Forward looking statements

Certain statements in this document constitute “forward looking statements” within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934.

In particular, the forward looking statements in this document include among others those relating to the Damang Exploration Target Statement; the Far Southeast Exploration Target Statement; commodity prices; demand for gold and other metals and minerals; interest rate expectations; exploration and production costs; levels of expected production; Gold Fields’ growth pipeline; levels and expected benefits of current and planned capital expenditures; future reserve, resource and other mineralisation levels; and the extent of 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 expected 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 other 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 gold 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 mineral rights; changes in exchange rates; currency devaluations; the availability and cost of raw and finished materials; the cost of energy and water; inflation and other macro-economic factors; industrial action; temporary stoppages of mines for safety and unplanned maintenance reasons; and the impact of the AIDS and other occupational health risks experienced by Gold Fields’ employees.

These forward looking statements speak only as of the date of this 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.
Thank you very much, and good morning. I’d like to take you through the particular strategies of Gold Fields that we’ve set over the last five years or so, and then how we’ve actually done against those targets that we’ve set.

First of all, we said that we would have a focus on free cash flow. We wanted to make at least a 15% margin at a given gold price. We chose $1300/oz to make sure that our teams will focus on making money. We felt that we should move away from marginal mining, high-grading, and maintain our cut-off grades even if the gold price went up.

Also importantly, we should invest for tomorrow as well as today, because we want to be around for a long time. We needed to get South Deep on track. We needed to focus on Brownfields exploration, which we felt was a better use of money than Greenfields exploration. Focus on the portfolio at hand, get rid of the non-core assets, and focus on driving organic growth at our operations. Lastly, we needed to strengthen the balance sheet. We had about $1.7bn of debt. We felt that was too high and we needed to get that down.

Lastly of course, paying dividends is important for many shareholders in the company.
So if we look at how we’ve done, 2013 was the critical period when we all saw the gold price fall sharply in the first half of the year. As a consequence, we repositioned our company. In fact we had already started repositioning the company late-2012 and managed the company back to a cash positive position during the course of 2013. Now these are half yearly numbers you see here, so as you can see for the last three years or so we’ve been cash positive. This after all capital expenditures, after all taxes, royalties, it is actually money we put in the bank. Despite the fact that the gold price has been going down, we’ve continued to show positive cash.
If you look over that four years, we’ve dropped our costs by around about 35%. And you can see in the top right hand corner that we’re not high-grading. In fact there is an opportunity for us to improve our grade. I think high-grading potentially is a risk for the industry. There is nothing wrong with it. You can do it, but you have to understand the consequences of doing it two, three or even four years out.

If you look at our production, our production has been pretty steady over the last three or four years, 2.0Moz to 2.1Moz. In fact we’ve upped our guidance at the half year. We’ve put our guidance up to 2.1Moz to 2.15Moz for 2016. And if we achieve the upper end of that then our production would be consistent with what we’ve achieved in 2015.

Importantly, our capital is being spent, we’re averaging about $300/oz and one of the things that I look at is to make sure that we’re developing our ore bodies ahead of us, that we’re stripping our pits that we’re going to mine in the future and then we’re putting in the new levels that we’re going to mine in our underground mines. And you can see that we’ve maintained a good ratio of Capex to Opex, one of the things to look for when you look at the peer groups.
If we look at the international portfolio, a lot has been said of South Deep and of course it is a very important project for the group, but it is a project as opposed to a fully-fledged mine operating at commercial levels of production. But if you look at the rest of the international group, in the first half we did 900k oz of production, all-in costs were $917/oz and we made $166m for the six months from the international assets. That's the performance that we'd like to maintain into the second half of the year.
If we look at South Deep, certainly over the last couple of quarters we've seen a significant improvement in production. In fact, if you look at quarter 2, 2016 we just reported, production was 77k oz, that's virtually double of what it was a year ago. We're now back to the levels we were in 2013, but the difference between now and 2013 is that we’re honouring the full mining value chain. We're making sure that we're doing our ground support as we mine. We're making sure that we're backfilling the voids once we’ve mined them, because if you don't do all of these things consistently then you won't be able to continue to ramp up production.

