**	**3,841**
Other comprehensive income	(4,165)	(3,171)	(3,435)
Total comprehensive income/(loss) for the year	**(5,661)**	**(1,856)**	**406**

4 Based on the reviewed Half-Year Financial Report released to the ASX on 29 August 2014.
5 Based on the audited Annual Report released to the ASX on 31 March 2014.
6 Based on the audited Annual Report released to the ASX on 16 April 2013.

Vantage's summary consolidated statement of financial position

Vantage's summary consolidated statement of financial position as at 31 December 2012, 31 December 2013 and 30 June 2014 is set out below:

	2014[7] **$000**	**2013**[8] **$000**	**2012**[9] **$000**
Current assets	14,178	5,194	6,471
Non-current assets	61,860	62,684	61,879
Total assets	**76,038**	**67,878**	**68,350**
Current liabilities	12,302	8,589	9,926
Non-current liabilities	12,433	2,375	1,752
Total liabilities	**24,735**	**10,964**	**11,678**
Net assets	**51,303**	**56,914**	**56,672**
Equity share capital	62,696	62,696	60,696
Reserves	(15,831)	(11,716)	(8,643)
Accumulated profit	4,438	5,934	4,619
Total equity	**51,303**	**56,914**	**56,672**

7 Based on the audited Half-Year Financial Report released to the ASX on 29 August 2014.
8 Based on the audited Annual Report released to the ASX on 31 March 2014.
9 Based on the audited Annual Report released to the ASX on 16 April 2013.

2.5 Vantage's production outlook

Production for the next 6 months is expected to return to normal levels. This will ensure a stable operating platform from which to commence the ramp-up to full production at the Lily Mine.

New Trackless Mining Machinery (**TMM**) has been purchased for the Lily Mine in order to accelerate the underground development and stoping rates to full production levels. This TMM is expected to be on site and operational by November 2014. In addition, a change to the "cut and fill" mining method will be implemented over the next 12 months.

Expansion of the Barbrook Mine has, however, been put on hold. This is pending a re-revaluation of the entire mining plan given the current low gold price. The new plan will optimise gold recovery, hence production, by inclusion of the HiTeCC and BIOX processes. The development below 10 Level will commence immediately with a view to accessing recently drilled ore reserves.

3. Additional Information

3.1 Taxation implications for Exiting Shareholders

The following is a broad outline of the tax consequences for Exiting Shareholders associated with the Capital Return. This outline is not exhaustive of all possible income tax considerations that could apply to a particular Shareholder. There are a number of limitations to the outline including that:

- It applies only to Australian resident individual and company taxpayers. It does not cover the tax treatment for any other classes of taxpayers including individuals who are non-residents of Australia for tax purposes, insurance organisations, superannuation funds, trusts or employees of Vantage who acquired their Shares in respect of their employment.

- It applies only where Shareholders hold their Shares on capital account. It does not apply where the Shares are held on revenue account (eg. Shares held by Shareholders who trade in securities or hold Shares as trading stock).

- It is based on Australian tax law in effect at the date of this Booklet. It does not consider or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practice).

- It only applies to Shareholders who are not subject to the taxation of financial arrangement rules in Division 230 of the *Income Tax Assessment Act 1997 (Cth)* in relation to gains and losses on their Shares.

The selective capital reduction should not be treated as a buy-back for the purposes of Division 16K of the *Income Tax Assessment Act 1936*.

Vantage intends to reduce its share capital account by the total amount of the Capital Return.

Exiting Shareholders may be liable to pay capital gains tax (CGT) in relation to the Capital Return payment or recognise a capital loss, depending on each Exiting Shareholder's individual circumstances. An outline of the potential CGT consequences for Exiting Shareholders is as follows:

- CGT event 'C2' should happen when the Shares held by the Exiting Shareholders are cancelled.

- The capital gain or loss that would arise as a result of the cancellation of each Exiting Shareholder's Shares would broadly be calculated as the difference between the consideration received from Vantage for the Capital Return, being 5 cents, and each Exiting Shareholder's "cost base" (in relation to a capital gain) or "reduced cost base" (in relation to a capital loss) for the Share.

- The capital gain may be treated as a discount capital gain where the Shares were purchased by the Shareholder at least 12 months prior to the receipt of the Capital Return payment, and the other requirements of the discount capital gains provisions have been satisfied.

- Any capital loss made by a Shareholder may be able to be applied, or carried forward and applied, against other capital gains made by the Shareholder.

All Shareholders should consult their own independent professional tax advisers regarding the tax consequences of the Capital Return. Vantage and its advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Capital Return payments or in respect of the taxation consequences themselves.

3.2 Convertible Loan Agreement

As announced to ASX on 29 August 2013, Vantage has entered into a Convertible Loan Agreement for US$500,000 with Finance Worldwide Limited (**FWL**). Pursuant to the terms of the Convertible Loan Agreement, FWL may elect to convert all or any part of the balance of the loan which remains outstanding at the conversion price of 10 cents per Share.

FWL has confirmed to the Company that it will not convert any of the current balance of the loan, which as at 24 October 2014 is US$500,000, prior to the Delisting.

3.3 Directors of Vantage

The directors of Vantage and the Shares in which they have a relevant interest at the date of this Booklet are:

- Stephen Turner – Non-Executive Chairman
- Terence Willsteed – Non-Executive Director
- Gilbert Chalk – Non-Executive Director
- Michael McChesney – Director and Chief Executive Officer
- Willo Stear – Non-Executive Director
- Mike Begg - Executive Director
- Derrick Short - Executive Director

Name of Director	Number of Shares in which they have a relevant interest	%
Stephen Turner	575,000	0.23%
Terence Willsteed	325,000	0.13%
Gilbert Chalk	200,000	0.08%
Michael McChesney	14,167,246	5.73%
Willo Stear	2,084,270	0.84%
Michael Begg	92,228	0.04%
Derrick Short	1,089,598	0.44%

3.4 No payments or benefits

In connection with the Proposed Transaction, no payment or other benefit is proposed to be made or will be given to any Director, secretary or executive officer of Vantage as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Vantage.

3.5 No agreement or arrangements

There is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Capital Return other than as set out in this Booklet.

3.6 Material information

Other than as contained in this Booklet, there is no information material to the making of a decision by a Shareholder in respect of the Proposed Transaction (being information that is within the knowledge of any Director) that has not previously been disclosed to Shareholders.

3.7 Consent

The Independent Expert has consented in writing to be named in this Booklet, and the inclusion of the Independent Expert's Report, and statements based on its report, in the form and context in which they appear in this Booklet and has not withdrawn its consent.

3.8 Xstract has consented in writing to be named in this Booklet, and the inclusion of the Xstract Report, and statements based on its report, in the form and context in which they appear in this Booklet and has not withdrawn its consent. Independent advice

Shareholders should consult their legal, financial, taxation or other professional adviser if they have any queries regarding:

- the Proposed Transaction;
- the taxation implication for them if the Proposed Transaction is implemented; or
- any other aspects of this Booklet.

4. Glossary

The following terms used in this Booklet (including the Notice of Special Meeting of Exiting Shareholders in Appendix 1 and the Notice of General Meeting in Appendix 2) have the meanings given to them below, unless the context otherwise requires.

ASIC	Australian Securities & Investment Commission
Associate	has the meaning given in sections 10 to 17 in the Corporations Act
ASX	ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conduct by it
ASX Listing Rules	the listing rules of the ASX
BC Directors	Stephen Turner, Terence Willsteed and Gilbert Chalk
Board	Board of Directors of the Company
Board Committee	the committee comprising the BC Directors
Booklet	this Shareholder Booklet dated 24 October 2014 in relation to the Proposed Transaction
Capital Return	the selective capital reduction of all Shares held by the Exiting Shareholders in consideration for the payment to each Exiting Shareholder of 5 cents for each Share cancelled, carried out under sections 256B and 256C of the Corporations Act
Capital Return Resolutions	the resolutions to be considered at the General Meeting and the Special Meeting of Exiting Shareholders to approve the Capital Return
Company or Vantage	Vantage Goldfields Limited ACN 140 157 820
Continuing Management Shareholders	the directors and management identified as Continuing Management Shareholder in section 1.6 of this Booklet, other than the BC Directors
Continuing Shareholders	Key Continuing Shareholders and those Shareholders who hold at least 500,000 Shares as at 5:00pm on 5 December 2014 and who validly complete and return an Election Form to elect not to receive the Capital Return to remain as Shareholders of the Company
Corporations Act	the Corporations Act 2001 (Cth)
Delisting or Delisted	the removal of Vantage from the official list of the ASX
Delisting Resolution	Resolution 2 to be considered at the General Meeting to approve removal of Vantage from the official list of the ASX
Directors	the directors of the Company
Election Form	the Election Form accompanying this Booklet

Exiting Shareholders	all Shareholders other than the Continuing Shareholders
General Meeting	the General Meeting of Shareholders to be convened in respect of the Proposed Transaction in accordance with the Notice of General Meeting contained in Appendix 2 of this Booklet
Independent Expert	Grant Thornton Corporate Finance Pty Limited ABN 59 003 265 987
Independent Expert's Report	the report of the Independent Expert which is set out in Appendix 4 of this Booklet
Key Continuing Shareholders	Asian Investment Management Services Limited, Platinum Investment Management, IAL International Aviation Logistics Limited and the Continuing Management Shareholders
Lender	Alchemists Incorporated
Meetings	the Special Meeting of Exiting Shareholders and General Meeting
Notice of General Meeting	the Notice of General Meeting as set out in Appendix 2 of this Booklet
Notice of Special Meeting of Exiting Shareholders	the Notice of Special Meeting of Exiting Shareholders, as set out in Appendix 1 of this Booklet
Proposed Transaction	the Capital Return and the Delisting as described in this Booklet.
Register	the register of Shareholders of Vantage
Registry	Computershare Investor Services Pty Ltd
Shareholder	a registered holder of Shares
Shares	ordinary shares in the capital of Vantage
Special Meeting of Exiting Shareholders	the Special Meeting of Exiting Shareholders to be convened in respect of the Proposed Transaction in accordance with the Notice of the Special Meeting of Exiting Shareholders contained in Appendix 1 of this Booklet
Xstract	Xstract Mining Consultants Pty Ltd ACN 129 791 179
Xstract Report	the Technical Specialist Report on the South African gold assets of Vantage contained in Appendix H of the Independent Expert's Report

Appendix 1

Notice of Special Meeting of Exiting Shareholders

Notice of Special Meeting of Exiting Shareholders

Notice of Special Meeting of Exiting Shareholders for the Special Meeting of Exiting Shareholders

To be held at 11.00 am (Sydney time) on 12 December 2014 at Baker & McKenzie, Level 27, 50 Bridge Street, Sydney NSW 2000

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Special Meeting of Exiting Shareholders is an appendix to the Shareholder Booklet. The Booklet and its appendices have been prepared to assist Shareholders in determining whether or not to vote in favour of the resolution set out in this Notice of Special Meeting of Exiting Shareholders.

The Booklet and its appendices should be read in conjunction with this Notice of Special Meeting of Exiting Shareholders.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay in accordance with the instructions set out in the Notice of Special Meeting of Exiting Shareholders.

IMPORTANT

- For information relevant to your decision as to how to vote, please refer to the Shareholder Booklet. You should also read the Explanatory Notes to this Notice of Special Meeting of Exiting Shareholders.

- Certain terms used below are defined in the Glossary section of the Shareholder Booklet. The business of the meeting is to consider the following proposed resolution.

Capital Return

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, conditional upon the passing of both resolutions set out in the Notice of General Meeting dated 24 October 2014, pursuant to sections 256B and 256C(2) of the Corporations Act 2001 (Cth) and for all other purposes, the share capital of the Company be reduced by cancelling all ordinary shares held by all Exiting Shareholders, being all Shareholders other than the Key Continuing Shareholders and other Shareholders who have validly elected to remain as Continuing Shareholders, in consideration for the payment by the Company to each Exiting Shareholder of 5 cents for each Share held by that Exiting Shareholder. "*

Explanatory notes to the Notice of Special Meeting of Exiting Shareholders

This resolution provides for the approval of the Capital Returns a selective reduction of the capital of Vantage. For information relevant to your decision as to how to vote, please refer to the Shareholder Booklet accompanying this Notice of Special Meeting of Exiting Shareholders.

Voting restrictions

Only the Exiting Shareholders may attend and vote at the Special Meeting of Exiting Shareholders.

This resolution is conditional upon the approval of both the special resolution relating to the Capital return and the ordinary resolution relating to the Delisting of the Company from the official list of the ASX, as set out in the Notice of General Meeting of Vantage dated 24 October 2014.

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the Special Meeting of Exiting Shareholders, Shares will be taken to be held by the persons who are the registered holders at 7.00 pm (Sydney time) on 10 December 2014. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

All Exiting Shareholders as at this time are entitled to attend and vote at the Special Meeting of Exiting Shareholders. Any votes cast for or on behalf of any other Shareholders will be disregarded.

The Company intends to make an announcement to ASX as soon as practicable after 5 December 2014 which will allow Shareholders to determine if they are Exiting Shareholders.

How to vote

Shareholders entitled to vote at the Special Meeting of Exiting Shareholders may vote:

- by attending the meeting and voting in person;

- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate Shareholders or proxies, or by appointing a corporate representative to attend the meeting and vote on its behalf; or

- by appointing a proxy to attend and vote on their behalf, using the Proxy Form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney)

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Special Meeting of Exiting Shareholders and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by Computershare Investor Services Pty Ltd before 11.00 am (Sydney time) on 10 December 2014 in any of the following ways:

By post to Computershare Investor Services Pty Limited at GPO Box 1282 Melbourne Victoria 3001 Australia

By hand delivery to Computershare Investor Services Pty Limited at Level 4, 60 Carrington Street Sydney NSW 2000 Australia

By fax to Computershare Investor Services Pty Limited on 1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the Special Meeting of Exiting Shareholders to be held at Baker & McKenzie, Level 27, 50 Bridge Street, Sydney NSW 2000 on 10 December 2014 commencing at 11:00 am (Sydney time).

Voting by proxy

Shareholders wishing to submit proxy votes for the Special Meeting of Exiting Shareholders must return the enclosed Proxy Form to Computershare Investor Services Pty Ltd by 11.00 am (Sydney time) on 10 December 2014 in any of the following ways:

- By post to Computershare Investor Services Pty Limited at GPO Box 1282 Melbourne Victoria 3001 Australia
- By hand delivery to Computershare Investor Services Pty Limited at Level 4, 60 Carrington Street Sydney NSW 2000 Australia
- By fax to Computershare Investor Services Pty Limited on 1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia

Proxies may not be returned by email nor is internet voting available.

Notes for proxies

A Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on that Shareholder's behalf.

A proxy need not be a Shareholder.

A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.

If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.

A proxy may vote or abstain as they choose except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:

- if the proxy is the Chairman - the proxy must vote on a poll and must vote in the way directed; and
- if the proxy is not the Chairman - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.

If a proxy appointment is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one of more Directors or the Company Secretary.

If:

- a Shareholder nominates the Chairman of the meeting as the Shareholder's proxy; or
- the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxy in whose favour it is given or otherwise under a default appointment according to the terms of the Proxy Form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.

Proxy appointments in favour of the Chairman of the meeting, the Company Secretary or any Director which do not contain a direction as to how to vote will be voted in favour of the resolution in the Notice of Special Meeting of Exiting Shareholders.

Corporate representatives

To vote in person at the Special Meeting of Exiting Shareholders, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the meeting, a corporate Shareholder or proxy should obtain a corporate representative form from Computershare , complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting. You can obtain the form from the Company's Registry, Computershare Investor Services Pty Limited by calling 1800 783 447 from within Australia or +61 3 9473 2555 from outside Australia or by downloading a share transfer form at:

https://www-au.computershare.com/Investor/help/PrintableForms

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board

Wayne Kernaghan

Company Secretary

24 October 2014

Appendix 2

Notice of General Meeting

Notice of General Meeting Vantage Goldfields Limited (ACN 140 157 820)

Notice of General Meeting for the General Meeting of Shareholders

To be held at 11.30 am (Sydney time) on 12 December 2014 at Baker & McKenzie, Level 27, 50 Bridge Street, Sydney NSW 2000

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of General Meeting is an appendix to the Shareholder Booklet. The Shareholder Booklet and its appendices have been prepared to assist Shareholders in determining whether or not to vote in favour of the resolutions set out in this Notice of General Meeting.

The Booklet and its appendices should be read in conjunction with this Notice of General Meeting.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay in accordance with the instructions set out in the Notice of General Meeting.

IMPORTANT

For information relevant to your decision as to how to vote, please refer to the Shareholder Booklet. You should also read the Explanatory Notes to this Notice of General Meeting.

Certain terms used below are defined in the Glossary section of the Shareholder Booklet. The business of the meeting is to consider the following proposed resolutions.

1. Capital Return

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, conditional on the passing of Resolution 2 and the special resolution to approve the Capital Return set out in the Notice of Special Meeting of Exiting Shareholders dated 24 October 2014, pursuant to sections 256B and 256C(2) of the Corporations Act 2001 (Cth) and for all other purposes, the share capital of the Company be reduced by cancelling all ordinary shares held by Exiting Shareholders, being all Shareholders other than the Key Continuing Shareholders and other Shareholders who have validly elected to remain as Continuing Shareholders, in consideration for the payment by the Company to each Exiting Shareholder of 5 cents for each share held by that Exiting Shareholder. "*

2. Removal from ASX

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, conditional on the passing of Resolution 1 and the special resolution to approve the Capital Return set out in the Notice of Special Meeting of Exiting Shareholders dated 24 October 2014, for the purpose of ASX Listing Rule 17.11 and all other purposes, the removal of the Company from the official list of the ASX is approved."*

3. Explanatory notes to the Notice of General Meeting

Resolution 1 provides for the approval of the Capital Return as a selective reduction of the capital of Vantage. For information relevant to your decision as to how to vote, please refer to the Shareholder Booklet accompanying this Notice of General Meeting.

Voting restrictions

Section 256B(1) of the Corporations Act requires that a share capital reduction be approved by Shareholders under section 256C of the Corporations Act. In accordance with section 256C(2)(a) of the Corporations Act, Vantage must disregard any votes cast in favour of Resolution 1 by:

- any Exiting Shareholder (being a person who is to receive consideration as part of the proposed Capital Return); and
- an Associate of any Exiting Shareholder.

However, Vantage need not disregard a vote cast in favour if:

- it is cast by a person as proxy for a person who is entitled to cast a vote in favour, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the General Meeting as proxy for a person who is entitled to cast a vote in favour, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, Vantage need not disregard a vote cast against this resolution by an Exiting Shareholder or an Associate of an Exiting Shareholder.

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the General Meeting, Shares will be taken to be held by the persons who are the registered holders at 7.00pm (Sydney time) on 10 December 2014. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting restrictions and exclusions in respect of Resolution 1 are set out above in the Voting Restrictions.

The Company intends to make an announcement to the ASX as soon as practicable after 5 December 2014 which allows Shareholders to determine if they are Continuing Shareholders entitled to vote in favour of Resolution 1.

All Shareholders are entitled to vote in respect of Resolution 2.

How to vote

Shareholders entitled to vote at the General Meeting may vote:

- by attending the meeting and voting in person;
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate Shareholders or proxies, by appointing a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the Proxy Form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney)

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the General Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by Computershare Investor Services Pty Ltd before 11.30 am (Sydney time) on 10 December 2014 in any of the following ways:

By post to Computershare Investor Services Pty Limited at GPO Box 1282 Melbourne Victoria 3001 Australia

By hand delivery to Computershare Investor Services Pty Limited at Level 4, 60 Carrington Street Sydney NSW 2000 Australia

By fax to Computershare Investor Services Pty Limited on 1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the General Meeting to be held at Baker & McKenzie, Level 27, 50 Bridge Street, Sydney NSW 2000 commencing at 11:30 am (Sydney time).

Voting by proxy

Shareholders wishing to submit proxy votes for the General Meeting must return the enclosed Proxy Form to Computershare Investor Services Pty Ltd by 11.30 am (Sydney time) on 10 December 2014 in any of the following ways:

- By post to Computershare Investor Services Pty Limited at GPO Box 1282 Melbourne Victoria 3001 Australia
- By hand delivery to Computershare Investor Services Pty Limited at Level 4, 60 Carrington Street Sydney NSW 2000 Australia
- By fax to Computershare Investor Services Pty Limited on 1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia

Proxies may not be returned by email nor is internet voting available.

Notes for proxies

A Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on that Shareholder's behalf.

A proxy need not be a Shareholder.

A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.

If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:

- if the proxy is the Chairman - the proxy must vote on a poll and must vote in the way directed; and
- if the proxy is not the Chairman - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.

If a proxy appointment is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one of more Directors or the Company Secretary.

If:

- a Shareholder nominates the Chairman of the meeting as the Shareholder's proxy; or
- the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxy in whose favour it is given or otherwise under a default appointment according to the terms of the Proxy Form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.

If a Continuing Shareholder provides an undirected Proxy Form in favour of the Chairman of the meeting, being the Company Secretary, in favour of both the Capital Return Resolution and Delisting Resolution of the General Meeting.

If an Exiting Shareholder provides an undirected Proxy Form in favour of the Chairman of the meeting, they will abstain from voting on the Capital Return Resolution at the General Meeting and will vote in favour of the Delisting Resolution at the General Meeting.

Corporate representatives

To vote in person at the General Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the meeting, a corporate Shareholder or proxy should obtain a corporate representative form from Computershare , complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting. You can obtain the form from the Company's Registry, Computershare Investor Services Pty Limited by calling 1800 783 447 from within Australia or +61 3 9473 2555 from outside Australia or by downloading a share transfer form at:

https://www-au.computershare.com/Investor/help/PrintableForms

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board

Wayne Kernaghan

Company Secretary

24 October 2014

Appendix 3

Election Form

Vantage Goldfields Limited

ABN 34 140 157 820

Return your Form to our share registry:
Computershare Investor Services Pty Limited
GPO Box 1282 Melbourne
Victoria 3001 Australia

For all enquiries:

Phone:
(within Australia) 1300 378 748
(outside Australia) +61 3 9415 4159

Web:
www.investorcentre.com/contact

000001 000 VGO
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

X 0022222222 IND

Election Form

This Election Form (**Form**) relates to the proposed capital return by way of selective capital reduction of 5 cents per share (**Capital Return**) by Vantage Goldfields Limited (**Vantage** or **Company**).

Only shareholders who hold at least 500,000 shares in Vantage as at 5.00pm on Friday 5 December 2014 can elect to not receive the Capital Return and retain their Vantage shares and remain as shareholders in the Company by completing, signing and returning this Form.

This is an important document that requires your immediate attention. If you are in doubt about how to deal with this Form, please contact your financial or other professional adviser.

Shareholders should carefully read the Shareholder Booklet (including the Independent Expert's Report) accompanying this Form which explains the Capital Return, and consider seeking their own independent financial and taxation advice in relation to their particular circumstances before making a decision.

TO RETAIN YOUR SHARES	**If you do not want to receive the Capital Return and wish to retain your shares in Vantage and remain as a shareholder after the Company is delisted from the Australian Securities Exchange (ASX), this Form must be completed, signed and received by Computershare Investor Services Pty Limited (Computershare) by no later than 5.00 pm (Sydney time) on Friday 5 December 2014**
TO RECEIVE THE CAPITAL RETURN	**If you want to receive the Capital Return, you do not need to complete or return this Form, and you will receive the Capital Return and have your shares cancelled on the terms set out in the accompanying Shareholder Booklet.**

Who can elect to retain their shares?

Only shareholders who hold at least 500,000 shares as at 5.00pm on Friday, 5 December 2014 can elect to retain their Vantage shares. Such shareholders can only elect to retain all of their shares, and not just part of their shares.

If a shareholder validly elects to retain their shares, they will:

- not receive the Capital Return and will not have their shares cancelled; and
- retain their shares and continue as a shareholder of the Company after it is delisted from ASX.

Shareholders who return the Form but do not hold at least 500,000 Shares as at 5.00pm on Friday 5 December 2014 will still receive the Capital Return and have their shares cancelled.

If you have:

- already sold all your Vantage shares; or
- your holding as at Friday 5 December 2015 will be less than 500,000 Vantage shares,

do not complete or return this Form as it will not be valid.

Trustees and Nominees

Trustees and nominees who hold shares should inform the beneficial owner(s) about the Capital Return and seek their instructions. If a trustee or nominee receives instructions from shareholder(s) who are the beneficial owner(s) who in aggregate hold at least 500,000, shares that they wish to retain their shares, such trustee or nominee should complete a Form specifying the details of the beneficial owner(s) and the aggregate number of Vantage shares they want to retain.

Holding Lock

By returning a completed Form you are consenting to a holding lock being applied to all your shares in Vantage and you are not permitted to sell or trade your shares from the time that this Form is received by Computershare until the time the Capital Return is completed or, if the Capital Return is not approved by Vantage shareholders, until the conclusion of the General Meeting to be held on 12 December 2014.

Turn over to complete and sign the form ➔

Election Form

X 0022222222 I ND

STEP 1 **Confirm details of shareholder and shares held**

Registered Shareholder and Address: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Shares Held: 2000

The balance of shares held must be at least 500,000 shares as at 5.00pm on Friday 5 December 2014 to retain your Vantage shares and not receive the Capital Return.

Please check and confirm that these details of the shareholder and shares held are correct. If any changes to details of the shareholder or the shares held are necessary, please amend the relevant details by hand.

Nominees and Custodians only

If the registered shareholder is a trustee or nominee holding shares on behalf of beneficial owner(s) who want to retain your Vantage shares, please provide details of the name and address of the beneficial owner(s) and aggregate number of shares held such beneficial owner(s), which must be at least 500,000 shares in aggregate for this Form to be valid.

Name and address of beneficial owner(s): ______________________

Aggregate number of Vantage shares of such beneficial owner(s): ______

STEP 2 **Signature of shareholder(s)** *This section must be completed.*

By signing and returning this Form, I/we confirm that I/we want to retain my/our Vantage shares and will not receive the Capital Return of 5 cents per share and I/we will remain as shareholder(s) in Vantage which will no longer be listed on the Australian Securities Exchange.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director/Company Secretary	Director

Contact Name ______ Contact Daytime Telephone ______ Date / /

Email Address ______

Individual holders: Where a holding is in one name, the registered shareholder must sign.
Joint holders: All holders must sign.
Under Power of Attorney: If not already noted by the Registry, an originally certified copy of the power of attorney must be sent to the Registry. If this form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power or the death of the donor of the power.

Trustees or nominees: If this Form is signed by a trustee or nomine, they declare that they have received instructions from the beneficial owner(s) and have authority to complete and return this Form on their behalf.
Deceased Estate: All executors should sign and, if not already noted by the Registry, send an originally certified copy of probate or letters of administration to the Registry.
Company: This form must be signed by 2 directors, a director and company secretary or, in the case of a company with a sole director who is also the sole company secretary, the sole director.

STEP 3 **Return of the Election Form**

If you wish to retain your Vantage shares, this Form must be correctly completed, signed and received by Computershare, by no later than 5.00PM (Sydney time) on Friday 5 December 2014 by post to Computershare Investor Services Pty Limited at GPO Box 1282 Melbourne Victoria 3001 Australia;

The Form must be received by Computershare no later than 5.00pm on 5 December 2014 in order to be valid.

It is your responsibility to allow sufficient time for this Form to be received by Computershare. Neither Computershare nor Vantage accepts any responsibility if you do not correctly complete or sign this Form, return the Form to any other address or by any other means, or if the Form is not received by the specified deadline.

Appendix 4

Independent Expert's Report

Grant Thornton
An instinct for growth™

Vantage Goldfields Limited

Independent Expert's Report and Financial Services Guide

23 October 2014

The Board Committee
Vantage Goldfields Limited
Level 11,
151 Macquarie Street,
SYDNEY, NSW,
AUSTRALIA, 2000

Grant Thornton Corporate Finance Pty Ltd
ABN 59 003 265 987
AFSL 247140

Level 17, 383 Kent Street
Sydney NSW 2000
PO Locked Bag Q800
QVB Post Office
Sydney NSW 1230
T + 61 2 8297 2400
F + 61 2 9299 4445
E info@gtnsw.com.au
W www.grantthornton.com.au

23 October 2014

Dear Sirs

Independent Expert's Report and Financial Services Guide

Introduction

Vantage Goldfields Limited ("VGO" or the "Company") is engaged in the mining and exploration of gold in the Barberton Greenstone Belt of the Mpumalanga province of South Africa. The Company is listed on the Australian Securities Exchange ("ASX") with its registered office in Australia. As at 19 September 2014, VGO's market capitalisation was approximately A$7.4 million.

Proposed Transaction

On 2 October 2014, the Directors of VGO announced their intention to implement a selective capital reduction ("Proposed Capital Return") which is interdependent with the delisting of the Company from the ASX ("Delisting" and together with the Proposed Capital Return the "Proposed Transaction").

Under the Proposed Capital Return, shareholders of VGO ("VGO Shareholders"):

- Holding less than 500,000 VGO Shares will receive a cash consideration of A$0.05 per share ("Cash Consideration") and have their VGO Shares cancelled.

- Holding equal to or more than 500,000 VGO Shares will have the ability to elect to retain their VGO Shares or receive the Cash Consideration in exchange for the cancellation of their VGO Shares. VGO Shareholders electing to participate in the Proposed Capital Return will only be able to elect to receive the Cash Consideration for their full shareholding. Those VGO Shareholders failing to complete and return the election form by the required date will be paid the Cash Consideration.

Those VGO Shareholders who receive or elect to receive the Cash Consideration in exchange for the cancellation of their VGO Shares are deemed to be participating in the Proposed Capital Return and are defined as the "Exiting Shareholders", whilst those VGO Shareholders who elect to retain their VGO Shares are defined as the "Continuing Shareholders".

A Board Committee[1] has been established so that decisions regarding the Proposed Transaction will be made by Directors who are non-executive directors. All other Directors, other that the Board Committee Directors, believe it is not appropriate for them to provide recommendations to VGO Shareholders, as they have already decided that they intend to remain as Continuing Shareholders.

The Management Team, the Directors not included on the Board Committee and the three major shareholders[2] of the Company have entered into binding commitments with the Company that they will not participate into the Proposed Capital Return. They collectively hold approximately 70% of the issued capital of the Company (refer to section 2.6 of the Notice of Meeting and Shareholder Booklet for details).

The Company will make available approximately A$3 million from the Company's cash balance in order to return capital to Exiting Shareholders. Given the binding commitments received by the Continuing Shareholders, the Board Committee expect the available cash pool to be sufficient to pay the Cash Consideration to all VGO Shareholders but the Continuing Shareholders[3].

Subject to the Proposed Capital Return being approved by the required majorities, the Directors of VGO intends to seek VGO Shareholders approval to delist the Company from the ASX. The ASX has provided in principle advice that approval for the removal of VGO from the ASX official list would be granted subject to the Company obtaining VGO Shareholder approval for the delisting. A formal application for delisting will be made to the ASX if the Proposed Transaction, including the Delisting, is approved by VGO Shareholders.

Purpose of the report

In accordance to Section 256B(1) of the Corporations Act, the Company can implement the Proposed Capital Return only if:

- It is fair and reasonable to the shareholders as a whole.
- It does not materially prejudice the company's ability to pay its creditors.
- It is approved by the required majorities.

[1] The Directors who make up the Board Committee are: Stephen Turner (Non-Executive Chairman), Terence Willsteed (Non-Executive Director) and Gilbert Chalk (Non-Executive Director).
[2] The three major shareholders are: Asian Investment Management Services Limited (73,188,092 VGO Shares), Platinum Asset Management Limited (56,400,000 VGO Shares) and IAL International Aviation Logistics Limited (23,632,000 VGO Shares) as at 30 September 2014.
[3] As shown in Section 7.1 of this Report, dependant on the number of VGO Shareholders who elect to participate in the Proposed Capital Return, the total Cash Consideration may vary from A$1.0 million to A$3.7 million.

Accordingly, the Board Committee has requested Grant Thornton Corporate Finance prepare an independent expert's report stating, whether in its opinion, the Proposed Capital Return is fair and reasonable to VGO's shareholders as a whole.

We note that given the Proposed Capital Return and Delisting are interdependent, in forming our opinion, we have had regard to the Proposed Transaction as a whole.

For the purpose of this Report, Grant Thornton Corporate Finance have engaged Xstract Mining Consultants Pty Ltd ("Xstract") to review and express an opinion on the reasonableness of the technical assumptions included in the financial model in relation to the producing/advanced assets of VGO and a valuation of other resources and exploration potential not included in the financial model. The Xstract report is included as Appendix H of this Report.

Basis of assessment

In forming our opinion in relation to whether or not the Proposed Capital Return is fair and reasonable for VGO Shareholders as whole, Grant Thornton Corporate Finance has considered the following:

- Exiting Shareholders – the substance of the Proposed Transaction is that Exiting Shareholders will receive the Cash Consideration in exchange for the cancellation of their VGO Shares, in accordance with the requirements of Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 ("RG 111"), we have compared the Cash Consideration with the fair market value of VGO Shares on a control basis before the Proposed Transaction.

- Continuing Shareholders – the substance of the Proposed Transaction is that Continuing Shareholders will effectively swap their shares in a company listed on the ASX for shares in the same company but operating as an unlisted entity. Accordingly, we have considered the implications on the value of the underlying VGO Shares for Continuing Shareholders.

- The advantages and disadvantages to VGO Shareholders associated with the Proposed Transaction.

- Any other matters that should be taken into account by VGO Shareholders in evaluating how to vote in relation to the Proposed Transaction.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Capital Return is fair and reasonable to VGO Shareholders as a whole.

Fairness assessment

In forming our opinion in relation to the fairness of the Proposed Capital Return, Grant Thornton Corporate Finance has compared the Cash Consideration with the fair market value of VGO Shares on a control basis before the Proposed Transaction as summarised in the table below.

Fairness assessment	Section reference	Low Cents	High Cents
Fair market value per VGO Share on a control basis	6	5.0	11.4
Value of Cash Consideration to be provided	1	5.0	5.0
Premium/(discount) to fair market value per VGO Share (cents)		-	(6.4)
Premium/(discount) to fair market value per VGO Share (%)		0%	(56%)

Source: GTCF Calculations

The value of the Cash Consideration is within our assessed valuation range of VGO Shares on a controlling basis, albeit at the low end of our range. Accordingly, consistently with the requirement of RG 111, we have concluded that the Proposed Capital Return is fair to the Exiting Shareholders.

Whilst we have concluded that the Proposed Capital Return is fair to the Exiting Shareholders, we note that the Cash Consideration is equal to the low end of our assessed value range of VGO Shares on a control basis. We note the following in relation to our assessed valuation range:

- The valuation range is particularly wide as there is a degree of inherent uncertainty in relation to the value of the early stage exploration assets/portfolio of VGO assessed by Xstract and/or the expansion and ramp-up of VGO's mineral assets.

- The valuation assessment of VGO's producing assets is particularly sensitive to minor changes in key economic assumptions such as gold price and exchange rates.

Depending upon the views taken by individual shareholders in relation to the above assumptions/assets, it is possible that individual shareholders could reach a conclusion on the fair market value of VGO which is higher than the Cash Consideration and the low-end of our assessed valuation range. If that is the case, we note the following:

- For individual VGO Shareholders with less than 500,000 shares we would still believe that they may be better off to receive the Cash Consideration having regard to the reasonableness considerations set out below. Alternatively, those VGO Shareholders could attain 500,000 VGO Shares or more and elect to remain as Continuing Shareholders.

- For individual VGO Shareholders with equal to or more than 500,000 shares, they can elect to remain as Continuing Shareholders. However, in their considerations of the Proposed Capital Return, these shareholders would take into account their views on the value of VGO before and after the Proposed Capital return and the potential disadvantages of remaining as minority shareholder in VGO post Delisting.

In our assessment of VGO for Continuing Shareholder, we have considered that an unlisted company will normally have a lower value as it is not as readily marketable. In addition, certain Continuing Shareholders will remain as minority shareholders in VGO after the Proposed Transaction. When two investments are substantially comparable, investors tend to place more value on a security that is more liquid. In order to compensate for the lack of marketability and their minority shareholders position, it is appropriate in our opinion to apply a discount to the value of an unlisted company. Marketability/liquidity and minority discounts typically range between 21% to 56% and 17% to 29% respectively.

The size of the marketability discount depends on the following factors:

- The prospect for liquidity within a known timeframe. The longer is the expected holding period for an investment, the higher is the discount. We are of the opinion that based on the specific circumstances of VGO, it is unlikely that a liquidity event will eventuate for Continuing Shareholders in the short term.

- The dividend policy of the company. A company will usually attract a lower marketability and minority discounts if it has a sustainable and consistent dividend policy as the shareholders receive their returns along the way as opposed to at the end when they dispose of their investment. Given the status of development of the Company's assets, it unlikely that VGO will distribute any dividends following completion of the Proposed Transaction.

- The pool of potential buyers. The greater is the pool of potential buyers the lower is the level of marketability discount;

- The level of risk in the industry and in the Company. Typically higher level of risks is usually associated with higher level of marketability discount. The underlying principle is that the potential adverse impact of risk factors is enhanced by the inability to dispose of the investments in a liquid market. As discussed above and in the body of this document, VGO is subject to a large number of risk factors including volatility in the gold price, exchange rate and the level of gearing of the Company.

Based on the above discussions, in our opinion, a combined marketability and minority discount between approximately 40% and 80% should be applied to the fair value of VGO Share on a minority basis to assess the value of the consideration to the minority Continuing Shareholders.

The following table summarises our valuation assessment of VGO Shares after the Proposed Transaction:

VGO Shares valuation after the Proposed Transaction	Section reference	Low	High
Equity value of VGO on a control basis before the Proposed Transaction (A$m)	6	**12.4**	**28.3**
Less: Cash Consideration provided to Exiting Shareholders (A$m)	7.1	(3.7)	(1.0)
Equity value of VGO on a control basis after the Proposed Transaction (A$m)		**8.7**	**27.2**
Number of VGO Shares (million)	7.1	173.3	226.3
Value per share on a control basis (cents)		**5.0**	**12.0**
Marketability discount (%)	7.2	56%	21%
Minority discount (%)	7.3	29%	17%
Value per share on a minority basis (cents)		**1.6**	**7.9**

Source: GTCF Calculations

Based on the above, we have assessed the fair market value of VGO after the Proposed Transaction between 1.6 cents and 7.9 cents on a minority basis.

In forming our opinion in relation to the fairness of the Proposed Capital Return for VGO Shareholders as a whole, we have considered following factors:

- The Cash Consideration is fair, albeit right at the low end of our assessed valuation range of VGO before the Proposed Transaction.

- The Cash Consideration is at a material premium to VGO trading prices before the announcement of the Proposed Transaction

- We have considered the Cash Consideration as the default option for the purpose of forming our opinion on the fairness of the Proposed Capital Return for VGO Shareholders as a whole due to the following:

  - VGO Shareholders holding less than 500,000 VGO Shares are only able to receive the Cash Consideration or attain at least 500,000 to make an election.

  - VGO Shareholders holding equal to or more than 500,000 shares but failing to make an election will receive the Cash Consideration.

- Shareholders holding approximately 70% of the issued capital of the Company have entered into binding commitments to continue as Continuing Shareholders and accordingly they will not receive the Proposed Capital Return.

- Only those VGO Shareholders holding equal to or more than 500,000, who notwithstanding the impact of the lack of liquidity and marketability analysis above, wish to retain an exposure to the underlying business of VGO, will be affected by the value of VGO after the Proposed Transaction. However, these VGO Shareholders are likely to have a view of the fair market value of VGO Shares above the Cash Consideration offered to VGO Shareholders.

Fairness conclusion

Based on the above discussions, it is our opinion that the Proposed Capital Return is fair to VGO Shareholders as a whole.

Reasonableness assessment

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the offer closes. In assessing the reasonableness of the Proposed Transaction, we have considered the following advantages, disadvantages and other factors.

Advantages

For Exiting Shareholders

Ability to immediately realise VGO Shares at a premium to the trading prices

The Proposed Capital Return represents an opportunity for Exiting Shareholders to immediately exit their investment in VGO free of any realisation costs and at a premium to the quoted price of VGO Shares before the announcement of the Proposed Transaction as set out below.

VGO Cash Consideration Premium	VGO Share price Cents	Cash Consideration Cents	Implied Premium (%)
Before 2 October 2014 announcement of the Proposed Capital Return			
Closing price of VGO	0.030	0.050	67%
5 day average price of VGO	0.030	0.050	67%
1 month average price of VGO	0.029	0.050	71%
3 month average price of VGO	0.030	0.050	66%
6 month average price of VGO	0.032	0.050	57%

In absence of the Proposed Transaction, it is unlikely that VGO Shares will trade above the Cash Consideration in the short term.

Reduced exposure to economic and operational risks of the Company

Exiting Shareholders will no longer be exposed to the ongoing risks associated with holding an investment in VGO which includes general market volatility, changes in the gold price and exchange rates, financing risks and operational risks. Particularly, we note the following risk factors:

- VGO's profitability margin is highly sensitive to minor changes to the gold prices and exchange rates.

- There are certain operational risks and challenges with VGO's prospecting and mining rights which may affect future performance and profitability:

  - Lily Mine – lack of grade reliability and the fact that the mineralised zones are relatively small and thin deposits that generally are discontinuous in nature.

  - Barbrook Mine – further delay in the implementation of the Stage 2A expansion[4] and cash costs higher than the current gold price.

- Finally, we note that VGO has a material level of external debt for a Company of this size and in its stage of development. Whist the Company also has a significant cash balance as at 30 June 2014, the financial circumstances of the Company may deteriorate quickly in conjunction with adverse market conditions[5].

Lack of liquidity of VGO Shares

The VGO Shares listed on the ASX are illiquid with more than 70% of the undiluted issued capital held by the top 3 shareholders, Management and Directors. Less than 5% of the total issued capital of the Company has been traded since the beginning of the calendar year (circa 9 months). If the Proposed Capital Return is implemented, it will provide an opportunity for the Non-associated Shareholders to exit an illiquid investment at a significant premium to the share price before the

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[4] An intermediate, low capital cost, fast track expansion of Barbrook operations to 15,000 tpm (180,000 tpa) has been assessed by VGO. This low capital expenditure intermediate expansion option could be in full operation within six months of a go-ahead. This intermediate expansion option is defined as Barbrook Stage 2A.
[5] We note that the cash balance of the Company reduced by circa A$3.2 million in the quarter ending 30 June 2014.

announcement of the Proposed Capital Return. In the absence of the Proposed Capital Return or alternative transactions, it is unlikely that Exiting Shareholders will be able to realise their investment at a value comparable or equivalent to the Cash Consideration.

For Continuing Shareholders

Increased interest in VGO

Continuing Shareholders' interests in the Company will increase as the VGO Shares previously held by Exiting Shareholders are cancelled, resulting in a material relative increase in both voting interests and economic interests in the Company. Consequently, Continuing Shareholders will be able to exercise greater control of the Company.

Ability to repurchase VGO Shares at discount to high end of control and minority valuation

The Cash Consideration of A$0.05 per VGO Share is at the low end of our assessed valuation range of VGO before the Proposed Capital Return. The Proposed Capital Return could be a significantly value accretive transaction for the Continuing Shareholders as a whole if the valuation assessment of VGO is consistent with our assessed valuation range and higher than A$0.05 per share.

Ability to participate in future potential upside of VGO

Continuing Shareholders will retain their exposure to the potential benefits associated with holding an investment in VGO including any favorable changes in economic factors such as the gold price and exchange rates or operational factors such as head grade, recovery rate and level of cash costs.

Cost savings as a private company

If the Proposed Transaction is implemented, VGO should be able to achieve material cost savings associated with being a private company such as removal of listing costs, lower reporting requirements which should generate a smaller cost burden for the Company and a lower threshold for good corporate governance, etc.

Disadvantages

For Exiting Shareholders

No ability to realise VGO Shares at high end of our valuation assessment

The Cash Consideration of A$0.05 per VGO Share is right at the low end of our assessed valuation range. By participating in the Proposed Capital Return, Exiting Shareholders may forego the opportunity to realise value at the mid and high end of our value range.

No ability to participate in future potential upside of VGO

Exiting Shareholders will no longer have exposure to the potential benefits associated with holding an investment in VGO including any favorable changes in economic factors such as the gold price and exchange rates or operational factors such as head grade, recovery rate and level of cash costs.

In particular, we note that Exiting Shareholders may forego the opportunity to participate in the potential material upside associated with the Barbrook Mine. VGO proposes to carry out a staged rollout of its expansion plans at Barbrook as summarised below:

- Stage 2A will implement direct carbon-in-leach ("CIL") and HiTeCC processing technologies to produce up to 15,000 oz. pa.

- Stage 2B will increase production at Barbrook to 30,000 oz. pa.

- Stage 3 will see an expansion to 60,000 oz. pa using bio-oxidation ("Biox") technologies.

Whilst the Company has placed the Stage 2A development on hold, more economically favourable market conditions may expedite the further development of the Barbrook Mine.

In addition, we note the following potential upside being forgone by Exiting Shareholders:

- The Lily Mine is in ramp-up phase from its current production level.

- VGO holds a vast tenements area with a large number of tenements largely unexploited.

