GOLD FIELDS

Speaker	Narrative
Nick Holland	Thank you very much and good morning everybody. You can see a picture there in the front of the Gruyere project which I'm very pleased to say we've come though commissioning, we've gone through what we call practical completion last month, and essentially now the project is good to go and we're ramping up. So I would expect by the end of this year we should have the project close to the run rate of around about 280,000 to 300,000 ounces a year on a 100% basis and lining up this project to be one of the lowest-cost producers in Australia, over the life probably about A$1,025/oz. Ten or 11 years is the initial life-of-mine, but I'm sure between ourselves and Gold Road we can actually find more life in time. But obviously our focus at the moment is to ramp up this project over the next six months. All right. So looking at Gold Fields, we're in the top ten producers. Annual production around 2.18 million ounces for this year. The bulk of that production comes from Western Australia. And with the addition of Gruyere in 2020 we would expect Gold Fields to achieve around about a million ounces of production out of Western Australia. And in addition, with Gruyere coming in we'd expect all-in costs to be around A$1,350/oz. And I stress all-in cost means everything. Unfortunately a lot of companies are not reporting their costs fully and correctly. Companies are leaving out stuff that ordinarily would be classified as all-in costs, leaving it in other buckets. But what you get from Gold Fields is you get what you see. You get the full cost base including all capital expenditure, all exploration, all G&A. So this is what all-in cost is about. So that's Australia. If you look at West Africa you're looking here at a portfolio with the addition of Asanko. That's the third mine in our portfolio. That region is looking at about 850,000 ounces a year. Tarkwa represents our largest mine in the group, around about 500,000 ounces a year. I'm very excited to see that we're starting to get extensions to the pits that we're mining, and so far we've identified about 22km of strike extension. So I would see Tarkwa being around here for much longer than the ten year mine life that we currently have. Damang of course is a project as well that we're currently ramping up. I will show you a few pictures later on. But we will be in the heart of the ore body by the middle of next year. In South America of course we have Cerro Corona in Peru, a low-cost copper-gold operation that continues to perform exceptionally well, around about 280,000 equivalent ounces a year. And that has costs that are around $750 an ounce. A very low-cost producer. And Salares Norte which is the next project coming into the group. So nine mines at the moment and Salares Norte, which I guess it's highly likely that Gold Fields will construct in time. We're waiting for environmental permits which we expect to be in receipt of in the next six months or so. And that will be the catalyst for us to develop what I think is one of the best discoveries in the gold industry. Right, so what has our strategy been? We set out our strategy a couple of years ago, a very clear strategy that we would be reinvesting into the company for a couple of reasons. One is to provide longevity. Two is to bring down our costs. Gruyere is going to bring down our costs. The project in Damang is going to bring down our costs. Salares Norte will bring down our costs significantly. So we started building two new mines