We’ve upped our guidance as well for this year up to 289k oz. And that would represent a 50% improvement on what we achieved in 2015. We've also changed the mining method. We've converted the entire mine to high profile destress. It is a 5m x 5m cut and that means that we can do virtually everything now on a fully mechanized basis including drilling of holes in hanging wall and side walls, the installation of support and of course the mesh that we put right up to the face.

So that is a big improvement. It's getting better, it is getting quicker. The teams are liking it and I think now we're in the process of optimizing how we're going to do that in the future. We have certainly improved the skills on the mine. We've brought in some really good people. I think if you went back a year or two years, people didn't want to come and work at South Deep. They didn't feel it was a mine that had a future. Well today, we're attracting the best in the industry in South Africa we've got some really good people working there.

It's nice to see as well that the mine is ahead of plan. Actually for the first time that we've had South Deep in eight years, we're ahead of the business plan on production and the teams are earning bonuses which is really good.

We've invested heavily in upgrading our fleet and by the end of this year we will have about 114 category one equipment – that's drill rigs, loaders and trucks – of which around about half is only a year or 15 months old. So it is pretty new and we should get a really good return on that investment going into 2017.

Critically, I said a year ago that the important objective for 2016 was for this mine to achieve...
breakeven and when we say breakeven it means that they are not losing any cash after all expenditures, all capital expenditures, et cetera. Pleasingly, with the increase in production, of course assisted by a higher gold price, we managed to achieve a cash positive situation for the first time ever of R63m in quarter two. Now that's not a lot of money, but I think symbolically it's an important step forward and we believe that we're going to kick on from here.

We're going to give an update to the market as to what we think the long-term production and costs will look like. We will have a full Investor Day on the mine, on the 17th of February. So for those of you who want to come, there will be an opportunity for the mine management and myself to address you and have an underground visit and show you some of the stuff that we're working on to bring this world class deposit to account.
Here are some of the KPIs. I call these some of the lead indicators behind the lagging indicators which is obviously the production and the costs and you can see all of these things are trending in the right direction. We changed to the high profile destress around about a year ago and as you can see in quarter two we had about 80% of the mine on the high profile destress and of course since the half year has ended we now have everything on high profile. So that's going to be a big improvement for us.

Development is going up. Backfill production is going up, but just to give you an idea of how far we still have to go, although backfill on a per quarter basis has improved from about 60,000 cubic meters in quarter one 2015 to about 100,000 cubic meters, we need to get that up to about 150,000 cubic meters a quarter or about 50,000 cubic meters per month. So we’ve made great progress, but there is still a lot of work ahead of us.
Let’s look across the rest of the world. I’ve talked about Brownfields exploration particularly in Australia being a key part of our strategy and bear in mind the Australian region produces about 920,000 ounces a year. It is delivering about US$200m of cash flow to the group, that’s after taxes, capital, everything. So obviously this is an important part of Gold Fields.