By reducing the uncertainty on future projections of the Lily and Barbrook Mines through completion of the Bankable Feasibility Study for the Barbrook Mine and the production expansion for the Lily Mine, the Management of VGO may be able to unlock material value for the Continuing Shareholders which is not captured in our valuation assessment. This potential upside will be foregone by Exiting Shareholders and should be taken into account in their decision in relation to the Proposed Capital Return.

<u>For Continuing Shareholders</u>

Gearing of VGO

In relation to the Company's financial circumstances, we note the following:

- As at 30 June 2014, the net external debt (excluding trade creditors) was in excess of A$14 million with a cash balance of approximately A$9.5 million.

- The unsecured A$12.5 million loan entered by the Company in March 2014 bears interest at 16% per annum. Interest is paid in cash on a quarterly basis.

- The Company had a deficit in working capital of approximately A$2.7 million as at 30 June 2014. In our opinion, this is not sustainable and has been driven by the limited cash resources available to the Company before the debt raising completed in March 2014.

- In the June 2014 quarter, the cash resources of the Company reduced by circa A$3.2 million.

- As a result of the Proposed Capital Return, the cash resources of the Company are expected to further reduce by approximately A$3 million.

The Company's capital structure and gearing level provides VGO with limited ability to withstand significant adverse market conditions. VGO Shareholders should carefully consider the financial risks that may affect the Company going forward.

Lower corporate governance/disclosure

If the Proposed Transaction is completed, VGO will be an unlisted entity going forward. A company listed on a stock exchange like the ASX is subject to listing rules and regulations including continuous disclosure and certain investor protections. In addition, the level of transparency, protection and safeguards for minority shareholders as well as the related corporate governance and compliance regime may be reduced.

Limited marketability of shareholding

As previously discussed in our fairness assessment, as a result of the Delisting, the marketability of VGO Shares will reduce significantly.

No ability to raise funds on market

Subsequent to Delisting, VGO will no longer have the ability to readily raise equity funding on market. This may lead to greater reliance on the Continuing Shareholders for future equity funding needs.

No ability to reduce exposure to economic and operational risks

Continuing Shareholders will continue to be exposed to the ongoing risks associated with holding an investment in VGO which includes general market volatility, changes in the gold price and exchange rates, financing risks and operational risks.

Other considerations

VGO's share price if the Proposed Transaction lapses

As discussed above, the Proposed Transaction is at a significant premium to the trading prices of VGO before the announcement of the Proposed Transaction. Given the performance of the equity markets in the last couple of months and the fact that the Company has not released any price sensitive information since the announcement of the Proposed Transaction, we consider that if the Proposed Transaction lapses, all else being equal, VGO Shares are likely to fall from their current trading levels towards the level at which they traded before the announcement of the Proposed Transaction.

Prospect of a superior proposal

We have discussed with the Board Committee whether they are aware of any potential alternative offers to the Proposed Transaction and we have been informed by the Board Committee that if the Proposed Transaction is not completed, alternative ways may be considered to offer VGO Shareholders liquidity and exit opportunities. However, the Board Committee is of the opinion that the consideration offered under alternative scenarios is likely to be less than that the Cash Consideration as the full savings of privatisation under the Delisting will not be achieved.

The Board Committee note that there are no impediments to an alternative proposal being submitted by potential interested parties. As such, the Proposed Transaction has the potential to act as a catalyst for potential interested parties and if an alternative proposal on better terms were to emerge, it is expected that this would occur prior to the Proposed Transaction being voted on by VGO Shareholders and VGO Shareholders will have the opportunity to consider it.

Tax implication

If the Proposed Transaction is completed, Exiting Shareholders may crystallise a capital gain or loss for taxation purposes, however the taxation consequences for shareholders will vary according to their individual circumstances and will be impacted by various factors such as place of residence. VGO Shareholders should read the overview of tax implications of the Proposed Transaction set out in the Shareholder Booklet and also seek independent financial and tax advice on the implications of accepting the Proposed Transaction.

The Board Committee unanimously recommend, in the absence of a superior proposal, VGO Shareholders vote in favour of the Proposed Transaction.

As set out in the Shareholder Booklet, at the date of this report, the Board Committee recommend that in the absence of a superior proposal, VGO Shareholders vote in favour of the Proposed Transaction.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Proposed Capital Return is reasonable to the VGO Shareholders as a whole.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Capital Return is fair and reasonable to the VGO Shareholders as a whole.

Each VGO Shareholder should decide whether or not to accept the Proposed Transaction based on their own views of value of VGO and expectations about future market conditions and the future operating performance of VGO.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Proposed Transaction is a matter for each VGO Shareholder to decide based on their own views of value of VGO and expectations about future market conditions and the future operating performance of VGO. If VGO Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN
Director

LIZ SMITH
Director

23 October 2014

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Vantage Goldfields Limited ("VGO" or the "Company") to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Transaction.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from VGO fees in the order of A$100,000 plus GST, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of VGO in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with VGO (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Contents

1 Overview of the Proposed Transaction

1.1 Outline of the Proposed Transaction

The Directors of VGO have recently considered various strategies and alternatives to allow shareholders to realise value for their VGO Shares at a price higher than the current trading prices of VGO on the ASX. Given the limited depth of trading in VGO Shares, VGO Shareholders may find it difficult to dispose of their shareholding in the Company at fair market value or at all.

Accordingly, on 2 October 2014, the Directors of VGO announced their intention to implement the Proposed Capital Return and Delisting of the Company from the ASX.

Set out below is a summary of the Proposed Transaction:

- ***Structure of the Proposed Transaction*** – selective capital reduction pursuant to sections 256B and 256C of the Corporations Act. Upon completion of the Proposed Capital Return the Company will delist from the ASX and continue to operate as a private company. The Proposed Capital Return and the Delisting are interdependent between each other, accordingly both of them need to be approved by VGO Shareholders for the Proposed Transaction to proceed.

- ***Proposed Capital Return*** - VGO Shareholders:

  – Holding less than 500,000 VGO Shares will receive a cash consideration of A$0.05 per shares ("Cash Consideration") and have their VGO Shares cancelled.

  – Holding equal to or more than 500,000 VGO Shares will have the ability to elect to retain their VGO Shares or receive the Cash Consideration in exchange for the cancellation of their VGO Shares. VGO Shareholders electing to participate in the Proposed Capital Return will only be able to elect to receive the Cash Consideration for their full shareholding. Those VGO Shareholders failing to complete and return the election form by the required date will be paid the Cash Consideration.

- ***Cash pool for the Proposed Capital Return*** – to affect the Proposed Capital Return, the Company has an available cash pool of approximately A$3 million[6].

- ***Board Committee*** – a Board Committee has been established so that decisions regarding the Proposed Transaction will be made by those Directors who are non-executive directors.

- ***Key Continuing Shareholders*** – a number of institutional investors, Directors and members of the Management team executed of binding deeds that they will not participate in the Capital Return and accordingly they will remain as Key Continuing Shareholders. The Key Continuing Shareholders account for approximately 70% of the VGO issued capital.

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[6] As shown in Section 7.1 of this Report, dependant on the number of VGO Shareholders who elect to participate in the Proposed Capital Return, the total Cash Consideration may vary from A$1.0 million to A$3.7 million.

- ***VGO Shareholders' approval*** – the Proposed Transaction will only proceed if the following resolutions are passed by relevant VGO Shareholders:
  - The Exiting Shareholders approve the Proposed Capital Return by special resolution at a separate meeting of Exiting Shareholders;
  - The Continuing Shareholders approve the Proposed Capital Return by special resolution at a meeting of all VGO Shareholders, with no votes cast in favour of the resolution by Exiting Shareholders; and
  - VGO Shareholders as a whole approve the removal of VGO from the official list of the ASX by ordinary resolution.

As outlined in Section 2.6 of this Booklet, the Board Committee, having regard to the conclusion of the Independent Expert and in the absence of a superior proposal emerging, unanimously recommend that:

- VGO Shareholders, excluding the Key Continuing Shareholders, elect to receive the Capital Return and vote in favour of the Proposed Capital Return resolution at the special meeting of Exiting Shareholders;
- Continuing Shareholders vote in favour of the Proposed Capital Return resolution at the General Meeting; and,
- All Shareholders vote in favour of the Delisting.

2 Purpose and scope of the report

2.1 Purpose

Section 256B of the Corporations Act 2001 (the "Act" or "Corporations Act") states that a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction:

- Is fair and reasonable to the company's shareholders as a whole; and,
- Does not materially prejudice the company's ability to pay its creditors; and,
- Is approved by shareholders under section 256C of the Act.

Under Section 256B, a capital reduction may be either an equal reduction or a selective reduction. The reduction is an equal reduction if:

- It relates only to ordinary shares; and,
- It applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and,
- The terms of the reduction are the same for each holder of ordinary shares.

As the Proposed Capital Reduction does not satisfy these requirements it is a selective reduction.

Section 256C of the Corporations Act states that selective reductions must be approved by either:

- A special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates; or,
- A resolution agreed to, at a general meeting, by all ordinary shareholders.

Further, Section 256C requires that where the reduction involves the cancellation of shares, the reduction must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

To satisfy the disclosure requirements under Section 256C of the Corporations Act, the Company must include with the notice of the meeting a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution.

While there is no statutory requirement for a company to commission an independent expert's report in relation to the capital reduction, Regulatory Guide 111 "Content of expert reports" ("RG 111") issued by the Australian Securities and Investments Commission ("ASIC") notes that an expert report should usually accompany the explanatory memorandum to satisfy the information requirements of fairness under s256C of the Corporations Act.

Accordingly, the Board Committee has requested Grant Thornton Corporate Finance prepare an independent expert's report stating, whether in its opinion, the Proposed Transaction is fair and reasonable to VGO's shareholders as a whole.

2.2 Basis of assessment

In preparing our report, Grant Thornton Corporate Finance has had regard to the Regulatory Guides issued by ASIC, particularly RG 111.

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. Whilst RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer, it states that similar considerations apply in relation to control transactions by way of a selective capital reduction under S256B of the Corporations Act.

Based on the terms of the Proposed Capital Return, we have considered the Proposed Capital Return as a control transaction in accordance with RG 111. In particular we note that if the Proposed Capital Return is approved by the required majorities, VGO Shareholders with less than 500,000 VGO Shares will have no option but to participate to the Proposed Capital Return for the entirety of their shareholdings. In our opinion, this is similar to other more typical change of control transactions such as a scheme of arrangement.

RG 111 states that:

- An offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company;

- An offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. When deciding whether an offer is reasonable, an expert might consider:

  - The bidder's pre-existing voting power in securities in the target;
  - Other significant security holding blocks in the target;
  - The liquidity of the market in the target's securities;
  - Taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
  - Any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc.;
  - The likely market price if the offer is unsuccessful; and
  - The value to an alternative bidder and likelihood of an alternative offer being made.

In forming our opinion in relation to the fairness of the Proposed Capital Return, Grant Thornton Corporate Finance has separately considered the fairness of the Proposed Transaction to the Exiting Shareholders and Continuing Shareholders.

- In forming an opinion on the fairness to the Exiting Shareholders, we have compared the Cash Consideration with the fair market value of VGO Shares on a control basis before the Proposed Transaction.

- In forming an opinion on the fairness to the Continuing Shareholders, we have considered the implications on the value of VGO Shares of the Company becoming an unlisted entity.

In considering whether the Proposed Capital Return is reasonable to VGO Shareholders as a whole, we have considered a number of factors, including:

- Whether the Proposed Capital Return is fair.

- The implications for the shareholders subject to the offer if the Proposed Capital Return is not approved.

- Other likely advantages and disadvantages associated with the Proposed Capital Return as required by RG 111.

- Other costs and risks associated with the Proposed Capital Return that could potentially affect the shareholders subject to the offer.

Independent technical specialists

For the purpose of this Report, Grant Thornton Corporate Finance have engaged Xstract Mining Consultants Pty Ltd ("Xstract") to provide an independent technical report in relation to the technical assumptions included in the financial model provided by Management of VGO and the valuation of other resources and exploration potential not included in the financial model. The Xstract report is included as Appendix H of this Report.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Transaction with reference to the ASIC Regulatory Guide 112 "Independence of Experts" ("RG 112").

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Meeting and Shareholder Booklet dated on or around 23 October 2014 in which this report is included, and is prepared for the exclusive purpose of assisting the VGO Shareholders in their consideration of the Proposed Transaction. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of Meeting and Shareholder Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Transaction to the VGO Shareholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual shareholders.

The decision of whether or not to vote for the Proposed Transaction is a matter for each VGO Shareholder based on their own views of value of VGO and expectations about future market conditions, VGO's performance, risk profile and investment strategy. If shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

3 Profile of South Africa's gold mining industry

VGO is engaged in the exploration, development and production of gold in South Africa. Accordingly, we have provided a brief overview of the gold mining industry in South Africa below.

3.1 Overview

Gold is a precious metal used primarily in the fabrication of jewellery, electronics and other industrial applications and as an investment asset for store of value and hedging. Gold is actively traded on the international commodity markets and experiences daily price fluctuations as determined by global demand and supply factors.

Since 2007, volatility in global financial markets (resulting from the Global Financial Crisis ("GFC") and concerns in relation to European sovereign debt levels ("European Debt Crisis") significantly increased the demand for gold as an investment asset. The price of gold peaked at US$1,730/oz. in mid-2012, triggering an expansion of existing mines as well as the development of new gold exploration projects. However, as a result of the continued gradual stabilisation of the global economy since mid-2012, the gold price has decreased to below US$1,250/oz. in 2014.

With an estimated 6000 metric tonnes of gold reserves, South Africa has the second largest unmined reserves in the world. The Witwatersrand region has the largest gold reserves, while smaller reserves can be found in the form of Achaean greenstone belts. The main gold producing greenstone belts are the Barberton Greenstone Belt and the Kraaipan Greenstone Belt. The Barberton greenstone belt is situated in the Mpumalanga province, just north of Swaziland. The Kraaipan belt is located west of Johannesburg, near Kuruman. Other smaller belts exist in the Northern Province, but have been worked sporadically.

3.2 Key drivers affecting gold exploration and production

The key drivers affecting gold exploration and production include:

- Demand for gold – the demand for gold exploration and production is primarily derived from investment demand and the demand for related end products such as jewellery. Central banks in most countries also include some gold as part of their monetary reserves, while financial institutions and individuals use gold as a store of wealth;

- Gold prices – Gold prices have a direct effect on revenue generated by gold mining operations. When the value of gold is high, firms are likely to commit to projects with lower gold grades and higher costs. Conversely, low gold prices tend to have a negative impact on the level of gold exploration and production activities;

- Exchange rates – gold is usually traded in US dollars, therefore relative exchange rates are an important factor affecting the level of global gold trading and demand;

- Political and regulatory factors – gold exploration activities are considered high risk undertakings as there is a considerable amount of risk and uncertainty surrounding the commercial viability of such projects. Tenements located in countries with well-defined regulatory processes and a stable political environment may be more attractive to gold explorers and producers as they are less risky than unregulated and politically unstable countries; and

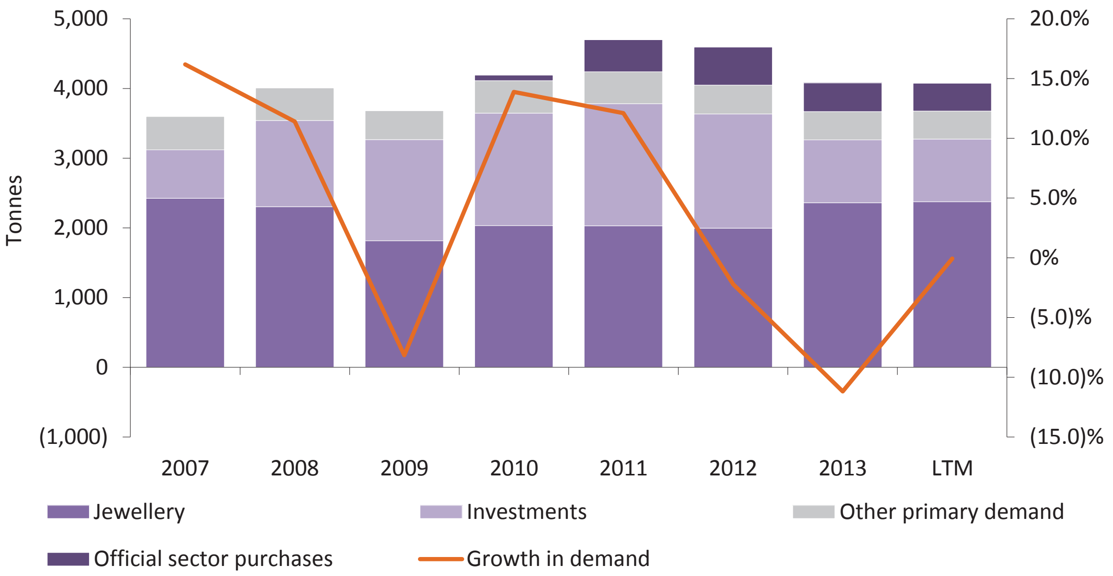
- Funding requirements – given the inherent riskiness of the gold mining industry, the availability and cost of capital to fund such projects can significantly impact on the level of gold exploration and production activities being undertaken.

- Mine/location specific factors – each mine/location is exposed to unique factors that affect the feasibility of continued exploration and production.

3.3 Demand

Demand for gold is mainly driven by gold fabrication, global investment trends and market/economic conditions. The graph below illustrates historical gold demand by category.

Historical global gold demand by category



** Last 12 months measured from the second quarter of 2013 to the first quarter of 2014 inclusive*
Source: World Gold Council

Fabrication

The demand for gold has historically been driven by the demand for fabrication of jewellery and industrial equipment ("Primary Demand"). However, recently Primary Demand as a proportion of total demand has declined significantly from approximately 80.6% in 2007 to 68.0% in the last twelve months due to increasing interest in gold as an investment asset and also increased demand from the 'official sector'.

The level of Primary Demand is highly seasonal as demand in India and China is strongly linked to traditional festivities. China and India were the largest consumers by volume in 2013, together accounting for approximately 58% of global demand for jewellery.

Investment

Investors generally consider gold as a relatively safe investment asset mainly because the price of gold has historically been negatively correlated to movements in the general global economy and other main financial assets. As a result, gold is often used for hedging and as a store of wealth. Volatility caused by the GFC, political unrest in the Middle East, foreign exchange fluctuations and the European Debt Crisis have caused investors to sell off other riskier assets to purchase gold for its unique properties as an investment asset.

Increasing interest in gold as an investment asset has also led to an increase in the variety of gold investment products, such as gold exchange traded funds, which are publicity listed investment funds that hold gold as their primary asset.

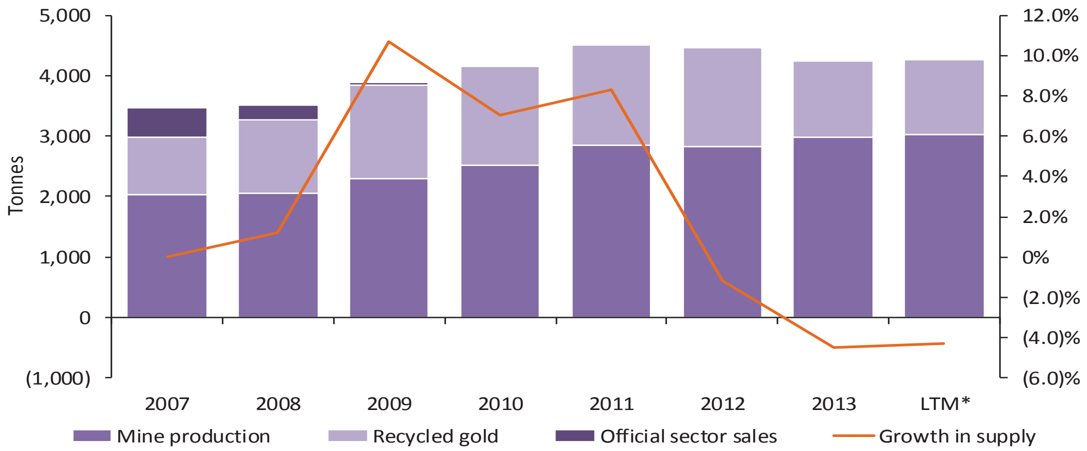
Investment demand for gold has recently also included the net purchase of gold by central banks and official sector institutions[7] ("Official Sector"). The Official Sector became net buyers of gold in 2010. In a number of developing countries experiencing rapid economic growth, the significant expansion of foreign exchange reserves has required central banks to increase gold holdings in order to hedge against adverse movements in foreign exchange reserve movements. Also, the GFC and the European Debt Crisis have raised concerns in relation to the dominance of the Euro and the US dollar in foreign exchange reserves and has prompted many central banks to diversify reserve assets holdings through the purchase of gold.

From 2003 to 2012, investment represented the strongest source of growth in demand. However, investment demand decreased in 2013 by approximately 36% from 2012 levels due mainly to actual and expected improvement in global economic conditions, particularly in the US.

3.4 Supply

The supply of gold is mainly sourced from mine production and the recycling of scrap gold. The graph below illustrates historical gold supply by category.

Historical global gold supply by category



** Last 12 months measured from the second quarter of 2013 to the first quarter of 2014 inclusive*
Source: World Gold Council

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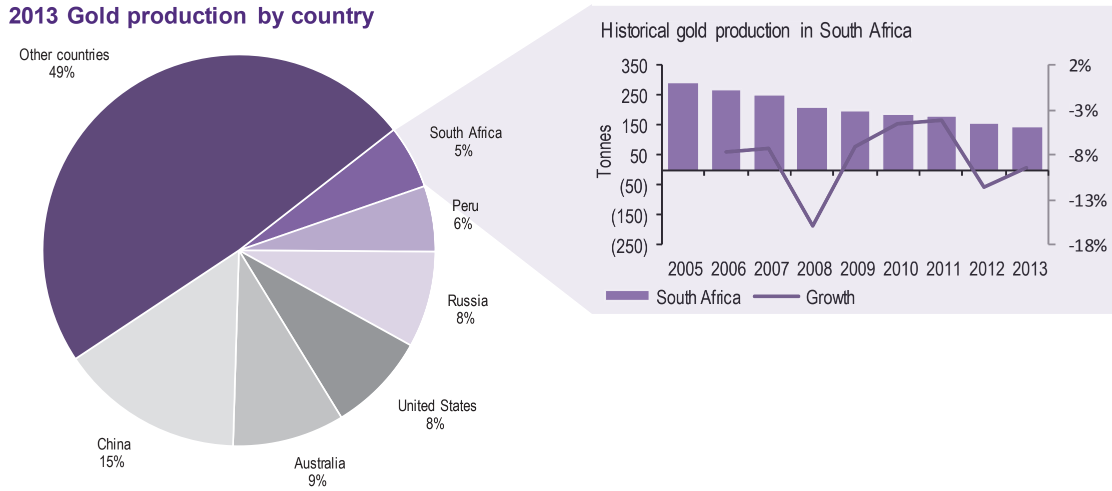
7 Official sector institutions include all departments and agencies of national governments such as exchange authorities and fiscal agents that undertake activities similar to those of treasury, central bank or stabilisation fund.

Gold supply decreased by approximately 1.2% in 2012 and a further 4.5% in 2013, or 4.3% in the last twelve months. This was primarily due to a contraction in gold recycling. This is particularly the case in the US, where conditions are less conducive to recycling due to the expected economic recovery and gold prices are expected to remain below their peaks as a result. Among developing countries, India was the only country that had an increase in recycling activity.

2013 gold production by country is illustrated in the graph below:



Source: U.S. Geological Survey, Mineral Commodity Summaries, February 2014

Reducing rates of gold exploration success in traditional mining areas has created a shift in the global production profile for gold over the last five years. As recently as 1970, South Africa accounted for over 70% of the world's gold production. Since then, heavy mining of the area which has resulted in an increased depth of mining, coupled with declining grades and the recent slide in the gold price, has resulted in increasing costs and a steady fall in production. Further, the declining political stability of South Africa has shifted the focus of production to China, Australia and the USA.

3.5 Gold price

Set out below is the daily historical price of gold between September 2004 and September 2014:

Real prices are based on an average US inflation rate over the last 10 years of **2.35%*

Source: S&P Capital IQ and GTCF calculations

Over the period reflected in the graph above, the price of gold increased from a nominal price of US$401/oz. in 2004 to a high of US$1,890/oz. in 2011 due to concerns surrounding the European Debt Crisis. This represents a CAGR of 24% in the gold price over this period. From 2012 to 2014, prices declined as economic conditions and interest rates improved, reducing the relative attractiveness of gold as an investment asset. As at 19 September 2014, the spot price of gold was US$1,216 / oz.

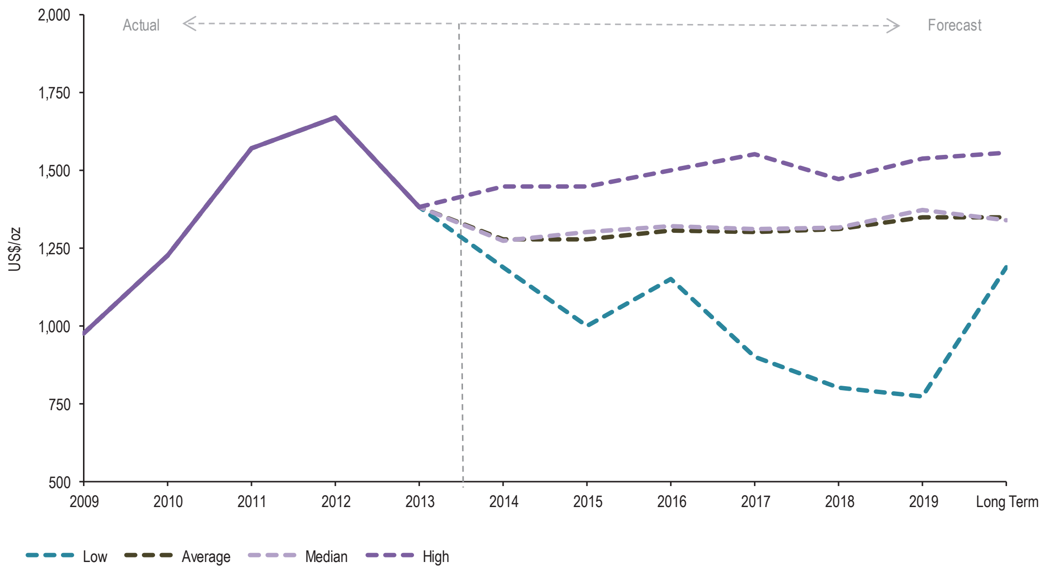
3.6 Gold outlook

The price of gold is forecast to remain flat in real terms in the short to medium term in line as the global economy and financial markets continue to stabilise.

Future long term growth in demand is expected to be driven by the Chinese market primarily due to its increasing economic prosperity and high levels of savings. However, China is also the world's largest producer of gold. While currently China's gold mining industry consists of mostly small-scale unsophisticated producers that are unable to operate on a global platform, it is expected that in the medium to long term these producers will be able to acquire more sophisticated technology and mining techniques, and expand their supply across China and to global markets.

The following chart sets out summary of broker forecasts for the price of gold:

Historical and Forecast gold price



Source: Various broker reports

3.7 South African Mineral and Petroleum Resource Development Act

South African gold mines are governed by the South African Mineral and Petroleum Resource Development Act of 2002 ("MPRDA"). The MPRDA recognises the government's control over the country's mineral resources and amongst other things "provides for equitable access to mineral resources opportunities for historically disadvantaged South Africans ("HDSAs"). The goal of the MPRDA is to promote Black Economic Empowerment ("BEE") in the South African mining sector.

The MPRDA requires South African mining companies to have a portion of the company held by HDSAs through BEE partner entities. Currently companies are required to have 15% of their ownership interests held by BEE partners and by 31 December 2014, the MPRDA requires 26% of the company's interests to be held by BEE partners, with the transfer of ownership occurring at fair market value.

Given the nature of HDSAs, it is often the case that BEE partners do not have a sufficient balance of funds to acquire such assets at fair market value, and where they do, they tend to invest in larger companies whose shares are more marketable. Accordingly, to facilitate such transaction and comply with the MPRDA, it is common for junior mining and exploration companies to provide the respective BEE partner with a loan secured against the shares to acquire the interest in the mineral rights. However, recent changes to the MPRDA now involve Companies being given an "Ownership" score in their "BEE compliance scorecard" based on meeting phased targets to unencumber shares of BEE Partners over a period of 10 years from acquisition of the shares. Non-compliance with the BEE requirements under the MPRDA may result in the loss of the entity's mining licence.

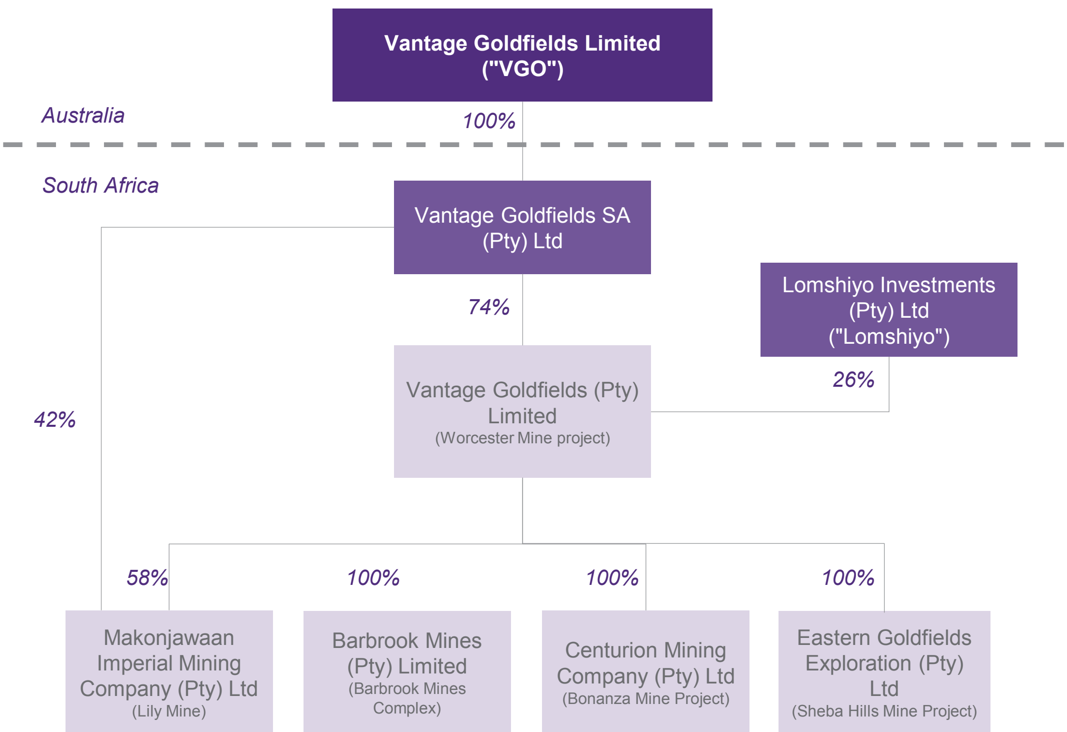
4 Profile of VGO

4.1 Company overview

VGO was established in 2004 prior to listing on the ASX in May 2010. The Company is engaged in the mining and exploration of gold in the Barberton Greenstone Belt of the Mpumalanga province of South Africa.

The Company's corporate structure is summarised below.

Group structure



Source: VGO AGM Presentation 2014

As shown in the above organisational chart, VGO's only asset is its holding in Vantage Goldfields SA, a privately owned South African holding company whose primary asset is Vantage Goldfields (Pty) Limited. The latter is the operating company of the group and it holds all the key mining and exploration assets. VGO acquired Vantage Goldfields (Pty) Limited from a US mining company in 2009.

We note with regards to the above that Lomshiyo Investment (Pty) Ltd ("Lomshiyo") is a BEE partner who holds its investment in VGO consistent with the MPRDA.

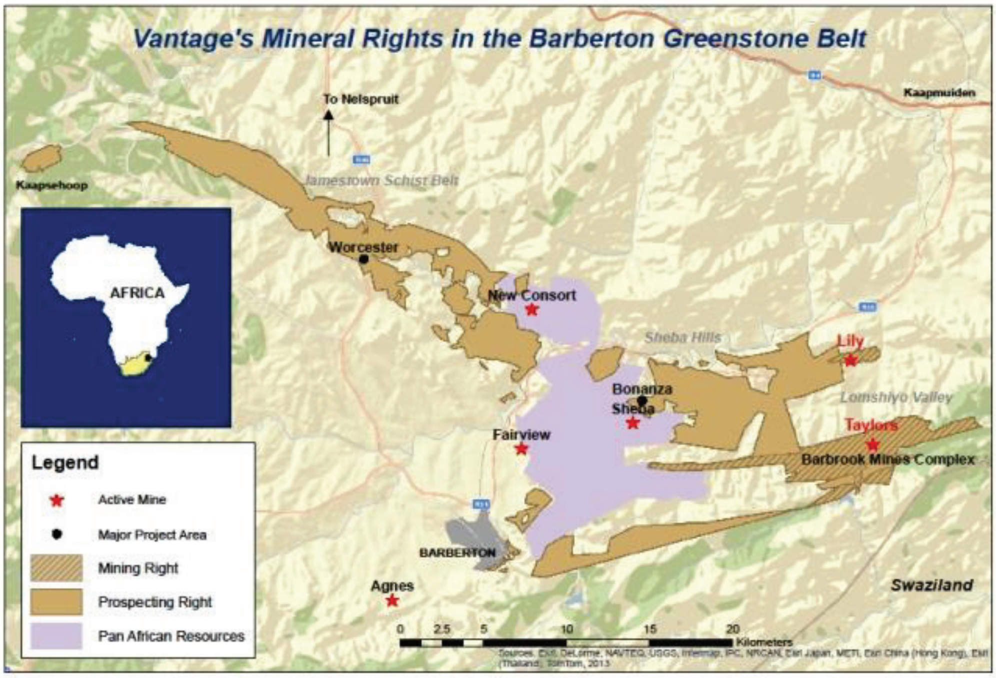
4.2 Assets overview

VGO's key assets in the Barberton area include:

- The Lily underground gold mining operation;

- The Barbrook gold mine currently under development;
- The Worcester gold project; and
- A regionally significant tenement package (covering approximately 167 km²) which encapsulates several former mining areas (including Bonnie Dundee, Bonanza, Crown, Imperial and others).

The location of VGO's gold assets and mineral rights is illustrated in the map below.



Source: VGO AGM Presentation 2014

VGO's JORC (2004)[8] defined mineral resources ("resources") and ore reserves ("reserves") are as follows:

		Resources (100% basis)					Reserves (100% basis)			
Project/Site	VGO's current interest at date of report	Total Ore Resources (Mt)	Grade (g/t)	Inferred (Moz)	Indicated (Moz)	Measured (Moz)	Total Ore Reserves (Mt)	Grade (g/t)	Probable (Moz)	Proved (Moz)
Lily Mine	85%	23.1	2.66	1.1	0.2	0.7	5.9	2.50	0.5	-
Barbrook Mine	74%	14.6	4.70	1.3	0.4	0.4	0.8	4.11	-	0.1
Worcester Mine	74%	3.4	3.78	0.2	0.2	-	1.4	3.01	0.1	-
Other	74%	1.1	2.97	-	0.1	0.1	-	na	-	-
Total		**42.2**	**3.47**	**2.6**	**0.9**	**1.2**	**8.1**	**2.74**	**0.6**	**0.1**

Source: VGO AGM Presentation 2014

Set out below is a brief description of the above noted key projects. Further details on the projects can be found in the technical expert report set out in Appendix H.

[8]The JORC (the "Joint Ore Reserves Committee") Code is a standard used for the public disclosure of Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore.

4.2.1 Lily Mine

The Lily Mine ("Lily") is located in the Lomshiyo valley near the farming town of Low's creek and is VGO's flagship asset. The mine is a shallow operating underground mine with total mineral resources of approximately 23 million tonnes ("Mt").

The ramp-up to full production of 35,000 oz. per annum, originally scheduled to be completed in 2012, was delayed mainly due to insufficient capital being available to provide for adequate underground development mining flexibility. In addition, poor ground conditions and the collapse of a crown pillar in a localised section of the mine during the first quarter of 2013 resulted in management deciding to modify the entire mining layout by reducing inter-level spacing and increasing the number of rib pillars. In the financial year end 2013, the Lily Mine produced approximately 26,000 oz. of gold despite being impacted by temporary flooding and other unforeseen production problems which were rectified in the June Quarter of 2014.

Since establishment of the mine, C3 cash costs[9] have been maintained around US$1,250/oz. In the June quarter of 2014, cash costs were reported to be US$1,214/oz. However, margins have been reducing since establishment of the mine as a result of the lower gold price. As such, VGO's operational focus in the coming months is to improve the mine's maintenance scheduling and reduce operating costs.

4.2.2 Barbrook Mine

The Barbrook Mine ("Barbrook") is a shallow underground mine which was acquired by VGO in 2008. It has a well-established surface infrastructure, extensive underground development and readily accessible area for mining. The Barbrook complex is a consolidation of numerous (more than 10) individual gold deposits which have been explored and exploited to varying degrees and by differing methods over the past 70 years. Mining at Barbrook has commenced in two stages.

Barbrook Stage 1 was a trial mining and processing operation that produced float concentrates from underground mining over a period from early 2011 to the first quarter of 2014. A Bankable Feasibility Study ("BFS") is being conducted on Barbrook Stage 2 which if successful, may ultimately expand production from 15,000 oz./year to between 50,000 and 60,000 oz./year. In the intermediate period until completion of the BFS, VGO have considered a lower capital cost, fast track expansion of Barbrook operations. This forms stage 2A of the project and is reflected in the current life-of-mine.

4.2.3 Worcester Mine

The Worcester Mine ("Worcester") is a dormant underground mine that is being evaluated as part of the Company's exploration and evaluation programme. A pre-feasibility study ("PFS") was completed by VGO in April 2012 to investigate the viability of applying low cost, bulk mining methods to the indicated mineral resources situated between 210 metres and 560 metres below

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[9] C3 cash cost represents the cost for mining, processing, administration, accounting movement in inventory, depreciation and amortisation, interest, other indirect costs and royalties. Depreciation and amortisation is considered as a proxy for capital expenditure and as such, C3 cash costs may not be a good representation of all in costs for mines which require capital expenditure significantly in excess of the annual depreciation and amortisation expense.

surface. While the results of the PFS were generally positive, VGO has concluded that the operation is not sufficiently robust to justify a more detailed study at this stage.

4.2.4 Other exploration projects

VGO'S exploration activities have been concentrated on prospects within the Barberton Goldfield that are considered to have the best short term potential for economic development. The Company holds mineral rights for the following mines:

- The Imperial Mine ("Imperial"), which is situated 2 kilometres east of the Barbrook Mine Complex. Imperial was worked from 1909 to 1921, with the majority of ore extracted between 1909 and 1914 when approximately 3,200 ounces were produced at a recovered grade of 5.0 grams per tonne of gold. In 1987, MIMCO acquired the dormant mine and continued exploration which included underground development, diamond drilling and channel sampling.

- The Makonjwaan Mine ("Makonjwaan"), which is accessed via the Barberton-Malalane road and the Sheba mine road, approximately 20 kilometres north east of Barberton. The Company's mineral rights in this area cover an area of approximately 863 hectares in the Barberton Land.

  Mining operations commenced on the project in 1911, with underground mining of Makonjwaan ceasing in 1958 after most of the easily accessible high grade material was mined out. Makonjwaan remained dormant until 1989 when MIMCO reopened the open put and produced approximately 18,700 oz. between 1989 and 1993.

- The Bonanza mine ("Bonanza"), which covers approximately 813 hectares, in addition to three dump permits covering 22 hectares and nine blocks of surface rights covering 28 hectares. Mining commenced at Bonanza in 1886 and up until 1990, the mine produced approximately 44,700 oz. Bonanza's closure was attributable mainly to factors such as technical challenges, a low gold price and capital restraints.

  To date, all exploration in the area has been focused on the development of an underground mine.

Given the current economic and market conditions, VGO has chosen to place exploration efforts on hold, and instead focus on the development of the Lily and Barbrook mines.

4.3 Lomshiyo Investments

As discussed in section 3, the Company is required under the MPRDA to have BEE partner/s hold at least a 26% interest in the company or its assets by 31 December 2014. To meet the ownership requirements, VGO has partnered with Lomshiyo which is owned by HDSAs including a number of VGO employees.

As at the date of this report, VGO has sold to Lomshiyo a 26% interest in the ordinary share capital of Vantage Goldfields (Pty) Limited which gives a 26% indirect interest in each of VGO's assets excluding Makojawaan Imperial Mining Company (Pty) Ltd ("MIMCO", the holding company of the Lily Mine) in which it holds a 15% indirect interest.

The purchase of the 26% interest in Vantage Goldfields (Pty) Limited by Lomshiyo was funded by way of a loan from Vantage Goldfields SA (Pty) Ltd. The loan provided to Lomshiyo is secured against the shares in Lomshiyo itself; however Lomshiyo's sole asset is the investment in Vantage Goldfields (Pty) Limited.

As at 30 June 2014, the balance of the loan outstanding was ZAR 44,196,490 which is equal to approximately A$4.5 million. The entire balance of the loan outstanding was due on 31 December 2010. As this did not occur, Lomshiyo is considered to be in default of the funding agreement. Upon or at any time after the event of default, VGO may declare all or any part of the loan oustandings to be immediately due and payable.

For financial reporting purposes, Lomshiyo is deemed to be controlled by VGO as they have pledged all of their shares to VGO as security for the loan. As such, the loan is eliminated on consolidation and no minority interest in respect of Lomshiyo's interest is currently recognised in the consolidated financial statements.

4.4 Gold Loan

On 24 March 2014, VGO announced that it had entered into a A$12.5 million loan agreement ("the Gold Loan") with Alchemists Incorporated ("the Lender"). The terms of the Gold Loan are summarised below:

- Drawdown date: 31 March 2014
- Loan term: Three years unless extended under the 'extended terms' to a period of five years.
- Interest rate: 16% p.a. for first three years and 12.9% p.a. for remaining two years if extended.
- Repayments: In either cash or gold with interest payable quarterly beginning 30 June 2014.
  - Value of gold repayments fixed at US$1,350/oz. and exchange rate of 0.90 USD/AUD (equivalent to A$1,492/oz.).
  - Early settlement of the outstanding balance of the loan available to VGO at its discretion.
- Security: unsecured loan
- Consequences of default: The Lender may declare all outstanding amounts immediately due.

The repayment schedule of the loan over the three year term is set out in Appendix G.

In accordance with the accounting policy adopted by VGO based on the standards prescribed by the Australian Accounting Standards Board, the Gold Loan has been recognised separately as a loan ("other financial liability") and option ("financial asset at fair value through profit or loss") to capture the value of ability to make repayment in gold. The loan and put option are reported in the statement of financial position as an interest bearing liability and financial asset respectively.

4.5 Financial information

4.5.1 Income statement

The consolidated income statements of VGO for the periods ended 31 December 2012 ("FY12"), 31 December 2013 ("FY13") and 30 June 2014 ("HY14") are set out in the table below:

Consolidated statement of profit or loss Vantage Goldfields Limited	31-Dec-12 Audited A$('000)	31-Dec-13 Audited A$('000)	30-Jun-14 Reviewed A$('000)
Gold Sales	40,818	40,357	20,668
Cost of Sales	(28,693)	(33,388)	(18,105)
Gross Profit	**12,125**	**6,969**	**2,563**
Other Income	17	24	4
Administration Expenses	(3,089)	(3,856)	(1,454)
Exploration Expenses	(334)	(236)	(1)
Share Based Payment (reversal)/expense	134	24	(24)
Directors' Emoluments	(1,028)	(865)	(690)
Impairments of Assets	(462)	(331)	-
Training, Safety and Security Costs	(1,036)	(903)	(463)
Others	(1,863)	(567)	(311)
Profit/(Loss) from Operating Activities	**4,465**	**260**	**(376)**
Finance Income	127	32	15
Finance Costs	(176)	(245)	(828)
Fair value decrease of embedded derivative	-	-	(360)
Profit/(Loss) before Tax	**4,416**	**47**	**(1,549)**
Income Tax Benefit/(Expense)	(575)	1,268	52
Net Profit/(Loss)	**3,841**	**1,314**	**(1,496)**

Source: Financial statements, S&P Capital IQ and GTCF calculations

We note the following in relation to the consolidated income statements of VGO.

FY13

- Despite the increase in production to 27,826 oz. (2012: 26,209 oz.), FY13 revenue remained flat as a result of the substantial drop in the gold spot price to US$1,380/oz. (2012: US$1,670/oz.).
- While cash operating costs remained relatively consistent at $1,019/oz., lower gold prices received after the first quarter of 2013 impacted operational profitability. Gross profit margins were lower at 17% (2012: 29%)
- Exploration expenses declined by 29% as management made the decision to curtail VGO's exploration programme following the drop in the gold price in April 2013.
- Further impairment of approximately A$331,000 was recognised in relation to certain mining and process plant equipment that no longer meet the requirements of VGO's operations.

HY14

- While production has increased to 14,697oz in HY14 (HY13: 10,867oz) the average gold price has decreased during the period to US$1,298/oz. (HY13: $1,484/oz.). The net result of which was a small increase in sales revenue compared to the prior comparable period.

