Good morning everybody both here and on the webcast who have joined us. Welcome to the first half results of Gold Fields for 2017. We start off with a photograph there. In fact I was standing where we took this photograph around about two weeks ago. This is at St Ives. This is the Invincible pit. And you can see in the distance there we are looking north to south that is stages five and six of the Invincible pit. We will obviously be taking that down to the same level you see there in the earlier stages.

But importantly if you look down over here we have started the portals for the underground mine. There is a portal over there and there’s a portal over there, and we are about 35 metres in on those portals. That was certainly two weeks ago. I’m sure we are much further now. So it is great to see that the Invincible mine at St Ives has been such a successful mine. We have produced a lot more ounces than what we thought we would do. And now we are getting to a point where we are starting the underground, and I’m sure that this will be a great underground operation as well.
Forward looking statements

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

In particular, the forward looking statements in this document include among others those relating to the Gwydoe Project, the Damang Reinvestment Plan, the Salares Norte 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; expected all-in sustaining costs and all-in costs; Gold Fields’ growth pipeline; levels and expected benefits of current and planned capital expenditures; future reserve, resource and/or 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 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 at mines for safety and unplanned maintenance reasons; and the impact of the ADS 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.
Just starting off with something different. We often are very focussed on the key numbers, the financials, production etc. But I just want to remind you that we are a member of the ICMM, the International Council of Metals and Minerals. There are 23 global mining companies that are members of this. There are there companies in South Africa who are members of this particular initiative. It is a CEO led organisation, so all the CEOs of the top 23 mining companies get together as CEOs twice a year in different places and we actually figure out how we’re going to make this industry more attractive not just for investors but also for all stakeholders.

And we have ten key principle statements. They are on our website. They deal with everything from environmental management to ethical business practises, good and responsible supply of materials etc. And we have those particular principles assured in our business, so we get external people to do it. And that gives you an indication of our commitment to be a global leader in sustainable gold mining, doing the right things not just for today but the right things so that we’re here tomorrow and making a contribution to society. I think doing these things will actually make sure that we can make money profitably for a long time into the future. So we thought we would share that with you.
The first half year results are pretty much in line with what we reported in the first half of last year, slightly head. The second quarter as you can see over here we have increased nicely into the second quarter. And I must just say again Q1 was planned lower so it is not as if the mines have recovered. We are very close to plan in the first quarter. We are about 2% off the plan, so we are very close. And with the second quarter’s performance we are comfortable that we are on track for our guidance for the year both in terms of production and costs.

It is nice to see that our all-in sustaining costs and our all-in costs are doing well. We are down from the previous quarter and certainly are comparing well against the previous year. This is a year of reinvestment. Just to remind you when we announced our guidance for 2017 we said that we would be building two new mines, one in Australia, one in Ghana, so we would be spending more most likely than what we are bringing in. So far for the half year we are cash negative to $102 million, but the investments we are making are certainly going to set Gold Fields up to both increase its life and also reduce its costs over the years that follow.

Normalised earnings $77 million for the first half, slightly down against the first half last year even though the physicals are pretty much the same and the costs are down. And that’s very much a function of strengthening currencies. We have seen the Rand stronger than last year against the Dollar and we have seen the Australian Dollar also stronger. Also amortisation in Ghana at Tarkwa has increased. That’s a function of reduced reserves and also mining higher volumes. If you normalise for those things pretty much the earnings would have been similar to the same period last year.

We paid a dividend of 40 cents for the half year. That compares to 50 cents in the previous year. And given the fact that it’s a ratio of normalised earnings it is not unusual then to see a slightly lower dividend than what the earnings are, because essentially we are paying between 25% and 35% of our earnings. Earnings are down, dividends are slightly down. Obviously we hope to do something better in the second half. Let’s see how it goes. The balance sheet is pretty good. Despite the fact that we are spending money our net debt to EBITDA ratio is still only at 1.12, well within the covenants that we have been set down by our bankers.
This is something we always show you. And I think in the interests of transparency even though the cash flow is negative as we said it would be for the first two quarters we have continued to show this. In fact what is interesting here is in the first half of this year we have spent $141 million on the projects that will actually both extend life and reduce costs at Damang, at Gruyere, at Salares Norte and of course at South Deep. So if you backed out that project capital and we just show the sustaining business we would have made about $40 million of cash flow in the first half of the year.
I think it’s worth noting that there have been some question marks as to whether we have changed our policy on hedging. We haven’t changed our policy at all on hedging. We have decided to hedge our oil price exposure at our Australian and Ghanaian operations. We have taken out a hedge that hedges 50% of our expected usage over the next two and a half years. We got a price of just under $50. And of course that may fluctuate around. We are not trying to take a bet on where the oil price is going. What we are trying to do is make sure that we secure our costs over that period of time. We have done this before. This is nothing unusual.

What is a little different is we have hedged the Australian Dollar gold price. We have hedged 75% of our expected production in the second half of the year at a price of about $1,700 an ounce. You can see here we have a collar structure giving us protection down to just below $1,700 giving us participation up to $1,750. And we have got a straight forward at $1,720. So we are quite happy that this will help to hedge our cash flow requirements particularly as we build the Gruyere mine over the course of this year. This is really a short-term tactical hedge. And as we have said in our policy in our annual report we will consider hedging at a time of significant capital expenditure on projects as we have seen now.

