GOLDEN AGE

VOL 1 2014

The risks facing Gold Fields

– and how we deal with them

TWO YEARS AFTER MELBOURNE

– HOW GOLD FIELDS IS DOING

A MESSAGE FROM NICK HOLLAND

Dear Colleagues

It's been almost two years since my presentation to the Melbourne Mining Club signalled the start of Gold Fields' most significant restructuring since 1998, when the new Gold Fields was founded.

With the focus on "sustainable cash generation" we have undergone a significant transformation that has seen the company close marginal mining operations, unbundle Sibanye Gold in South Africa, acquire the Yilgarn South assets in Western Australia, achieve cost savings of US$450 million during 2013 and significantly trim its growth and exploration project portfolio.

We are now seeing the first fruits of this effort and are making significant progress in reducing our costs and boosting cash generation. Three trends are worth highlighting:

- During the March quarter of 2014 Gold Fields generated US$54 million in cash flow from operating activities; a year earlier – in the March 2013 quarter – we reported a net outflow of US$46 million, a positive swing of US$100 million over 12 months. We are one of the very few gold mining companies that are cash-positive in this difficult gold price environment.
- In the March 2013 quarter – the first quarter post the Sibanye unbundling – the Group All-in Costs were US$1,476/oz. A year later – in the March 2014 quarter – they were US$1,114/oz, a 25% improvement and below our US$1,150/oz cost guidance for the year.
- A key target of our strategy is for the Group to achieve a 15% free cash flow margin at a gold price of US$1,300/oz on an AIC-basis plus taxes. The restructuring has seen Gold Fields make significant progress in this regard and a 13% free cash flow margin was reported in the March 2014 quarter.

Remember that these results have been achieved over a period in which the gold price declined by 21% to around US$1,290/oz. Gold price volatility remains a key risk to our business. Most recently the price fell to just under US$1,250/oz and we do not expect a significant recovery in the gold price until next year. Using a margin target of 15% at US$1,300/oz gives us some room to play with in that we would be trading profitably as a group even if the gold price fell to US$1,100/oz.

But price volatility does require us to remain focused on our costs and ability to generate cash. That is why this year the emphasis has been on improving execution and delivery across our portfolio of assets. During the March 2014 results presentation I highlighted six key initiatives we are currently focusing on:

- Continuing to drive margins and cash flow across the portfolio;
- Reducing net debt;
- Rebasing South Deep to de-risk the build-up plan;
- Consolidating the Damang turn-around;
- Continuing to bed down and optimise the newly acquired Yilgarn South assets; and
- Disposal of non-core projects.

We are making good progress on most fronts and I want to refer you to our March 2014 quarterly results presentation for details (see page 13). I want to dwell on two issues in a bit more detail.

As we explain in our article on page 13 of this magazine, we have fundamentally changed our approach

We are making good progress in bedding down the new Yilgarn South assets, of which Darlot Mine is one.

to growing Gold Fields. It is no longer about producing ounces, but growing the cash flow margins per ounce and total shareholder return. The best way to achieve this objective in the current market is through the acquisition of in-production or late-stage projects – as well as near-mine exploration. Our Australian operations alone are expected to spend US$50 million on near-mine exploration activities this year alone. Simultaneously we have started to trim our extensive portfolio of growth and exploration projects, with the sale of our Yanfolila project in Mali this month being the latest. More could follow soon.

The second issue is South Deep, which has enjoyed a lot of public attention of late. It remains our most important value driver and a lot of successful work has been done to set the mine on track for sustainable growth.

However, we have had to adjust our ramp-up plans for South Deep, after a detailed six-month review in 2013 and early 2014 concluded that the expected build-up of the project was likely to take longer; we subsequently announced a revised build-up schedule for the project to steady state production of between 650,000 and 700,000 ounces per year by the end of 2017.

However, the initiatives we are currently taking and the steps we have implemented under the new management at the mine, should result in improved productivity going forward. From 2018 onwards South Deep will add an additional 300 000 to 400 000oz plus, to our production profile.

The restructuring of Gold Fields will clearly require constant vigilance by us all. But the progress we have made over the past two years is a credit to your resourcefulness and the willingness to make some tough decisions in the interests of the company's long-term sustainability.

IN THIS ISSUE

GOLD FIELDS' CHANGING RISK LANDSCAPE

At any point in time Gold Fields faces key risks and challenges to its business. These risks determine the way the leadership of Gold Fields runs the Group and informs the strategy and decisions it makes.

Our Group, Regional and Mine risk registers have become critical in the running of the company. Twice a year the Gold Fields Board and the Executive Committee undertake a thorough review of the key risks facing the company, taking into account the global risk landscape and the circumstances impacting our operations. They are also presented with mitigating strategies, put together by the relevant management teams after detailed consideration.

Doing so enables Gold Fields' leadership teams to set realistic and achievable goals, and to position themselves not only to address these challenges but also to take advantage of the opportunities presented by the prevailing business climate.

GOLD FIELDS' REDUCED RISK PROFILE

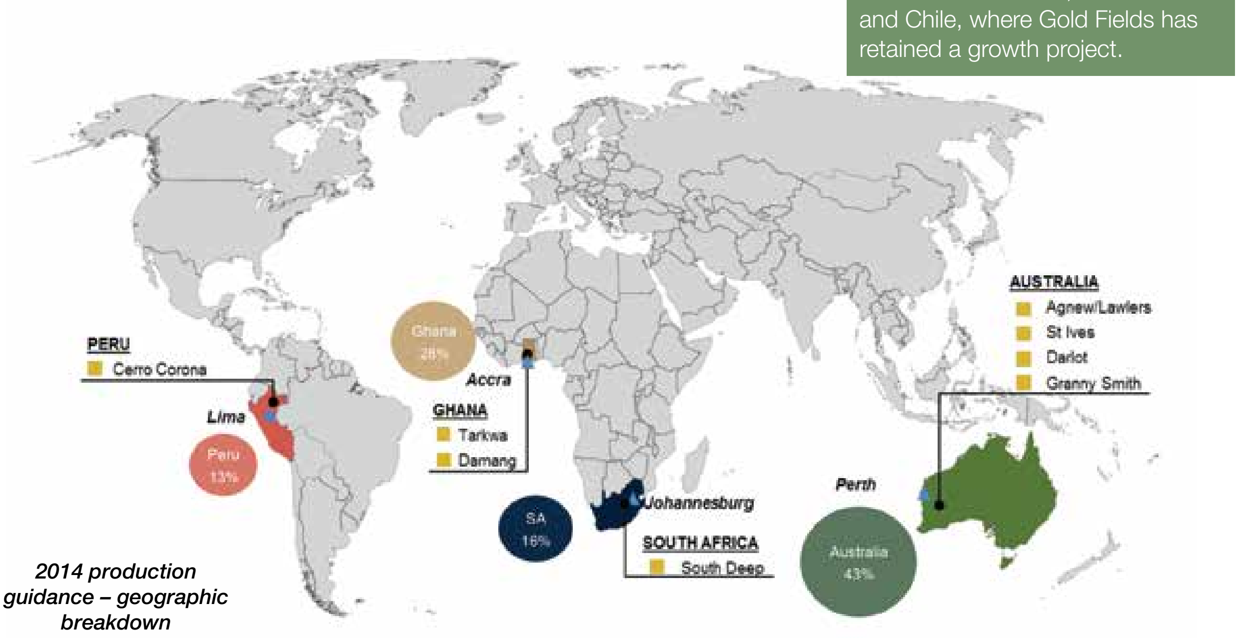
Over the last few years the risk profile of the Company has changed significantly, particularly since the unbundling of Sibanye Gold Limited, and the incorporation of our new Australian assets into our portfolio. Part of the reason of the continuing restructuring of the Group was to achieve a reduced geographic and

> **We now deliberately focus growth on countries in which we already have an operating presence, or new countries that present relatively low execution risks.**

Our diversification strategy has lowered our risk further

In terms of growth projects, we have traditionally focused on identifying and developing a broad range of exploration opportunities in a variety of geographical locations. This too has now changed. We dissolved the Growth and International Projects (GIP) division and we also disposed of some projects.