- The company experienced operational difficulties during the period as a result of heavy rainfall and the flooding of the Lily mine. Operational costs were required for remedial action at Lily, as well as increased maintenance for the underground trackless mining machinery. The increased costs resulted in a decrease in the gross profit margin to 12% (FY13: 17%).

- Finance costs increased to $827,934 for the period (HY13: $217,079) as a result of the interest payable on the new Gold Loan.

- The revaluation of the embedded derivative attached to the Gold Loan resulted in a fair value loss of $360,000.

4.5.2 Balance sheet

The consolidated balance sheets of VGO as at 31 December 2012, 31 December 2013 and 30 June 2014 are set out in the table below:

Consolidated statements of financial position Vantage Goldfields Limited	31-Dec-12 Audited A$('000)	31-Dec-13 Audited A$('000)	30-Jun-14 Reviewed A$('000)
Current Assets			
Cash and Cash Equivalents	2,962	891	9,424
Trade and Other Receivables	1,022	1,688	1,171
Inventories	2,487	2,614	3,582
Total Current Assets	**6,471**	**5,194**	**14,177**
Non Current Assets			
Loans Receivable	-	4	4
Financial Assets At Fair Value	74	82	1,581
Deferred Tax Assets	8,220	8,866	8,332
Property, Plant and Equipment	53,584	53,731	51,943
Total Non-Current Assets	**53,584**	**53,731**	**61,860**
Total Assets	**68,351**	**67,878**	**76,037**
Current Liabilities			
Trade and Other Payables	8,535	7,222	7,475
Bank Overdraft	115	-	-
Interest Bearing Liabilities	1,106	1,359	4,820
Income Tax Payable	170	8	7
Total Current Liabilities	**9,926**	**8,589**	**12,302**
Non Current Liabilities			
Interest Bearing Liabilities	1,177	1,871	11,954
Provisions	576	503	479
Total Non-Current Liabilities	**1,752**	**2,375**	**12,433**
Total Liabilities	**11,679**	**10,964**	**24,735**
Shareholders' Equity			
Issued Capital	60,696	62,696	62,696
Reserves	(8,643)	(11,716)	(15,831)
Accumulated Profit	4,619	5,934	4,437
Total Shareholders Equity	**56,672**	**56,914**	**51,302**

Source: Financial statements, S&P Capital IQ and GTCF calculations

We note the following in relation to the consolidated balance sheet:

31 December 2013

- The full year financial report for the period contained an emphasis of matter drawing attention to the uncertainty regarding the Company's ability to continue as a going concern. Notably, the financial statements indicate that the current liabilities exceeded the current assets by A$3,395,154 (2012: A$3,455,278).

- The decrease in cash and cash equivalents during the period was mainly attributable to the drop in the gold spot price and a high fixed cost base, which resulted in lower net cash receipts.

- To assist with short term funding requirements, VGO completed a placement of 20 million fully paid ordinary shares at $0.10 to International Aviation Logistics Limited, raising A$2 million which increased issued capital.

30 June 2014

- To address the above noted current asset deficiency on a more permanent basis, whilst also providing funding for long term exploration, mining, and processing operations and capital investment, VGO entered into A$12.5m unsecured interest bearing debt facility at the end of March 2014. This resulted in a significant increase in cash and cash equivalents and interest bearing liabilities (both current and non-current).

- As previously noted in Section 4.4 of this Report, the Gold Loan is reported in the statement of financial position as an interest bearing liability and financial asset for the loan and option portion respectively.

- The balance of deferred tax asset relates to the unredeemed capital expenditure tax deductions of MIMCO, a subsidiary of VGO which owns and operated the Lily Mine. VGO are satisfied that sufficient profits will be available from MIMCO to allow for the recognised balance of deferred tax assets to be utilised.

4.6 Capital Structure

As at the date of our report, VGO has the following securities on issue:

- 247,314,532 fully paid ordinary shares ("VGO Shares") as set out in Section 4.6.1 below; and,

- 7,150,000 options ("VGO Options") as set out in Section 4.6.2 below.

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4.6.1 VGO Shares

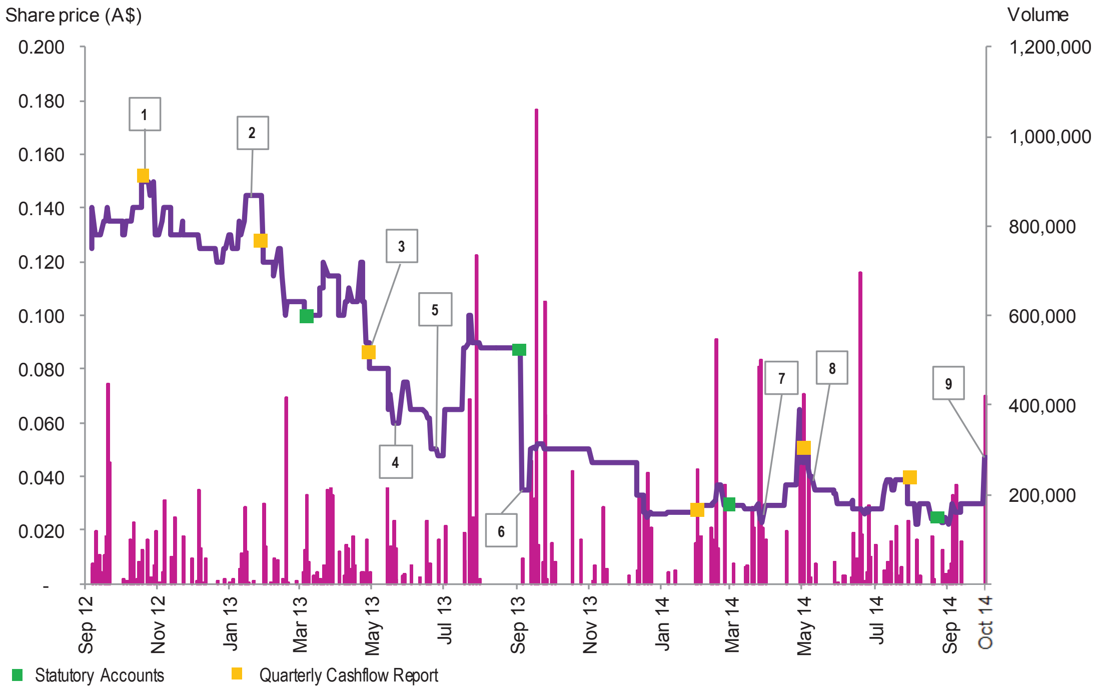
The top ten shareholders of VGO as at 30 September 2014 are set out below:

Top shareholders as at 30 September 2014			
Rank	Name	Number of shares	Interest (%)
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	69,067,836	28%
2	ASIAN INVESTMENT MANAGEMENT SERVICES LIMITED	35,638,619	14%
3	IAL INTERNATIONAL AVIATION LOGISTICS LIMITED	23,632,000	10%
4	NATIONAL NOMINEES LIMITED	19,881,638	8%
5	STIRLING NOMINEES LIMITED	18,465,702	7%
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	7,736,494	3%
7	CITICORP NOMINEES PTY LIMITED	6,517,443	3%
8	ASIAN INVESTMENT MANAGEMENT SERVICES LIMITED	5,000,000	2%
9	MORGAN STANLEY & CO INCORPORATED	4,453,800	2%
10	NALMOR PTY LTD JOHN CHAPPELL SUPER FUND A/C	3,800,000	2%
Total top 10 shareholders (Total)		**194,193,532**	**78%**
Remaining shareholders		**53,121,000**	**22%**
Total shares outstanding		**247,314,532**	**100%**

Source: Computershare

With regards to the above, we note that the two most substantial holders, Asian Investment Management Services Limited and Platinum Asset Management Limited, hold 73,188,092 VGO Shares and 56,400,000 VGO Shares respectively through direct holdings and indirect holdings with HSBC Custody Nominees and National Nominees. Further detail on the Key Continuing Shareholders who have confirmed they will not participate in the Proposed Transaction can be found the Notice of Meeting and Shareholder Booklet.

The daily movements in VGO's share price and volumes for the period from September 2012 to October 2014 is set out below:



Source: S&P Capital IQ and GTCF Analysis

We note the following with regard to the share price history since September 2012:

No.	Date	Comments
1	October 2012	There were no significant movements in VGO's share price despite the Company's announcement of a 21% increase in production from the previous quarter, as well as a cash operating profit of A$4 million.
2	January 2013	The Company announced the termination of the of its Off-take Agreement with Mine2Market after a number of disagreements in relation to the amount of gold contained in concentrates. The share price dropped to A$0.12 subsequently.
3	April 2013	VGO announced that a portion of a crown pillar at its Lily Mine had collapsed, resulting in the loss of the main stope and the permanent loss of a remote underground loader. This caused gold production to decline.
4	May 2013	Following the previous announcement and the announcement that VGO had completed a A$2 million placement to International Aviation Logistics Limited, the Company's share price dropped to A$0.06 on 20 May 2013.
5	June 2013	Despite the positive results from VGO's Barbrook Stage 2 Expansion Drilling, the Company's share price continued to fall to $0.05 as the gold spot price had declined to approximately A$1,200/oz. by the end of the month.
6	September 2013	The Company released its half year report. Gross profit margins had declined to 13% from 30% a year earlier. VGO's share price closed at A$0.04 on 5 September 2013.
7	March 2014	The Company announced that it entered into a Loan Agreement of $12.5 million with Alchemists Incorporated. VGO's share price closed at A$0.02 on 26 March 2014.
8	May 2014	A water- bearing fissure was intersected during routine underground development at the Lily Mine, resulting in a temporary flowing of the lower level of the mine. The financial effect of the incident was expected to be approximately $1 million in lost revenue. The Company's share price closed at A$0.04 on 20 May 2014.
9	October 2014	VGO announced the Proposed Transaction

Set out below is the share price performance of VGO since October 2013:

Vantage Goldfields Limited	Share Price			Average
	High	Low	Close	weekly volume
	$	$	$	000'
Month ended				
Oct 2013	0.050	0.050	0.050	87
Nov 2013	0.050	0.045	0.045	60
Dec 2013	0.045	0.025	0.026	196
Jan 2014	0.029	0.027	0.029	91
Feb 2014	0.037	0.021	0.029	294
Mar 2014	0.030	0.023	0.029	412
Apr 2014	0.065	0.037	0.051	138
May 2014	0.051	0.030	0.030	239
Jun 2014	0.031	0.026	0.028	336
Jul 2014	0.039	0.028	0.030	140
Aug 2014	0.030	0.022	0.025	80
Sep 2014	0.030	0.022	0.030	163
Week ended				
1 Aug 2014	0.035	0.030	0.030	142
8 Aug 2014	0.030	0.022	0.030	118
15 Aug 2014	-	-	0.030	-
22 Aug 2014	0.024	0.024	0.024	118
29 Aug 2014	0.027	0.023	0.025	99
5 Sep 2014	0.030	0.022	0.030	399
12 Sep 2014	0.030	0.027	0.030	317
19 Sep 2014	-	-	0.030	-
26 Sep 2014	-	-	0.030	-
3 Oct 2014	0.048	0.045	0.047	475

Source: Capital IQ, and GTCF Calculations

4.6.2 VGO Options

Set out below are the key terms of the 7,150,000 Options outstanding at the date of this report:

VGO Options				
Type	Issue size	Exercise price	Expiry Date	Option features
Phantom options	3,550,000	0.40	30/09/2015	Spot price cap at A$1
Management equity options	3,600,000	0.15	31/12/2017	One third of options vest every 12 months of continuous service

Source: Financial Report for HY14

5 Valuation methodology

5.1 Introduction

In accordance with our adopted valuation approach set out in Section 2.2, our fairness assessment involves comparing the Cash Consideration of $0.05 per VGO Share to the fair market value of VGO Shares on a control basis.

Grant Thornton Corporate Finance has assessed the value of VGO Shares using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Potential valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow ("DCF") method.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows.
- Amount available for distribution to security holders on an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target.

Further details on these methodologies are set out in Appendix B to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe which of the above methodologies an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methodology

Grant Thornton Corporate Finance has selected the market value of net assets as the primary method to assess VGO's equity value in relation to the Proposed Transaction. The market value of net assets is based on the sum of parts of VGO's operating & exploration assets and other assets and liabilities as set out in VGO's reviewed statement of financial position as at 30 June 2014.

In our assessment of the market value of net assets of VGO, we have:

- Assessed the market value of the resources within current life-of-mine ("LOM") for the Lily and Barbrook projects using the DCF method, with a cross check based on the application of earnings multiples.

- Relied on Xstract's Report with regards to the reasonableness of the technical assumptions adopted in the projections for the current LOM for the Lily and Barbrook projects in accordance with RG 111.

- Assessed the appropriate discount rates, gold prices, exchange rates and inflation rates to use in the assessment of the forecast cash flows.

- Relied on Xstract's assessment of the value of other resources held by VGO, not included in the LOM.

- Assessed the value of the other assets and liabilities of VGO.

We believe it is appropriate to assess the market value of current LOM for the Lily and Barbrook projects using the DCF method given that:

- The DCF method is the most appropriate approach in valuing assets with a finite life such as mineral assets due to the depletion of reserves over time.

- The DCF method captures the significant level of capital and time required for the development and mining of mineral assets.

- There is a history of gold production from the Company's production stage assets.

- Management of VGO has prepared long-term forecasts in relation to its production stage assets based on the life of mine assessed with regard to the current level of reserves and resources.

Prior to reaching our valuation conclusions, we have considered the reasonableness of our valuation as a whole having regard to a rule of thumb valuation methodology based on a multiple of resources as well as having regard to the quoted price of listed securities.

5.4 Independent technical specialist

For the purpose of this report, Grant Thornton Corporate Finance has engaged Xstract to assess the reasonableness of the technical operating assumptions for VGOs production stage assets and prepare a valuation of the other mineral assets of VGO. The work performed by Xstract was completed in accordance with the VALMIN Code[10].

A copy of the report is attached in Appendix H to this report.

5.5 Exchange rate assumptions

Our assessment requires the conversion of ZAR to AUD and USD to AUD. In our valuation assessment, we have had regard to the 30 day average ZAR/AUD and USD/AUD exchange rates as at 19 September 2014 of 9.97 and 0.92 respectively.

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[10] The VALMIN Code is binding on members of the Australasian Institute of Mining and Metallurgy when preparing public independent expert reports required by the Corporations Act concerning mineral and petroleum assets and securities. The purpose of the VALMIN Code is to provide a set of fundamental principles and supporting recommendations regarding good professional practice to assist those involved in the preparation of independent expert reports that are public and required for the assessment and/or valuation of mineral and petroleum assets and securities so that the resulting reports will be reliable, thorough, understandable and include all the material information required by investors and their advisers when making investment decisions.

6 Valuation assessment of VGO Shares before the Proposed Transaction

Set out below is our valuation assessment of VGO Shares before the Proposed Transaction on a control basis.

VGO Shares valuation before the Proposed Transaction	Section reference	Low	High
Value of VGO's prospecting and mining rights (A$m)	6.1	18.1	31.9
Add: Value of loan to Lomshiyo and Other BEE Partner/s (A$m)	6.2.3	2.1	4.4
Add: Other assets/(liabilities) (A$m)	6.3	(7.4)	(7.4)
Less: Value of VGO Options (A$m)	6.4	(0.1)	(0.3)
Less: Non-contingent transaction costs (A$m)	6.5	(0.3)	(0.3)
Equity value of VGO on a control basis before the Proposed Transaction (A$m)		**12.4**	**28.3**
Number of VGO Shares (million)	4.5	247.3	247.3
Value per share on a control basis (cents)		**5.0**	**11.4**

Source: GTCF calculations

6.1 VGO's prospecting and mining rights

The valuation of VGO's prospecting and mining rights is summarised below. Importantly, the values shown do not represent 100% ownership of the assets valued but rather VGO's current interest in the assets as outlined in Section 4.1 of this Report, adjusted for the Company's interest which must be transferred to a BEE partner by the 31 December 2014[11].

Value of VGO's prospecting and mining rights				Value attributable to VGO	
Details	Status	VGO Interest	Section reference	Low A$m	High A$m
Lily Mine (current LOM) - adjusted interest[1]	Production	74%[1]	6.1.1	8.1	8.9
Barbrook Mine (current LOM)	Production	74%	6.1.2	-	0.8
VGO's interests outside the current LOM including exploration interests - adjusted interest[1]	Exploration to Development	74%[1]	6.1.3	10.0	22.2
Total value of VGO's prospecting and mining rights				**18.1**	**31.9**

[1] Adjusted to exclude VGO's 11% interest in MIMCO which must be transferred to a BEE partner by 31 December 2014 as further discussed in Section 6.2.

Source: GTCF calculations and Xstract report

6.1.1 Lily Mine

The valuation of the VGO's adjusted interest in the Lily project's current LOM has been determined with regard to the DCF methodology and cross checked based on a multiple of resources.

Management of VGO have provided a financial model ("the Financial Model") in relation to the Lily project current LOM. The Financial Model is based on an operational plan of 15 years having regard to the current level of reserves and resources and it does not take into account potential extension of the LOM. The market value of the reserves and resources outside the current LOM and the exploration potential of the Lily project have been assessed separately by Xstract.

[11] As noted in Section 3.7 of this Report, the MPRDA requires South African mining companies to have 26% of the company's interests to be held by BEE partners by 31 December 2014, with the transfer of ownership occurring at fair market value for the shares. To meet the ownership requirements of the MPRDA, VGO is required to transfer a further 11% of MIMCO to a BEE partner (i.e. Lomshiyo or equivalent entity) by the end of 2014.

Grant Thornton Corporate Finance has engaged Xstract, to review and express an opinion on the technical assumptions included in the Financial Model in relation to, amongst other things, the reserves and resources, production profile, operating costs and capital expenditure for the Lily project.

Based on Xstract's review and suggested changes to the Financial Model, Grant Thornton Corporate Finance has assessed the net present value of the Lily project using ungeared, real, post-tax cash flows, having regard to Grant Thornton Corporate Finance's assessment of the future gold prices, exchange rates, inflation and discount rate.

6.1.1.1 Operating assumptions

Set out in the table below is a summary of the key operating assumptions underpinning the forecast cash flows relating to the Lily project.

Key assumptions	
Operational plan	15 Years
Ore mined over current LOM	5,745,000 t
Average head grade	2.5 g/t
Average recovery rate	90%
Gold produced over current LOM	416,500 troy oz

Source: Financial Model

Production profile

The production profile has been independently reviewed by Xstract. The projected production profile for the Lily project over the operational plan is presented in the graph below.

Lily Mine Production Profile

Source: Financial Model

We note the following in relation to the above graph:

- As we have had regard to the cash/debt balance as at 30 June 2014 in our valuation assessment of VGO, we have excluded from our valuation assessment the cash flows for the first six months of 2014 which were provided in the Financial Model.

- The actual production profile for the Lily Mine in FY13 and HY14 is shown above for comparison purposes.

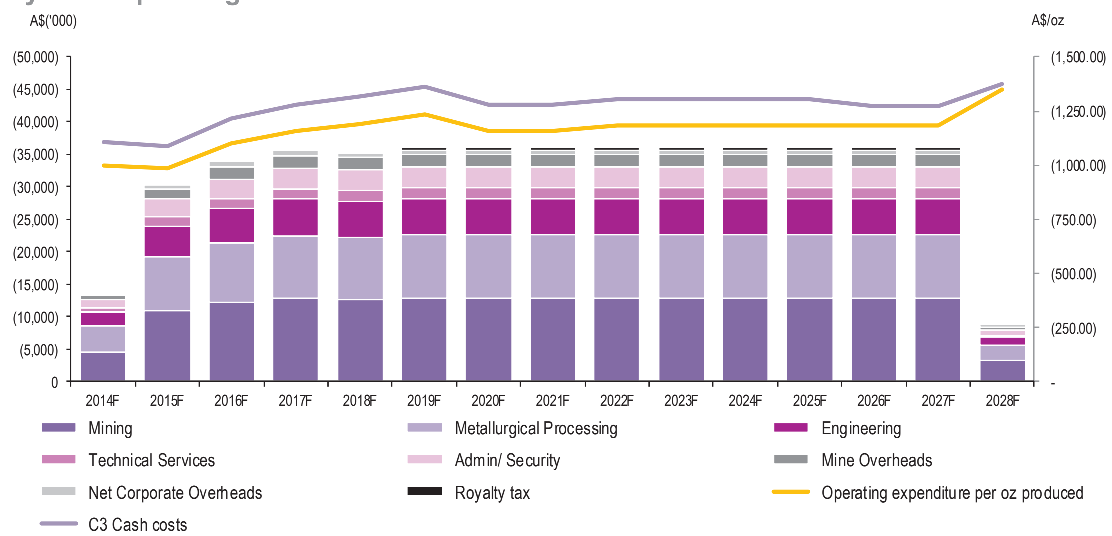
- Actual head grades in FY13 and HY14 have been significantly less than forecast head grade. With regards to this, Xstract note that the main risk at the Lily Mine is grade reliability. Reasons for the difference between historic actual and forecast grade include the lack of stoping flexibility, mining mix and insufficient stope delineation and evaluation ahead of current stoping operations. Xstract further note that without flexibility and advanced grade knowledge in order to high grade stoping operations, it is unlikely that the planned head grade will be realised. Accordingly, significant capital expenditure will be required to achieve such a head grade.

- Given the level forecast capital expenditure as adjusted by Xstract and reflected in the Financial Model (see the "Capital Expenditure" section below), Xstract note that the production profile of the Lily mine appears reasonable relative to historic production levels. Refer to Section 2 of Xstract's report, attached in Appendix H, for further detail on the historic and forecast production of the Lily Mine.

Operating costs

Operating costs include costs associated with mining, haulage, processing, royalty payments and other overhead costs. The following graph summarises the forecast operating expenditure in real terms over the current LOM.

Lily Mine Operating Costs



Source: Financial Model

In relation to the cost breakdown above, we note the following:

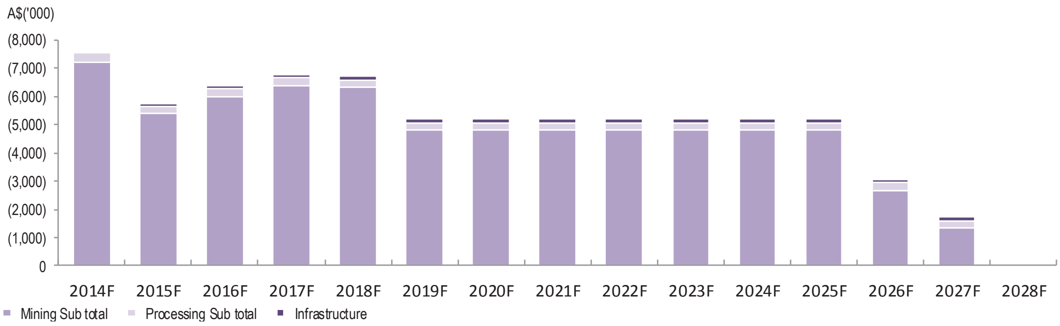
- Xstract has indicated that no adjustments to the costs of mining, processing, engineering or other direct mining related costs are required in the Financial Model.

- In accordance with the fair market value principle, for the purpose of our valuation assessment of VGO on a 100% basis, we have reduced corporate overhead costs included in the Financial Model for the proportion of corporate overheads which relate directly to costs associated with being a publicly listed company that may potentially be eliminated by a hypothetical purchaser. Management estimate the portion of these costs which relate to the Lily project total approximately A$0.3 million per annum (pre-tax).

Capital expenditure

The forecast capital expenditure (in real terms) over the projected mine life is summarised below:

Lily Mine Capital Expenditure



Source: Financial Model

We note the following in relation to the forecast capital expenditure.

- The total capital expenditure over the forecast period (2014 to 2028) is estimated to be approximately A$75.1 million.
- Xstract has advised that the mining capital costs should be increased by 20% from the base forecasts in each period from 2015 to 2025 inclusive. This recommendation has been incorporated in the Financial Model and shown in the above graph.
- The ongoing mining and processing capital expenditure captured in the Lily forecast of the Financial Model represent ongoing mine development costs and general plant costs.

6.1.1.2 Economic and valuation assumptions

Gold price

For the purpose of forming a view on the appropriate gold prices to use for the valuation, Grant Thornton Corporate Finance has had regard to the historical spot prices, current forward prices and forecast prices prepared by various brokers.

Given the volatility in commodity markets, the current levels of commodity prices relative to historical long run prices, and the widely varying views of industry analysts, assumptions regarding future gold prices are inherently subject to considerable uncertainty. It should be noted that the value of the mineral assets could vary materially based on changes in commodity price expectations.

The assumptions in relation to the gold prices adopted by Grant Thornton Corporate Finance do not represent forecasts by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of resources assets and companies.

The sources for the gold prices are denominated in US dollars and are on a nominal basis (i.e. inclusive of inflation expectations). We have re-expressed the nominal US-dollar denominated commodity prices into real Australian dollars for the purposes of our valuation assessment having regards to the exchange rate assumptions and inflation assumptions discussed in the sections below.

In our assessment of the commodity prices, we have considered the following:

- Broker forecasts released by Consensus Economics Inc., dated 18 August 2014;
- Consensus forecasts released by S&P Capital IQ, dated 17 September 2014; and,
- Movement in spot and forward prices of gold.

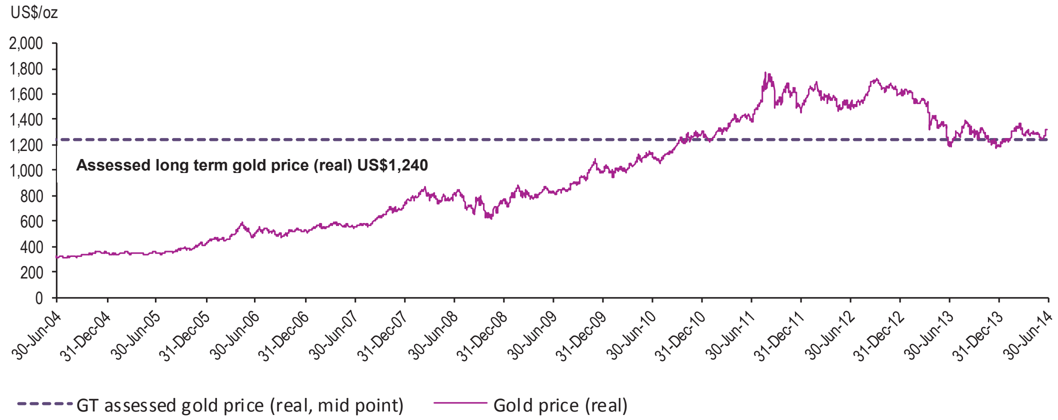
The table below summarises the real US-dollar denominated prices for gold used in our valuation assessment.

Gold price assumptions	2014	2015	2016	2017	2018	Long Term
US$/oz (nominal terms)						
Low	1,140	1,150	900	800	780	1,180
Mean	1,270	1,290	1,300	1,310	1,350	1,370
High	1,450	1,450	1,550	1,470	1,540	1,710
US$/oz (real terms)						
Low	1,130	1,120	850	740	700	1,060
Mean	1,260	1,250	1,230	1,210	1,210	1,240
High	1,440	1,410	1,470	1,360	1,390	1,540

Source: GTCF analysis

For the purposes of our valuation assessment, we have applied the mean forecasts shown above. In the graph below we have plotted the mean of the long term real gold price forecast against the real historical gold price over the last 10 years.

Real Historical Gold Price from 2004 to 2014



Source: World Gold Council

Exchange Rates

To assess the appropriate forecast exchange rates for the purpose of our valuation assessment, Grant Thornton Corporate Finance has had regard to the historical spot prices, current forward prices and forecast prices prepared by various brokers. It should be noted that the value of the mineral assets could vary materially based on changes in exchange rate expectations.

The assumptions in relation to the exchange rates adopted by Grant Thornton Corporate Finance do not represent forecasts by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of foreign currency denominated balances.

The sources for exchange rate data are denominated on a nominal basis. We have re-expressed the nominal exchange rates into real terms for the purposes of our valuation assessment having regards to the inflation assumptions discussed in the section below.

In our assessment of the exchange rates, we have considered the following:

- Various broker forecasts dated between January and August 2014.
- Other economic publications.
- Movement in spot and forward exchange rates.

The following tables summarise our assessment of the forecast exchange rates for the purpose of our valuation assessment:

USD/AUD exchange rate assumptions	2014	2015	2016	2017	2018	Long term
USD/AUD (nominal terms)						
Low	0.85	0.81	0.69	0.75	0.75	0.75
Mean	0.91	0.87	0.83	0.81	0.80	0.80
Median	0.91	0.88	0.84	0.83	0.82	0.82
High	0.99	0.96	0.93	0.84	0.84	0.84
USD/AUD (real terms)						
Low	0.85	0.82	0.70	0.77	0.77	0.78
Mean	0.91	0.88	0.85	0.83	0.83	0.83
Median	0.91	0.89	0.86	0.85	0.84	0.85
High	0.99	0.97	0.95	0.86	0.86	0.87

ZAR/USD exchange rate assumptions	2014	2015	2016	2017	2018	Long term
ZAR/USD (nominal terms)						
Low	10.00	9.49	9.35	9.83	9.68	10.00
Mean	10.48	10.32	10.14	10.05	10.18	10.17
Median	10.53	10.39	10.00	9.98	10.10	10.20
High	10.78	11.05	11.30	10.41	10.85	10.30
ZAR/USD (real terms)						
Low	9.80	8.98	8.55	8.72	8.33	8.35
Mean	10.28	9.77	9.27	8.91	8.76	8.49
Median	10.32	9.83	9.14	8.85	8.69	8.52
High	10.57	10.46	10.33	9.24	9.33	8.61

Source: GTCF analysis

For the purposes of our valuation assessment, we have applied the median forecasts shown above.

Inflation

To assess the appropriate forecast inflation rate for the purpose of our valuation assessment, Grant Thornton Corporate Finance has had regard to the historical inflation rates, target inflation rates and forecast inflation rates prepared by various brokers and economic agencies. It should be noted that the value of the mineral assets could vary materially based on changes in inflation expectations due to the hyperinflationary environment in South Africa.

The assumptions in relation to the inflation rates adopted by Grant Thornton Corporate Finance do not represent forecasts by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants.

In our assessment of the inflation rates, we have considered the following:

- Various broker forecasts dated between January and August 2014;
- Other economic publications.
- Historic and target inflation rates.

The following tables summarise our assessment of the forecast inflation rates for the purpose of our valuation assessment:

Austraila - forecast inflation	2014	2015	2016	2017	2018	Long term
Median	2.61%	2.60%	2.51%	2.51%	2.51%	2.52%
Average	2.61%	2.62%	2.61%	2.51%	2.51%	2.57%

United States - forecast inflation	2014	2015	2016	2017	2018	Long term
Median	1.65%	1.90%	1.85%	1.99%	1.98%	2.00%
Average	1.65%	1.88%	1.85%	1.99%	1.98%	1.98%

South Africa - forecast inflation	2014	2015	2016	2017	2018	Long term
Median	5.75%	5.50%	5.45%	5.10%	5.20%	5.00%
Average	5.80%	5.58%	5.48%	5.10%	5.20%	5.00%

Source: GTCF analysis

For the purposes of our valuation assessment, we have applied the median forecasts shown above.

Tax

Income tax has been calculated by applying the South African corporate tax rate of 28% to the notional taxable income adjusted for consumption of the deferred tax asset balance where applicable. VGO has approximately A$52 million in deferred tax assets (A$15 million tax effect) for the Lily Mine which have been reflected in the Financial Model. We note, however, that due to the high level of capital expenditure in the Financial Model which is able to be used as an immediate deduction or otherwise carried forward for income tax purposes, there is nil value attributable to the deferred tax asset.

Discount rate

The cash flows assumptions associated with the Lily project have been prepared on a real, ungeared and post-tax basis. Accordingly, Grant Thornton Corporate Finance has applied a real, post-tax Weighted Average Cost of Capital ("WACC") in the range of 13.5% to 15.9% to value the Lily project.

In our assessment of the WACC, we have applied a specific risk premium between 2% and 4% to reflect the unique characteristics and risks of the Lily ore body, including in particular the lack of grade reliability and other factors documented in section 2.7 of Xstract's report, attached in Appendix H.

Refer to Appendix C for further details on the calculation of the WACC.

6.1.1.3 Valuation summary

Based on the above assumptions, the net present value of the cash flows of the Lily Project has been assessed between A$10.9 million and A$12.0 million on a 100% basis. Set out below is a summary of our valuation assessment.

Lily Mine valuation summary		Low	High
Assessed Enterprise Value (100% basis)	A$('000)	10,893	12,025
VGO's current interest[1]		74%	74%
EV attributable to VGO	A$('000)	8,061	8,899

[1] Adjusted to exclude VGO's 11% interest in MIMCO which must be transferred to a BEE partner by 31 December 2014 as further discussed in Section 6.2

Source: GTCF calculations

We have set out below a sensitivity of our valuation assessment under the DCF method to key economic assumptions. With regards to our sensitivity analysis, we note that our valuation assessment is particularly sensitive to the gold price and exchange rate forecasts, but not highly sensitive to the discount rate assumption.

Sensitivity analysis		Low	High
Gold price[1]; low (long term US$1,060/oz - real)	A$('000)	nil	nil
Gold price[1]; high (long term US$1,540/oz - real)	A$('000)	42,458	47,819
Exchange rates[1]; low (long term 0.78 USD/AUD and 8.35 ZAR/AUD - real)	A$('000)	1,055	1,373
Exchange rates[1]; high (long term 0.87 USD/AUD and 8.61 ZAR/AUD - real)	A$('000)	14,228	15,502
Discount rate; -1% (between 12.5% and 14.9% - real)	A$('000)	8,389	9,290
Discount rate; +1% (between 14.5% and 16.9% - real)	A$('000)	7,755	8,535

[1] Based on economic assumptions in Sections 6.1.1.2 and 6.1.2.2

Source: GTCF calculations

Based on the above, Grant Thornton Corporate Finance has assessed the market value of VGO's adjusted interest in the Lily project LOM under the DCF methodology to be between A$8.1 million and A$8.9 million. We note that our valuation assessment above relates to the resources inside the LOM and not total resources. Further, the valuation above refers to the adjusted ownership structure required under the MPRDA (i.e. VGO 74%, Lomshiyo and Other BEE Partner/s 26%) to be implemented by 31 December 2014. The value of the additional 11% interest to be transferred in accordance with the MPRDA is considered in Section 6.2 of this Report.

6.1.1.4 Valuation cross-check for the Lily project

We have undertaken a high level cross check of the reasonableness of our valuation assessment of VGO's current interest in the Lily project under the DCF method having regard to the Xstract's valuation range based on comparable transaction multiples. Further details on the valuation of measured resources in the Lily Mine can be found in Xstract's report in Appendix H.

Having regard to Xstract's assessment for measured resources outside LOM at the Lily Mine of between US$15.0 and US$25.0 per oz., we believe that our assessed value range of VGO's current interest in the Lily project between A$8.1 million and A$8.9 million, which implies a valuation range for the resources in the LOM[12] of between A$24 and A$26 per oz., is reasonable given the greater certainty attached to the resources in the LOM.

6.1.2 Barbrook Mine

The valuation of VGO's interest in the Barbrook project for the current LOM has been determined with regard to the DCF methodology and cross checked based on a multiple of resources.

The Financial Model provided by Management of VGO for the Barbrook project current LOM is based on an operational plan of 5 years having regard to the current level of reserves and resources and it does not take into account potential extension of the LOM based on current and future exploration. The market value of the reserves and resources outside the current LOM and the exploration potential of the Barbrook project has also been assessed separately by Xstract.

Grant Thornton Corporate Finance has also engaged Xstract to review and express an opinion on the technical assumptions included in the Financial Model in relation the Barbrook project.

Based on Xstract's review and suggested changes to the Financial Model, Grant Thornton Corporate Finance has assessed the net present value of the Barbrook project using ungeared, real, post-tax cash flows, having regard to Grant Thornton Corporate Finance's assessment of the future gold prices, exchange rates, inflation and discount rate.

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[12] 416,500 troy oz. as noted in Section 6.1.1.1

6.1.2.1 *Operating assumptions*

Set out in the table below is a summary of the key operating assumptions underpinning the forecast cash flows relating to the Barbrook project.

Key assumptions	
Operational plan	5 Years
Ore mined over current LOM	721,000 t
Average head grade	3.6 g/t
Recovery rate	63%
Gold produced over current LOM	53,500 troy oz

Source: Financial Model

Production profile

The production profile has been independently reviewed by Xstract. The projected production profile for the Barbrook project over the operational plan is presented in the graphs below.

Barbrook Mine Production Profile

Source: Financial Model

We note the following in relation to the above graph:

- As we have had regard to the cash/debt balance as at 30 June 2014 in our valuation assessment of VGO, we have excluded from our valuation assessment the cash flows for the first six months of 2014 which were provided in the Financial Model.

- Xstract has advised that in light of recent activities, the proposed mining schedule including the stage 2A expansion of the Barbrook mine may be delayed. Xstract opine that the delay may be around 6 months and should be reflected in the Financial Model. This recommendation has been incorporated in the Financial Model and shown in the above graph.

- Actual head grades in FY13 and HY14 have not been significantly less than forecast head grade. With regards to this, we note that grades have historically been declining largely as scheduled as production through stage 1 continues into lower ore grade reserves locations. Xstract note that

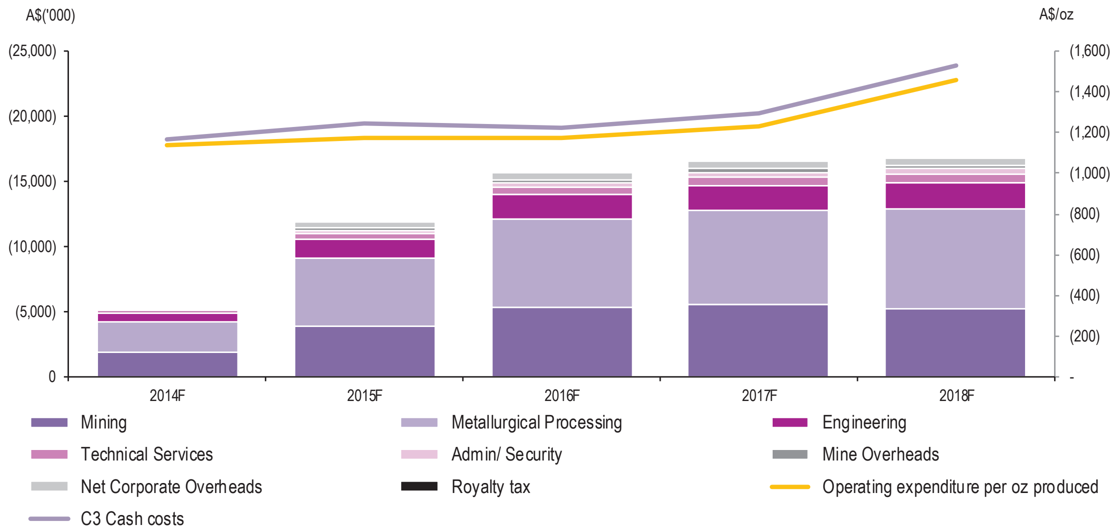
that additional investment and production in higher grade locations should result in significant increases in grade, however, substantial capital expenditure will be required.

- Given the forecast capital expenditure as adjusted by Xstract and reflected in the Financial Model (see the "Capital Expenditure" section below), Xstract note that the production profile of the Barbrook mine appears reasonable relative to historic production levels. Refer to Section 3 of Xstract's report, attached in Appendix H, for further detail on the historic and forecast production of the Barbrook Mine.

Operating costs

Operating costs include costs associated with mining, haulage, processing, royalty payments and other overhead costs. The following graph summarises the forecast operating expenditure in real terms over the current LOM.

Barbrook Mine Operating Costs



Source: Financial Model

In relation to the cost breakdown above, we note the following:

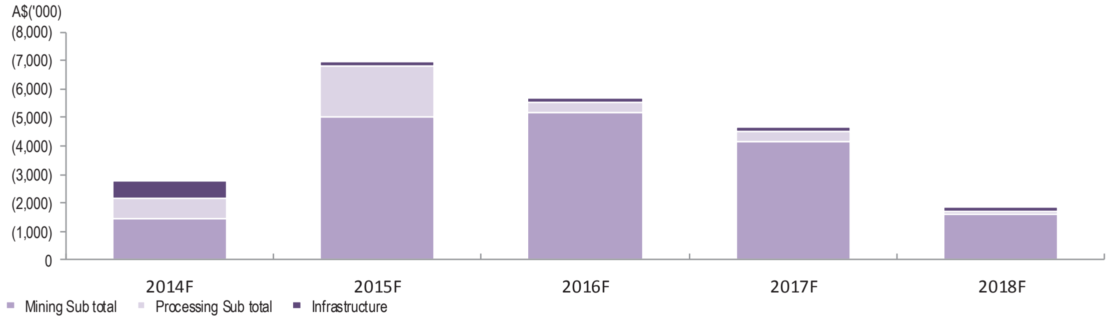
- Xstract has indicated that no adjustments to the costs of mining, processing, engineering or other direct mining related costs are required in the Financial Model.

- In accordance with the fair market value principle, for the purpose of our valuation assessment of VGO on a 100% basis, we have reduced corporate overhead costs included in the Financial Model for the proportion of corporate overheads which relate directly to costs associated with being a publicly listed company that may potentially be eliminated by a hypothetical purchaser. Management estimate the portion of these costs which relate to the Lily project at A$0.2 million per annum (pre-tax).

Capital expenditure

The forecast capital expenditure (in real terms) over the projected mine life is summarised below:

Barbrook Mine Capital Expenditure



Source: Financial Model

We note the following in relation to the forecast capital expenditure.

- The total capital expenditure over the forecast period (2014 to 2018) is estimated to be approximately A$21.9 million.

- Xstract has advised that the mining capital costs should be increased by 15% from the base forecasts in each period from 2015 to 2018 inclusive. This recommendation has been incorporated in the Financial Model and shown in the above graph.

6.1.2.2 Economic and valuation assumptions

Gold price, exchange rate and inflation rate

For the purpose of valuing the Barbrook project, Grant Thornton Corporate Finance has had regard to the gold price, exchange rate and inflation rate forecasts detailed in Section 6.1.1.2 of this Report.

Tax

Income tax has been calculated by applying the South African corporate tax rate of 28% to the notional taxable income adjusted for consumption of the deferred tax asset balance where applicable. VGO has approximately A$147 million in deferred tax assets (A$41 million tax effect) for the Barbrook Mine which have been reflected in the Financial Model. We note, however, that due to the high level of capital expenditure in the Financial Model which is able to be used as an immediate deduction or otherwise carried forward for income tax purposes, there is nil value attributable to the deferred tax asset.

Discount rate

The cash flows assumptions associated with the Barbrook project have also been prepared on a real, ungeared and post-tax basis. Accordingly, Grant Thornton Corporate Finance has applied a real, post-tax WACC in the range of 13.5% to 15.9% to value the Barbrook project.

In our assessment of the WACC, we have applied a specific risk premium between 2% and 4% to reflect the unique characteristics and risks of the Barbrook ore body, including in particular risk around timing and realisation of return from the stage 2A production and other factors documented in section 3.10 of Xstract's report, attached in Appendix H.

Refer to Appendix C for further details on the calculation of the WACC.

6.1.2.3 Valuation summary

Based on the above assumptions, the net present value of the cash flows of the Barbrook Project LOM has been assessed at nil based on the DCF methodology.

We have performed sensitivity analysis on key economic assumptions in our valuation assessment under the DCF method. We note that based on the Financial Model adjusted for Xstract's recommendations and our assumptions in relation to the gold price, exchange rate and discount rate, the value of the Barbrook project under the DCF method is nil under each scenario as set out in the table below.

Sensitivity analysis		Low	High
Gold price[1]; low (long term US$1,060/oz - real)	A$('000)	nil	nil
Gold price[1]; high (long term US$1,540/oz - real)	A$('000)	nil	nil
Exchange rates[1]; low (long term 0.78 USD/AUD and 8.35 ZAR/AUD - real)	A$('000)	nil	nil
Exchange rates[1]; high (long term 0.87 USD/AUD and 8.61 ZAR/AUD - real)	A$('000)	nil	nil
Discount rate; -1% (between 12.5% and 14.9% - real)	A$('000)	nil	nil
Discount rate; +1% (between 14.5% and 16.9% - real)	A$('000)	nil	nil

[1] Based on economic assumptions in Sections 6.1.1.2 and 6.1.2.2

Source: GTCF calculations

Based on the above, Grant Thornton Corporate Finance has assessed the market value of VGO's interest in the Barbrook project to be nil under the DCF methodology. We note that our valuation assessment above relates to the resources inside the LOM and not total resources.

We have considered the outcome of the valuation assessment under the DCF method and analysed whether or not the valuation assessment under the DCF method captures the full range of values that potential purchasers may place on the asset. In particular, we have considered the following:

- The value of the implied gold price optionality of the Barbrook project as a potential purchaser may have the ability to increase gold production in conjunction with higher gold prices and reduce gold production in periods of lower gold prices.

- The potential to discover large economically viable deposits which may materially extend the production profile of the current reserves and resources.