Copper of course is different. We are not really a copper producer. It’s a by-product. We have hedged some of the copper also during the last year. We thought these were pretty good prices. So we have secured a floor of about $5,800 per ton with a cap up to around $6,300. This shouldn’t be an indication that we are going to get into a long-term systemic hedging which we think is a very risky business.
So the balance sheet as I’ve mentioned looks pretty good. I think the only real change from what you have seen in the past is that over the last quarter or so we have put a new A$500 million facility – that’s Australian Dollars – in place to fund our needs on the Gruyere project to the extent that we can’t do that from underlying cash flows in Australia. So that has given us flexibility to put that in place. Obviously we don’t have any maturities to worry about for a couple of years. But we will start thinking about this over the balance of the year and what we do in terms of either reducing it over the long term or scheduling it out to a period where we expect to be making significant cash flows from our projects in the future.
Investing for the future
So just looking at the future and where we’re going on our particular projects, as we have mentioned previously what we are keen to do is make sure we have a long-term profile above 2 million ounces for at least the next ten years. And with the projects we’re doing we believe that we’re well placed to do that. That’s the Damang pushback. That is the South Deep rebased plan. We are in year one of that rebased plan. And also of course Gruyere along with continued exploration in Australia. What we have done over here this is really to try and give you a view of where we are going based on our business plans that we’ve looked at going forward.

Over the next five years we believe that we can get this company up to around 2.5 million ounces and we can get our all-in costs to below $900 per ounce. Of course this doesn’t take account of inflation. We don’t know what inflation is going to be. But it would certainly in today’s money be a significant improvement on where we are. So that’s why we are spending all this money. We want to get a return on this money and we want to make sure that it provides a good future for the company.
So looking at Gruyere we are making really good progress. This is an aerial photograph of the camp. We have now got 648 rooms in the camp. We are probably going to have about 550 people in the camp at peak production. You can see this is pretty arid and dry. It is about 180km east of Laverton so you are getting really into the heart of the outback in Australia. Over here we’ve cleared away the area for the process plant which is that area over there. So all that has been cleared away. And over here in the background – you can’t really see it – is the area for the tails dam. That has also been cleared away.

Importantly we have got all the approvals that we need from the local government. They are in place. They are very supportive of the project. I was able to meet with the new Premier of Western Australia a couple of weeks ago. So I think they are quite excited about only one of two new mines being built in the country. This is one of two new mines in the gold industry that is currently being built, so it is pretty important.

From the point of view of the project the project spend is now expected to be A$532 million. Of course it is a 50/50 joint venture so we have to fund half of that. We have placed all of the long lead time items. Particularly when it comes to crushers, ball mills, SAG mills etc. We have awarded the bulk earthworks and clearing programme. We have awarded the EPC contract. And in fact of that A$532 million we have locked in about A$430 million of that in terms of knowing who we are going to go to for the various activities and locking in the pricing. So we don’t think we’ve got a big pricing risk on here. We are hoping to have first gold by March of 2019. So where we sit today we’ve spent around about A$90 million or so, so we’ve still got a fair chunk to go. I think the real activities will start picking up heavily in about four to six months’ time as key components come to site. We have got enough water to take us through the construction and we are working on additional safeguards during operations, but we are not concerned about that. We have awarded a build and operate power supply contract. There will be a 198km gas pipeline coming to the property. We will procure the LPG and we will have the outsourced provider providing the rest of the activities.
So I would say this is going pretty well. On track, and we don’t have any concerns at this point in time. So here are a couple of photographs. What is nice is that the airfield over here is going to just behind the camp. This is the camp over here. There’s the airfield over there which is great. The main access road is being built. And again you can see this is where the process plant site will be.
So looking at Damang, Damang of course is a pushback of the original Damang complex. Just to put it into context there is about 4 million ounces of high grade material here underneath the original pit that we mined. It is over 2g per ton. So the idea here is to take down the east and the west walls. You can see over here this is the west wall and this is the east wall. The green shows you planned and mined. The yellow shows mined but not planned, and the red is planned but not mined. I think for me the good news is we don’t have too much red over here.

The main focus is to take the west wall down first. The ore body obviously dips down from that side so the west wall is in the footwall and the east wall is in the hanging wall of the ore body. So from a sequential perspective it makes sense to take this down first, and we will take that down and all of the ancillary activities that will go with it. We are ahead of plan on this project and we are getting more ounces and we’re getting more tonnes. We’re really pleased with the productivity we are getting out of the contractors. We have got two contractors on this operation. We’ve got one in Damang. We’ve got one in Amonanda. They were commissioned on December 23rd and we thought there might be a few teething problems but in fact we are ahead of the game.