We now deliberately focus growth on countries in which we already have an operating presence, or new countries that present relatively low execution risks. The latter includes countries that are part of the Organisation for Economic Co-operation and Development (OECD) – an international economic organisation of 34 countries committed to democracy and the market economy. OECD countries typically have a lower risk profile and include Canada, South Africa and Chile, where Gold Fields has retained a growth project.



2014 production guidance – geographic breakdown operational risk profile and therefore make us more attractive to investors.

This process has gained momentum and is ongoing. In 2012, prior to the unbundling of Sibanye Gold, South Africa accounted for 48% of all managed production. Following the unbundling this figure dropped to 13%, with Ghana taking the lead as our largest source of production at 43% at the end of Q2 2013. Now, with the integration of the new Yilgarn South assets, Australia is our largest source of production (43%) with Ghana making up 31% and South Africa and Peru each contributing 13%. As a result, our geographical risk profile is more balanced.

NEW RISKS HAVE COME TO THE FORE

While certain risks have been reduced, others have increased in importance. The global risk landscape is assessed annually by the World Economic Forum and firms including PricewaterhouseCoopers, Deloitte and Ernst & Young. Each of these has produced a list of top risks facing the mining industry during 2013 (see table on page 7). While not all of these risks pertain to Gold Fields, many of them are common to mining companies including our own. They provide a comprehensive view of the risk landscape in which the global mining industry operates.

The major external risk facing Gold Fields is the volatility and decline of the gold price – it ranks 2nd in our Group Risk Register compiled in May 2014. From a company perspective the biggest risk is failure to deliver the build-up plan (see the table on page 8). Clearly a lower price can have an impact on our target of achieving 15% free cash flow margin at a US$1,300/oz gold price. The gold price declined sharply in the first half of 2013, from around US$1,700/oz to $1,300/oz. Early in June 2014 the price fell further to around US$1,250/oz. While the 15% margin gives us an ability to weather gold prices as low as US1,100/oz without incurring large losses, a drop below that level would require a review of further cost-

SOUTH DEEP

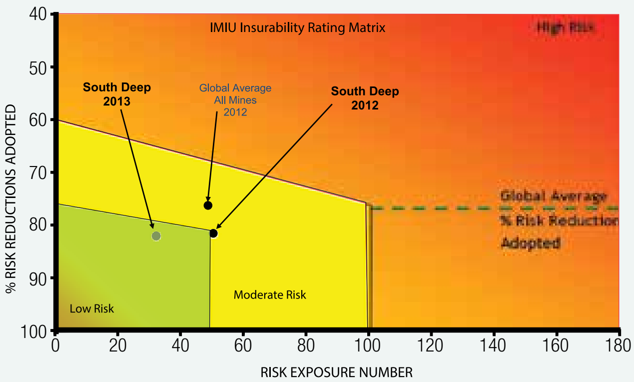
Significant improvements have been made to South Deep's infrastructure, thus minimising claim-related incidents. The mine is now also in the top 10% of all the mines surveyed by IMIU.

CERRO CORONA

Our mine in Peru achieved an excellent risk insurability rating and is now amongst the top 10% of the 486 mining companies on the list. The operation was found to be in good condition, with good housekeeping, adequate critical spares and spare capacity in case of breakdown or failure of equipment. Several previous recommendations made by IMIU were addressed by management at Cerro Corona.

IMIU Risk Insurability Matrix

Combines % Risk Reductions Adopted and IMIU rating to produce 'High', 'Medium' or 'Low' Risk Ranking



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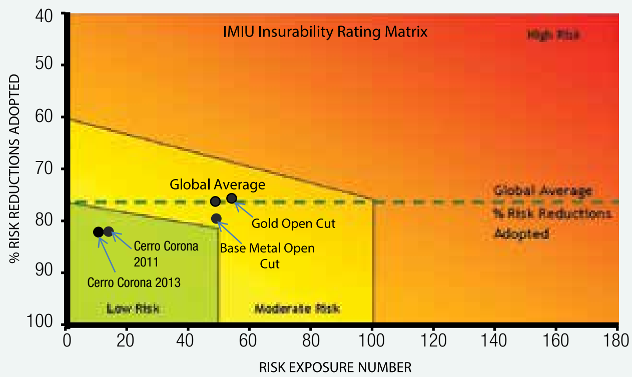


cutting measures as it could impact our profitability, competitiveness, the returns we can deliver to shareholders and the confidence of investors. Failure to achieve the requisite free cash flow margin is therefore ranked as our Number 3 risk.

