GOLD FIELDS LTD
Form 20-F
April 04, 2018
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As filed with the Securities and Exchange Commission on 4 April 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

or

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended 31 December 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

or

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to

Commission file number: 1-31318

Gold Fields Limited

(Exact name of registrant as specified in its charter)

Republic of South Africa

(Jurisdiction of incorporation or organisation)

150 Helen Road

Sandown, Sandton, 2196

South Africa

011-27-11-562-9700

(Address of principal executive offices)

with a copy to:

Taryn L. Harmse

Executive Vice-President: Group General Counsel

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and

Thomas B. Shropshire, Jr.

Linklaters LLP

Tel: 011-44-20-7456-2000

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One Silk Street

London EC2Y 8HQ

United Kingdom

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of Each Class	Name of Each Exchange on Which Registered
Ordinary shares of no par value each	New York Stock Exchange*
American Depositary Shares, each representing one ordinary share	New York Stock Exchange

* Not for trading, but only in connection with the registration of the American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or

common stock as of the close of the period covered by the Annual Report

821,532,707 ordinary shares of no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files)*. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of large accelerated filer, accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

* This requirement does not apply to the registrant

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Gold Fields Operations

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PRESENTATION OF FINANCIAL INFORMATION

Gold Fields Limited, or Gold Fields or the Company, is a South African company and in fiscal 2017 13%, 32%, 42% and 13% of Gold Fields operations, based on gold-equivalent production, were located in South Africa, Ghana, Australia and Peru, respectively. Its books of account are maintained in South African Rand. The reporting currency of the Gold Fields consolidated financial statements is the U.S. dollar. The Group s annual and interim financial statements are prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board and as prescribed by law (refer to the Basis of preparation section of the accounting policies to the consolidated financial statements).

Except as otherwise noted, the financial information included in this annual report has been prepared in accordance with IFRS and is presented in U.S. dollars, and for descriptions of critical accounting policies, refer to accounting policies under IFRS.

For Gold Fields consolidated financial statements, unless otherwise stated, statement of financial position item amounts are translated from Rand and A$ to U.S. dollars at the exchange rate prevailing on the date that it closed its accounts for fiscal 2017 (Rand 12.58 per $1.00 and $0.77 per A$1.00 as of 31 December 2017), except for specific items included within shareholders equity and the statement of cash flows that are translated at the rate prevailing on the date the relevant transaction was entered into, and income statement item amounts are translated from Rand and A$ to U.S. dollars at the weighted average exchange rate for each period (Rand 13.33 per $1.00 and $1.00 per A$0.77 for fiscal 2017).

In this annual report, Gold Fields presents the financial items all-in sustaining costs , or AISC, all-in sustaining costs per ounce , all-in costs , or AIC, and all-in costs per ounce , which have been determined using industry standards promulgated by the World Gold Council, or WGC, and are non-IFRS measures. The WGC standard was released by the WGC on 27 June 2013. Gold Fields voluntarily adopted and implemented these metrics as from the quarter ended June 2013. An investor should not consider these items in isolation or as alternatives to cost of sales, profit before tax, profit for the year, cash flows from operating activities or any other measure of financial performance presented in accordance with IFRS. While the WGC provided definitions for the calculation of AISC and AIC, the calculation of AISC, AISC per ounce, AIC and AIC per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. See *Further Information Key Information Selected Historical Consolidated Financial Data* , *Additional Information on the Company Glossary of Mining Terms All-in sustaining costs* and *Additional Information on the Company Glossary of Mining Terms All-in costs* .

Gold Fields also presents net cash flow in this annual report which is a non-IFRS measure. An investor should not consider this item in isolation or as an alternative to cash flow from operating activities, cash and cash equivalents or any other measure presented in accordance with IFRS. Net cash flow is defined as net cash flow from operations less the South Deep dividend, net capital expenditure (additions to property, plant and equipment less proceeds on disposal of property, plant and equipment), and environmental trust fund and rehabilitation payments, as per the consolidated statement of cash flows. The definition for the calculation of net cash flow may vary significantly between companies, and by itself does not necessarily provide a basis for comparison with other companies. See *Additional Information on the Company Glossary of Mining Terms Net cash flow* .

The financial results of Sibanye-Stillwater (as defined below) included in this annual report, which include the KDC and Beatrix mines, have been presented as discontinued operations as a result of the Spin-off (as defined below) in the income statements and statements of cash flows for all relevant periods presented. The financial information presented in this annual report refers to continuing operations unless otherwise stated.

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Market Information

This annual report includes industry data about Gold Fields markets obtained from industry surveys, industry publications, market research and other publicly available third-party information. Industry surveys and industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. Gold Fields and its advisers have not independently verified this data.

In addition, in many cases, statements in this annual report regarding the gold mining industry and Gold Fields position in that industry have been made based on internal surveys, industry forecasts, market research, as well as Gold Fields own experiences. While these statements are believed by Gold Fields to be reliable, they have not been independently verified.

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DEFINED TERMS AND CONVENTIONS

In this annual report, all references to the Group are to Gold Fields and its subsidiaries. On 18 February 2013, or the Spin-off date, Gold Fields completed the separation of its wholly-owned subsidiary, Sibanye Gold Limited (trading as Sibanye-Stillwater), or Sibanye-Stillwater (formerly known as GFI Mining South Africa Proprietary Limited, or GFIMSA), which includes the KDC and Beatrix mining operations, or the Spin-off.

In this annual report, all references to fiscal 2013 are to the 12-month period ended 31 December 2013, all references to fiscal 2014 are to the 12-month period ended 31 December 2014, all references to fiscal 2015 are to the 12-month period ended 31 December 2015, all references to fiscal 2016 are to the 12-month period ended 31 December 2016, all references to fiscal 2017 are to the 12-month period ended 31 December 2017 and all references to fiscal 2018 are to the 12-month period ending 31 December 2018. In this annual report, all references to South Africa are to the Republic of South Africa, all references to Ghana are to the Republic of Ghana, all references to Australia are to the Commonwealth of Australia, all references to Chile are to the Republic of Chile, all references to Finland are to the Republic of Finland, all references to Peru are to the Republic of Peru, all references to Mali are to the Republic of Mali, all references to the Philippines are to the Republic of the Philippines and all references to the United States and U.S. mean the United States of America, its territories and possessions and any state of the United States and the District of Columbia.

In this annual report, all references to the DMR are references to the South African Department of Mineral Resources, the government body responsible for regulating the mining industry in South Africa.

This annual report contains descriptions of gold mining and the gold mining industry, including descriptions of geological formations and mining processes. In order to facilitate a better understanding of these descriptions, this annual report contains a glossary defining a number of technical and geological terms. See *Additional Information on the Company Glossary of Mining Terms* .

In this annual report, gold production figures are provided in troy ounces, which are referred to as ounces or oz , or in kilograms, which are referred as kg . Ore grades are provided in grams per metric tonne, which are referred to as grams per tonne or g/t . All references to tonnes or t this annual report are to metric tonnes. All references to gold include gold and gold equivalent ounces, unless otherwise specified or where the context suggests otherwise. See *Additional Information on the Company Glossary of Mining Terms* for further information regarding units of measurement used in this annual report and a table providing rates of conversion between different units of measurement. AIC, net of by-product revenue, and AISC, net of by-product revenue, are calculated per ounce of gold sold, excluding gold equivalent ounces. See *Annual Financial Report Management s Discussion and Analysis of the Financial Statements All-in Sustaining and All-in Cost*s .

This annual report contains references to the total recordable injury frequency rate , or TRIFR, at each Gold Fields operation which was introduced in 2013. The TRIFR at each operation includes the total number of fatalities, lost time injuries, medically treated injuries, or MTI, and restricted work injuries, or RWI, per million man hours. A lost time injury, or LTI, is a work-related injury resulting in the employee or contractor being unable to attend work for a period of one or more days after the day of the injury (i.e., the employee or contractor is unable to perform any of his/her duties). An MTI is a work-related injury sustained by an employee or contractor which does not incapacitate that employee and who, after having received medical treatment, is deemed fit to immediately resume his/her normal duties on the next calendar day, immediately following the treatment or re-treatment. An RWI is a work-related injury sustained by an employee or contractor which results in the employee or contractor being unable to perform one or more of their routine functions for a full working day, from the day after the injury occurred but the employee or contractor can still perform some of his/her duties.

For Gold Fields consolidated financial statements, unless otherwise stated, statement of financial position item amounts are translated from Rand and A$ to U.S. dollars at the exchange rate prevailing on the date that it

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closed its accounts for fiscal 2017 (Rand 12.58 per $1.00 and $0.77 per A$1.00 as of 31 December 2017), except for specific items included within shareholders equity and the statement of cash flows that are translated at the rate prevailing on the date the relevant transaction was entered into, and income statement item amounts are translated from Rand and A$ to U.S. dollars at the weighted average exchange rate for each period (Rand 13.33 per $1.00 and $1.00 per A$0.77 for fiscal 2017).

In this annual report, R and Rand refer to the South African Rand and SA cents refers to subunits of the South African Rand, $, U.S.$ and U dollars refer to United States dollars, U.S. cents refers to subunits of the U.S. dollar, A$ and Australian dollars refer to Australian dollars, GH refers to Ghana Cedi, S/. refers to the Peruvian Nuevo Sol and CAD refers to Canadian dollars.

In this annual report, except where otherwise noted, all production and operating statistics are based on Gold Fields total operations, which include production from the Tarkwa and Damang mines in Ghana and from the Cerro Corona mine in Peru which is attributable to the noncontrolling shareholders in those mines. This annual report contains references to gold equivalent ounces which are quantities of metals (such as copper) expressed as amounts of gold using the prevailing prices of gold and the other metals. To calculate this, the accepted total value of the metal based on its weight and value is divided by the accepted value of one troy ounce of gold.

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FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to Gold Fields financial condition, results of operations, business strategies, operating efficiencies, competitive position, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters.

