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 resource, resource and other mineralization 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 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 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 to 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 very much everybody and good morning. I will get straight into it. We’ve got quite a lot to cover here. Looking at the quarter results it is good to see that we managed to increase our production again this quarter up to 566,000 ounces. We are still making cash, $47 million of cash flow. Costs are going down, $942 an ounce. And that puts us pretty close to the bottom of the cost curve. Now, a lot of the producers only give you all-in sustaining costs but we give you everything. These are the all-in costs. And I think if you go and look at some of the other major producers we wouldn’t come out too bad in comparison to that.

Normalised earnings if you strip out the impairments – close to $300 million asset impairments and then some tax adjustments to add to that – if you strip those out, about $15 million. We have paid a dividend. We have stuck to the policy. Our commitment has been to pay between 25% and 35% of earnings as dividends. We have done that, so shareholders will get a nice dividend, including me. So I’m happy about that.

Net debt decreased by $47 million. We continue to drive our debt down. We want to get to 1 times EBITDA if we can. That was a target we set for 2016. Whether or not we can get there is debatable, but we are going to continue driving the debt down. That is certainly a target for us.

South Deep, one of the highlights is we got the production up 24% this quarter. That is on the back of a 42% increase in Q3. So if you look at the second half 2015 against first half we are up about 70% on production. And that has obviously had a major impact on the unit costs.

Guidance for 2016. We are looking at between 2.05 million and 2.1 million ounces at costs that are very similar to 2015.
Cash positive despite the lower gold price

Here is an indication of how we have tracked over the last three years. I think the key point to highlight here is that production has been flat to rising over that period, particularly over the last year. A lot of this is seasonal. But over the period of three years we have picked up. The gold price has obviously been coming down, but you can see the costs have been coming down more than the gold price. So if you compare us to say three years ago we are down about $400 per ounce in terms of AIC.

How much more can we do? Well, I think we are into diminishing returns here. Certainly currencies have helped us over the past year. And inflation has been benign. It continues to be benign. Australia is pretty flat. In fact you’re able to employ people now at less than what you paid three years ago, which is quite amazing, and contractors have pulled back costs. Whether it is going to stay this way time will tell.
We said a number of years ago it is not about ounces. It is actually about making cash. And we moved the strategy back over here when we stopped the projects division, we stopped greenfields exploration, we stopped marginal production. And guess what? We started making money against a backdrop of a gold price that continued to decline over that period. We had one little area here that didn’t make cash, and that’s because of lower production in Q1 - that was scheduled and some of the capital there was front ended. So that wasn’t a surprise to us but it was a surprise to some people out there. But overall you can see the trend is in the green.
Comfortable balance sheet, with flexibility

The balance sheet as I’ve mentioned, we’re comfortable. We don’t have any near-term maturities. The first maturity only comes in 2017. We’ve got lots of headroom that is committed. So I think Paul Schmidt (CFO) and his team have done a great job in making sure we have the flexibility and the liquidity to withstand lower prices if they come. That said we want to continue this trend of bringing down the net debt and the net debt to EBITDA ratio.
South Deep, let’s look first of all at that operation. As you can see in Q4 production went up to 68,000 ounces. And you can see the enormous impact it has on costs. Costs have come down to $1,156. That is obviously at a Rand Dollar exchange rate of around R14, not the spot rate. And costs have come down from $1,431 the previous quarter. So that’s a big decrease that we’ve seen. Given the fact that 75% to 80% of the costs are fixed in the short run the extra production comes through to the bottom line at a very low cost.
We’ve done a lot of work in putting the right leadership and skills in place. We have installed a more performance-driven culture. Skills development has been key. We are training our operators. We are training our artisans. Safety has been the backbone of all of this. If you get safety right on an operation you will generally find that the production follows behind that.

We have moved to a new type of mining – and I will talk about that a little bit later – to high profile destress instead of low profile destress, and the early signs are encouraging. We are targeting cash breakeven by the end of 2016. And you can see over here as well the significant reduction in cash burn over the year down to just under R60 million in Q4.

And obviously the gold price in Rand terms is certainly helping us. Let’s see. We will obviously try to get there quicker, but we have to be careful about the impact of the Rand on inflation. I’m a little bit worried about the impact on inflation. I’ve been watching the Rand for 25 years in the gold industry. You usually find that you get improved margins at first but then inflation comes in and closes it again. So we’ve got to watch out for that so that we don’t give it all away and we find in two years’ time our costs have followed the gold price in Rand terms. So that’s the risk.

So just to let you know, guidance for this year is 257,000 ounces at all-in costs of R575,000 a kilogram. And I think you all know what the spot price is today. It is slightly more than that as we speak.

I’ve talked about getting the skills in place. Nico and the team have also put together a matrix of 68 initiatives that are prioritised and which are going to mean the difference between success and failure in the long term. How we actually create sustainable operations for all these categories of people, health, the fleet, the infrastructure as well as the mining design. So all of that is in progress.

