BMO Capital Markets Global Metals and Mining Conference
DELIVERING ON THE STRATEGY
Nick Holland
Monday, 23 February 2015

GOLD FIELDS

Forward looking statements

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In particular, the forward looking statements in this document include among others those relating to the Damang Exploration Target Statement; the Far Southeast Exploration Target Statement; commodity prices; demand for gold and other metals and minerals; interest rate expectations; exploration and production costs; levels of expected production; Gold Fields' growth pipeline; levels and expected benefits of current and planned capital expenditures; future reserve, resource and other mineralisation levels; and the extent of cost efficiencies and savings to be achieved. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements 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.

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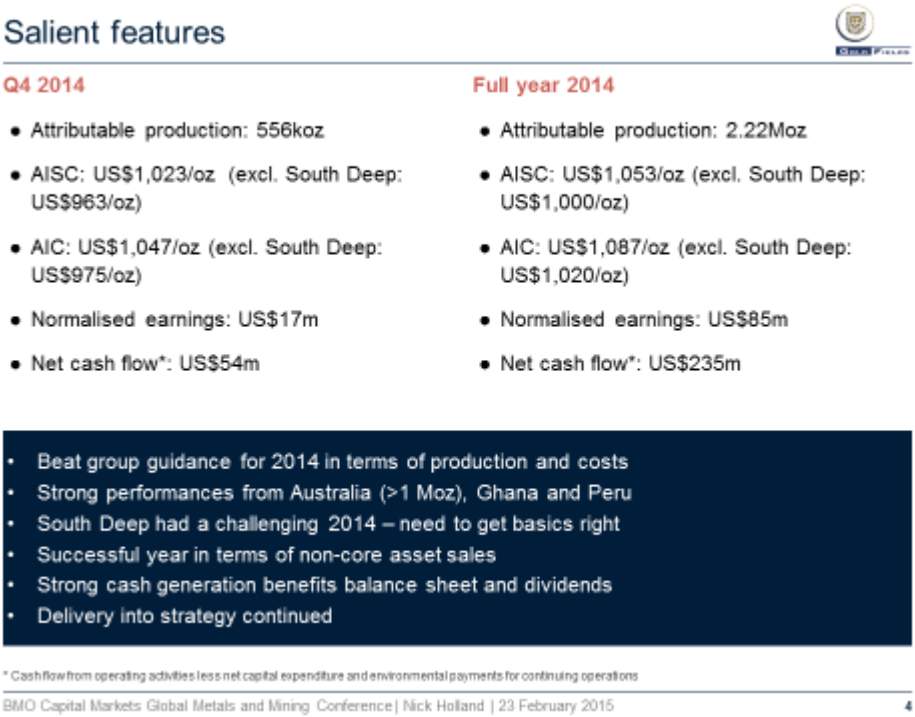
Our next presentation is from Gold Fields. Gold Fields is a globally diversified gold producer with operating mines spread across three continents. To provide an update on the company, please welcome Nick Holland, Chief Executive Officer and Director of Gold Fields.

I'd like to just start by recapping what Gold Fields key strategy is. I believe that we were at the forefront of helping to reshape where the gold industry has gone over the last couple of years. Certainly in our view, prior to that there was a flood of paper being issued for deals that weren't necessarily going to add a whole bunch of value. A lot of underwater hedges had to be retired by the shareholders coughing up more money - we decided that we needed to refocus our own company and show the way, if you like, to the industry.

So we decided to focus on the fundamentals of generating cash flow. It sounds pretty simple but it is simple and it's what the industry should have been doing all along. We took the bold step that was, at the time, fairly widely criticized, that we needed to cut back production that didn't make sense and we needed to focus on generating margins.

Now, since we've embarked upon that strategy, we have cut back a number of marginal ounces across our portfolio and we set ourselves a goal that we needed to make at least a 15% margin at a $1,300 gold price; that really is a margin - after you've factored in all of the bills; taxes, royalties, capital expenditure - that would leave enough money to pay dividends to shareholders, which is a key part of our strategy, but also to make sure that we can provide opportunities for further growth if we wanted to. This would include acquisitions that could provide superior cash flow to the Company. The 15% margin has an inbuilt safety cushion in that effectively - if you back-calculate - we've set the Company up to survive gold prices down to around $1,050/oz.



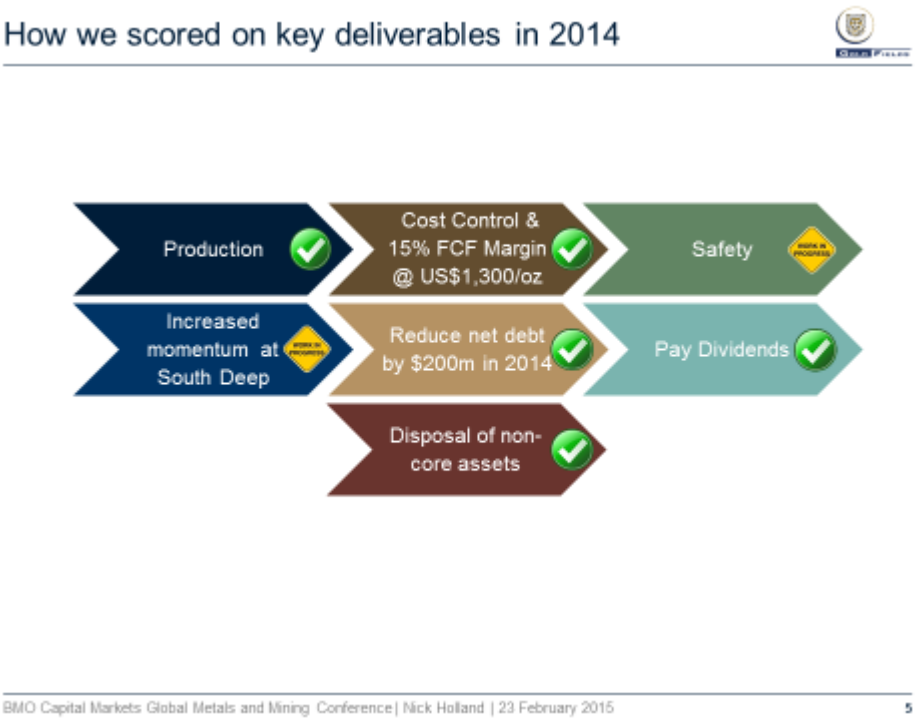
So a lot of people have asked us what we would do if gold hit $1,000 an ounce, and the answer is we've already done it. Essentially, we don't believe that there would be any substantial cuts in our portfolio. We believe that the assets we have right now can survive down to $1,000 and don't forget what the currencies have done. I guess we've been somewhat fortunate in the sense that we bought some additional assets in Australia in 2013. We took the portfolio up to a million ounces a year and since then the Australian dollar has weakened quite a lot. Now, we didn't factor that in to our analysis, but certainly it takes assets that were really good and makes sure that they generate substantial cash flow for the Company.