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Gold Fields, wherever they may occur in this annual report and the exhibits to the annual report, are necessarily estimates reflecting the best judgment of the senior management of Gold Fields and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this annual report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- the success of the Group s business strategy, development activities and other initiatives;
- decreases in the market price of gold or copper;
- fluctuations in exchange rates, currency devaluations and other macroeconomic monetary policies;
- changes in assumptions underlying Gold Fields mineral reserve estimates;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions or joint ventures;
- the ability to achieve anticipated cost savings at existing operations;
- changes in relevant government regulations, particularly labour, environmental, tax, royalty, health and safety, water, regulations and potential new legislation affecting mining and mineral rights;
- court decisions affecting the South African mining industry, including without limitation regarding the interpretation of mineral rights legislation and the treatment of health and safety claims;
- the ability of the Group to comply with requirements that it operate in a sustainable manner and provide benefits to affected communities;
- the ability to manage and maintain access to current and future sources of liquidity, capital and credit, including the terms and conditions of Gold Fields facilities and Gold Fields overall cost of funding;
- the occurrence of labour disruptions and industrial actions;

power cost increases as well as power stoppages, fluctuations and usage constraints;

fraud, bribery or corruption at Gold Field s operations that leads to censure, penalties or negative reputational impacts;

the occurrence of hazards associated with underground and surface gold mining or contagious diseases (and associated legal claims) at Gold Fields operations;

loss of senior management or inability to hire or retain employees;

political instability in South Africa, Ghana, Peru or regionally in Africa or South America;

overall economic and business conditions in South Africa, Ghana, Australia, Peru and elsewhere;

the occurrence of work stoppages related to health and safety incidents;

supply chain shortages and increases in the prices of production imports;

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the adequacy of the Group s insurance coverage; and

the manner, amount and timing of capital expenditures made by Gold Fields on both existing and new mines, mining projects, exploration projects or other initiatives.

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 annual report or to reflect the occurrence of unanticipated events.

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INTEGRATED ANNUAL REPORT

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The Gold Fields Integrated Annual Report 2017

ABOUT THIS REPORT

Gold Fields Limited is a globally diversified gold producer with seven operating mines in Australia, Ghana, Peru and South Africa, and a total attributable annual gold-equivalent production of approximately 2.2 million ounces.

It has attributable gold Mineral Reserves of around 49 million ounces. Attributable copper Mineral Reserves total 764 million pounds.

Gold Fields has a primary listing on the Johannesburg Stock Exchange (JSE) Limited, with secondary listings on the New York Stock Exchange (NYSE) and the Swiss Exchange (SIX).

Our integrated reporting approach aims to enable our stakeholders to make a more informed assessment of the value of Gold Fields and its prospects. This Integrated Annual Report (IAR) is structured around the Gold Fields Group Balanced Scorecard, which is how we measure our performance against our strategy and the matters we consider to be most material to the sustainability of our Group (p22).

The IAR also forms part of our adherence to the Global Reporting Initiative (GRI) Standards and the 10 Principles of the International Council on Mining & Metals (ICMM), whose mandatory requirements of its position statements are presented online. We also align with the 10 Principles of the United Nations Global Compact.

Report scope and boundary

This report covers the reporting period from 1 January 2017 to 31 December 2017 and provides an overview of our seven operations in Australia, Ghana, Peru and South Africa, as well as our exploration and business development activities. Details on the exact location of each operation and project can be found on p2 and p3.

We use an integrated approach to reporting that examines our operational, financial and sustainability performance. All non-financial data for 2013 excludes the Yilgarn South assets we acquired that year, unless otherwise indicated. Non-financial data for 2017 only covers our seven operating mines and excludes exploration activities and projects. Data from Darlot, which was sold, is included for the January to September 2017 period.

This report has been compiled in accordance with the GRI Standards and the International Integrated Reporting Council Framework. Gold Fields also references a broad range of additional codes, frameworks and standards in compiling the report, including the King IV Code on Corporate Governance. The full list can be found in the Annual Financial Report (p3). We consider that this IAR, together with additional documents held online, complies with the requirements of the GRI Standards.

Average exchange rates for 2017 of R13.33/US$ 1 and US$0.77/A$1 have been used in this report. For 2018, forecast exchange rates of R12.00/US$1 and US$0.80/A$ 1 have been used.

Forward looking statements

This report contains forward looking statements within the meaning of section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act, and section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to Gold Fields financial condition, results of operations, business strategies, operating efficiencies, competitive position, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Refer to the full forward looking statements on www.goldfields.com/disclaimer.php

ICMM subject matters

Gold Fields has complied with the ICMM Sustainable Development Framework, Principles, Position Statements and Reporting Requirements (see p137 for the assurance hereof).

Our compliance with the ICMM is addressed throughout this report and on our website. This detail covers:

- The alignment of our sustainable development policies against the 10 principles and mandatory position statements
- The process for identifying specific sustainable development risks and opportunities
- The existence and implementation of systems and approaches for managing sustainable development risks and opportunities
- Gold Fields performance across a selection of identified material sustainable development risks and opportunities. Our disclosures in accordance with the GRI Standards can be found at www.goldfields.com/integrated-annual-reports.php

Assurance

ERM has provided independent reasonable assurance over selected sustainability information in this report, which is prepared in accordance with the GRI Standards. As a member of the ICMM, we are committed to obtaining assurance in line with the ICMM Sustainable Development Framework: Assurance Procedure. ERM has provided assurance over our statement on compliance with the ICMM Sustainable Development Framework, Principles and Reporting Requirements. The key sustainability performance data for assurance by ERM in 2017 can be found on p139 140.

Board approval

The Gold Fields Board of Directors acknowledges its responsibility to ensure the integrity of this IAR and has applied its collective mind throughout the preparation of this report. The Board believes that the integrated report is presented in compliance with the International Integrated Reporting Framework. Furthermore, the Board considers that this IAR complies in all material respects with the relevant statutory requirements of the various regulations governing disclosure and reporting by Gold Fields and that the annual financial statements comply in all material respects with the South African Companies Act No 71 of 2008, as amended, as well as with the International Financial Reporting Standards.

As such, the Board unanimously approves the content of the IAR 2017, including the Annual Financial Report 2017, and authorised its release on 22 March 2018.

Cheryl Carolus

Chairperson of the Board

27 March 2018

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United Nations Sustainable Development Goals

Given our commitment to sustainable development, there is great potential for Gold Fields to make an important and lasting contribution towards the United Nations Sustainable Development Goals (SDGs).

Gold Fields seeks to work with partners to catalyse lasting social and economic progress that supports an end to poverty, protects the planet and ensures prosperity for all. The following development goals are viewed as critical in the work of the mining and metals sector in particular.

Where we believe our work is relevant to achievement of these goals the icons below will appear in this IAR.

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The Gold Fields Integrated Annual Report 2017

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OUR GLOBAL FOOTPRINT

West Africa region

South Africa region

Key: Mines Corporate office Regional offices Project

[1] *TRIFR Total Recordable Injury Frequency Rate Injuries per 1 million hours worked, including employees and contractors*

[2] *Net cash-flow = cash-flow from operating activities less net capital expenditure and environmental payments, excluding growth capital*

[3] *The statistics for Australia include Darlot up to the date of its sale on 2 October 2017*

[4] *Group net cash-flow = cash-flow from operating activities less net capital expenditure and environmental payments, including growth capital*

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Projects	Status
Gruyere (Australia)	*In development*
Far Southeast (Philippines)	*Scoping study*
Salares Norte (Chile)	*Feasibility*
Arctic Platinum project (Finland)	*Sold*

Americas region

Australia region

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OUR BUSINESS AND VALUE CREATION MODEL

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OUR OPERATING ENVIRONMENT

Gold Fields is subject to external strategic dynamics that inform decision-making, and influence our business performance.

An analysis of the **3** key strategic themes and how Gold Fields is responding to them

Gold price

m Issue	m Response
The price of gold continued its volatile recovery during 2017, ending the year at US$1,300/oz, up US$150/oz from the end of December 2016 and US$230/oz from the December 2015 low of US$1,070/oz. Similarly, the average gold price received by Gold Fields increased from US$1,140/oz in 2015 to US$1,241 in 2016 and further to US$1,255/oz in 2017. More than any other variable, the gold price is the key dynamic informing our business strategy.	Gold Fields does not predict the gold price. We expect volatility and structure the business accordingly.
	We maximise value by:
The traditional investment case for gold as a safe haven asset was called into question as many investors sold their physical gold holdings after the gold price collapsed in 2012. While much of the gold price s short-term movement is driven by market sentiment and geopolitical developments, an analysis of gold s supply and demand fundamentals underpins our belief that the gold price should continue to improve over the next few years, though there will undoubtedly be periods of short-term volatility.	Prioritising cash-flow over production volumes Setting targets for each mine at a 15% free cash-flow margin around planning price of US$1,300/oz
	Eliminating marginal mining
According to the World Gold Council (WGC), gold demand fell 7% to 4,072 tonnes in 2017, driven by a decrease in investment demand. Exchange traded funds inflows of 203 tonnes, although positive, lagged the 545 tonnes recorded in 2016. Bar and	Selling non-strategic assets

coin demand fell 2% to 771 tonnes on the back of a sharp drop in US retail investment. India and China led a 4% recovery in jewellery demand to 2,136 tonnes, although this remains below historic levels.

Net purchases by central banks and other official institutions continued to slow in 2017, decreasing to 371 tonnes from 390 tonnes in 2016 and 577 tonnes in 2015. However, buying by the Russian and Chinese central banks, while having slowed down, is expected to continue in 2018.

In the long term, gold supply issues will also support a recovery in the gold price, in our view. According to WGC data, 2017 mine production was flat at 3,269 tonnes, after increasing only 1% in 2016. Many gold market analysts are of the view that the industry has reached peak production levels given the limited number of new gold discoveries since the mid-1990s together with the decreased levels of exploration spend in recent years.

The Group is therefore in a relatively strong state to weather a sustained lower gold price (at circa US$1,100/oz) and well positioned to capture future upside when the gold price recovers.

During 2017, we invested in the future of our portfolios with a number of new projects, while at the same time continuing to invest in the ongoing development of ore bodies through proactive near-mine exploration. Our mines avoid high-grading due to the obvious negative impact this would have on the sustainability of their ore bodies by mining at or below their reserve grade. These growth strategies are strategic essentials that will in no way be compromised by the current price environment.

