FY2018

RESULTS FOR THE PERIOD ENDED

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FY 2018 Results Presentation

Introduction

Good morning ladies and gents, and welcome to Gold Fields 2018 annual results presentation. Before we get started just a quick bit of housekeeping. Fire exits top corner and the front door here. If you have to use them please do so in a calm manner and meet out the front of the building. Today on the stage we have Nick Holland, our CEO, and Paul Schmidt, the CFO. Nick will give a quick presentation and after that we will open up for questions and answers. Thanks Nick.

Nick Holland

Thank you very much. Good morning everybody once again. Happy new year, although it's a bit late to be saying happy new year. I think we should just recognise first of all the tragic events in Brazil. You've seen the accident with potentially up to 300 people who have lost their lives. We have also had 84 fatalities in the mining industry in South Africa in 2018. Could we just stand and have a moment of silence please? Thank you very much.

All right. On the front page we thought it quite appropriate to show you that Salares Norte, a discovery in Gold Fields, has concluded a feasibility study during the past year. This area here where you can see all the criss-cross tracks of trucks, this is Brecha Principale, the highest-grade portion of the total reserve. This is around about a 500x500 metre complex. This is standing on the hill looking down. It is very interesting landscape. The border with Argentina is on the other side of these mountains over here. 4,500 metres up in the Northern Atacama desert. But we have to go where the gold is, and there is a lot of gold over here. We will talk about it a little bit more later on.

So what are the key issues? I don't want to blind you with too many stats or numbers. You can read the book at your leisure to get all of that. The key issues are South Deep. We were going through a major restructuring during the course of 2018. We went through a process which is known as a Section 189 labour restructuring process under the Labour Relations Act. And we unfortunately had to retrench up to 1,100 employees and around 400 or 500 contractors in that process. That was on the back of retrenchments that were done at the beginning of the year.

We believed we needed to right-size the operation given that South Deep had not achieved production targets over a long period of time. I think everybody knows that. And we had to respond. To we have right-sized the cost base to where we sit today in terms of production to the run rate we had pretty much before the restructuring kicked off. And that has meant that around about R800 million a year has come out of our operating cost base and around R400 million a year out of our capital base. And that is going to put us in a much better position to first of all stem the operating losses but also to focus on short-term delivery.

We have severely constrained our footprint. We have taken out a lot of the lower-grade areas in the old scattered mining part of the mine. If you can recall, in the old days when South Deep was conventional we used to de-stress above and below the ore body and then develop and mine it. So that is not what we are doing now. We are actually de-stressing on reef and opening up the ore body and mining a bulk non-selective process. So we want to move more towards that in to the future. So a tough process. Fortunately no one was killed. I thought at some point we might have fatalities because there was a lot of industrial action, sabotage, training centres being burnt down etc. But fortunately we got through that. It's the first time we've done something like this at South Deep. So I do believe this will set us up to have a new start on the asset.

Tarkwa, also a major year for them because they moved away from owner mining to contractor mining. I'm amazed that we got through that without any hiccups. Production came in slightly ahead of guidance for the year. So the teams did a great job. And we've done that really to reduce our cost base, given that Tarkwa is extremely sensitive to cut-off grades and given the fact that we just couldn't keep sustaining the high rate of increases that the employees were looking for. And this is a model that is pretty similar now to what you will see other mining companies doing.

Damang outperformed significantly over the year. We're ahead of plan on the project, which is really good news, and they're looking for another good year ahead of them. Gruyere is slightly late. What I can say is that as we speak today we are probably bout 93% complete, so we are getting close. The outstanding work is really electrical and piping. All of the stuff we need is on site, because obviously this is over 1,000km from Perth. It's a fairly remote site on the eastern boundary of the Yilgarn, so a long way to go. But we're getting close to that now, and it really is a first-class operation. I'm sure at some point we will be arranging a trip for people to see that.

Asanko, we bought 45% in Asanko. Why did we do that? First of all it's a country we know well, Ghana. We've been there for 25 years. We see a very prospective bulge here. We see significant potential on Esaase in particular into the future. Salares Norte feasibly is finished. I will talk about that. Cerro Corona we've extended mine life, and we're looking to do that again. That's pretty important because it's one of our lowest-cost producers. It has consistently out-performed. Just last year alone it made $114 million of bottom line cash on the back of just over 300,000 ounces of gold equivalent. So really a super operation that has served us well.

The balance sheet, we have taken some strain off the near-term liquidity by rolling out a term loan on the same terms. But we will talk about financing later. Dividend, of course let's not forget that. Even though it's been a more modest year from an earnings perspective we have still paid a dividend. If we look at our track record over the last number of years we've continued to outperform our cost guidance, and we have done it again for the sixth year in a row. This year we were slightly off on the production, but I guess in the context of South Deep losing four or five months of production, to come within 4% of the original guidance is not a bad outcome overall. And we've got to give thanks there to the international ops who have come to the rescue there.

Looking at our cash, if we look at the mine cash flow this is what we like to show people. Where is the money made? Where does it go? You can see the mines in the group last year made $334 million. If you add back South Deep that figure is somewhere about $480 million. So the international mines made about $480 million, very similar to what was made in the previous year from the international ops. And how did we put that to work? We've got the Damang investment of $125 million. We've got some modest South Deep capital. We've got obviously the Gruyere project. This was always going to be the peak year, 2018, on the project spend. And it has proved to be. But at the same time we're getting closer to the finishing line. Salares, here is all the money on the studies and further infill drilling to firm up the ore body. Also some district exploration drilling as well to look for the next Salares around the area we're in. obviously interest on our debt. And that takes us to about $132 million.