However, we note that:

- The value of the implied gold price optionality of the Barbrook project may be limited as Management estimate that the mine requires approximately A$600,000 per annum (real terms) to sustain the mine on care and maintenance, including c.A$300,000 of staff costs, c.A$180,000 for power and water and c.A$120,000 for mine administration costs. Furthermore, whilst the C3 cash costs of the mine are on average of A$1,254 per oz. over the current LOM, the Barbrook Mine requires significant capital expenditure in excess of the annual depreciation and amortisation expense. All in sustaining costs over the current LOM are on average A$1,638 per oz.

- The value of the potential to discover large economically viable deposits on the site may also be limited due to the nature of the ore bodies at the Barbrook Mine complex and the fact that it has been widely explored and exploited to varying degrees by several entities over the past 70 years.

- Management has recently put the expansion of the Barbrook Mine on hold pending a complete re-evaluation. This involves refining the mineral resources, revisiting the mine plan and enhancing metallurgical recoveries. The re-evaluation of the project has been driven by low gold price which requires the mine to operate with higher grades and recoveries.

Having regard to the above, we have concluded that the assessed the market value of VGO's interest in the Barbrook project of nil based on the DCF approach is not unreasonable.

6.1.2.4 Valuation cross-check for the Barbrook project

We have assessed the reasonableness of our valuation assessment of VGO's interest in the Barbrook project under the DCF method having regard to the Xstract's valuation range based on comparable transaction multiples. Further details on the valuation of measured resources in the Barbrook Mine can be found in Xstract's report in Appendix H.

Based on Xstract's assessment for measured resources outside LOM at the Barbrook Mine of between US$7.5 and US$12.5 per oz., the market value of VGO's interest in the Barbrook LOM resources[13] would be between A$0.4 million and A$0.8 million.

Having regard to the above, Grant Thornton Corporate Finance has assessed the market value of VGO's interest in the Barbrook project to be between nil (based on the DCF method) and A$0.8 million (based on the high end of the cross-check methodology).

6.1.3 VGO's adjusted interests outside the current LOM including exploration interests

Grant Thornton Corporate Finance has engaged Xstract to assist in the valuation assessment of the fair market value of VGO's interests outside the current LOM, including VGO's exploration interests. We note the following:

- The current LOM as represented by the Financial Model is based on the current reserves and resources, and only covers a discrete period of 15 years for the Lily Mine and 5 years for the Barbrook Mine.

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[13] 53,500 troy oz. as noted in Section 6.1.2.1

- Xstract have considered the reserves and resources outside the current LOM and the further exploration potential of the tenements held by VGO in their valuation assessment.

- In performing their assessment, Xstract have had regard to recent transactions involving greenstone-hosted gold projects in Africa since 2009 which are at a comparable stage of development.

- In assessing the valuation range of VGO's interests outside the current LOM, Xstract note that VGO's assets are small in scale, require considerable investment going forward to bring currently defined resources into production and will require relatively high operating costs in production. Further, Xstract note that VGO's defined resources are considered to be inferior to the majority of resources identified in the transaction data.

- In assessing the valuation range of VGO's exploration interests, Xstract have had regard to the specific requirements of concession holders, the paucity of recent regional-scale exploration, the overall size of the landholding and the stage 1 results to date.

Set out below is an adjusted summary of Xstract's valuation assessment for the resources outside the current LOM and exploration potential. Importantly, the values shown do not represent 100% of the resources outside the LOM but rather VGO's adjusted interest (based on MPRDA requirements) in the resources outside the LOM.

Vantage Goldfields Limited	Attributable resources			Unit Value		Valuation		
Valuation of defined resources	Tonnes	Grade	Total resources	Low	High	Low	High	Preferred
outside LOM and exploration potential	Mt	g/t	oz	US$/oz	US$/oz	US$m	US$m	US$m
Lily Mine (74%)								
Measured	2.50	1.37	93,546	15.0	25.0	1.40	2.34	1.72
Indicated	0.71	2.10	40,969	8.0	16.0	0.33	0.66	0.42
Inferred	11.17	2.67	815,006	2.0	6.0	1.63	4.89	2.34
Total	**14.38**	**2.05**	**949,520**			**3.36**	**7.88**	**4.48**
Barbrook Mine (74%)								
Measured	3.29	3.45	270,046	7.5	12.5	2.03	3.38	2.16
Indicated	2.55	4.76	288,782	4.0	8.0	1.16	2.31	1.30
Inferred	8.00	5.14	978,309	1.0	3.0	0.98	2.93	1.22
Total	**13.84**	**4.45**	**1,537,137**			**4.16**	**8.62**	**4.68**
Worcester Mine (74%)								
Indicated	1.87	3.98	177,071	6.4	12.8	1.13	2.27	1.27
Inferred	1.50	3.54	126,333	1.6	4.8	0.20	0.61	0.40
Total	**3.37**	**3.76**	**303,404**			**1.34**	**2.87**	**1.67**
Imperial Mine (74%)								
Indicated	0.15	4.01	14,311	0.6	1.0	0.009	0.014	0.007
Total	**0.15**	**4.01**	**14,311**			**0.009**	**0.014**	**0.007**
Makonjwaan Mine (74%)								
Indicated	0.30	3.41	24,339	0.6	1.0	0.015	0.024	0.012
Total	**0.30**	**3.41**	**24,339**			**0.015**	**0.024**	**0.012**
Bonanza Mine (74%)								
Measured	0.05	3.75	4,461	1.0	2.0	0.004	0.009	0.004
Indicated	0.05	4.47	5,317	0.6	1.0	0.003	0.005	0.003
Total	**0.10**	**4.11**	**9,778**			**0.008**	**0.014**	**0.007**
Centurion Dump (74%)								
Measured	0.56	2.28	30,377	1.0	2.0	0.030	0.061	0.030
Total	**0.56**	**2.28**	**30,377**			**0.030**	**0.061**	**0.030**
Total defined resources outside LOM			**2,868,866**			**8.92**	**19.49**	**10.89**
Exploration potential						**0.33**	**1.00**	**0.66**
Total defined resources outside LOM and exploration potential (USD)						**9.25**	**20.49**	**11.55**
30 day average USD/AUD exchange rate as at 19 September 2014						0.92	0.92	0.92
Total defined resources outside LOM and exploration potential (AUD)						**10.02**	**22.19**	**12.51**

Source: Xstract report – Appendix H and GTCF analysis and calculations.

Xstract's assessed valuation range for the resources outside the LOM has been adjusted to exclude VGO's 11% interest in MIMCO which must be transferred to a BEE partner by 31 December 2014 as further discussed in Section 6.2 then converted at the USD/AUD exchange rate as noted in Section 5.5. The resulting value range for VGO's adjusted interests outside the current LOM including exploration potential is A$10.0 million to A$22.2 million.

6.2 Loans to Lomshiyo and Other BEE Partner/s

As noted in Section 4.1 of this Report, VGO have entered into a loan with Lomshiyo (the "Lomshiyo Loan") to facilitate the purchase of the interest required under the MPRDA. In addition to this funding agreement, based on discussions with the Board Committee and a review of the regulatory environment, we consider it likely that to facilitate the purchase of the remaining 11% interest in MIMCO as detailed in Section 3.7 of this Report, the transfer of the interest will occur on substantially the same terms of the loan to Lomshiyo via a vendor loan note from VGO to a BEE Partner/s (the "Other BEE Partner/s Loan").

Accordingly, we have assessed the fair market value of the Lomshiyo Loan and the Other BEE Partner/s Loan by having regard to the recoverable amount of the loans.

Set out below is a summary of the actual and expected balance[14] of the Lomshiyo Loan and the Other BEE Partner/s Loan.

Face value of loans to Lomshiyo and Other BEE Partner/s	Low	High
Balance of loan receivable from Lomshiyo at 30 June 2014 (ZAR millions)	44.2	44.2
30 day average ZAR/AUD exchange rate as at 19 September 2014	10.0	10.0
Balance of loan receivable from Lomshiyo (A$m)	**4.4**	**4.4**
Balance of expected future loan receivable from Other BEE Partner/s[1] (A$m)	**1.5**	**2.6**
Total face value of loans to Lomshiyo and Other BEE Partner/s (A$m)	**5.9**	**7.0**

[1] Noting that transfer is required to take place at fair market value, we have determined the value based on the value of 11% of the current LOM for the Lily project (refer section 6.1.1) and 11% of resources outside the LOM at Lily (refer section 6.1.3).

Source: Management, S&P Capital IQ and GTCF calculations

To assess the fair market value of the loans, we have assessed the recoverable amount of the loans to be the greater of the value in use[15] and the fair market value[16] of the assets less the cost of disposal, having regard to the terms of the Lomshiyo Loan including principle balance, interest rate, maturity, repayment timing and other terms.

We note that under the terms of the funding agreement:

- Interest accrues and is capitalised at the Prime Rate, being the rate charged by Standard Bank of South Africa Limited on unsecured overdraft to its commercial customers. This rate has ranged from 9% to 11% over the last 5 years.

[14] Based on the fair market value of the assets at the valuation date.
[15] Defined as the present value of the future cash flows expected to be derived from the asset.
[16] As defined in Section 5 of this Report.

- Accrued interest is payable when Lomshiyo receive cleared funds or dividends from the company in which it holds the investment.

- The entire balance of the loan outstanding was due on 31 December 2010. Lomshiyo is currently considered to be in default of the funding agreement.

- Upon or at any time after the event of default, VGO may declare all or any part of the loan outstandings to be immediately due and payable.

- The loan is secured against the shares in Lomshiyo. However Lomshiyo's sole asset is the investment in Vantage Goldfields (Pty) Limited.

6.2.1 Value in use of the loans

We have assessed the value in use of the loans to be negligible as:

- Under the terms of the Lomshiyo Loan, interest is only payable from dividends and we note:

  – Vantage Goldfields (Pty) Limited has not recently paid any dividends.

  – Vantage Goldfields (Pty) Limited have a significant amount of investment which will need to be made to progress and develop its assets. As such, we do not believe that the present value of any dividends which may be paid prior to maturity of the loan will be significant.

- On maturity of the loan, the recoverable value of the loan will be equal to the fair market value of Lomshiyo's assets, however given there is no indications of a potential future liquidity event, the net present value of any future consideration is difficult to quantify.

In summary, as the loan is not expected to generate any positive cash flows for VGO over the foreseeable future (via interest payments or otherwise), the value in use is considered negligible.

6.2.2 Fair market value of BEE Partner interests less cost of disposal

We have assessed the fair market value of the BEE Partner interests less the cost of disposal to be between A$2.1 and A$4.4 million.

In order to assess the fair market value of the loan, we have considered the following:

- The assessed value Lomshiyo's interest in the underlying mineral assets and VGO's interest in MIMCO which is required to be transferred under the MPRDA, which represent the security of the loans, calculated using the same methodologies adopted to calculate the value of VGO's assets as described in Section 6.1 of this Report.

- A marketability[17] discount to reflect the illiquid nature of the interest.

[17] Marketability refers to the relative ease at which an item can be sold at/for a price at which similar items are selling.

- A minority[18] discount to reflect Lomshiyo's minority interest in the asset.

Set out below is a summary of our calculation and assessment.

Recoverable value of loans to Lomshiyo and Other BEE Partner/s				Value attributable to Lomshiyo	
Details	Status	BEE Partner Interest	Section reference	Low A$m	High A$m
Lily Mine (current LOM) - adjusted interest[1]	Production	26%[1]	6.1.1	2.8	3.1
Barbrook Mine (current LOM)	Production	26%	6.1.2	-	0.3
BEE Partner interests outside of current LOM including exploration interests - adjusted interest[1]	Exploration to Development	26%[1]	6.1.3 and Appendix D	3.8	8.5
Equity value of BEE Partner interests on a control basis				**6.6**	**11.9**
Marketability discount			6.2.2.1	56%	56%
Minority discount			6.2.2.2	29%	17%
Equity value of BEE Partner interests on a minority basis				**2.1**	**4.4**
Recoverable Amount[2]				**2.1**	**4.4**

[1] Adjusted to include VGO's 11% interest in MIMCO which must be transferred to a BEE partner
[2] The lower of the face value of the loan and the equity value of the BEE Partner interests on a minority basis

Source: GTCF calculations

6.2.2.1 Marketability discount

As Lomshiyo's interest and the Other BEE Partner/s interest is or will be in Vantage Goldfields (Pty) Limited, a private South African company, we have applied a marketability discount in assessing the fair market value of Lomshiyo.

In order to compensate for the lack of marketability, it is appropriate to apply a discount to the value of Lomshiyo's interest in an unlisted company. Studies suggest that the lack of marketability is often the largest discount factor in the valuation of a business, in particular if the subject of the valuation is a minority interest. Restricted stock and pre-IPO studies have shown discounts for lack of marketability in the range of 21% to 56%.

We note that the marketability discount applicable to any individual shareholding may vary significantly and it is important to have regard to the individual shareholder's position when assessing an appropriate marketability discount. Having regard to Lomshiyo's and the Other BEE Partner/s interest in Vantage Goldfields (Pty) Limited, we note that:

- The pool of potential purchasers is significantly limited as Lomshiyo are only able to sell their interest to other BEE partners who often do not have a sufficient balance of funds to acquire such assets at fair market value.

- The prospect for liquidity is limited as a result of the limited pool of potential purchasers.

- Vantage Goldfields SA (Pty) Ltd have discretion to determine the dividend policy of the Vantage Goldfields (Pty) Limited.

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[18] A controlling interest refers to a shareholding which gives rise to benefits such as: the ability to make strategic decisions; the ability to make dividend payment decisions; the ability to realise synergistic benefits; access to cash flows; access to tax benefits; and/or, control of the board of directors of the company. A minority interest can be defined as a shareholding which does not give rise to the benefits to an extent that would be deemed a controlling interest.

- The South African mining sector is deemed to be a 'risky' industry relative to other industries. Further, the operations of early stage mining companies are considered higher risk than that of other companies operating within the mining sector.

- The shareholders agreement does not include any key terms of provisions in relation to the transfer of shares, such as tag-along drag-along rights or rights of refusal.

Based on the above points, we believe a marketability discount towards the higher end of the range is reasonable. Therefore, a marketability discount of 56% has been adopted for our consideration of the value of Lomshiyo's and the Other BEE Partner/s interests.

Further detail on the studies performed and the key drivers for the size of a marketability discount can be found in Appendix F to this Report.

6.2.2.2 Minority discount

As VGO holds the controlling interest in each of the assets in which Lomshiyo and the Other BEE Partner/s has, or will have, an interest, we have applied a minority discount in assessing the fair market value of the interests. Evidence from studies indicates that the premium for control on successful transactions has typically been in the range of 20% to 40% in Australia. The minority discount range implied by the inverse of this is between 17% and 29%. This range of minority discounts has been adopted for our consideration of the recoverable amount of the loans.

6.2.3 Valuation summary of the Lomshiyo Loan and Other BEE Partner/s Loan

Based on the analysis above, Grant Thornton Corporate Finance has assessed the recoverable amount of the loans and consequently the fair market value of the loans to be between A$2.4 million and A$4.4 million.

6.3 Other assets and liabilities

For the purposes of the valuation, Grant Thornton Corporate Finance has considered the realisable value of the net debt balance and of other surplus assets and liabilities of the VGO group as at 30 June 2014 as shown below.

Adjusted book value of net debt and surplus assets/(liabilities) as at 30 June 2014	VGO (Group)[3]	Adjustments	Fair market value
	A$m	A$m	A$m
Net Debt			
Cash and cash equivalents	9.4	-	9.4
Financial assets[1]	1.6	(0.8)	0.8
Interest bearing liabilities - Gold Loan	(14.4)	1.9	(12.5)
Interest bearing liabilities - Other liabilities	(2.4)	-	(2.4)
Total	**(5.8)**	**1.1**	**(4.7)**
Working Capital			
Trade and other receivables	1.2	-	1.2
Inventories	3.6	-	3.6
Trade and other payables[2]	(7.5)	-	(7.5)
Total	**(2.7)**	**-**	**(2.7)**
Net other assets/(liabilities)	**(8.5)**	**1.1**	**(7.4)**

[1] Includes loan receivable and financial assets at fair value (i.e. the embedded derivative)
[2] Includes trade and other payables and income tax payable
[3] VGO (Group) refers to the consolidated group as outlined in Section 4.1 of this Report

Source: Financial report for the half year end 30 June 2014 and GTCF calculations

We note the following with regards to the above table:

- The book value of net debt has been adjusted to recognise the fair market value of the Gold Loan having regard to the terms of the loan outlined in Section 4.4 of this Report. Particularly, in assessing the fair market value of the loan, we note the following:

  – The outstanding balance of the loan may be settled by VGO at its discretion.

  – The embedded derivative is currently 'in-the-money'[19].

  – The interest rate under the terms of the loan is in excess of the cost of debt assessed under the fair market value principle (as detailed in Appendix C).

  Based on the above, the value of the loan for a potential purchaser would be maximized by settling the outstanding balance of the Gold Loan in gold[19]. Accordingly, we have assessed the fair market value of the Gold Loan at 30 June 2014 to be A$11.8 million as shown below:

Value of Gold Loan at 30 June 2014	A$m
Principal outstanding	12.5
Assessed option value[1]	(0.7)
Fair market value of Gold Loan outstanding	**11.8**

[1] Using gold price of US$1,322/oz. and exchange rate of 1.06 AUD/USD

- The negative working capital balance has been adopted as an excess liability in our valuation assessment on the basis that:

  – Based on discussions with the Board Committee and a review of historical information for VGO and comparable companies, the negative working capital balance is considered atypical and not sustainable for production stage mining companies with an expected ramp-up of their production.

  – The net liability balance of working capital has occurred primarily as a result of strategic working capital management when VGO faced a significant deficit of current assets to current liabilities prior to securing the above noted Gold Loan. As detailed in the FY13 financial report the Company's ongoing ability to pay debts as and when they fall due was largely dependent on the successful management of short to medium term liquidity needs, and the primary methods by which the Company managed its liquidity needs included reducing debtor days, increasing creditor days, liquidating inventories and securing equity and debt funding.

For the purposes of our valuation assessment, we have attributed all assets and liabilities of VGO (Group) to VGO given the assets and liabilities attributable to Lomshiyo and Other BEE Partner/s in Vantage Goldfields (Pty) Limited are not material and would be offset by an equivalent increase or decrease in the recoverable amount of the loans provided to the minority interests.

[19] As noted in Section 4.4 of this Report, the Gold Loan is repayable in either gold or cash, where the value of the gold provided is fixed at A$1,492/oz. As the current gold price in A$ is less than the fixed gold price, the embedded derivative is considered 'in-the-money'.

6.4 Options

As discussed in Section 4.6.2, VGO has 7,150,000 equity settled options on issue. Grant Thornton Corporate Finance has determined the value of the VGO Options using the Binomial Model. Set out below is our valuation assessment for each category of options.

Value of VGO Options Details	Number of Options (millions)	Low A$m	High A$m
Phantom options	3.55	0.0	0.0
Management equity options	3.60	0.1	0.3
Total value of VGO Options		**0.1**	**0.3**

In our assessment of the above, we have had regard to the terms of the VGO Options as detailed in Section 4.6.2 of this Report, and applied the following assumptions:

Key option valuation inputs Details	Volatility	Risk-free rate	Dividend yield
Phantom options	100%	2.5%	0%
Management equity options	100%	2.9%	0%

Note: For each option, the selected price of the underlying shares at measurement date was the assessed fair market value of VGO shares as this reflects the theoretical realisable value of each tranche under the fair market value concept.

6.5 Non-contingent transaction costs

For the purpose of the valuation, Grant Thornton Corporate Finance has taken into consideration costs associated with the Proposed Transaction payable by VGO. Management of VGO has advised that the estimated transaction cost to be incurred by VGO irrespective of whether the Proposed Transaction is completed is approximately $300,000.

6.6 Sensitivity analysis

We have conducted certain sensitivity analysis on the Lily and Barbrook projects to highlight the impact on the value of VGO caused by movements in certain key assumptions.

The following table summarises our results:

Sensitivities	Equity value of VGO on a control basis		Change in equity value of VGO	
	Low	High	Low	High
	A$m	A$m	%	%
Base Case	**12.4**	**28.3**	**n/a**	**n/a**
Gold Price[1]:				
Low (long term US$1,060/oz - real)	3.4	28.3	-73%	0%
High (long term US$1,540/oz - real)	50.6	72.2	308%	155%
Exchange Rates[1]:				
Low (long term 0.78 USD/AUD and 8.35 ZAR/AUD - real)	4.6	28.3	-63%	0%
High (long term 0.87 USD/AUD and 8.61 ZAR/AUD - real)	19.2	35.7	55%	26%
Discount Rate:				
-1% (between 12.5% and 14.9% - real)	12.7	28.7	2%	2%
+1% (between 14.5% and 16.9% - real)	12.0	28.3	-3%	0%
Head Grade and Recovery:				
-5%	3.4	28.2	-73%	0%
+5%	33.1	51.7	167%	83%
Cash Costs:				
-5%	16.2	32.6	31%	15%
+5%	8.5	28.3	-31%	0%

[1]Based on economic assumptions in Sections 6.1.1.2 and 6.1.2.2

Source: GTCF Calculations

These sensitivities do not represent a range of potential values of VGO, but intend to show VGO Shareholders the sensitivity of our valuation assessment to changes in certain variables.

6.7 Valuation cross check – production multiple

As discussed in section 5.3, we have considered the reasonableness of our valuation comparing the resource multiple implied by our assessment of the enterprise value of VGO with the resource multiple observed for comparable transactions and comparable companies.

This method only provides an indicative market value of VGO as the resource multiple may vary significantly between the different comparable transactions and companies due to size of the deposit, grade, availability of infrastructure, port allocation, cost structure and level of development.

6.7.1 VGO's resource multiple implied by out valuation assessment

Our assessment of VGO based on the sum of parts valuation assessment implies a resource multiple as summarised below:

Resource multiple cross check	Section reference	Low	High
Equity value of VGO on a control basis before the Proposed Transaction (A$m)	6	12.4	28.3
Add: Net debt and other surplus monetary assets/liabilities as at 30 June 2014 (A$m)	6.3	7.4	7.4
Enterprise value of VGO on a control basis (A$m)		**19.8**	**35.7**
Total gold resources (Moz)[1]	4.3	3.5	3.5
Implied resource multiple (EV/oz)		**5.7x**	**10.3x**

[1]*Contained gold attributable to VGO, less 11% of resources at Lily Mine to be transferred in accordance with MPRDA*

Source: ASX announcements and GTCF calculations

6.7.2 Resource multiple of comparable transactions and comparable companies

Set out below are the resource multiples of comparable transactions and comparable companies.

In our selection of comparable companies, we have had regard to the flagship gold projects located in Africa, the stage of development of the flagship project of the relevant company (e.g. production, development or exploration phase), the size of the company, resource and grade estimates amongst other factors. Refer to Appendix E for further details on the comparable transactions and comparable companies.

Comparable transaction multiples

Completion Date	Target Company	Location of key asset/s	Bidder Company	Stake (%)	Deal Value (A$m)	Implied Enterprise Value (A$m)	Total Resources (Moz)	EV/ Resource Multiple	Status
Apr-14	Witwatersrand Consolidated Gold Resources Limited	South Africa	Sibanye Gold Limited	100%	41	41	9	4.8	Completed
Mar-14	Ampella Mining Limited	Burkina Faso	Centamin PLC	47%	19	26	3	8.0	Pending
Dec-13	Volta Resources Inc.	Burkina Faso & Ghana	B2Gold Corporation	100%	65	58	6	9.9	Completed
Oct-13	Oromin Explorations Ltd	Republic of Sénégal	Teranga Gold Corporation	27%	17	64	6	10.4	Completed
Aug-13	Oromin Explorations Ltd	Republic of Sénégal	Teranga Gold Corporation	58%	26	43	6	7.0	Completed
Average							**11.08**	**8.02**	
Median							**6.12**	**7.99**	

Source: S&P Capital IQ, company presentations and websites, other publicly available information

Comparable company trading multiples

Company	Key asset/s stage	Location of key asset/s	Enterprise Value A$m	Mine Type	Cash Costs A$/oz	Grade g/t	Gold (attributable) Inferred Moz	Gold (attributable) Indicated Moz	Gold (attributable) Measured Moz	Total Resources Moz	EV/ Resource Multiple
Galane Gold Ltd.	Exploration	Botswana	7.16	O, U, NA	1,213.0	1.57	11.7	13.0	0.2	24.9	0.3
Avocet Mining plc	Production / exploration	West Africa	100.76	O	1,203.0	1.43	3.2	4.0	1.5	8.6	11.7
Mintails Limited	Production / exploration	South Africa	10.50	O	1,535.9	0.32	0.2	1.2	0.5	1.9	5.6
Stonewall Resources Limited	Production / development	South Africa / Australia	106.39	O, U	ND	3.32	2.1	0.6	0.1	2.8	37.7
Amara Mining plc	Development / exploration	West Africa	104.65	O, U	685.3	1.43	6.3	3.6	0.0	10.0	10.5
Banro Corporation	Production / development	Central Africa	324.62	O, U	800.0	1.64	5.3	5.9	2.5	13.7	23.8
Golden Star Resources, Ltd.	Production / development	Ghana	202.62	O, U, NA	950.0	2.47	-	5.7	0.6	6.4	31.9
Caledonia Mining Corporation	Production	Zimbabwe	33.85	U	651.0	3.78	0.1	0.4	-	0.6	59.4
Perseus Mining	Production	Ghana / Cote d'Ivoire	243.40	U	1,050.0	0.59	3.0	3.8	3.3	10.1	24.2
Asanko Gold Inc.	Development	West Africa	238.38	O	722.0	1.67	2.9	5.2	2.4	10.4	22.9
Teranga Gold Corporation	Production / exploration	West Africa	316.80	O	675.0	1.27	2.6	5.1	1.1	8.8	35.9
Pan African Resources PLC	Production	South Africa	464.57	U,O	1,073.2	3.24	12.0	21.5	2.4	35.8	13.0
Auroch Minerals NL	Exploration	Southeast Africa	2.90	O	ND	1.80	1.4	0.6	0.8	2.8	1.0
Low											**0.3**
Average											**21.4**
Median											**22.9**
High											**59.4**

ND: Not Disclosed

Source: S&P Capital IQ, company presentations and websites, other publicly available information

In relation to the above transaction and trading multiples we note that:

- The transaction resource multiples listed above have been calculated based on the price of a controlling interest which include a premium for control, whilst the trading resource multiples have been calculated based on the market price for minority or portfolio share holdings and do not include a premium for control.
- For the purpose of our valuation, we have calculated the attributable resources of each company based on their ownership interest of each respective mineral asset.
- All else equal, companies which operate mines at lower cash costs will trade at higher multiples than those companies with higher cash costs.
- All else equal, companies whose key assets are in a later stage of development will trade at higher multiples than those companies at an earlier stage of development.
- All else equal, larger companies will tend to trade at higher multiples than smaller companies.

Having regard to the above comparable transactions and comparable companies, we note that:

- The most comparable transactions (relatively speaking) are those involving Witwatersrand Consolidated Gold Resources Limited and Ampella Mining Limited, which show an implied resource multiple on a control basis between 4.8x and 8.0x.

- The most comparable companies (relatively speaking) are Avocet Mining plc and Mintails Limited which show a resource multiple on a minority basis between 5.6x and 11.7x.

- None of these selected transactions or companies is directly comparable to VGO due to the peculiar nature of the ore bodies in the VGO tenements.

Whilst the level of comparability of the selected comparable transactions and companies is somewhat limited in certain instances, we are of the opinion that resource multiples are not inconsistent with our valuation assessment.

6.8 Valuation cross check – Quoted security price

Prior to reaching our valuation conclusion, we have also considered the quoted price of VGO Shares before the Proposed Transaction as a cross check to the value of VGO Shares before the Proposed Transaction derived using the sum of parts method. In accordance with the requirements of RG111, we have considered the listed securities' depth, liquidity, and whether or not the market value is likely to represent the fair market value of VGO.

The following table summarises the monthly trading of VGO Shares for 12 months to August 2014:

Month end	Volume traded ('000)	Monthly VWAP ($)	Total value of shares traded ($'000)	Volume traded as % of total shares
Sep 2013	2,840	0.0502	143	1.1%
Oct 2013	401	0.0500	20	0.2%
Nov 2013	253	0.0457	12	0.1%
Dec 2013	823	0.0285	23	0.3%
Jan 2014	400	0.0287	11	0.2%
Feb 2014	1,176	0.0300	35	0.5%
Mar 2014	1,732	0.0270	47	0.7%
Apr 2014	608	0.0458	28	0.2%
May 2014	1,050	0.0466	49	0.4%
Jun 2014	1,413	0.0282	40	0.6%
Jul 2014	642	0.0358	23	0.3%
Aug 2014	335	0.0242	8	0.1%
Min				**0.1%**
Max				**1.1%**
Average				**0.4%**
Median				**0.3%**

Source: S&P Capital IQ and GTCF Calculations

Given the limited level of depth and liquidity in the market for VGO Shares, we have not relied on this valuation methodology for the purposes of our valuation assessment.

7 Valuation assessment of VGO Shares after the Proposed Transaction

To assist the shareholders in considering the terms and implications of the Proposed Transaction, we have set out below our valuation assessment of VGO Shares after the Proposed Transaction.

VGO Shares valuation after the Proposed Transaction	Section reference	Low	High
Equity value of VGO on a control basis before the Proposed Transaction (A$m)	6	**12.4**	**28.3**
Less: Cash Consideration provided to Exiting Shareholders (A$m)	7.1	(3.7)	(1.0)
Equity value of VGO on a control basis after the Proposed Transaction (A$m)		**8.7**	**27.2**
Number of VGO Shares (million)	7.1	173.3	226.3
Value per share on a control basis (cents)		**5.0**	**12.0**
Marketability discount (%)	7.2	56%	21%
Minority discount (%)	7.3	29%	17%
Value per share on a minority basis (cents)		**1.6**	**7.9**

Source: GTCF calculations

In our assessment of the fair market value of VGO after the Proposed Transaction, we have adjusted our valuation assessment sets out in Section 6 with respect to:

- The Cash Consideration to be provided to Exiting Shareholders.
- The number of shares held by Exiting Shareholders which will be cancelled.
- A marketability discount to reflect the reduced liquidity of VGO subsequent to delisting.
- A minority discount to reflect the value of minority interests in VGO.

7.1 Cash Consideration and VGO Shares

Set out in the table below is our calculation of the Cash Consideration to be provided and number of VGO Shares to be cancelled as part of the Proposed Transaction.

Cash Consideration to be provided and Number of VGO Shares to be cancelled as part of the Proposed Transaction		Participation in Proposed Capital Return	
		Low	High
Number of VGO Shares outstanding before the Proposed Capital Return		**247,314,532**	**247,314,532**
Number of VGO Shares to be cancelled as part of the Proposed Capital Return[1]		21,000,000	74,000,000
Cash Consideration to be provided as part of the Proposed Transaction (A$m)	@ A$0.05 per share	1,050,000.00	3,700,000.00
Number of VGO Shares outstanding after the Proposed Transaction		**226,314,532**	**173,314,532**

[1] Based on shares outstanding on 30 September 2014

Source: Draft Notice of Meeting and GTCF calculations

The Cash Consideration to be provided and the total number of VGO Shares to be cancelled as part of the Proposed Transaction is a factor of the number of Exiting Shareholders. The range of values has been calculated having regard to the minimum and maximum number of Exiting Shareholders that may result from the Proposed Transaction.

The minimum number of shares to be cancelled has been calculated as the sum of the VGO Shares where the shareholder holds less than 500,000 VGO Shares. The maximum number of shares to be cancelled has been calculated as the VGO Shares where the shareholder is not part of the Key Continuing Shareholders.

7.2 Marketability discount

In our assessment of the Proposed Transaction, we have considered the effect of the delisting which will occur as part of the Proposed Transaction.

In order to compensate for the lack of marketability, it is appropriate to apply a discount to the value of VGO as an unlisted company. Studies suggest that the lack of marketability is often the largest discount factor in the valuation of a business, in particular if the subject of the valuation is a minority interest. Restricted stock and pre-IPO studies have shown discounts for lack of marketability in the range of 21% to 56%. This range of marketability discounts has been adopted in our consideration of the fair market value of VGO Shares after the Proposed Transaction.

We note that the marketability discount applicable to any individual shareholding may vary significantly and it is important to have regard to the individual shareholder's position when assessing an appropriate marketability discount. As such, we recommend shareholders consider their individual shareholdings when considering the appropriate marketability discount to be applied for their shareholding.

Further detail on the studies performed and the key drivers for the size of a marketability discount can be found in Appendix F to this Report.

7.3 Minority discount

To assist minority shareholders on how to vote for the proposed transaction, we have presented the value of VGO Shares on a minority basis after the proposed transaction. As previously noted, evidence from studies indicates that the premium for control on successful transactions has typically been in the range of 20% to 40% in Australia. The minority discount range implied by the inverse of this is between 17% and 29%. This range of minority discounts has been adopted in our consideration of VGO Shares on a minority basis.

Similar to a marketability discount, we note that the minority discount applicable to any individual shareholding may vary significantly and it is important to have regard to the individual shareholder's position when assessing an appropriate minority discount. As such, we recommend shareholders consider their individual shareholdings when considering the appropriate minority discount to be applied for their shareholding.

8 Sources of information, disclaimer and consents

8.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Notice of Special Meeting;
- Draft Notice of General Meeting;
- Draft Shareholders Booklet;
- Lomshiyo Funding Facilitation Agreement;
- Addendum to Funding Facilitation Agreement
- Alchemists Loan Agreement
- Annual reports of VGO for FY12, FY13 and HY14;
- Releases and announcements by VGO on ASX;
- Other information provided by VGO;
- Other publicly available information;
- Xstract Technical Specialist Report
- S&P CapitalIQ;
- Consensus Economics Forecast; and,
- Various broker reports.

8.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to VGO and all other parties involved in the Proposed Transaction with reference to the ASIC Regulatory Guide 112 "Independence of experts" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to VGO, its shareholders and all other parties involved in the Proposed Transaction.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with VGO or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Grant

Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

8.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by VGO, Xstract and other publicly available sources. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by VGO through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of VGO.

This report has been prepared to assist the Board Committee of VGO in advising the VGO Shareholders in relation to the Proposed Transaction. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is fair and reasonable to the VGO Shareholders.

VGO has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided, which VGO knew or should have known to be false and/or reliance on information, which was material information VGO had in its possession and which VGO knew or should have known to be material and which VGO did not provide to Grant Thornton Corporate Finance. VGO will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

8.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Target Statement to be sent to the VGO Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Glossary

Term	Description
ASX	Australian Securities Exchange
ASIC	Australian Securities and Investments Commission
Barbrook	The Barbrook Mine
BEE	Black Economic Empowerment
BFS	Bankable Feasibility Study
Biox	Bio-oxidation
Bonanza	The Bonanza mine
CAPM	Capital Asset Pricing Model
CIL	Carbon-in-leach
Company (the)	Vantage Goldfields Limited
DCF	Discounted cash flow
FSG	The Financial Services Guide
FYXX	The financial year end 31 December 20XX
GFC	Global Financial Crisis
HDSA	Historically disadvantaged South Africans
HYXX	The half year ended 30 June 20XX
Imperial	The Imperial Mine
Lender (the)	Alchemists Incorporated
Lily	The Lily Mine
LOM	Life-of-mine
Lomshiyo	Lomshiyo Investments (Pty) Ltd
Makonjwaan	The Makonjwaan Mine
MIMCO	Makojawaan Imperial Mining Company (Pty) Ltd
Moz	Million ounces
MPRDA	South African Mineral and Petroleum Resource Development Act of 2002
Mt	Million tonnes
PFS	Pre-feasibility study
RG 111	Regulatory Guide 111
RG 111	ASIC Regulatory Guide 112
VGO	Vantage Goldfields Limited
VGO Options	Equity settled options of Vantage Goldfields Limited
VGO Shares	Fully paid ordinary shares of Vantage Goldfields Limited
WACC	Weighted Average Cost of Capital
Worcester	The Worcester Mine
Xstract	Xstract Mining Consultants Pty Ltd

Appendix B – Valuation methodologies

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Appendix C – Discount Rate

Introduction

The cash flows assumptions associated with the Lily and Barbrook projects have been prepared on a real, ungeared and post-tax basis. Accordingly, we have assessed a range of real post-tax discount rates for the purpose of calculating their net present value.

The discount rate was determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$WACC = R_d \times \frac{D}{D+E} \times (1-t) + R_e \times \frac{E}{D+E}$$

Where:

- Re = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- Rd = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

WACC Inputs

Required rate of return on equity capital

We have used the Capital Asset Pricing Model ("CAPM"), which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion. Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market – it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (R_e) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- R_f = risk free rate
- β_e = expected equity beta of the investment
- $(R_m - R_f)$ = market risk premium

Risk free rate

In the absence of an official risk free rate, the yield on the Government Bonds (in the appropriate jurisdiction) is commonly used as a proxy. We have observed the yield on the 10-year South African Government Bond for various periods as at 19 September 2014 as set out in the table below:

South Africa Government Debt - 10 Year as at 19 September 2014	Range			Average
Previous 5 trading days	7.88%	-	7.96%	7.93%
Previous 10 trading days	7.72%	-	7.96%	7.87%
Previous 20 trading days	7.72%	-	8.00%	7.86%
Previous 30 trading days	7.72%	-	8.34%	8.04%
Previous 60 trading days	7.72%	-	8.46%	8.11%
Previous 1 year trading	7.29%	-	8.73%	8.05%
Previous 2 years trading	6.11%	-	8.73%	7.57%
Previous 3 years trading	6.11%	-	8.73%	7.62%
Previous 5 years trading	6.11%	-	9.49%	8.08%
Previous 10 years trading	6.11%	-	10.82%	8.24%

Source: S&P Capital IQ

Given the volatility in the South African financial markets, we have paid more emphasis to the average risk free rate observed over a longer period of time. Based on the above, we have adopted the risk free rate of 8.24%, which is primarily based on the 10 year average yield on the 10-year South African Government Bond.

Beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

For the purpose of this Report, we have had regard to the observed betas (equity betas) of comparable companies by reference to the local index of the comparable company and separately by reference to the MSCI World index which is an international equity market index that is widely used as a proxy for the global stock market as a whole. An analysis of the betas of comparable companies is set out below:

				Local Index				MSCI World Index			
Company Beta analysis	Country	Market Cap $'million	Gearing Ratio[1]	Equity Beta[1]	R sqaured	Ungeared Beta	Regeared Beta	Equity Beta[1]	R sqaured	Ungeared Beta	Regeared Beta
Vantage Goldfields Limited	Australia	7	27.8%	0.87	0.37	0.73	0.79	NM	0.70	NM	NM
Galane Gold Ltd.	Canada	13	0.0%	1.07	0.70	1.07	1.15	NM	0.81	NM	NM
Mintails Limited	Australia	15	2.1%	NM	0.07	NM	NM	1.20	0.38	1.18	1.28
Stonewall Resources Limited	Australia	107	0.0%	NM	0.31	NM	NM	NM	0.55	NM	NM
Amara Mining plc	United Kingdom	71	6.5%	NM	0.02	NM	NM	1.10	0.55	1.04	1.13
Banro Corporation	Canada	42	24.4%	2.00	0.18	1.70	1.83	0.99	0.41	0.84	0.90
Golden Star Resources, Ltd.	Canada	123	14.0%	2.43	0.16	2.20	2.38	0.71	0.57	0.64	0.69
Avocet Mining plc	United Kingdom	14	0.5%	1.26	0.38	1.25	1.35	0.96	0.38	0.95	1.03
Caledonia Mining Corporation	Canada	57	0.0%	2.13	0.20	2.13	2.30	0.58	0.04	0.58	0.63
Perseus Mining Limited	Australia	171	0.0%	0.35	0.60	0.35	0.38	NM	0.53	NM	NM
Asanko Gold Inc.	Canada	419	0.0%	NM	0.02	NM	NM	0.52	0.36	0.52	0.57
Teranga Gold Corporation	Canada	261	9.3%	1.45	0.09	1.35	1.46	NM	0.65	NM	NM
Pan African Resources PLC	South Africa	233	1.7%	NM	0.02	NM	NM	0.66	0.26	0.65	0.70
Auroch Minerals NL	Australia	3	0.0%	0.64	0.61	0.64	0.69	1.64	0.62	1.64	1.77
Average			**5%**	**1.42**	**0.26**	**1.34**	**1.44**	**0.93**	**0.47**	**0.89**	**0.97**
Median			**0%**	**1.35**	**0.18**	**1.30**	**1.41**	**0.96**	**0.53**	**0.84**	**0.90**

NM: Not meaningful (R squared less than 0.1 or number is negative)

Note (1): Equity betas are calculated using data provided by CapitalIQ. The betas are based on a five-year period with monthly obervations and have been degeared based on the average gearing ratio over five years.

Source: Capital IQ and GTCF calculations

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship. Consequently, while measuring equity betas of listed comparable companies provides a useful benchmark, the selection of an equity beta requires a level of judgement.

The asset betas are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparables, a process commonly referred to as degearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the degearing and regearing exercise:

$$\beta_e = \beta_a\left[1 + \frac{D}{E} \times (1 - t)\right]$$

Where:

- βe = Equity beta
- βa = Asset beta
- t = corporate tax rate

The betas are de-geared using the average gearing level over the period in which the betas were observed and then re-geared using a gearing ratio[20] of approximately 11% (10% Debt and 90% Equity). The gearing ratio has been determined after considering the target/optimal capital structure of VGO.

For the purposes of this valuation, we have selected a beta range of between 1.2 and 1.3 to calculate the required rate of return on equity capital for the Lily and Barbrook projects.

Market risk premium

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned.

The expected return of the market in excess of the risk-free rate, termed the long horizon equity risk premium, has been estimated based on an historical study of mean actual returns as published in Stocks, Bonds, Bills and Inflation® Valuation Edition 2013 Yearbook, (Morningstar, Inc., 2013).

The long horizon equity risk premium exhibited during the period 1926-2013 was 6.7%. An adjusted long horizon equity risk premium of 6.0% has been utilised based on current research indicating that the actual long horizon risk premium is up to approximately 100 basis points less than that indicated by the Ibbotson full period data.

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[20] Gearing ratio represents Net debt/Market capitalisation

Specific risk premium

The company specific risk premium represents the additional return an investor might expect to receive to compensate for project related risks not reflected in the beta.

For the purposes of the valuation assessment, we have adopted a specific risk premium of 2% to 4% to reflect the unique characteristics and risks of the Lily and Barbrook ore bodies. These risks are documented in section 2.7 and 3.10 of Xstract's report attached in Appendix H.

Cost of debt

For the purpose of estimating the cost of debt, Grant Thornton Corporate Finance has considered the following.

- The historical prime lending rate (predominant rate), which represents the benchmark rate at which private banks lend out to public companies, for 5 years to 30 June 2014 as published by the South African Reserve Bank.
- The historical and current cost of debt for comparable companies.
- The historical and current cost of debt for VGO.
- Expectations of the yield curve.
- The capital structure adopted for the purpose of the WACC.
- The company specific risk premium of 2%.

Based on the above, Grant Thornton Corporate Finance has adopted a pre-tax cost of debt in the range of 9% to 11%.

Tax rate

We have adopted a notional tax rate for VGO on a standalone basis based on the South African corporate tax rate of 28%.

Capital structure

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders' return after interest payments, and the business' ability to raise external debt.

The appropriate level of gearing that is utilised in determining the WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- The quality and life cycle of a company.
- The quality and variability of earnings and cash flows.
- Working capital.
- Level of capital expenditure.
- The risk profile of the assets.

In determining the appropriate capital structure, we have had regard to the current average debt-to-asset ratio of the comparable companies and VGO's current and historic capital structure.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a debt-to-equity ratio of 10% debt and 90% equity (11% D:E).

WACC calculation

The real discount rate determined using the WACC formula is set out below.