Over the last year or two we've also spent a lot of time to make sure that our balance sheet is strong enough to withstand lower gold prices if we get there.

So at this stage, we've set the company up to make good cash, and we're a company that's not just talking about making cash; we're actually making it now, as we'll show you in this presentation - and at the same time we can withstand the lower gold prices should they eventuate.

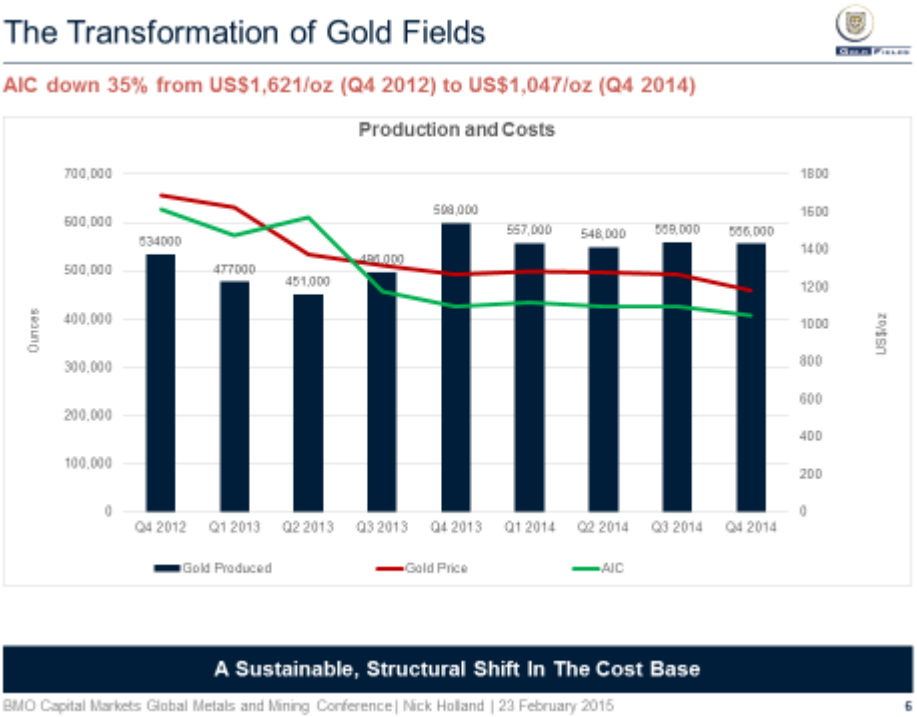
We've just finished our fiscal year end. Looking at the last year, we've managed to surpass our guidance in terms of gold production. The group has come in at 2.2 million ounces. Our all-in costs have come in at levels that are amongst the lowest in the industry; certainly we're in the lowest quartile of producers on an all-in cost basis; I stress again all-in costs because I think there is some reporting differences between all-in sustaining costs and all-in costs. You've really got to look at the bottom line of what the total cost base is.

Importantly, we've generated very good cash last year; a major turnaround from where we were the year before - and all of the assets in our group have performed exceptionally well. South Deep, of course, is an asset that has raised a lot of questions and let's remember it is still a project. It isn't an operating mine yet and what Gold Fields is attempting to do with a 38-million ounce reserve and an 80-million ounce resource in South Africa is pioneering mining along a scale it hasn't been done before in the country. We'll talk a little bit about South Deep in the time that remains.

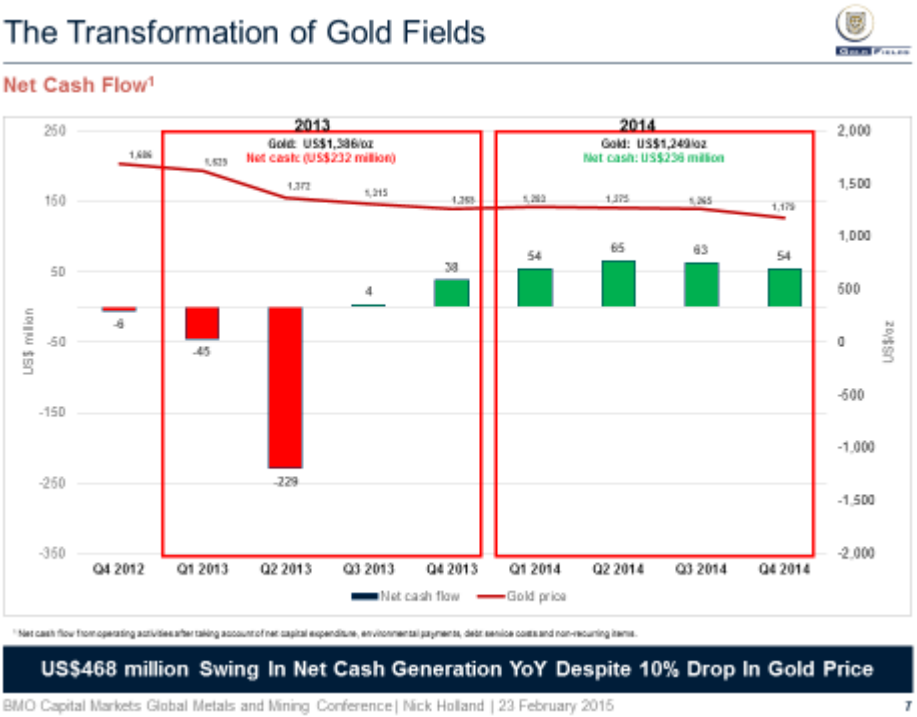


The scorecard we set at the beginning of last year was really focused on these seven key issues. If we look at what we've achieved, our production as a group, we've managed to surpass our production guidance. We've achieved the margin that we wanted even though gold in fact was slightly lower than $1,300. We've achieved a reduction in our debt; we've dropped our net debt by almost $300 million. During the year we continued to pay dividends.