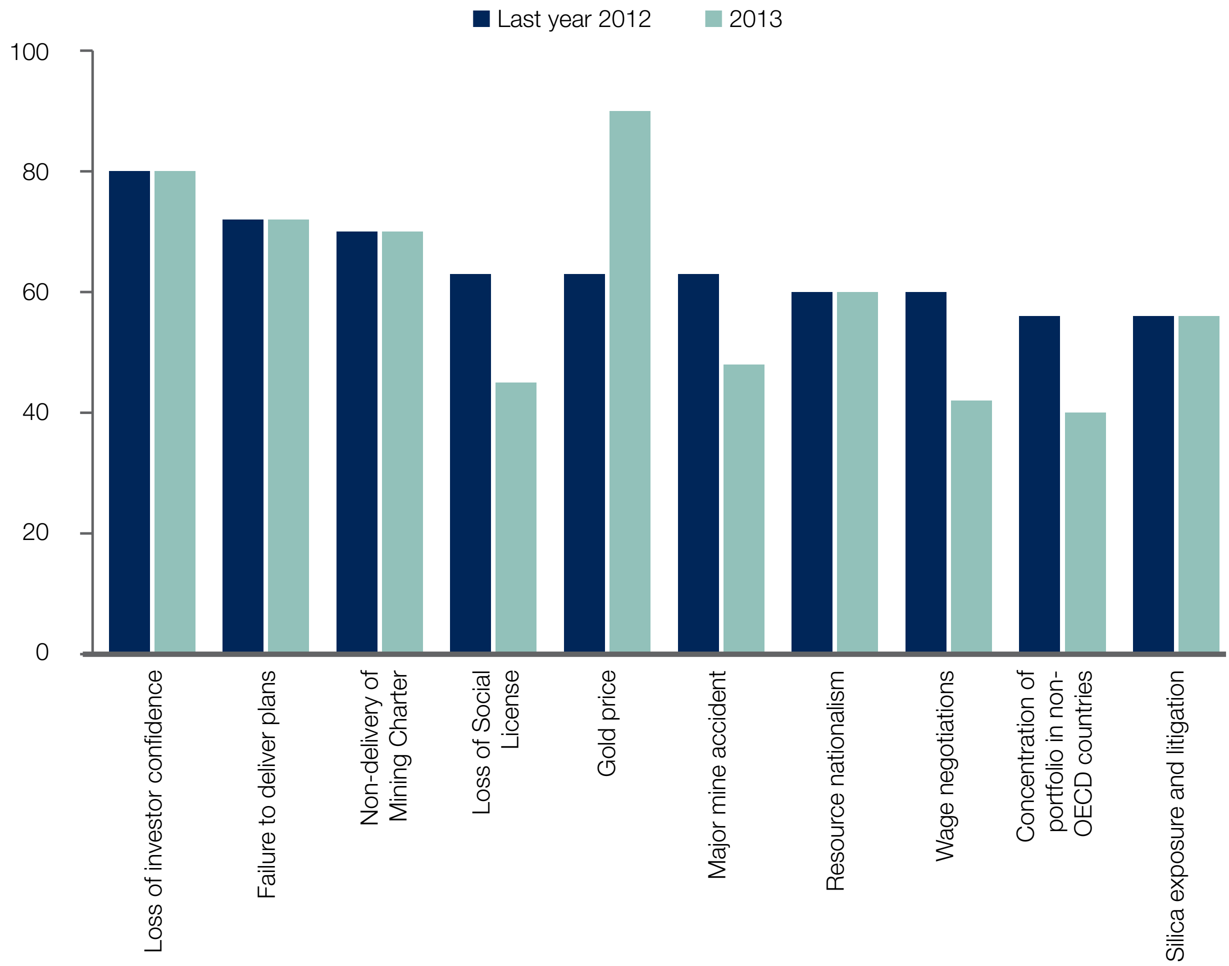
Other "universal risks" ranked high in our register include Resource Nationalism (Number 7), retention of skilled staff in key positions (Number 8) and energy supply security and prices (Number 10).

For Gold Fields, the risk arising from failure to deliver on South Deep's new build-up plan has emerged as our most pressing risk and is now number one on our risk register. This follows the announcement at Gold Fields' 2013 annual results in February 2014 that South Deep is now only expected to deliver on its production target of 300 000 to 330 000 reef tonnes per month by the end of 2017, two years later than planned. Since then we've scaled back a further 100,000 ounces in our guidance for 2014 largely due to safety concerns, though these ounces are only deferred until 2015.

> **South Deep is a critical value driver for Gold Fields, accounting for 70% of our Mineral Reserves.**

South Deep is a critical value driver for Gold Fields, accounting for 70% of our Mineral Reserves, and the future growth of the company is linked to its performance. This is part of the reason why investors are paying so much attention to it.

Year-on-year comparison of Gold Fields' Top 10 risks 2012-2013



TOP 10 RISKS FACING GOLD FIELDS AND THE MINING INDUSTRY				
No	**Specific Top 10 risks facing Gold Fields for 2014** *(Source: GFL Audit Committee May 2014)*	**PWC's 9 major risks facing the South African Mining Industry for 2014** *(Source: SA Mine publication)*	**Deloitte's Top 10 Risks facing the Global Mining Industry Including all Gold Fields operating regions** *(Source: Tracking the Trends)*	**World Economic Forum's Top 10 General Global risks 2014** *(Source: Global Risk Report)*
1	South Deep – failure to deliver new build-up plan	Labour unrest	The cost of contraction: mining productivity hits new lows	Fiscal crises in key economies
2	Sustained lower gold price and volatility	Socio-economic impact	Matching supply to demand: market imbalances wreak commodity price havoc	Structurally high unemployment/ underemployment
3	Non-achievement of 15% free cash flow margin	Volatile commodity prices and foreign exchange fluctuations	The remaking of mining: exploring the innovation imperative	Water crises
4	Regulatory uncertainty and legislation	Energy cost increases and power fluctuations	Finding funding: debt up, deals down, and juniors fight for survival	Severe income disparity
5	Failure to replace mineral resources and reserves at international operations	Safety and employee health	The project pipeline stutters: record impairments call capital allocation practices into question.	Failure of climate change mitigation and adaptation
6	Level of debt and debt service costs	Loss of social licence to operate	Power to the people: local community demands ramp up	Greater incidence of extreme weather events (e.g. floods, storms, fires)
7	Resource nationalism	Resource nationalism and regulatory uncertainty	The cost of contraction: mining productivity hits new lows	Global governance failure
8	Retention of skilled staff in key positions and reduced succession cover	Infrastructure	Matching supply to demand: market imbalances wreak commodity price havoc	Food crises
9	Loss of social license to operate (community activism)	Delivery on production and growth targets	The remaking of mining: exploring the innovation imperative	Failure of a major financial mechanism/ institution
10	Security of power supply and cost of energy		Finding funding: debt up, deals down, and juniors fight for survival	Profound political and social instability

The Risk Management department and how we determine risk

Anita Jungbluth is the Insurance Manager for the Group. Her duties include the central coordination of all Group insurance, insurance policies, liaison with our insurance brokers (and the placement of all insurances). Anita has successfully run this key portfolio for the last five-and-a-half years. Daryn Brown is the Risk Manager and is responsible for the ERM process in Gold Fields.

The executive team carefully considers the global risk landscape to gauge the impact of each risk on each Region and ultimately on the company's strategy and direction for the future. Both specific and general risks have to be borne in mind while planning the future of the company. As risks change or new risks become evident they have to be included in the risk landscape and be considered.

Following the executive strategic reviews, each operation within each Region carries out the same strategic planning, taking into account the risks specific to their area and location.

Insuring against risk

Each year all our operations are assessed by risk engineering agencies such as IMIU International Mining Industry Underwriters and Zurich Re, on behalf of the insurance market. Their aim is to measure the level of risk and provide information to the insurance market regarding the risk exposure of each operation. Such information informs insurers' decisions about whether to insure the company. These reports provide input for our insurance rate, which is used to calculate our insurance premium in case of accidents or natural catastrophes.
The effort that goes into our operational risk management programme is vital for a number of reasons:

- Gold Field has a comprehensive insurance policy for its assets however the policy does not cover loss of gold / production
- In an insurance context, we cannot afford to have a major accident / incident because of the associated loss of production for which we cannot claim
- If statistics indicate that a particular risk is likely, we need to have adequate redundancy and spare capacity to continue producing, albeit at a reduced level

In this issue we feature two of Gold Fields operations who have excelled in operational risk management – Cerro Corona and South Deep.

