

**International Gold & Silver
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Perspectives on Gold Mining**

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GOLD FIELDS





Forward looking statement

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

In particular, the forward looking statements in this document include among others those relating to the Damang Exploration Target Statement; the Far Southeast Exploration Target Statement; commodity prices; demand for gold and other metals and minerals; interest rate expectations; exploration and production costs; levels of expected production; Gold Fields’ growth pipeline; levels and expected benefits of current and planned capital expenditures; future reserve, resource and other mineralisation levels; and the extent of cost efficiencies and savings to be achieved. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa, Ghana, Australia, Peru and elsewhere; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, exploration and development activities; decreases in the market price of gold and/or copper; hazards associated with underground and surface gold mining; labour disruptions; availability terms and deployment of capital or credit; changes in government regulations, particularly taxation and environmental regulations; and new legislation affecting mining and mineral rights; changes in exchange rates; currency devaluations; the availability and cost of raw and finished materials; the cost of energy and water; inflation and other macro-economic factors, industrial action, temporary stoppages of mines for safety and unplanned maintenance reasons; and the impact of the AIDS and other occupational health risks experienced by Gold Fields’ employees.

These forward looking statements speak only as of the date of this document. Gold Fields undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

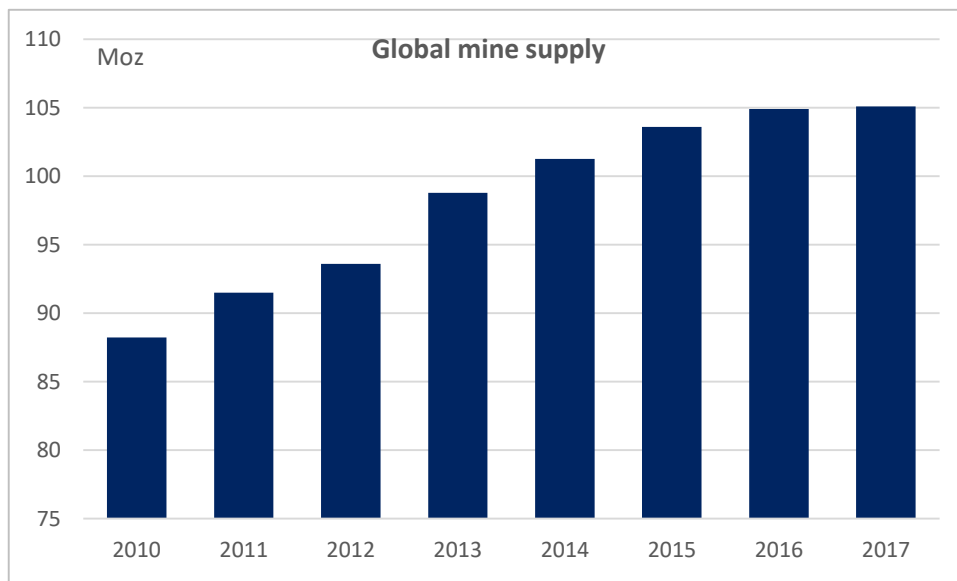
The state of the global gold industry

- **Production:** The growth rate in global mine supply has slowed significantly in recent years. Whilst global mine supply may remain at current record levels for a few years, the industry looks set to enter a period of secular decline over the longer term
- **Costs:** The industry has done well in reducing costs over the past five years. However, currencies and the oil price have provided tailwinds. In 2017, industry AISC and AIC increased for the first time in five years
- **Capital expenditure:** Capex cuts have been a focus area for miners in their cost cutting drives. Sustaining capital has decreased significantly, and we question the sustainability of the current low levels of SIB capex
- **Exploration:** Exploration budgets were slashed in the wake of the gold price crash in 2012, with the bulk of exploration over the past five years focussed on brownfields projects and near-mine development. Greenfields exploration has to return if the industry is to be sustained in its current state for the long term



Has production peaked?