A new tails dam is being built which is essentially going to be down there. The far east tails facility, because the current one is over here. And we are lining that dam at the moment. It will be a clay lined dam. That will be commissioned in the last quarter. That will give us 44 million tonnes of capacity around about ten years or so, and there are other sites for us too. So this one is ahead of the game.
If we look at South Deep obviously we had a poor start to the year with the fatalities and falls of ground. We lost access to a number of high-grade areas, particularly the area that is close to the shore line, corridors three and four. Fortunately we’ve had a good recovery in Q2. We are seeing gold up 61% in Q2 compared to Q1. I think one of the biggest issues that is worthy to mention is we have had a full reassessment again of the mining method and the geotechnical design by the international geotechnical review board. They spent a week on the mine with us, went underground, and they are very comfortable with the mining design layout and the mining method and believe we have a sound basis to go forward.

So the key focus for us now is improving our execution, improving our operational delivery and making sure that we integrate all components of the mining value chain from drilling, blasting, ground support, backfilling etc. because if we don’t get all of those components in sequence we won’t be able to sustain the build-up that we want to do. So that’s the big area of focus for us. There is a lot of low-hanging fruit that we can grab. And in the second half of this year in particular we are going to be getting back into the higher grades areas closer to the shore line that we weren’t able to get into in the first half. So we do expect a significant improvement in production in the second half of the year.

So a good improvement in Q2, but of course we’re not where we want to be. And even on a year to date basis we’re not where we want to be. Fortunately in July we managed to do a ton of gold in July month. August is progressing well. So we expect again to do a lot better in Q3 than what we’ve done in Q2. And certainly we are maintaining our guidance for the year on this operation. A nice pick-up in de-stress which is important for the following years of the rebased plan. And so we have got an eye on the future here, not just an eye on today. We want to make sure that we’re setting up this mine to achieve not just the first year of the rebased plan but also years two and three.
Here are some of the leading indicators on development. We are a little bit down. That’s the knock-on effect of those fatalities and falls of ground. De-stress we have caught up nicely. We are not far off where we were this time last year. Long hole stoping continues to do well, and backfill is a little bit off again. That’s an access issue. In the second half of the year we will be mining on average around about 11 cuts across the entire strike length compared to about eight cuts in the first half of the year. So we’re going to have a much bigger footprint, we’re going to have much more face, and we are going to have more flexibility as well. So it is also going to help. And of course less holidays thank goodness. The first half of the year in South Africa has too many holidays. We lose a lot of January, we lose a lot of Easter. But the second half is going to be much better from that perspective.
Salares Norte moving up the value curve

- 100% Gold Fields owned gold-silver deposit in the Atacama region of northern Chile
- Mineralization is contained in a high-sulphidation epithermal system, offering high-grade oxides
- Mineral resources as at 31 December 2016 of 4.4M oz gold equivalent (25.6Mt at 4.6g/t Au and 53.1g/t Ag) – 52% in the Indicated category
- Milestones achieved:
  - Land easement secured for 30 years
  - Water rights obtained on 29 December 2015 with the DGA granting Gold Fields access to 111,162 litres per second (more than double the requirements of the project)
  - Brecha Principal and Agua Amarga merged into one study
- Results of the feasibility study are expected in the first half of 2018 – likely to be open pit

Salares Norte in Chile continues to bubble under. Just to remind you that we have 4.4 million ounces of gold equivalent, 25 million tonnes of high grade gold at 4.6g per ton, 53g per ton silver. We are now into a feasibility study on this and we’re looking at merging the studies that we’re doing on Brecha Principal with Agua Amarga because of the convergence of high grade gold. And we have taken a step back here and decided that we should combine these two into one full feasibility study and give us the best leverage over here. So we would expect to undertake a significant drilling campaign which will start next month. We are still in winter in Chile so there is lots of snow around the camp. But that should dissipate as we get into spring and we will start a full drill programme.

We will be drilling about 60,000 metres in this particular cycle. Interestingly we have drilled to date over six years about 137km of RC and diamond drilling on this. So that resource is pretty well defined that you see up there. So where we are going then is we want to merge these studies. And the idea would be to complete and announce a feasibility study most probably around about the middle of 2018. And we are pretty sure that that’s going to be an open pit. We have done the underground and open pit trade-off studies. Open pit wins which I’m pleased about because with an open pit you know you’re going to take it all. With an underground there are geotechnical limits as to how much you can take. This is a low-cost operation that certainly provides a future for the company. In that profile I showed you earlier this project is not in there. So this represents potential upside for us.
Nick Holland | H1 2017 results presentation transcript
Reinvesting for the future
17 August 2017

Exploration update
Looking at exploration in Australia I think as you all know we are spending between A$90 million and A$100 a year million on exploration in Australia. And I must say we have had a tremendous result way beyond my expectations at Granny Smith. When we bought this mine three years ago they had 3 million ounces of resource. We have more than doubled that over the last three years. And also they had basically around about 700,000 ounces of reserve. And despite the fact that we have mined about 750,000 ounces over that period we have added almost 1 million ounces in reserves. So one of the big focus areas is let’s convert a big chunk of the resource into reserves.