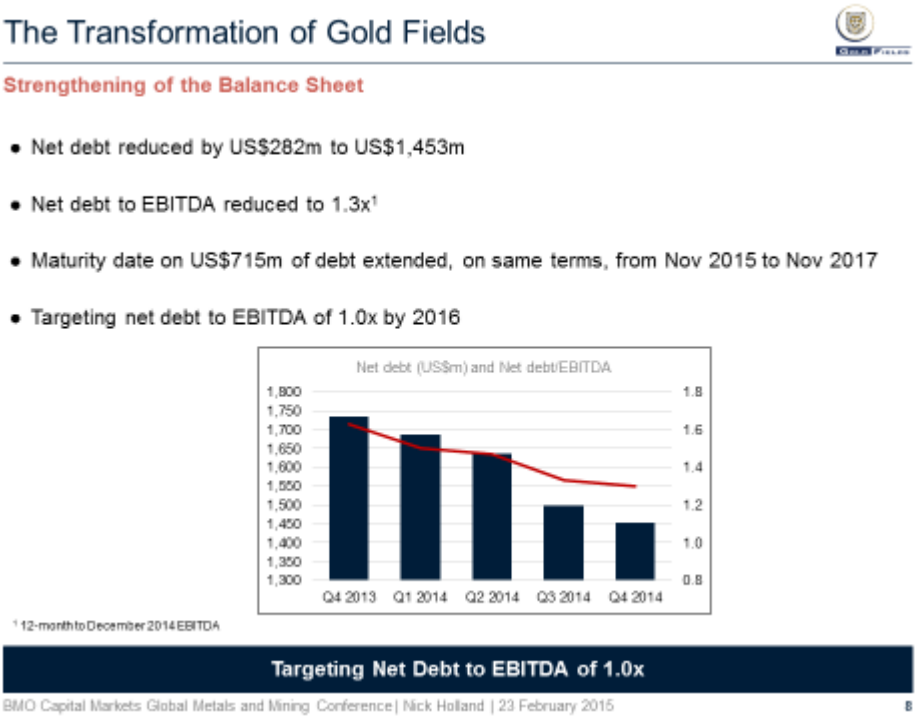
We've sold a lot of assets that we didn't believe fitted into the portfolio. Chucapaca in Peru, Yanfolila in Mali, Asosa in Ethiopia and Talas in Kyrgyzstan have all been sold. We still have the Arctic Platinum project in Finland that is for sale. There's a process that we're going through on that one. That's not the right metal for us; a great country but it's not really of interest to us given that we're a focused gold company. We have another copper-based project in British Columbia that we'd like to sell as well. But otherwise, I think we've done everything that we need to do. South Deep is a work in progress and safety continues to be the most important underpin in the company.



We started the transformation journey around the middle of 2012 and if you look what's been achieved there, we've dropped our all-in costs by over 30% over that period of time. In terms of our all-in costs of about $1,050 per ounce, we're actually lower than where we were in 2011. That means we've essentially absorbed all of the inflation over that period and we've still been able to bring the cost down. At the same time, as you can see, we've actually increased our production over that period of time. So as the gold price has come down, as you can actually see here in the red line, we've managed to bring our costs down even further than that. So today, we've got a very robust portfolio - and if you look at the guidance for 2015 we've given, we are projecting a further reduction in that cost line over there. It is, I would say, a defensive portfolio.

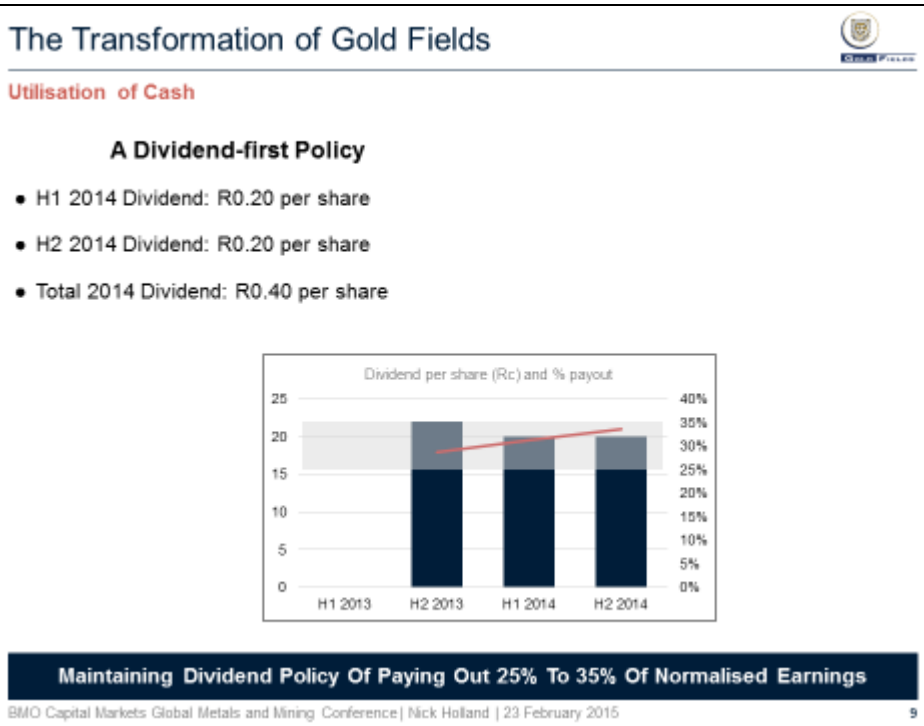


Here's a slide I think really captures it. On the top line you can see the gold price has declined quite significantly over the last eight quarters or so. Here was the big change when the gold price dropped so much that it had a marked impact on our cash flow. We started restructuring the company and as you can see we've had six straight quarters where we've made cash.