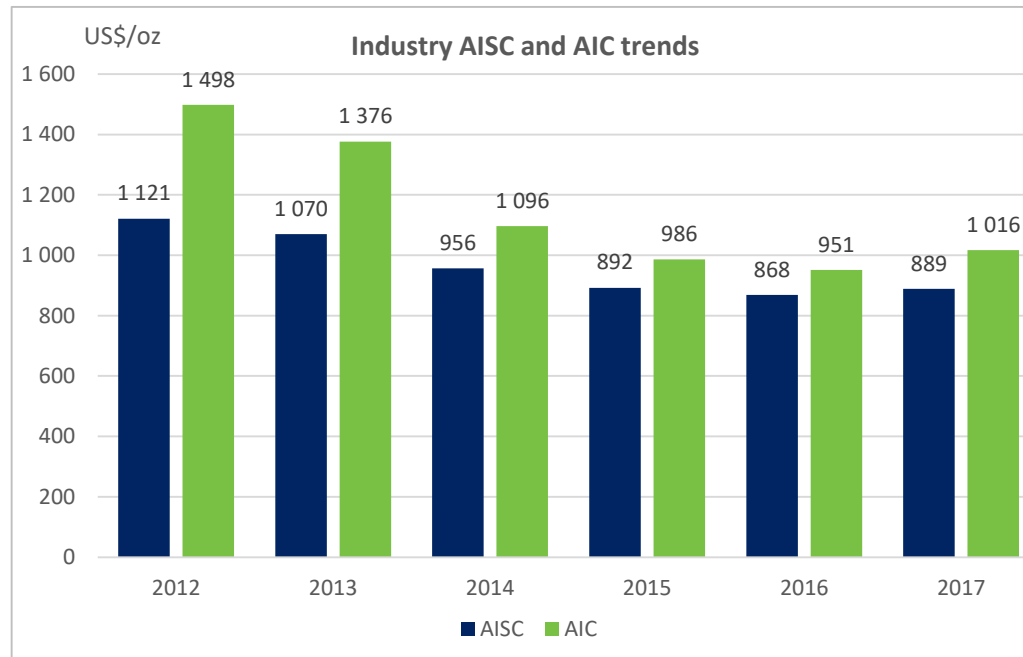
- Growth in global mine supply has slowed significantly
 - Mine supply increased only 0.2% in 2017 compared to 5.5% in 2013
- 30% of global reserves are currently associated with assets where a construction decision is yet to be made
- The industry can potentially sustain production at current levels for the next few years before entering a period of secular decline in the longer term
- The World Gold Council estimates an incentive price of US\$1,500/oz to maintain global production at current levels



Source: World Gold Council

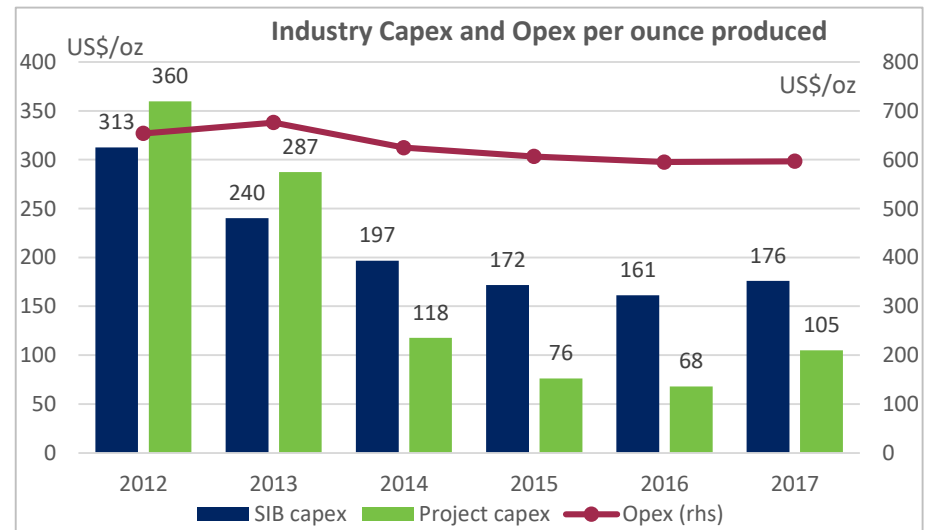
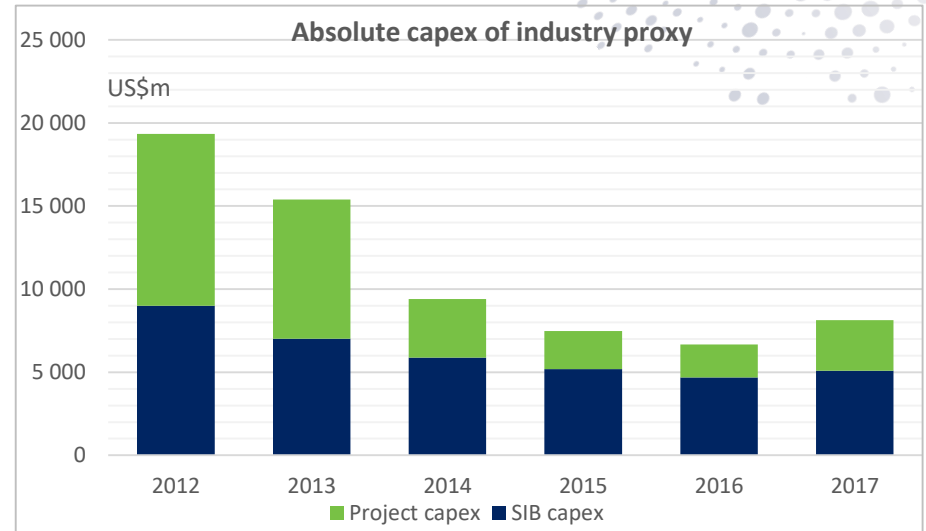
Industry AISC and AIC have bottomed