Social licence to operate

m Issue

The nature of the extractive sector means the industry must pay particular attention to its social licence to operate. Unlike other companies, mines are dependent on their mineral deposits and cannot relocate to new locations when facing deteriorating local or national operating environments. Furthermore, many mines lives are finite but still can span decades. Mines must be able to navigate complex social, economic and political dynamics over time to avoid conflicts with their host communities. As it is, conflicts between communities and mines have risen sharply over the past decade.

To manage the potential risks, mining companies need to maximise their positive impacts, minimise their negative impacts and make sure that this is communicated to and recognised by host community stakeholders. For many decades this was not the case and, apart from a limited number of community jobs and procurement offered by mining companies, these communities saw few benefits. Similarly, taxes and royalties went into the coffers of central governments and rarely found their way back through investment in host communities. It is therefore not surprising that demands from host communities have become more vocal and strident in recent years. Amid widespread use of social media and activism in these communities their demands have also found a global audience.

Response

At Gold Fields, a strong social licence to operate is a prerequisite for long-term generation of value for stakeholders. This approach had to be underpinned by:

Responsibility: ongoing investment in responsible operational standards to avoid and mitigate negative social and environmental impacts. This includes effective water and environmental management, which has become an increasingly material issue for most

Understanding: investment in communities relies on a thorough understanding of the risks, community needs and community perceptions. Since 2015, Gold Fields has undertaken relational proximity studies at a number of its mines and in 2017 also undertook socio-economic baseline and social return on investment studies at its South Deep mine in South Africa (p122)

Global conflicts between

communities and mines

These initiatives are particularly important in the low gold price context, which has an impact on the Group s ability to invest in community development projects as well as raising the prospect of job cuts among employees, many of whom hail from host communities.

mining companies (p95)

Trust: frank, two-way communication, realistic expectation management and visibly honouring commitments builds trust. This includes ongoing engagement on issues such as indigenous rights, employment opportunities and social transformation (p110)

Shared Value: the pursuit of mine-level business strategies that enhance the value of our own business and generate positive social impacts. Gold Fields currently has six Shared Value projects around the mines. The most important of these are our enhanced efforts to recruit employees and contractors from host communities and to source goods and services from host companies (p111)

Regulatory issues

m Issue

A sound and certain regulatory and fiscal environment should enable the global gold sector to ride out short-term fluctuations in gold prices and achieve sustained returns over the 15- to 20-year average life of a mining project. In many jurisdictions, however, the legal and tax environment has become less conducive to the long-term viability of the mining sector. Many governments view the industry as an easy target for higher taxes and other fiscal imposts. As a result, the governments share of mining revenue has grown at the expense of other stakeholders.

m **Response**

The question is how the trust gap between mining companies and governments can best be bridged. Gold Fields on its own and in conjunction with its peers in the wider global mining industry, has sought to address this trust gap in a number of ways:

The industry is continuing to spread value to a number of stakeholders. Over the past three years, Gold Fields has consistently created between US$2bn and US$3bn in total value annually for our wide range of stakeholders accounting for around 90% of revenue on average (p12)

Gold Fields is actively promoting host community employment and procurement from host community enterprises in an effort to strengthen its social licence to operate and mitigate any regulatory actions that limit its ability to share the benefits of mining (p112)

We actively engage with our host governments in Ghana, Australia, Peru and South Africa, either directly or through industry organisations, in addressing the resource nationalism that, we believe, prevents the sector from achieving sustainable growth.

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RISKS AND MATERIALITY

Top 15 Group risks and opportunities in 2017

Risks and mitigating strategies

A sustained and significantly lower gold price and currency exchange rate volatility

Updated metal price forecasts approved for 2018

Business plans implemented and monitored through monthly and quarterly cost, capital and production reviews

Ongoing portfolio optimisation to ensure cash generation

Approval obtained to hedge gold and copper production for the various regions and subsequent structures have been entered into

Business restructuring and technology strategies to improve efficiencies and costs

South Deep

2.1 Partial achievement of the production targets as defined in the rebase plan and the associated loss of investor confidence

Organisational transformation initiatives to unlock the full potential of all our employees

Skills development programmes artisan upskilling and supervisor training programme progressed

Ensure compliance to mine design programme implementation

Improve fleet performance by focusing on effective maintenance and operation of equipment

2.2

Logistics and utilities infrastructure

Continued maintenance and upgrading of underground logistics and utilities infrastructure

Upgrading of ore pass systems

Design work for implementation of upgraded backfill system in progress

Haulage infrastructure (rail upgrade) work programme progressing

Ongoing roadway maintenance programme

Comprehensive logistics and utilities infrastructure audit and a five-year implementation plan to commence in 2018

Non-delivery of Damang reinvestment and Gruyere projects

Both projects progressing in line with or ahead of their respective project schedules

Long-lead engineering items ordered and/or being manufactured

Gruyere access road and sealed airstrip projects completed

Monitoring wells have been drilled, cut-off trenches constructed and radar installed at the Damang East wall to improve pit wall stability

Regulatory uncertainty/Mining Charter in South Africa

Ongoing consultation with the Minister of Mines and the Presidency of South Africa through the Chamber of Mines in developing a new Mining Charter for the South African Mining Industry

Legal strategy in place and implemented through Chamber of Mines to facilitate certainty around historic transactions specifically with regard to ownership to ensure the security of mining licences

Replacing Resources and Reserves at international operations

Comprehensive near-mine exploration programmes in place

Mergers and acquisitions strategy to identify opportunities

Acquisition of additional shares in Cardinal Resources

Damang reinvestment and Gruyere projects progressing as per project schedules

Salares Norte project feasibility study on track for completion in 2018

Significant exploration commitments in Australia and Ghana

Loss of social licence to operate and community acceptance

Growth opportunities in stable mining destinations Gruyere and Salares Norte

Fit-for-purpose community relations structures in place

Strengthen stakeholder engagement strategy to deal with Native Title issues in Australia

Enhanced community investment and Shared Value projects in Ghana, Peru and South Africa

Interaction with communities via the SA Chamber of Mines regarding their involvement in the new Mining Charter

Water pollution, supply and cost

Strict and focused compliance with environmental management regulations

All operations ISO14001 certificated

Water management plans are being widened to include post-closure water management

Water recycle, reuse and conservation practices in place in all regions

Safety and health of our employees

Unrelenting focus on safety and health as the number one value in Gold Fields

Behaviour-based safety and visible-felt leadership programmes ongoing in all regions

ICMM Critical Control Management health and safety-based processes and policies rolled out and being tracked at the Board s Safety, Health and Sustainable Development (SHSD) Committee

The Chairperson of the Board s SHSD Committee chairs the South Deep quarterly safety meetings with the CEO in attendance

Attraction and retention of skills

Fit-for-purpose regional/mine structures in place to deliver on operational plans
Human resource strategy focused on developing a high-performance culture
Succession planning and talent review systems in place at mine, regional and group levels
Entrenching the Gold Fields values and culture

Our top 10

materiality issues

Gold Fields Group materiality score for Global Reporting Initiative standards

(where 1 = critical to Gold Fields and 10 = not material at all)

Economic performance	1.8
Socio-economic compliance (SLO)	2.5
Safety and health	2.7
Employment	2.8
Labour/management relations	2.8
Public policy	3.3
Indirect economic impacts	3.3
Water	3.4
Energy	3.5
Training and education	4.2

For how we **determine** our risks and materiality, see www.goldfields.com/risk-management-and-materiality.php

Cost of energy and security of power supply

Five-year energy and carbon plans built into mine operational plans and being implemented

Continued investigation into the feasibility of renewable energy options

Genser gas power plants commissioned at Tarkwa and Damang and realising significant cost savings and providing stable power feeds

South Deep 40MW solar photovoltaic (PV) project in final phase of agreement process with an independent power producer

Oil price hedges in place in Australian and Ghana ending in December 2019

Impacts of global climate change

Comprehensive climate change vulnerability risk assessments conducted at all mines with remedial action plans being developed

Aligning our financial and operational climate change disclosure to latest international standards
Evaluating 20% renewable energy options for new projects in Australia and Chile

Cyber crime/loss of information, communication and technology (ICT) data
Implementation of a cyber intelligence programme incorporating external monitoring and early detection of cyber attacks
Cyber security maturity assessment conducted and areas for continual improvement identified and being implemented
Cyber security specialist position to be appointed
Review and implementation of the ISO 27001 security standard for key risk areas
Attack and penetration testing is ongoing, led by Internal Audit and ICT Department

Group litigation
Legal and engagement strategies to deal with potential Native Title-based claims at our Australian operations
In South Africa, work is ongoing through the Occupational Lung Disease Working Group, including legal and stakeholder mitigating strategies, to achieve a fair settlement on the Silicosis claims
Potential liability on the Silicosis payment booked for accounting purposes

Wage agreement in South Africa and Ghana
Early preparation for wage negotiations with proper market analysis, industry trends and settlements
Communication of the macroeconomic environment
Contingency plans in place for strike action
In Ghana, Tarkwa is implementing the conversion to contractor mining

Political uncertainty in South Africa (national elections in 2019)
Geographic derisking towards favourable jurisdictions ongoing
Improved engagement strategies with governments and regulators
Lobbying governments directly and through the Chamber of Mines including legal strategies and actions
Rand West City forum established to facilitate engagement between mines, local government and community organisations

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RISKS AND MATERIALITY continued

Top 5 risks and opportunities per region in 2017

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VALUE CREATION AND DISTRIBUTION

Ø Governments

Payments include

Mining royalties and land-use payments, taxes, duties and levies and dividends.

Why these stakeholders matter

Governments provide us with access to ore bodies by granting mining and other licences. They also deliver the infrastructure necessary to build and maintain our mines, including roads, electricity and water supply.

What we contributed in 2017

- We paid governments US$310m (2016: US$235m) in taxes and royalties, 11% of total value distribution (2016: 10%)
- In addition, the Ghanaian government receives dividends relating to its 10% shareholding in Gold Fields Ghana, depending on the Company s performance

National value distribution by region 2017 (US$m)

Americas	**62**
Australia	**160**
South Africa	**2**[1]
West Africa	**79**
Corporate	**7**
Total Gold Fields	**310**

Ø Business

Payments include

Operational and capital procurements.