GOLD FIELDS' GROWTH STRATEGY – NEW DIRECTIONS AND STRATEGIC SHIFTS

As part of the wide-ranging restructuring last year, Gold Fields also reviewed its strategic approach to growth, shifting its focus away from 'organic', exploration-led growth to growth through acquisitions. The new growth strategy is fundamentally different to the previous approach in that it ties in with the strategic shift to cash generation.

Since the review by EXCO of the strategic approach to growth we have started implementing key parts of the strategic approach towards growth, both in terms of selling down our growth and exploration portfolio as well as by boosting our near-mine exploration spend.

In terms of the growth strategy – summarised in the 2013 Integrated Annual Review – it is no longer about growing the ounces, but growing the cash flow per ounce and total shareholder return as measured on a per share basis. "The best way to achieve this objective in the current market is through the acquisition of in-production – as well as near-mine exploration," CEO Nick Holland said at the March 2014 results presentation.

In addition he pointed out that, in South Deep, Gold Fields had a project with the third largest Mineral Resource in the world, after the Grasberg mine in Indonesia. Between now and the end of 2017, forecasted production of South Deep is expected to improve by a further 400,000 ounces a year from its 2013 level of around 300,000 ounces.

Gold Fields recently revised its ramp-up plans for South Deep after a detailed six-month review in 2013 and early-2014. The review found that the long-term build-up plan was sound, but that it was likely to take longer to achieve the objectives.
Gold Fields subsequently announced a revised build-up schedule for the project to steady state production of between 650,000 and 700,000 ounces per year by the end of 2017. It should provide this production level every year for another 70 years or so, according to current life-of-mine estimates.

The new approach requires that Gold Fields is much more selective about the projects that it pursues, Nick said. "Over the years it has become more difficult to find high-quality gold deposits, and capturing the long-term benefit of greenfields exploration requires a significant amount of time and capital. We are therefore in the process of rationalising our existing growth portfolio so that we retain only a small 'core' of the most promising of our exploration projects," he explained.

At the end of May this comprised projects in the Americas Region.
By contrast, Nick pointed out that acquisitions were increasingly offering the most cost-effective avenue to growth, and the fastest route to cash-generative production.
"In addition to conventional acquisitions, we are examining more innovative ways to benefit from

› Continued on page 12

> **"The best way to achieve this objective in the current market is through the acquisition of in-production assets as well as near-mine exploration.**

Drilling programme at Salares Norte project in Chile.

Twin shafts at South Deep, Gold Fields' most significant growth project.

profitable growth opportunities. In the past, we have sought involvement only in projects over which we have operational control, but this is no longer the case. We are open to co-operative models that will help us grow value on a per share basis – including minority participation in projects," Nick said in his CEO report in the IAR.

"Beyond this, our focus will be on the acquisition of assets with a focus on quality, not size. We look for growth opportunities that have good potential to generate cash-flow, with a preference for mines that are already in production. We also look for easy-to-access surface or near-surface ore bodies, located in our existing regions of operation or in stable, lower-risk countries that have competitive regulatory environments," he added. This is part of Gold Fields' efforts to 'de-risk' its overall production profile and pursue predictable, cash-generative growth.

He cited the acquisition of the Yilgarn South Assets from Barrick Gold in Australia as a perfect example of this new approach in action, as it not only complemented the company's new acquisition approach, but also because the mines provided considerable near-mine growth potential.

Gold Fields' four Australian operations have the prospect of enhanced Mineral Reserves and Mineral Resources in future. To secure this future Gold Fields has committed approximately US$50 million (US$50 per ounce) to near-mine exploration at these mines during 2014. "Early indications are that we expect to translate some of that expenditure into a resource and reserve upgrade of the Region by the end of 2014," Nick said.

Near-mine exploration would also be pursued at the company's Peruvian and Ghanaian mines.

Gold Fields last year disbanded the group-level Growth and International Projects (GIP) unit and has devolved responsibility for organic growth to the Regions. This is aligned with the focus on exploiting new growth opportunities in and around existing operating regions, thereby allowing Gold Fields to leverage its existing expertise, management depth and infrastructure in those locations.

"Our Regions are being guided in this respect by our Group-level Corporate Development function. The Corporate Development function is tasked with driving regional growth and ensuring it is carried out in line with Group-level strategic objectives," Nick wrote in the IAR.

During 2013, Gold Fields also announced its decision to sell most of its international growth projects: Arctic Platinum Project (APP), Finland; Talas, Kyrgyzstan; Yanfolila, Mali; Chucapaca, Peru; and Woodjam, Canada. Talas was sold late last year and in June 2014 Gold Fields sold its stake in Yanfolila to London-listed Hummingbird Resources for US$20 million. Should acceptable offers not be forthcoming for the other projects they will be held onto until market conditions improve.

For the projects remaining in its portfolio Gold Fields implemented significant changes to reduce cash burn, particularly at the Far Southeast project in the Philippines. While this is a promising project with significant gold and copper Mineral Resources, it would require significant funding to develop further, which currently exceeds the means of Gold Fields and those of its Filipino partners – Lepanto. Gold Fields has also retained the Salares Norte exploration project in Chile, which recently declared its maiden Resource of 3.1 million ounces of gold equivalent.

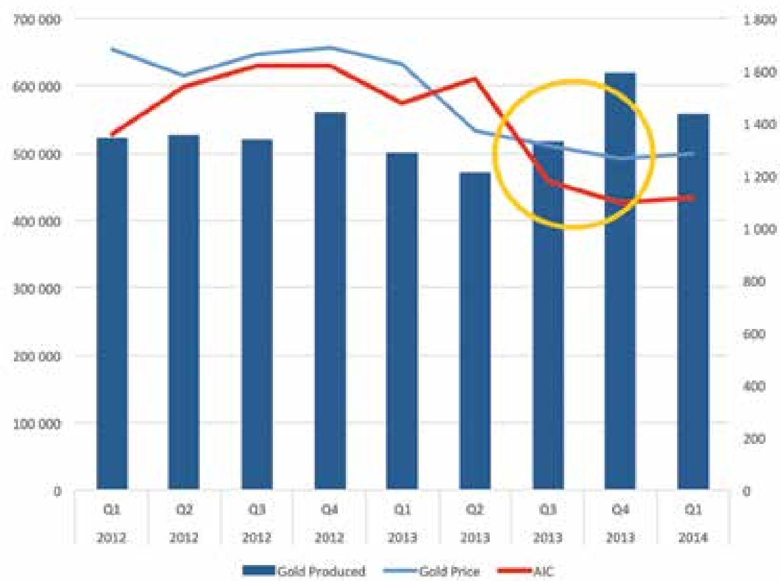
Q1 RESULTS – AN OVERVIEW

The focus in Gold Fields' results presentations has moved from production to cash generation and cost containment in line with the Company's shift in strategy over the past 18 months. And we have made some significant progress in this respect.

During the March quarter of 2014 Gold Fields generated US$54 million in cash flow from operating activities, an increase of 42% on the US$38 million generated in the December 2013 quarter. In the September 2013 quarter our cash generated was a mere US$3 million and in the June quarter we reported a net outflow of almost US$100 million. This must be seen against the performance of the gold price over the same period which declined by about 21%.