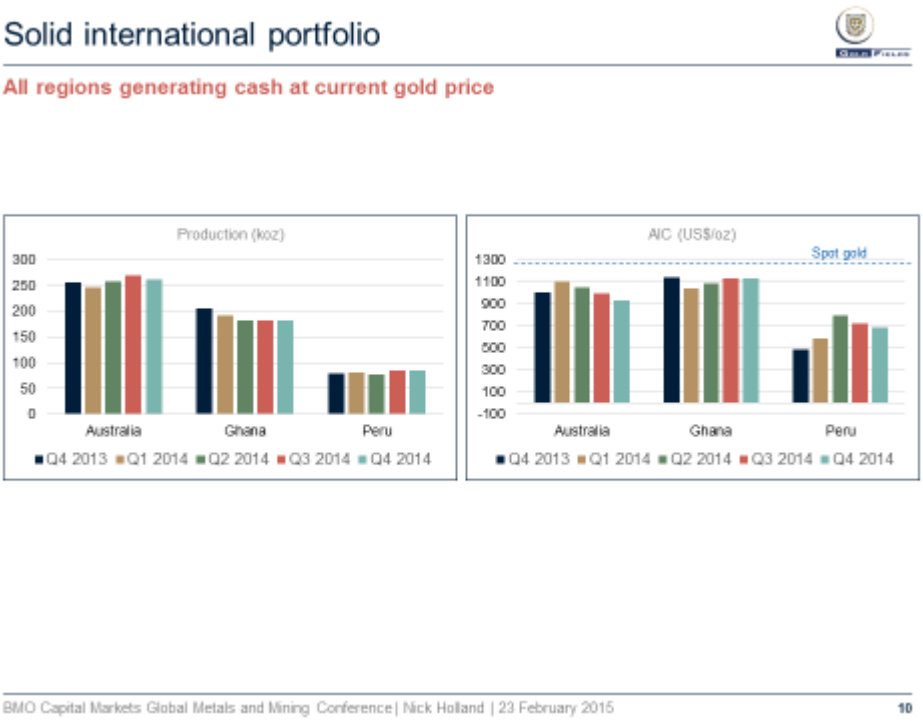


Now, the one thing I want to emphasize, it's not making cash by cutting everything else. It's not making cash by cutting exploration. It's not making cash by cutting development and it's not making cash by cutting the stripping in our pits. We've been in the gold industry long enough to know the cost of short-term measures. But I do believe that some of the so-called high-grading we're seeing today and deferral of essential stay-in-business capital, is going to hit certain producers into the future. I don't think we've fully seen that yet, but what I can tell you is the quality of this cash flow underpins all of those key activities.

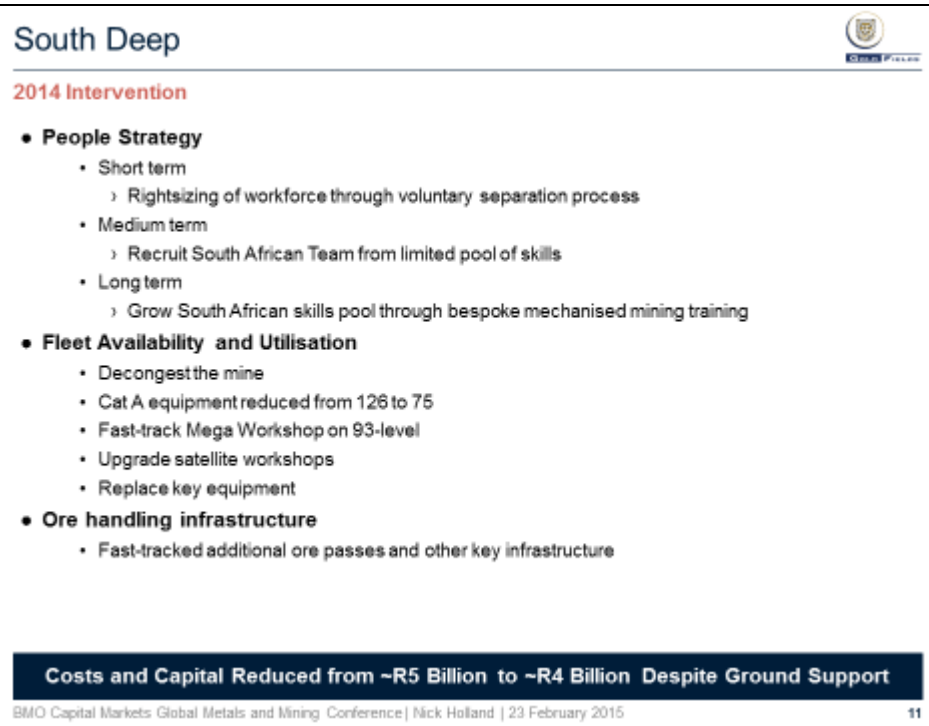
We've turned our balance sheet around and making good cash – this meant that we could reduce our debt by almost $300 million over the last year. Again, that was beyond my internal target for the team. Some asset sales of course have helped, but a key part of that cash flow is from the core operations. So our balance sheet now is in a state where we're out of the woods, I believe. We've got our EBITDA debt ratio down to 1.3 times. Long term, we'd like to get that down to about 1 to 1. I believe we can get there, all other things being equal, by the end of next year. And importantly, we've also changed the tenor of our debt. We have no maturities until the end of 2017, so our liquidity and solvency is very strong.



We've been a dividend payer that's been in the upper quartile of gold companies for many years, and we continue to honor our policy of dividends first, paying out a ratio of 25 to 35% of normalized earnings. In fact if you look at the last five years, we've pretty much been slap-bang in the middle of that ratio, paying out about 30%. We don't believe in borrowing of course to pay dividends. We're paying dividends out of cash flow.



Looking at the international portfolio of assets, today we've got critical mass. We've got 2 million ounces of production outside of South Africa. That 2 million ounces of production in 2014 at US$975 an ounce all-in costs. That's right in the lowest quartile of costs in the industry. So a good international portfolio that generates substantial cash flow for Gold Fields.



If we look at South Deep, a lot of people have been questioning the value of South Deep in our portfolio and whether we think it's still worth having. Now let me take you back to the rationale behind the acquisition of this asset in 2007. It's been in the stable now for seven years.

We truly believe that this is one of the world's premier ore bodies. It represents 80-million ounces of resource, 38-million ounces of reserve. Every time we drill the ore body and we get more information, it only confirms our understanding of what's here. It's a mine that insists that it be mined on a mechanized basis, given the fact that over a one kilometer strike we have reef thicknesses ranging from 5 to 10 meters in the more proximal part of the ore body and up to 100 meters thick in the more distal part of the ore body. So this is certainly an ore body that has a wonderful future and our job is to deliver that into cash flow.

Over the last seven years, what have we achieved? Well, we've proved up the ore body by doing a lot of extra drilling, both from surface and from underground. One of the other things that we've achieved is essentially building the infrastructure that underpins the mine.

So if we go back to 2009, we announced a 9-billion rand or a billion dollar capital program. We have essentially spent 85% of that and delivered the key infrastructure to underpin production up to over 300,000 tonnes a month of ore.