WACC calculation (nominal)	Low	High
Cost of equity		
Risk free rate	8.2%	8.2%
Beta	1.20	1.30
Market risk premium	6.0%	6.0%
Company specific risk premium	2.0%	4.0%
Cost of equity	**17.4%**	**20.0%**
Cost of debt		
Benchmark cost of debt (pre tax)	9.0%	11.0%
Tax	28%	28%
Cost of debt (post tax)	**6.5%**	**7.9%**
Capital structure		
Proportion of debt	10%	10%
Proportion of equity	90%	90%
	100%	100%
WACC (post tax) (nominal)	**16.3%**	**18.8%**

WACC calculation (real)	Low	High
WACC (post tax) (nominal)	**16.3%**	**18.8%**
AUS long term inflation rate	**2.5%**	**2.5%**
WACC (post tax) (real)	**13.5%**	**15.9%**

Source: S&P Capital IQ and GTCF calculations

Appendix D – Value of defined resources outside LOM and exploration potential attributable to Lomshiyo and Other BEE Partner/s

Lomshiyo and Other BEE Partner/s	Attributable resources			Unit Value		Valuation		
Valuation of defined resources	Tonnes	Grade	Total resources	Low	High	Low	High	Preferred
outside LOM and exploration potential	Mt	g/t	oz	US$/oz	US$/oz	US$m	US$m	US$m
Lily Mine (26%)								
Measured	0.88	1.37	32,867	15.0	25.0	0.49	0.82	0.60
Indicated	0.25	2.10	14,395	8.0	16.0	0.12	0.23	0.15
Inferred	3.92	2.67	286,353	2.0	6.0	0.57	1.72	0.82
Total	**5.05**	**2.05**	**333,615**			**1.18**	**2.77**	**1.57**
Barbrook Mine (26%)								
Measured	1.16	3.45	94,881	7.5	12.5	0.71	1.19	0.76
Indicated	0.90	4.76	101,464	4.0	8.0	0.41	0.81	0.46
Inferred	2.81	5.14	343,730	1.0	3.0	0.34	1.03	0.43
Total	**4.86**	**4.45**	**540,075**			**1.46**	**3.03**	**1.64**
Worcester Mine (26%)								
Indicated	0.66	3.98	62,214	6.4	12.8	0.40	0.80	0.45
Inferred	0.53	3.54	44,387	1.6	4.8	0.07	0.21	0.14
Total	**1.18**	**3.76**	**106,601**			**0.47**	**1.01**	**0.59**
Imperial Mine (26%)								
Indicated	0.05	4.01	5,028	0.6	1.0	0.003	0.005	0.002
Total	**0.05**	**4.01**	**5,028**			**0.003**	**0.005**	**0.002**
Makonjwaan Mine (26%)								
Indicated	0.11	3.41	8,552	0.6	1.0	0.005	0.009	0.004
Total	**0.11**	**3.41**	**8,552**			**0.005**	**0.009**	**0.004**
Bonanza Mine (26%)								
Measured	0.02	3.75	1,567	1.0	2.0	0.002	0.003	0.001
Indicated	0.02	4.47	1,868	0.6	1.0	0.001	0.002	0.001
Total	**0.04**	**4.11**	**3,436**			**0.003**	**0.005**	**0.002**
Centurion Dump (26%)								
Measured	0.20	2.28	10,673	1.0	2.0	0.011	0.021	0.011
Total	**0.20**	**2.28**	**10,673**			**0.011**	**0.021**	**0.011**
Total defined resources outside LOM			**1,007,980**			**3.13**	**6.85**	**3.82**
Exploration potential						**0.33**	**1.00**	**0.66**
Total defined resources outside LOM and exploration potential (USD)						**3.46**	**7.84**	**4.49**
30 day average USD/AUD exchange rate as at 19 September 2014						0.92	0.92	0.92
Total defined resources outside LOM and exploration potential (AUD)						**3.75**	**8.50**	**4.86**

Source: S&P Capital IQ and GTCF calculations

Appendix E – Description of comparable companies and transactions

Company	Description
Galane Gold Ltd.	Galane Gold Ltd. engages in the exploration for, development of, and operation of gold mining properties in Botswana. It primarily holds interest in the Mupane Property, which is located on the Tati greenstone belt in northeastern Botswana. The company is headquartered in Francistown, Botswana.
Mintails Limited	Mintails Limited is engaged in the mining, processing, and production of gold primarily from properties located in the West Rand area of the Witwatersrand Basin, South Africa. Mintails Limited is based in Armadale, Australia.
Stonewall Resources Limited	Stonewall Resources Limited, a gold mining company, explores, develops, and produces gold. Its principal projects comprise the TGME Project located around the towns of Pilgrims Rest and Sabie in the Mpumalanga Province, South Africa; the Bosveld Project located KwaZulu-Natal Province, South Africa; and the Lucky Draw Project located near Burraga township in New South Wales, Australia. The company is based in Adelaide, Australia.
Amara Mining plc	Amara Mining Plc engages in the acquisition, exploration, development, and operation of gold mines and deposits in West Africa. The company's projects include the Baomahun Gold project covering a license area of approximately 137 square kilometers located in Sierra Leone; the Kalsaka/Sega project comprising approximately 800 square kilometers of property area situated in the Yatenga Province, Burkina Faso; and the Yaoure project covering approximately 367 square kilometers of property area located in Côte d'Ivoire. The company was formerly known as Cluff Gold plc and changed its name to Amara Mining Plc in October 2012. The company was founded in 2003 and is headquartered in London, the United Kingdom.
Banro Corporation	Banro Corporation, together with its subsidiaries, engages in the exploration, development, and mining of gold properties. The company holds a 100% interest in 4 gold properties, including Twangiza, Namoya, Lugushwa, and Kamituga comprising 13 exploitation permits that cover an area of approximately 2,612 square kilometers in the South Kivu and Maniema provinces of the Democratic Republic of the Congo. It also owns 14 exploration permits covering an area of 2,638 square kilometers located in the vicinity of Twangiza and Namoya properties. The company was formerly known as Banro Resource Corporation and changed its name to Banro Corporation in January 2001. Banro Corporation was founded in 1951 and is headquartered in Toronto, Canada.
Golden Star Resources, Ltd.	Golden Star Resources Ltd. operates as a gold mining and exploration company. It owns and operates the Wassa open-pit gold mine, the Father Brown open-pit gold mine, and a carbon-in-leach processing plant located approximately 35 kilometers from the town of Bogoso; and the Bogoso gold mining and processing operation located near the town of Bogoso in Ghana. The company also has a 90% interest in the Prestea Underground mine in Ghana. In addition, it holds interests in various gold exploration projects in Ghana and other parts of West Africa, and in South America, as well as holds and manages exploration properties in Brazil. The company was founded in 1984 and is headquartered in Toronto, Canada.
Avocet Mining plc	Avocet Mining PLC operates as a gold mining and exploration company in West Africa. The company operates through three segments: UK, West Africa Mining Operations, and West Africa Exploration. The company owns a 90% interest in the Inata gold mine located in Burkina Faso; and a 100% interest in the Tri-K project located in northeast Guinea. It also has a pipeline of exploration projects in Burkina Faso and Guinea; and holds exploration licenses at Souma exploration project in Burkina Faso. Avocet Mining PLC is based in London, the United Kingdom.
Caledonia Mining Corporation	Caledonia Mining Corporation is engaged in the acquisition, exploration, and development of mineral properties primarily in South Africa. The company explores for gold, silver, base, and precious metals. It primarily holds 49% interest in the Blanket mine, a gold mine located in south-western Zimbabwe. The company was founded in 1992 and is headquartered in Toronto, Canada.
Perseus Mining Limited	Perseus Mining Limited is engaged in the exploration, evaluation, development, and mining of gold properties in West Africa. It operates in Australia, Ghana, and Côte d'Ivoire segments. Its principal projects include the Edikan Gold Mine located in the Republic of Ghana; and the Sissingué Gold Project located in the north of Côte d'Ivoire. The company was incorporated in 2003 and is based in Subiaco, Australia.
Asanko Gold Inc.	Asanko Gold Inc. engages in the exploration, development, and production of gold in Ghana. It principally holds interest in the Esaase gold project covering an area of approximately 210 square kilometers located in Amansi West District of Ghana. The company was formerly known as Keegan Resources Inc. and changed its name to Asanko Gold Inc. in February 2013. Asanko Gold Inc. was incorporated in 1999 and is based in Vancouver, Canada.

Company	Description
Teranga Gold Corporation	Teranga Gold Corporation is engaged in the exploration, development, and production of gold mines in West Africa and Mauritius. The company owns the Sabodala gold mine located 650 kilometers southeast of the Dakar, Senegal. It also holds interests in 9 exploration licenses comprising approximately 1,055 square kilometers of a regional land package situated in Senegal. Teranga Gold Corporation was incorporated in 2010 and is based in Toronto, Canada.
Pan African Resources PLC	Pan African Resources PLC is engaged in the exploration and mining of gold and platinum mineral properties in South Africa and Mozambique. The company holds a 100% interest in the Barberton Gold Mines located in the Magisterial District of Barberton and Evander Mines located south-east from Johannesburg in Mpumalanga Province, South Africa. It also holds interest in a chrome tailings retreatment plant to recover PGMs from chrome tailings in the Kroondal area, South Africa; and gold exploration activities in Mozambique. Pan African Resources PLC is based in Johannesburg, South Africa.
Auroch Minerals NL	Auroch Minerals NL is engaged in the acquisition, exploration, and development of various mineral properties in Mozambique and Western Australia. It holds interest in the Manica Gold Project covering a mining concession of 42 square kilometers located in the Manica Province of central Mozambique. The company was formerly known as Terranova Minerals NL and changed its name to Auroch Minerals NL in August 2012. Auroch Minerals NL is based in West Perth, Australia.

Target Company	Target Description and Transaction Terms
Witwatersrand Consolidated Gold Resources Limited	Target: Witwatersrand Consolidated Gold Resources Limited engages in the exploration and development of mineral reserves in South Africa. The company primarily explores for gold and uranium. It is involved in acquiring, preserving, evaluating, developing, and trading mineral rights for exploration, investment, and development purposes. The company holds 14 prospecting rights covering an area of approximately 1,195 square kilometers in the southern Free State, Potchefstroom, and Klerksdorp goldfields of the Witwatersrand basin, South Africa. The company was incorporated in 2002 and is headquartered in Johannesburg, South Africa. Terms: SG will acquire all outstanding shares of WC, at an offer price of ZAR 11.55 (USD 1.11) per share. The offer price is at a premium of 40.3% over WC's closing share price of ZAR 8.2 (USD 0.79) as of 10 December 2013, one day before the announcement date and a premium 35.3% over WC's closing share price of ZAR 8.5 (USD 0.82) as of 11 November 2013, one month before the announcement date. The implied equity value of the transaction is ZAR 398.36m (USD 38.53m).
Ampella Mining Limited	Target: Ampella Mining Limited explores and develops for gold minerals in Burkina Faso, West Africa. Its principal property includes the Batie West project, which consists of 12 permits covering approximately an area of 2,350 square kilometers located in Burkina Faso. The company is headquartered in Ouagadougou, Burkina Faso. Terms: Centamin PLC will offer one share of its common stock for every 5 shares of Ampella Mining Ltd. Based on Centamin PLC closing price of GBP 0.4431 per share on 09 December 2013, the last trading day prior to the announcement, the inferred offered price is GBP 0.08 per share of Ampella Mining Ltd., therebyvaluing the transaction at AUD 18.82m (USD 17.23m) Based on 248,000,000 Ampella shares outstanding, the implied equity value of the transaction is approximately AUD 39.43m (USD 36.11m) The offer price represents a premium of 112.1% based on Ampella closing share price of AUD 0.075 on 06 December 2013, the last trading day prior to the announcement and a premium of 60.7% based on closing share price of AUD 0.099 on 08 November 2013, one month before the announcement.
Volta Resources Inc.	Target: Volta Resources Inc. engages in the identification, acquisition, and exploration of gold properties in Burkina Faso and Ghana, West Africa. Its principal property includes the Kiaka Gold project, a gold project located in south central Burkina Faso. The company is headquartered in Toronto, Canada. Terms: 0.15 B2Gold share will be exchange for each share of Volta Approximately 23,305,554 B2Gold shares will be issued to Volta's shareholders, there by valuing the transaction at CAD 65.49m (USD 63.40m) This represents a value of CAD 0.42 (USD 0.40) for each Volta's share based on the closing share price of B2Gold on 25 October 2013. The offer provides a premium of 81% based on B2Gold and Volta's respective volume weighted average share prices for the 20 trading day period ending 25 October 2013. The offer price presents a premium of 101.6% over closing share price of CAD 0.20 (USD 0.19) per share as on 25 October 2013, last trading day prior to announcement, and a premium of 71.7% over closing share price of CAD 0.24 (USD 0.23) per share as of 27 September 2013, one month prior to announcement. The implied equity value of the transaction is CAD 65.49m (USD63.40m).
Oromin Explorations Ltd	Target: Oromin Explorations Ltd., a natural resource company, engages in the acquisition, exploration, and development of mineral properties. It primarily focuses on exploring the OJVG Gold project located in the Republic of Sénégal, West Africa. The company was formerly known as Birchwood Ventures Ltd. and changed its name to Oromin Explorations Ltd. in September 1997. Oromin Explorations Ltd. was incorporated in 1980 and is headquartered in Vancouver, Canada. Terms: TC has launched a tender offer to acquire all outstanding shares of OE not already owned by it, in consideration TC will issue 0.582 TC shares for every share of OE. The offer price represents a premium of 35.8% over OE's closing share price of CAD 0.3 (USD 0.29) as of 18 June 2013, one day before the announcement date and a premium of 33.8% over OE's closing share price of CAD 0.305 (USD 0.29) as of 17 May 2013, one month before the announcement date. The implied equity value of the transaction is approximately CAD 48.35m (USD 54.81m).

Appendix F – Marketability discount

The lack of marketability is often the largest dollar discount factor in the valuation of a business, in particular if the subject of the valuation is a minority interest. The marketability/liquidity benchmark is defined by Shannon P. Pratt as the ability to "sell your stock instantly at, or very close to, a known public price and receive cash within three days". Anything short of that attracts a discount for lack of marketability/liquidity.

Restricted stock and pre-IPO studies have shown discounts for lack of marketability in the range of 21% to 56% as set out below:

Discount for lack of marketability			
Study	**Source**	**Years**	**Discount**
Restricted stock studies			
Alex W How ard	Valuation issues in estate planning - study	2003	21%-25%
Asw ath Damodaran	Illiquidity in the market	2003-2005	25%-35%
Michael A Paschall	Banister Financial Inc - New sletter	2004	26%-36%
Russel T Glazer	The CPA Journal	2000-2005	30%-35%
Phil Williams & John Linder	FFECT Winter Journal	1997-2002	25%-40%
Pre-IPO studies			
Shannon Pratt	Pratt	2000-2003	37.5%-56.4%
Michael Paschall	Banister Financial Inc - New sletter	1980-2006	46%
Russell Glazer	The CPA Journal	2000-2005	45%
Phil Williams & John Linder	FFECT Winter Journal	1997-2002	35%

Source: Various

The size of the marketability discount is driven by the following factors:

- The pool of potential buyers. The greater is the pool of potential buyers the lower is the level of marketability discount.
- The prospect for liquidity within a known timeframe. The shorter is the expected holding period for an investment and more certain is the potential prospective transaction or initial public offering, the lower is the discount.
- The dividend policy of the Company. A company will usually attract a lower marketability discount if it has a sustainable and consistent dividend policy as the shareholders receive their returns along the way as opposed to at the end when they dispose of their investment.
- The level of risk in the industry and in the company. Typically higher level of risks is usually associated with higher level of marketability discount. The underlying principle is that the potential adverse impact of risk factors is enhanced by the inability to dispose of the investments in a liquid market.
- Key terms in the Shareholders Agreement in relation to the transfer of shares such as tag-along drag-along clauses, or other provisions to the first right and/or last right to refusal.

Appendix G – Gold Loan repayment schedule

3 year term

RM	Date	GOLD (oz) Investment	GOLD (oz) Repayments Principal	GOLD (oz) Repayments Interest	GOLD (oz) Repayments Total	CASH (A$000) Investment	CASH (A$000) Repayments Principal	CASH (A$000) Repayments Interest	CASH (A$000) Repayments Total
Investment	31-Mar-14	(8,379)			- 8,379	(12,500)			(12,500)
Repayment	30-Apr-14		-	-	-		-	-	-
Repayment	31-May-14		-	-	-		-	-	-
Repayment	30-Jun-14		331	419	750		494	625	1,119
Repayment	31-Jul-14		-	-	-		-	-	-
Repayment	31-Aug-14		-	-	-		-	-	-
Repayment	30-Sep-14		331	419	750		494	625	1,119
Repayment	31-Oct-14		-	-	-		-	-	-
Repayment	30-Nov-14		-	-	-		-	-	-
Repayment	31-Dec-14		331	419	750		494	625	1,119
Repayment	31-Jan-15		-	-	-		-	-	-
Repayment	28-Feb-15		-	-	-		-	-	-
Repayment	31-Mar-15		581	419	1,000		867	625	1,492
Repayment	30-Apr-15		-	-	-		-	-	-
Repayment	31-May-15		-	-	-		-	-	-
Repayment	30-Jun-15		581	419	1,000		867	625	1,492
Repayment	31-Jul-15		-	-	-		-	-	-
Repayment	31-Aug-15		-	-	-		-	-	-
Repayment	30-Sep-15		581	419	1,000		867	625	1,492
Repayment	31-Oct-15		-	-	-		-	-	-
Repayment	30-Nov-15		-	-	-		-	-	-
Repayment	31-Dec-15		581	419	1,000		867	625	1,492
Repayment	31-Jan-16		-	-	-		-	-	-
Repayment	29-Feb-16		-	-	-		-	-	-
Repayment	31-Mar-16		1,011	419	1,430		1,508	625	2,133
Repayment	30-Apr-16		-	-	-		-	-	-
Repayment	31-May-16		-	-	-		-	-	-
Repayment	30-Jun-16		1,011	419	1,430		1,508	625	2,133
Repayment	31-Jul-16		-	-	-		-	-	-
Repayment	31-Aug-16		-	-	-		-	-	-
Repayment	30-Sep-16		1,011	419	1,430		1,508	625	2,133
Repayment	31-Oct-16		-	-	-		-	-	-
Repayment	30-Nov-16		-	-	-		-	-	-
Repayment	31-Dec-16		1,011	419	1,430		1,508	625	2,133
Repayment	31-Jan-17		-	-	-		-	-	-
Repayment	28-Feb-17		-	-	-		-	-	-
Repayment	31-Mar-17		1,018	419	1,437		1,521	625	2,146
Total		**(8,379)**	**8,379**	**5,028**	**13,407**	**(12,500)**	**12,500**	**7,500**	**20,000**

Appendix H – Xstract report

10 October 2014

The Directors
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
SYDNEY NSW 2000

Dear Sirs

Re: Technical Specialist Report on the South African gold assets of Vantage Goldfields Limited

Vantage Goldfields Limited ("Vantage" or "the Company") has commissioned Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton") to provide an Independent Experts Report for inclusion within documentation related to a potential privatisation of the Company.

Xstract Mining Consultants Pty Ltd ("Xstract"), in the role of Technical Specialist, has been requested by Grant Thornton to provide a short form report relating to:

1. the technical assumptions included in the cash flow projections of Vantage's gold mining operations at Barbrook and Lily, and
2. the valuation assessment of the other resources and/or exploration potential (if any) not included in Vantage's cash flow projections.

This report has been prepared in accordance with the VALMIN Code (2005) and the JORC Code (2012).

Xstract has relied on documents and information available in the public realm and made available by Vantage, in particular:

- VGO LOM model 45,000 ounces per annum ("ozpa") Base Case April 2014 (no expansion case)
- VGO LOM model 45,000 ozpa April 2014 (expansion case)
- Barbrook Mine Expansion Plan Stage 2a 15,000 tonnes per month ("tpm") January 2014
- VGO Resource and Reserve Statement 31 December 2013
- Vantage Goldfields Report for Quarter 1 2014
- Barbrook Mine Expansion Plan Executive Summary December 2013
- Vantage Goldfields Annual Reports 2010 to 2013
- Vantage Goldfields Barbrook Mine Review December 2013
- Vantage Goldfields Lily Mine Review December 2013
- Worcester mine Prefeasibility Study Rev1 April 2013

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- Mineral Asset Valuation of Vantage Goldfields Limited, Mpumalanga Province, South Africa. Minxcon 2012
- Barbrook and MIMCO Annual Review Packs - 2011-2013
- Vantage Goldfields Ltd Prospectus 2010
- ASVI Technical Services Group "Barberton Greenstone Belt Magnetic Data Interpretation for Vantage Goldfields" Report 2012
- VGO Mining Titles – Group, May 2014
- VGO Summary of the legal status of the Mining Titles, 2014
- VGO Barbrook process flow sheet
- VGO Barbrook Mining Metallurgical data 1909 to 2014
- Vantage Mining Titles – Group, May 2014
- Summary of the legal status of the Mining Titles, April 2014.

This assessment was conducted by Stefan Mujdrica (Geology), Mike Rogers (Mine Engineering), Dennis Cowen (Metallurgy/Processing) and Jeames McKibben (Valuation).

Xstract has not independently verified the ownership and legal standing of the mineral concessions which are the subject of this valuation and is not qualified to make legal representations in this regard. Furthermore, Xstract has not attempted to establish the legal status of the concessions within each project with respect to joint venture agreements, Black Economic Empowerment ("BEE"), landholder claims, royalties payable or potential environmental and land access restrictions. Rather we have relied upon documents and information provided by Vantage.

Our conclusions expressed in this report are based on our stated assumptions and on information provided by Vantage. Our assumptions are based on prevailing market, economic, legal or political factors, in addition to ongoing exploration results and other conditions. Conditions can vary significantly over short periods of time. Any changes in these conditions could impact upon our valuation assessment, either favourably or unfavourably. Neither Xstract, nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of errors in this report arising from changes in the prevailing market, economic, legal, political or other conditions, or incorrect or misrepresentative information provided by the Company.

All monetary values outlined in this report are expressed in United States dollars ("USD") unless otherwise stated.

Xstract confirms its independence of Vantage. Xstract was commissioned on a fee for service basis according to Xstract's standard schedule of rates. Xstract's fee is not contingent on the outcome of this valuation or the success or failure for the transaction for which the report was prepared. This report represents the first review conducted by Xstract on Vantage's assets. None of Xstract's consultants or their immediate families involved in the preparation of this valuation report have (or had) a pecuniary or beneficial interest in Vantage prior to or during the preparation of this report.

1 Background information

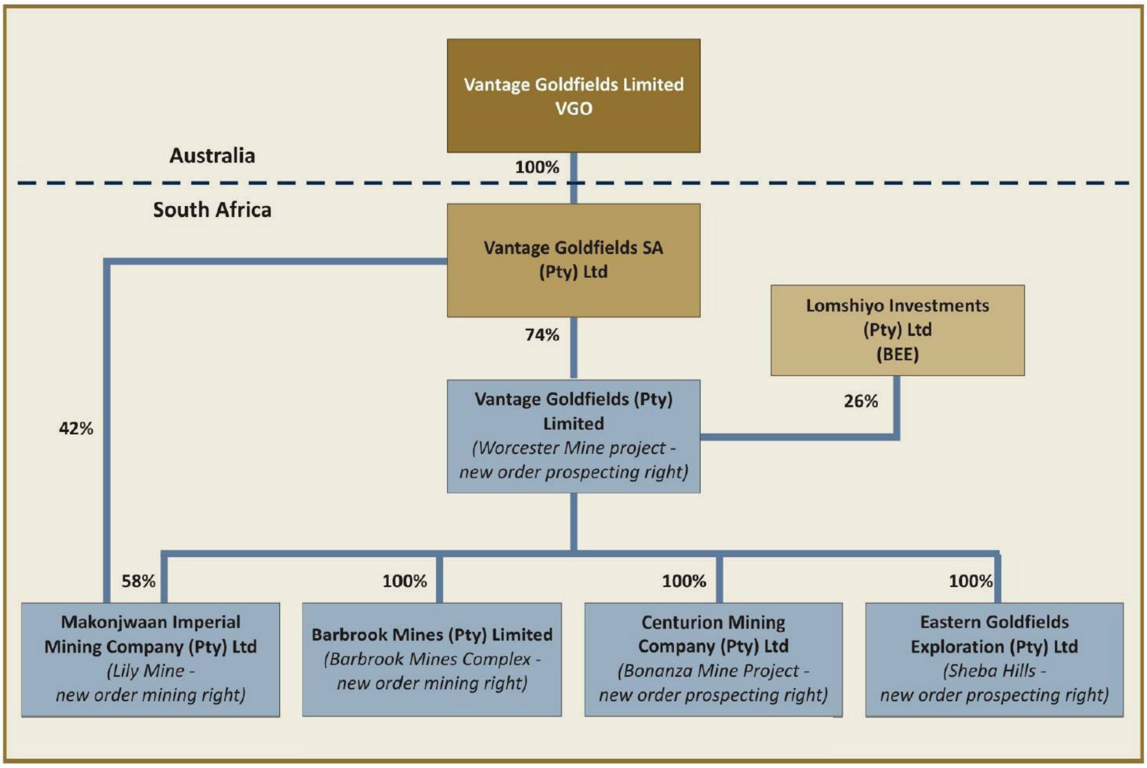
Vantage Goldfields Limited is an Australian-based gold producer and mineral development company focussed on the Barberton goldfield of Mpumalanga Province of South Africa. The Company was established in 2004 prior to listing on the Australian Securities Exchange ("ASX") in April 2010.

Vantage's only assets are its 100% ownership of Vantage Goldfields SA (Pty) Ltd ("VGSA"), a private South African company. Being a South African company, at least 26% has to be held by BEE partners. Hence, VGSA holds a majority (74%) interest in Vantage Goldfields (Pty) Ltd ("VGL"), the South African operating company within the Vantage Group, with the remaining interest held by BEE partners Lomshiyo Investments (Pty) Ltd ("Lomshiyo").

Lomshiyo is a South African corporation whose majority shareholders are historically disadvantaged South Africans ("HDSA").

The current corporate structure of Vantage is summarised in Figure 1.1.

Figure 1.1: Vantage corporate structure



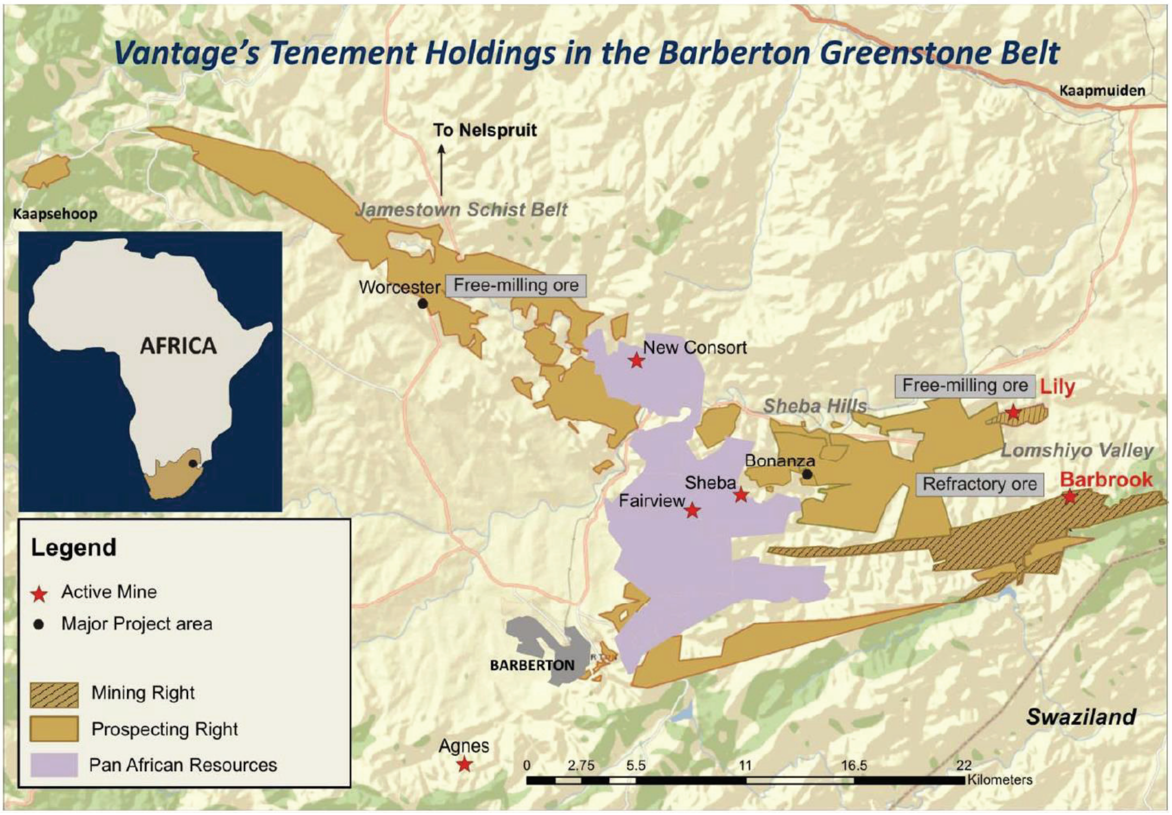
Source: Vantage's ASX Announcement – 15 May 2014

The Group's key assets in the Barberton area comprise:

- the Lily underground gold mining operation;
- the Barbrook gold mine currently under development;
- the Worcester gold project encapsulating the dormant Worcester gold mine; and
- a regionally significant tenement package (covering approximately 167 km^2) which encapsulates several former mining areas (including Bonnie Dundee, Bonanza, Crown, Imperial, etc).

The location of Vantage's gold assets and mineral rights is shown in Figure 1.2. Importantly, the Fairview, Agnes, Sheba and New Consort mines are not part of the Vantage Group, but held by other third parties.

Figure 1.2: Location of Vantage's mining and exploration projects, Mpumalunga, South Africa



Source: Vantage's ASX announcement – 15 May 2014

1.1 Company strategy

Since 2011, Vantage has been operating from two production centres at Lily and Barbrook Stage 1 (small-scale trial mining at Taylors Mine over a three-year period). Collectively, these two mines produced some 27,800 ounces of gold in 2013.

Vantage's strategic focus since 2011 has been directed towards generating strong cashflows and raising profitability at its producing mines by: i) reducing costs to an operating minimum, ii) re-engineering mining operations to minimise ore dilution and optimise grade, and iii) improve underground mining flexibility through increased development.

Having completed the requisite feasibility studies, Vantage's current strategy is to raise total production from both mines by some 40% to 45,000 gold ozpa, with a longer term gold production objective exceeding 100,000 ozpa. To meet its near term strategy, Vantage is now proposing to ramp-up production at the Lily Mine to 30,000 ozpa, whilst doubling annual production at the Barbrook Mining Complex to 13,000 ozpa.

Furthermore, Vantage proposes to carry out a staged rollout of its expansion plans at Barbrook, through:

- Stage 2A will implement direct carbon-in-leach ("CIL") and HiTeCC processing technologies
- Stage 2B will increase production at Barbrook to 30,000 ozpa
- Stage 3 will see an expansion to 60,000 ozpa using bio-oxidation ("Biox") technologies.

1.2 Accessibility, climate, local resources and infrastructure

Vantage's gold mines and exploration projects lie within and along the flanks of the Barberton Mountains within Mpumalanga Province of eastern South Africa. Although physiography ranges from undulating to rugged, the projects enjoy year round and unrestricted access, being easily accessible from the provincial capital, Nelspruit and Barberton.

Access to Vantage's mines and projects is easily afforded by the N4 highway (connecting Johannesburg to Maputo (Mozambique) and provincial roads. Sound bridges and a solid base layer ensure access to the mines is possible with small, two-wheel drive vehicles, even during heavy rain periods. Mainline rail links from the Witwatersrand to the Lowveld are proximal to Vantage's main mining operations and there are airports at Nelspruit (international airport), Barberton and Malelane.

On the whole, the Barberton region is located in the summer rainfall area of South Africa and experiences a temperate climate, with variations due to changes in topography. The high lying areas typically experience cool, moist escarpment conditions while the low-lying areas are subject to hot, humid tropical weather.

The rainy season occurs between November and March, with rainfall mainly occurring as thunderstorms and heavy showers. Average daily minima are between 18°C in summer and 8°C in winter. Average maximum daily temperatures are of the order of 30°C in January and 23°C in July. Extremes in the Lowveld can reach 43°C and 35°C for January and July respectively.

In the low-lying areas of this region the average annual rainfall varies from 500 to 700 mm. Rainfall increases rapidly with altitude, locally reaching 2,000 mm per year. Prevailing winds blow from the south-southeast or north-northwest and reach gale force in the mountains, though this is infrequent.

Mining operations are rarely affected by the weather and are typically continuous throughout the year.

Barberton has a population of 40,000, while Nelspruit's population is about 100,000. These centres and adjacent rural areas provide sources of both skilled and unskilled labour. Transport to both towns is by way of conventional motor vehicle, while busses are used to transport workers to the mines. The local economy is predominantly based on agriculture, gold mining and tourism.

1.3 Tenure and ownership

As outlined in Table 1.1, Vantage's mineral rights in the Barberton Greenstone Belt ("BGB") comprise eleven granted, semi-contiguous concessions covering a combined area of approximately 167 km^2 (measuring approximately 50 km by 30 km).

The South African Mineral and Petroleum Resource Development Act of 2002 ("MPRDA") required mining companies to apply to the Department of Minerals ("DMR") to convert their "old order" mining rights into "new order" mining rights. Vantage has successfully completed this conversion and now holds "new order" mining rights for its Lily and Barbrook Mines, as well as "new order" prospecting rights over the remaining mineral Rights in the Barberton Goldfield.

Table 1.1 sets out the area covered by Vantage's Mineral Rights (which are all held by subsidiaries). Further details relating to these Mineral Rights are outlined in Appendix B.

Table 1.1: Vantage's Mineral Rights

Company	Key area/project	Area of Mineral Rights (hectares)
Vantage Goldfields (Pty) Limited	Worcester	8,635
Makonjwaan Imperial Mining Company (Pty) Ltd	Lily Mine	619
Eastern Goldfields Exploration (Pty) Ltd	Sheba Hills	4,028
Centurion Mining Company (Pty) Ltd	Centurion	813
Barbrook Mines (Pty) Ltd	Barbrook Mine	2,578
TOTAL		**16,673**

Source: Vantage Mining Titles – Group May 2014

Further details are provided in Appendix B.

Of the mining rights, Barbrook conforms to South African requirements being held 100% by VGL (and hence 26% owned by Lomshiyo). However, VGL holds a 58% interest in the Lily "new order" mining right, with the remaining 42% interest held by VGSA, ultimately providing VGSA with a beneficial interest of 85%, with Lomshiyo holding the remaining 15%. Vantage is required to grant an additional 11% interest in the Lily to a BEE group in 2014, which will result in Vantage holding a 74% interest in the Lily Project thereafter.

In addition, these subsidiary companies hold 854 acres of surface rights and 67 acres of dump permits on the above properties. The surface rights assist in regulating access to the ground where operations occur.

BEE

The MPRDA (incorporating the Mining Charter) requires that a mining company must have HDSA ownership above 26% by 31 December 2014. The transfer of such ownership must be at fair market value.

To meet the ownership requirement for HDSAs, Vantage partnered with Lomshiyo in February 2006, facilitating the acquisition by Lomshiyo of 26% of the ordinary share capital of EGL (a subsidiary of Vantage). Lomshiyo is a South African incorporated company whose shareholders are comprised of HDSAs, including a number of Vantage mine workers. The purchase of Lomshiyo's shares in EGL was at market value and funded by way of a loan from EGSA, which is a common method of enabling HDSAs to acquire interests in Mineral Rights.

Lomshiyo's shareholders granted a pledge in favour of the Group over their shares in Lomshiyo as security for this loan. The Group has to date granted to Lomshiyo a 26% indirect interest in each of EGE (Sheba Hills Project), Centurion (Bonanza Project) and Barbrook Mines (Pty) Limited (Barbrook Project). The Group has also granted to Lomshiyo a 15% indirect interest in MIMCO (Lily Project). The Group has until 31 December 2014 to grant a further 11% interest in MIMCO to a BEE group in order to continue to comply with the BEE regime under the MPRD Act. The grant of this further 11% interest in MIMCO is likely to be structured in a similar manner to Vantage's existing grant of interests in its other projects to Lomshiyo.

Vantage does not have a published Mining Charter scorecard. Whilst it is active in development of communities, performs procurement from BEE entities, beneficiates its concentrate and is compliant with environmental regulations, two areas are deficient, namely reporting and employment equity. Management is aware of these shortfalls and is actively addressing the issues.

XSTRACT mining consultants

Royalties

From 1 March 2010, South African mining companies are obliged to pay a State royalty on minerals mined. The royalties are regulated under the Mineral and Petroleum Resources Royalty Act, 28 of 2008. Different formulae apply according to the definition of "*refined*" and "*unrefined minerals*".

For unrefined minerals, the holder is obliged to pay according to the following formula, which is capped at 7% of the Gross Sales Value.

Royalty Rate = 0.5 + [EBIT/{Gross Sales (unrefined)*9}]*100

In the case of refined minerals, the basis is the same except a higher factor applied and the royalty is capped at 5% of Gross Sales Value.

Royalty Rate = 0.5 + [EBIT/{Gross Sales (refined)*12.5}]*100

The gold produced from Vantage's mining operations will be treated under the refined formula, as Vantage's operations produce a gold doré for sale.

1.4 Regional geology

Vantage's mines and exploration projects are located in rugged mountainous terrain of the Lowveld of Mpumalanga Province known as the Barberton Mountain Land. The Archaean BGB forms part of this terrain and consists of a northeast-southwest trending belt of volcanic, igneous and sedimentary rocks surrounded by and partly intruded and deformed by multiple granitoid plutons.

The BGB consists of three main components:

- the basal Onverwacht Group comprising mafic to ultramafic volcanic sequence which is best preserved in the southern part of the belt;
- the Fig Tree Group comprising greywacke and shale sequences with minor banded iron formation units ("BIF") and cherts, which occupy the central core of the BGB;
- an upper unit consisting of sandstone, quartzite, conglomerate, BIF and minor volcanic interlayers (Moodies Group).

The entire succession has undergone multiple phases of deformation, which produced folds and faults at scales varying from regional to small-scale. These faults, in particular, have provided ideal channel ways for migrating hydrothermal fluids associated with granitoid emplacement carrying gold and sulphide minerals. The deformation that affected the rocks of the BGB was largely the result of the intrusion of numerous granite bodies.

Gold mining in the Barberton Goldfield has been continuous for more than a century, with gold first discovered in 1882 (alluvial gold in the Jamestown Schist Belt north of Barberton) and in 1884 in quartz veins in the hills around the town of Barberton. Since that time, more than 10 million ounces ("Moz") of gold have been produced from the Barberton Goldfield with approximately 70% derived from just four mines; Sheba, New Consort, Fairview and Agnes. Currently, more than 350 gold workings are recorded in the Barberton Goldfield.

The gold mineralisation in the Barberton Goldfield is typical of Archean lode gold systems elsewhere in the world (i.e. Western Australia and Canada). In the Barberton Goldfield, most deposits and other significant occurrences have a strong spatial relationship with regional faults and shear structures. Many of the most significant gold deposits are located within six kilometres of the granite contacts or a located adjacent to major regional faults, which have undergone multiple periods of reactivation. Vantage's principal assets are all located along prominent, regional structural tends where these interact with second-order structures.

Gold in the BGB is typically associated with chert and/or BIF and local zones of second order structural deformation. Mineralised bodies typically comprise quartz-carbonate veins as well as auriferous shears containing varying amounts of sulphide mineralisation. The major ore minerals are pyrite, pyrrhotite and arsenopyrite. Depending on mineral assemblages, gold may occur as either refractory or free-milling material.

With regards to Vantage's mineral assets, gold mineralisation at Lily occurs as a free-milling, pyrrhotite-hosted ore, whereas at Barbrook gold is contained in a "double refractory", sulphide ore type (i.e. auriferous arsenopyrite within carbonaceous material which is preg-robbing). The latter complicates metallurgical recoveries, requiring special processing methods. At Worcester, the ore body is reportedly free milling.

1.5 Resources and Reserves

Vantage's underground Mineral Resources and Ore Reserves as reported in the Company's 2013 Annual Report are presented in Table 1.2. The Mineral Resources are inclusive of Ore Reserves.

Table 1.2: Mineral Resource and Ore Reserve summary (as at December 2013)

	Mineral Resources (100% basis)				Ore Reserves (100% basis)		
	Tonnes (million)	Grade (g/t)	Gold (oz)		Tonnes (million)	Grade (g/t)	Gold (oz)
Lily Mine (Vantage interest 85% decreasing to 74%)							
Measured	8.07	2.58	669,360	Proved	0.39	2.37	26,700
Indicated	2.21	2.92	207,690	Probable	5.55	2.53	451,500
Inferred	12.83	2.67	1,101,460				
Total	**23.11**	**2.66**	**1,978,510**	**Total**	**5.94**	**2.50**	**478,200**
Barbrook Mine (Vantage Interest 74%)							
Measured	3.74	3.69	444,310	Proved	0.48	4.17	65,000
Indicated	2.82	4.79	434,990	Probable	0.29	4.02	37,900
Inferred	8.00	5.15	1,322,970				
Total	**14.56**	**4.70**	**2,202,270**	**Total**	**0.78**	**4.11**	**102,900**
Worcester Mine (Vantage Interest 74%)							
Measured	-	-	-	Proved	-	-	-
Indicated	1.87	3.98	238,700	Probable	1.40	3.01	135,600
Inferred	1.50	3.54	172,100				
Total	**3.37**	**3.78**	**410,800**	**Total**	**1.40**	**3.01**	**135,600**
Other Projects (Vantage Interest 74%)							
Measured	0.61	2.40	47,000	Proved	-	-	-
Indicated	0.50	3.67	59,000	Probable	-	-	-
Inferred	-	-	-				
Total	**1.11**	**2.97**	**106,000**	**Total**	**-**	**-**	**-**
Combined Group							
Measured	12.42	2.88	1,160,670	Proved	0.87	3.27	91,700
Indicated	7.40	4.00	940,380	Probable	7.24	2.67	625,000
Inferred	22.33	3.62	2,596,530				
Group Total	**42.15**	**3.47**	**4,697,580**	**Group Total**	**8.11**	**2.74**	**716,700**

Source: Vantage 2013 Annual Report. See report for reporting cut-off criteria.

Vantage is in the process of converting all Mineral Resources according to the guidelines of the JORC Code (2012), and anticipates that this process will be completed by the end of 2014.

1.6 Environmental and social

The Lily mine operates under an Environmental Management Program ("EMP") approved by the DMR in June 2010 and executed November 2012. The Lily EMP is pending registration.

The Barbrook mine and Central Metallurgical Complex ("CMC") operations operate under an EMP approved by the DMR in 2004. An amended EMPR for the Barbrook site was lodged by Vantage in March 2013. Although the Stage 2A expansion was not identified at the time of preparation of the amended EMPR, this amended EMPR effectively covers the proposed activities in the Stage 2A expansion.

Although VGL holds a "new order" exploration right over the Worcester property, a mining right will have to be obtained before mine development can commence. The mining right application requires the submission of an Environmental Impact Assessment ("EIA"). As part of the EIA a number of specialist studies, including a Social and Labour Plan ("SLP") and a Mine Works Programme ("MWP") must be completed. In addition, Worcester will be required to obtain a Water Use Licence and to prepare an Integrated Water and Waste Management Plan as part of the application for a mining right. The minimum period from commencement of work on the EIA to obtaining a mining right is expected to be at least 12 months. Vantage has regular consultation with key community groups (such as Lomshiyo Tribal Council, Nkomazi Municipality, Thusong Community Centre) to discuss topics such as water use, roads and other social issues. Social and labour plans are in place at Lily and Barbrook. These plans address items such as Human Resources, local economic development and closure/retrenchment management programmes. As Worcester and Bonanza remain in the exploration stage, there are no social plans currently in place.

Xstract understands that Vantage's Prospecting Permits have recently become the subject of litigation instituted by private landholders and the Mpumalanga Parks Board which may pose a significant risk to ongoing activities.

Vantage lodged a case against the Mpumalanga Parks Board and other respondents (private land owners) to allow the company access onto legally approved exploration rights to continue exploration projects as prescribed by the DMR. This was disputed and a counter claim was lodged by the same respondents to challenge the original validity of the approved Exploration Rights on the grounds that the DMR had not taken into account objections lodged at the time of application and approval. The objection was primarily based on the premise that the exploration ground (or parts thereof within the entire application) fell within planned or alleged "Nature Reserves".

The dispute at this time centres therefore on two main issues:

- Whether these "nature reserves" are proclaimed and therefore exist
- Whether the DMR was within the law entitled to issue the existing exploration approvals.

The case stands at this point waiting for Vantage Goldfields to respond to the counter claim.

Xstract does not consider there is currently any other material risk associated with the environmental or social aspects associated with Vantage's mining and exploration projects.

2 Lily Mine

2.1 Location

Vantage's Lily Mine is located in the Lomshiyo valley near the farming town of Low's Creek, some 60 km from Nelspruit. The area is accessed along the main N4 national highway, which connect Johannesburg to Maputo in Mozambique. Thereafter the route to the mine continues southwards on provincial roads.

The mine site is located at the base of a modest mountain range.

2.2 History

The Lily gold deposit was discovered in 1888 and an underground mining operation commenced in 1891. Various operators have mined the deposit intermittently since that time.

In 2000, Makonjwaan Imperial Mining Company ("MIMCO"), a subsidiary company of Vantage, commenced an oxide open pit operation at Lily, with open pit operations continuing until late 2008 when a full conversion to underground mining took place. Key open pit production statistics for the Lily Mine over the period 2000 to 2008 were:

Table 2.1: Lily Mine open pit production statistics

	Period	Ore Tonnes	Average ore grade (g/t Au)
Lily Main open pit	2000 to Sep 2006	976,141	2.45
Lily East open pit	2000 to Jun 2007	97,626	2.51
Rosie Fortune open pit	2000 to Dec 2008	181,528	2.54

Source: Vantage

The Lily Mine adit was established in July 2007. During 2007 and 2008, small tonnages were mined from underground during the start-up development phase of operations. In addition, extensive surface drilling was completed over a 2 km strike length to delineate the along strike extents of the underground deposit to a depth of approximately 400 m below surface.

Production at Lily Mine since 2004 is summarised in Table 2.2.