A similar positive trend is evident in our cost reporting. Using the new World Gold Council metric of All-in Costs (AIC) per ounce the trendline over the last few quarters shows a strong improvement. In the December 2012 quarter the Group AIC was US$1,621/oz. A year later – December quarter 2013 – the figure had improved to US$1,095/oz, though it increased marginally in the March 2014 quarter to US$1,114/oz as a result of the slightly lower gold production. The March quarter AIC number is 3% better than the US$1,150 cost guidance we provided to the market for the year.

One of the key elements of the strategy is for the Group to achieve a 15% free cash flow margin at a gold price of around US$1,300/oz on an AIC-basis plus taxes. The restructuring has seen Gold Fields make significant progress in this regard and a 13% free cash flow margin was reported in the March 2013 quarter. With the gold price subsequently falling to levels of around US$1,250/oz, achieving further improvements may prove difficult in the June quarter.



A structural shift in the production and cost base

The overall improved cash and cost performance follows on the significant restructuring Gold Fields undertook last year, which saw us remove about US$450 million from our cost, capital, exploration and project expenditure. This year the focus has been on improving execution and delivery across our portfolio of assets. CEO Nick Holland listed the following six major initiatives in this respect during the March 2014 results presentation:

- Driving margins and cash flow across the portfolio;
- Reducing net debt;
- Rebasing South Deep to de-risk the build-up plan and achieve cash break-even by the end of 2014 or early 2015;
- Consolidating the Damang turn-around;
- Continuing to bed down and optimise the newly acquired Yilgarn South assets; and
- Disposal of non-core projects.

Gold Fields uses cash that it generates firstly to reward our shareholders by paying out a dividend of between 25% and 35% of our normalised earnings, which is in line with our long-standing dividend policy, and, secondly to reduce Group debt. During the March quarter Gold Fields' net debt reduced by US$49 million and now stands at US$1,69 billion.

THE WORLD'S TOP 10 GOLD PRODUCERS

China emerges as the number 1 gold producing country in the world for 2013, while Barrick Gold is ranked as the top gold producing company.

Every year, Metals Focus produces a Gold and Silver Mining focus report, listing the top ten gold producing countries and companies in the world.

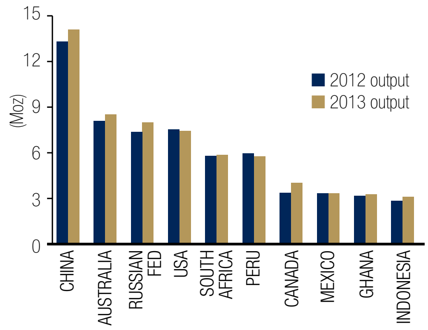
In the 2013 report, released earlier this year, Gold Fields was ranked number seven. This follows a 38% drop in production to 2.02 Moz as we moved from being a top-tier to a mid-tier producer. Sibanye Gold was unbundled which included KDC and Beatrix Mine. Sibanye came onto the list as a new company at number 9, knocking Harmony down to tenth position. In spite of its production dropping 3% year-on-year, Barrick Gold retained the number one position as the top gold producing company, at 7.17 Moz.

China is still the world's largest gold producing country, while Australia, which now accounts for the majority of Gold Fields' production, is the world's second largest gold producer.

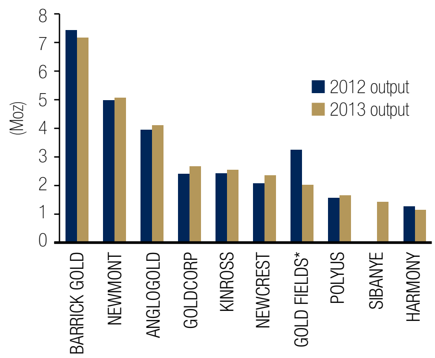
Peru and Ghana, where Gold Fields' other mines are located, were ranked sixth and ninth respectively. South Africa's output increased by 1% on 2012 – when production was severely impacted by the wave of unprotected strikes – and the country regained its number five ranking as a result.

Globally, gold production rose 5% year on year, but experts expect the production of newly-mined gold to slacken in 2015 as exploration and development budgets in many gold mining companies have been cut following the fall in the gold price. Even if the gold price rises, it will take time for new projects to ramp up production.

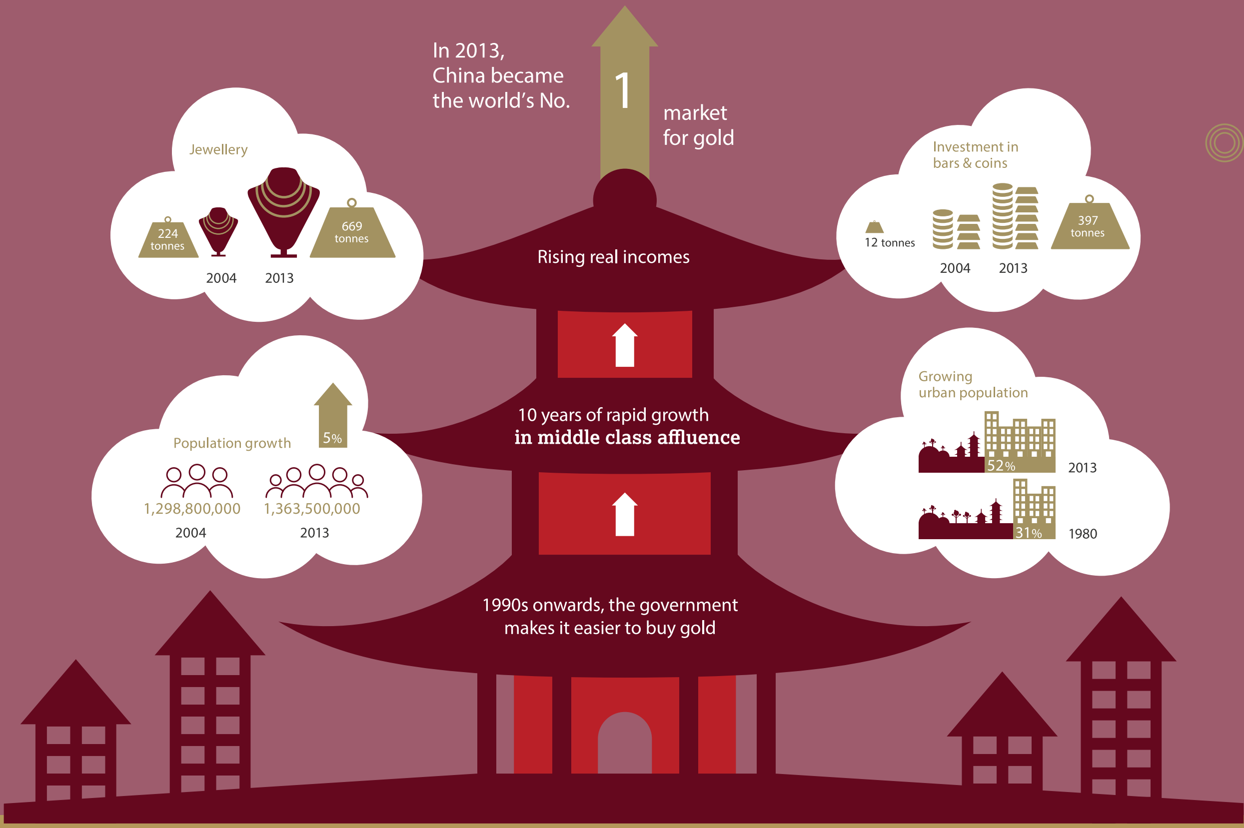
Top 10 world gold producing countries 2012/2013