I don’t think we necessarily have to keep drilling down here, even though the structures keep replicating themselves at depth. So the big focus here will be let’s do a lot more in-fill drilling. We know that these ore bodies extend. Just to give you an idea, when we started zone 110 and 120 – we are mining over here and largely in zone 100 – it was really under that footprint. Then we expanded it to that. Zone 120 is that. And it is still open down over here. So we are talking about a footprint of about 1km by 500m and it is growing all the time. So each of these lodes here look like they are going to be somewhere between 1.5 million and 2 million ounces in situ. So it gives you an idea that this is a fantastic acquisition that we have made. We are very happy it is in the group. There is a lot more upside.
If you go further down here is zone 135. And again with the drilling we are seeing some really high grades in there. 18m at 8.7g for example. 5.2m at 4.5g. Certainly some high grades over there. You can see 18 grams. This is starting to look like it is repeating what we are seeing above. Of course we have got zone 150 down at the bottom here. That is down to 1.9km. And that’s something for the future. And if you think that’s not possible to mine bear in mind that Kanowna Belle in Australia is getting down to that depth. And Gwalia Deep which is part of St Barbara is currently doing a project to go down to 2.2km. So we’re not going to be pioneers even at that sort of depth.
That’s not all though. If you go further from Wallaby Underground to the lease itself there is something that we’ve been looking at. There is an anomalous area of about 8km by 4km on the salt pan. That’s Lake Carey. And we have done a lot of air core drilling. Now, air core drilling is really framework targeted drilling. We are trying to get a handle on what is there. We thought, okay there is gold over here, but how good is it? Is it pervasive? Is it going to be good enough for a new mine? So we decided to get a couple of high resolution diamond drill holes in here and see what it might tell us.
So in the area to the north – maybe I should just go back – there is an area here called Blurry BIF. How they come up with these names is beyond me. But that is in the north. And we put some diamond holes in there because we thought that from a geochem and geophysics perspective it was one of the best targets. And lo and behold we came back with a diamond hole here of 5.2m at 20g a ton from 243m. We’ve got another hole up here in the same area where we saw visible gold in the core. I think that is going to be a high grade intersection. So we knew we were onto something. And I think now we’re getting real confidence that this could be another very significant position on Granny Smith. It is some years away. Let’s not get carried away. There are still three or four years of work here. But there is something emerging here that looks really exciting.
Then we go to Invincible. Remember I showed you the picture up front. Now if you look at this on a long section basis that’s the different stages of the open pit. I said to you we are starting the portals about over here. That’s the underground over there. And what we are finding is with the drilling we’re doing it is extended into Invincible deep. It is open up plunge, it is open down plunge. If you could take this – this is Invincible south on the other side of the fault – and put that over there that shows you the area that is extending. So this is working out to be a very large position and we are hoping we can join the dots over here and extend that over there. Some really good grades that have come through. I will let you peruse those at your leisure. But a position is now getting us to 1.5 million ounces in grade. We are pretty confident that this Invincible mine with the extensions is going to go way over 2 million ounces in the future, so I think the future is bright.
Now remember as well Invincible mine over here is at the top of a trend with similar host rocks, black flag host rocks all the way through here. Similar trend. And we have had anomalous intersections down 35 km. We haven’t even got to it yet. So that’s already going to be probably a 2 million ounce position. Multiple targets all the way down here. So we are long from done at St Ives. We think the future here is particularly bright. It is just a lot of work to drill out all of these targets. It takes time. You’ve got to be systematic. You’ve got to get your assays back. You have got to plot your models. And that will determine where the best place is to spend the bulk of your effort going forward.
So something else that has been bubbling under at St Ives. And we have known this has been around for a while. We’ve got a thing called the paleochannels which is really alluvial gold. It is old, ancient riverbeds where sand has been transported in. It is mineralised. We know that because we have mined a number of these paleochannel projects. In fact Neptune that we are mining right now is a paleochannel project. Argo was a paleochannel project. And there was something further up there called Formidable which was a paleochannel project. So we have mined it before. We know it is there.

We have got about 135 km of identified trend across St Ives which is really a lot of these blue streaks you see here. So we are systematically working through this and doing an extensive drilling programme that started this year. It will be a multi-year drilling programme. We believe the potential here is for up to 5 million ounces on the property, and we are going to try and build that up over the years that come. And this could well be a completely new operation for St Ives. The problem we have got here of course is we wouldn’t be able to put 100% of this material through the plant because it is soft material. We are blending the Neptune material at the moment with the fresh material.

And we will have to figure out a different way to mine it and a different way to process this. This is where the whole technology and innovation drive comes in. We’ve got something here that looks exciting. How do we make it work? The drill interceptions are very good, and what is good about this is it’s not just alluvial gold that is being transported in. We are seeing a supergene overprint in the rock itself in the bedrock. So it looks like it goes deeper than just the alluvial sands that have been transported in. So we will tell you more about this into the future.
Then we go to Agnew. Agnew is the one mine that hasn’t been replacing its reserves for a number of years. You can see that if you look at the reserve and resource supplement. So we were worried about Agnew and we have certainly stepped up our activity. The one thing that we are quite encouraged about now is here is the Kim lode. We have mined about 1 million ounces out of Kim. That is Waroonga underground mine. Average grades of about 10g per ton. It has been a fantastic mine for us over about eight to ten years. Now we are finding in another shear zone that is very similar almost parallel to Kim something that looks very similar.