I think it is worth putting into context that over the last two years we've spent over $600 million on growth and we've funded about 80% of that from internal cash flows. $134 million has been our net leakage. Paul and I knew this was going to be the case. And in fact it could have been worse. But this is now putting us in a very strong position to bring these projects through. And you will see later that our capital spend in 2019 is going to come down significantly. Our production is going to go up. And that will have a beneficial impact on all of the metrics. You can see over here the capital. The green is the project capital at the top there. The blue is the sustaining. You can see that project capital picked up a lot over the last few years, now coming off. Sustaining is also coming down a little bit as well. We are looking at a significantly reduced capital spend, as we said it would be in 2019.

The balance sheet, as we mentioned we termed out that loan. What that means is that in 2020 we have a significant amount of maturities. We've got $850 million net on the bond at the end of 2020 and we've also got some other loans around the group. We have an Australian loan that also matures in that period. And as Paul has indicated to some people outside, we will be looking to refinance the bond and potentially also the syndicated facilities during the course of 2019 so that we can push this out. We don't envisage a huge problem with that. We've had an upgrade in our credit rating in the past year which has helped us. Obviously the markets have got to play ball. Maybe the comments by the Federal Reserve of late are going to help us to do that. But it is not just terming out the debt. We've got to bring down the debt. We've invested heavily into projects. Now we've got to show some of the cash flow coming back, bring down the debt and pay some high dividends to shareholders on the back of high profits, and leave something for working capital and other things that we might need.

We made some good money on hedging last year, generated realised gains of over $50 million which helped to underpin the big capital spend that we had. We're doing the same in 2019. I don't think you should read into this now that this is going to be a recurring theme. Certainly we would be extremely nervous to be going out long because it's a guessing game beyond even six months here. So we've locked in really all of the Aussie production at a weighted price of just under $1,800 for the year. And there is upside potential on most of that as well in terms of the collar structures. We have also hedged just over half of the production forecast on South Deep at R617,000. And that was compared to our planning price of R525,000. So that will certainly help us particularly given that our guidance on South Deep is just under 200,000 ounces at all-in costs of about R610,000 a kilogram. As you can see, putting hedges in at that sort of level is going to help to underpin that performance.

So looking at the group then, overall our production for the year 2.04 million ounces. That is better than the previous updated guidance we had given at about 2 million ounces. So we were able to get almost 40,000 ounces more in the end, which is great. I think if you look at the Americas over here you can see why the life extension is important. $699 all-in cost, 314,000 ounces, making $114 million of cash. We look at West Africa, before the project $149 million of cash. And of course Australia making almost $200 million of cash in US Dollar terms for the year. So in Aussie Dollar terms that translates to almost $300 per ounce of bottom line cash flow. If you compare that against the other Australian producers, and we've done the analysis, we look pretty good. This is where some of the cost reporting I think is a bit distorted. Others will say that their costs are a lot lower than us, but in fact they don't make any more cash than us. So I think there are definitely changes in how people define their costs. What is above the line, what is below the line etc.? We all know cash is king. If we make the cash, the cash will tell you it's there or it's not there. South Deep, of course a very difficult year on the back of the restructuring. But we've re-set the base and we've knocked our costs down a lot.

Reserves, this is the approved numbers. We don't have the mineral reserve and resource supplement ready yet. That will go out with the annual report at the end of next month. But I think importantly the take-away for me is that we have put back a lot of what we mined in terms of total gold reserves. Just a half a million ounce difference. That's a big take-away. The second big take-away is that on the international operations we are now sitting with about 20.5 million ounces made up of these three blocks over here. 7.5 million in the Americas, 6.5 million in Australia, a similar number in West Africa. And if you look at that in the context of what we've said, the international mines we believe can sustain about 2 million ounces a year for ten years. We've got a 20 million ounce reserve to back it up. And remember there is no Asanko in here yet.

Asanko's numbers will come in the second half of 2019.

We have taken a downgrade on South Deep. There is a 4.6 million ounce reduction in their reserves. On an attributable basis if we take out the minority interest, the BEE deal, it's just under 30 million ounces compared to 34 million. And that's really three areas. We've taken a more conservative view on our mining and recovery factors in our stopes. So that has knocked out around a third of that reduction. We have worked on a high cut-off grade. North of Wrench we have taken from about 3.8g to 4.1g per ton, which is meaning that essentially we will go for the better grade stuff. And that's a function of the fact that the production build-up has not been honoured over the last few years. We have taken a more conservative view notwithstanding of the fact that we have dropped the cost significantly.

And then we've also put in some geotechnical losses. We've seen that there are a number of dykes and faults across South Deep, two in particular that we've encountered. It has been the [unclear] dyke and the [unclear]. We have found that we've needed to put bigger bracket pillars around those dykes. We know that they exist through the ore body and we've taken a conservative view, used what we know in the areas we've had to bracket as a proxy. We have applied that across the ore body, and that has knocked another third out as well. Whether or not that translates into reality in time we will see, but I think the team have adopted a cautious approach to that. We have had this audited as well, so when you see the R&R report we have had it externally reviewed this year. That's a robust process. So these numbers are not just our own internal numbers. These are numbers that external parties believe are achievable.