Why these stakeholders matter

Supply chain businesses provide the equipment and services needed to develop and maintain our operations. They comprise business partners, contractors and suppliers.

What we contributed in 2017

- We paid US$1,857m to suppliers and contractors, representing 65% of total value creation (2016: US$1,648m/66%)
- Of the total 2017 procurement expenditure, US$1,620m or 88%, was spent on businesses based in operating countries (2016: US$1,360m/83%)
- US$774m, or 45% of total procurement, was spent on suppliers and contractors from host communities (2016: US$558m/41%)

National value distribution by region 2017 (US$m)

Americas	**147**
Australia	**815**
South Africa	**221**
West Africa	**667**
Corporate	**7**
Total Gold Fields	**1,857**

Ø Workforce

Payments include

Salaries and wages, benefits and bonus payments (including shares and payroll taxes).

Why these stakeholders matter

The technical skills, experience and activity of our people drive the day-to-day operations of our business.

What we contributed in 2017

- We paid US$506m (2016: US$482m) to employees in terms of salaries, dividends and benefits, representing 18% of total value distribution (2016: 19%)
- We also provide employees (where legislated) with additional benefits such as retirement savings, healthcare assistance, life and disability insurance, housing assistance and personal accident cover

National value distribution by region 2017 (US$m)

Americas	**38**
Australia	**135**
South Africa	**168**
West Africa	**115**
Corporate	**49**
Total Gold Fields	**506**

Total and national value distribution

National value distribution by region and type 2017 (US$m)	Government	Business	Employees/ contractors	Communities	Capital providers	National value distribution
Americas	62	147	38	7	4	257
Australia	160	815	135			1,110
South Africa	2[1]	221	168	4[2]	12	407
West Africa	79	667	115	6	9	876
Corporate	7	7	49		136	199
Total Gold Fields	**310**	**1,857**	**506**	**17**	**160**	**2,850**

[1] *South Deep does not yet pay income tax as it is in a loss-making position*

[2] *This includes spending from the South Deep trusts and SLP commitments*

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Ø Communities

Payments include

Socio-economic development (SED) spending, including infrastructure, health and wellbeing, education and training, local environmental initiatives and donations.

Why these stakeholders matter

Host communities are the source of a significant portion of our workforce and a key component of our social licence to operate.

What we contributed in 2017

- We invested US$17m (2016: US$16m) in terms of SED investment
- Independently, the South Deep trusts spent R23m (US$1.7m) in 2017 (2016: R19.3m/US$ 1.4m)
- 40% of our workforce is drawn from host communities (2016: 48%)
- See p111 for an analysis of our host community employment and procurement as well as other benefits and investment in communities

National value distribution by region 2017 (US$m)

Americas	**7**
Australia	
South Africa	**4**[2]
West Africa	**6**
Corporate	
Total Gold Fields	**17**

Ø Capital

providers

Payments include

Interest and dividend payments to capital providers.

Why these stakeholders matter

Financial institutions, shareholders and bond holders invest with us, thus enabling us to fund the development, maintenance and growth of our operations and our overall business.

What we contributed in 2017

- We paid US$160m (2016: US$122m) to the providers of debt and equity capital, mainly in the form of interest and dividends
- Net debt increased by US$137m to US$1,303m during 2017

National value distribution by region 2017 (US$m)

Americas	**4**
Australia	
South Africa	**12**
West Africa	**9**
Corporate	**136**
Total Gold Fields	**160**

Managing

our impacts

The nature of our mining operations requires that we understand, minimise and manage the impact of our operation.

Community impacts in 2017

Community investments:

US$17m

Funding of projects that directly benefit our host communities

Host community workforce employment:

7,516 people

Around 40% of our total workforce is sourced from host communities

Host community

procurement:

US$774m

During 2017 Gold Fields procured 45% of its goods and services from host community enterprises

Environmental impacts in 2017

Water withdrawal:
33G

CO_2 emissions:
1.96m tonnes

Mining waste:
212m tonnes

Energy usage:
12.2m GJ

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Leadership

At Gold Fields, we understand that strong and ethical leadership is the foundation of the Group s ability to create value. **We are committed to embedding best practice governance at all levels of the organisation to deliver on our strategy.**

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VISION OF THE CHAIRPERSON

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Leadership

As the Board looks back over the past five years, I believe we can reflect with a measure of satisfaction on how Gold Fields has lived up to its vision to the benefit of its key stakeholders.

Despite operating in a difficult economic environment the gold price has fallen by almost 20% over the five-year period Gold Fields has continuously met its production and cost targets and generated US$419m in net cash-inflow over that period. If we exclude 2013, the year in which the gold price experienced a large drop, net cash-inflow since then has been over US$650m. This demonstrates that the change in strategy in 2013 from a more production growth focus to a sustainable cash focus is bearing fruit.

This cash has been used to create significant value for our key stakeholders, while at the same time enabling the Company to invest in future growth by funding the life extension of its existing mines, protecting the integrity of the mines ore bodies and bringing new projects to fruition.

Investors are gradually being won over by the success of the strategy of long-term sustainable cash generation for the business. It has been undoubtedly an immense source of frustration for management and our shareholders that the share price has not reflected the Company s sound operational performance since 2013. During 2017, however, the Gold Fields share price recovered strongly. On the JSE it rose by over 24% to end 2017 at R54.10 and on the New York Stock Exchange by 43% to

US$4.30 one of the top performers in the gold sector.

I am certain that further value will be created for shareholders over time. However, some investors believe that much of our fortunes remain inextricably linked to both the short-term performance and outlook for South Deep, our sole remaining South African mine. While South Deep is a key component of our portfolio, I continue to stress that Gold Fields is a global gold company with much more than South Deep in its portfolio.

Indeed, with production and cash-flow already heavily weighted towards our mines in Australia, South America and Ghana, we are increasing our investment in these regions to ensure the longevity and sustainability of our international portfolio. At Damang, we are spending US$341m over a number of years to extend the mine s life to 2025 and in Australia we have partnered with Gold Road to develop the Gruyere project in the highly prospective Yamarna district in Western Australia. In Chile, Salares Norte progressed into the feasibility phase last year. All these projects are being progressed within time and budgeted parameters.

While our international mines and projects are consistently meeting or even exceeding their targets and guidance, South Deep remains the one asset in the portfolio that is yet to contribute meaningfully to Gold Fields success. In February 2017, the Board approved a comprehensive five-year rebase plan that will set the mine up to achieve a steady-state production level of approximately 500,000oz by 2022 at an All-in costs (AIC) of R410,000/kg. After a setback in Q1 2017, when the two fatal accidents and three fall-of-ground incidents impacted production in high-grade areas, South Deep fell short of its production and cost targets for the first year of the plan. This has had some follow-through impact on the second year as well, but the integrity of the rebase plan is not in question and its successful implementation is a prerequisite for realising the mine s long-term value for the benefit of both our shareholders and other local stakeholders.

Safe operational delivery at the mines and projects remains the Board s priority and we fully support management s efforts in further entrenching safety standards and behaviours. While the number of total recordable injuries for the Group increased slightly in 2017, the long-term trend at Gold Fields has been a steady reduction in recordable and serious injuries between 2013 and 2017 there has been a 42% improvement in the Total Recordable Injury Frequency Rate.

However, it is unacceptable that miners continue to lose their lives while working at our mines. Tragically this is what happened at South Deep during 2017; Thankslord Bekwayo, a dump truck operator, and Nceba Mehlwana, a loco driver, were killed in underground accidents. A third fatality occurred at our Tarkwa mine in Ghana when a contractor, Moses Adeaba, was killed by falling scaffolding equipment in a warehouse. Our sincere condolences go out to the relatives, friends and colleagues of Messrs

VISION OF THE CHAIRPERSON continued

Bekwayo, Mehlwana and Adeaba. The Board has once again urged management to prioritise efforts to ensure zero harm. This is possible, with the right leadership from mine management and the right behaviours exhibited by the workforce, as was illustrated by the Cerro Corona mine in Peru, which recorded only one recordable injury last year. Tarkwa had just three recordable injuries during 2017, notwithstanding that the fatal accident was one of them.

Stakeholder engagement, beyond the regular interaction with our shareholders and investors, remains a critical issue for the Board. We devote considerable time to ensure that Gold Fields management deals appropriately with the challenges, issues and concerns of the key stakeholders in our host countries, including governments, employees, shareholders and host communities. During 2017, Gold Fields total value distribution to our stakeholders was US$2.85bn in the form of payments to governments, capital providers, business suppliers, communities and employees.

Many of these stakeholders are, often rightfully, demanding an increasing share of the benefits of mining. In return though, we would expect governments and trade unions, in particular, to also play their part in ensuring the longevity and sustainability of the sector. During current negotiations with organised labour at our Ghanaian and South African operations, for example, we have not always found the common ground that could help us extend the life and sustainability of our operations.

It is also imperative that we find ways of working with governments in all our jurisdictions in the spirit that enabled the development agreement

we entered into with the Ghana government in 2016. As a direct consequence of this agreement, we were able to launch the reinvestment into the Damang mine last year, creating and preserving around 1,850 direct and indirect jobs and leading to significant new community investment. We are also in the process of finding more common ground with the government in South Africa, where the new Presidency has committed to renegotiations of the Mining Charter and other legislation. These negotiations had stalled in previous years when industry had no option but to pursue legal means to stop the implementation of unworkable and economically irresponsible regulations.

As directors of this Company, one of our key responsibilities is to ensure that the global corporate governance programmes at Gold Fields are in line with the ever-changing and more stringent standards expected from multinational companies. The Board is committed to upholding the governance outcomes of ethical culture, good performance, effective control and legitimacy underpinned by the King IV Code on Corporate Governance. During 2017 the Board oversaw the implementation of the Code and believes that Gold Fields is now materially compliant with King IV.

Furthermore, Gold Fields revised Code of Conduct was rolled out to most of its operations during the year, which includes our commitment to respecting the human rights of all our stakeholders, as set out in the Human Rights Policy Statement. A number of key Group policies were also approved by the Board during the year, none more significant than the Group Diversity Policy, which commits

Gold Fields leadership team to implementing policies and targets to achieve, among others, greater gender and race diversity at all levels of the Company.