Top 10 world gold producing companies 2012/2013



**Gold Fields divested itself of most of its South African operations into new company Sibanye Gold. Taking the two together output would have grown 6% y-o-y*



The rise and rise of gold in China

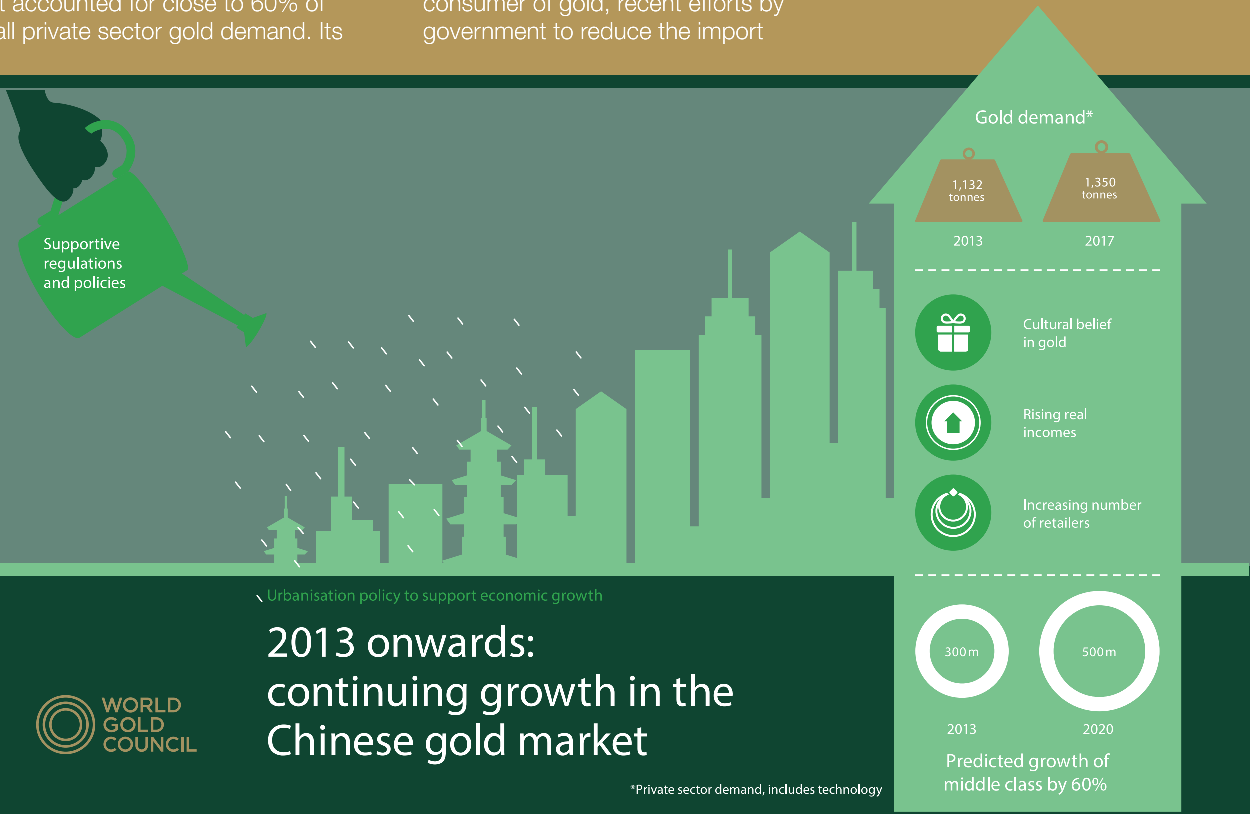
Over the past decade China has not only become the major producer of gold but – in 2013 – also become the largest consumer of the precious metal. The country has become the key driver of global gold demand. It is both the world's largest jewellery and physical bullion investment market. A World Gold Council report published earlier this year tracks the rise and rise of Chinese gold demand, outlining the key factors driving the growth.

Critically, jewellery forms the bedrock of gold demand in China. In 2013 it accounted for close to 60% of all private sector gold demand. Its growth has been supported by rising incomes, the newly emerging middle class and the process of urbanisation. Consumption surged in the early 1990s as the government made it easier to buy gold. At the same time there was a sharp increase in GDP growth and individuals started earning higher income. The new urban consumer started looking for an inflation hedge to protect their newfound wealth, and the demand for gold increased dramatically.

While India remains an important consumer of gold, recent efforts by government to reduce the import of gold to improve the balance of payment have seen demand growth slowing down.

In China however, extensive gold ownership by the people is viewed as increasing the nation's overall wealth. It also helps to absorb cash in the economy and limit the inflationary impact of rapid growth.

The graphic above illustrates the many factors that have contributed to the rise of gold in China. Growth in demand is expected to increase, driven by the factors outlined in the graphic below.



PERFORMANCE RATINGS AND CHANGES TO INCENTIVES

Lee-Ann Samuel – Executive VP: People and Organisational Effectiveness

A MESSAGE FROM LEE-ANN SAMUEL, EVP – PEOPLE AND ORGANISATIONAL EFFECTIVENESS

Among the commitments Gold Fields makes to employees in its Employee Charter is to provide the right development and support for employees to succeed, and to recognise and reward performance.

All Regions are currently reviewing their talent, and employees in D-bands and above will undergo a mid-year performance rating and leadership competency assessment. The leadership competency framework is set out alongside.

For individual employees, the mid-year performance rating provides an ideal opportunity to reflect on your performance to date, and determine the support and training you require to attain your performance targets. Not only is it important to meet your own individual performance targets but also for us to review how we are on track to achieve the Group Performance Scorecard targets before year-end.

In terms of talent management from the company's perspective, the talent review processes allow us to map our existing talent onto a talent matrix and determine where we need to invest in skills and leadership development.