So what is the global growth or exploration highlights? What we tried to do here instead of giving you a whole bunch of slides with intersections and various different colours or different lithologies we are just going to give you some brief highlights. So if you look at Australia at Granny Smith we've grown the resource by 4.5 million ounces since we bought it, reserves by over 2.5 million. We are sitting here now at about 2.3 million ounces of reserves but we're sitting with about 8 million ounce of resource. We've got to start converting more of that resource to reserve. So the focus now will be more on infill drilling over the next couple of years, particularly as we look to convert portions of 135, a 2.5 million ounce block, and eventually 150 into reserves. But certainly there is significant potential out of Wallaby still ahead of us.

We are looking outside of Wallaby because strategically we are a 3.5 million ton per annum plant and we are only putting through about 1.7 million tonnes a year. So if we can find more to put through the plant by looking at opportunities around us that will be great. I'm afraid it's a long game though. I'm not able to tell you that next year or the year after we will find stuff. But I think we should work on the next five years and hopefully we will have something that will come in to supplement Wallaby.

At St Ives Invincible continues to grow. We've got over 2.5 million ounces to find in Invincible. We are seeing that Invincible continues at depth. It continues on strike. We've now got Invincible South that we're developing into. And we've got Invincible Far South that we're into. And we've got multiple anomalies, visible gold intersections on the 30km Speedway trend that runs through the lake. We are also doing something different. We are going back to the old mined areas. Victory was a large complex that was mined around ten or 15 years ago. And what we've done there is we've done a seismic survey to identify structures that are very similar to the structures that we mined. That will enable us to target framework drilling, get a better colour on those areas, and I think we'll find more. The best place to find gold is where you mine gold.

So we're not done in this area. And I'm really excited about the fact that we did the joint venture with LEX, a listed company. So that has added another third to our land package to the east. And we're seeing very similar kinds of structures, sheer zones, which host a lot of the ore bodies in St Ives. As you know most of the ore bodies in St Ives are found on the three parallel sheer zones that run through the property. We are seeing anomalies like this replicated on the next property. So a whole bunch of framework drilling is going on there. I think we're going to find a whole lot of new targets for us in the future.

Agnew, I really thought Agnew was going to be a dead duck a couple of years ago. And now I think it's going to be a fantastic mine for us for the next decade. Why? Well, a lot of focus and a lot of exploration. The more you explore the luckier you get. And certainly they have found an analogue to Kim called Waroonga North which is 500 metres away. The beauty is we can use a lot of the same infrastructure to get in here. And that's extending further down and laterally. Redeemer, which again is an old pit we mined, we backfilled it and then we found an offset to Redeemer underground. And that is starting to grow to between a 0.5 million and 1 million ounce deposit. And I'm hoping that we will get an inferred resource of sorts declared at the end of this year. New Holland continues to give.

In Ghana remember that Tarkwa is a paleoplacer style ore body. Simply put, a whole bunch of stacked conglomerate reef packages on top of each other, very similar to the Wits Basin. What do you know about the Wits Basin? It keeps going. Similar here. We are seeing around 3km to 5km of additional strike. The total strike length of all of the pits here is probably in the order of 12km to 15km. that gives you an idea. Tarkwa has been a 20 million ounce ore body for us so far. It is truly one of the premier ore bodies on the globe. So I'm very pleased that Tarkwa got a mention when Barrick and Randgold mentioned their deal. We got a mention. So good to be recognised by somebody else. A great mine. I'm pretty sure this is going to be around for a long time.

Damang, there are further extensions to the north of Amoanda. I've got a slide. And we still have the potential to go deeper. Asanko I have talked about. It is really about getting Esaase further up the curve but also starting to drill the targets. They have only explored around 7% of the land package and we're seeing some good intersections underground that we've picked up. Peru we need to go beyond 2030. We think we can. We've got a study going on now for 2040. And we should have some results on that towards the end of the year.

So I will go through this reasonably quickly. ESG highlights. Regrettably we had one fatality at South Deep during the year. That said though we had our best-ever safety year across the group, a 24% improvement on our total injuries across the group. So that is the best performance for the company. If you look at these injury rates now they are probably about 60% better than what they were four to five years ago. We are spending a lot of time and effort on host communities, particularly in the areas of procurement and local jobs.

And let me just talk about tails dams. Obviously this is a major risk for the mining industry and one that is on our radar. We've had all of our tails dams reviewed. There is a guideline from the International Council of Metals and Minerals. We are a member of that. We're one of the few companies that is a member in this country, one of the few mining companies. So we've had it certified against that. If you recall the dam failure in Brazil, it was a decommissioned upstream dam. Essentially those are dams where you build a dam on top of tailings. We only have on active upstream dam, which is Granny Smith. That we are watching very carefully. The rest of our dams are downstream, which essentially means you use the topographical contours around you to provide the base and the stability. That is good news.

And then the other thing is Salares of course will have very little moisture in it because it will be dry stack tailings. I do think the landscape on tails dams is going to change. I think you might find that upstream dams could be outlawed I think over time. And I'm part of the ICMM council along with 30 other mining CEOs across the globe. We do want to move away from conventional wet tailings over time. And I think that programme will get more impetus on the back of not just the accident in Brazil, but there was a previous one in Brazil and there was obviously one in Canada prior to that as well. The other thing that is really good to see is we're able to use old pits for tailings. And we're doing that in Australia at the moment. And we will be doing that also at Cerro Corona. That is part of the life extension exercise. And at South Deep we are actually mining the old tails to put through the plant to create some backfill while we get the underground horizons into equilibrium. That is another way of getting rid of a liability. So watch that space.