Our key challenges, however, has been the mechanized mining skills and I think it's fair to say that in South Africa there isn't a huge pool of mechanized mining skills. Now they are available, fortunately, but if you look at open-stope mining, which is really going to be the core mining method at South Deep, there's really only five other mines in the country that practice open-stope mining. In the gold industry there's only one other mine, on a smaller scale than ours, that does open-stoping. So by and large, we are pioneering something on a much larger scale.

Now, we've tried various things to up those skills - we believe now that we have the right formula in that we've gone to the platinum industry, which is more advanced in terms of mechanized underground mining. We have a full mine executive team in place and our job over the next year is going to be to beef up the heart of the operation, which is the mechanized mining section.

Now, just so that you're aware, we're talking here about 550 people out of a total workforce of 3500. We believe that the key issue for us is to get the front line supervisors and skills in place; we've been attempting to do that for some years now. We believe we've found the right formula and that will set up the base for us to move forward.

So we've decided to really pull back in terms of long-term targets. We haven't taken them off the table but we've decided there's no point standing on these podiums and talking about long-term targets unless we have the basics fixed. The basics is really about getting our fleet available, making sure that our operators are skilled and they understand the mining cycle that needs to take place in a successful underground operation - that's going to be the key focus for us in 2015.

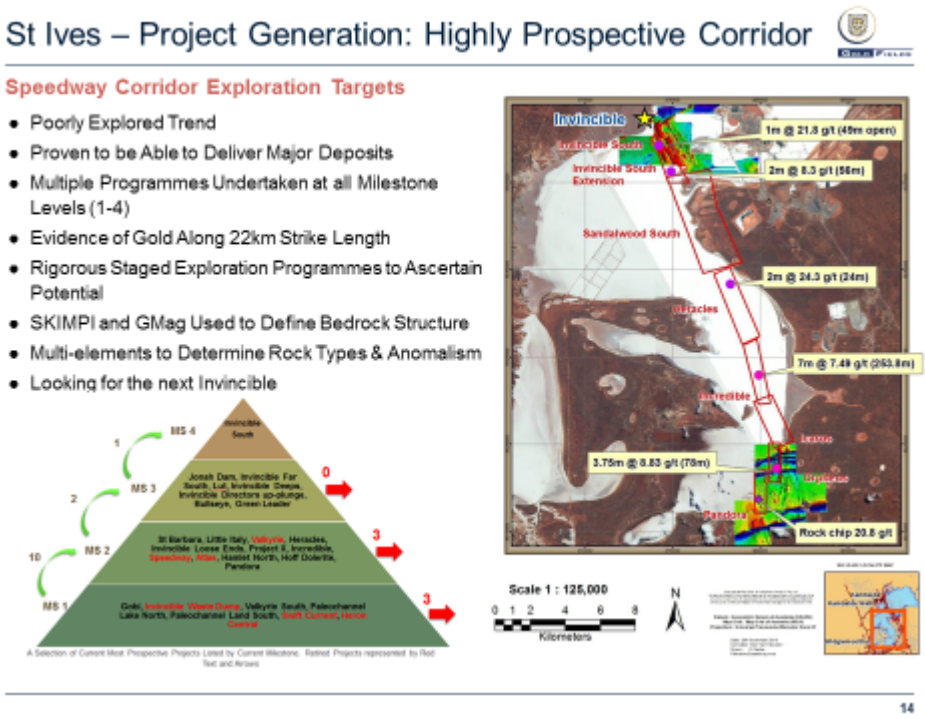
Looking beyond that, we certainly believe that we can get to a breakeven situation in 2016. Now, bearing in mind that in 2014 we were cash flow negative to the extent of about $100 million, just getting to break even would be a significant contribution to the group - and bear in mind, even with that $100 million of cash negative outcome for 2014, the group still made $235 million from its operations overall.

It shows you the strength of the portfolio to absorb that, but clearly we can't absorb that forever and a

day, but we need to get ourselves breakeven and then take it from there. So that's going to be the big focus over the next two years, namely getting the right team in place throughout the operation and then push hard to breakeven.

It's not about putting more money in. We've got more than enough people and we've got more than enough gear. We've still got 75 pieces of category 1 gear, which is your drill rigs, your loaders and your trucks. For 110,000 tonnes a month, that's more than enough - so it's not about putting more money, fleet or people in; it's about getting better with what we're doing right now.

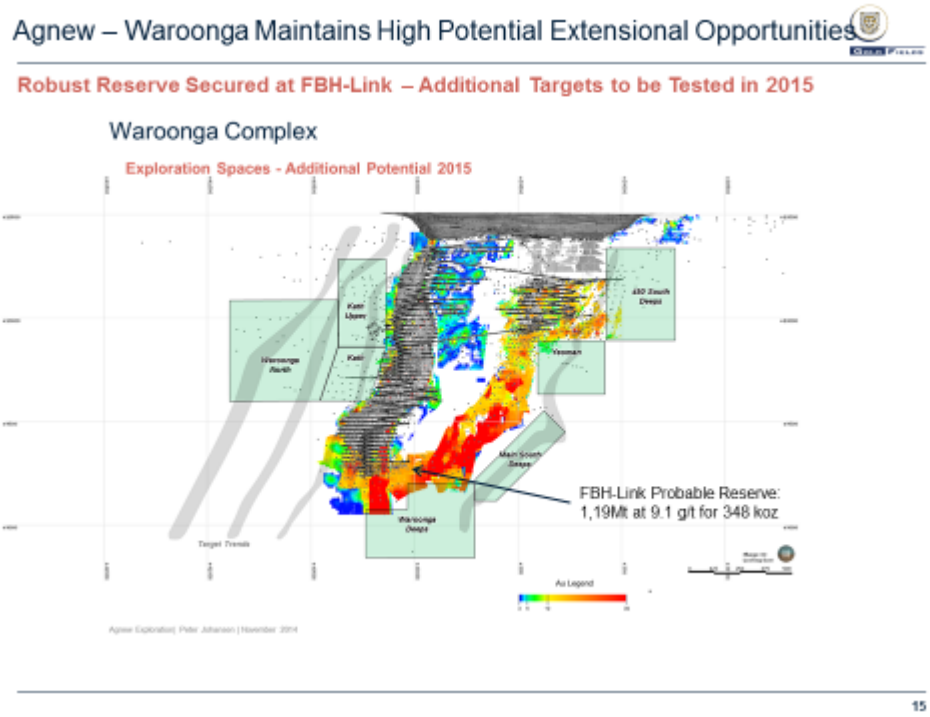
Future upside…not blue-sky



So, let's just divert for a moment and talk about some of the opportunities around the world for us to look at.