We have done a lot of work on fleet replacement over the last year. We have replaced a third of the fleet. And you get a big kick-up in availabilities when you bringing new fleet. So that has certainly helped us. We’ve done a lot of work on making sure that the infrastructure is fit for purpose. I think it’s fair to say that’s work in progress. There is more work we need to do. I think the morale on the mine has turned a lot. If people are feeling more confident about themselves and their job they will usually give you better results over time.
Look at the safety here. This is the lead indicator for improvement. 68 injuries this year from 167 last year. And we achieved something we had never done in Q4. We had 38 injury-free days. That is a first for the operation. It means people are doing things better, they are doing things properly. Underground conditions have also improved. Secondary support installation. There is a backlog of many kilometres that have built up over the years. We are starting to eat into that. A lot of work still to do, but the trends are positive. Injuries down, support up. And here is the physical conditions rating. That also looks better than where we were.
A couple of pictures help to tell a story, given that we are not doing a mine visit this time. Look how poor the footwall conditions were. Too much water on the foot, mud there. That’s what it looked like. Now we have cleaned it up. Much better. Look at the back support here. The support is hanging. We have got water pipes hanging. What have we done? We have tightened up all the support, we have put the mesh on properly, we have got the pipes under cover. Much better. So these are the kinds of things that can improve an operation.
We have often said that the success of South Deep is dependent on destress. That is essentially the underground development. If you can actually get that up you will create more face over time in the open stopes, which is the meat and potatoes of the operation. That has gone up. Open stope production has gone up and the ratio has gone up as well. That’s where the high grade and where the big volume is. Backfill production has gone up. Remember we have to backfill all of these big voids otherwise we can’t continue mining. So we had a backlog of that. We are starting to eat into that and development is going up. So the trends are all positive and it is looking a lot better from here.
Now, we have also changed the pillar layouts. We used to have four mining spans of 240m with 60m pillars. And we also had crush pillars in between the Main Access Drives (MADs) and the Secondary Access Drives (SADs) and stope across drives. So what have we done? We have decided to create a stiffer structure. We are going to reduce the mining spans and keep the same stability pillars of 60m. That has now been agreed. We have had independent geotechnical consultants that have been working with us for two years to come up with this change in configuration.
So we are now able to move to a shorter mining span. Now we have 180m mining spans. We have moved from four to six corridors with 60m stability pillars in. And as a consequence of this we have also brought in a little finger over here on the distal part of the mine that previously wasn’t in here. That has given us a stiffer structure.

That means that this mine is going to behave much better in terms seismicity to the extent that we have seismicity as a risk and it should mean that we have a much better long-term sustainable plan with those shorter mining spans. In addition to that we have also put in bigger crush pillars between the MADs and the SADs. That will also give us better localised conditions as well and help us to make sure that we don’t have closure. That is one of the risks that we have, to reduce the closure.

Previously we were looking at closure of up to 25% per meter. Now with the changes system we think that we can reduce that to a third. So all round I think this is going to be a much better design for us.

Now, we’re not giving you the reserves today because that is only going to be finalised in March. But we are not too concerned about the impact on reserves overall, so we don’t think this is going to be fatal for South Deep. And if anything it is going to de-risk the entire mining profile.
We just want to show you briefly how we actually open up the ore body. We have got a series of slides here. We get into the ore body first of all. This is a typical destress cut. Now, a cut will be superimposed on one of the corridors that we mentioned earlier. A cut will go across the entire corridor. It starts off with your access to your ore body, your main access drive or MAD. From there we have our breakaways.
We have the stop access drives that come in over here like that. And then we have the stope drives that come from there. That is how we actually open up the area.
What we then do is we take those stope access drives down. You will notice we follow the inverted Christmas tree geotechnical design. That is a 45 degree angle so that we honour the geotechnical design. We take these stope access drives down and we actually backfill these as we go. So the MAD stays open, the SADs stays open, and we fill the stope access drives as we go down.
And you can see over here I've marked in red where we actually are filling those stope. So that destresses the ore body. And then in between these stope drives we have the crush pillars which must crush to actually absorb the stress.

All of this actually achieves one result. We take all of the latent rock pressures and we push them to the boundaries of this cut. We have had the best professors of geotechnical design in the world that have been working with us over the last two years and even before that to get this right. So that's how it works.

It's important for us also to make sure that we always have a front of at least three SADs opened up before we start the meat and potatoes of the business, which is the open stoping. So that's the next thing.
There’s your open stope. So you mine these stopes from in to out on a retreat basis. So the stopes will be mined from the side here right through into the MAD. You will start your slot over here. That will be your access into your stope. You get your Simba rigs in there, they drill the big holes and then we start to do five rings a time and then we take that all the way through.

So if you look at what that looks like over here you can see there. Notice underneath we are starting the next cut. The next cut actually overlaps the cut above. The development there in grey shows how we are getting into the next cut below.
So if you look now in a mature distress cut you can see over here these are all of the primary and the secondary cuts. It is important to note as we do the primaries, we have to backfill the primaries, then we come back, we mine the secondary stopes. And you can see as well we mine them in a sequence. We can’t mine everything in the same place. We do one over here, two there, that one, that one, we fill as we go and then we come back at the rest. So at the end we have essentially mined all the stope access drives. They are all filed because they are mined as part of the long hole stope. And then we mine the MAD because this is all on reef.

We mine the MAD on a retreat basis right back up to the top there. We fill that and then get the remaining ore out over here. And then the access, that is men and materials as well that is used. And that’s your cut. Here is the cut below starting to push out. There is your development drive. That is how we mine at South Deep, or that’s how we want to mine.
If we look at where we were on the low profile destress, we made a decision in July of this year to stop the low profile and move away to high profile. And these are the reasons that we made the decision to change. So this is the low-profile cut. As you can see over here we brought in low profile equipment. We didn’t have equipment that could do the support so we are doing a lot of manual installation, hanging wall drilling with hand-held rigs in some cases, remote air legs operated. It took hours and hours to do the support. Then you had to come back and do your bigger excavation once you had destressed. These are all destressed 2.5m and then we come back. We do the bigger excavation. Then we have to make it bigger, 5 metres, take out all the support again, rip the hanging wall, and then thirdly we come in and start mining the stope.