We have put in an exploration drive here last year, put in a number of drill cuddies over here. We have drilled down over here. We found some really good intercepts. What we are going to do now is put another drill drive in over here around about there and drill at depth. So we’re trying to get an idea of how big this could be and whether it could be another Kim here. And one of the drill results you can see over here. This is a diamond hole, so here is the core. And it has returned 3.3m at 115g per ton. So we’ve got the geos down in Australia quite worked up over this one. So hopefully some of the other holes coming through will be as exciting. That’s not the only thing. Sheba and Cinderella at New Holland are also looking good in terms of further extensions. So I’m pretty encouraged. I was worried about Agnew, but I am feeling much more encouraged now that there is a future over here.

We believe brownfields near-mine exploration is one of the best ways for us to add value in an environment where it is becoming increasingly difficult to buy stuff and make a return on it. And whilst a lot of the portfolio has been acquired we are turning more of our focus now into organic growth and looking in and around our mines.
Now, if you look at the Tarkwa lease as you know Tarkwa has been a paleoplacer ore body much like the ore bodies you find here in the West Wits. Fairly low grade, but continuous in this particular case. A number of stacked conglomerate reef packages.

But now we’ve found something different which we didn’t think existed at Tarkwa which is a number of hydrothermal positions here, which are more discrete. This is similar to what we find at Damang. They are more discrete and they are higher grade. And so we’ve identified a number of targets to drill here. We believe there is potentially over 7km of strike that could exist. We have done some trenching at surface and we’ve found the ore bodies there. Now it is a question of drilling at depth. And it is early days but we will be hitting this pretty hard over the next couple of years and see what exists in terms of the hydrothermal opportunity. But we think again this could be a significant addition to Tarkwa over time.
So just looking at the regions very briefly, if we look at the first half of the year as I mentioned very similar production to the first half of last year at slightly lower all-in sustaining costs and obviously higher all-in costs as we do the projects. Now, the eight mines have made $52 million but within that $52 million – it is spread over here between the four operations – there is also $53 million of the Damang pushback expenditure as well. That is really gross expenditure, life extension, call it what you will, but it is certainly not sustaining in terms of the definition. So if you add that back the core operations have actually done quite well over this period of time.
If you look at Australia we’ve had a really good second quarter. You can see we’ve gone from 225,000 to 243,000 ounces. Most of that really comes at St Ives as we mentioned in the Q1 book. We had significant rains in Australia. It often rains in Q1 in Australia. And Neptune being a paleoplacer pit we just couldn’t get the gear in and out of the pit. It wasn’t safe for us to do so. So we lost Neptune for a whole month. So that was the major source we lost. We got back in there. So St Ives is back over 100,000 ounces for Q2 and a really good performance across the operation.

I just want to mention that we sold Darlot to Red 5. We announced that down in Diggers and Dealers. I was down there in Kalgoorlie last week. We announced that deal ahead of that conference. And essentially what we are doing is we’re going to be an equity holder in that particular company. They are also buying a project called King of the Hills from Saracen. And they are going to be trucking material from King of the Hills to Darlot to take advantage of their capacity. So we think this could be an interesting play. So we have agreed to underwrite a part of their rights issue up to 19.9% and take a stake in the company. So I think for us it has been the right thing to do.

This is probably not a franchise Gold Fields asset, but certainly in the hands of a more junior producer they can certainly get some leverage out of this in a market that is buzzing at the moment. The mood down in Diggers and Dealers is pretty upbeat. Exploration is back in vogue in Western Australia. So I think this will come through at the right time. So we will be a supportive shareholder to a team that I think will do a good job. What is really nice is that they have taken all of our people. No redundancies, so I think it is working out really well. So Darlot has served us well. It didn’t cost us any money. We probably made about $30 million on it over the time we owned it. And we’re going to make some more money on this deal as well.
So West Africa I think a good second quarter. As you can see we are up to 184,000 ounces. Costs are down. All-in sustaining is down. All-in is down as well. As I say Damang is really flying at the moment, so we’re really excited about where that is going. Tarkwa has done well this particular quarter. And I must say both mines are on track to have another really good year. The gas plants we put in are now working at both mines. That has shown a 30% reduction in power costs a Damang and about a 20% reduction at Tarkwa. But more importantly it is not just about reducing the cost. It is improving the reliability. And with the national grid unfortunately not in a good shape we are able to get a much more reliable power supply to our plants with the off grid power that we have. So I think that has been a good project for us.
South America, what can we say about South America? Cerro Corona just continues to have its usual boring great performance, 68,000 ounces at $724 an ounce. Looking like another good year. Made $27 million of cash in the first half of the year. Copper price picked up a bit, and obviously we have locked some of that in so hopefully that will help. What is really interesting about Cerro Corona, strategically it has been a great asset for us but we were concerned about life. We have seven years to go. So we have been looking at life extension studies here.