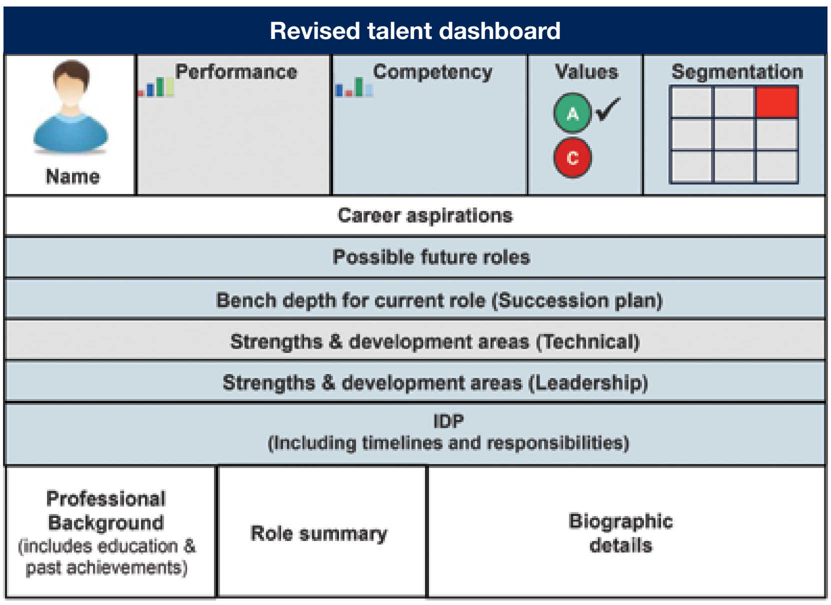
Gold Fields' Leadership Competency framework

Team player	Business judgement	Results focus	Innovation & Change	Inspiration & Leadership
Influence Communicates ideas, information and business objectives effectively and persuasively, resulting in desired actions/ outcomes **Collaboration** Promotes collaboration, information sharing and learning within and across teams/ business units	**Commercial awareness** Displays comprehensive knowledge and understanding of Gold Fields and the mining industry. Demonstrates commercial and financial expertise, used to inform business practices and planning **Decision making** Uses a methodical problem solving approach as a foundation for effective decision making. Makes safe & sustainable decisions, taking into account the importance, urgency and risk of each situation	**Action orientation** Translates business objectives into practical, prioritised and organised action plans; ensures plans are safely & successfully implemented **Quality & cost management** Makes effective use of resources; ensures practices and processes are in place to achieve outcomes aligned to quality standards	**Intellectual curiosity** Constantly learns and stays up to date with discipline trends and safety practices; generates and implements new and innovative ideas/ approaches to improve business outcomes **Change management** Embraces, leads and manages change, providing guidance and support during implementation	**Inspiration & motivation** Motivates and inspires others to work towards common goals; adheres to the Gold Fields vision and values and encourages others to do the same **Developing self & others** Proactive in seeking feedback and coaching to drive personal development; develops others' capabilities and nurtures future talent

We recognise that some employees are happy to remain technical experts while others have leadership aspirations that require investment in leadership training.

As a company it is critical that we understand what talent we have, so that we can identify and address any skills and development gaps. The talent matrix also assists us with succession planning, allowing us to identify potential successors for certain roles from our existing employee group. Furthermore, the talent matrix allows us to identify opportunities for individuals to gain cross-regional exposure on short-term assignments to other Regions, where this is relevant. All this information is contained in the talent dashboard (below).

The mid-year performance rating is only used for these development purposes. The year-end performance rating, on the other hand, is used to inform salary increases for the year ahead, as well as annual cash bonuses and the value of long-term incentives.



These 'variable pay' incentives form an important part of our employee value proposition and are central to how we reward D-band and above employees for their performance. CEO Nick Holland recently communicated a number of changes that have been made to them, following a review by the Remuneration Committee.

Performance incentives for D-band and above employees now comprise the following:

1. An annual cash bonus. This remains unchanged and is based on your individual and operational performance during the year.
2. A long-term cash incentive plan. This replaces the current share plan and provides employees with the opportunity to earn a cash bonus every three years, depending on their performance.

The new long-term cash incentive plan gives you higher earning potential than the current share plan as the vesting of Awards is not capped. However, the company needs to meet threshold levels of two corporate performance conditions for you to receive a pay-out. These are:

1. A % Free Cash-Flow margin (FCFM) – this is revenue less cash outflow (cash outflow comprise cost payments, as defined by All-in Costs, plus tax payments) divided by revenue expressed as a percentage i.e. how much cash does the "core business" put into the bank
2. A Total Shareholder Return (TSR) – a return to investors from Gold Fields shares over the three-year period, which is share price growth plus dividends

If you hold any performance shares in the current scheme these will continue to vest as per the scheme rules. You will however not be issued with any new share allocations going forward and this benefit will be replaced by the long term cash incentive plan.

You should have already received notification of your bonus share award for 2014. This will be the last bonus share award that you will receive.

Bonus shares are calculated at 67% of your cash bonus (based on the Rules of the Group Annual Incentive Plan) you earned for 2013. 50% of bonus shares vest on 9 months (December 2014) (or 12 months in the case of Australia) and the remaining 50% vests on 18 months (September 2015). The bonus shares you have been awarded will continue to vest as per the scheme.

A premium has been added to the Awards in terms of the new long-term cash incentive plan to make up for the earning potential you would have received from the bonus share awards from 2015 onwards.

The upside of the new scheme is that we will all benefit and be rewarded for our efforts in helping the Company achieve its goals.

Alfred Baku receiving the award from La Mankee, Dr Nii Kpobi Tete Tsuru

GOLD FIELDS GHANA WINS GHANA-AFRICA BUSINESS AWARD

Gold Fields Ghana recently received a platinum award at the 10th Anniversary of the Ghana-Africa Business Awards by the Ministry of Foreign Affairs and Regional Integration.

The company was honoured for its investment in the mining sector, having spent over US$2.4 billion in direct investments since it started operations in 1994. This is apart from the over US$26 million that the company has spent on the socio-economic development of its stakeholder communities. Gold Fields Ghana's award was received by the Executive Vice President and Head of West Africa, Alfred Baku.

The Gold Fields Ghana Foundation serves as a vehicle for social investment in stakeholder communities. For every ounce of gold produced, Gold Fields Ghana donates one US dollar to the Foundation, and tops it up with an additional 0.5% of the company's pre-tax profit.

Since 2008 the Foundation has been depositing 10% of its annual allocation into a posterity account, the Legacy Account, to ensure that community development does not terminate when the mine eventually closes.

GOLD FIELDS SELLS TWO GROWTH PROJECTS

As part of its revised growth and exploration strategy Gold Fields has sold its Talas and Yanfoliola exploration projects, which were located in Kyrgyzstan and Mali respectively.

The 85% interest in the Yanfolila project in Mali was sold to London-listed Hummingbird Resources on 12 June for US$20-million in the form of Hummingbird shares. This means that Gold Fields will become Hummingbird's largest shareholder with 26% of the share capital once the deal is completed. The existing Gold Fields workforce at the project will move over to Hummingbird.

The sale of the Talas copper-gold project in Kyrgyzstan was completed on 20 March. Australian miner Robust Resources purchased the project for a combination of cash and shares.

DAMANG HANDS OVER NEW CLINIC

Gold Fields Ghana's Damang mine has handed over a newly constructed clinic and nurses' quarters to the Ghana Health Service and the Bompieso Community in the Prestea Huni-Valley. The Bompieso community is one of the Damang mine's host community. In 2011, Gold Fields Ghana was asked to help replace the existing two-room derelict structure that also doubled as living quarters for two community health nurses.

The new clinic, built at a cost of US$244 000, has a pharmacy, a six-bed male ward, a six-bed female ward, a medical laboratory, two consulting rooms and a delivery room.

A community nurse takes a blood pressure reading in the new Bompieso community clinic

GOLD FIELDS WINS IAS-SAMREC REPORTING AWARD

Gold Fields has won the award for best Mineral Reserve and Resource reporting held annually by the SA Investment Analysts Society (IAS) and SAMREC (South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves). This is the 8th time that Gold Fields has won it since it was first awarded by the IAS in 2001. Last year the award was won by Sibanye Gold.