So the slot would be over there and we would come back on a retreat basis. And there you can see the Simba and the dozer doing the five rings at the top. So that is how we did it. The typical life of a cut is about six years but it took us 30 months to actually get to stoping. So the lead time to stoping was too long.
Now, if we go to high profile now we’re going to 5m cuts. And you can see we’re mining it once. We bring in the equipment, we mine it once, we support it once. Everything is mechanised including the support. There is no manual intervention. We have got available rigs. Only one fleet and one suite of equipment is used for this.

So much easier. And the lead time to stoping is now 19 months instead of 30 months. The cut life doesn’t change of course, but it means that we get into this area here, which is really the focus of South Deep. We get into this area much quicker as well.
Here is where we are in terms of the destress at the end of 2015. You can see the high profile are the blue areas that we've done over six months. The magenta areas represent the low profile areas. If you worked all this out it is about 40% of the total mine that right now is on the high profile destress. So that is quite a lot of progress that has been made over six months.
This is where we will be once we have finished the low profile. Some of the low profile is not worth halting because we are fairly advanced on the low profile, like over here for example. We may as well finish it all the way through, so not stop it, because we are virtually halfway. The rest of the mine by the end of this year we will probably have about 80% of the mine on high profile and then the full mine on high profile by the end of 2017, early 2018. Obviously there is a lot of work to bed this down. The geotechnical experts are holding our hands. But the one thing we can tell you is this is going to be better than what we were doing. There is no doubt about it. It is not going to be easy. We are going to have to bed this down. We are going to have to get better at it. But it is going to be better than where we were. There is no doubt about that in our minds.
In terms of fleet here is a recon of the fleet. I won’t go through a lot of the details because you can study it in your time. But the important thing is we’re going to be reducing the number of fleet from 95 at the end of 2015 to about 87 at the end of 2016 because we are going to get more out of the bigger fleet. The bigger fleet will be more productive. We need less.

But importantly in terms of replacement we would have brought in 24 pieces of new gear which means if you add to that the 24 pieces of new gear we brought in in 2015 it will mean that two-thirds of the total fleet is between one and two years old. So the availabilities and the utilisation will be much higher. So that investment in the fleet should help us improve our advance per meter and availabilities in utilisation.
Here is the new 95 level workshop. We have talked about this quite a lot over the years. It is active. We also have the OEM maintenance outsourced for what was corridor two, which now represents about 35% of the mine. As you can see a much better workshop. Just to put into context it is like two rugby fields underground, obviously with pillars in between that you can see over here. So it is a massive footprint. It is probably the biggest underground workshop at 2,900m in South Africa. We have been working on this for many years and now it is starting to pay back dividends to us.
In terms of people we’ve brought in 143 of 146 core positions that have been filled. We have looked long and hard. We have searched around for the right skills so it has taken us a while. But we are quite comfortable with what we’ve got. People are feeling a lot happier across the mine. If we did this a year ago we wouldn’t have even showed you this, it was so bad. Today I think we feel brave enough to show you that at least half the workforce is satisfied and a third of them are strongly satisfied. That’s a big turnaround. I think that is another lead indicator to improved performance.

We have now got artisans in training. We did a skills assessment of our artisans and found that most of them actually couldn’t do the job. Now we have got them in training and it is going to make a big difference to us over time. Particularly with the OEM in there we’re going to have a transfer of skills, and that’s going to be a lot better. So all round the team is feeling more empowered.
So back to basics is what we said. The work still continues. We are probably still three or four years away from where we would like to be. But I don’t think the journey at South Deep is about three or four years. This is going to be a mine that is going to be continuous improvement. Next year when we are bold enough to bring you to the mine and tell you what we think it can get to and by when, that is only going to be the first step. I think it will be continuous improvement over many years. 250,000 ounces of gold in 2016 is our commitment and breakeven by the end of the year as a minimum.
Cash positive despite the lower gold price

Let’s look at the rest of the group because believe it or not Gold Fields does have some other mines aside from South Deep. Sometimes based on all the questions I wonder whether people know that. Here is what the other mines have done. This is a company in its own right that can stand against anything out there. In Q4 500,000 ounces of production roughly, 2 million ounces for the year. All-in cost $912 an ounce. So that is right there in the lowest quartile. And they made $334 million of cash. You won’t find too many global gold companies making that kind of money. Just the international assets of Gold Fields managed to make that money.
Australia. I think the big thing here is we want to continue to discover ounces so we can keep the longevity going. A million ounces a year is a great target to have achieved, but of course you become a victim of your own success. And we are not in an industry that produces widgets. We are in a finite industry. That's not so easy to do once you've got to that level. But there are a lot of encouraging signs. At St Ives alone we've got some really good discoveries along the Speedway trend, Invincible South. And I will talk a little bit more about these. We've got a few slides a bit later.

We are going to be spending a fair chunk on exploration, A$86 million. We spent about A$90 million in 2015. We said it is a three-year programme. We are going to early generative targets. We are not just looking for extensions to the existing mines. It is going to take two to three years to see results on all of this.
If we look at St Ives, I think a great quarter for them. 100,000 ounces in Q4 at all-in costs of about $846. Invincible has really performed exceptionally well over the last year. It has proved to be everything and more that we hoped it would be. And hopefully we will have more extensions, maybe a push back in time. The underground will come in as well. I mentioned the Speedway trend. That looks exciting, and we’ve got some very good intercepts as well on the eastern causeway, 40m at 1.6g, 10m at 1.7g at the Retribution project, so clearly there is more than just a bit of smoke over here.