And as we speak because we are getting better consolidation in the base of the tails dam we’re getting a better density factor. In other words we get more tonnes per cubic metre of capacity of tails. We are pretty confident now that we’ve got two years extra life already. And we are doing a study on in-pit tails where we would mine the pit out quicker, stockpile the material and then put tails into the pit, similar to what we do in Australia at Leviathan. We are doing in-pit tails over there. That’s an old pit.

And we should have a study on this at pre-feasibly study level complete by the middle of the year which would take us to 2030. It would add another seven year life and make Cerro Corona about a 13 year life of mine. And the material that is in the reserve is good quality material. We are talking about 0.85g a ton gold, about 0.45% copper. It is all in the reserve and resource book. You can see it for yourself. We have just got to finish all the studies, get a pre-feas in place, but the early signs are very encouraging that we will be able to have Cerro Corona for at least another seven years beyond the seven years we have now. We are also looking off lease for another tails dam facility. We’ve got a couple of sites in close proximity to where we are. And also we are starting to crank up exploration. We are seeing a number of analogues of Cerro Corona around in the area. So we are not done here. There is a lot more to come out of this mine for the future.
I think I have talked pretty much about South Deep. I think the key here is to continue to drive the rebased plan. It is not a one year journey. We have said it is a five year journey. We are heavily focussed on making sure that we set the mine up next year to make sure that next year we are able to kick on and achieve the plans that we set out for you in February in some detail next year. We’ve got a new EVP in place. Martin Preece has come from De Beers, over 30 years of mechanised underground mining experience. So he is getting his feet under the table. But certainly a much better Q2. And again we knew this year was going to be a reinvestment year as well as we set the mine up for the long term. And I think with that we will hand over to questions which Avishkar will lead. Thanks.
Questions and answers

Adrian Hammond – Standard Bank

Morning. It’s Adrian Hammond, Standard Bank. Nick, can I just ask about South Deep’s new mining method? How is that shaping up? In particular the rock mechanics. There were some issues in Q1. Where were those falls of ground in Q1? Was it at the new stopes? And how much of your production comes from the new stopes following the new mining method versus the older areas where you did shorter, the lower height de-stress cut?

Nick Holland – CEO

So we’re not doing any more low profile de-stress. That’s gone. We are only doing high profile. One of the things the geotechnical review board said to us is that we have to be quicker in our whole mining cycle in terms of the mining method we’re deploying, which means we have to make sure that we aggressively do the ground support as quickly as we can, that we need to backfill stopes as soon as possible after they are mined. Also I think we are still under-breaking and over-breaking in some of the open stopes. But certainly the high profile de-stress has been a success. But we’re not doing it as well as we should. We are still off line, off grade. The lucky thing with South Deep is it’s a very forgiving ore body in that respect because you are actually developing on reef. You are developing on reef largely. You are de-stressing on reef. So if you go a little bit off it’s not as if you go from high grades to zero grades. But it is not where we want to be.

So I think they’re happy that the mining method is sound. They are saying to us we’ve got a lot of work still to do to improve the execution and honouring the entire mining cycle. The falls of ground, two of them were in haulages so they blocked access. There was a stope as well that also went down. And we learnt quite a lot from that stope collapse. We realised we had to change the way we approached it from a sequence perspective and direction. And unfortunately it blocked out access to most of corridor three during Q1, so we had to substitute the higher grade close to the shore line with the lower grade from south and also from corridor one. Does that give you a good sense, Adrian?

Adrian Hammond – Standard Bank

Thanks. Then I’m just interesting in what you are spending at Salares Norte. $64 million is a lot of money. What does that give you? Do you expect a reserve in the next 12 months? And if it is all going well when do you think you could produce out of that mine?

Nick Holland – CEO

I think that will give us first of all a feasibility study and it will give us a reserve. We’re pretty confident next year. Where it makes it or not to the March declaration I don’t know. But I think certainly by the half year next year we should have a reserve. And then I think we will take a view. What is the best way for us to extract value from the asset? Do we go and build it ourselves? Do we partner with someone? What do we do? And strategically, Adrian, we haven’t made that decision because we are still in the process of getting a sustainable life of mine plan that we could then make a call on which of those options we would go. But this will be a competitive operation in a good country. We are confident that the grade is there. And I think with the infill drilling we are doing we will be able to answer all of those questions in the next nine months.

Adrian Hammond – Standard Bank

Thanks.
Avishkar Nagaser – EVP Investor Relations & Corporate Affairs

Chris.

Chris Nicholson – RMB Morgan Stanley

Morning gents. It’s Chris Nicholson from RMB Morgan Stanley. If we can go back to slide nine where you presented the longer term profile, two questions around that. The first one is specifically what you are assuming around the Australian contribution and Agnew in particular. Is that the current reserve life or are you assuming an upside to that reserve life in there? Secondly on Gruyere is that an attributable number you are assuming there or the whole value? And just finally on the all-in cost I understand this is a real term one, but in terms of the mines that are contributing where is the bulk of that decline coming from? I mean that’s effectively a 20% reduction in all-in cost.