And we’ve now set up the most aggressive exploration program ever. We’re going to be drilling over 600 km across our tenement package in Australia this year. That is going to cost us about AU$92m. And we have opportunities not only for resource extension, but also for growth. On resource extension Granny Smith continues to surprise on the upside. Darlot, which was a mine that was dying when we got it for free three years ago, has continued to produce and continued to make money, so hopefully we’ll find more there as well.
Let’s talk about some of these opportunities. If you look at Granny Smith, as you know the mine that we have there is the Wallaby underground mine and that has a series of gently dipping loads that tend to replicate themselves at depth. Now this is zone 100. You are seeing a plan view here, this is about a kilometer long and about a half a kilometer wide. We’re seeing extensions here both on the East and Southeast and you can see some of the grades we’ve intersected there. So this continues to grow laterally and will be the centre of gravity of our mining for the next three or four years.
Let me go further down again. These loads were about 100 to 200 meters apart; zones 110 to zone 120. Again we're seeing extensions. You can see the blue dots of the drilling we've done both infill and step out in 2016. You can see again it's growing to the West and Southwest, again we expect this to be another sizable package.
Each of these loads in situ is probably about 1.0Moz based on these grades. Now of course we don’t extract all of that because it is a board and pillar operation. We probably get about 60%, but as we get deeper we’ll get a place full and that will enable us to increase our extraction of the ore body. And further down still it doesn’t end. Zone 125 to 150, again it looks like it’s going to be another analog, about a kilometer long and about 600m wide, and again some spectacular drill intersections we’re getting.
So we think Granny Smith is really a world class operation, but it doesn't end there. We have a plant that can do 3.2Mt a year and we are only filling about 50% of that. So the question is, can we find the other 50%? Now you can see the Wallaby open pit over here on the left and course the Wallaby underground is accessed from a portal there. And if you look to the top there, you'll see that's Lake Carey and there is a little arrow going out there, you'll see that's an area that we're interested in. This is a salt pan of course.

We've blown that up and you can see there is something here called the Northern Fleet. There is a 6 km anomaly or, as the geologists tell me, I cannot say anomaly anymore because we've actually found gold. It is now a mineralized area and there is about 6 km of strike here. So we're quite excited about this. These are shallow intercepts. The indications are this goes a lot deeper. So this is going to be one of the key areas of focus. And ideally what we're looking to do is find another Wallaby and see if we can actually add that to what we have at Granny Smith and fill the mill and increase the production.
If you look at Agnew, we've found what we think is potentially a replica of the Kim orebody that we've been mining successfully for many years at Waroonga. Kim has produced a lot of gold of over 10 to 15g/t. If you look in the bottom right corner there you can see Kim which is the blue area that is largely mined out, but next to that, and it is only about 500m away, we've got Waroonga North.

So we've put in an exploration drive now that we've just about finished. About 700m across we've got three drill cuddies we've put in place and we're now doing underground drilling. We're hoping that we're going to get Waroonga North into resource or maybe even a reserve by the end of this year.
If you look beyond that of course at Agnew we've got the regional targets. We haven't done enough work on the regional targets over the last four or five years. So now we've focused on those targets. Now that bubble you see is what we call barren lands, hopefully it's not barren in terms of gold anyway and certainly the early indications are that we're finding a series of both open pit and underground opportunities here. Good drill intercepts. We're going to be spending a lot more work on this. You can see the Waroonga mine there at the top, that's plan view and alongside that of course is New Holland. They are very close to each other. So this is an extension of that trend.
Darlot of course I said refuses to die. Right now the centre of gravity for us is the Oval deposit. We’re going to be mining that in 2017. Right now we’re still mining Lord’s South Lower. We will get into Oval next year. You can see again some of the drill intercepts. One thing about Darlot is when you are in the grade, you are in the grade big time. And when you are in the good stuff, you certainly make good money and you bring the costs down. So I think this is something that we believe is worth continuing with.
If we look at St Ives, and we know that St Ives is a massive tenement package – with the extensions it is probably about 80km long and about 30km wide. On that package we have the speedway trend and we’ve seen mineralization across 22km of that trend. With so much to do, we have to prioritize what we think is important. So we found something called Invincible and as the team in Australia are pointing out, the discovery was in fact made in 1994. There was 1.0m of 0.8g/t. And you look at that and say, well that’s not so great. But actually if you pull that information out and do some work which is what we did, we created a main resource of 246koz. With the work we’ve done since then, we’ve taken this entire resource up to 1.8Moz and that is just one small piece of a very prospective trend at St Ives.