Appreciation

Over the past few years the Board s composition has changed with six new directors joining the Board since 2016 the latest being Carmen Letton who joined in May last year. The directors have settled into their new roles and the Board, I believe, has the requisite skills set and experience to continue guiding the Company on the right course in years to come. I want to pay a special tribute to Gayle Wilson, who retired in May last year after nine years on the Board, the last seven years as Chairperson of the Audit Committee. This is undoubtedly one of the most demanding roles on the Board, but Gayle completed it with aplomb and a professionalism that has been a constant throughout her career. Gold Fields has rightfully gained a strong reputation for transparent and comprehensive reporting under Gayle s watch.

Gold Fields management teams and employees work in difficult economic and operational circumstances amid a relentless focus on cost controls and operational efficiencies. Under the leadership of CEO Nick Holland, they have done so with a strong commitment and dedication to the Company. On behalf of the Board, I would like to express my gratitude to Nick, his executive team and the workforce around the globe.

Cheryl Carolus

Chairperson

CEO REPORT

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CEO REPORT continued

Introduction and overview

Dear stakeholders

I am proud to say that for the fifth year in a row Gold Fields has met or exceeded its production and cost guidance during 2017. Our 2.16Moz attributable production for the year was above our guided 2.10 2.15Moz and 2016 production of 2.15Moz. All-in costs (AIC) of US$1,088/oz were lower than the guided US$1,170 US$1,190/oz, but higher than the US$1,006/oz reported in 2016 due to an increase in project capital spending.

Despite the increased spending we declared a total dividend of R0.90/ share and retained stable debt levels.

These strong results are testament to the exceptional operational performances of our international operations. Our mines in Ghana, Peru and Australia generated US$483m (excluding growth capital at Gruyere and Damang) in cash by exceeding production targets and controlling costs. After a challenging Q1 2017, the South Deep mine in South Africa came in below the targets set for the first year of its five-year rebase plan announced early in 2017.

The sound cash-generating performance by the Group is particularly noteworthy given that 2017 was the first year of Gold Fields reinvestment programme a programme that seeks to sustain the current production base for the next decade. Total capital expenditure during 2017 amounted to US$840m (US$834m at continuing operations and US$6m at discontinued operations) with a further US$835m budgeted for 2018. We are in effect adding two new mines to the portfolio and

ramping another project up the value chain, in addition to an extensive brownfields exploration programme. The major investments are:

- A US$341m investment at our Damang mine in Ghana to extend the life-of-mine (LoM) to 2025. Capital spending during 2017 was US$115m

- A 50-50 joint venture with Australian explorer Gold Road Resources in the Gruyere project in Western Australia. The two companies are jointly investing a total of A$532m (US$411m) in the project. During 2017 our portion of the spending was A$184m (US$141m), including capital investment and other sundry management costs
- A A$99m (US$75m) near-mine (brownfields) exploration programme at our Australian mines in 2017, which added 0.5Moz in Mineral Reserves (after depletion)
- The Salares Norte project in Chile, which has progressed into feasibility status. The feasibility study is expected to be completed by the end of 2018. Spending on further drilling and other work totalled US$53m during 2017

At South Deep, annual production was impacted by two fatal accidents and three fall-of-ground incidents in Q1 2017, which negatively affected the contribution from higher-grade corridors. Despite subsequent improvements during the remainder of the year, full-year production of 281,000oz came in 11% below the 2017 guidance of 315,000oz, while the AIC, at R600,109/kg (US$1,400/oz), was above the R585,000/kg (US$1,290/oz) guided.

I believe that South Deep s long-term production and cost guidelines, contained in the mine s rebase plan released in February 2017, are realistic and achievable. The plan targets steady-state production of approximately 500,000oz by 2022 at an AIC of R410,000/kg.

The tragic deaths of two of our South Deep colleagues Thankslord Bekwayo and Nceba Mehlwana and that of a contractor at our Tarkwa mine, Moses Adeaba, were a reminder that safety must remain our overarching priority. My heartfelt condolences once again go out to the families and friends of the deceased. Over the past few years we have made progress in improving the safety culture and standards at all our operations as is reflected in the 42% improvement in the Total Recordable Injury Frequency Rate (TRIFR) to 2.42 recordable injuries per million hours worked in 2017 from 4.14 in 2013. But, as the fatalities so tragically remind us, we can never let our guard down when it comes to the health and safety of people working at our operations.

Our strong operational performance and the merits of the investment programme are starting to be recognised by the market. The Gold Fields share price improved by almost 43% on the New York Stock Exchange (24% on the Johannesburg Stock Exchange) during 2017, one of the best stock performers among our global gold mining peer group. It appears to reflect a gradual recognition that Gold Fields is a globally diversified gold company with our fortunes linked to the performance of all our operations, not just that of South Deep, our sole remaining South African mine.

Gold Fields five-year production and cost profile

Mining is an industry that has significant impacts on the countries and communities in which it operates. This requires continued proactive stakeholder engagement strategies and sustainable development policies. Communities, in particular, have over many years become critical stakeholders for our mines. During 2017, we spent significant resources in investing in Shared Value community programmes, including increasing the share of jobs and procurement

spend allocated to host communities. The judicious use of water and energy resources by our mines is another critical element, not only as part of our commitment to operational efficiencies and environmental stewardship, but also as part of strengthening our social licence to operate.

During the year, the Board approved updated policies to strengthen sustainable development programmes and stakeholder

engagement initiatives. This includes updated sustainable development and climate change policies and strategies as well as an increased commitment to the work of the International Council on Mining & Metals (ICMM), of which we are a member. Gold Fields value distribution to stakeholders in 2017 as measured by the World Gold Council definitions rose strongly to US$2.85bn compared with US$2.51bn in 2016.

Supporting our integrated management approach is robust and effective corporate governance throughout the Company. During 2017, Gold Fields implemented its revised Code of Conduct, which forms the ethical foundation of the business and informs how we conduct ourselves and interact with all stakeholders. The Board of Directors has also overseen the implementation of the recommendations of the King IV Report on Corporate Governance and approved a new diversity policy for our workforce. This will drive race and gender diversity at all operations, which is critical as we believe that the wide array of perspectives that results from such diversity promotes innovation and drives business success.

In the second section of this report, we unpack the Company s strategy (p32 36). The decision that faced Gold Fields management in 2017 was to balance distributing the value we generated to stakeholders with reinvesting into our assets to ensure that our portfolio of mines continues to generate cash sustainably into the foreseeable future. To date we have been successful and I have confidence that our management teams will once again meet this challenge to the long-term benefit of all our stakeholders.

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Performance highlights (Group, including discontinued operations)

		2017	2016
Attributable production	Moz	**2.16**	2.15
All-in sustaining costs (AISC)[3]	US$/oz	**955**	980
All-in costs (AIC)[3]	US$/oz	**1,088**	1,006
Net cash-flow[1]	US$m	**(2)**	294
Free cash-flow (FCF) margin[3]	%	**16**	17
Net debt	US$bn	**1.303**	1.166
Dividend declared	R/share	**0.90**	1.10
Fatalities	Number	**3**	1
Total Recordable Injury Frequency Rate (TRIFR)	/million hours worked	**2.42**	2.27
Total value distribution	US$bn	**2.850**	2.505
Energy usage[2]	TJ	**12,178**	11,697
Water usage	M	**32,985**	30,321
CO_2 emissions	million tonnes	**1.96**	1.96
Host community procurement (% of total)	%	**45**	38
Host community employment (% of total)	%	**40**	48
Mine closure liabilities	US$m	**381**	381

[1] *Net cash-flow = cash-flow from operating activities less net capital expenditure and environmental payments*

[2] *The sum of direct and indirect energy consumption reflects a conversion factor used by Granny Smith, Darlot,Tarkwa and Damang power stations to account for generation losses*

[3] *These measures have been defined in management s discussion and analysis in the Annual Financial Report and have been reconciled to IFRS*

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Group performance scorecard

Each year, Gold Fields adopts a Group performance scorecard that incorporates the Company s strategic priorities and seeks to instil the right culture and behaviours among our workforce, driven by the imperative of cash generation and sustainably growing the business.

By integrating all of the key value drivers into the business, the scorecard also aims to enhance the Group s sustainability and reflects the integrated nature of our business. The scorecard consists of four key performance areas and elements against which we measure our performance. These are: safe operational delivery, capital discipline, portfolio management and licence and reputation. This Integrated Annual Report is structured along the lines of our 2018 scorecard and an overview of each performance area follows.

Safe operational delivery

Gold Fields remains committed to running its operations safely, productively and cost-effectively without undermining their longevity. We measure the success of business optimisation by looking at our progress on safety and health towards zero harm; the performance and growth of our portfolio of mines and projects; setting up the South Deep project for long-term success; delivering the Damang and Gruyere projects; using energy and water efficiently; and implementing appropriate workforce strategies to achieve these targets.

Safety and health

Safety is management s first priority and it is critical that we continuously emphasise our commitment to zero harm. Therefore, the fact that we had three fatalities at our mines

during 2017, compared with one in 2016, is a serious setback.

Our overall safety performance regressed during 2017, with the Total Recordable Injury Frequency Rate (TRIFR) increasing to 2.42 per million hours worked from 2.27 in 2016, as the total number of recordable injuries rose to 138 from 124 in 2016. Despite the setback in our safety performances in 2017 we remain convinced that zero harm is possible with the right commitment from management and the right behaviours exhibited by the workforce. Our Cerro Corona mine shows that it can be done. The mine reported only one recordable injury in 2017. That was in January of that year; since then it has gone 14 months without a recordable injury.

Behaviour-based safety programmes are in place across the Company and our work at embedding these into our day-to-day performance, along with visible management leadership on the ground, will be strengthened in the wake of the fatalities during 2017. A safety leadership forum has been established to share learnings and good practices across the Company. Our regions have also intensified operation-specific health and wellness programmes, focusing on improving the physical and mental health of our employees.

Furthermore, to address the risk of major, particularly fatal, incidents, Gold Fields adopted the critical control management approach promoted by the International Council on Mining & Metals (ICMM). Material unwanted events in safety, health, environment and in the community were identified and prioritised in each region. Controls

to prevent or mitigate these events are now being implemented.