Lower production this year because we are closing Athena. Athena is one of the two underground mines that has been in production for eight or nine years. So we are closing that now actually next week. So obviously we are going to lose that production. Neptune will come in as well, but that will come in later in the year, so there is a little bit of a drop in production from 370,000 ounces to 350,000 ounces. But we think as Neptune comes in, which also performed exceptionally well last year, that we will be able to maintain or even increase this over time.
Here is Invincible South, the Speedway trend across the lake. This is one of the exciting discoveries we have got. This is fairly new. We’ve already got 312,000 ounces. Fairly good grades over here. This looks like it could be an underground operation. Here are some of the intercepts. You can see here are the grades. Purple grades are the higher grades. As you go down to the grey that’s the low grades. Here is the ore body structure, typical steeply-dipping ore body. Here is the strike length. So it is not small. So I’m sure that we’re going to find some more there over time.
So across Invincible we have a number of targets that we’re looking at to put back what we’ve mined and also add in what we’ve mined. As you can see over here all of these stars indicate the targets. Here is the Speedway trend as well that you can see over there, and there is the Eastern Causeway trend.

A lot of these are associated with sheer zones that go across the ore body and also sheer zones that are perpendicular to the main sheer zones. This is 90km. You can see a lot of the area here very little exploration. It is a function of getting to it and getting the rigs to it. And you don’t want to spend too much money because you can’t waste. You have to actually have success and then build on success.
Cash positive despite the lower gold price

February 2015

Agnew Lawlers, a good turnaround. They had some tough geotechnical conditions at the Kim Lode, the base of that mine. It is fair to say it is getting narrower and splitting out. Geotechnical conditions are certainly getting tougher so mining rates will decrease. And we know that Kim South is coming to an end.

That’s why we are developing into the FPH ore body which is adjacent to Kim with good grades as well, and also looking at getting into new areas on the old Lawlers complex. But they have done well. They have pulled their production back up. And I think they will do well again this year. As you can see 223,000 ounces which is slightly lower than 2015. But as we bring the new ore bodies in I think we can certainly push this up possibly down the road.
Here is what I was talking about earlier. Here is the long section. Here is the old Waroonga open pit that was mined out some years ago. And obviously the portals come in here and we go down here into Kim. And you can see we are fairly deep into Kim. Here is FPH which is going to be the new mining footprint for the future. And here is a drill drive going into something called Waroonga North and Kath. Similar shear zones, parallel shear zones to the Kim shear zones.

So the host rocks and the geological structure lend itself to an ore body. We have got surface drilling and underground drilling in here which look positive. I think the exploration drive into what we think is the heart of the ore body will tell us a lot about this over the next few months. And if all goes well this will be another significant mining platform for Agnew Lawlers.
Here is Cinderella. This is on the other side of the old Lawlers operation. And you can see this is the Cinderella area. Now this straddled Agnew and Lawlers. This was one of the reasons we were quite keen to get hold of Lawlers, because this area couldn’t be mined by either Barrick or ourselves.

Now that we own 100% of the two mines we can actually mine all of this. And we have had some really good intercepts over here. We are developing the drive into that as we speak and we should be mining in Q2 or Q3 in Cinderella. The other thing with Cinderella is it looks like it extends into an area called Himitsu which is down here. This could be quite a bigger strike area than what we see now. So the guys are quite excited with what they see there.
Cash positive despite the lower gold price
19 February 2015

Darlot has done incredibly well in the second half of the year. The first half of the year was not too good, but the second half we have done well. We have brought our costs down significantly. And that is mainly because we are into the heart of the Lords South Lower ore body. Grades of about 6g per ton that we can actually take into the plant, which is pretty good here.

Our problem at Darlot though is we are running out of real estate. And you can see our forecast really doesn’t fill the mill for the whole of 2016. That is now, but that doesn’t meant to say that’s where we’re going to end the year. There is something else deeper down in Centenary called Oval that we’re looking at. We are drilling that area now. If we are successfully we should be able to add something to that for this year and possibly next year. The timing is difficult to predict, but we may see some of that this year and we may get some other sources in as we look across the ore body.
Now, we're doing a lot of work outside of Centenary, which is the main ore source. You can see over here in the middle that's Centenary. There is about 1.5 million ounces that are being mined out of Centenary. But we are now looking at other areas cross the lease. 6.5m at 1.3g at the Waikato prospect looks interesting. And also over here at the top we've got some other interesting drill intercepts over there. And at the Khan Project 4m at 7.9g.

So it is far too early to give up on Darlot. We have to do the work and assess what we've got here. These orogenic systems look as though they're going to die and then all of a sudden you find something new. So certainly I want to give the team every change to find something new.
Granny Smith another good quarter, slightly off where we were before. I think 82,000 ounces was really shooting the lights out. But as we mine across the central corridors of where we were in zone 90 and 100 we obviously have to get the lower grades because the ore body overall is going to give you an average grade. So the grades are slightly down. Still a very good performance. Still good costs. And we expect to do well again in 2016, about 270,000 ounces. And the exploration continues to be very exciting at depth.
Cash positive despite the lower gold price

So we are mining pretty much over here zone 90, zone 100, the last vestiges of zone 80. This goes under the salt pan over here. But we are right down here and we are finding really exciting intercepts four lodes zone. And typically in situ these lodes have contained up to a million ounces per lode. So it gives you an idea of what we're looking at over here. This is pretty exciting and it is still open. We haven't yet found the limits of the Wallaby underground.