In accepting the award Gold Fields CEO Nick Holland thanked the team that compiled the report, headed by Tim Rowland, Vice President: Group Mineral Resource Management and Mine Planning. Other members included Winfred Assebay-Bonsu, Group Geo-Statistician and Evaluator; Heinrich Schnettler, Group Surveyor; Billy Mills, Group Geologist (since retired); and the regional and mine employees involved in the process.

The overall annual IAS winner for 2013 was Growthpoint Properties with Eskom the winner in the Mining and Resources category.

Gold Fields' 2013 Mineral Resource and Mineral Reserve Supplement to the Integrated Annual Review can be found at: https://www.goldfields.co.za/reports/annual_report_2013/minerals/index.php

WITS MINING UNVEILS DIGITAL-MINE MOCK-UP

Part of Gold Fields' sponsorship money was used for the construction a digital imitation mine recently unveiled at the School of Mining Engineering at Wits University. The facility is the first step to facilitating real-time satellite communication into South Africa's mines, which could save lives and reduce costs.

The aim is to extend to underground environments everything that satellites can do on surface, Wits School of Mining Engineering head Fred Cawood told Mining Weekly Online during an interview.

Gold Fields budgeted R3 million for the project, as part of its 3-year R18-million sponsorship of the Wits Mining School.

The 67m-long mine tunnel prototype is patrolled by a drone that allows real-time monitoring of environmental, mapping, navigational and other factors. "Students will be able to take ventilation measurements, see the kind of support designs that are needed, carry out survey exercises and do a host of other important exercises in the tunnel," Cawood explained.

Inside the mock-up mining tunnel at Wits' School of Mining Engineering.

SOUTH DEEP – WORKING WITH COMMUNITIES, CREATING SHARED VALUE

South Deep has recently embarked on a number of projects that benefit local community members. These are aligned to our Shared Value approach to enhance social impact in host communities while delivering operational value.

These projects provides a good example of shared value in action. The mine's initial Shared Value approach is two-pronged, focusing on the key areas of education and procurement. Education initiatives drive community and workforce development that in turn can deliver a host community pipeline of skilled workers to the mine. Procurement initiatives can boost local community economic development and job creation, while providing cost-effective services to the operations, provided that the goods and service providers meet the mine's quality requirements.

In the first quarter of 2014, South Deep embarked on a shared value education partnership with Edumap College. Eleven students from the Westonaria Local Municipality have been enrolled into a programme where they will receive maths, science and life skills tuition so that they can improve their chances of gaining admission to tertiary education. These students will then form part of the South Deep pipeline of bursars, diplomats and learnerships, thereby addressing its ongoing need for skills.

Local community employment received a boost from a South Deep project to manage the dust emanating from the mine's Tailings Storage Facility. South Deep partnered with

Netting project to reduce dust at South Deep TSF

"The mine's Shared Value approach is two-pronged, focusing on the key areas of maths and science needed for technical skills, and host community procurement.

Agreenco to install netting systems and ultimately vegetate the tailings dam slopes with long-term grassing to minimise the dust. Community members were employed preferentially to carry out certain tasks relating to this project. Work to reduce dust emanating from the TSF is ongoing and much remains to be done.

As part of its Social Labour Plan commitments, the mine also began building houses at Westonaria Borwa at the beginning of the year, following the finalisation of a contract with the developers in December 2013. The first phase of the project comprises 69 houses in Block A, while Block B will consist of 81 houses. Contractors preferentially use local labour in the construction of the homes.

In Bekkersdal, South Deep is also engaging with local community members and the Department of Education on plans to build a new school. This will create jobs during the construction phase but will also create a local skills pool from the community, increasing the employability of our host communities. More than 100 jobs were created for local community members in Q1 2014.

Housing project at Westonaria Borwa (above and below)

CERRO CORONA FUNDS CONSTRUCTION OF BAMBAMARCA MARKET

Our Cerro Corona operation has invested in the construction of a new, modern market in the city of Bambamarca in Hualgayoc Province near the mine. This is a development partnership with local government to enhance the infrastructure development in our host community.

The market, which comprises an area of approximately 2500 m^2 distributed over three floors, has been constructed under Peru's Public Works for Payment of Taxes programme. This innovative scheme allows companies to invest in public works projects that will benefit the community, offsetting future taxes. At the end of the project, companies can claim back the investment – Cerro Corona will be able to recover 90% of the invested amount, estimated at US$8 million.
The market offers traders modern, covered stalls where the community can purchase goods in comfort and safety. Cold storage facilities for food and water will greatly improve sanitation standards.

While the new market is being built, Gold Fields has constructed a temporary market with 144 stalls to allow merchants to continue with their socio-economic activities.

The new market under construction.

Gold Fields signed an agreement with the city of Bambamarca in October 2013 and construction commenced earlier this year. The temporary market has been operating successfully since March 2014.

The new market is currently 40% complete and construction work is rapidly progressing to ensure that the project meets its targeted completion date of December 2014. To date the project has created more than 200 direct jobs, half of which have benefited local community members.

Gold Fields' investment in the market forms part of its broader commitment to strengthening its relationships both with host communities and host governments, through the creation of shared value in the Hualgayoc Province. Last year, Gold Fields Peru joined a multi-stakeholder round table that focuses on the development of the Province where our Cerro Corona operation is located. Established by the Presidency of the Cabinet the forum works together to analyse the needs of host communities and support the implementation of a range of community development projects.

GOLD FIELDS RENEWS SPONSORSHIP OF MEDEAMA SOCCER CLUB

The Gold Fields Ghana Foundation has renewed its sponsorship of the local Tarkwa-based Medeama soccer team, following the team's successful performance in winning the 2012/2013 Ghana FA Cup Competition.

The local team qualified to participate in the Confederation of African Football (CAF) Confederations Cup and also continued to play in the Ghana Premier League during 2014.

As headline sponsor, the Gold Fields Ghana Foundation has provided the team with branded kit and funding of US$350 000.

Medeama's sporting success has been mixed this year. In its first ever appearance in the continental CAF Confederation's Cup it got knocked out in the first round by Leopards of the DRC. Despite winning the home match 2:1, the victory was not enough to make up for the 2:0 defeat in the DRC.

In the Ghana Premier League 2013/2014 season the team finished in 11th position, a disappointing performance considering that it finished the 2012/2013 season fourth overall.

The team lost to Feyenoord of Ghana in the quarter finals of the Ghana FA Cup, the competition in which it was the previous title holder.

While the team had hoped for a better season, their performance needs to be viewed in light of the fact that they are a new team, having only qualified for the Ghana Premier League in 2010/2011. When Medeama SC was a Third Division soccer club Gold Fields Ghana sponsored it with a view to developing a local team that could ultimately graduate to the Premier League. The latest season will no doubt have provided valuable learning experiences on which the team can build for the future, and be a source of pride to the Tarkwa host community.

Madeama SC received sponsorship funding from Gold Fields again this year.

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