I am also pleased to report that the Occupational Lung Disease Working Group, representing gold mining companies in South Africa, is making good progress in negotiations with the legal representatives of workers that have been affected by silicosis. We remain committed to finding a fair and sustainable solution for the claimants and the companies. During the year, we raised a provision of R390m (US$30m) for a possible settlement of the silicosis class action claims.

Business performance

2018 is the second year of our reinvestment programme that seeks to improve the quality of our portfolio and sustain the current production base for the next decade. The significant capital expenditure requirements that accompany this programme inevitably resulted in higher Group costs and reduced net cash-flow during 2017. As such, we guided the market at the beginning of 2017 on higher costs and marginally lower production. As we have done consistently over the past five years, we again exceeded our guidance during 2017.

Attributable production of 2.16Moz, was above our guidance range for the year of 2.10 to 2.15Moz and in line with the 2.15Moz produced in 2016. Four of the mines in the Group reported improved production in 2017 compared with 2016, and Damang was well ahead of guidance. South Deep s production was lower than in 2016.

Group performance scorecard continued

Strong cost management across the Group resulted in a good cost performance with AIC of US$1,088/oz and AISC of US$955/oz in 2017, below guidance for the year of US$1,170 1,190/oz and US$1,035 1,045/oz respectively. In 2016, AIC and AISC were US$1,006/oz and US$980/oz, respectively.

The Group reported net cash-outflow of US$2m (2016: US$294m cash-inflow) and a FCF margin (which excludes capital spend on growth projects) of 16% (2016: 17%). The gold price received by Gold Fields during 2017 averaged US$1,255/oz (2016: US$1,241/oz).

The Group and mine operating and financial performances are detailed on p42 49.

Project delivery

2017 was the first year in our drive to secure the longevity and sustainability of our portfolio of assets. Group capital expenditure levels increased to US$840m during 2017 (2016: US$650m), of which US$217m was growth capital. All our key projects are tracking their delivery deadlines and financial budgets:

- US$115m was spent on the Damang reinvestment project during the year. The project is ahead of its planned progress and in line with budget. (For an update on the Damang reinvestment project, see p81)
- We spent A$184m (US$141m) on the Gruyere project in Western Australia, a joint venture with Gold Road Resources. Of this A$106m (US$81m) was project capital and the remainder the deferred portion of the purchase price of our 50% in Gruyere. The deposit, which has 3.5Moz in total Mineral Reserves, is set to produce 270koz a year (100% basis) over a 13-year LoM. All the key contractors for the project have been appointed and progress on construction is in line to meet the targeted completion date of Q1 2019. (For details of the Gruyere JV, see p84)

- Exploration drilling progressed at the Salares Norte project in Chile, which moved into feasibility phase in 2017. US$53m was spent in 2017 and a further US$83m has been budgeted for 2018 on the feasibility study with its completion set for the second half of 2018 (for details on Salares Norte, see p85)

South Deep rebase plan

After a two-year detailed assessment by the South Deep management team, the Board approved a rebase plan for the mine in February 2017. This plan sketches the long-term production and cost profile of the mine and contained the following key targets:

- Increasing the tonnes milled to 230kt/month by 2022
- Ramping up production to approximately 500,000oz/year by 2022
- Reducing AIC to US$410,000/kg by 2022
- Growth capital expenditure of R2.3bn (US$151m) from 2017 2022

The implementation of the rebase plan, however, got off to a slow start, with five safety incidents in the higher-grade section of the mine impacting production during the first quarter of the year. As a result, Q1 2017 production was 600kg (19koz) lower than planned. Although there was an improvement in production during the remainder of the year, the mine was unable to make up the

shortfall in production from the first quarter and consequently fell short of guidance for the year.

Production for the full year decreased by 3% to 8,748kg (281koz) in 2017 from 9,032kg (290koz) in 2016 and was short of the guided 9,800kg (315koz). Net operating costs were 2% higher at R4,062m (US$305m). AIC increased by 3% to R600,109/kg (US$1,400/oz) compared with R583,059/kg (US$1,234/oz) in 2016, as a result of lower production. The rebase plan had guided an AIC of R585,000/kg (US$1,280/oz) for year one. South Deep also reported a goodwill impairment of R3.5bn (US$278m) during 2017, underpinned by a reduction in the gold price, assumption used in the LoM impairment model and the slow start of the rebase plan.

Though there has been some operational improvement at the mine, work is still required in the areas of mine development, destress mining and long-hole stoping. During 2017, development decreased marginally to 6,897 metres from 6,933 metres in 2016. Development in the new mine areas increased by 20% to 976 metres in 2017 from 811 metres. Destress mining increased by 3% to 33,419m² in 2017 from 32,333m² in 2016. Long-hole stoping volumes mined increased by 3% to 767kt in 2017 from 745kt in 2016.

The knock-on effect of the lower production in Q1 2017 is expected to continue into 2018 and we are guiding for production of 10,000kg (321koz) and AIC of R540,000/kg (US$1,400/oz), compared with the original rebase plan year two guidance of 11,136kg (358koz) and R567,910/kg (US$1,240/oz).

However, we have full confidence in the integrity of the rebase plan and believe that South Deep will be able to meet the 2022 targets (p82 83).

A new regional management team has also begun to tackle many of the operational deficiencies that were evident and is also reviewing the cost structure of the mine, including the size of the workforce, in line with its production profile.

Energy supply and cost

The supply and cost of energy is a material focus area of our operational strategies, as it is becoming an increasingly expensive resource globally. The use of many energy resources also has a significant impact on our environmental footprint. As such, our mines have been tasked with developing and implementing policies that ensure security of energy supply as well as cost savings, while also seeking to reduce our carbon footprint.

Energy accounted for 17% of Group operating costs in 2017. While energy consumption increased by 4% in 2017, the Group reduced energy spending by 11% to US$258m in 2017, amid greater operational energy efficiencies that yielded savings of around US$22m. Furthermore, with our increasing usage of renewable and low-carbon energy sources, we expect further energy efficiencies and reduced carbon emissions in the future. Costs will also benefit from this trend, given the recent rise in global oil prices.

In Ghana, Gold Fields signed a power purchasing agreement (PPA) with an independent power

producer, Genser, after significant cost increases and supply outages experienced in preceding years when we relied solely on the state-owned utilities for supply. In terms of the agreement, Genser commissioned the gas-powered plants at both Tarkwa and Damang during Q4 2016. By Q1 2018, the plants provided 100% of power at Damang and 60% at Tarkwa, significantly improving supply and reducing costs at both mines.

In 2017, we reached a commercial agreement and are close to signing a 25-year PPA with an independent power producer (IPP) for a 40MW solar photovoltaic facility at our South Deep mine. The IPP will develop, build, own, operate and maintain the plant with commissioning expect in 2019.

Gold Fields remains committed to its goal of 20% renewable energy generation over the LoM at all new projects and is investigating this requirement for the Salares Norte project in Chile.

Greater use of renewables has the added benefit of reducing our carbon footprint, which is one of Gold Fields key environmental priorities. During 2017, our total CO_2 emissions declined marginally to 1.959m tonnes (2016: 1.964m tonnes), but we expect longer-term benefits arising from the energy efficiency and fuel-switching projects we have put in place at our mines.

Fit-for-purpose workforce

A key area of focus in 2017 was to ensure that our mines have appropriately sized and qualified workforces to drive safe operational delivery.

Contractor mining has over the years been used at a number of

our operations in line with various operational requirements and LoM factors, such as longer hauling distances and the increasing depth of our underground operations. These include the Gruyere project, Cerro Corona in Peru, Ghana s Damang mine and at many of our Australian operations. In early 2018, we also commenced our transition to contractor mining at the Tarkwa mine, given the escalating cost of labour in Ghana and the need to invest in new equipment and fleet.

In South Africa, in response to the continued underperformance at South Deep, we have commenced a workforce restructuring as part of our drive to align costs with the mine s production profile. This has to date seen a 26% reduction in staff numbers among managers and supervisors at the mine.

Other important human resource initiatives implemented in 2017 included the continued drive to have appropriately skilled people in the right roles. With the increasing shift towards mechanisation and automation, we have found that in addition to the continued development and training of our workforce, it is important to recruit appropriately skilled people at our mines. During 2017, we spent over US$20m globally on training and development on top of recruiting the best mining skills to supplement our existing talent pool.

Having the right culture in the organisation is another key component for delivery. During the year, we reinvigorated the Gold Fields Vision and Values, contextualising them within the Company strategy to embed the behaviours required for delivery.

Group performance scorecard continued

We also re-emphasised the importance of focusing on the overarching Group-wide strategic objectives, and building a more unified workforce across our global operations. This project will continue to run throughout 2018.

The year also saw an increased focus on workforce diversity both in terms of gender and race. While our global workforce is culturally diverse, gender and racial diversity remain a challenge within certain regions. A more diverse workforce and the varying skills, perspectives and problem-solving approaches that come with it can be a powerful internal lever for improved delivery. This will remain an imperative for management in the year ahead and was given a big boost when the Board adopted the Group Diversity Policy during 2017.

Innovation and technology

Innovation and technology (I&T) is critical in improving safety, volumes and costs at our mines over time. During 2017, a newly established I&T division at Gold Fields started implementing the I&T strategy approved by the Board in late 2016. The ultimate goal of the strategy is to work towards the Gold Fields Mine of the Future, which will be premised on automation, an integrated digital data platform, remote machine operation, virtual reality and reduced mining waste.

In 2017, we commenced with the foundational phase of the strategy, which is scheduled to be completed by 2019. This will be followed by programmes to optimise our operations by year three and implementing new technologies and innovation over the full five-year

period. Our regions have also been tasked with implementing three-year technology plans. They started this work in 2017, with the I&T division consolidating and driving the process.