Table 2.2: Lily Mine production summary

	Unit	2004*	2005	2006	2007	2008	2009	2010	2011	2012	2013
ROM Ore Mined – Open Pit	kt	139.5	167.2	152.2	154.3	105.7	-	-	-	-	-
ROM Ore Mined – Underground	kt	-	-	-	9.4	43.5	131.0	120.0	196.4	273.5	326.7
Total ROM Mined	kt	139.5	167.2	152.2	163.8	149.1	131.0	120.0	196.4	273.5	326.7
Material Processed	kt	116.3	167.7	166.2	160.0	153.9	121.9	117.5	184.6	325.6	363.1
Recovered Grade	g/t	1.98	2.37	2.27	2.01	1.58	1.90	1.51	2.12	2.04	1.94
Gold Produced	oz	7,408	12,794	12,132	10,354	7,798	7,449	5,712	12,597	21,310	22,659

Source: Vantage Prospectus, Intierra and Vantage ASX announcements. * 9 month production period

Gold production at Lily in the first quarter of 2014 was temporarily impacted by ingress of water into the underground mine due to high rainfall and the intersection of a surface exploration diamond drill hole in the workings resulting in:

- higher than normal water pumping requirements;
- reduced ground stability and premature abandonment of some stoping areas;

- higher than normal maintenance costs; and
- operating down-time on certain essential equipment.

Despite these issues, Vantage managed to mine 102,457 ore tonnes, mill 102,303 ore tonnes at a head grade of 2.14 g/t Au and 88% recovery to produce 6,217 ounces of gold in Q1 2014.

Current Project

The Lily mine is currently Vantage's main producing mine. It has been developed as a shallow underground operation, with Run of Mine ("ROM") ore hauled 6 km via road to the Group's CMC near Barbrook Mine. Lily ore is free milling and processed in a simple JET-LEACH CIP circuit to produce gold doré.

The Lily Mine access is by means of an adit in the highwall of the original Lily Main Pit on the 520 m above mean sea level ("amsl") elevation. All ore and waste is handled through the adit and main decline. Underground development and stoping operations use mechanised, long-hole drilling, blasting, mucking and hauling methods. The deepest workings are currently on 10 level 170 m below the adit entrance.

Vantage's current mine plan for Lily shows that, over the next three years, production will be derived from two underground areas. The wide ore body pay shoot beneath the backfilled Main pit (Lily Main) remains the priority target for production, while a second spiral decline is being developed in a separate pay shoot to the east (Lily East). This, additional accessibility to the ore body provides for more stoping areas, improving flexibility to manage the run-of-mine production mix.

The ramp-up to full production of 30,000 oz per annum, originally scheduled to be completed in 2012, was delayed mainly due to insufficient capital being available to provide for adequate underground development and mining flexibility. Most of the operational setbacks impeding underground progress in early 2013 have, however, been resolved. A new stoping configuration and mining plan was engineered which led to increased ore development and improved mining efficiencies, including a reduction of planned ore dilution to below 10%.

Despite these changes, development remains tight with only two faces available in each area (Main and East) providing limited flexibility and difficulty in maintaining production.

2.3 Local geological setting

The Lily Mine is situated on the east-west trending Lily Fault, a major structural discontinuity stretching over a 20 km length along the northern flank of the BGB. The Lily Fault dips steeply to the south and separates metavolcanic units of the Onverwacht Group from younger meta-sedimentary units of the Fig Tree Group. Shale, quartzite and conglomerates of the Moodies Group overlie the Fig Tree Group. This sequence has been folded about the Lily and Eureka Synclines and metamorphosed to low-grade greenschist facies.

Gold mineralisation at Lily is associated with an irregular network of shears and the gold distribution is closely related to the amount of carbonate alteration (calcite/siderite) and silica content of the shear zones. In general, the more intense and closer the shearing, the richer and more continuous is the gold mineralisation. Good ore grade mineralisation occurs where shearing is in direct contact with the Lily Fault. However the majority of the quartz veining is not auriferous.

Two styles of gold mineralisation are recognised:

- Partially refractory ore related to pyrrhotite, with minor arsenopyrite, chalcopyrite, pyrite/marcosite, pentlandite and sphalerite within sheared and silicified schists which are chlorite and carbonate altered.
- Free native gold associated with quartz and quartz-carbonate veins.

In general, the ore zones are weathered to about 40 m below the original surface topography.

2.4 Mineral Resources and Ore Reserves

The Lily Mine project has a total Mineral Resource of 23.11 Mt at a grade of 2.66 g/t Au (refer to Table 1.2) and comprises approximately 42% (1,978,510 Au ounces) of the total combined Mineral Resource gold ounces within Vantage's project portfolio. Approximately 44% (877,050 Au ounces) of Measured and Indicated gold ounces are classified within the Lily Mine Mineral Resource, which represents 42% of the overall Measured and Indicated Mineral Resources within the Vantage project portfolio.

The resource estimation was undertaken to create a block model for reporting the Lily Mine project Mineral Resource in December 2013. A high level summary of the resource model development and estimation parameters to construct the Lily Mine project Mineral Resource is provided in Table 2.3.

Table 2.3: Summary of resource model development and estimation parameters for Lily Mine project

Lily Mine Mineral Resource	Description
Geological interpretation	Three domains. 3D wireframes (envelopes) were interpreted from grades >0.5 g/t Au
Sample data	Log-normal distribution of 683 assay points. Upper cut-off applied of 25 g/t Au
Type of model for reporting	Block model
Block size	Domain 1: 5 m Strike by 2 m Width by 5 m Dip Domain 2: 10 m Strike by 2 m Width by 10 m Dip Domain 3: 25 m Strike by 2 m Width by 25 m Dip
Estimation type	Ordinary Kriging
Search ranges	Domain 1: 40 m Strike by 10 m Width by 80 m Dip Domain 2: 120 m Strike by 30 m Width by 190 m Dip
Variography	Domain 1: Reported low nugget effect with ranges between 42 m and 84 in depth
Bulk density	Constant of 3.20 g/cm^3
Grade estimation parameters and Classification	Domain 1: Measured defined with search 40 m Strike by 10 m Width by 80 m Dip Domain 2: Measured defined with search 40 m Strike by 10 m Width by 80 m Dip Domain 3: Measured defined with search 40 m Strike by 10 m Width by 80 m Dip Domain 3: Indicated defined with search 80 m Strike by 20 m Width by 160 m Dip
Audits	Audited by Independent Competent Person - date last audited is unknown

At Lily, mineralised specimens were collected from the primary feed belt for density determinations, with data collected since early 2004. However, since June 2012 the monthly averages of density vary from 3.06 to 3.18 g/cm^3 but are normally around 3.11 g/cm^3. Current Reserves are therefore estimated using a bulk density of 3.1 g/cm^3. The Lily Mineral Resource is estimated using a bulk density of 3.2 g/cm^3, as Vantage has assumed that only fresh mineralisation without any of the surrounding lower density gangue occurs within the wireframe.

In Xstract's opinion, the Lily Mine project Mineral Resource estimation methodology is consistent with internationally acceptable practices for similar styles of deposits.

The conversion of the Lily Mine Project Mineral Resource to the Ore Reserve is provided in Table 2.4. Approximately 79% of the gold ounces contained within the Lily Mine Project Mineral Resource have been converted to the Ore Reserve.

Table 2.4: Conversion of Mineral Resource to Ore Reserve for Lily Mine project

Mineral Resource included into Ore Reserve				% Converted of Mineral Resource to Ore Reserve		
Resource Classification	**Tonnes (Mt)**	**Grade (g/t Au)**	**Metal (oz Au)**	**Tonnes (% Difference)**	**Grade (% Difference)**	**Metal (% Difference)**
Measured	5.20	3.25	542,813	64	126	81
Indicated	1.39	3.40	152,196	63	116	73
Inferred	0	0	0	0	0	0
Total Mea + Ind	6.59	3.28	695,009	64	124	79

Upside exploration potential includes an estimated Inferred Mineral Resource of over a million ounces of gold as well as other exploration targets in the form of parallel shears.

Almost all of the Measured and Indicated Resources have been converted to Ore Reserves and are included in the Life of Mine ("LOM") plan. The loss (% not converted) is mainly due to application of a higher cut-off grade in the reserves than the resources. The Probable Reserve is converted to Proven Reserve on rolling basis, as drilling and development advances and moves more of the orebody from Indicated into Measured Resources.

2.5 Mining

The Lily gold mine comprises a bulk orebody with widths of 2 m to 15 m that extends at least 2,000 m along strike and to a depth of 500 m, although the defined Inferred Resource envelope currently extends to a depth of 700 m. These Inferred Resources are considered by Vantage to be economically mineable. It is a generally accepted practice in the BGB to extend the Inferred Resource to twice the depth of the Measured and Indicated Resource. The orebody remains open at depth.

Following the depletion of the three open pits at the end of 2008, and the mine was converted to an underground trackless mechanised operation.

The mine design comprises the main spiral decline shaft from the adit in the main pit highwall and two sub spiral decline shafts, each with their own ore pass systems with connecting haulages. Mining is conducted using long-hole open stoping methods for the reef which ranges from 2 m to 15 m in width, averaging 4.1 m.

Stoping is undertaken with fully mechanised methods with drill rigs and trackless equipment, including 10 t remote loaders and 30 t ore trucks. The access decline measures 5 m by 5.3 m, while access drives are 4.5 m by 4.8 m with ore drives being developed in reef material. Levels are spaced at 20 m vertical intervals.

Ore is drawn from the stope draw points using remote controlled LHDs and loaded into trucks that haul it to a surface tip for transfer to CMC by road. Reef and waste from development is loaded by LHDs into trucks and hauled to surface.

Grade control is achieved by in-fill drilling of the surface borehole grid, face sampling and 50 cm diamond saw cuts every 3 m in reef development. Further boreholes are drilled from the inter levels. This data informs 3D block models which are used to develop the long hole drill patterns. Visual control is exercised at stope draw points.

Secondary grade control occurs on the ROM pad as the ore is visually identifiable with silicification being a strong indicator. Hanging wall dilution, from scaling, is thought to be about 15%.

Production schedule

Vantage's proposed production schedule is summarised in Table 2.5, with planned mining blocks shown in Figure 2.1.

Table 2.5: Vantage's Lily production schedule

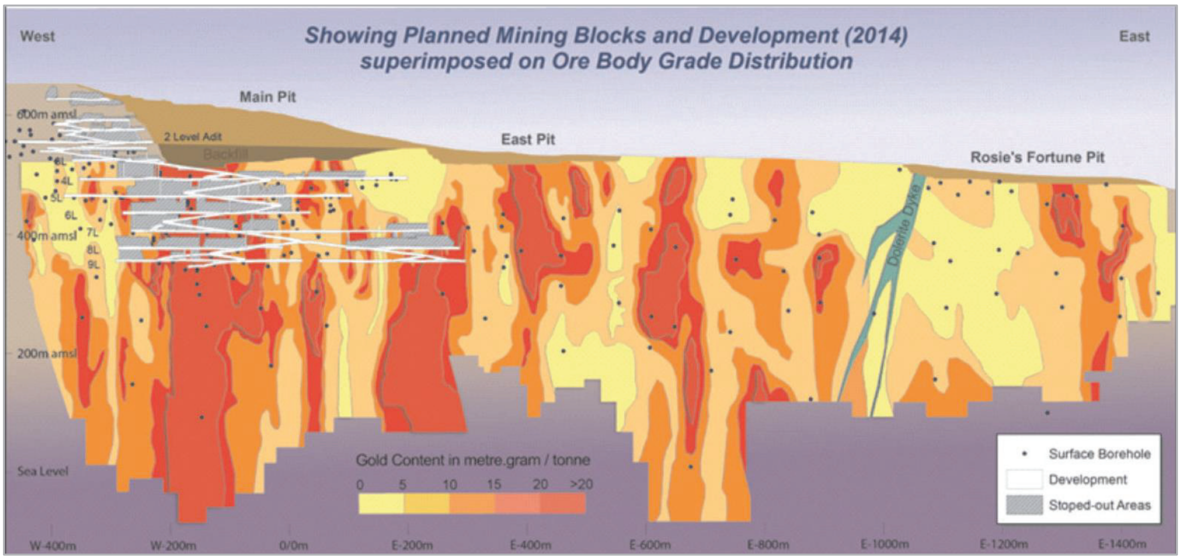
Year to December		2014	2015	2016	2017	2018	2019	2020-2021	2022 - 2028
PRODUCTION									
Tons milled	(t)	394,800	420,000	420,000	420,000	420,000	420,000	420,000	420,000
Head Grade	(g/t)	2.34	2.55	2.55	2.55	2.45	2.40	2.55	2.50

There was a shortfall of 13% against budget of RoM tonnage in 2013.

Increases of 21% in 2014 and again of 7% in 2015 to reach steady state of 420,000 tonnes per annum ("tpa") are planned. These increases will be difficult to achieve in view of the limited stope face availability, a situation created due to capital starvation. The situation will ease as development rates increase providing greater face availability.

It is unlikely that the planned head grade of 2.55 g/t Au will be realised from an average Ore Reserve grade of 2.50 g/t Au without the flexibility and advanced grade knowledge in order to high grade stoping operations.

Figure 2.1: Lily Mine - Planned mining blocks and development



Source: Vantage 2013 Annual Report

2.6 Processing

Transported ore is tipped into a primary crusher with crushed ore reporting to the primary stockpile. Ore drawn from the primary stockpile is further crushed in secondary and tertiary crushers before being milled in a ball mill. Two smaller ancillary ball mills are available to ensure the correct grind is achieved at full capacity.

Milled ore is pumped to the CIL circuit where cyanide and carbon are introduced for leaching and adsorption. Loaded carbon undergoes standard Zadra elution and electrowinning prior to smelting to Doré. The elution and electrowinning portions of the circuit are currently shared with the Barbrook process stream, and loaded carbon from the CIL is batched separately to Barbrook material to ensure uncompromised metallurgical accounting and production from the two plants.

Three year historical Lily plant performance is reported in Table 2.6. Total tonnes milled has doubled over the period with improving recoveries.

Table 2.6: Lily three-year historical process performance

	Unit	2011	2012	2013
Tons milled	t	184,654	325,567	363,095
Head Grade	g/t	2.66	2.24	2.23
Head Content	Kg	491.0	728.28	810.2
Residue grade	g/t	0.4	0.2	0.3
Residue content	Kg	79.0	75.8	96.2
Gold accounted for	Kg	471.0	739.2	801.6
Head grade (calculated)	g/t	2.55	2.27	2.21
Yield	g/t	2.12	2.04	1.94
Bullion	Kg	457	798	880
Gold produced	Kg	392	663	706
Gold produced	Oz	12,603	21,329	22,681
Rand refinery Payout	%	99.9%	100%	99.9%
Recovery	%	83%	90%	88%
Unaccounted gold	Kg's	(19.5)	10.9	(8.6)
Plant call factor	%	96	102%	99%
Gold sold	Kg's	392	663	705

The Lily five-year process forecast is reported in Table 2.7. In Xstract's opinion, the plant throughput and recoveries are achievable.

Table 2.7: Lily five-year process forecast

		2014	2015	2016	2017	2018
Tons milled	(t)	394,800	420,000	420,000	420,000	420,000
Head Grade	(g/t)	2.34	2.55	2.55	2.55	2.45
Recovery	(%)	90	90	90	90	90
Yield	(g/t)	2.10	2.30	2.30	2.30	2.21
Gold Produced	(kg)	828.6	963.9	963.9	963.9	926.1
	(oz)	26,600	31,200	31,200	31,000	29,800

2.7 Risk and opportunities

The Lily mineralised zones are relatively small, thin, 2 to 3 g/t Au deposits that generally are discontinuous in nature. In general, samples that are used to estimate the Mineral Resource comprise small databases that make resource estimation difficult. However, there is a long history of mining and a good geological understanding assisted by grade control sampling. The tonnages and grades outlined in the resource estimate appear reasonable and are acceptable for valuation purposes.

The main risk at the Lily mine is grade reliability. Although the mine has increased development in line with Company strategy, planned grades have not been realised. Reasons for the shortfall include a lack of stoping flexibility, mining mix and insufficient stope delineation and evaluation ahead of current stoping operations.

It is unlikely that the planned head grade of 2.55 g/t Au will be realised from an average Ore Reserve grade of 2.50 g/t Au without the flexibility and advanced grade knowledge in order to high grade stoping operations.

The opportunity to increase grades lies in accelerated hanging wall development and orebody exposure for evaluation. Capex for this purpose and additional trackless equipment is now available.

It is reported that the mine recently experienced an in-rush of water through a surface exploration borehole. Capping and sealing of these boreholes would prevent further occurrences.

The Lily process stream of the CMC operates well with good recoveries. Plant availability is acceptable, with standby equipment being installed in critical areas when funds become available. Sharing of the elution and electrowinning circuits presents a risk of contamination with Barbrook material and potential metallurgical accounting inaccuracies. Stage 2A of the Barbrook expansion project includes capital for elution/electrowinning which will eliminate this risk.

3 Barbrook Mine Complex

3.1 Location and infrastructure

Vantage's Barbrook Mine Complex is situated near the small town of Low's Creek, on the main road between the towns of Kaapmuiden and Barberton, approximately 60 km from Nelspruit and 6 km southeast of the Lily Mine. These deposits are located in mountainous terrain and are easily accessible along provincial roads.

The Barbrook complex is a consolidation of numerous (more than 10) individual gold deposits that have been explored and exploited to varying degrees and by differing methods over the past 70 years. Barbrook includes shaft and adit development sites, waste rock disposal sites, plant tailings storage areas and the CMC. The CMC caters for the processing of ore from both the Lily and Barbrook mines.

Barbrook has a well-established surface infrastructure (plant, workshops, laboratory, tailings dam, etc.), extensive underground development (>50 km) and readily accessible areas for mining. No ore extraction and very little exploration have been undertaken to date below 10 Level. Access to the main underground sections is via two equipped adits, respectively on 7 and 10 Levels, which are separated by 150 vertical meters. No development currently exists below 10 Level, which is at the surface elevation of the CMC. All ancillary utilities are operational.

Electrical power is supplied to the Barbrook mine via a dedicated 15 km long 132 kV power line operated by ESCOM, the national power supply authority.

Water requirements of the processing plant are satisfied by the flow of groundwater emanating from the main adit level (10 Level). No rights have been obtained to extract water from the Low's Creek which flows through the mine area. Barbrook also has the right to take process water from two boreholes in the area. Potable water is extracted from a borehole on the property.

A Water Use Licence application has been submitted to the relevant authorities and approval is pending.

3.2 History

Gold was discovered in the Barbrook area around the same time as other discoveries in the Barberton Goldfield. Historical operations were largely focussed on oxide ore from which the gold was readily extractable. The higher-grade portions of these ores were eventually depleted in the mid-1950s, leading to a cessation of operations.

Between 1960 and the mid-1980s, various parties explored the claims, with the most significant exploration conducted from the late 1970s onwards. At this time, soil geochemical surveying and extensive diamond drilling (45,000 m) and mining development (6,500 m, mainly from adits) was carried out and ultimately led to the re-establishment of mining operations in the late 1980s.

Initial mining focussed on oxide ores while further exploration and development were conducted underground. The mine switched to underground mining of refractory ores from June 1996 to July 1997. Both the head grade and the metallurgical recovery achieved over this period was below target and the mine was again placed on care-and-maintenance.

Extensive metallurgical testing was carried out between 1997 and 2001, which indicated that satisfactory recoveries could be achieved on sulphide ores from Barbrook. A complete re-evaluation was conducted in 2002 and production recommenced in January 2003, but the operation continued to struggle with recovery issues. Further studies to evaluate high-grade mining options were conducted in 2004.

In November 2006, following illegal industrial action which resulted in considerable damage to the infrastructure, the mine was placed on a care-and-maintenance basis. Subsequently in December 2006 management was mandated to seek potential purchasers for the Barbrook Mine.

A summary of historic production from the Barbrook Mine Complex is presented in Table 3.1.

Table 3.1: Historical gold production at Barbrook

Period	Operator	Ore Type	Tonnage Treated (kt)	Average monthly throughput (ktpm)	Gold Produced (kg)	Recovered Grade (g/t Au)
Oct 1989 to Jan 1991	Rand Mines	Sulphide	220.6	13.8	500	2.31
Nov 1993 to Jan 1995	Maid O'Mist Mining Company	Oxidised	490.5	32.7	645	1.31
Feb 1995 to May 1995	Caledonia Corporation Limited	Oxidised	81.1	20.3	131	1.62
Jul 1996 to Jul 1997	Caledonia Corporation Limited	Sulphide	166.4	12.8	311	1.87
Mar 2003 to Sep 2006	Caledonia Corporation Limited	Sulphide	207.3	5.6	342	1.65
Total Production			**1,165.9**		**1,929**	**1.65**

Source: Vantage

Since acquiring the Barbrook project in 2008, Vantage has conducted a number of studies and carried out a three-year trial mining programme as part of the Barbrook Stage 1 development. Trial mining commenced at the Taylors deposit in early 2011 and continued until Q1, 2014. Production from this trial mining exercise at Barbrook Stage 1 (Taylors Mine) is summarised in Table 3.2.

Table 3.2: Barbrook Stage 1 production summary

	Unit	2011	2012	2013	Q1 2014
Ore Mined	t	24,949	76,650	99,242	26,862
Ore Milled	t	25,149	71,771	103,175	29,647
Head Grade	g/t	4.40	3.62	3.19	2.65
Recovery	%	50	51	49	62
Gold Produced	oz	1,726	4,889	5,163	1,569

Source: Vantage

The trial mining programme was considered by Vantage to be successful demonstrating improvements, particularly in metallurgical processing results and mine production. In addition, Vantage has conducted:

- exploration drilling and metallurgical testwork designed to increase Barbrook's defined Ore Reserves through conversion of the existing Mineral Resources
- an initial scoping study to investigate various metallurgical processing options for treating Barbrook's refractory ores and determining the optimal processing method.
- a Feasibility Study into the Stage 2 expansion at Barbrook to determine the feasibility of mining and processing the depth and along strike extensions to the ore body extracted at Taylors Mine (i.e. Barbrook Stage 1).

Current Project

Barbrook Stage 1 (originally known as "Taylors Stage1", being initially focused on the Taylors ore body) has been operating since April 2011, with a transition from concentrate sales to direct leaching of concentrates and bullion production on site being achieved in January 2013. The current nominal ore treatment rate for Stage 1 is 9,500 tpm.

A Feasibility Study has been underway since January 2012 to address the planned expansion of the Barbrook mining and operations to a rate of 25,000 tpa ore treatment, including assessing the resources and reserves below 10 Level, and the potential to introduce BIOX and HiTeCC technology to improve recoveries. This expansion to 25,000 tpm is known as Barbrook Stage 2B. The pace of the Barbrook Stage 2B Feasibility Study has been slowed due to capital constraints in 2013. Stage 2B therefore is unlikely to be in production until the first half of 2016 at the earliest. Ultimately a further doubling of production to 50,000 tpm is envisaged (2017 to 2018), which is now defined as Barbrook Stage 3. Study work on this phase has not commenced as it is considered to by Vantage to be a strategic target and not a "production target" under ASX Listing Rules.

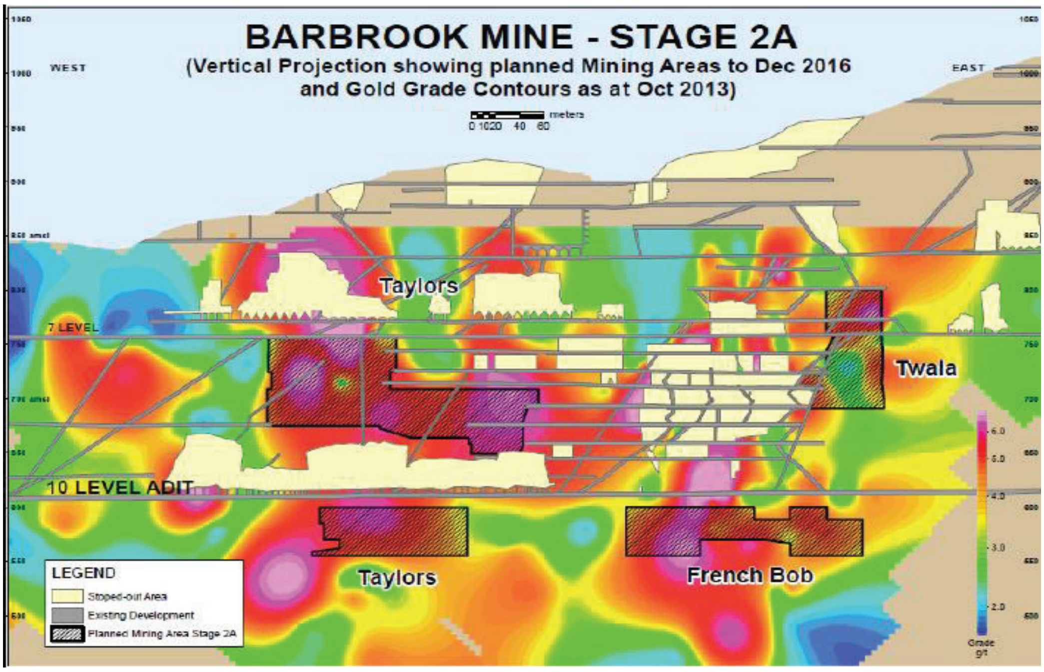
In a capital-constrained environment, the opportunity for an intermediate, low capital cost, fast track expansion of Barbrook operations to 15,000 tpm (180,000 tpa) has been assessed by Vantage. This low capital expenditure intermediate expansion option could be in full operation within six months of a go-ahead. This intermediate expansion option is defined as Barbrook Stage 2A. This will be followed by Stage 2B (the expansion to 25,000 tpm). A project team is currently being assembled to carry out the detailed design, operating and capital costs for this stage.

The Stage 2A expansion will result in a more than doubling of gold production from Barbrook.

Under the current Barbrook Stage 2A expansion plan which forms part of the Company's ongoing BFS-level activities, annual gold production is forecast to increase from around 6,500 ozpa to over 14,000 ozpa. Apart from increasing the tonnage throughput, gold output will be further boosted by a forecast improvement in grades, and improved recoveries resulting from enhancement of the mineral processing flow sheet.

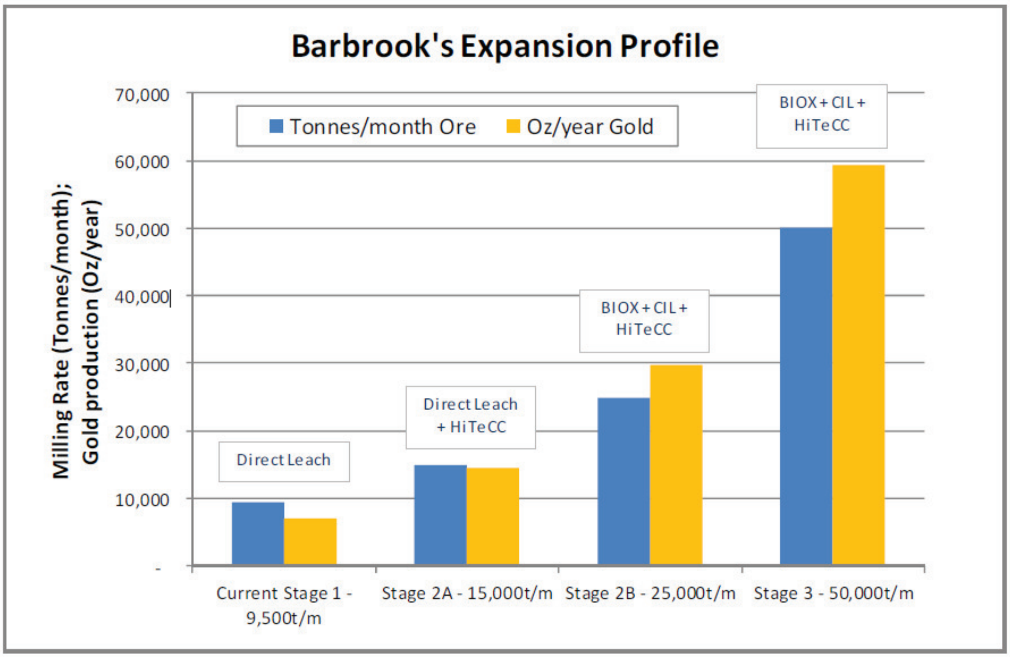
The current detailed mine plan for Stage 2A includes blocks scheduled until December 2016. Additional "unscheduled" ore reserves are blocks (to a depth of approximately 100 m below 10 level) that have been established by the drilling below 10 Level which have not been included in the detailed mine plan. These will convert into reserves when included in the mining schedules. Over half of the ore to be mined to December 2016 is planned to be sourced from reserves above 10 Level, while the decline to access ore below 10 Level is developed and equipped. The mining below 10 Level will only progress to approximately 55 m below 10 Level by the end of 2016.

Figure 3.1: Vertical projection showing planned mining areas to December 2016



Source: Vantage Barbrook FS Stage 2A Exec Summary

Figure 3.2: Vantage's proposed expansion profile for Barbrook



Source: Vantage Barbrook Stage 2A expansion report Exec Summary

3.3 Local geological setting

Regionally, the gold mineralisation in the Barbrook area is located along two major east-west trending shear zones, known as the Barbrook Line (to the south) and the Zwartkoppie Line (to the North, Figure 3.3). Both these structures extend over a 100 km strike length and are concordant with the ultramafic schist zones (Zwartkoppie Formation) known to host gold deposits at the nearby Sheba gold mining operation (owned by a third party).

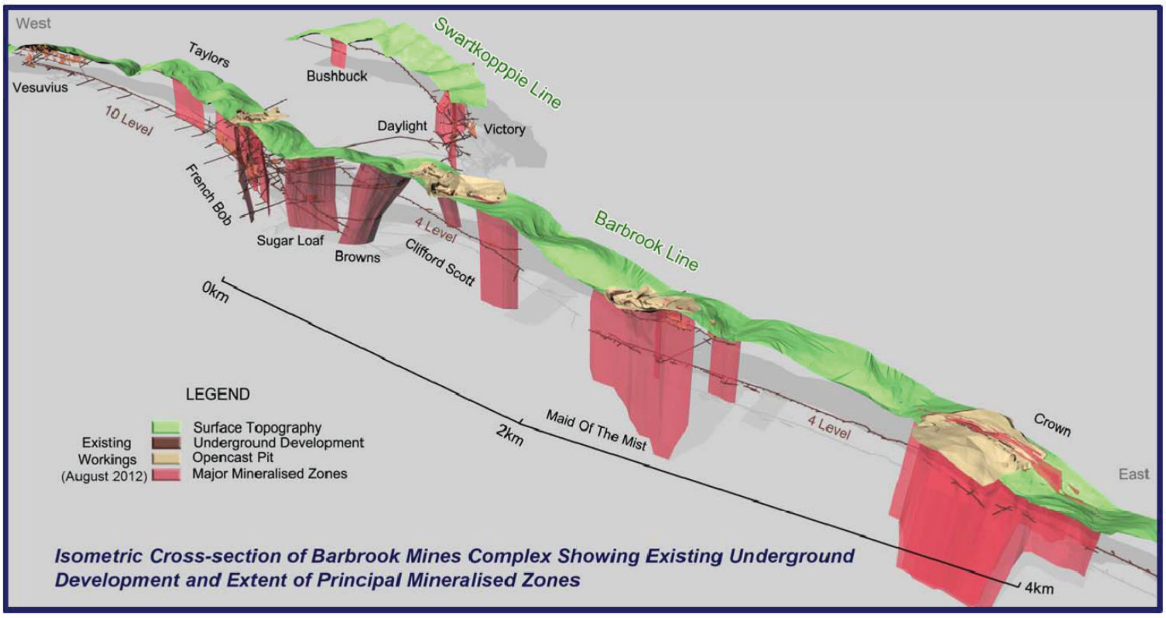
Most of the known gold deposits lie along the Barbrook Line with some 60 ore shoots of varying dimensions and extent recognised. Most lodes dipping steeply (+70°), although the orientation of these shoots is variable.

Gold mineralisation associated with these shear zones is primarily BIF-hosted (within basal units of the Fig Tree Group):

- The Barbrook Line deposits consist of the Vesuvius, Taylors, French Bobs, Sugar Loaf, Browns, Crescent, Clifford Scott, Maid of the Mist and Crown sections all situated to the east of the plant site. West of the plant site are the old workings of Cascades, Cookes, Barbrook (old) and Sofala. The bodies are aligned along a zone of BIF/chert and meta-ultramafic/volcanic rocks a short distance north of the Barbrook Fault. Intense shearing, massive quartz veining, silicification of BIF and sulphide enrichment characterise the larger bodies.
- the Zwartkoppie Line occurring in a series of tight folds with sub-vertical fold axes resulting in structural duplication and thickening of an intercalated quartz-carbonate schist, chert and BIF host package. Several north-northeast-south-southwest trending dykes intrude this sequence.

Secondary mineralisation also occurs in altered ultramafic schists adjacent to the BIFs.

Figure 3.3: Main deposits along the Barbrook and Swartkoppie lines



Source: Vantage prospectus, 2010

Barbrook ores are refractory and the gold is very finely distributed within the sulphide minerals. Consequently, a very fine grind is required to liberate the gold. Ore minerals are predominantly arsenopyrite and pyrite with minor pyrrhotite.

3.4 Crown Prospect

The Crown prospect is located at the eastern extremity of the mining right hosting the Barbrook Mine Complex. Shear hosted gold mineralisation at Crown was previously mined as oxide ore by open pit and to a lesser extent as sulphide ore by underground.

Vantage carried out detailed geological re-modelling of the previous drilling and underground sampling data at Crown, which indicated the potential to bulk mine an array of mineralised shears both in the oxidised zone and from underground.

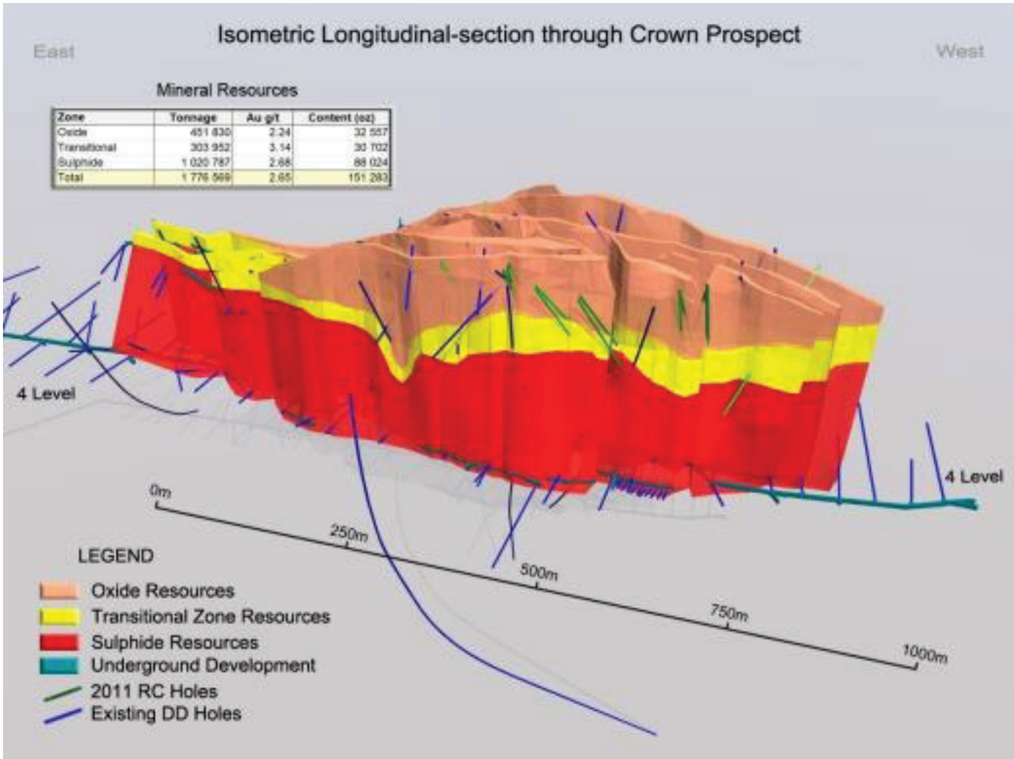
A scoping study was completed in 2011, which evaluated the viability of open pit mining of oxides and processing them on site. The study was based on the concept of delineating sufficient oxide ore to justify installing a mobile gravity concentrator. This study included infill drilling as well as metallurgical test work to ascertain whether the ore is amenable to gravity concentration. A total of 4,051 m in 19 RC boreholes were drilled into the area above 4 Level, which is approximately 150 m below surface.

After incorporating the RC drilling results into the existing drill core sampling data base, a revised block model was completed for the area above 4 level, which resulted in an upgrading of the Mineral Resource.

Unfortunately, the metallurgical results were disappointing in that the concentrating test work indicated that it is not feasible to process the oxide portion of the Mineral Resources using a mobile gravity concentrating plant.

Consequently, the scoping study has shown that it is not economically viable to treat oxide material only by open pit mining methods using a low cost processing option. Other alternatives for mining the sulphide material from underground and treating it at the CMC are being investigated.

Figure 3.4: Longitudinal section through Crown Prospect



Source: Vantage ASX announcements

3.5 Mineral Resources and Ore Reserves

The Barbrook Mine Complex has a total Mineral Resource of 14.56 Mt at a grade of 4.70 g/t Au (refer to Table 1.1) and comprises approximately 47% (2,202,270 Au ounces) of the total combined Mineral Resource gold ounces within the Vantage project portfolio. Approximately 40% (879,300 Au ounces) of Measured and Indicated gold ounces are classified within the Barbrook Mine Complex Mineral Resource, which represents 42% of the overall Measured and Indicated Mineral Resources within the Vantage project portfolio.

The Mineral Resource for the Barbrook Mine Complex is divided into twelve separate resources associated with the Barbrook Mine underground infrastructure (Table 3.3). The Taylor Mineral Resource includes the Taylors, French Bob and Twala mineralised structures and has been the main focus of feasibility studies by Vantage. The current public and/or internal information by Vantage includes documentation relating to the Taylors Mineral Resource that supports the reporting of the Mineral Resource according to the guidelines of the JORC Code (2012). It is Xstract's opinion that the other eleven Mineral Resources have not been reported in sufficient details to meet the guidelines of the JORC Code (2012). Xstract suggests that these Mineral Resources be reported according to the guidelines of the JORC Code (2004) until further relevant documentation (e.g. Mineral Resource report and Table 1 of the JORC Code (2012)) is compiled to support the minimum requirement guidelines of the JORC Code (2012).

Table 3.3: Mineral Resources for the Barbrook Mine Complex

Barbrook Mine Complex Mineral Resources (Vantage interest 74%)			
	Tonnes (Mt)	Grade (g/t)	Metal (oz Au)
Taylors			
Measured	1.068	3.67	125,900
Indicated	2.641	2.29	194,400
Inferred	3.048	4.72	462,800
Total Mea+Ind	**3.709**	**2.69**	**320,300**
Crown			
Measured	1.777	2.65	151,400
Indicated	0.115	5.59	20,900
Inferred	0.229	5.69	41,800
Total Mea+Ind	**1.892**	**2.83**	**172,300**
Daylight			
Measured	0.005	7.04	1,300
Indicated	0.230	7.64	56,600
Inferred	1.075	7.20	248,800
Total Mea+Ind	**0.235**	**7.63**	**57,900**
Maid of the Mist			
Measured	0.138	5.51	24,400
Indicated	0.143	5.51	25,400
Inferred	0.810	5.51	143,400
Total Mea+Ind	**0.281**	**5.51**	**49,800**
Clifford Scott			
Measured	0.128	4.86	19,900
Indicated	0.272	4.89	42,800
Inferred	0.422	4.89	66,200
Total Mea+Ind	**0.400**	**4.88**	**62,700**
Browns			
Measured	0.141	5.05	22,800
Indicated	0.152	4.89	42,800

Barbrook Mine Complex Mineral Resources (Vantage interest 74%)			
	Tonnes (Mt)	Grade (g/t)	Metal (oz Au)
Inferred	0.422	4.89	66,200
Total Mea+Ind	**0.293**	**4.97**	**65,600**
Sugarloaf			
Measured	0.111	5.62	19,900
Indicated	0.117	6.94	26,000
Inferred	0.404	6.94	90,000
Total Mea+Ind	**0.228**	**6.30**	**45,900**
Victory			
Measured	0	0	0
Indicated	0.003	6.05	600
Inferred	0.062	6.05	12,200
Total Mea+Ind	**0.003**	**6.05**	**600**
Crescent			
Measured	0.028	4.41	3,900
Indicated	0.055	4.41	7,700
Inferred	0.145	4.41	20,600
Total Mea+Ind	**0.083**	**4.41**	**11,600**
Sofala			
Measured	0	0	0
Indicated	0	0	0
Inferred	0.150	3.70	18,000
Total Mea+Ind	**0**	**0**	**0**
Bushbuck			
Measured	0	0	0
Indicated	0.003	6.05	600
Inferred	0.062	6.05	12,200
Total Mea+Ind	**0.003**	**6.05**	**600**
Greenschist			
Measured	0.009	4.60	1,300
Indicated	0.009	9.01	2,600
Inferred	0.031	4.86	4,800
Total Mea+Ind	**0.018**	**6.81**	**3,900**

Source: Vantage pers comm.

Resource estimation was undertaken to create a block model to report the Taylors Mineral Resource within the Barbrook Mine Complex in December 2013. A high level summary of the resource model development and estimation parameters to construct the Taylors Mineral Resource is provided in Table 3.4.

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Table 3.4: Taylors Mineral Resource summary

Taylors Mineral Resource	Description
Geological interpretation	3D wireframes (envelopes) were interpreted from grades >0.5 g/t Au
Sample data	Log-normal distribution of >1300 assay points. Upper cut-off applied of 50 g/t Au
Type of model for reporting	Block model
Block size	All Domains: 10 m Strike by 2 m Width by 10 m Dip
Estimation type	Ordinary Kriging
Search ranges	Rectangular search method applied (see reporting)
Variography	Nugget effect just under 50% with ranges 30 m strike and 40 m in depth
Bulk density	Dry in-situ bulk density constant of 2.80 g/cm^3
Grade estimation parameters and Classification	Measured defined with search 30 m Strike by 40 m Dip Indicated defined with search 60 m Strike by 80 m Dip Measured above 10 Level with search 30 m Strike by 10 m Dip Indicated below 10 Level with search 60 m Strike by 20 m Width by 60m Dip Inferred extended 850 m below 10 Level
Audits	Audited by an Independent Competent Person - date last audited is unknown

Vantage has completed an analysis of 1,254 half core, wet-dry determinations of half cores sent to Performance Laboratories for assay. This analysis has confirmed an average bulk density for Taylors to be 2.8 g/cm^3. Vantage will be reviewing the bulk density data during their interim resource updates around mid-2014.

In Xstract's opinion, the Taylors Mineral Resource estimation methodology is consistent with internationally acceptable practices for similar styles of deposits.

The conversion of the Taylors Mineral Resource to the Ore Reserve is provided in Table 3.5. Approximately 14% of the gold ounces contained within the Taylors Mineral Resource have been converted to the Ore Reserve.

Table 3.5: Conversion of Mineral Resource to Ore Reserve for Taylors

Mineral Resource included into Ore Reserve				% Converted of Mineral Resource to Ore Reserve		
Resource Classification	Tonnes (Mt)	Grade (g/t Au)	Metal (oz Au)	Tonnes (% Difference)	Grade (% Difference)	Metal (% Difference)
Measured	0.45	5.44	79,268	12	147	18
Indicated	0.27	5.15	45,121	10	107	10
Inferred	0	0	0	0	0	0
Total Mea + Ind	0.73	5.33	124,389	11	128	14

Upside exploration potential includes an estimated Inferred Mineral Resource of over 1.3 million ounces of gold.

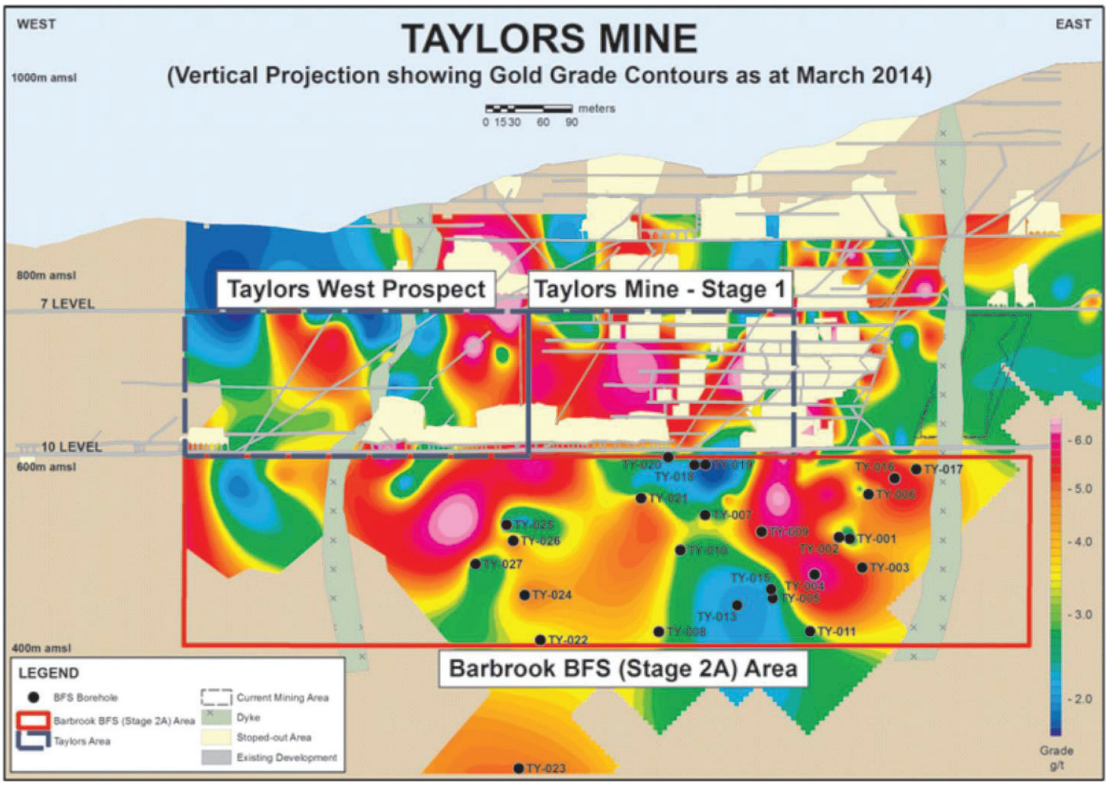
The conversion rate of Resources to Reserves is low as mine planning, and hence conversion, has only been completed for the Taylors (Taylors, Twala and French Bob) orebodies. Mine planning has not been completed for any of the other orebodies and hence they remain classified as Resources only. All of the Measured and Indicated Resources that lie above the cut-off grade used in the mine planning at Taylors have been included in the stated Ore Reserve.