It is approaching the inflection point. 2019 we believe is going to be a positive year in the context of all of the work we've done over the last two and a half years. Our project capital comes down by half you can see here from $290 million to $143 million. We expect the business to turn cash flow positive in the second half, particularly as Gruyere comes into production, as we see Damang ramp up as well. So that's certainly going to help us. And as that capital comes off significantly after the first half of the year. So all of those things come together.

Gruyere first gold I said Q2 and we start getting into the saddle area of Damang in a big way even in Q1, never mind Q2. Salares, we have to work through the EIA process, Environmental Impact Assessment. That is going to take us at least until the middle of next year. If all goes well and we get approval we could start building the project after the winter of 2020, which essentially would be around about October. That is not far away. In the scheme of our business it is actually incredibly close.

I've talked about how the global portfolio, how the regions are now getting to critical mass. If you look at the top companies around us outside of maybe the two big ones now that have merged, you're in good company with that kind of number even without South Deep. On Damang very quickly, a picture tells all the stories. This is the western wall. This is the eastern wall. You can see it has come down a lot. This water at the bottom here will be pumped out. So for those of you who go up to the mine for a visit at some point in the future you will see a very different Damang from what you see today. And the bulk of our mining will be around these areas. It will take these down and get down to that centre point. And of course it is still open at depth. We haven't found the bottom of this particular ore body.

So what is good about 2019? There is our guidance, 218,000 ounces, which is up about 40,000 on this year. Importantly all-in sustaining below $800 as the grades go up. All-in cost down $400 an ounce to $1,100. The last project capital of about $69 million to be spent. So we are looking at the unconstrained. There is at least 2 million ounces here. There is a resource of over 4 million ounces remaining. That is I think conservative. And on Amoanda, which is on the same trend as this up to the north, we are seeing further extensions. And I can show you here. So there's a cross section. We finished mining that pit. We are mining that pit. We will be getting into here. And we're seeing further extensions over here. And you can see if you look at a plan view there is pit five over there. We've done some drilling there. That looks promising. We have done some drilling there, and drilling is to be planned here. That whole area there is about 1.2km of strike, which is as long as the whole pit is. This has given us somewhere around 300,000 to 400,000 ounces with potential here for the same again over time which is not in our numbers.

On Gruyere you can see a picture at the bottom there of a lot of the plant construction points. There is the tails dam in the background. These circular tails dams are not unique to us. It is quite a commonly-used methodology in Australia. So we're getting close as I've mentioned. Our total forecast on the project is $621 million. If you look by the end of the year we've spent most of that. We're getting close to the end of the spend. We're still good for that number as we speak. And as I say we will look to finish the project and ramp up in the second half of the year. So we have given guidance around about 118,000 ounces from total project basis, of which our share is around about 59,000 for ourselves. So the remaining project capital there is $129 million. That's a 100% basis. Adding the $621 million as you can see we've spent about 80% or so by the end of the year.

Remember it is a 12 year life. We have upped the production to 300,000 ounces a year. And we were able to do that because we put in a ball mill that had spare capacity. So we are taking the annual throughput from 7.5 million tonnes a year to 8.25 million tonnes a year. And at the same sorts of grades that will give you higher production and it will come in with costs of just over $1,000. Bear in mind the spot price today is $1,800. That's not a bad almost $800 an ounce margin on this project with significant upside potential in the resource around us. So we are nearly there. Downer has started mining, which is the contractor that we are using. They have done all the initial strip and they have already stockpiled around 120,000 tonnes of ore. I think when we do commission the plant the ramp-up hopefully will be reasonably quick.

Salares, I've mentioned a lot of this already. The feasibility study was finished. Brecha Principal and Agua Amarga. Again there is that photo again of Brecha Principal. Agua Amarga is just to the back here of that. So what are we looking at? An 11.5 year life, a maiden reserve declared, 21 million tonnes at 5.1g gold. To get a 5g open pit anywhere in the world is unique. Normally open pits are between 1g and 2g if you're lucky. This is 5g. We've got a silver credit, which is good and bad – good in the sense that it gives us a higher equivalent gold reserve of 4 million, bad in the sense that we have to put in a separate process flow to capture that otherwise we will supress the gold recoveries. So it is the Merrill Crowe process, your classic zinc precipitation commonly used in the industry. It has been around for years. And then the tails from that go through a convention carbon in pulp process then filtered, compressed tails, and then on to the tails dam which is built on the waste. The waste would be the base, dam on that lined with sufficient bunts all around it. It's probably over-engineered. I don't think it's going to be a big risk.

It is front-ended because what we are going to do is accelerate the mining. Why did we do that? Because it's the best economic outcome to try and mine as quickly as you can. So we will probably mine over about seven years. You stockpile – and we've got enough space to stockpile – and then you preferentially feed the higher grade through. And that gives us the best economics. Obviously mining quicker gives you a working capital investment. The higher grade upfront more than offsets that. We have done zillions of iterations of these numbers over the last year so we're pretty confident. A good project. This will be in the lowest quartile of costs. As you can see over life we're talking about $545 an ounce. If you include the upfront capital $785. So this can work at much lower gold prices. And the reserve is very inflexible to lower prices. This holds up at significantly lower prices.