Nick Holland – CEO

Let me start from the back maybe on those questions. As Damang comes to full production costs there will drop to about $700. Gruyere will be $700 as you come in so you are going to get a sizeable reduction. Those two alone on a pro forma basis would drop your cost about $60 to $70 per ounce. And of course South Deep, the leverage on South Deep is enormous because you’ve got 80% to 85% of your costs that are fixed, so as you provide the incremental production it comes through to your bottom line. These are by no means aggressive plans. And 95% really of what you see here is either in reserve or the resource envelope. There is very little if any blue sky in here. In fact there is virtually no blue sky in here. These are all what we call realistic cases. Look, internally we do have a blue sky case which we’re not going to show you because I think that needs more work. But this is something that we believe is very realistic under the circumstances. On Gruyere we have only go our share in. It is only our 50% share. And there is no Salares Norte in here. We have left that out.

Chris Nicholson – RMB Morgan Stanley

And Agnew in particular, does that assume reserve extensions from the current life in there?

Nick Holland – CEO

You’re assuming you’re going to bring some of the resource in. The one thing with Agnew is the resource a lot of it which is in the inferred category is actually proximal to current infrastructure. And with a little bit of extra work you could actually convert it to reserve. There is a very fine definition here in terms of the codes of practise that we follow when we declare reserves and resources. So it is probably another two or three years that could easily be brought in with minimal drilling there beyond of course the stuff that we are doing at Waroonga North, extensions to Sheba, extensions to Cinderella etc. So these are not aggressive cases. This is not hand waving stuff. These are very realistic scenarios.

Chris Nicholson – RMB Morgan Stanley

Thanks.

Ian Cruickshanks – Institute for Race Relations

Ian Cruickshanks, Institute for Race Relations. Just looking at the first slide of the Invincible pit that gives one an idea of the huge scar that is left on the landscape. What are the requirements to reconstituting this? How far do you have to go towards putting it into the original condition, if anybody wants that? But there
must be a requirement there. And how do you take into account the costs of doing this?

Nick Holland – CEO

I’m going to ask our technical chief over here, Richard Butcher, to give you a fulsome answer. Richard is our group executive in charge of technical. Richard.

Richard Butcher – EVP Technical

I think if we actually look at the average Australian pits generally what the government requires us to do is to put bands [?] around the pit to make them safe. The environmental impact tends to be minimal on those pits. That’s one of the reasons why we have to be extremely careful what we put in them. Generally we’ve actually found many of these pits are being mined for 20, 30 even 40 years on those pits with minimal impact to environment at all. All of our pits have to go through a very stringent environmental process which is signed off by the government of Australia. So generally the pit will be left as it is. We may put waste rock in the bottom of the pit. When the underground mine may be finished in about ten years’ time we might fill the pit with tailings which is pretty inert type of material. I’m not sure that answers your question.

Ian Cruickshanks – Institute for Race Relations

To an extent, yes. So there is no legal requirement to put it back to the way it was originally?

Richard Butcher – EVP Technical

Generally we don’t have to backfill the pits. I don’t believe there is one Australian operation where they have been asked to backfill the pits. It is very impractical as well because how do you actually get the physical material in there? So normally we just put a band up. The big one which people do worry about is things like ground water contamination around the pit. Generally they are very strict on that. Obviously is a salt lake. They are very strict on things like micro fauna in the lake. That tends to be more of a concern which we tend to monitor on those salt lakes. They are hyper saline salt lakes.

Ian Cruickshanks – Institute for Race Relations

So the danger to life and limb for the future is just countered by fencing or whatever?

Richard Butcher – EVP Technical

You can’t get on them. They are in the middle of a lake. If you can imagine a very large lake and you’ve got a large hole in the large lake filled with a brackish salty area. So no one is going to fall down there and drown because they have got to walk about 10 miles across a salt lake to get there. So they are not exactly Kimberly mines or something like that.

Ian Cruickshanks – Institute for Race Relations

Thank you.

Johan Steyn – Citi

Hi guys. Johan Steyn from Citi. Just to follow on slide nine. Nick, I don’t want to take anything away. In the last decade you guys have done phenomenally well. If you compare your share price performance plus the spin offs that you have done to most of your gold peers you guys have way outperformed. So I want to start the question by putting that in context. But if you look at a chart like that on slide nine where you
show your costs declining by 20% in real terms it might be technically feasible but execution has always been the problem here for Gold Fields as for most of your gold peers. Now the question is if you can achieve this it can be hugely successful for Gold Fields. But why would this time be different, and what have you learnt in terms of the problems on execution that you have encountered at for instance South Deep over the past decade? Why can you deliver this time around? Because if you do it would be substantially successful and value accretive for shareholders.

**Nick Holland – CEO**

I think that’s a very important question. It is actually a key question. Let’s split it into two parts. I think if you take South Deep out for a moment – I will come back to South Deep – if you look at the international operations of Gold Fields on their own the last four years we have actually outperformed in terms of production and cost. And the way we’re going this year we’re going to outperform again. So I think on the international portfolio which makes up 80% to 85% of production the company has outperformed for five years. I think five years is a pretty good track record of outperformance on the international operations. And we can go through the numbers afterwards if you like.