Here are some of the drill results very briefly. Zone 135 over here 6m at 9.7g, 14.8m at 13.6g, 15m at 7.8g. There is a lot here. I think we have just got to get through it. It is going to take time. Obviously as we get deeper the question a lot of you ask is, what are you going to do? And yes, we are doing the studies potentially for a shaft system that might come down, not for men and materials, just for ventilation and rock hoisting. It might actually be more efficient than having the vehicles drive down the spiral decline all the way down. We are doing the study and we will probably have a better view on that in about a year's time.
Q4 2015: Granny Smith

Regional exploration

- Major evaluation of regional lease holding commenced in 2015
- Over 56km of aircore drilled in 2015 – returning an abundance of anomalous intersections and highlighting several new areas of interest, 96km of follow-up and new programs in plan for 2016
- Establishing geological framework, as was successfully applied at Silves, key to improved geological understanding and future target generation
- Diamond drill testing at Alabama has intersected (low grade) anomalous intervals with visible gold observed in the core
- Studies to optimise a potential open pit (~75k oz) and underground (~350k oz) at Granny Smith are underway
- Least explored of all the Australian assets

For Granny Smith we’re looking at a whole bunch of targets across the lease. I will leave this with you to study in your own time but still a lot of work to do in following up some interesting results.
Moving to Ghana, a good performance from Tarkwa, 145,000 ounces at $800 an ounce. This truly is a world-class operation. About 7 million ounces of reserve. And I have to tell you, this is an ore body that is very similar to Wits-style ore body, conglomerate stacked reefs. And it is open in many directions and we think that there is potential to find another significant paleoplacer on the lease that we’re looking for.

So we are spending a bit of money on exploration, although we don’t need to do much at this stage. But we would like to know what might exist there. So we expect another good year ahead of us at pretty good cost structures.
**Damang** is obviously a mine in flux. We are starting to run out of flexibility in the pits that we are mining. We are mining the extremities of the Greater Damang Complex, Huni and also Juno. As you get deeper into the pit the pit floor gets more constrained. You run out of logistics to move the ore. And unless you do a big pushback the mine comes to an end.

We are now looking at potentially a pushback of the area below the original pit that we mined for ten years that actually was very good to us. We got very good grades there of over 2g per ton. We have got a resource there of about 4 million ounces at over 2.5g per ton in situ. So we are doing a full study now looking at the potential of accessing that ore body. Obviously there is going to be quite a lot of waste strip to get there.

We brought in some independent consultants to validate the work that we’ve done ourselves. I would hope to come back to the board to the next quarterly board meeting and then give an update to the market as to what we want to do here by May. But certainly it is a world-class ore body. The question is whether the gold price is actually high enough for us to have the guts to spend the money at this stage. But there is an ore body here that will be mined in due course I’m sure.
Cash positive despite the lower gold price

February 2015

Cerro Corona has had another good year at just under 300,000 ounces, although this last quarter we did come off a lot. That’s a function of where we are in the pit. We expected that. Of course with the grades coming down you can see it has a major impact on the all-in costs. Nothing to be concerned about going forward however.

And as you can see in the guidance we expect this year to come in at all-in costs of about $860 all-in 260,000 ounces. That was a function of taking the entire pit floor down. You have to mine the lower grade areas, the higher grade areas and you do it all in a sequence. But next year we expect to do reasonably well.

Why are the ounces down? Well, the copper price is down. So this is a little bit of alchemy of course. We try and convert copper to gold. And if you use a lower copper price, guess what? You get fewer ounces. That’s the alchemy. If you run that through at the copper price we achieved in 2015 the production would have been closer to 300,000 ounces. So that’s what that it.

Copper at $2 a pound hurts this operation. 50% of the metal in the head is obviously copper. We are still going to make money, but obviously not as much as we would like at $3 per pound or higher. Maybe those days will come back one day.
Conclusions

Strategic priorities

- Cash flow and margin – Make money at current prices
- Committed to delivering on our plans in terms of both production and costs
  - Near-mine exploration continues
  - Ongoing development of orebodies is critical
- Continue to reduce net debt – Targeting net debt/EBITDA of 1x
  - Balance sheet has flexibility with regards to capacity and maturity
- We are firmly focused on delivering a sustainable South Deep – encouraged by early signs
- Continue to evaluate value-accretive opportunities

2016 Group guidance

- Attributable equivalent gold production: 2.05-2.10Moz
- AISC: US$1,000-1,010/oz
- AIC: US$1,035-1,045/oz

In conclusion, our objective is unchanged. We have said to you before we are here to make money. We are here to generate free cash flow. And we are going to reconfigure the group to make cash flow. The days of heroic long-term production forecasts are over for us. If the others want to do it, good luck. We are not going to be doing that. It is making money at current prices. That is the key. And we have been doing that the last quarter, and we believe that certainly at spot prices today we’ve got a reasonable chance of repeating that during the course of this coming year.

Near-mine exploration is key and the ongoing development of our ore bodies. And you will see that our capital for this year is still about $600 million. There is significant development going into St Ives at Invincible and Neptune. There is significant development going into Granny Smith as we open up the deeper parts of the mine. There is ongoing strip going into Tarkwa of course. Damang, we are going to make the decision in the next few months. So we have an eye not just on today. We have an eye on tomorrow. And the fact that we’re putting A$86 million into Australia for brownfields exploration I think gives testimony to that statement.