- In 2013, the World Gold Council introduced the All-in Sustaining Cost (AISC) measure to show all costs associated with producing an ounce of gold
- From 2012 to 2016, industry AISC costs decreased at a compound annual growth rate (CAGR) of 6.2% whilst All-in Costs (including growth capital) fell by a CAGR of 10.7%
- In 2017, both AISC and AIC increased YoY, the first annual cost increase in five years



Capex has fallen dramatically

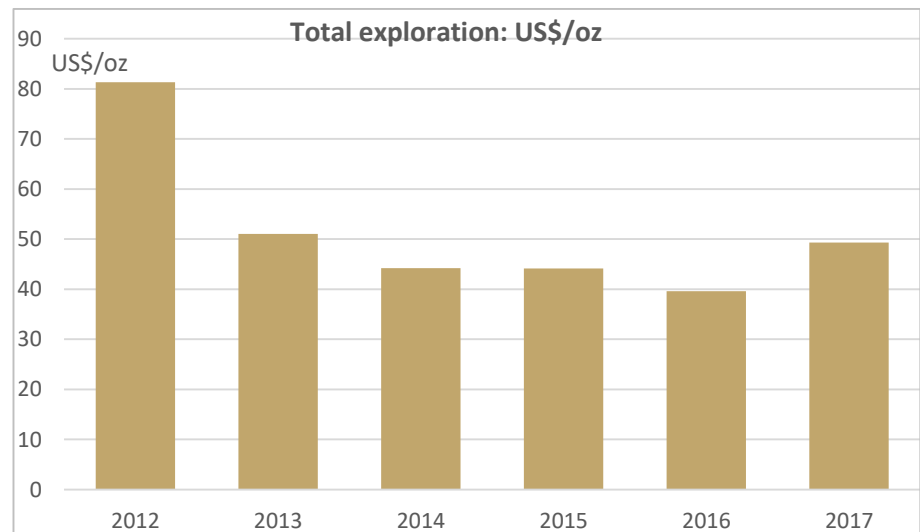
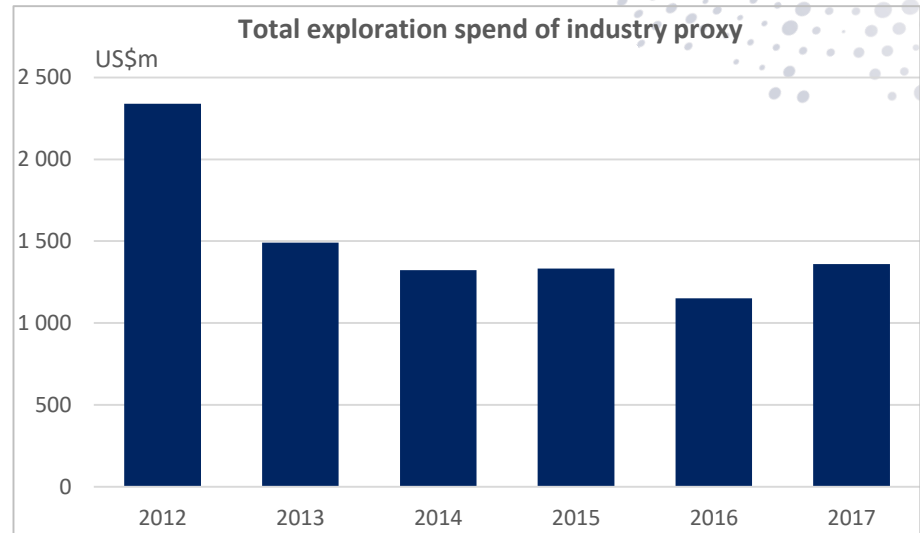
- Capital expenditure has been one of the ‘low hanging fruits’ targeted by gold miners in their cost cutting drives
- Of concern is the notable decrease in sustaining capital (SIB capex) from US\$310/oz in 2012 to US\$160/oz in 2016
- This increased to US\$176/oz in 2017
- Was the industry really that poor at allocating capital or have miners been cutting too much sustaining capex to lower AIC and preserve margins?
- After falling US\$50/oz in 2014, operating costs have remained around the US\$600/oz level