3.6 Mining

3.7 Mining method

For Barbrook Stage 1 operation, the current mining method is bulk mining using sub-level open stoping, rather than the selective underhand and shrinkage mining used by the previous owners of the mine.

Figure 3.5: Vertical projection at Taylors Mine (Barbrook Stage 1 and 2A)



Source: Vantage 2013 Annual Report

Based on details outlined in the Barbrook Stage 2A BFS documentation, the same approach will be adopted in the mining below 10 Level as well as the remainder of the mining above 10 Level on the Taylors and French Bob ore bodies. Above 10 Level, the existing sub-levels will continue to be developed with stoping between these levels using the current mining methods of long hole open stoping with the ore either I) reporting to a scraper drift and being scraped into an ore pass, or II) with the ore cascading to the lower level (10 Level) in the open stope and being drawn out of draw points using rocker arm loaders.

Operations below 10 Level will be trackless. The ore will be accessed via a new decline with LHDs tipping onto a conveyor system to transport ore and waste to surface rather than trucks as used at Lily. New infrastructure will be developed with a sub-level spacing of 15 m and 2 sub-levels between each main level.

The mining method will be long-hole open stoping.

The use of a conveyor will result in lower operating costs than trucks. The system is easily scalable to higher production rates. This is particularly important as Stage 2A is the first of a number of expansions planned at Barbrook. As the size of a conveyor is usually selected based on the maximum lump size of the material to be transported, in most cases the capacity of a conveyor system can easily be increased by increasing the motor size to handle a higher duty.

The ore from below 10 Level will be trammed to surface on 10 Level using the existing rail system. In order to handle 15,000 tpm plus the waste development (which will be approximately 5,000 tpm) the haulage on 10 Level will need to be upgraded. An allowance has been made in the capital estimate to upgrade the tracks on 10 Level as well as to purchase additional rolling stock.

Contract mining will be used in Stage 2A.

3.8 Mining schedules

From March to June 2014, the production is forecast to remain constant at 10,000 tpm, with all the production coming from mining above 10 Level. In July 2014, the production commenced ramp up to 15,000 tpm, which is scheduled to be achieved by July 2015. This is scheduled to coincide with the upgraded processing plant facility reaching nameplate capacity, after which the production will remain constant at 15,000 tpm, for the remainder of this mine plan at the end of 2016.

Development on 10 Level to prepare for mining below 10 Level has been postponed, possibly by three to six months.

In the first six months upon recommencement of development activities, the required infrastructure on and above 10 Level will be established. Development of the conveyor decline below 10 Level will commence in October 2014, with access to the first mining levels occurring in April 2015.

Below 10 Level the cut-off grade was selected to deliver an average RoM grade of above 4.0 g/t Au to the mill.

In order for the RoM grade to average 4.0 g/t Au, the average in-situ grade needs to be 5.2 g/t Au. Only blocks with an in-situ grade of over 3.7 g/t Au have been included in the mine plan. This has resulted in an average RoM grade from the area between 10 Level and 12 Level of 4.03 g/t Au.

Vantage's current base case and delayed case mine production schedules are summarised in Table 3.6 and Table 3.7 respectively.

Table 3.6: Vantage's base case mine production

Year to December		2014	2015	2016	2017	2018
MINE PRODUCTION						
Tons milled	(t)	128,647	162,000	180,000	180,000	130,000
Head Grade	(g/t)	3.41	3.60	3.60	3.60	3.60

Table 3.7: Vantage's six-month delay case mine production

Year to December		2014	2015	2016	2017	2018
MINE PRODUCTION						
Tons milled	(t)	128,647	144,000	180,000	180,000	148,000
Head Grade	(g/t)	3.41	3.60	3.60	3.60	3.60

In both cases, scheduled production is from Stage 2A only. Production beyond 2018, ore will be sourced from Stage 2B sources. Scheduling is currently in progress.

3.9 Processing

A processing circuit at the CMC treats "double refractory" ore from the Taylors Mine, where gold is both occluded by sulphides and preg-robbing carbonaceous material is present, which presents challenges both to leaching and to gold recovery.

Ore is crushed, milled and passed through a bank of flotation cells where float concentrate is produced. Until mid-2012 concentrate was sold to third parties, but during 2012 a leach circuit was commissioned at CMC where flotation concentrates are leached directly in CIL leaching tanks, elution, electrowinning and smelting to Doré.

The circuit processing the Taylors Mine ore has a treatment capacity of 9,500 ROM tpm, which is planned to be expanded to accommodate the planned increase in production from the Barbrook Stage 2 expansion.

Historical Barbrook process performance statistics are summarised in Table 3.8. Flotation recoveries have increased from 50% to approximately 71% in 2013 – but with a decrease in concentrate grade due to higher mass pull.

Table 3.8: Barbrook three-year historical process performance

	Unit	2011	2012*	2013
Flotation				
Tons milled	t	24,470	66,985	103,171
Head Grade	g/t	4.40	3.67	3.49
Head Content	Kg	108	246	360
Flotation recovery	%	50%	53%	71%
Concentrate grade	g/t	540	501	37.27
Residue grade	g/t	2.20	1.69	1.10
Concentrate content	Kg	53.8	134	257
Residue content	Kg	53.8	113	103
Mass pull	%	4.1%	4.0	6.7%
Concentrate produced	t	993	1,348	6,908
Leach				
Tonnes leached	t	-	14,786	6,908
Grade leached	g/t	-	3.60	37.27
Leach recovery	%	-	47%	69%
Gold produced	Kg	-	20	176
Gold produced	Oz	-	641	5,150
Leach tailings grade	g/t	-	1.54	10.01
Unaccounted gold	Kg	-	(11)	(16)
Plant call factor	%	-	80%	91%
Gold sold	Kg	-	19.9	160
Total				
Tonnes processed	t	24,470	81,771	103,171

	Unit	2011	2012*	2013
Grade processed	g/t	4.40	3.66	3.49
Overall recovery	%	50%	52%	49%
Gold produced	Kg	54	152	176
Gold produced	Oz	1,730	4,890	5,150
Tailings grade	g/t	2.2	1.7	1.6
Unaccounted gold	Kg	0.6	(6.7)	(16)
Plant call factor	%	101	98%	91%
Gold sold	Kg	54	103	160

* Barbrook ore processed by Lily CIL from November 2012 to April 2013

The Feasibility Study included extensive metallurgical test work and concluded that the most appropriate processing method for treating the Barbrook material to be mined in the production expansion plan is BIOX® sulphide degradation followed by CIL.

Metallurgical recoveries from direct leaching have been relatively low to date but, with the staged introduction of additional leach tanks and the HiTeCC process.

The HiTeCC process comprises increasing the temperature of the leach slurry towards the end of the leach train, adjusting the pH and contacting with fresh activated carbon. The principle is that gold on preg-robbing material will be de-adsorbed at higher temperature and pH, and preferentially re-adsorbed onto activated carbon.

Recoveries appear to have increased since partial introduction of the HiTeCC process, through addition of a single heated adsorption stage at the end of the leach train. The degree of improvement is, however, difficult to determine due to poor metallurgical accounting, the cause of which is currently under scrutiny by Vantage.

Spiral concentrators are being installed to treat flotation tailings for the recovery of coarse sulphides lost to float tails. The benefit of this gravity concentration stage is yet to be assessed.

The results of BIOX® pilot plant metallurgical test work indicates that leach gold recoveries from concentrates in excess of 80% can be achieved after BIOX® treatment. However, with the addition of the HiTeCC processing step to treat the CIL residues after bioxidation, leach recoveries are expected to be enhanced to at least 90%.

Of relevance to the final flow sheet selection for the Barbrook Stage 2 BFS is whether the present, production-scale treatment of concentrates in the CMC will prove to be economically preferable to BIOX®. Current investigations aim to eventually bring the overall flotation and leach recoveries in the Barbrook direct leach circuit to 70%.

The metallurgical forecast in the Feasibility Study is summarised in Table 3.9.

Table 3.9: Barbrook FS metallurgical forecast parameters

Feasibility Case		2014	2015	2016	2017	2018
Tonnes processed	t	128,647	162,000	180,000	180,000	130,000
Grade processed	g/t	3.41	3.60	3.60	3.60	3.60
Overall recovery	%	58%	64%	65%	65%	65%
Gold produced	Kg	255.8	371.7	421.2	421.2	304.2
Gold produced	Oz	7,900	11,700	13,200	13,500	9,800
Tailings grade	%	1.43	1.31	1.26	1.26	1.26
Gold sold	Kg	255.8	371.7	421.2	421.2	304.2

Recovery and production for the six month delay of Stage 2A implementation is summarised in Table 3.10.

Table 3.10: Barbrook six-month delay metallurgical forecast parameters

6 month delay case		2014	2015	2016	2017	2018
Tonnes processed	t	128,647	144,000	180,000	180,000	148,000
Grade processed	g/t	3.41	3.60	3.60	3.60	3.60
Overall recovery	%	58.23%	61.08%	65.00%	65.00%	67.43%
Gold produced	Kg	256	317	421	421	359
Gold produced	Oz	7,900	9,900	13,200	13,500	11,600
Gold sold	Kg	256	317	421	421	359

3.10 Risk and opportunities

The major risk to the mine is further delays following the enforced capital expenditure constraints in Stage 2A implementation. With capital now available, the project is scheduled to commence some six months behind schedules previously discussed.

While the expeditious opening up of reserves below 10 level presents an opportunity to increase production, failing to do so will seriously impact the success of the project.

Bulk density values at the Barbrook mine complex have been assigned a constant bulk density of 2.8 g/cm^3 considering the number of BIF related mineralised zones within the complex, Xstract considers this bulk density potentially to be lower than expected. The impact would be an increase in overall tonnage potentially up to 10%, but still within the confidence level of a Measured Resource.

Over 60% of the currently defined ounces within the Barbrook Mine Complex Mineral Resource have not been appropriately reported under the JORC 2012 Code. However, considering that there is a long history of mining at Barbrook, including multiple historical resource estimates, Xstract considers these resources to be appropriate for reporting under JORC Code (2004) and for valuation purposes.

Production beyond 2017 (Stage 2B) is unscheduled and is a mechanistic projection of the Stage 1 production. Detailed scheduling will be done later in the year.

Whilst recent leach performance appears better, the improvement in process recoveries as a result of the HiTeCC implementation has yet to be proven over the medium term. Addition of pH adjustment is yet to be implemented.

Capital constraints restrict BIOX installation for Stage 2B implementation.

4 Worcester Project

4.1 Location

The Worcester Project hosts the dormant Worcester mine and surrounding prospects (i.e. Bonnie Dundee Mine, Independent Mine) within a large block of concessions centred some 19 km north of Barberton, 25 km from Nelspruit, and approximately 50 km by road for the Lily and Barbrook Projects.

The project is adjacent to the main provincial tarred road connecting Nelspruit to Barberton and the dirt road from Nelspruit/Noordkaap to Consort Mine also passes through the project. It is situated immediately south of the Noordkaap River in a reasonably vegetated area.

4.2 History

Since opening in 1887, the Worcester mine has been intermittently mined by various companies until 1991. Significant owners include Rand Mines in 1963 and Anglo American Corporation in 1987. The bulk of the previous production (totalling some 170,000 oz) occurred over a 16 year period from 1905. In the period 1921 to 1991, approximately 2,663 oz of gold was produced.

The underground workings of the mine are inaccessible. It is reported that the strong inflow of underground water caused the abandonment of previous mining operations. The close proximity of the Noord Kaap River was thought to be the main reason. The reef, the strike of the country rock and the river, all lie parallel, suggesting a major cross formational fissure/structure may have been encountered during mining.

Since 1999, the project has been held by predecessor companies to Vantage. Exploration activities conducted since this time include geological mapping of the underground workings and surface extensions to the known mineralisation, surface geochemical and geophysical surveys, and surface diamond drilling. The drilling confirmed the down-dip extension of the Worcester mineralised zone below the former mine workings, which extend to a depth of about 300 m below surface.

Current Project

Vantage's plans for operations at the Worcester mine are less advanced than at Lily or Barbrook, with it being evaluated as part of the Company's regional exploration and evaluation programme.

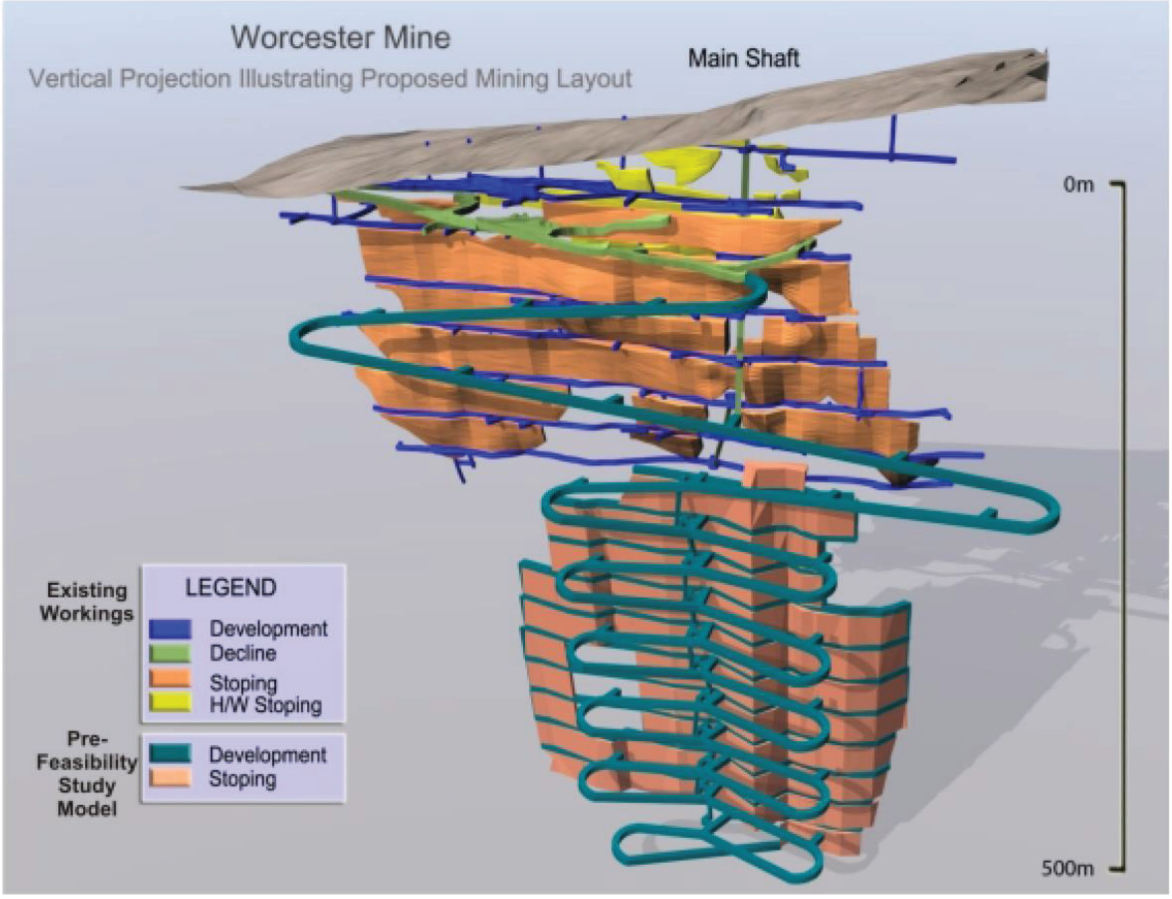
In April 2012, Vantage completed a Pre-feasibility Study on the viability of mining the Mineral Resources delineated below the historic mine workings. This study investigated the viability of applying low cost, bulk mining methods to the Indicated Mineral Resources situated between 210m and 560m below surface. The steeply dipping Worcester mineralised zone, which contains free-milling gold, is reportedly amenable to mechanised mining by means of continuous retreat open-stoping.

Based on the mine design (Figure 4.1), and after applying economic and modifying factors, this study concluded that an Ore Reserve of some 1.4 Mt at a grade of 3.01 g/t Au (equivalent to 133,000 oz) could be mined over 10 years at a production rate of 150,000 tpa.

Although the results of the pre-feasibility study were generally positive, Vantage concluded that the proposed mining operation was not sufficiently robust to justify a more detailed engineering study. Whilst further exploration was proposed in and around Worcester, no further studies have been carried out since mid-2012, as Vantage has instead focussed on the Lily and Barbrook mine areas.

In Xstract's opinion, there is unlikely to be any significant production from the Worcester Mine in the near to medium term.

Figure 4.1: Proposed mine layout for the Worcester mine



Source: Vantage Worcester PFS Study Report

4.3 Local geological setting

The Worcester Project is located in the Jamestown Schist Belt, which represents the north-western arm of the BGB. It is a 24 km long west-northwest trending syncline, complicated by superimposed Z-folds and disharmonic folds. The belt varies from 1 to 6 km in width and is surrounded by the Nelspruit Granite to the northeast and the Kaap Valley Granite to the southwest.

Key stratigraphic units in proximity to the former Worcester Mine are ultramafic to mafic rocks, minor chert and carbonaceous schists of the Theespruit and Komati Formations of the Lower Onverwacht Group.

The dominant structural features of the Worcester Project are the northwest-southeast trending Albion Fault, and its splay, the Worcester Shear. The gold mineralisation at the Worcester Mine is associated with the Worcester Shear, an 800 m long, 40 m wide mylonite zone, which hosts a large, north-northwest trending, steeply dipping quartz vein (known as the Worcester Reef). The known strike extent of the veins is approximately 600 m and varies between 12 and 20 m in width. The quartz vein was previously mined to a depth of 200 m below surface. Two deposits, North and South Reefs, were historically mined, with South Reef providing the bulk of the ore. Both reefs pinch and swell along the horizontal plane.

The quartz vein is mineralised with pyrite and pyrrhotite, with both stringer and disseminated sulphides present. Fuchsite alteration is closely associated with the gold mineralisation. Free milling gold occurs as blebs, smears and flakes, and along the fractures in the vein.

There are a number of small mines distributed along the Worcester Shear.

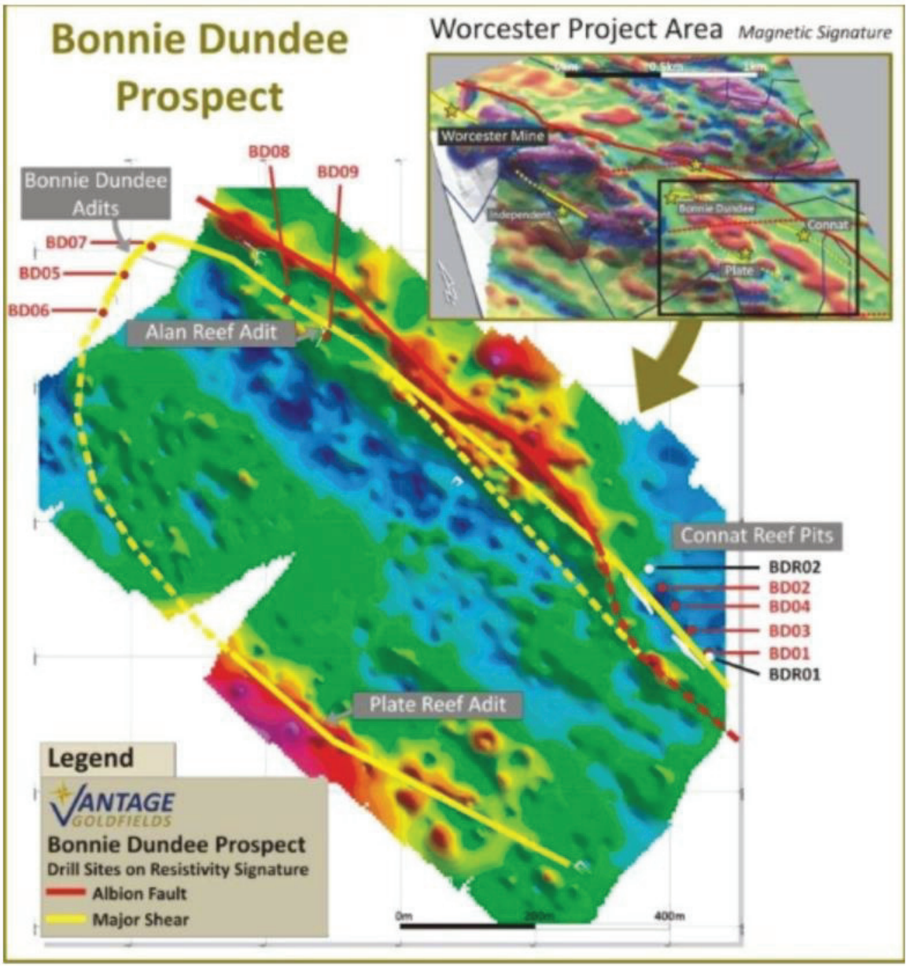
4.4 Bonnie Dundee Prospect

The Bonnie Dundee prospect is located on an extension of the Albion Fault towards the southeast of the dormant Worcester Mine and forms part of the Worcester Project area. It encompasses several former mine workings including the Bonnie Dundee, Independent, Alan and Connat workings.

The Albion Fault is the main controlling structure for the mineralisation in the area, while mineralisation at Bonnie Dundee is associated with quartz veining within hornblende schist.

Vantage's first phase of field exploration at Bonnie Dundee commenced in 2012 and involved trenching, RC and diamond drilling and ground geophysical surveying Figure 4.2.

Figure 4.2: Location of drilling at the Bonnie Dundee prospect, near Worcester mine



Source: Vantage ASX Announcments

Trenching along the Albion Fault exposed several prominent quartz-filled shears and within the Bonnie Dundee prospect adit demonstrated that the mineralised zones extended over 10 to 40 m strike lengths and up to 3.5 m in widths. Average grades from the adit sampling programme ranged from 2 to 3.2 g/t Au.

Underground sampling of the former Independent workings over three levels was also completed, while sampling and diamond drilling at the adjacent Connat Reef pits identified the presence of a 200 m long mineralised shear to the Albion Fault.

This provided Vantage with sufficient encouragement to drill test the Albion, Connat and Alan shears within and below the oxidation zone. The design of the drilling programme was further supported by a ground geophysical survey to provide definition of the strike and depth extent of the mineralised structures.

Subsequent diamond drilling was carried out to test the down-dip extensions of the mineralised structures to a depth of 100 m below surface. This programme resulted in a preliminary mineral resource being delineated at the Independent workings, which form part of the Bonnie Dundee prospect area.

These activities indicated that the Bonnie Dundee mineralised oxide zones offers potential for open pit mining.

4.5 Mineral Resources/Ore Reserves

The Worcester Project has a total Mineral Resource of 3.37 Mt at a grade of 3.78 g/t Au (refer to Table 1.1) and comprises approximately 9% (410,800 Au ounces) of the total combined Mineral Resource gold ounces within the Vantage project portfolio. Approximately 58% (238,700 Au ounces) of Indicated gold ounces are classified within the Worcester Project Mineral Resource, which represents 11% of the overall Measured and Indicated Mineral Resources within the Vantage project portfolio.

The current public and/or internal information supplied by Vantage does not include documentation relating to the Worcester Mine project Mineral Resource that would support the reporting of the Mineral Resource according to the guidelines of the JORC Code (2012). Xstract suggests that the Worcester Mine project Mineral Resource be reported according to the guidelines of the JORC Code (2004) until further relevant documentation (e.g. Mineral Resource report and Table 1 of the JORC Code (2012)) is compiled to support the minimum requirement guidelines of the JORC Code (2012).

The Mineral Resource for the Worcester Project is divided into two separate resources, the Worcester Mine and the Independent Mine. Vantage associates the Independent Mine within the Bonnie Dundee group of deposits under the Worcester Project (Table 4.1).

Table 4.1: Vantage's stated Mineral Resources at Worcester

Worcester Project Mineral Resources (Vantage interest 74%)			
	Tonnes (million)	**Grade (g/t)**	**Gold (oz)**
Worcester Mine			
Measured	0	0	0
Indicated	1.87	3.98	238,700
Inferred	0.99	3.58	115,400
Total	**2.86**	**3.86**	**354,100**
Independent Mine			
Measured	0	0	0
Indicated	0	0	0
Inferred	0.51	3.47	56,700
Total	**0.51**	**3.47**	**56,700**

Resource estimation was undertaken to create a block model to report the Mineral Resources associated with the Worcester Project. A high level summary of the resource model development and estimation parameters to construct the Mineral Resources for the Worcester Project is provided in Table 4.2.

Table 4.2: Key resource estimation parameters at Worcester

Worcester Mine Mineral Resource	Description
Geological interpretation	3D wireframes (envelopes) were interpreted
Sample data	Worcester Mine: Defined by 35 surface diamond core holes. Upper cut-off of 30 g/t Au applied Independent Mine: Underground development/stope sampling over three levels. Upper cut-off of 20.85 g/t Au applied
Type of model for reporting	Block model
Block size	Worcester Mine: All Domains 25 m Strike by 2 m Width by 25 m Dip Independent Mine: 2 m Strike by 2 m Width by 2 m Dip
Estimation type	Worcester Mine: Ordinary Kriging with an Octant search Independent Mine: Ordinary Kriging
Search ranges	See Reporting
Variography	Independent Mine: Sill of 25 m
Bulk density	Worcester Mine: Dry in-situ bulk density constant of 2.80 g/cm^3
Grade estimation parameters and Classification	Worcester Mine: Indicated using a search of 60 m Strike by 20 m Width by 120 m dip; Inferred did not exceed two times the vertical extent of Indicated Independent Mine: Inferred based on 25 m search radius
Audits	Audited by an Independent Competent Person – date last audited is unknown

Xstract is of the opinion that the Worcester Mine project Mineral Resource estimation methodology is consistent with internationally acceptable practices for similar styles of deposits.

The conversion of the Worcester Mine Mineral Resource to the Ore Reserve is provided in Table 4.3. Approximately 85% of the gold ounces contained within the Worcester Mine project Mineral Resource have been converted to an Ore Reserve.

Table 4.3: Conversion of Mineral Resource to Ore Reserve for Worcester Mine project

Mineral Resource included into Ore Reserve				% Converted of Mineral Resource to Ore Reserve		
Resource Classification	Tonnes (Mt)	Grade (g/t Au)	Metal (oz Au)	Tonnes (% Difference)	Grade (% Difference)	Metal (% Difference)
Measured	0	0	0	0	0	0
Indicated	1.31	4.78	202,046	70	120	85
Inferred	0	0	0	0	0	0
Total Mea + Ind	1.31	4.78	202,046	70	120	85

4.6 Risk and opportunities

Mining at Worcester will require the conversion of the current "new order" exploration right to a mining right (and associated operating approvals), with the requisite environmental and social studies also to be carried out. Given more definitive engineering and techno-economic studies are required prior to any application for conversion, in Xstract's opinion it is unlikely that any future mining operation would commence at Worcester within a two-year timeframe.

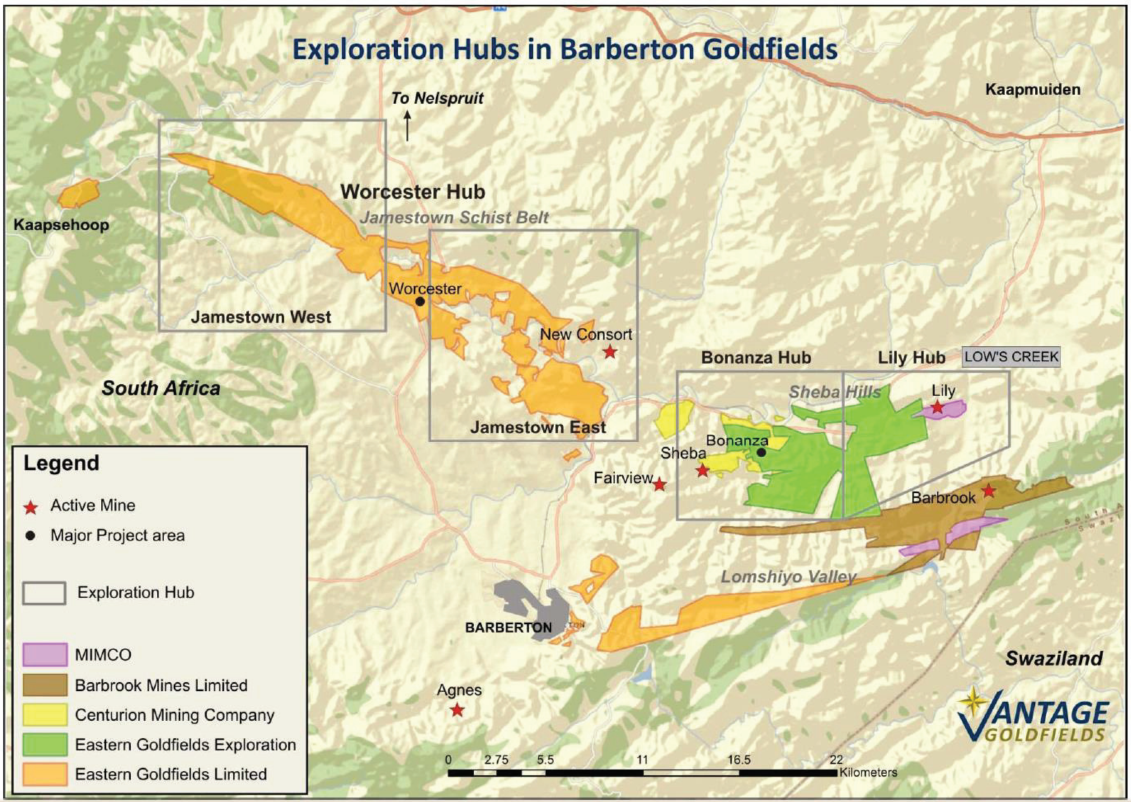
Little is known of the tailings deposits, water quality, run-off and groundwater conditions at Worcester and hence there may be a risk of groundwater pollution.

Both Worcester and Independent mines were worked historically with Vantage having completed underground sampling and geological mapping. Based on the available technical information supplied by Vantage, Xstract considers the resource estimate to be acceptable and suitable for valuation purposes.

5 Other prospects

In addition to its Lily and Barberton gold production centres and the Worcester development project, Vantage also holds an extensive package of exploration rights within the Barberton Goldfield. These mineral rights cover an area measuring some 50 by 30 km which encompasses several former mining centres. For reporting purposes, Vantage has subdivided its holdings into various exploration hubs as outlined in Figure 5.1.

Figure 5.1: Vantage's exploration hubs within the BGB



Source: Vantage 2013 presentation

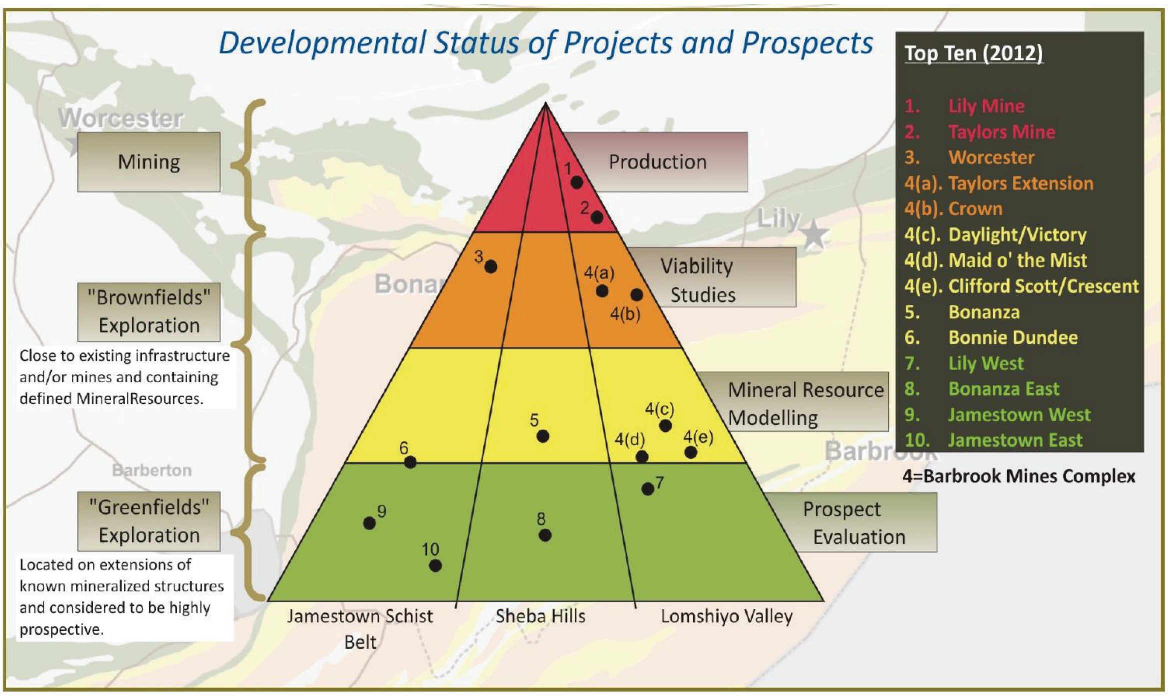
Vantage's exploration philosophy is based on a "probability of success" approach, requiring the quantification of the likelihood of discovering an economically viable deposit within a given period of time and within a certain budget.

On a regional basis, Vantage has completed follow-up field investigations using modern exploration techniques to delineate target areas for drilling. Vantage uses a combination of fundamental geological field work and analysis, airborne and ground magnetic and radiometric geophysical surveying, Induced Polarisation and resistivity geophysical surveying and surface geochemical soils sampling to assess its prospects.

A large number of exploration targets have been identified including several near-mine potential drill targets as well as numerous regional exploration targets that require varying levels of expenditure and commitment if they are to be further evaluated. Each of the identified targets has been ranked in order of perceived importance. Initial exploration activities were then concentrated on prospects capable of supporting near term open pit production and located in proximity to existing infrastructure and/or within existing mining rights.

Importantly, given the economic and market conditions since 2011, Vantage has curtailed its exploration efforts to focus on development of the Lily and Barbrook mines. In 2013 and 2014, no regional exploration activities were carried out by Vantage or its subsidiaries. The Company's current targets as outlined in 2012 are presented in Figure 5.2.

Figure 5.2: Development status of Vantage's near mine and regional prospects (2012)



Source: Vantage 2012 presentation

Vantage proposes to re-establish exploration activities once economic conditions improve. The following section briefly summarises the key prospects.

5.1 Defined Prospects with Mineral Resources

5.1.1 Imperial Mine

The Imperial Mine falls within the mineral rights of Barbrook Mines Limited. The mine is situated 2 km east of the Barbrook Mine Complex. It was worked from 1909 to 1921, with some 20,000 tons of oxide at a recovered grade 5.0 g/t Au was mined between 1909 and 1914. In 1987, MIMCO, a subsidiary of Vantage, acquired the rights to continue exploration on the property which included underground development, diamond drilling and channel sampling.

The mine lies within the lowermost portion of the Fig Tree Group between the Barbrook Fault to the north and the Saddleback Fault to the south. The main lithologies include greywacke, shale and BIF. Gold mineralisation is confined to the BIF and is spatially associated with two shears.

5.1.2 Makonjwaan Mine

The Makonjwaan mine area is accessed from the Barberton-Malelane Road and the Sheba Mine Road about 20 km northeast of Barberton. The topography is rugged and dissected.

Like its close neighbour Imperial, the Makonjwaan mine lies within greywacke, shale and BIF units of the lowermost portion of the Fig Tree Group between the Barbrook Fault to the north and the Saddleback fault to the south. Gold mineralisation at Makonjwaan is situated in a splay fault to the Saddleback Fault, with the shear varying in width from 1 to 10 m.

The Makonjwaan mine has been worked intermittently since 1911 with approximately 600 m of development completed over four levels on a vertical interval of 110 m along a 400 m strike length.

The mine remained dormant between 1958 and 1989, when MIMCO, a subsidiary of Vantage, re-opened the open pit and extracted approximately 600,000 t of oxide material yielding 583 kg of gold from open pit operations and processing at the Makonjwaan plant between 1989 and 1993.

5.1.3 Bonanza and Centurion Dump

The dormant Bonanza mine and Centurion Dump prospects fall within the mineral properties of Centurion Mining Company (Pty) Ltd and is accessible from the Barberton-Malelane Road and the Sheba Mine Road some 20 km northeast of Barberton. It lies adjacent to Pan African Resources PLC's prolific Sheba Mine, an operation that has been producing continuously since 1884. The topography is rugged.

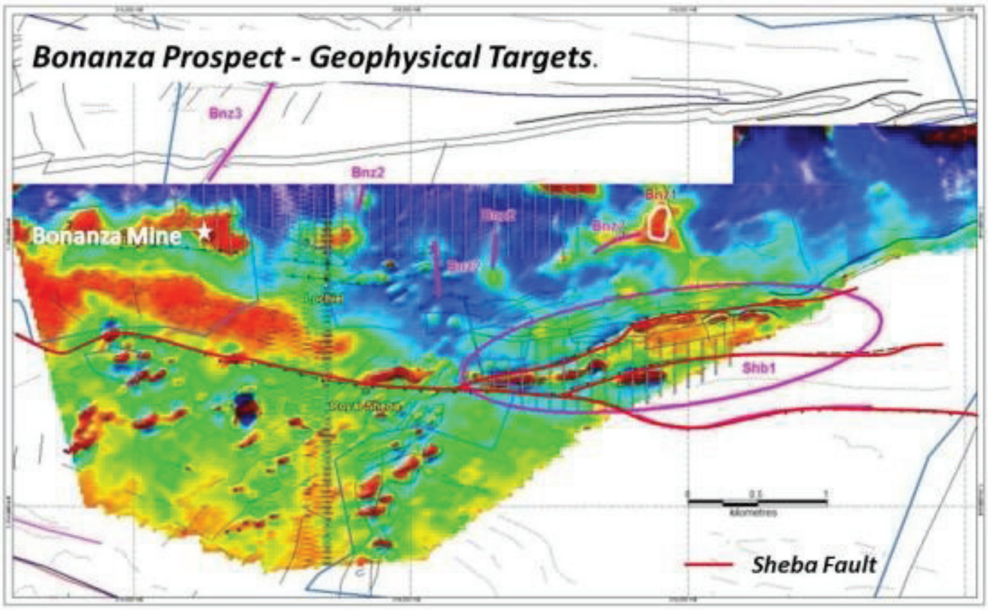
Mining commenced at Bonanza in 1886 and up until its closure in 1990, the mine produced 1,390 kg of gold from 256,000 tonnes of ore. Development and drilling ceased in 1991. A combination of faulting, low grade ore, low gold prices and capital constraints led to the closure of the mine in 1990.

To date, the area has been prospected by various companies using geological mapping, air-photograph interpretation, soil and rock chip geochemistry and surface diamond drilling.

The Bonanza deposit occurs within quartzite units of the Moodies Group along a suite of shears and fractures immediately north of the Sheba Fault. Gold mineralisation is contained in two sub-parallel, north-dipping reefs. Previous exploration demonstrated the presence of gold mineralisation to the west of the historic workings.

Vantage has completed a limited field exploration program to test for further gold mineralisation possibly associated with prominent geophysical anomalies occurring along the Sheba Fault and other subsidiary structures in the Sheba Hills.

Figure 5.3: Geophysical targets defined at the Bonanza prospect



Source: Vantage ASX announcements

5.2 Mineral Resources

The Imperial, Makonjwaan, and Bonanza Mines, along with the Centurion Dump, projects have a total Mineral Resource of 1.11 Mt at a grade of 2.97 g/t Au (refer to "Other Projects" in Table 1.1) and comprises approximately 2% (106,000 Au ounces) of the total combined Mineral Resource gold ounces within the Vantage project portfolio. All of the Mineral Resources for these projects are classified as either Indicated and/or Measured Mineral Resources.

Table 5.1: Vantage's stated Mineral Resources within "Other projects"

Advanced Exploration Targets (Vantage interest 74%)			
	Tonnes (kt)	**Grade (g/t)**	**Gold (oz)**
Imperial Mine			
Measured	0	0	0
Indicated	150	4.01	20,000
Inferred	0	0	0
Total	**150**	**4.01**	**20,000**
Makonjwaan Mine			
Measured	0	0	0
Indicated	300	3.41	32,000
Inferred	0	0	0
Total	**300**	**3.41**	**32,000**
Bonanza Mine			
Measured	50	3.75	6,000
Indicated	50	4.47	7,000
Inferred	0	0	0

Advanced Exploration Targets (Vantage interest 74%)			
Total	**100**	**4.11**	**13,000**
Centurion Dump			
Measured	560	2.28	41,000
Indicated	0	0	0
Inferred	0	0	0
Total	**560**	**2.28**	**41,000**

Source: Vantage 2013 Ore Reserve and Mineral Resource statement

Xstract was not provided with the information regarding the development and reporting of Mineral Resources associated with the Imperial, Makonjwaan, and Bonanza Mines, and the Centurion Dump.

Xstract notes that these Mineral Resource estimates were prepared before the JORC Code was introduced to the ASX Listing Rules as an Appendix (1989). Xstract recommends that the Mineral Resources for these projects/mines be excluded from the reporting of Mineral Resources according to the guidelines of the JORC Code (2012). Xstract suggests that Vantage report the projects/mines as Exploration Targets with sufficient tonnage and grade ranges according to the guidelines of the JORC Code (2012).

5.3 Other Prospects

5.3.1 Lily West

The Lily West prospect is situated adjacent to the Lily mine area. Vantage has carried out trenching and limited RC drilling over this area targeting several magnetic anomalies along the western extension of the Lily Fault and parallel shear zones.

Sampling of the trenches returned encouraging assay results, thus supporting subsequent RC drill testing of the shears. RC drilling did not expose gold mineralization that is sufficiently continuous to warrant immediate consideration for open pit mine planning. Further phases of drilling along strike of the mineralized structures are, however, planned for the future.

5.3.2 Regional exploration

To date, Vantage's focus has been on the brownfields exploration targets located in close proximity to the Company's key mining centres, with little regional exploration conducted. The most significant regional activity has been an aeromagnetic geophysical survey with associated interpretation and targeting exercise over the entire concession area, which has provided a great foundation for exploration going forward. However, trying to discover and define small, fault bound vein systems is extremely difficult and takes considerable exploration.

Xstract notes that Vantage has conducted no regional exploration since 2012.

5.4 Risk and opportunities

Xstract considers the stated Mineral Resources classified by Vantage as "Other Projects" would be better considered as Exploration Targets under the current requirements of the JORC Code (2012). As such, Xstract has elected to significantly discount the implied value of these gold ounces.

Material risks associated with the targets and the exploration potential of Vantage's regional land holdings include:

- Failure to define mineralisation of sufficient continuity, grade or size to convert to a Mineral Resource
- Failure to convert the stated Mineral Resources to Ore Reserve status
- Depletion of available capital before the scopes of the development projects are complete.
- Lack of capital and management focus to support future exploration efforts both at near mine and regional scales
- Operating cost overruns
- Non-compliance with the requirements of the Mining Charter
- Current litigation proceedings against the company's exploration holdings.

6 Valuation

Grant Thornton has undertaken a discounted cash flow valuation of Vantage's LOM projections for Barbrook and Lily Mines. Xstract has reviewed the production and cost projections provided by Vantage. Xstract has advised Grant Thornton on the reasonableness of the assumptions and projections for valuation purposes. In determining the appropriate parameters for valuation, Xstract has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of the Barbrook and Lily Projects.

6.1 Cash flow projections

Xstract has reviewed the technical assumptions supporting Grant Thornton's cash flow analysis of Vantage's operations at Lily and Barbrook. Xstract's findings are presented below.

6.1.1 Mine production

The long-hole open stoping mining method is proven and widely applied in these type of ore bodies. Its success depends on development that is sufficiently advanced to allow for accurate stope delineation and evaluation and control of dilution. The success of the mechanised equipment and hauling by conveyor belt will depend on the mine's ability to implement and maintain a comprehensive maintenance programme.

However, production from both mines in the short term is dependent on how fast the budgeted capital programme for equipment and mine development can be implemented. Due to the variability in in-situ grade, it is essential that waste and ore development creates the opportunity for ore body evaluation well ahead of current stoping operations.