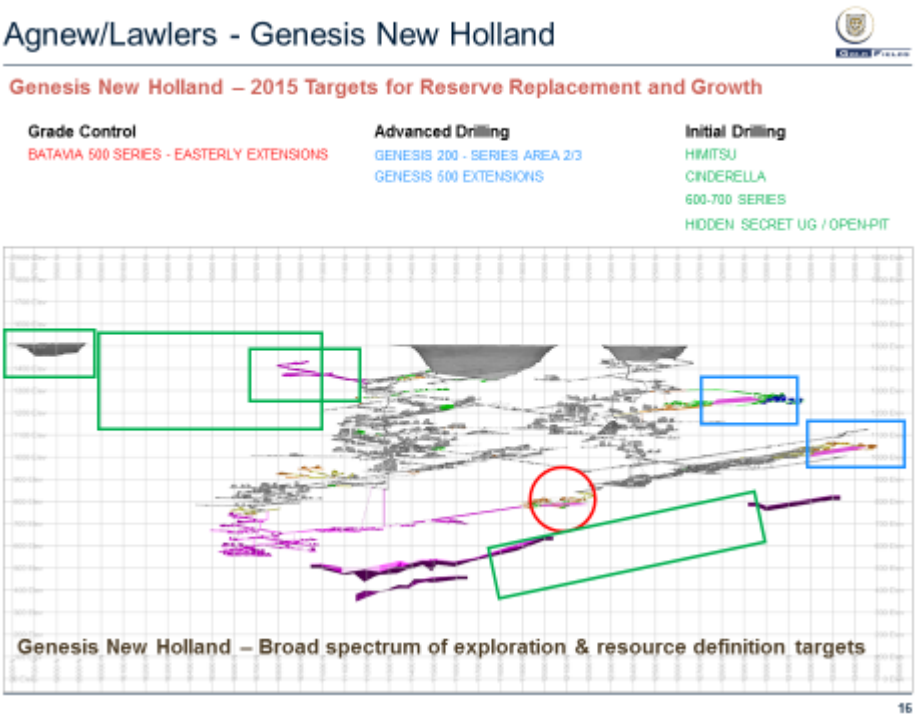
Turning to St. Ives, we have a very important discovery in the form of Invincible, which is a mine we're building at the moment. We expect to bring that to production around about the middle of the year. The good thing about Invincible is that it's a high-grade, shallow open-pit of about 4 grams a tonne. So that's something we haven't seen in an open pit for a while – Invincible has around about a four-year life of 500,000 ounces with potential to be much longer than that over time.

That's also a part of a long trend on the salt lake. Invincible here is at the top and what we've delineated on this salt lake is a 22-kilometer strike with mineralization right along the strike. In fact, with the drill holes we've put in place here, we found visible gold in a number of cases, so our geos are particularly excited about the opportunity here and we're going to be spending quite a lot of money in 2015 in drilling out this trend and hopefully finding more Invincibles along it.



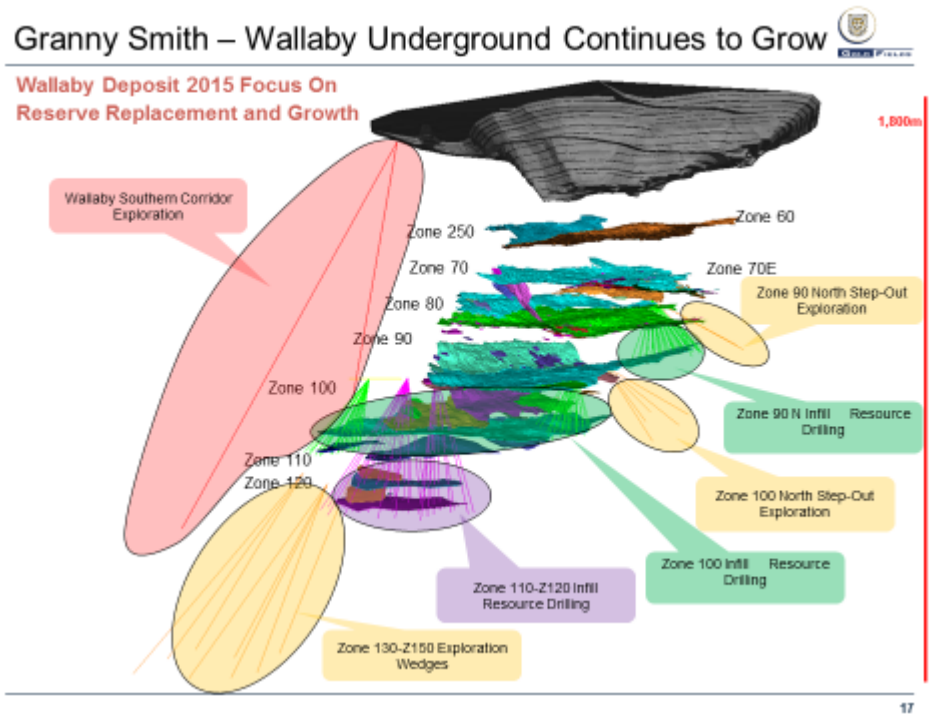
If we turn to Agnew, which, like St. Ives, been in the portfolio for 13 years. Now here's what we've been mining over the last number of years; it's called Kim, over here, and there's Main Lode which we mined before we stopped that because the grades were quite low. But all around here we're seeing opportunities for us to replicate Kim. Now, this is a shear zone over here that's parallel to the shear zone that we've got in Kim, and it looks like we've got similar styles of mineralization in that area.

Kath—just to give you an idea, Kath Upper and Lower is literally 200 to 300 meters away. Waroonga Deeps, we've put in a deep hole here. It hasn't ended yet so it's mineralized all the way down, and on the side here we can find mineralization too. So it looks like its one big trend below the originally mined open-pit which is obviously now gone. So there is a lot more work we need to do to understand more about where Agnew can go.