During 2017 the following milestones were achieved by Gold Fields operations in implementing the I&T strategy:

- Purchased high-precision GPS drilling rigs at Cerro Corona and Tarkwa to improve blasting efficiencies
- Rolled out drone survey technology in West Africa to accelerate tailings, waste dump and pit surveying
- Rolled out mine sense blending software and systems at Cerro Corona
- Increased use of tele-remote systems from surface at Granny Smith

Our regions have also started to implement their own roadmaps, including identifying I&T projects for implementation in 2018. The following are our major Group-wide project objectives for 2018:

- Start to upgrade information technology and operating technology networks at all our operations. This includes installing underground wireless technologies in South Africa and Australia to enable real-time data availability to assist our teams in decision making
- Rollout the Mine of the Future Hearts and Minds programme among employees to develop a manufacturing mindset among the workforce at our operations

A critical element of our strategy is partnerships with IT companies and original equipment manufacturers

(OEMs) that are leaders in the field. This will be done on a Company-wide basis, but also in co-operation with our peers in the ICMM. The introduction of electrical machinery and vehicles in mining operations is one of the key projects that the ICMM will raise with OEMs this year.

Capital discipline

The core focus of Gold Fields financial strategy is to grow our FCF margin and to sustain this margin in the long term. The Group has set a FCF margin target of at least 15% at a notional long-term planning gold price of US$1,300/oz, which translates to an AIC breakeven level of approximately US$1,050/oz.

To ensure the sustainability of FCF generation in the longer term, reinvesting in and upgrading our portfolio is essential. As such, Gold Fields embarked on a period of reinvestment at the beginning of 2017, with 2017 and 2018 being the peak capital expenditure years of the programme. This will temporarily put pressure on our net cash-flow generated and our ability to retain our debt levels below the long-term target.

Financial performance

Despite the significant capital investment programme, Gold Fields produced a sound financial performance during 2017. With most of the mines reporting production in line with or ahead of guidance, and the average gold price received slightly higher at US$1,255/oz (2016: US$1,241/oz), net revenue increased by 2% to US$2,811m in 2017.

Given the volatility in commodity prices and exchange rates and, more pertinently, the high levels of project capital expenditure incurred during the year, management undertook short-term, tactical hedging of the oil price, the copper price and the Australian Dollar gold price to protect cash-flows. While these hedges worked in Gold Fields favour, apart from the copper price hedge, it must be stressed that management has not deviated from its policy of not considering long-term, systematic gold price hedging.

Despite a stronger South African Rand and Australian Dollar during 2017, which pushes up the input costs for our mines in those jurisdictions in US Dollar terms, Group AIC came in below guidance at US$1,088/oz (2016: US$1,006/oz). Taking into account all of the above, net losses attributable to Gold Fields shareholders amounted to US$19m in 2017 compared to earnings of US$158m in 2016.

Critical to our margin focus and our investment programme is the cash-flow generated by the operations, which remained strong and came in ahead of expectations in 2017. Excluding project capital and exploration expenditure, operational cash-flow was US$441m (US$188m in Australia, US$117m in Peru, US$179m in Ghana and a negative US$43m in South Africa) versus US$444m in 2016.

During 2017, the Group recorded net cash-outflow of US$2m, compared to an inflow of US$294m in 2016. Included in this cash-flow number is total capital expenditure of US$840m, which includes US$623m in sustaining capital and US$217m in project capital. In

addition, US$53m was spent at Salares Norte, which is currently in feasibility study.

The FCF margin decreased slightly from 17% in 2016 to 16% in 2017, driven primarily by an increase in taxes paid. Encouragingly, this is ahead of our targeted 15% FCF margin at a US$1,300/oz gold planning price.

Dividends

Gold Fields has a long and well-established policy of rewarding shareholders. This policy is viewed as an important element of Gold Fields investment case and we have consistently honoured this commitment. Despite recording a net cash outflow, the Group maintained its dividend policy and declared a total dividend for the year of R0.90/share (2016: R1.10/share).

Debt reduction

One of Gold Fields key strategic objectives has been to reduce the amount of debt on our balance sheet. In this regard, management set itself a long-term target of reducing the net debt to adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) ratio to below 1.0x. Having moved into a capital-intensive phase during 2017, management guided the market for a pick-up in net debt during the year. As such, the focus has shifted to limiting the cash outflow, minimising the increase in debt and maintaining the strength of the balance sheet through the peak capital expenditure years (2017 and 2018).

Net debt increased by US$137m during the year to US$1,303m at the end of 2017 from US$1,166m at the end of 2016. Given the improved Group production and the lower costs, the outperformance of the Damang reinvestment plan, less capital expenditure incurred at Gruyere than planned and a higher gold price than budgeted, Gold Fields ended 2017 on a net debt/ EBITDA ratio of 1.03x, a slight increase from the 0.95x at the end of 2016.

Portfolio management

Gold Fields manages its assets to improve the overall quality of its portfolio and ensure the sustainability of the cash-flow generated by this portfolio. In this regard, the focus is on reducing Group AIC, increasing the free cash-flow per ounce and extending the life of the assets. When looking at growth in the Gold Fields context, our focus is not on growing the level of production but rather on growing FCF per ounce and extending the average reserve life per operation sustainability. We believe that by maintaining this focus we will improve the quality of our portfolio over time.

Elements of the portfolio management process include:

- Acquiring or developing lower-cost (than Group average), longer-life assets
- Disposing of higher-cost, shorter-life assets that management believes can be better served by a company that has more time and resources to commit to them
- Extending the life of current assets through near-mine brownfields exploration

CEO REPORT continued

Group performance scorecard continued

Focusing on in-country opportunities to leverage off our existing footprint, infrastructure and skills set

Pursuing cash-generative acquisition opportunities is part of our growth strategy although opportunistic in nature. However, given our existing capital commitments, further acquisitions at present appear unlikely and would be limited to opportunistic bolt-ons to existing operations, ideally in countries in which we already have a presence.

During 2017, we made a judicious return to greenfields exploration with a US$21m investment for a 19.8% stake (partially diluted as at end-December 2017) in ASX-listed Cardinal Resources, which has a number of exploration projects in Ghana. We are looking at accelerating our investments in greenfields exploration in the long term, but this would be limited to countries in which we currently operate.

Quality portfolio of assets

On an annual basis, all assets in our portfolio are subject to the Group s strategic planning process. A scenario analysis is conducted for each operation, assessing how to best maximise cash-flow, LoM and margin. The results of this analysis are then used in conjunction with the Group s capital profile and the current economic environment as inputs into our annual business planning.

The following key decisions were implemented with regards to the existing portfolio during 2017:

- Reinvestment into Damang in Ghana commenced at the beginning of the year, which will extend the mine s life to 2025. During 2017, US$115m in project capital was incurred, primarily on waste stripping
- A$184m (US$141m) was spent in total on the Gruyere project in Western Australian during 2017, of which A$106m (US$81m) was growth capital and the remainder the deferred portion of the purchase price for our 50% interest in Gruyere. Development of the project is on track and all key contractors have been appointed. Gold Fields has also acquired a 9.9% stake in Gold Road Resources, which holds the other 50% of Gruyere

- Gold Fields continued to streamline its portfolio by selling Darlot in Western Australia to Red 5. Red 5 paid for the acquisition through a combination of cash and shares. Gold Fields also partially underwrote a rights issue by Red 5 and now holds a 19.9% share in the company
- The sale of the Arctic Platinum Project to CD Capital was concluded in early 2018 for a cash consideration of US$40m and future royalties of 2%
- Gold Fields further consolidated its royalty portfolio in 27.9%-held Toronto-listed Maverix Metals

The strength of our international portfolio is evident in the continued net cash-flow generation of our mines in Australia, Ghana and Peru, which collectively generated US$369m during 2017 (2016: US$432m). Critically, we announced a successful extension of Cerro Corona s life to 2030 through work on the tailings facility and the future use of in-pit tailings. The only operating asset in the Group that still needs to be brought to full account is the South Deep project, but management is confident that it will achieve the production and costs targets outlined in the five-year rebase plan.

Brownfields exploration and mine development

We have made ongoing investment in brownfields exploration at our

mines, as well as the development of their ore bodies, strategic priorities. Even in a sustained low gold price environment we would be reluctant to cut development spending on ore bodies as they ensure that these mines have a sustainable future. The costs associated with maintaining the integrity of our ore bodies are built into our mines cash-flow models.

Gold Fields believes that near-mine exploration offers the best route to low-cost ounce replacement that can generate cash in the short and medium term. In addition to adding to Gold Fields Mineral Resource and Mineral Reserve base, near-mine exploration:

- Extends the life of the Group s existing mines
- Ensures each region can continue to leverage its infrastructure
- Provides a robust platform for regional growth

In 2017, Gold Fields spent US$87m on near-mine exploration (2016: US$80m), which supported a total of 754,669 metres of near-mine drilling (2016: 694,527 metres). The majority of this spending US$75m (A$99m) was incurred at our Australian mines. US$11m was spent in Ghana, which is significantly higher than the US$3m spent in the region in 2016, amid a renewed focus on extending the life of the Tarkwa mine.

For 2018, we have budgeted US$87m for near-mine exploration of which US$66m (A$86m) will be at our Australian operations (including Gruyere). Our Australian mines have successfully extended their lives through a consistent investment in brownfields exploration activities. During 2017, this yielded a number of successful projects:

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- Mine life extension of Agnew through the addition of the Waroonga North ore body
- Extension of the Invincible South ore body at St Ives
- A potential new ore source at Granny Smith with the Blurry Bif ore body

Mineral Reserves

During 2017, Gold Fields increased attributable gold Mineral Reserves (net of depletion) by 0.89Moz to 49.01Moz. Attributable copper Mineral Reserves totalled 764Mlbs (2016: 454Mlbs).

In Australia during 2017, attributable Mineral Reserves increased by 0.42Moz to 6.18Moz, testament to the continued success of brownfields exploration at the mines. In Ghana, attributable Mineral Reserves now stand at 6.87Moz (2016: 6.98Moz), while at South Deep attributable Mineral Reserves total 34.02Moz (2016: 34.07Moz).

Gold Mineral Reserves at the Cerro Corona mine in Peru are now 1.93Moz (2016: 1.30Moz).

Licence and reputation

The success of our business is dependent on our relationships with a number of key external

stakeholders that determine both our regulatory and social licences to operate, as well as the reputation we have with these stakeholders. To protect and enhance these relationships we must minimise the impact of our operations through environmental stewardship while ensuring we have ongoing engagement with our stakeholders to create shared value. Finally, our reputation and our ability to fulfil our stakeholder promises requires the highest levels of corporate governance and compliance.