Capital of $834 million. That is in real 2018 Q4 terms. And as I say over the first number of years we will get about 450,000 ounces or so over the first seven years. Costs will be somewhere around $465 an ounce. So it will be a short payback, 2.2 years, with an IRR of about 25%, NPV of $650 million. This is recognised globally as one of the top discoveries in our space and I can assure you there is no shortage of other gold companies that would love to get their hands on this. So obviously we have to get the EIA process complete. We've got to work out a funding plan, because it is a lot of capital to spend and we have to make a decision. Do we go on our own, do we go with a partner, or do we do some innovative financing structure that can take this thing out of $800 million being spent over two years. That's going to be the job we have to do.

Onsite diesel power because we're far from the grid. We've got water secured. We've got three times the water we need in surface boreholes about 12km away. I wouldn't let the guys proceed with the study without that, because if we don't have water up here in this dry, arid area you have no project. You can have the most wonderful grade, but no water, no mine. So we had to get the water. It took two and a half years to get the water discovered and permitted. In fact even more. Three years. So I'm glad we got that done. So that's where we stand on Salares.

So here's a cross section. Here is the Brecha itself. Brecha is basically fluid coming up under extreme pressure and then being broken up and being disseminated back in here. And you can see the higher-grade areas are the purples and the reds and orange, and the lower-grade areas are the yellow. These are Agua Amarga. That is a flatter ore body. If you could see this 3D it doesn't quite run through it. It runs alongside it, behind it. That's about 500 metres. This is probably about 1.7km in total.

Some people said, well, it looks good, but is it enough to keep going? Well, besides the fact that it is a 25% return, here is Salares over here. This is a 20km distance. The green and the red are properties we either own or have options on. And we've got some interesting drill results in some of these properties. This has got all of the potential to be a camp very similar to other high sulphidation epithermal style ore bodies that have been discovered and mined in this whole Maricunga belt that straddles Chile and Argentina. There are many mines, and you will know them if you look around. But it takes time. We are spending about 40% of our budget this coming year on drilling some of these targets so we can add to that 4 million ounce reserve base. But it will take years. It is not a one year journey.

All right, so I will leave these for you to go through. Here are the tonnes treated, the gold grade, all-in cost. The tax regime is you write your capital off over life. Tax rate is 30%. There is a 1% third party royalty and there is a 0.5% royalty based on mining profits. So hopefully this gives you enough to try and model. Do your own numbers if you so wish.

Asanko I've talked largely about what we're trying to do here. Esaase is up here. And Nkran, Dynamite Hill, Akwasiso are down here. The plant is down here. So this is the potential that exists in the north here. Of course we've got 30km of distance between Esaase and the process plant. The process plant can do about 5 million tonnes a year. We are quite pleased with the work they have done in getting that process plant to where it is. It is in pretty good shape. Recoveries are good, plus 90%. Processing costs are pretty good. They benchmark well against what we know. I think we've got to find the best solution here.

What it comes down to is Esaase is going to be quite large. Let's assume for argument's sake it is going to be a 3 million ounce plus ore body, significant tonnes. Then you may decide to do a conveyer option down here. If it is going to be smaller and you go for higher grade and lower tonnes, then it might be more suitable for a trucking solution. Trucking in Ghana 30km is by no means impossible. Obviously you need to clear away some jungle and trees and so on, but it's not impossible. So we're looking at those options. The idea is we will come back in the second half of the year with our joint venture partners and figure out the best way for us to go forward.

So here is a photo of Esaase. I was up there at Asanko and stood up at the top here. This is the ramp going up. The one thing we found when we did the ramp was that was all mineralised. When we got to the top the ore body was not supposed to daylight. But then we did some grade control drilling and in fact the ore body daylights. So you get mineralised intersections which are quite good all the way down. And you can see it is very soft oxides to start with. So it is going to be fairly cheap mining for us. It is about 100km north of Damang. And from there it goes on the road at the moment. So this year we're going to do about 1.5 million tonnes out of Esaase. That will go on the road as we look for longer-term opportunities.

South Deep. I think I have talked about most of this upfront. If you look at the beginning of the year and the end of the year this is actually what we've done in totality. We started the year 2018 with almost 4,000 employees. We ended with only 2,500 because there was other restructuring too. Contractors we started with 2,300. We ended with 1,700. But in fact, by Q1 or Q2 that figure will be 1,500. So we will be 4,000 in total from something like 6,200 or 6,300. That's a big reduction in people. We have obviously cut the fleet – having too much fleet can be a hindrance as opposed to a benefit – from 98 to 66. What Martin is doing, which I think is very sensible, is he is going to bring them out the mine and he is going to have them locked up. And I think the key will be somewhere in his top drawer. Nobody else would be able to get to it. That would enable us to recondition and refurbish a lot of that fleet and stop spending a bunch of money down the road on buying new fleet. So it is going to have the added benefit of reducing further capital, but at the same time better focus on short-term maintenance and operating. If you've got less to play with you're going to be more careful with how you deal with it.

Low-grade sections as we mentioned have been taken out. That is a big footprint we've reduced. That has meant that we can take the south shaft and actually turn it into a single shift shaft with only services. The back wall pipes have to go down. There was water reticulation etc. It cuts a lot of the costs out. And new mine development we were ahead. We are quite happy we can take a breather while we consolidate our position. So R800 million is out of the operating costs. About R400 million out of capital. And we're going to work on a basis here we earn the right to spend from here. Let's get short-term delivery. We earn the right to spend and invest further. That's the way it will be from here.

Okay. Key enablers. These are the things that will make the difference, and these are lead indicators. Backfill. If you don't backfill you can't mine. You have to backfill. Ground support. You have to make sure your ground support follows on. Improved drill and blast. What we mean here is actually making sure that it is per design and that we create nice cavities, nice smooth hanging walls, side walls. Because if you don't get that right it makes it hard to do ground support, it makes it hard to mine from there because we use that platform to create the open stopes.