So I think there is a clear track record. And that includes building new mines by the way. If you look at Gruyere it is going to be a big project, but I can tell you now that Invincible pit you saw at the front end is far more complicated than Gruyere is going to be. And that project has over-delivered in terms of time and in terms of total contained gold that we have delivered. So the international operations have got a good track record. It is there for all to see.

South Deep hasn’t performed. There have been multiple deferments of full production. I think we all know painfully well the history of South Deep. And we had a lot of soul searching when we did the rebased plan as to whether or not we could fix this. And I can assure you we don’t want to spend our lives at these kinds of sessions defending South Deep every quarter, every half year. And the team out there are painfully aware that they need to make their contribution. So I think the thing that gives me encouragement to keep going on South Deep despite the numerous setbacks is the ore body is there. The integrity of the ore body hasn’t changed. And when you mine it spatially correctly it is there. The low profile de-stress looked like it was fatally flawed, and if we didn’t change that probably we wouldn’t make it. The fact that we have changed to the high profile method. We have also changed the mining spans. We have made them smaller. We are putting in bigger regional pillars that will not only speed up the de-stress but also reduce the impact of seismicity. The fact that we are seeing less seismicity in terms of energy release at higher volumes, I think all of these factors are encouragement for us to keep going.

Our big challenge now is we’ve got to get better at doing integrated bulk mining. We are seeing slow improvements, but in fairness to your question we have still got a lot of work to do. It is still a multi-year journey to get it right. The rebased plan is a realistic plan. It has been looked at both internally and externally. It has been QAQC’d by people outside the mine. It should be achievable. There is no upside beyond that in that plan. But we have to improve our execution. You are spot on. And we have to do things differently than in the past. So the jury is out. We know we have got to prove it. Words are easy. It is all about delivery. Thanks.

**Johan Steyn – Citi**

Thanks Nick.

**Avishkar Nagaser – EVP Investor Relations & Corporate Affairs**

Patrick before we come to you can we take the question from the telephone? Can we take the question from the telephone line please?
Operator

Of course. Our first question is from Dominic Kane of JP Morgan. Please go ahead.

Dominic Kane – JP Morgan

Morning Nick. Just following on from your comment on South Deep, given that it does get a lot of scrutiny at these type of sessions, and looking at the all-in cost performance for H1 – so you did $1,557 all-in cost for H1 at South Deep and the guidance remains $1,290 – could you maybe give us a bit of the building blocks for how you see getting to the $1,290 for the full year? Just some thoughts around what the budgeted tonnage and grades for South Deep will be for the second half of the year. That was my first question if I can.

Nick Holland – CEO

I think I’m going to answer it slightly differently to say if you look at the guidance we have given you the guidance for the full year in terms of gold production. Grades we do expect to be a little bit higher in the second half. So obviously the tonnages are going to pick up. How are we going to get it? At the end of the day the costs in the short term are almost all fixed because the people are there, the electricity is all there etc. So if you increase the production you’re going to do it off almost the same base.

Now, you are going to be mining 11 cuts on average in the second half versus eight cuts in the first half. That was the first point I made earlier. Secondly we’re going to have a greater weighting of production into corridors three and four which we lost out on in the first half. So you have the domino effect there and you’re going to have the upside effect in the second half. And again we are just going to get more productivity out of our fleet. Our utilisation is really low. So we have identified that as an area. And just increasing the de-stress. You would have seen in the second quarter the de-stress went up quite substantially compared to a very poor de-stress performance in the first quarter. And that helps us to open up face. So as you advance your de-stress you open up face.

So really it is a volume game here. So open up the volume on costs that are virtually the same in the second half and you will see obviously the unit costs come down. We saw the same impact last year when we ended the year at about $1,250 an ounce all-in cost and you saw the impact of the volume coming through. So there is no magic here. It’s a question of getting the volume in the right areas so you get a grade of 5.5g and higher, which is what you should be doing with the mix across the entire strike length. That help?

Dominic Kane – JP Morgan

Just in terms of the volumes you did 526,000 tonnes in Q2. You are expecting both an improvement from an utilisation perspective and simply more shift days?

Nick Holland – CEO

More shift days. We expect to do more volume anyway. And we expect to improve the grade because as I mentioned we lost some of the higher grade areas in the first quarter in particular. And we are only getting back into some of the higher grade areas now. So it is a combination of those factors. And the operational leverage here is significant.

Dominic Kane – JP Morgan

Okay. And a final question. Given the slide emphasising the focus on cash flow if in the current macro
environment we saw a bit of a rally on the gold price might you be tempted to lock in some hedging at South Deep for future periods?

Nick Holland – CEO

Look, I wouldn’t rule anything out at this stage. We would have to assess it on the merits at the time. We still have a sizeable part of our growth capital to spend next year. So we will have a look at it. But as we sit today probably not. Let’s see what happens. The Rand can be very volatile, Dominic. It can actually go up a Rand and down a Rand in the space of a week. It’s a very hard thing to get right if you are looking to hedge the Rand in particular. But if we did anything I suppose it is more likely to be at a Rand gold price.

Dominic Kane – JP Morgan

Thank you.