Gold Fields Limited

2011 Investor Day

Presentation 8 of 9

Financial Overview

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Johannesburg
5 December 2011
Forward looking statements

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In particular, the forward looking statements in this document include those relating to the global economic and political conditions, changes and forecasts of gross domestic products changes in real, tax and other regulatory regimes, commodity prices, demand for gold and other metals and minerals, interest rate expectations, capital and production costs, levels of expected production, Gold Fields growth options, levels and expected benefits of current and planned capital expenditures, future reserve life, reserve and other information inputs, and the event or cost efficiencies and savings to be achieved. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa, Ghana, Australia, Peru and elsewhere; the ability to achieve anticipated efficiencies and cost savings in connection with past and future acquisitions, exploration and development activities; decreases in the market price of gold and/or copper; hazards associated with underground and surface mining; labour disruptions; availability terms and deployment of capital or credit; changes in government regulations, particularly taxation and environmental regulations, and new legislation affecting mining and minerals rights; changes in exchange rates; currency devaluations; the availability and cost of raw and financial materials; the cost of energy and water; inflation and other macroeconomic factors; industrial action, temporary stoppages or strikes for safety; and unanticipated weather or equipment breakdown.

These forward looking statements express only as of the date of the document. Gold Fields undertakes no obligation to update publicly, or release any revisions to, these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.
Thanks, Juancho.

Good afternoon everybody.

Gold Fields has always maintained a conservative approach to financial management. I think we’re going to stick to that.

We do not hedge our gold production and I do not think we have any intention of ever hedging our gold production.

Our leverage target in terms of looking at net debt to EBITDA, one times is a number that we’re comfortable with and we’ve always maintained a number far below that.

If we look at our funding strategy, we have always said we would like to fund from internal cash flow as well as debt. However, we have not discounted using equity to fund projects if the cash flows are short or we’re not able to get debt. But that will be when the projects have the right returns for us to be able to go to shareholders to do a capital raising.

Our credit rating. We will maintain our investment grade credit rating.

And on our dividend policy, we pride ourselves on our dividend policy of 50% of net earnings after growth capital. I will show you a slide at the end which shows that we are one of the highest dividend payers in the industry at the moment.
If you look at what we’ve done since 2008:

We’ve obviously continued with our no hedging strategy.

Net debt to EBITDA has improved from 0.6 times to 0.4 times EBITIDA.

Our free cash flow has increased from a negative $235 million to $346 million for the September quarter just passed.

Our NCE margin has increased from negative 4% to a positive 29%.

If you look at our funding sources. In 2008 we only had bank debt, which was very dangerous. Especially now where the banks are, you don’t want to be totally reliant on the banks.

Where are we now? We have accessed the commercial paper market in South Africa very successfully and, more importantly, last year we did our debut Yankee bond, which at that stage was the cheapest ten year bond in the mining space at 4.875%.

Our maturities. We have also increased our maturities. We’ve increased our maturities from very short term to three, five and ten year maturities.
If we look at NCE – and Nick did allude to this earlier on in his presentation – just to refresh everybody what NCE is, it is notional cash expenditure. It includes all operating costs plus all capital. That includes our brownfields exploration, our growth capital as well as our sustaining capital.

What does this do for us? That's the way we run the business. If you take the NCE off from our revenue it gives us basically cash to pay for things, to pay our taxes, to pay our debt, to fund our exploration and, more importantly, to pay dividends to our shareholders.

What the bar chart on the right hand side is showing is in the last year we have managed to increase our NCE margin in Dollar per ounce from $274 to $490 per ounce, an increase of $216 per ounce.

That is almost 50% of the increase in the gold price. The gold price has increased by just over $400.
If we look at this slide it is just showing how we have evolved in our NCE margin, from being basically negative in June 2008 to 29% for the September quarter just passed.
This slide you can read in a couple of ways. What we’re trying to show here is the September quarter past. It’s showing the NCE for the industry, the average, where Gold Fields is sitting, and also the cash costs. And why I wanted to overlap the cash costs on this slide is to show that for Gold Fields the gap between cash costs and capital is not as big as for some of our peers.