Fixed infrastructure. We've got to keep an eye on the fixed infrastructure, make sure that we look after all the shaft, water reticulation, power, tips and boxes. Improved fleet availability and utilisation by pulling it back. I think we will be able to achieve that. A flatter organisational structure we have moved towards. Performance management. Making sure people understand what they have got to do and deliver it. Those are the key things. So for this coming year we are looking to get up to as high as 7% higher than what we achieved in 2018. It is a tale of two halves. The capital will come down in the second half. Production will go up in the second half as projects come through. All-in sustaining then about $980. All-in costs around about $1,075. As I say, a tale of two halves.

The focus areas at South Deep we've talked about. Gruyere first gold Q2. Let's ramp it up. Damang, let's ramp it up. Asanko, let's work out the longer term solution for a very exciting addition to the portfolio. And Salares, let's advance the detailed engineering. Let's do as much of the planning work upfront. That will reduce the cost later. Come up with a funding plan. Get the EIA process done. And then we will see where we stand.

Just briefly at the end – I will leave this for you to read – we are a member of the ICMM. Why is this important for us? This is the cornerstone of how we run our operations. We focus on ten sustainability principles, seven position statements focusing on health, safety, environmental stewardship, stakeholder management, human rights, diversity, you name it. And we report on those things and we have them externally assured. And you will see that when you read the annual report. I think that's probably as much as we can say, and then I think we can leave it to any questions that people may have. Thank you.

<u>Yatish Chowthee – Macquarie</u>

Thanks. It's Yatish Chowthee from Macquarie. Nick, three questions, two on South Deep and one on Salares. Just quickly on the South Deep slide that you put up on slide 25. Some of those bullet points we have seen on numerous occasions. Perhaps also directed to Martin, although you've done the restructure

what confidence do you have in the current employees and management on the mine to actually [unclear] for those points to actually materialise. Things such as improved fleet availability utilisation have always been a recurring theme. Fixed infrastructure. These things have been there for a while. What makes it different now? Just secondly on South Deep, when you talk about international operations a lot of companies including yourselves talk about your assets being a $900 all-in sustaining cost number. If you look at South Deep what would be your long-term all-in sustaining cost number that you could provide us with?

Nick Holland – CEO

I will answer the second question. I think Martin is here, so I think it would be good to let him give his perspectives on the first question, if you're okay with that. Look, we want to get South Deep down to $900 as well. That's the longer-term strategic goal of this group. And it's stated in the annual report last year, and I think you will see it again in the annual report for 2018. That's where we need to get to, because gold prices will be volatile. While people may be talking gold prices up, over 20 years you know they will go up and go down, so we think that's the minimum or the maximum amount of spend per ounce we need any asset to be at over time. So that's no different. That's ideally where we would like to get to. In terms of the initiatives, Martin will talk to us now. But I guess it's focus on the execution side that we're tightening up. We've always known what we had to do at the execution. And Martin's got a number of particular initiatives that he's putting in place. Maybe we can just give him a minute or two to talk about those.

Martin Preece – EVP: South Africa

Thanks for the question. It is an old story, and I think the difference is this time is the nature of the restructuring. We've taken I think ten bold steps to completely relook at the business. We started the early part of last year looking at senior structures of the mine and followed that with the structures at the bottom. I think we've taken complexity out, taken a lot of the low grade areas out. To talk about infrastructure, a key component of our infrastructure is the south shaft which now is only used for servicing. It frees us to look maintain and look after that properly. I think the [unclear] election process, one of the focuses is fewer, better people. So we try to retain the better people in our things with better capability. And my past experience and what we've seen now it takes complexity out.

Taking 30% of your fees out allows a lot narrower focus and in supporting that we've brought in two organisations; the Australian organisation on maintenance specialists to help us get the right focus on particularly the big maintenance of all the maintenance costs, all the infrastructure. And then coming out of the restructure we've got a big drive on what we call the frontline productivity intervention supported by a company called OIM, where you're working with teams, get self-directed with principles embedded. Nick spoke about the performance management. So getting teams to take charge; understand how their objectives filter up within the organisations' objectives.

Yatish Chowthee – Macquarie

So any push back on the Aussies coming in? Any push back from labour or organisations that the Aussies are now coming in to fix South Deep?

Martin Preece – EVP: South Africa

These people that are coming from Australia, these consultants that are helping us put a maintenance management system together, they in for a very short duration. It's not a long term thing. Just helping us build the background. I think in terms of organised labour as much it was fairly acrimonious during the restructuring, we built up a… I think it all ended well. It worked well within the national and regional structures of the National Union of Mineworkers. They have shown they have great maturity, helped us make a deal towards the end of the year. And one of the conditions of the agreement was renegotiating a host of our collective agreements. That's progressing well and that's progressing very constructively I think.

Yatish Chowthee – Macquarie

Great. Thank you. And sorry, Nick, then just the other question on Salares Norte. $850 million capex that you indicated to us, on the processing side of things, you will be processing Plant B both on a modular basis given that you going to transition from oxide transition to sulphide. So at some point is there going to be another bit of capex coming in as the sulphide ores come through?