Production guidance for this year is about 5% down at the lower end, about 2%, or 3% down on the upper end of 2.1 million ounces. And costs as you can see are pretty similar to what we’ve achieved in 2015. So I think that’s not a bad outcome to keep the costs where they are.

I think with that we’re going to leave a little bit of time for questions. Paul Schmidt, our CFO, is with us in the corner there. I’ve got Nico Muller who is the Executive Vice President and Head of Operations in South Africa. So between the three of us we will endeavour to answer your questions. Thank you.
Questions

Johan Steyn – Citigroup
Thanks guys. Johan Steyn from Citi. Nick, first of all thanks for the transparency on Australia. I think it’s really enlightening and comforting to get advance guidance on all of these things. We have always known when you acquired these assets that there is going to be a three-year period when you’ve got the reserves in the ground and then afterwards you are going to need to go and find things. Australia has generated a lot of cash for you over the past two to three years, so very well done with that. But the key question now is strategically you’ve got more cash from this business than you’ve put in. Now the exploration really needs to start to pick up. You need to spend more capital in this business. Is this the optimal decision? Isn’t it now time to try and call it quits, take the money that you’ve received here? Otherwise it just becomes a normal gold mine, if I might say that.

Nick Holland – CEO
Remember in 2001, Johan, when we bought St Ives and Agnew and we were roundly criticised. People said why are you buying these dying mines? Western Mining doesn’t want them anymore. That’s why they sold them to you. They have only got four years to go; it’s like 2 million ounces. You’re wasting your time and your money. 15 years later we have still got four years left and we’ve mined 8 million ounces.

Johan Steyn – Citigroup
How much of that was driven by the gold price going from $200 to $2,000 an ounce?

Nick Holland – CEO
Very little because the costs followed it. As you know in this industry the problem you’ve got with the gold industry and probably other sectors of mining is that the gold price goes up and the costs go up. I remember when we first bought the mines the gold price in Aussie Dollars was A$500 an ounce and the costs were A$300 an ounce. Now the gold price in Aussie Dollars is A$1,700 an ounce and the costs are A$1,200 an ounce. So the costs have come with us.

I think the key here has been finding really good mines that we’ve discovered and brought to account. Leviathan was a good mine that served us over five or six years. Athena has been a mine that has been with us for six years. We had Apollo. We had Argo. We had Cave Rocks. They all made good money for us over time. So I don’t think there is anything at this stage to suggest that on the lease there isn’t the opportunity to replace.

And what has been the cost of replacing those ounces? It has probably been $80 an ounce on average over time. What is the cost of M&A? Cowal went for over A$400 an ounce. So what you can do is you can either go and try and discover additional ounces on your existing lease for under $100 or you can try and buy those ounces for maybe three or four times that. We just think this is better business for us.

I think we have proved the critics wrong about the reason we bought the assets in Australia and why we’ve kept them. When we bought the mines from Barrick all of you condemned us. You said we are wasting money. What are we missing here? Barrick doesn’t want these mines etc.

Well, what have we done? We have dropped the cost by 25%. We have increased the production by 25%. We have got a two-year payback on the mines. Those kinds of deals are very hard to do. I think we’ve got a reasonable portfolio here, but it is chunky in terms of exploration. We might go through one or two years of lower production before we come back. But we are pretty confident that we’re going to find some additional stuff here.

Johan Steyn – Citigroup
Then with regards to South Deep, can you mine this mine profitably if it is only 200,000 ounces a year? Let’s say you go through all of this stuff you’re doing now and you conclude that because of the fact that you need to reduce the width and all these things you can only mine 200,000 ounces. Can you do it profitably at 200,000 ounces?

Nico Muller – EVP South Africa
I think 200,000 ounces per annum is pretty close to our breakeven point. And we have not invested a significant amount of effort in cost optimisation which I also think there is some potential for. So can we mine South Deep profitably? I am in absolutely no doubt that we’re on track to do that. On the production point we
will come back in February next year and give a more accurate view on what that’s likely to be.

**Johan Steyn – Citigroup**

And then just one last question, if I may. This is not the first new plan for South Deep. There have been a number of new plans for South Deep and none of them have worked. Why is this going to work? What have you learnt? Why should people start giving you the benefit of the doubt for South Deep?

**Nico Muller – EVP South Africa**

This is hard for me to talk about the plans that haven’t worked. I am very aware of the track record and the credibility that goes with it. I think Nick was very brave at the beginning of last year by taking the plan off the table and giving us the latitude to focus on the basics. The support that we’ve had from the board and group has been absolutely overwhelming. They have afforded us the time to get the infrastructure, the mining conditions, fleet; they have given us a free hand in terms of reconstituting a team. I think if you look at the things that Nick discussed, those are things which you require to have a world-class mining operation established. I think that has been our focus. I think that is the reason that Nick has been a bit cautious to talk about long-term future guidance. What we want to do is develop a link between current performance and the guidance that we have confidence in, in order to convey a confidence to shareholders.

**Patrick Mann – Deutsche Bank**

Good morning. It’s Patrick Mann from Deutsche Bank. I’ve got three quick questions please. The first one is previously you guys used to target a 15% free cash flow margin. I think it was at a $1,300/oz gold price. Is that still a guiding principle now that you’re starting to get two years of positive cash flow? Has that fallen away as a guiding principle for the group, and should we look rather from the bottom up on a per operation basis?