That is why I said you can read this two ways. It could mean that Gold Fields is not investing enough in capital or in growth. That could be partly true.

But more important is what Nick and I have been saying for the last couple of years. Cash costs are a result of a whole lot of accounting mumbo jumbo. We used to be part of that. If you want to call something X you can exclude it from cash costs and it sits in the capital line. More importantly, we look at the total costs, the NCE.

And if you look at the average NCE of the peer group, which is $1,370 this quarter. In the June quarter it was $1,200. That’s almost a 15% increase quarter on quarter. And what it is showing is that the industry is starting to invest heavily into capital to grow its production profile. And I think this is something you’re going to see in the next two or three years, also in Gold Fields with our growth projects coming down the line. Yes, our NCE is also going to grow, but what this is saying is we are not out of line with our peers.

Some of those to the right-hand side are some of the big North American majors that are sitting above $1,400. They’re investing in growth. And Gold Fields is going to be doing that in the next two or three years. But to reiterate, we are not out of line with our peers. We’re all going to be increasing our NCE in the next couple of years.
This slide is a slide where I think we were also confused at one stage. It’s the perception that South African costs are escalating by far more than the international costs.

This is just for the Gold Fields four regions that we operate in. We’ve done it since 2005. What this shows is that South Africa has not inflated by the most. The biggest culprit here, if I can put it that way, is Ghana. And a large part of this is because Ghana has also faced massive electricity increase.

Ghana also uses a large amount of diesel which is obviously an offshoot of oil, and oil has more than doubled in the last three or four years.

South Africa is tracking Australia.

Peru is the only real good region in terms of inflation. And that’s because it is a quasi US economy and they’ve got a very low inflation rate.

And another reason why South Africa has done so well is the results of the business process re-engineering that Peter talked about earlier.

We’re starting to see the effects of it despite some of the impediments, the big electricity increases we’re having and the above inflation wage increases. We are offsetting it and managing to keep the inflation in South Africa in line with the rest of the regions in the group.
If we look at the business process re-engineering in South Africa, the savings are R353 million. That is just the quarter on quarter savings. The annualised number is R838 million which Nick and Peter talked to earlier. And it has mainly come out of labour reduction as well as electricity consumption savings that Peter talked to as well.

In West Africa it is in its infancy but it has already saved $32 million. That’s come from the conversion to owner mining as well as to owner maintenance as well as improved equipment availability and utilisation.

And in Australia it is just starting. The benefits are still to be seen. The big benefit as Nick talked about is the conversion to owner mining especially on the surface operations in the pits as well as the trucking efficiencies. With that big piece of real estate we do a lot of trucking of the ore.
This slide is just to show exactly the debt situation of Gold Fields. We’re sitting at a net debt position of about $1.4 billion and a net debt to EBITDA of about 0.42.
This one is saying what we have available in the Gold Fields arsenal.

We have almost $800 million in undrawn committed US Dollar facilities as well as R3 billion in Rand facilities.

As I mentioned earlier I have extended the maturity profile. My bond expires in 2020. So I’ve got a much more staggered debt maturity profile.
And this is the slide that I mentioned earlier, and this is one that we’re very proud of.

A lot of people have asked us what our dividend policy translates into when you take the growth capital off etc. It actually turns out for the last five years it translates into 42% of net earnings we have paid out to the Gold Fields shareholder, which I think is a very high number.
If you look at the dividend yield – and this is from Bloomberg on 28th November – it shows that Gold Fields has got by far the highest dividend yield out of all the major gold mining companies at present at 1.33%.
Just to conclude, I think our net debt at 0.42, what that means is before I even get to one times net debt to EBITDA I can increase my borrowings by $1.4 billion.

So where I am today I can borrow another $1.4 billion and I will still only be at my target of one times EBITDA.

I've had robust cash generation, R10 billion if we analyse the results for the September quarter.

A conservative maturity profile.

And also if you look at our dividend policy, we are committed to returning cash to shareholders.

With that I will hand over to Nick to give the concluding remarks.

END OF TRANSCRIPT