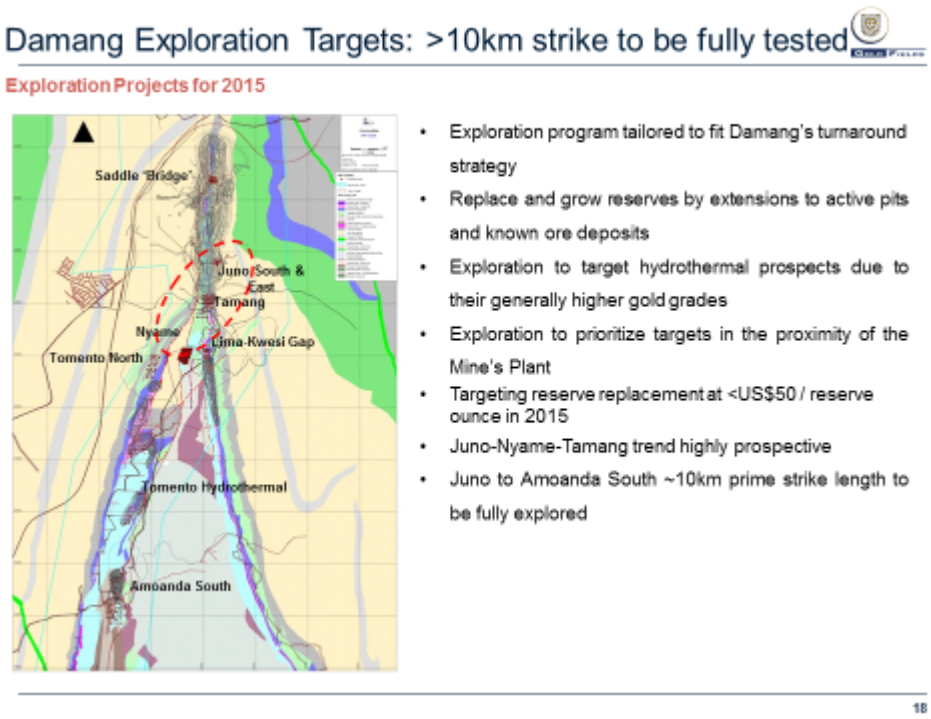
Now, Lawlers is adjacent to Agnew. This was one of the Barrick mines we bought. Literally, it's 700 meters alongside Agnew, so it's very, very close. You can see some of the opportunities here we're going to be looking at. Batavia 500 Series, we're drilling that now. Unlike Agnew, this is a more parallel-structured ore body that dips; so that's one of the dips you can see there.

Then if we look at the other opportunities, you can see over here the Genesis 200, Genesis 500 Series, and we're looking at plenty of other opportunities here. The one in particular that we quite like is the 600 and 700 Series; what you're seeing over here is essentially a replica of the 500 series over there, and the structure and geometry is very similar. We've got drill information there but we're going to focus on this area because it's closer to the infrastructure. We can just drop the infrastructure down and get into that area over time, so that's going to be one of the key focuses for 2015 and beyond.



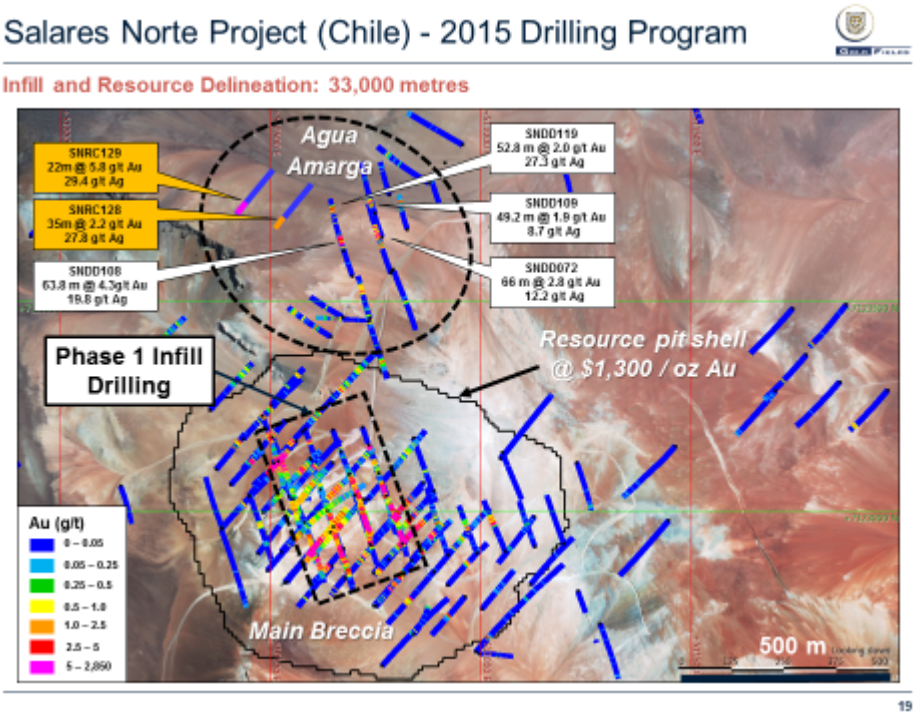
Since we bought Granny Smith, we've taken the mine to over 300,000 ounces a year at all-in costs of about US$800. But what particularly excited us at Granny Smith was the replication of these horizontal lodes every 150 meters. We're now developing into Zone 100 and, as you can see, there is step-out potential on both Zone 100 and Zone 90. The other exciting thing is the grades get higher as we go deeper and we're finding that there are also opportunities over here that we also didn't think existed.

So each of these lodes in-situ is looking like it's about a million ounces. Now, we can't recover a million ounces because it's a room and pillar operation, so we're extracting around about 58 to 60% of the ore body, but I think what it shows you is the potential for Wallaby to become significant. The other thing that we found when we bought Granny Smith, it's a big lease area; there's about 60,000 hectares; there's been very little drilling along the lease. So we've identified around about 20 targets across the 60 hectares, and we'll start drilling out some of those in 2015 and understanding where the next Wallaby deposit will come from.