And then secondly if you look at the balance sheet and the desire to get below 1 times net debt to EBITDA. But then there is the potential project at Damang, further underground operations or development of areas in Australia. If you pursue these it could mean the business is free cash flow negative for a year or two – or are they off the table in your desire to get below 1 times net debt to EBITDA? Do you have to keep the group cash flow positive when evaluating those individual projects?

And then the third question is just on Ghana again. If the decision is taken to close or not to reinvest in Damang, what does that do to the mining rights at Tarkwa?

**Paul Schmidt – CFO**

In terms of looking at investing into the projects the main aim is that we look at balancing the funding requirements over the year and still maintain some type of cash flow generation. If we invest in Damang we have to look at exactly when the spend is happening etc. So no, we wouldn’t take the debt reduction off the table if we were going to invest. We would also have to look at other ways of potentially financing it as well.

The free cash flow margin, it is still on the cards. But obviously the way we look at it is that at a $1,100/oz gold price that percentage probably equates to around 8%. So we do still always target a free cash flow margin. $1,300/oz is the benchmark, but as gold goes up or down we change that percentage in relation to that.

You can’t look at Damang without taking into account Tarkwa. While there are no financial or regulatory links in terms of the overall economics in Ghana we look at the two together. But as Nick said earlier, we are not moving quickly on Damang. We are weighing up all our options and the potential overflows onto Tarkwa as well.

**Adrian Hammond – Standard Bank**

Two questions, firstly for Nick. As I understand Ghana is going into elections this year. Are there any potential policy changes you’re concerned about? And then for Nico on South Deep, now that this new high profile method has been rolled out can you compare the efficiencies in tonnages to the low profile method? Thanks.

**Nick Holland – CEO**

On the first question I think it is far too early to give any kind of view. And look, we are fairly apolitical in our views. We will work with the government of the day and continue to nurture our relations with whomever the government. I think the relations with the current government are good. We have a lot of positive dialogue, and we would like that to continue irrespective of who is there after the election.
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Nico Muller – EVP South Africa
If I can comment on the efficiencies from a tonnage point of view, we have had to adopt a very conservative approach to the development of the high profile. We started with it in July so we had to limit the advance rate to make sure that we were ready for high profile destress cut. So I’m not expecting a significant increase in volumes from destress in the coming year. The idea is to perfect the method and then look at productivity improvements as we go along.

What I will say is the efficiency of high profile is favoured as a result of the larger pillars. So per linear meter of development you have a greater areas of destress that is achieved. Given the mechanical safe environment the reduction in deformation from 25% to 8% means that what we have found is that our drill rig efficiencies, which we battled to achieve 60 metres per rig per month on the low profile, has exceeded that already on our high profile even though we have done it only for six months.

Derryn Maade – HSBC
I’ve just got two questions please. The first one is on Cerro Corona. Obviously last quarter wasn’t such a great result. Low copper price environment, declining grade profile. Can you comment on how you see the asset moving forward if this environment stays where it is?
And then the second one is on South Deep unsurprisingly. 2016’s target in my opinion is fairly low. We are not yet back to the 2013 300,000 ounce profile that was achieved then. Nico has mentioned he doesn’t expect much volume uplift from the destress side. Is that the constraining fact behind that, or what other factors are limiting your ramp-up at the moment? Thank you.

Nick Holland – CEO
I will answer the first question and then I will pass the second question on South Deep to Nico. We have been saying for some years that the ore body will ultimately progress to the reserve grades. Let me go back and look at the mineral reserve and resource supplement for 2015. You will see that the reserve grade is about 0.9g per ton. The copper grade is about 0.42%. So we are graduating towards that. So the ore body now is starting to show what we always thought it would show.

That said, it is still a low-cost producer. What are we doing as a result of that? It has not been a surprise to us that this is happening. We’ve seen it coming. We have cut the cost quite a bit over the last number of years in real terms, never mind just in nominal terms. And the other thing we are looking to do is we have increased the throughput through the plant. We have the potential to further increase the throughput. We are looking at a project as to whether or not we can debottleneck the plant for us to do more through the plant and maybe bring forward some of the ounces and actually leverage the fixed cost base at the lower marginal cost of production. So we are looking at that too.

We haven’t given up on life extension. Bear in mind we still have the potential to bring to account economically 25 million to 35 million tonnes depending on the copper and gold price assumptions. That is not for now. At these sorts of prices we don’t think that’s the right business decision. But we have the optionality of doing that into the future.

And then we’re going to slowly start looking for potential around Cerro Corona, around the lease itself, and see if there are other opportunities for us to look for incremental inputs to the plant. And remember this is a porphyry system so it is not closed out. At the base of the pit floor where the current pit shell ends is not the end of the mineralisation. We have done some drill holes in the past into the base of the floor.

And who knows? We may be able to continue longer than the current life of mine plan. The question is whether it needs a big pushback, whether you have the space on a very constrained site. I don’t know if you have been to the site, but it is fairly mountainous and it is rugged, being up in the Andes. And we don’t have a lot of space so a pushback is difficult. But it might be that we could get more into the base of the floor.

So we are looking at a combination of issues to see how we can optimise Cerro Corona. Don’t forget as well we’ve got oxides on the site that we could still process over time. We are trying to see whether we can process the oxides in tandem with the sulphides or whether we should actually process them at the end of the life. That was from the original cap of oxide ore that we had to take off the mountain before we started getting into the lower stuff. Lots of options. We are strategically working through all of them.