Scheduling beyond the first three years appears to be a mechanistic projection, most probably due to insufficient detailed evaluation data, but could be improved by detailed scheduling of the mining mix, stope establishment and depletion scheduling. Dilution and other modifying factors have been included in the production schedules.

More certainty on the Barbrook Stage 2A project milestone dates would improve confidence in the production deliverable.

In order to increase confidence in its ability to deliver in the long term the mine must demonstrate its ability to meet its production targets in the short term.

The mines have been the subject of capital rationing and severe cost containment in the immediate past. It is not clear at this stage what the long term impacts of these serious, but necessary, measures will be.

Based on its review, Xstract has modified the proposed mining schedule in light of these constraints (Table 6.1).

In Xstract's opinion, the Stage 2A expansion of the Barbrook mine will delayed by six months from the plan presented in the feasibility study. The resultant Barbrook production profile is presented in Table 6.1.

Table 6.1: Barbrook production - 6 month Stage 2A delay

		2014	2015	2016	2017	2018
PRODUCTION						
Tons milled	(t)	128,647	144,000	180,000	180,000	148,000
Head Grade	(g/t)	3.41	3.60	3.60	3.60	3.60
Recovery	(%)	58.23%	61.08%	65.00%	65.00%	67.43%
Yield	(g/t)	1.99	2.20	2.34	2.34	2.43
Gold Produced	**(kg)**	256	317	421	421	359
	(oz)	7,900	9,900	13,200	13,500	11,600

6.1.2 Processing

Recovery forecasts for Lily mine, as discussed in the Process section are considered appropriate and achievable. Recovery forecasts for Barbrook are yet to be proven, although recent plant performance indicates improved recoveries with implementation of the HiTeCC technology. The addition of spiral concentrators could also assist in recovery.

Control of the flotation circuit at Barbrook, through introduction of level control automation also has potential benefit.

Xstract is of the opinion that forecast recoveries are achievable within the revised project forecast timeframe.

6.1.3 Capital and operating costs

Capital costs

Historical capital expenditure at the Lily mine is summarised in Table 6.2.

Table 6.2: Historical Lily capital expenditure

ZAR '000	2010	2011	2012	2013
Mining and Infrastructure	50,293	32,074	86,781	59,440
CMC	33,691	8,745	10,546	-
Total	**83,984**	**40,819**	**97,327**	**59,440**

Forecast Lily capital expenditure is summarised in Table 6.3.

Explicit provision is made for mine development, equipment, and infrastructure in 2014 only. Thereafter, Vantage's capital expenditure allowance provides for mine development only, commencing with R40m in 2017 decreasing over time to R10m in 2027. Provision has not been made for ongoing capital expenditures, such as the replacement of capital equipment or for the establishment of underground infrastructure that may be required. No provision has been made for underground exploration drilling. There is also no indication of the level of the estimate nor whether there are contingency provisions.

In Xstract's opinion, the capital forecast for mining at Lily may be understated by 20%.

Lily plant capital expenditure is estimated by an allowance for ongoing replacement and refurbishment. Xstract is of the opinion that the quantum of the process capital estimate is adequate to achieve the forecast plant throughput and recoveries.

Table 6.3: Forecast Lily capital expenditure (ZAR ,000)

ZAR '000	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
CAPITAL EXPENDITURE																
Mine Development	41,881	39,600	39,600	40,000	40,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	20,000	10,000	-	441,081
Equipment - Drill Rigs	8,000															8,000
Equipment - LHDs	8,000															8,000
Equipment - Dump Trucks	18,000															18,000
Equipment - UV and Other	3,400															3,400
U/G infrastructure	10,622															10,622
Other	1,618															1,618
Mining Sub total	**91,521**	**39,600**	**39,600**	**40,000**	**40,000**	**30,000**	**30,000**	**30,000**	**30,000**	**30,000**	**30,000**	**30,000**	**20,000**	**10,000**	**-**	**490,721**
Crushing & Milling	232	-	-	-	-	-	-	-	-	-	-	-	-	-	-	232
General plant	2,300	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000		28,300
Tailings Dam	3,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500
Processing Sub total	**6,032**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**-**	**32,032**
Infrastructure	**890**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**-**	**13,890**
Total	**98,443**	**42,600**	**42,600**	**43,000**	**43,000**	**33,000**	**33,000**	**33,000**	**33,000**	**33,000**	**33,000**	**33,000**	**23,000**	**13,000**	**-**	**536,643**

Historical capital expenditure at the Barbrook mine is summarised in Table 6.4.

Table 6.4: Historical Barbrook capital expenditure (ZAR ,000)

ZAR '000	2010	2011	2012	2013
Mining and Infrastructure	3,067	2,770	6,970	955
CMC - Concentrate plant	-	4,257	3,226	-
CMC - CIL plant	-	-	-	6,523
BFS	-	-	12,629	11,856
Total	**3,067**	**7,027**	**22,825**	**19,333**

Forecast Barbrook capital expenditure is summarised in Table 6.5.

Table 6.5: Forecast Barbrook capital expenditure (ZAR ,000)

ZAR '000	2014	2015	2016	2017	2018
CAPITAL EXPENDITURE					
Mining					
Mine Development	8,000	16,500	19,500	15,000	7,000
Equipment - Drill Rigs	-	-	-	-	-
Equipment - LHDs	-	-	-	-	-
Equipment - Dump Trucks	-	3,000	1,000	-	(1,000)
Equipment - UV and Other	1,000	1,500	-	-	(500)
U/G infrastructure	5,779	17,250	15,000	12,000	5,000
U/G Exploration drilling	-	-	-	-	-
Mining Sub total	**14,779**	**38,250**	**35,500**	**27,000**	**10,500**
Process					
Crushing & Milling	-	2,000	-	-	-
BIOX	-	-	-	-	-
CIL & HiTeCC	4,000	3,000	-		
Elution & Gold Recovery	1,500	4,500	-	-	
General plant	1,222	6,600	2,800	3,000	800
Tailings Dam	-	-	-	-	-
Processing Sub total	**6,722**	**16,100**	**2,800**	**3,000**	**800**
Infrastructure	**10,273**	**1,200**	**1,200**	**1,000**	**1,200**
Total	**31,774**	**55,550**	**39,500**	**31,000**	**12,500**

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The Barbrook Stage 2A capital expenditure estimate is not a final Feasibility Study but is reportedly at "detailed study level" within Vantage's supporting documentation. Xstract considers the confidence level in Vantage's capex estimate is within 15% and hence at pre-feasibility level. While the mine planning and mining capital and operating expenditure estimates were prepared by a consultant there has not been an external review of the study. No detailed design work has been completed. The estimated cost is ZAR170 M.

Xstract considers it unusual that Vantage's capital expenditure estimate does not have some provision for sustaining capital and the capital estimate appears low in the early years. Xstract considers that if the equipment is already on site, Vantage should make a provision for refurbishment after 10 years. A contingency of 15% has been applied to all items except the purchase of LHDs (5%) and mine development (nil).

There will be an increase in Maximum Notified Demand for Barbrook and CMC. This will require a guarantee, although no provision has been made.

No provision has been made for underground exploration drilling.

Capital has only been allowed for Stage 2A which will logically, from an investment perspective, be followed by Stage 2B. Capital will be required for underground exploration and mine development at least from 2017 onwards.

In Xstract's opinion, the capital requirements for mining at Lily and Barbrook could be understated by 20% and 15% respectively. The plant capital budget appears adequate for upgrading to achieve the forecast throughput and implementation of upgrades to improve leach recovery. Ongoing capital is adequate for replacement and refurbishment. Installation of control and instrumentation on the flotation circuit has the potential to improve recoveries, and specific capital should be budgeted for this.

Closure costs are likely to be minimal (approximately ZAR50 M) due to the relatively small footprint of the processing operations and the existing TSF appears adequate.

Operating costs

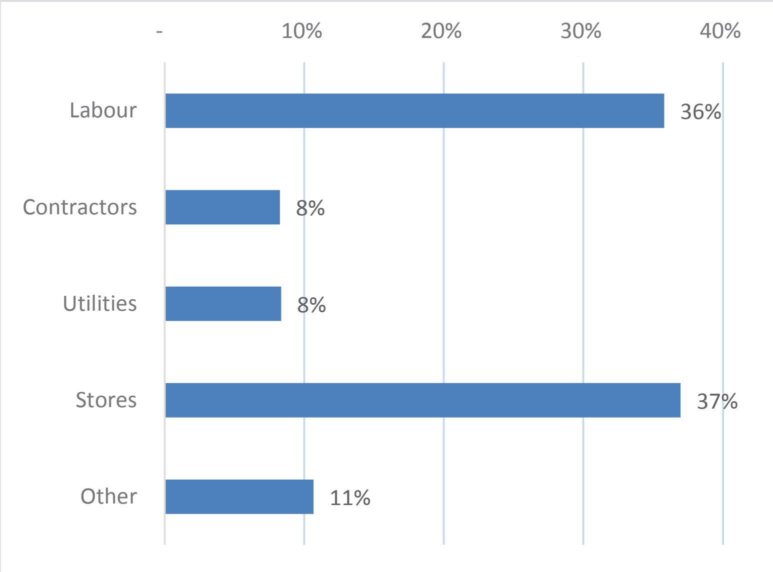
Historical Lily operating costs for 2012 and 2013 are summarised in Table 6.6 by element. Overall costs were well contained, at South African inflation. Labour and contractor costs increased significantly, but were offset by savings in utilities and other costs.

Table 6.6: Historical Lily unit operating costs by element

	2012	2013	Increase/Decrease
Unit Costs	ZAR/t	ZAR/t	
Labour	196	223	13.67%
Contractors	33	51	57.87%
Utilities	53	52	-2.86%
Stores	226	230	1.88%
Other	78	66	-14.66%
Total	**586**	**623**	**6.31%**

The 2013 historical Lily elemental operating cost distribution is illustrated in Figure 6.1. Labour and Contractors comprise approximately 45% of the costs, with Stores contributing 37%. This distribution is consistent with local industry norms.

Figure 6.1: Operating cost elemental distribution



Historical and forecast operating costs by activity are summarised in Figure 6.2.

Figure 6.2: Historical and Forecast Lily unit operating costs by activity

		2012	2013	2014	2015 - LOM
Mining	ZAR '000	*64,821*	*81,609*	94,692	96,000
Processing	ZAR '000	*59,461*	*65,702*	73,975	73,200
Engineering	ZAR '000	*29,966*	*34,661*	39,606	42,000
Technical Services	ZAR '000	*7,296*	*10,008*	10,948	12,000
Overheads	ZAR '000	*30,159*	*35,439*	38,262	38,400
Total	**ZAR '000**	***191,702***	***227,420***	**257,483**	**261,600**
Treated	tonnes	*334,797*	*362,208*	394,800	420,000
Unit Cost	**ZAR/t**	***573***	***628***	**652**	**623**

Despite carrying all development costs for 2013 the quantum of costs was 5% below budget and cost per ton milled increased by only 13%. This was due to savings in the Process, Engineering and Technical Services budgets.

The operating expenditure budget for Lily for 2014 makes provision for a 16% increase for electrical power and 8% increase in wages. Scheduled LOM Opex costs are not escalated and remain at the same level (factorised) throughout the period in line with a constant level of production. In Xstract's opinion, the operating cost forecast for Lily is reasonable.

The budget for operating expenditure estimate at Barbrook has been prepared in the same way as Lily. No costs are forecast beyond 2018 and these will only be available on the completion of the Stage 2B study.

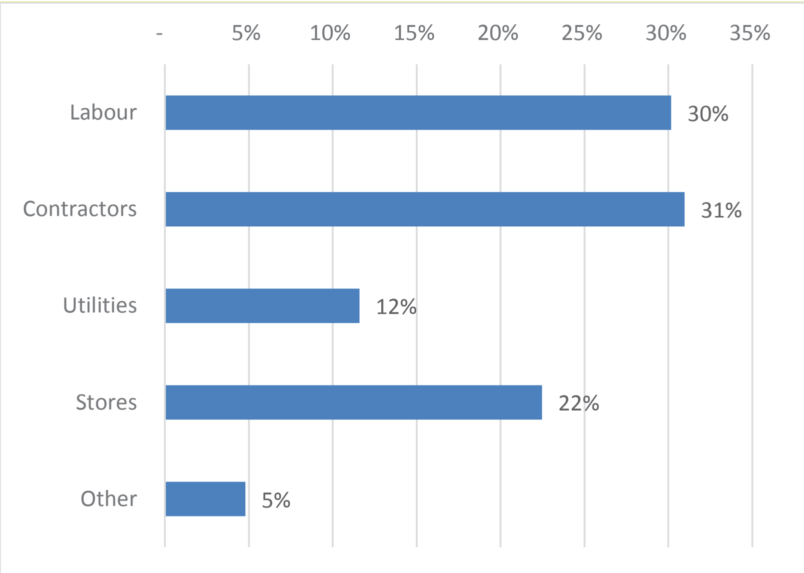
As a consequence of Barbrook commencing processing to Doré late in 2012, only 2013 historical operating costs are appropriate as a comparable, as summarised in Table 6.7.

Table 6.7: Historical 2013 Barbrook unit operating costs by element

2013	Unit Cost
	ZAR/t
Labour	195
Contractors	200
Utilities	75
Stores	145
Other	31
Total	646

The 2013 historical Barbrook elemental operating cost distribution is illustrated in Figure 6.3. Labour and Contractors comprise approximately 61% of the costs, with Stores contributing 22%. This distribution is indicative of the labour intensive nature of the mining operation.

Figure 6.3: Operating cost elemental distribution



Historical and forecast operating costs by activity are summarised in Table 6.8. Unit costs are forecast to increase in 2014, and then decrease to historical levels as production increases.

Table 6.8: Historical and Forecast Barbrook unit operating costs by activity

		2013	2014	2015	2016	2017	2018
Mining	ZAR '000	22,941	31,356	38,100	42,000	42,000	36,000
Processing	ZAR '000	32,255	40,988	49,800	54,000	54,000	54,000
Engineering	ZAR '000	8,685	11,698	13,800	14,400	14,400	14,400
Technical Services	ZAR '000	1,143	3,274	4,200	4,800	4,800	4,800
Overheads	ZAR '000	1,652	2,781	4,500	4,800	4,800	4,800
Total	**ZAR '000**	**66,676**	**90,096**	**110,400**	**120,000**	**120,000**	**114,000**
Treated	tonnes	103,171	128,647	162,000	180,000	180,000	180,000
Unit Cost	**ZAR/t**	**646**	**700**	**681**	**667**	**667**	**633**

The mine has demonstrated the ability to contain the quantum of costs and spend on priority areas only. Unit costs going forward will depend on achieving output from the mine.

6.2 Expanded case

South African gold mining companies typically have substantial resource bases, but with relatively low resource to reserve conversion. For example, Harmony convert about one-third of their resources to reserves, Pan African approximately one-quarter, Sibanye approximately one-fifth and Gold One about one-sixth. This can be ascribed to a range of factors including the understanding of the ore bodies with long histories and high levels of continuity. However, the depth of the ore bodies and the high associated cost of extraction make the conversion to reserves difficult, particularly in a low gold price environment.

Xstract notes that Vantage's resource-reserve conversion at Barbrook is approximately 14%. On this basis, Xstract was requested by Grant Thornton to further consider the inclusion of the presently defined Measured and Indicated Resources (with appropriate modifying factors) within a conceptual LOM (the 'expanded case'). Furthermore, in line with the fair market concept (i.e. hypothetical buyer and hypothetical seller), this case was to be evaluated on the basis that the operations were not currently capital constrained. This 'expanded case' was prepared by Vantage and subsequently reviewed/modified by Xstract.

6.2.1 Expanded case – Mine/processing production

The Barbrook 'expanded case' production profile is presented in Table 6.1.

Table 6.9: Barbrook production – expanded case

		2014	2015	2016	2017	2018	2019 to 2028
PRODUCTION							
Tons milled	(t)	128,647	240,000	360,000	480,000	600,000	720,000
Head Grade	(g/t)	3.41	3.60	3.60	3.60	3.60	3.60
Recovery	(%)	58%	63%	63%	63%	63%	63%
Yield	(g/t)	1.99	2.34	2.34	2.34	2.34	2.34
Gold Produced	**(kg)**	256	562	842	1,123	1,404	1,685
	(oz)	7,900	18,000	27,600	36,100	45,100	54,200

The Lily 'expanded case' production profile is presented in Table 6.10.

Table 6.10: Lily production – expanded case

		2014	2015	2016	2017	2018	2019	2020	2021	2022 to 2028
PRODUCTION										
Tons milled	(t)	394,800	540,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000
Head Grade	(g/t)	2.34	2.55	2.55	2.55	2.45	2.40	2.55	2.55	2.50
Recovery	(%)	90%	90%	90%	90%	90%	90%	90%	90%	90%
Yield	(g/t)	2.10	2.30	2.30	2.30	2.21	2.16	2.30	2.30	2.25
Gold Produced	**(kg)**	829	1,239	1,652	1,652	1,588	1,555	1,652	1,652	1,620
	(oz)	26,600	40,200	52,800	53,100	51,000	50,000	53,100	53,100	52,100

6.2.2 Capital and operating costs

Capital costs

Forecast Barbrook and Lily 'expanded case' capital expenditure is summarised in Table 6.11 and Table 6.12.

Table 6.11: Forecast Barbrook capital expenditure – expanded case (ZAR ,000)

ZAR '000	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
CAPITAL EXPENDITURE																
Mining																
Mine Development	6,000	51,000	60,000	60,000	60,000	60,000	50,000	50,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	677,000
Equipment - Drill Rigs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment - LHDs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment - Dump Trucks	-	4,000	2,000	4,000	2,000	4,000		2,000		2,000		2,000		2,000		24,000
Equipment - UV and Other	1,000	1,500	1,300	2,000	1,000	2,000		1,000		1,000		1,000		1,000		12,800
U/G infrastructure	5,029	12,000	12,000	9,000	9,000	6,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	71,029
U/G Exploration drilling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ZAR '000	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Mining Sub total	12,029	68,500	75,300	75,000	72,000	72,000	52,000	55,000	42,000	45,000	42,000	45,000	42,000	45,000	42,000	784,829
Process																
Crushing & Milling	15,000	25,000	20,000	20,000	20,000	10,000										110,000
BIOX	-	-	-	-	-											
CIL & HiTeCC	5,000	10,000	5,000	5,000												25,000
Elution & Gold Recovery	5,000	8,000	5,000	2,000												20,000
General plant	1,222	3,600	2,800	2,800	2,800	1,000										14,222
Tailings Dam	5,000	5,000	6,000	6,000	5,000											27,000
Processing Sub total	31,222	51,600	38,800	35,800	27,800	11,000										196,222
Infrastructure	10,273	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	178,273
Total	53,524	132,100	126,100	122,800	111,800	95,000	64,000	67,000	54,000	57,000	54,000	57,000	54,000	57,000	54,000	1,159,324

Table 6.12: Forecast Lily capital expenditure – expanded case (ZAR ,000)

ZAR '000	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
CAPITAL EXPENDITURE																
Mine Development	63,881	123,600	123,600	54,000	54,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	40,000	-	819,081
Equipment - Drill Rigs	8,000	-	-		8,000					8,000						24,000
Equipment - LHDs	8,000	-	-				8,000				8,000					24,000
Equipment - Dump Trucks	18,000	-	-	9,000		9,000			9,000			9,000				54,000
Equipment - UV and Other	3,400	-	-		2,000			2,000			2,000					9,400
U/G infrastructure	10,622	12,000	12,000	6,000	6,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000		91,622
Other	1,618	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,618

ZAR '000	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Mining Sub total	113,521	135,600	135,600	69,000	70,000	59,000	58,000	52,000	59,000	58,000	60,000	59,000	50,000	45,000	-	1,023,721
Crushing & Milling	10,232	30,000	10,000	-	-	-	-	-	-	-	-	-	-	-	-	50,232
CIL & HiTeCC		5,000														10,000
Elution & gold Recovery		5,000														5,000
General plant	2,300	2,000	2,000	6,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000		32,300
Tailings Dam	3,500	10,000	5,000	6,000	-	-	-	6,000	-	-	-	-	-	-	-	30,500
Processing Sub total	**16,032**	**52,000**	**22,000**	**12,000**	**2,000**	**2,000**	**2,000**	**8,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**-**	**128,032**
Infrastructure	**3,790**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**12,000**	**-**	**159,790**
Total	**133,343**	**199,600**	**169,600**	**93,000**	**84,000**	**73,000**	**72,000**	**72,000**	**73,000**	**72,000**	**74,000**	**73,000**	**64,000**	**59,000**	**-**	**1,311,543**

Closure costs are estimated at approximately ZAR75 M for the expanded case.

Operating costs

Forecast Barbrook and Lily ‘expanded case’ operating expenditure is summarised in Table 6.13 and Table 6.14.

Table 6.13: Forecast Barbrook unit operating costs by activity – expanded case

		2014	2015	2016	2017	2018	2019 to 2028
Mining	ZAR '000	31,356	60,000	90,000	124,000	160,000	192,000
Processing	ZAR '000	40,988	80,400	120,000	164,000	204,000	244,000
Engineering	ZAR '000	11,698	18,000	24,000	28,000	36,000	44,000
Technical Services	ZAR '000	3,274	6,000	8,400	12,000	12,000	14,400
Overheads	ZAR '000	2,781	4,800	10,800	9,000	9,000	10,000
Total	**ZAR '000**	**90,096**	**169,200**	**253,200**	**377,000**	**421,000**	**504,400**
Treated	tonnes	128,647	240,000	360,000	480,000	600,000	720,000
Unit Cost	**ZAR/t**	**700**	**705**	**703**	**702**	**702**	**701**

Table 6.14: Forecast Lily unit operating costs by activity – expanded case

		2014	2015	2016 to 2028
Mining	ZAR '000	94,692	129,000	182,400
Processing	ZAR '000	73,975	108,000	150,000
Engineering	ZAR '000	39,606	54,000	66,000
Technical Services	ZAR '000	10,948	18,000	24,000
Overheads	ZAR '000	38,262	48,000	54,000
Total	**ZAR '000**	**257,483**	**357,000**	**476,000**
Treated	tonnes	128,647	240,000	360,000
Unit Cost	**ZAR/t**	**700**	**705**	**703**

6.3 Valuation

Xstract considers there is reasonable potential for ongoing exploration within Vantage's concessions to identify further gold resources and mineable reserves. However, Xstract notes that Vantage's tenure holding is characterised by numerous small, widely spaced deposits which are relatively difficult to tie together to form a consistent mining centre. The amount of effort required to appropriately schedule and plan, as well as the underground development required to maintain production from these small lodes is often prohibitive from an economic standpoint.

6.3.1 Considerations

In considering the value of the resources outside of those within the LOM, Xstract is cognisant of its earlier observations, namely that:

- Vantage's Barberton mining operations are comparatively higher cost relative to other gold mining operations in the Barberton area. March 2014 cash costs at Lily were AUD1,095.5/oz and at Barbrook AUD1,173/oz compared against AUD866.70/oz at Pan African's Barberton mines. Contributing factors include smaller scale mining/processing operations, lack of a BIOX circuit and multiple ore sources at Vantage's operations.

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- the Mineral Resource reported for the Barbrook Mine Complex (Table 1.2) consists of twelve separate Mineral Resources associated with the Barbrook Mine underground infrastructure. The Taylors Mineral Resource is the largest mineralised section (total Mineral Resource of 6,791,000 t at 3.84g/t Au totalling 877,400 oz Au) and has been the main focus of feasibility studies by Vantage due to its accessibility through the Barbrook Mine. The current public and/or internal information supplied by Vantage includes documentation relating to the Taylors Mineral Resource that supports the reporting of the Mineral Resource according to the guidelines of the JORC Code (2012). In Xstract's opinion, the other eleven Mineral Resources have not been reported with sufficient detail to comply with the guidelines of the JORC Code (2012). As such, Xstract suggests that these Mineral Resources be considered as reported according to the guidelines of the JORC Code (2004) until further relevant documentation (e.g. Mineral Resource report and Table 1 of the JORC Code (2012)) is compiled to support the minimum requirement guidelines of the JORC Code (2012).
- the Barbrook ores are considered "double refractory" resulting in significantly lower recoveries than at either Lily or Worcester.
- the stated Mineral Resource for the Worcester Mine project (Table 1.2) was reported as at December 2011, as stated by Vantage in their Annual Report published in April 2012. The current public and/or internal information supplied by Vantage does not include documentation relating to the Worcester Mine project Mineral Resource that would support the reporting of the Mineral Resource according to the guidelines of the JORC Code (2012). Xstract considers that the Worcester Mine project Mineral Resource be reported according to the guidelines of the JORC Code (2004) until further relevant documentation (e.g. Mineral Resource report and Table 1 of the JORC Code (2012)) is compiled to support the minimum requirement guidelines of the JORC Code (2012).
- the Mineral Resource stated by Vantage as "Other Projects" (Table 1.2) consists of the Makonjwaan, Imperial, Centurion and Bonanza Mines Mineral Resource estimates. These Mineral Resources were prepared prior to the introduction of the JORC Code to the ASX Listing Rules as an Appendix (1989). Xstract recommends that these Mineral Resources be excluded from the reporting of Mineral Resources according to the guidelines of the JORC Code (2012). Xstract suggests that Vantage report the projects/mines as Exploration Targets with sufficient tonnage and grade ranges according to the guidelines of the JORC Code (2012).

6.3.2 Additional inventory

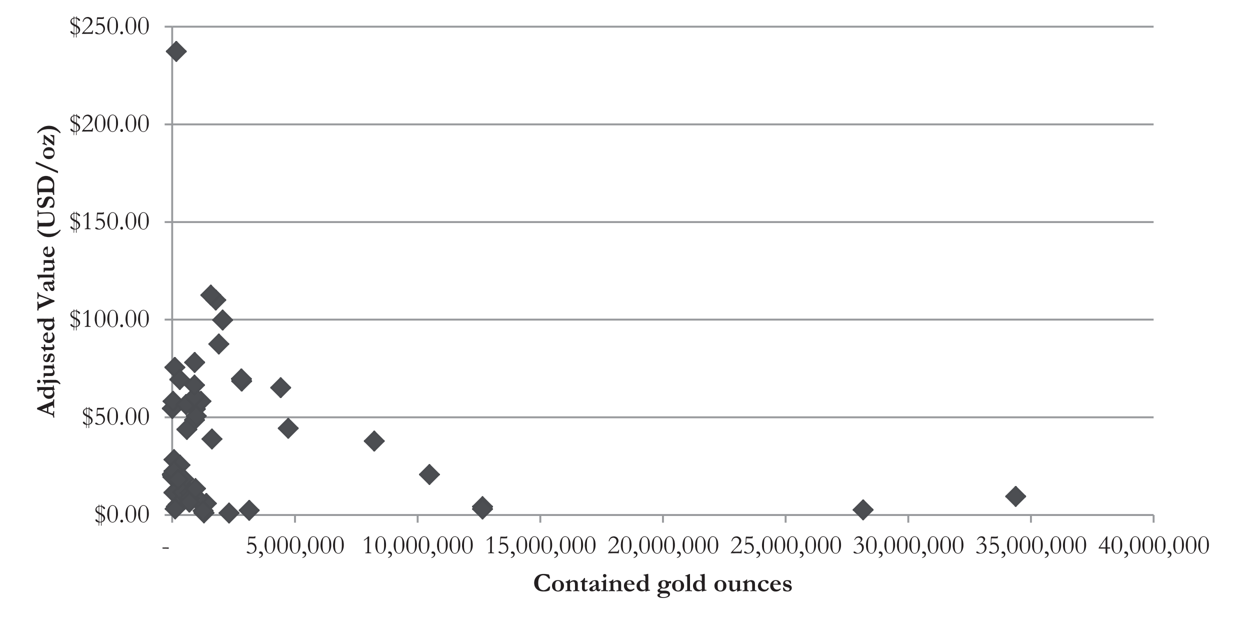
Comparable transactions

Xstract has considered the value of the in-ground gold ounces at Vantage's South African gold projects, net of the resources considered in Grant Thornton's DCF model, based on a search of publicly available information on market transactions involving greenstone-hosted gold projects in Africa since 2009 (Figure 6.4). The projects considered ranged from advanced exploration (resource to reserve delineation) to operational mines, with a focus on pre-development projects.

The transactions were analysed according to the stated total transaction values. All values and implied values are in United States Dollars. The implied values (USD/oz) were calculated based on the stated gold grades of the declared resources at the time of the transaction. Xstract notes that the method implicitly assumes total recoverability of all stated gold ounces, as reliable and accurate recovery data is generally not disclosed or available around the time of most transactions. Importantly, Xstract's implied value calculation is for the purposes of our valuation and does not attempt to estimate or reflect the gold ounces likely to be recovered as required under JORC Code 2012.

These transactions were then normalised for gold price differences between the transaction date and the effective date of this valuation (based on the spot price for gold as at 9 October 2014 of USD1,225/oz).

Figure 6.4: African greenstone-hosted gold resource transaction summary



Based on the transactions identified for African greenstone hosted gold resource projects, Xstract considers that the recent market has generally been paying up to USD80/oz for gold projects hosting Measured Resources, up to USD50/oz for gold projects with Indicated Resources, up to USD20/oz for gold projects with Inferred Resources and up to USD2.00/oz for gold projects with pre-resource targets or Exploration Targets defined.

However, Vantage's Barberton production centres sit comparatively high on the cost curve, are smaller in scale and require considerable further investment going forward to bring currently defined resources into production. Vantage's defined resources are considered to be inferior to the majority of resources identified in the transaction data and in Xstract opinion, the low end of the range more accurately reflects the value of assets of this quality.

On this basis, Xstract has elected to assign a preferred value of USD16/oz (in the range USD15 to USD25/oz) to the Measured, USD9/oz (in the range USD8 to USD16/oz) to the Indicated and USD2.50/oz (in the range USD2 to USD6/oz) to the Inferred Resources lying outside of the current LOM at Lily.

Given Barbrook's multiple ore sources, the higher cost relative to Lily, the double refractory nature of the ores and hence the lower metallurgical recoveries likely to be achieved from any future production, Xstract has elected to discount the values assigned to these Resources by 50%. This results in a preferred value of USD8/oz (in the range USD7.50 to USD12.50/oz) for the Measured, USD4.50/oz (in the range USD4 to USD8/oz) for the Indicated and USD1.25/oz (in the range USD1 to USD3/oz) for the Inferred Resources lying outside of the current LOM at Barbrook.

At Worcester, Xstract recognises that whilst Ore Reserves (but which remain to be scheduled) have been stated, these are sourced from multiple deposits which are at a distance to the processing facility and further capital expenditures are required to bring these reserves and additional resources into production. As such, Xstract has elected to discount these resources by 20% relative to the values applied at Lily. On this basis, Xstract has applied a preferred value of USD7.20/oz (in the range USD6.40/oz to USD12.80/oz) to the Indicated Resources and USD2/oz (in the range USD1.60 to USD4.80/oz) for the Inferred Resources at Worcester.

Given our recommendation for the downgrading of the defined resources at Imperial, Makonjwaan, Bonanza and Centurion to Exploration Target status, Xstract has elected to assign a preferred value of USD1/oz (in the range USD0.80 to USD1.20/oz) to the stated gold ounces in the Measured and USD0.50/oz (in the range USD0.40 to USD0.80/oz) in the Indicated categories at these deposits.

Xstract's opinion of the current market value of Vantage's interest in the gold resources (net of those considered in the LOM) within its South African gold projects is summarised in Table 6.15.

Table 6.15: Valuation of project resources (net of those considered in the current LOM plan)

Deposit	Resource			Unit Value		Resource valuation		
	Tonnes (Mt)	g/t Au	Attributable ounces*	Low (USD/oz)	High (USD/oz)	Low (USD M)	High (USD M)	Preferred (USD M)
Lily Mine (85% reverting to 74%)								
-Measured	2.87	1.37	107,451	15.00	25.00	1.61	2.69	1.72
-Indicated	0.82	2.10	47,059	8.00	16.00	0.38	0.75	0.42
-Inferred	12.83	2.67	936,155	2.00	6.00	1.87	5.62	2.34
TOTAL	**16.52**	**2.42**	**1,090,666**			**3.86**	**9.06**	**4.48**
Barbrook Mine (74%)								
-Measured	3.29	3.45	270,046	7.50	12.50	2.03	3.38	2.16
-Indicated	2.55	4.76	288,782	4.00	8.00	1.16	2.31	1.30
-Inferred	8.00	5.14	978,309	1.00	3.00	0.98	2.93	1.22
TOTAL	**13.83**	**4.67**	**1,537,137**			**4.16**	**8.62**	**4.68**
Worcester Project (74%)								
-Measured			-					
-Indicated	1.87	3.98	177,071	6.40	12.80	1.13	2.27	1.27
-Inferred	1.50	3.54	126,333	1.60	4.80	0.20	0.61	0.40
TOTAL	**3.37**	**3.78**	**303,404**			**1.34**	**2.87**	**1.53**
Imperial Mine (74%)								
-Indicated#	0.15	4.01	14,311	0.60	1.00	0.006	0.011	0.007
Makonjwaan Mine (74%)								
-Indicated#	0.30	3.41	24,339	0.60	1.00	0.010	0.019	0.012

Deposit	Resource			Unit Value		Resource valuation		
	Tonnes (Mt)	g/t Au	Attributable Au ounces*	Low (USD/oz)	High (USD/oz)	Low (USD M)	High (USD M)	Preferred (USD M)
Bonanza Mine (74%)								
-Measured#	0.05	3.75	4,461	1.00	2.00	0.004	0.005	0.004
-Indicated#	0.05	4.47	5,317	0.60	1.00	0.002	0.004	0.003
TOTAL#	**0.10**	**4.11**	**9,778**			0.006	0.010	0.007
Centurion Dump (74%)								
-Measured#	0.56	2.28	30,377	1.00	2.00	0.024	0.036	0.030
		Total:	**3,010,011**			**9.40**	**20.63**	**10.75**

* Attributable to Vantage based on the Company's equity interest in these projects. Xstract notes that Vantage currently holds an 85% interest in the Lily mine and a 74% interest in all other projects. Furthermore, we note our attributable ounces calculation assumes 100% recovery of all gold ounces (which is consistent with the valuation methodology used). We note that our calculation of the attributable ounces is for our valuation purposes only and does not attempt to reflect or estimate the gold ounces likely to be recovered as required under the JORC Code 2012. In order to account for differences in likely gold recoveries, Xstract has applied lower unit values to the attributable ounces with perceived recovery issues.

In Xstract's opinion, better considered as an Exploration Target and hence a significant discount applied.

In Xstract's opinion, the current market value of Vantage's interest in the gold resources lying outside the current LOM plan at its Barberton Projects lies in the range of USD9.4 M to USD20.6 M with a preferred value of USD10.75 M.

Yard stick

As a cross-check of its values derived using comparable transactions, Xstract has also considered the yardstick method of valuation, under which specified percentages of the spot price is used to assess the value. Commonly used yardstick factors are:

- Measured Resources: 2% to 5% of the spot price
- Indicated Resources: 1% to 2% of the spot price
- Inferred Resources: 0.5% to 1% of the spot price
- Not in reported resource: <0.5% of spot price

Based on the spot price of gold as at 9 October 2014 (USD1,225.00/oz Au), Xstract's preferred values used in its comparable market valuation of Vantage's resources net of the LOM are evaluated in Table 6.16.

Table 6.16: Xstract's preferred unit value* relative to gold spot price (10/10/2014)

Deposit/Resource category		Measured	Indicated	Inferred
Lily	Preferred Unit Value*	USD16/oz	USD9/oz	USD2.50/oz
	Percentage of gold spot price	1.3%	0.7%	0.2%
Barbrook	Preferred Unit Value*	USD8/oz	USD4.50/oz	USD1.25/oz
	Percentage of gold spot price	0.6%	0.4%	0.1%
Worcester	Preferred Unit Value*		USD7.20/oz	USD2.00/oz
	Percentage of gold spot price		0.6%	0.2%
Imperial, Makonjwaan, Bonanza, Centurion Dump#	Preferred Unit Value*	USD1.00/oz	USD0.50/oz	-
	Percentage of gold spot price	0.08%	0.04%	-

* Preferred unit value as used by Xstract in the Comparable transaction approach (refer Table 6.9)

In Xstract's opinion, these deposits are better considered as Exploration Targets and hence a significant discount applied.

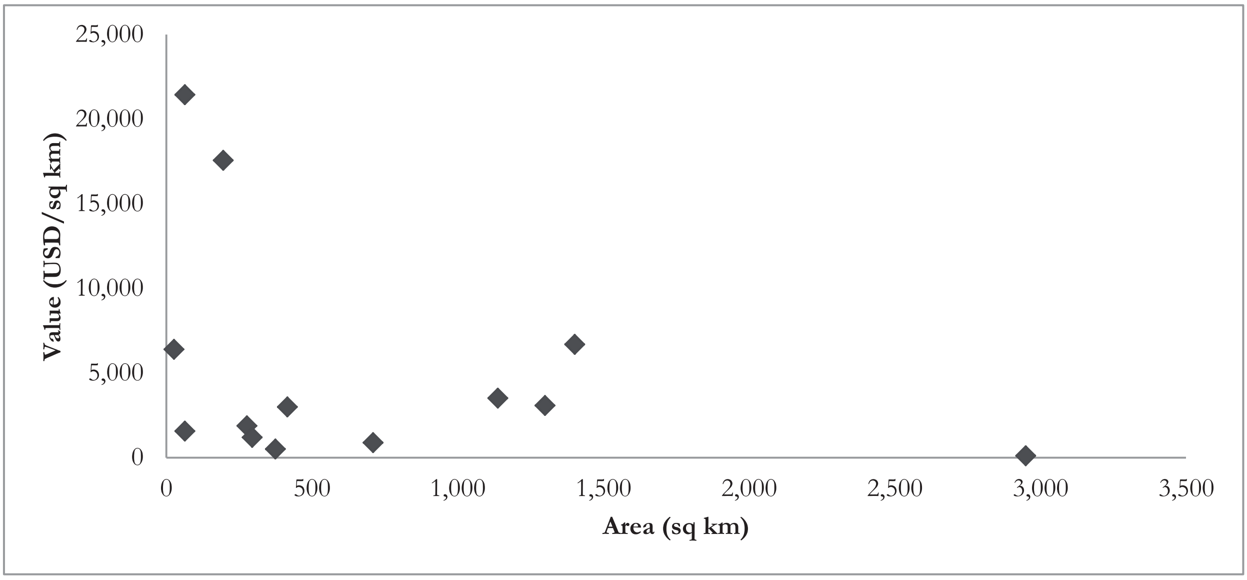
In this case, the yardstick method suggests that Xstract's preferred values based on comparable transactions are on the low side. However, having considered the current market for gold resource projects in Africa, the Company's production strategy centred on multiple, narrow ore sources requiring extensive development and resulting in comparatively higher operating costs, as well as the metallurgical issues and capital constraints at Vantage's Barberton operations, Xstract considers this to be reasonable.

6.3.3 Exploration potential

In addition to the identified resources, Xstract considers Vantage's Barberton concessions offer additional exploration potential. In Xstract's opinion a willing and knowledgeable buyer would consider the exploration ground surrounding the known mines to be prospective for greenstone hosted, structurally controlled gold mineralisation. Xstract anticipates that, with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of defining additional mineralisation, some of which is likely to be of sufficient tonnage and grade to add further to the resource base and to support mining and processing.

To assess the value of the exploration potential outside of the defined resources, Xstract has considered recent transactions for early to advanced stage exploration projects in Africa. These are presented in Figure 6.5.

Figure 6.5: African greenstone-hosted gold exploration transaction summary



Based on its review of the transactions outlined in Figure 6.5 above, Xstract considers the market would likely pay in the range USD2,000 to USD6,000/km^2 for Vantage's regional concession holding (totalling some 167 km^2). On this basis, Xstract estimates Vantage's interest in the exploration potential associated with these concessions lies in the range USD331,000 to USD995,000, with a preferred value of USD663,000.

This range is considered reasonable given the LOM schedule and remnant resource (i.e. those defined but outside of the current mine plan) inventories have been valued separately (see earlier sections), the ongoing legal dispute relating to these concessions, the paucity of recent regional-scale exploration, the overall size of the landholding and the results encountered to date.

6.3.4 Previous valuations

The VALMIN Code requires that an Independent Valuation report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed.

Xstract notes that South African independent mining consultants, Minxcon (Pty) Ltd ("Minxcon") completed a valuation of Vantage's defined Ore Reserves and Mineral Resources for BEE purposes in May 2012. Minxcon applied a comparative market approach to value a 100% interest in the Mineral Resources not included in the LOM plans for Lily and Taylors resulting in an estimated value of ZAR613.244 M (or USD78.3 M on a 100% equity basis or USD56.7 M for Vantage's interests) as at May 2012. Minxcon's valuation did not consider the value of the exploration potential of Vantage's concession holding.

Xstract's value of Vantage's interest (74%, except at Lily where it is 85%) in the defined resources outside of the LOM is USD10.8 M in the range USD9.4 to USD20.6 M, which is lower than Minxcon's 2012 value estimate. Xstract considers this to be reasonable given:

- on-going production shortfalls at Barberton due largely to capital constraints,
- continuing reconciliation difficulties,
- the lack of meaningful exploration to upgrade and/or convert these resources,
- the fall in the gold price since 2012,
- the diminished outlook for gold going forward, and
- recent strains on the financial capacity of potential acquirers.

6.3.5 Valuation summary

In Xstract's opinion, there is additional value outside of that represented by Vantage's LOM schedule. Xstract considers the value of Vantage's interests in the resource inventory not already incorporated in Grant Thornton's DCF analysis, and the value of the exploration potential of the concessions to be in the range USD9.7 M to USD21.6 M with a preferred value of USD11.4 M.

Yours sincerely

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Appendix A: Key abbreviations

Table A1: Key abbreviations

%	Percent
°C	Degrees Celsius
amsl	Above mean sea level
ASX	Australian Securities Exchange
BEE	Black Economic Empowerment
BGB	Barberton Greenstone Belt
BIF	Banded iron formation
Biox	Bio-oxidation
CIL	Carbon-in-leach
CMC	Central Metallurgical Complex
Company	Vantage Goldfields Limited
DMR	Department of Minerals
EIA	Environmental Impact Assessment
EMP	Environmental Management Program
Grant Thornton	Grant Thornton Corporate Finance Pty Ltd
HDSA	Historically disadvantaged South Africans
km	Kilometre(s)
km^2	Square kilometre(s)
LOM	Life of Mine
Lomshivo	Lomshiyo Investments (Pty) Ltd
m	Metre(s)
M	Million(s)
MIMCO	Makonjwaan Imperial Mining Company
Minxcon	Minxcon (Pty) Ltd
Moz	Million ounces
MPRDA	South African Mineral and Petroleum Resource Development Act of 2002
MWP	Mine Works Programme
oz	Ounce(s)
ozpa	Ounces per annum
ROM	Run of Mine
SLP	Social and Labour Plan
tpa	Tonnes per annum
tpm	Tonnes per month
USD	US dollar(s)
Vantage	Vantage Goldfields Limited
VGL	Vantage Goldfields (Pty) Ltd
VGSA	Vantage Goldfields SA (Pty) Ltd
Xstract	Xstract Mining Consultants Pty Ltd
ZAR	South African Rand(s)

Appendix B:
Vantage – Legal Tenure Status Summary

Table B1: Prospecting Rights

Company*	Nature of Right	DMR reference number	Date approved	Comment
EGL	Prospecting Right	MP 30/5/1/1/2/10006PR	26 April 2013	Pending Execution
EGE	Prospecting Right	MP 30/5/1/1/2/10008PR	26 April 2013	Pending Execution
MIMCO	Prospecting Right	MP 30/5/1/1/2/10007PR	26 April 2013	Pending Execution
CMC	Prospecting Right	MP 30/5/1/1/2/11159PR	21 May 2013	Pending Execution

Table B2: Mining Rights

Company*	Nature of Right	DMR reference number	Valid to	Comment
MIMCO	Mining Authorisation	OT 6/2/2/309		EMPR, only approved, withdrawn by the DMR in March 2003
MIMCO	Mining Authorisation	OT 5/3/2/429	25 May 2010	
MIMCO	Mining Authorisation	OT 6/2/2/(309)		EMPR amendment for underground mining
MIMCO	Mining Authorisation	OT 6/2/2/(309)		EMPR amendment for additional open pit mining
MIMCO	Mining Right	MP 30/5/1/2/2/158MR		Conversion of old order mining authorisation to new order mining right; Conversion approved 9 June 2010; Conversion executed 21 November 2012 - pending Registration
BML	Mining Authorisation	OT 5/3/2/151	1 April 2009	
BML	Mining Right	MP 30/5/1/2/2/402MR	13 July 2042	Conversion of old order mining authorisation to new order mining right; Conversion approved 14 July 2012; Conversion executed 21 November 2012 - pending survey of corner beacons

* Company abbreviations:

EGL – Eastern Goldfields Limited
EGE – Eastern Goldfields Exploration (Pty) Limited
MIMCO – Makonjwaan Imperial Mining Company (Pty) Limited
CMC – Centurion Mining Company (Pty) Limited
BML – Barbrook Mines Limited
SLP – Social and Labour Plan
MPB – Mpumalanga Parks Board
DMR – Department of Mineral Resources
MPTRO – Mineral and Petroleum Titles Registration Office