Nick Holland – CEO

Ok, so just to be clear, there are no sulphides in here. This is only oxides. There is a sulphide potential ore body at depth. I think the thing there is we would need significant modifications to the process configuration to deal with that. And to be frank with you, I would rather go out than down at this stage. I think if we can stick to oxides that will be better. To answer your question though, it's not a large plant. I mean 2 million tonnes a year is not big. If you look at Tarkwa, Tarkwa is 13.5 million. Gruyere is going to be 8.25 million. 2 million tonnes is not big. So yes, we have done it on a modular basis. So if we wanted to put in another line we could do so. Luckily on the exploration side we could see in time let's say for argument's sake – I'm not saying there is – if there was 8 million ounces here then clearly we would have to look at whether in fact instead of mining that over 25 years whether you bring it forward, you get economies of scale etc. But I think that is for another day. But just to be clear, no sulphides in here. The plant is adequate. There is no further capital required to deliver what we've said. This is all in the study.

Yatish Chowthee – Macquarie

Okay. Thank you.

Ruby Rosenberg

Thank you. Mr Holland, you mentioned that this year you would be refinancing your long-term debts. It needs to be pointed out that non-current liabilities went up $340 million from the year before. So I'm assuming that the portion that you intend refinancing is the $1.587 billion from the years before. What are the current arrangements for repaying that? And to what extent do you intend extending the terms of payments? Because I'm assuming that's the refinancing portion you're referring to. It is highly unlikely that you will get a better rate of interest.

Paul Schmidt – CEO

Ruby, we're going to refinance the bond. We have $850 million outstanding on our bond, our US Dollar bond. That will be done during the year. And we also have a term loan and a RCF facility of about $1.27 billion. That will also be refinanced. We are looking to do a minimum of five years. So we will extend the maturities out to around 2024 or 2025. And that is on the full amount. We refinance the whole package. The bond obviously is totally drawn, because that's the way the bond works. And on the loans of the $1.2 billion about $500 million or $600 million is drawn of the group debt. That will be refinanced, but you refinance the whole package. That is how you do it with the banks. You don't only do it on the drawn portion. You do it on the whole package that they give you. So we are looking to refinance the $875 million and we are looking to refinance the circa $1.2 billion of bank debt.

Ruby Rosenberg

Does that suggest that if you are unable to refinance you have difficulties – or challenges as they now say – to repay within the current term?

Paul Schmidt – CFO

No, there is no issue with refinancing, Ruby. We have got other facilities that we could draw down to pay those if we have to. But we intend refinancing this year. There is no issue with refinancing.

Ruby Rosenberg

Thank you.

Adrian Hammond – Standard Bank

Adrian Hammond, Standard Bank. Morning Nick. Three questions, none on South Deep.

Nick Holland – CEO

Thanks.

Adrian Hammond – Standard Bank

Just a bit of a more macro question. We have seen four of the top gold producers do mergers in the last six months. And there was speculation around you and Anglo Gold merging. What is your view on consolidation now? Do you think that brings value for shareholders? Have you considered any opportunities that could be realised if you were to merge with someone like Anglo Gold?

Nick Holland – CEO

I think it's interesting that we are seeing a flurry of mergers. And I think it is going to be a very active year and there will be more. But I think a lot of it comes back to many of the things we've been saying over five years. There is a dearth of new discoveries. Projects are not being built. The production profiles of the major companies are in decline etc. So if you look at that against the backdrop that capital has dried up, it seems when you tick off all the other alternatives that's what you're left with. So I'm not surprised we are heading there. I believe we saw this coming a few years ago. And we said let's look at ourselves and what we have got to do to make sure we're well positioned for the future.

And we took the conscious decision in 2016 that we're going to run this company cash negative in two years to actually build a pipeline of better projects that will give us life extension and give us growth and give us better costs. And I think you're seeing that coming now. So we are sitting in a position where we've got ten years of 2 million ounces or even more – I mean Salares is not in those numbers. If Salares is done we're even beyond that – and that is before South Deep. You have seen the reserve position. I think that will grow some more. So we don't feel compelled to do anything except focus on our projects. The other thing with big deals is remember when Gold Fields was formed in 1997, and I was part of the team that formed the company, it took us three to five years to bed down the culture between the old Glencore and the old Gold Fields of South Africa. It is not easy.

These big deals often don't have synergies. You look at some of the big deals being announced now. How many mines have they got? They have got far too many mines. They are going to have to offload assets. They might think that people are going to pay them big numbers for those assets. Time will tell. Because they won't offload the best assets. They will offload the ones that are running out or that have big reclamation liabilities or need significant capital input. And there will be people who will step in, but at what price? So I'm not going to comment on any speculation about what certain people think we're going to do. We don't respond to speculation on specific potential transactions.

But just to say our focus is delivering our strategy that we've set out and started with. In fact, we started this strategy in 2012 when I stood up in Australia and said the industry is focussing on the wrong metrics. We've got to focus on making money, and not just on ounces on the balance sheet and growing production etc. And our steps in 2016 are a natural extension to that process. So we are quite comfortable, Adrian, to be where we are. Let's deliver this value and see what it means for Gold Fields going forward. Never say never. I mean you can never say you will never consider anything. But it's not our focus right now.

Adrian Hammond – Standard Bank

Just a bit more specific, what is the free gold percentage at Asanko, and what are you finding at Esaase relative to the core pit? And then for Paul, your AIC guidance, the sustaining cost guidance for this year is the same as it was last year despite Damang, Gruyere and Asanko coming into full swing. Why is that the case?