Nico Muller – EVP South Africa
First of all, I apologise for the disappointing guidance. I suppose whether it is low or high is relative. It is 30% up from where we have been in 2015. As we’ve explained in previous presentations we’ve got a journey to

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develop our operational maturity. And unfortunately it is not like we can pull one lever and increase production. If we look at the operation it is skills development, it is backfill, it is infrastructure, it is so many parts. And as I say if you look at the leading indicators that Nick has shown, the increase in backfill, the increase in support, we are sitting with 31km not unsupported but with development ends without secondary support. I think for us we have to manage our growth rate because we are at a risk of having a short-term focus and going up the production curve only to fall down later.

It is a bulk mine at ultra-deep depths. It is a value chain with a lot of independent parts to it. I think the true value at South Deep lies in understanding the value chain and managing the combination of all these independent, interdependent parts in a very systematic and structured manner to make sure that the growth we are achieving becomes sustainable and we remain profitable. And so I think if we committed to more than that we would adopt a very short-term focus and we would be at risk of disappointing later on.

**Nick Holland – CEO**

Just to add to Nico, we did change the mining method halfway through 2015. That hasn’t bedded down yet. We’ve got to get more confidence on the new mining method in 2016. I think just having the ramp-up we’ve got I think is already quite bold, given that it is a new mining method. It needs to bed down. We are going to learn things along the way. And there will be bumps as we have those learnings.

**Derryn Maade – HSBC**

I wanted to ask that slightly differently. If you had the same situation now, but your destress mining was at the high profile, say 100% of it well bedded down and running efficiently, what would your target have been for the year?

**Nico Muller – EVP South Africa**

To be quite honest my answer is pretty similar. The destress itself is a critical constraint. So that is one part of the puzzle. In order for us to produce more we need to have the backfill capacity which is absolutely vital in our mining value chain. So if South Deep accelerated its destress stoping without the support of backfill we would run to a crash. If we accelerated our development without the necessary ventilation and cooling capacity to provide ideal operating conditions, we would continue to run our fleet to destruction.

So it is a systematic process covering a wide area, which is why we brought in business development teams. They don’t have a day job other than paying attention to the fundamentals. And I’m very confident that over time we will see the benefit through a sustained, long-term profitable operation.

**Allan Cooke – JP Morgan**

Just sticking with South Deep briefly. Nico, how has the fleet availability and utilisation changed at South Deep? I understand the composition of the fleet. How has that improved over the last year or so and where do you think fleet availability and utilisation needs to be at South Deep? That’s the one question. And the other, you’ve changed the geometry of the mine design which will change the extraction ratio. What implications does that have for the reserve and should we be expecting a decline in the reserve at South Deep as a result of the change in geometry? And last but not least on that secondary support backlog, when do you anticipate secondary support backlog will have been caught up at South Deep please?

**Nico Muller – EVP South Africa**

The second question I will answer first. We are going to publish our resource and reserve statements in March and I think the outcome will satisfy your question. As far as the secondary backlog support is concerned that is probably going to take us a decade to catch it up. What we have asked our technical engineers to do is to categorise that and create different classes of priority. There are some of the excavations that we don’t have a high traffic volume and are a bit unstable notwithstanding the fact that secondary support has not been installed. So we want to have a risk ranking of all of the excavations. But it is going to be a long journey. It is a large volume of secondary support that we have to install. Your first question?

Fleet availability has been improved, but I think at this stage more so as a consequence of the new fleet we have introduced. I don’t think we have become particularly good at maintaining fleet. We have implemented a lot of initiatives. There are new workshops. We have got the OEM in and we are going to start training our people. We’ve got a very strong engineering team of people in.

But I think the differences are as far as I’m concerned so marginal that it is not worth talking about. If I talk about our business improvement that we have in engineers the differences that we have achieved so far are
not as a consequence of our improvement. I do expect an improvement to happen during the course of 2016 given the strength of our team and the systems they are installing. So we would aim at an 85% availability and 85% utilisation in a mechanised operation. We are still tracking between 60% and 70%, so there is definitely room for improvement, which is great because I think given where the current gold price is in Rand terms I think we’ve got a great chance of being cash positive much earlier than what we have said. And this is just additional opportunities for us to improve over time.

Avishkar Nagaser
A question from the webcast. What oil price assumption is in your guidance and what is the sensitivity to this?

Paul Schmidt – CFO
In terms of oil we are unhedged. It is difficult to look at oil assumptions. In each of the countries the price is set differently. In each country, they have got different legislations. You don’t see the full impact of oil. They rather work on set prices. Like in Ghana we are using $1 per litre of fuel used. It is not a linear relationship.

Kane Slutzkin – UBS
Nick, just quickly on M&A. I know in the last four or five quarters you have actively mentioned M&A and this time around it seems like you haven’t. is it a case of the near-mine work you’re doing is taking priority and M&A takes a back-step, particularly given your comments around what assets are going for now? Particularly Cowal, you mentioned you paid much less for your ground. With respect to capital allocation how are you viewing that M&A strategy or is it on the back seat now?

Nick Holland – CEO
No, not at all. We would still love to add to the portfolio and we’re out there looking, but I think it is hard. It is very competitive sometimes and it is not easy to get the right thing. So we would rather be cautious and careful, and as always be opportunistic for things that come along. In-production ounces are still the big focus for us.

But We would like to add another mine in production ideally in the jurisdictions we’re in simply because we know the jurisdiction, we have the footprint on the ground. It makes sense if you know the country to add something in. We are still out there looking, but as I say the probability of success is low and until we’ve done something you can’t assume we’re going to do something. When we say we’ve got a deal to announce then you know there’s a deal. Until then, there is no deal.
Cash positive despite the lower gold price

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