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	when pretty much everybody else was focussed on reducing their costs, reducing their debt. So we have been somewhat counter-cyclical. As a consequence of that we’ve now put a profile in place for this company that means for the next eight to ten years excluding Salares Norte in Chile we’ve got a very solid profile of at least 2 million ounces a year, probably more. With these new projects ramped up, all-in costs with will be below $1,000/oz. So with these sorts of gold prices we’re seeing today we’re well positioned. We’ve had a lot of questions on our hedge book. We’ve taken out some hedges to cover the capital expenditure and make sure that if prices came down we wouldn’t be in a difficult situation. Abundance of caution really is the order of the day here. We’ve also taken out some hedges for next year. In Australia we’ve locked in about A$2,000/oz, in Ghana about $1,400/oz and in South Africa similar. Really designed to drive down our debt by somewhere around $400 million between now and next year. Why did we need to do that? One is we’ve spent a lot of money on these new projects. We funded a lot of that internally, but obviously the balance sheet has taken some strain and we want to bring the debt down. Number two, we want to create the headroom for Salares Norte which as I say in a year’s time from now we could be in a position that we’re building that mine. All of our mines as well have very significant and meaningful organic growth potential. So every mine in Australia, every mine in Ghana and South America has the potential to give more. So we won’t be playing in the M&A space anytime soon. We believe that our portfolio is well set up. And we believe we’re on the cusp of generating a lot of cash flow. So for next year what I can share with you is we would expect our production to grow around 5% to 7% from this year, with of course Gruyere coming in and Damang starting to build up. And number two, we would expect our cost base to also reduce by between 5% and 7% when possibly other mining companies who haven’t spent enough over the past five years could be using the higher gold price to catch up their spend. So we’re in pretty good shape and we believe that 2020 and the balance of this year will be very good for the company. No need to do anything outside of what we’re currently doing. So turning cash positive sooner. When I gave the guidance for 2019 what I said is I expected the first half to be cash negative still as we continue the project spend. But in fact with good prices and good operational performance in fact we’ve gone cash positive much quicker than what we would have expected. And just to give you an idea of the quality of the assets we have, the operations themselves generated about $200 million in the first half of 2019. We would expect that to be higher into the second half. Obviously once this major capital spend is behind us then we should be in a really good position to start generating really good cash flow into the second half of this year and into 2020. Right. The balance sheet we’ve done a lot of work on. I must say the lenders do like our credit. I was in London when we launched a bond. We were hoping to raise between $750 million and $1 billion. It was oversubscribed on the day by three times. So we had $3 billion of orders. We ended up up-sizing the bond to $1 billion. Very competitive rates. We’ve also moved out our revolvers at a lower cost. So we’re in pretty good

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	shape. The liquidity is good. The profile is good. So the balance sheet I think has been put to bed. No real concerns there, particularly with increased cash flow coming through. So just to show you a little bit on the projects and where we're going, I talked at the beginning of this presentation about Gruyere. You can see there the process plant. Obviously a lot of development has gone on here. You can see there the stockpile cover. You can see it's full. So we've been mining ahead of the process plant being commissioned. And we're probably sitting here with around about 60,000 to 70,000 ounces. There you can see the ROM pad on the right-hand side. We've got different stockpiles of different grades. So we're in good shape. So as this plant ramps up we would expect to be able to move this material through pretty quickly. Most of it is soft oxide material so it should go through pretty quickly. And we're expecting to see recoveries and throughputs in line with our build-up plan. We had our first gold poured in the June quarter, 30th June. You can see over here those are real gold bars. That's just over 1,000 ounces of gold you see. We're building up. Conservatively we're saying it will take us the rest of the year to get up to about 8.2 million tonnes a year. Let's see whether we can do a little bit better than that. But certainly our guidance for the year on a 100% basis 75,000 ounces to 100,000 ounces we're in good shape to achieve possibly the upper end of that guidance figure. Thankfully and pleasingly of course the project is basically now done. We've come in pretty much on the project cost of A$621 million. So the hard work is now behind us in terms of building the mine. Now it's a question of ramping this up, making sure we hit the steady state numbers as soon as we can. So on Damang in Ghana, which is of course a major pushback, as I've been saying to you over the last couple of years the project is ahead of schedule. We're looking at really getting into the meat of it as I've said by the middle of next year. We've mined more ounces. Ounces are 27% ahead of plan at 436,000 ounces. Total material moved 19% ahead of plan. And we're seeing excellent productivities and excellent costs out of the mining teams on the operation. We've spent more project capital of course because we're mined more tonnes and we're further ahead. And Amoanda gave us more gold which was a nice add-on to the project. That's finished for now, but we're doing some extra drilling to the north and we think there is another trend that could be between 1km and 2km of very similar material. So we will give you an update on that I'm sure by the end of the year. Right. So giving you a few pictures. If you look on the far side there you can see that's the western wall. And you can see those miniature things there are trucks. That shows you the scale of it. And you can see in the middle there that's the saddle area that's indented. That's the area that we've been mining over the last year or so. And it's sort of transitional material and the really high-grade stuff is in the lithology that is called the phyllites. That is where we expect to get the really big blocks of ore, the nice high grades. I'll show you now when we're going to get there. The next picture is on the western wall looking at the east wall. And so we're going to be taking that wall down to more or less where you can see the water. And we will be

down there by the latest middle of next year. And once we're down there you can see that will be almost the same elevation as to where the saddle is, and then we'll be into the really good stuff. And the rate at which we're dropping, the VRA at the pit itself there's a possibility that we will actually get there even sooner than that. There's another photograph looking from the north down to the south with the east wall on the left and the west wall on the right.