Nick Holland – CEO

Look, there are obviously plusses and minuses. We have increases in costs in Australia. Costs have gone up in Australia because of deeper mining at Granny Smith. But also it's a particular year at Granny Smith where we're into a low-grade area. The grade we are mining this year is an aberration in the longer-term grades at Granny's. We have finished mining the higher-grade Invincible pit, albeit we have got one more stage to go which is small. That had high grades. We are still transitioning into the underground. A lot of the grades we are getting now are development grades as we open up stopes which are lower. So St Ives is more in a transition. At Agnew we're building a camp and a power station that will have a good payback and lower our costs, because we were actually using a camp site in Leinster which is quite some kilometres away. Now we have got an on-site camp. There is $30 million of non-recurring capital going into Agnew. I think a lot of those things are impacting the cost. Paul, I don't know if you want to add anything? Those are the main ones.

Paul Schmidt – CFO

Only Australia.

Nick Holland – CEO

Only Australia. So some of those will be non-recurring. Some of them are a function of increased depths. In two years Granny Smith gets deeper at Wallaby. We know that the cost will be higher. But we've got a double whammy this year with the lower grade. As we get into the core of zone 110/120 we think the grades will pick up potentially 0.3g to 0.5g per ton, and that will make quite a difference on that. But again it is quite difficult to look at the numbers for the whole year. In the second half I think you will see a step change down. Thank you.

Adrian Hammond – Standard Bank

On the free gold at Asanko.

Nick Holland – CEO

Free gold. Sorry. Gravity gold going through the plant is probably around about 40%. So it is a fair degree of gravity. We are very early in the stages of mining Esaase. But the bulk metallurgical test work is showing we will probably see similar gravity gold. The guys at Asanko have seen this. They have got the Nelsons [?] in place so that we can capture this. And if anything I think the potential of the grade here is quite good for us to improve. Look, the costs are still high because they've got a big strip still in Nkran, which is the bulk of the ore. But as that moves out and we transfer more of the centre of gravity to Esaase we will see lower grades, higher costs. So it is in transition. I think you're going to see by the time the end of the year comes, Adrian, we're going to be giving you a longer life, different plan. We didn't buy this mine for $1,150 costs. That is not our strategy. We bought this because we can see the potential for us to hit that $900. That's where we see this. And remember we came in a situation where the company was under significant duress needed to refinance. It had come down from almost $1 billion to something like $180 million we came in. No, we do see long-term value. I'm sure by Q3 we will be able to give you something more concrete on this.

Adrian Hammond – Standard Bank

Thank you.

Avishkar Nagaser – EVP: Investor Relations and Corporate Affairs

Can we take any questions from the conference call please?

Operator

There are no questions on the conference call.

Avishkar Nagaser – EVP: Investor Relations and Corporate Affairs

Okay. Thanks.

Question

Two questions, Nick. One is Eskom. What does Eskom mean for you people looking forward into the future? You haven't mentioned them so far. Secondly, it is now 12 years you guys have been in South Deep. Does there come a point where you say enough is enough?

Nick Holland – CEO

I think the second question I will answer first. Spot on. We have asked ourselves that question and our board has asked us that question. And I would say had we not gone through what we've just gone through, this major restructuring which we have never done before, probably the answer would have been it's just too hard. I think given what we've gone through now we've significantly reduced the cost base, we have constrained the footprint. We feel we've got to give this a go. But that's not to say that that means we can just continue putting money into this month after month. I have no appetite to do that. I'm also a shareholder in this company. And if we're going to have a repeat of that there won't be a future. There has to be a step change, and soon. So that's on that one.

Eskom, it does worry us. The silver lining of course is the fact that our mining plan this year is premised on about 100,000 tonnes a month. We've got installed capacity of 330,000. So the silver lining in all of that is we can move things around. We can schedule hoisting in different times and stockpile underground. We can campaign mill through the plant if we have to. So I think we can work around it provided we stay at the current level. If we go to stage four then we're going to be in trouble. But I think the whole country is going to be in big trouble. What are we going to do about it?

Look, we saw this coming and we worked on a renewable solution over the last two or three years. But we paused on that given the restructuring we were doing. So we do have a solution that could provide up to a quarter of our power needs through solar at lower costs, over the fence, so no capital to us. I think we're going to dust that off now and crank that up again. In the short run we can schedule things. And if we have to bring in additional power by renting in units, whether it is gen-sets, whether it's mobile units, we will do what we have to do. So we've got a multi-prong strategy. My feeling is though this problem with Eskom is a big problem that is not going to be solved quickly. And I think the silver lining again here is finally we're going to start getting renewables being taken seriously by the government, because they're in trouble. I think someone was saying this morning all of a sudden permits are now being given more quickly than what they were in the past.

So I think the solution is that half of Eskom's base load is way past mid-life. It needs to be decommissioned over the next ten years. Nuclear is a pipe dream. It's going to cost far too much money. And business is going to have to create their own solutions. If we wait for the government to fix Eskom we're going to be waiting a long time. We're going to have to fix our own situation. I think we're going to move aggressively over time. Look, we've got 60 megs we need. I mean we are one of the big users. I mean 60 megs is huge. It's not that Eskom's going to blow up, but I think we're going to have to get used to the fact that we're going to have less power, a step change down in power than what we had before. And we've got to bridge the gap. We can't wait for that.

Avishkar Nagaser – EVP: Investor Relations and Corporate Affairs

Okay. Any last questions in the room? If not, media, the round table starts at 11:15 on the first floor. Otherwise thank you for your time. We will see you in six months.

END OF TRANSCRIPT