You can see again we’ve got the Invincible open pit that we’re mining, there’s five phases. We’re going to be getting into the underground next year and then we’ve got something else called Invincible South with some really good drill intercepts.
At St Ives, we've had something that's been around for a while called the Paleaoc-channels. There is over 100km of Paleaoc-channels. This is basically almost like river sand, alluvial type deposits. Some of it looks like it's been transported in. Some of it looks like it's actually relevant to the area, supergene intercepts for example that are there. We've mined some of these before, Argo as well as Neptune and now we're systematically working through these Paleaoc-channels to figure out what we've got here. And most of the drilling we've done has come back with really positive interceptions. So I think this could be something quite new and exciting for St Ives. Over 100km to look at and there's certainly a lot of work there for our geologists.
We’ve divested most of the assets that we didn’t want to keep – our Arctic Platinum project is still for sale. We’ve not been able to divest that yet, but certainly that’s not something we want to retain. But everything else we have we want to retain.

I’ll just mention that in Chile we have a very exciting project called Salares Norte that is a drill out project at this stage. We’ve got 3.0Moz, mostly oxides that’s over 4.0g/t of gold, 50g/t of silver which we believe we are going to grow this year. We’ve got about a third of that in indicated. So that certainly represents an exciting project in a country that we like a lot.
Our balance sheet has come a long way since the fall in the gold price in the middle of 2013. We’ve knocked off $600m off the debt over that period of time. I said a year ago that our target was to get to one-to-one net debt to EBITDA by the end of 2016. We’ve basically got there by the middle of the year, so we’re in pretty good shape. On the back of actually retiring some of our bonds which we bought back at a discount, we did a small equity raising to retire that. We bought those funds back at yields to maturity of about 7%.

That enabled us to be in a strong position to renegotiate our debt facilities with 15 international banks. We’ve rolled over $1.3bn of debt and we have no maturities of any consequence until the end of 2019. So the liquidity of the balance sheet is good. The cost of funding is good. We continue to make cash and we continue to deliver the balance sheet.
Objectives: Pay dividends

- We have consistently paid dividends on a semi-annually basis since H2 2013
- We maintain our dividend policy of paying 25% - 35% of normalised earnings
- After debt reduction, dividends take priority in terms of allocating cash flow

Of course we pay dividends and our policy has remained unchanged to pay out 25% to 35% of our profits as dividends – we’re going to honour that policy. So if we make the money we will pay the dividend and certainly our five year track record shows we’ve done that.
Have we delivered on our strategic objectives?

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So how have we done on our strategic objectives? Focus on free cash flows certainly delivered. Work in progress at South Deep and of course the Brownfields exploration. Work in progress, but we recognize there is still a lot of work ahead of us.

We've divested non-core assets and we stopped Greenfields exploration. The only active project we've kept is Salares Norte. We've certainly improved the balance sheet. We continue to pay dividends.
Our production, we have beaten guidance in the last three years and we believe that we’re on track again to do the same this year. In terms of our costs we’ve come in below our costs over the last three years. We believe we are on track to do so again. We want to kick on, on South Deep and make sure that we can create a mine that will generate sustainable cash flow for shareholders and be a key part of Gold Fields for the future.
Questions

Oh yes, one just on exploration spend. So, just in 2016 what would be the difference between Brownfields and Greenfields? Obviously you've done drilling at Salares Norte and then how do you see that going into 2017?

Nick Holland: So on exploration in Australia the Brownfields explorations this year is going to be about A$92m. In 2017 I would expect that to be at least that and possibly A$100m as we find opportunities for us to grow from there.

In terms of Greenfields exploration, we're not really doing anything, but certainly Salares Norte is already a resource project. So we've delineated it a resource already. It's there and what we're going to do is continue to drill out that project. We're going to be completing some studies by the end of the year. We will assess, but I'd be surprised if we didn't have something similar in 2017 as what we're spending in 2016 on Salares Norte.