Right. So looking at Salares Norte. Just to remind you this is a Gold Fields discovery. We're looking here at a project that will be in the lowest quartile of costs in a really good country, Chile. We've got an initial reserve of about 4 million ounces. It's virtually all oxides. It's all in the indicated category. We're looking at a feasibility study that told us it will cost about $834 million to build. Life of mine costs, all-in cost once it's built of about $545 an ounce at an average of about 350,000 equivalent ounces a year. We should have our permits we believe before the middle of next year. We're coming up with a funding plan as to how we want to fund this. We may or may not bring in a partner to assist us with the funding.

But certainly Salares is only a small part of a bigger camp. Salares is around 900 hectares on a camp that we have of over 20 concessions on about 20,000 hectares. So we're going to be starting exploration in earnest. We've got the first particular site that is showing promise called Horizonte which is very close to where the process plant will be. And we will continue exploring while we build this project. So this we believe again will be transformational for Gold Fields. If you look at the addition of Gruyere, you look at the addition of Salares, you look at the addition of Damang, we're going to see a company that is going to be generating substantial cash at these prices at lower costs.

Right. So just in summary, our guidance for the year is intact. We're still confident on achieving close to 2.18 million ounces. All-in sustaining costs in line with our guidance. All-in costs including the project spend and including the work on Salares around about $1,080/oz. And going into next year with the project spend coming off and with the projects ramping up, we expect that figure to possibly be below $1,000/oz with production up somewhere between 2.25 million and 2.3 million ounces. So clearly you can see the potential of the company to add quite a lot of value.

What are our focus areas in the second half? At South Deep we've taken $500 an ounce out of the cost. We've restructured the mine. We've reduced the work force by a third. We need to get it into safe waters. Is South Deep going to be a long-term asset for Gold Fields? Maybe, maybe not. We're not wedded to it. But what we do know is we need to get it into a stable position which will open up the options for us. We've grown the international asset base over the last 20 years. Even excluding Salares we're going to be comfortably over 2 million ounces a year. So we have the critical mass in the company, so if we think it's the right thing to do we'll certainly consider different options for South Deep down the road.

Gruyere, building up the production is key over the next six months. Damang, just stay on the plan. Let's make sure we get into the heart of the ore body. Asanko, which is an addition to the portfolio around about 15 months ago, a tremendous position sandwiched between Newmont's ground and AngloGold's ground in Ghana. We see

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	tremendous exploration potential. We see Esaase being a really good new mine, and we're working together with the team at Asanko to come up with a new life of mine plan and a new reserve and resource statement for March next year. At Salares, detailed engineering continues. That's going to be fundamental to get it ready. And we're looking at funding options as well. And as you're seeing with the projects now coming through we expect to de-lever quite a bit over the next year or so. With that I think we have maybe one or two minutes for questions.
Facilitator	Yes we have some time for questions. If you would raise your hands we have microphones to the sides. Nick, just while we queue up questions, you've mentioned reducing the debt as one of the priorities with free cash flow that is going to be generated prior to the commitment to put capital in Salares Norte. Dividends, can you talk a little bit about dividend policy, return of capital to investors?
Nick Holland	We have a dividend policy that pays out between 25% and 35% of our earnings as a dividend. Our average over the last five years has been to pay out about a third. I would expect us to stick to that. And if we see earnings growing as I do expect us to see at these sorts of prices then I think you will see good dividends. We were actually talking to a few people over the last couple of days, and based on what we're looking at for next year and at these sorts of prices, if there is no change in the market value of the company we could be seeing a yield here of between 3.5% and 5%. That could be very attractive to shareholders in an industry that is not renowned for paying large dividends.
Facilitator	Questions for the audience? If not, Nick, thank you very much. It was an excellent presentation.
Nick Holland	Thank you very much.

END OF TRANSCRIPT