Exploration spend has fallen

- After peaking in the 1980's, the rate at which gold is being discovered has declined over the past three decades
- There has been a lack of 'world-class' (5Moz +) discoveries capable of producing 250koz pa or more
- Exploration budgets were slashed in the wake of the gold price crash in 2012
- The bulk of exploration over the past five years has focussed on brownfields projects and near-mine development. Greenfields exploration all but dried up
- Exploration spend increased in 2017 for the first time in five years, but was still significantly lower than levels seen in 2012
- What is the medium-term outlook for the industry, given the reduced exploration spend over the past five years?





How Gold Fields has adapted

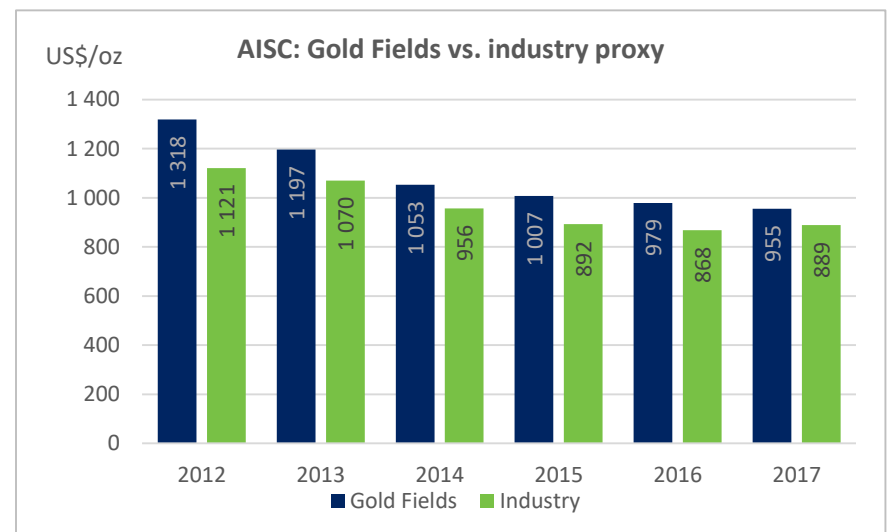
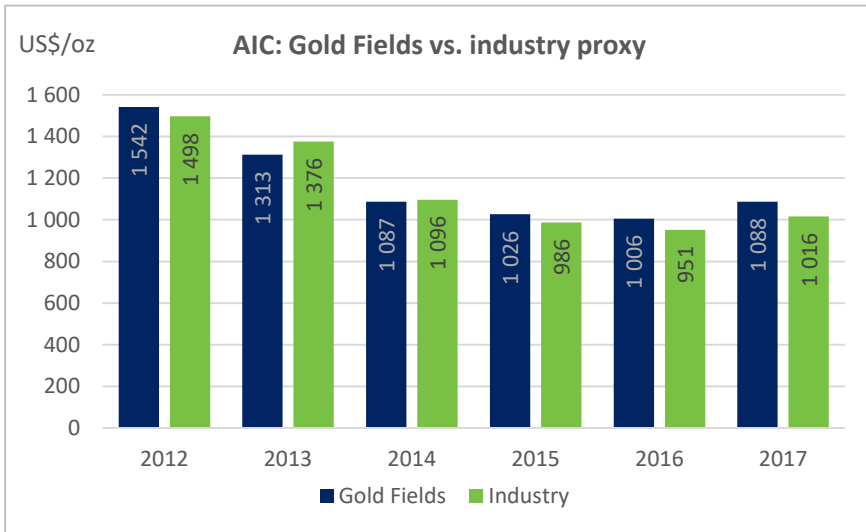
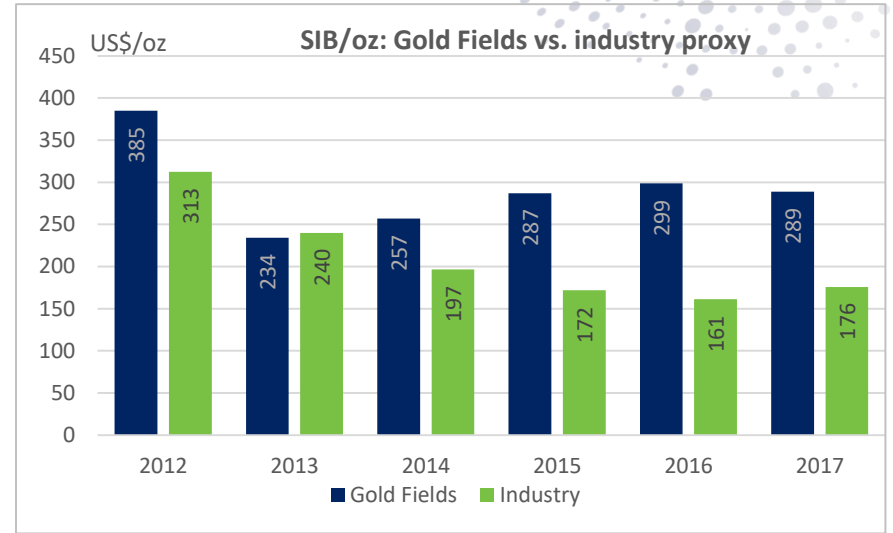
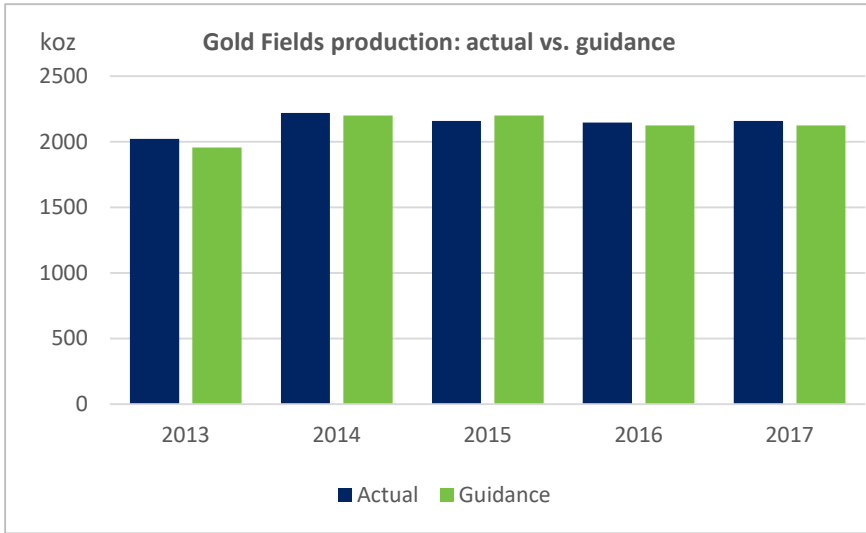
- Moved away from a focus on ounces to a focus on margin and cash flow
- Set a target of achieving a 15% free cash flow margin at a gold price of US\$1,300/oz
- Production footprint has become more focused on 4 key jurisdictions, with a focus on mechanised underground and open pit mining
- Strong culture of delivering returns to all stakeholders
- Reduced all-in costs by 30%, whilst maintaining sustaining capital levels
- Balance sheet strengthened – net debt reduced by US\$600m before entering the new capital cycle
- Commenced reinvestment cycle ahead of our peers – building 2 new mines
- Aim to continually improve quality of the portfolio



*Excludes Damang project capital of US\$115m and South Deep project capital of US\$17m



How has Gold Fields fared?



Parting thoughts

- Capital and exploration expenditure have to increase given the impending fall in production profiles
 - These have been two of the key areas for cost cutting in the industry over the past six years and have driven the decrease in AIC. We already saw AIC increase in 2017 (first time in five years) and expect this to continue as producers increase capital and exploration spending
- There will be pressure on margins as capital and exploration expenditure continue increase
- Exploration will increase, there is no choice
 - Focus on Greenfields will continue to increase
- Collaboration and the use of Joint Ventures will increase
 - Big bang acquisitions will be less common. Producers will look to spread risk and cost

THANK YOU



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