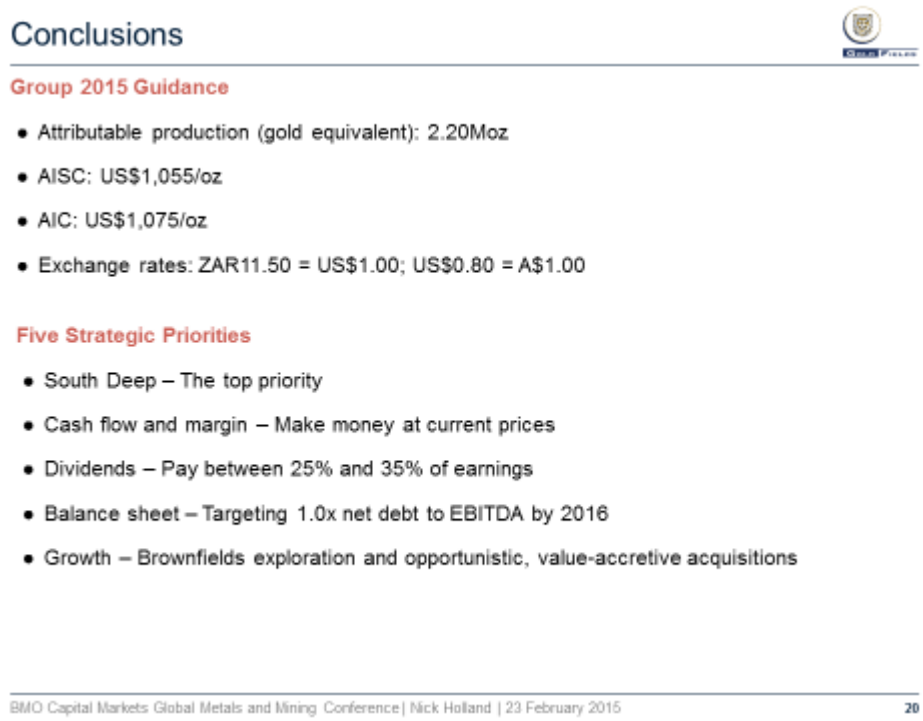
Turning to Ghana. The Damang Mine is a mine that's been in the stable now for around about 12 years. Just to remind you, we mined the old pit when we bought it, which was basically over here. That's mined out now and one of the things that we found that's really exciting is there's a strike length on what we think is a continuous ore zone of about a kilometer from the southern part of that pit with really good grade. A key part of our work for 2015 is drilling that out.

Now along this trend over here of about 17 kilometers, we've done a lot of drilling that's been very good, so we think we've got a resource over here that we can mine. Tomento looks good as well, and this is a hydrothermal ore body, so the grades tend to be higher, although the ore bodies themselves tend to be somewhat discrete. So, you've got to look for them but once you've found them, the grades are particularly good.



Salares Norte in Chile, a new discovery and probably the only project that we've retained from the greenfields portfolio which has graduated through to an advanced drilling project. We're doing another infill and a step-out program this year. We have an initial inferred resource of about 3.5 million ounces in here.

We've found an extension, called Agua Amarga, which means hot water, and certainly some of the grades are looking quite good in here as well. We should finish this drill program around about April/May and then we'll consolidate all of the results and get a new geological model. But this is something that's quite exciting because it's high grade. It's around about 4.6 grams a tonne, 3.5-million ounces. It's oxides and it's fairly shallow. So this is something that could be quite interesting for the future. Still some ways off but one to watch for in the future.



Our guidance for 2015 is to continue at about 2.2 million ounces. We expect our costs to be even lower than 2014. Of course that's been assisted by the exchange rates in Australia. With almost half of our production coming from Australia, a weaker Australian dollar helps us a great deal. But at the same time, South Deep is key for us to reset the base and really achieve the objectives we've set for this year. Let's achieve what we've promised for this year and then we'll build the confidence in your minds that South Deep can be a mine for the future.

Now I think with that we've got about three minutes so I'll probably pause for any questions.

Male Speaker:
One of the themes that's come out from some of the presentations that we've seen today is companies considering selling assets to pay down debt or something else. You're a little bit unique in that you've been on both sides of that transaction; you've been a buyer and a seller of assets over the last few years. Just in your mind, what are the characteristics that make a successful acquisition and what are the challenges to executing on that strategy that you see?

Nick Holland:
Yes. So, we've decided to be razor sharp in our focus. We're only interested right now in assets in production because we want to buy cash flow and we want assets that are going to give us cash flow from the get go, so that narrows the universe quite a lot if we're only looking at in-production assets. The other reason we look at in-production assets is that we believe for those sellers who are keen to sell, it is a unique part of the price cycle where we are now but I think we've got to be very, very careful about getting the right stuff. I think the Yilgarn South deal in Australia was a fantastic deal for us. We're looking at a two-year payback. On that, we should have a full return by the end of this year of all the capital we've spent, but it's hard to replicate those kind of deals. We don't have to do anything; we're making good cash, but if opportunity knocks, we'd be looking for stuff in production.

Male Speaker:
Maybe just a quick follow up on this description. Would you consider shedding some of the exploration work of the portfolio in favor of replacing it with producing assets?

Nick Holland:
Yes, we've pretty much shed everything we want to shed in the portfolio, and if you exclude APP and Woodjam, which are earmarked for sale, we've only got Salares Norte, which we've just talked about, and a project called FSE in the Philippines which is a big copper-gold porphyry, about 900 million tonnes. That I think is something for the long term but that's not something that we would ever consider building on our own. I think that would need a consortium. Also, with copper and gold prices where there are now, it's the wrong time in the cycle to consider anything on that. So we'll adopt a holding strategy for now and we'll continue to evaluate opportunities, but that's one for the longer term. Other than that, we've pretty much shed everything we want to shed.

Male Speaker:
Thank you.

Male Speaker:
On Salares Norte is there a hurdle reserve number that you feel has to be met and given whatever that number is, what do you think your potential annual production is?

Nick Holland:
Well I think, if we could convert all of the inferred resource that we have now into a mineable reserve we've probably got enough. So we've got 3.5 million ounces of inferred resource. That would probably translate into possibly an eight-, nine-year life. That's probably enough and if there's upside beyond that then that would give us more incentive to do it.

What we've essentially decided with the team is we're not going to rush this one. We're going to drill this out properly and we're going to make sure we really understand - not just what we have, and that we can join the dots between the high grade sections, but how big could this be. So that's really going to be the phase of this drill program that we're into now; it's 40,000 meters of drilling, and most probably after the next phase of drilling, we may go into pre-feas later in the year, depending on the success of the drilling program. So we really want to understand what we've got here and then we'll decide on do we start small, do we start medium or do we start bigger? It'll give us all of the information to make a better informed decision.

Male Speaker:
I think with that we're just about out of time, so Nick, thank you very much for the presentation.

Nick Holland:
Thank you very much.