During 2017, the Board approved a new sustainable development policy statement that commits Gold Fields to integrate sustainable development principles into strategy, business planning, management systems and decision-making processes to maintain our licence to operate and leave a positive legacy. The results will be an appropriate balance of the Company s requirements to perform financially, to manage the environment responsibly and to ensure broad social benefits.

Environmental stewardship

Responsible environmental management remains a vital component of Gold Fields regulatory and social licence to operate at all our operations and projects. In 2017, we reported two Level 3 environmental incidents (2016: three), one in Australia and one in Ghana (p95). Gold Fields has had no Level 4 or 5 environmental incident for well over seven years.

Water is a particular focus of our environmental strategy, as it is becoming an increasingly scarce and expensive resource globally. Managing the risks around current and anticipated water security, which includes the quantity and quality of supply as well as associated costs, is essential to

ensure sustainable production for existing operations and the future viability of projects.

During 2017, water withdrawal across the Group increased to 32.99M (2016: 30,32M) and water recycled or reused amounted to 43.29M (2016: 44,32M). Water withdrawal per ounce was higher at 14.78k /oz in 2017 compared with 13.67k /oz in 2016. Our operations are investing in improving water practices, including pollution prevention, recycling and conservation initiatives.

Work carried out by the ICMM on water and tailings management has provided best-practice guidelines to the Company and during 2017 we worked closely to align our practices to ICMM position statements on water and tailings management. We completed internal and external reviews of all our 26 tailings facilities at our mines and projects and are in the process of closing out all the gaps identified by these reviews.

The total gross mine closure liability for Gold Fields remained unchanged at $381m in 2017. We plan on further enhancing our integrated approach to mine closure management during 2018 with a focus on progressive environmental rehabilitation, the social impact of closure and full LoM closure obligations.

Stakeholder relations

Employees, business partners, shareholders and investors, governments and communities have been identified as Gold Fields key stakeholders. Their support and acceptance is critical in ensuring that we receive and retain our regulatory approvals and social licence to operate. This can only be achieved if we develop stakeholder relationships that are based on transparent and open engagement

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Group performance scorecard continued

and if we create shared value for them.

The ability to generate cash is critical in distributing the benefits from mining to our stakeholders. In 2017 Gold Fields value distribution as measured by the World Gold Council totalled US$2.850bn, compared with the US$2.505bn we distributed in 2016. This amount was dispensed as follows during 2017:

- US$160m (2016: US$122m) to shareholders and debt providers, who are seeking a return on their invested capital through dividend and interest payments
- US$506m (2016: US$482m) to our employees, whose work is rewarded through salaries and other benefits
- US$1.857bn (2016: US$1.648bn) to contractors and suppliers, from whom we procure goods and services
- US$310m (2016: US$235m) to governments, which grant us our mining licences and who benefit from our tax and royalty payments
- US$17m (2016: US$16m) in social investment programmes among our host communities, whose support is critical for our social licence to operate and who benefit significantly through host community jobs and procurement

Government relations

As the issuers of mining licences, developers of policy and implementers of regulations, host governments at all levels (national, regional and local) are one of Gold Fields most critical stakeholders. As such we seek to work closely with them in establishing relationships that benefit the country and impacted communities, while at the same time providing an environment in which our operations can prosper in the long term.

These relationships are not always easy, but Gold Fields has mostly

found ways of working successfully with governments. During 2017, we commenced our US$341m reinvestment programme in Damang, which created or secured around 1,850 jobs. This decision was taken after we concluded a development agreement with the Ghana government, which provided for fiscal stability.

This is what, I believe, is a clear win-win situation for both parties. In South Africa as well we have seen a more engaged approach by government in early 2018, with the advent of the presidency of Cyril Ramaphosa. After years of impasse with government over the implementation of a new Mining Charter to govern the sector, which left the industry no choice but to embark on legal action, fresh talks commenced in March 2018. The negotiations between the new Minister of Mines and the Chamber of Mines, representing industry, are ongoing and now also include community organisations.

In Australia, the Western Australian regional government sought to impose higher royalties on the gold sector during 2017. This too was thwarted by an industry publicity campaign that highlighted the adverse economic impact, including job losses that would have resulted from the higher taxes.

Our value proposition and relationships with shareholders, investors and employees are discussed elsewhere in this report.

Community relations and Shared Value

One of the biggest challenges facing mining companies is building relationships and trust with their host communities, without which there is potential for operational disruption, project delays and cancellations the loss of the social

licence to operate referred to previously.

Gold Fields has traditionally invested in communities through a range of educational, skills development, health and infrastructure projects and, more recently, through Shared Value-based projects. This approach to structuring our investments in communities ensures that the value created is shared by communities and the business.

To date, our regions have implemented six Shared Value projects, ranging from the promotion of mathematics and science education among South Deep s host communities to multi-lateral water management projects at Cerro Corona. The most high-profile project is the US$21m, three-year upgrade of the dirt road between the Tarkwa and Damang mines in Ghana, which is set to be completed in late 2018. We are working with government agencies in building the road which will significantly improve access for our operations host communities. In addition, the bulk of the labour required for completing the project is being sourced from these communities.

Host community procurement and employment are perhaps the most impactful of our community investment strategies. At present, host community members account for 28% of our workforce at Cerro Corona in Peru, 16% at South Deep in South Africa and 68% at our two Ghanaian operations. The numbers for host community procurement spend are 7%, 18% and 13% respectively. Gold Fields Australia has also embarked on developing appropriate strategies for its operations, many of which are far away from human settlements and rely largely on fly-in, fly-out workers.

Gold Fields is proactively looking at ways to further increasing host community employment and procurement opportunities over the next few years, and each operation has set itself targets for 2020.

South Deep has set a target of procuring 25%, equivalent to about R500m a year, of goods and services from the mine s Westonaria host community by 2020, creating around 500 new jobs in the process. We are making good progress in this regard in 2017 host community procurement spend totalled R448m, the number of host community suppliers to South Deep increased to 88 (2016: 84).

Governance and compliance

Sound governance, transparency and regulatory compliance are critical enablers for any business, but even more so in the mining industry, which often faces challenging social, economic and political contexts. Equally, Gold Fields vision of global leadership in sustainable gold mining requires the

highest level of governance and compliance. Governance and reputation are also key drivers of sustainability. Adherence to legislation, controls and standards are a non-negotiable aspect of doing business, while ethical leadership and sound business governance serve to strengthen our reputation and relationships with shareholders, governments, communities and employees.

These issues are a key focus area for the Board of Directors and management as it is the foundation of a successful implementation of the strategy of the Company. In South Africa, the King IV Code on Corporate Governance was launched in November 2016. The Gold Fields Board committed to full compliance with the Code and implemented the appropriate policies and actions during 2017 and early 2018.

The updated Code of Conduct, which was rolled out at most of our operations last year, is a critical

element of this as it informs ethical decision making in the business and in all dealings with our stakeholders. It is supported by a compliance framework that ensures continued adherence to almost 1,500 statutes that apply to our operations and records the interactions of our employees with all stakeholders. At the same time we are providing employees with greater awareness and knowledge of the regulatory environments in which we operate in to ensure compliance and accountability among our workforce.

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CEO REPORT continued

Gold Fields **strategy on a page**

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CEO REPORT continued

Strategy overview

Gold Fields seeks to be a low-cost gold producer that secures sustainable cash-flow through the inevitable economic cycles in the gold mining industry. Through this, we can deliver superior returns when the gold price is high, and offer a degree of protection when the price falls, ensuring that we are able to maintain our business with healthy margins. At the same time, sound cash-flow enables us to manage our debt, invest in the right assets and distribute the benefits of mining to our stakeholders.

These economic realities inform our long-term vision of global leadership in sustainable gold mining, and our target of achieving a 15% free cash-flow (FCF) margin at a gold price of US$1,300/oz. As part of our medium-term planning, and in line with our key focus on cash margins, we have set a strategic aspiration of operating at Group AIC of US$900/oz or lower by 2020.

To achieve our targets, we need to meet our strategic objective of maximising total shareholder returns sustainably, and to this end have developed four strategic pillars:

1. Safe operational delivery how we make money (p42)
2. Capital discipline how we spend money (p68)
3. Portfolio management what we choose to invest in (p78)
4. Licence and reputation how we conduct ourselves (p92)

Within each of these pillars, we have selected a number of strategic focus areas for 2018. These in turn will be delivered through strategic initiatives, the success of which will be measured by the Group Balanced Scorecard metrics. The achievement of these metrics determines the bonuses and annual salary increases for our management teams at Group, regional and mine level. The strategic focus areas and initiatives

for each of the four strategic pillars are discussed in more detail below.

1. Safe operational delivery

This strategic pillar drives the consistent operational delivery of our assets in a safe, healthy and sustainable manner. The three strategic focus areas within this pillar are to:

- Deliver FCF margin: delivering the targeted FCF margin at our existing operations enhances shareholder value by not only buffering the effects of a depressed gold price, but also offering exponential value under a favourable gold price environment. It also provides us with greater flexibility to allocate cash efficiently to manage our balance sheet and continually upgrade the assets in our portfolio

Safely meet guidance for operations: by safely meeting our annual guidance, we seek to protect the safety and wellness of our employees, ensure our yearly FCF margin targets are met and secure our mines longer-term sustainability

Safely deliver strategic projects: our major growth projects the South Deep rebase plan, Gruyere, Damang Reinvestment and Salares Norte have been identified as value-accretive assets for the Company. These projects will increase the overall life of our portfolio, drive down costs and meet our key objective of upgrading the portfolio of assets. Delivering safely on these projects is thus a key strategic imperative

We will continue to embed a zero-harm mindset across the Company. Safety and wellness remains our number one value and safeguarding the lives and the health of our people is critical from a moral perspective as well as a commercial one as it also protects against the risk of safety-related stoppages.

Each operation needs to meet guidance by following its mine plan. In the past five years, we have evolved our strategic and mine planning approach considerably to ensure ever-closer alignment with the achievement of our strategic objectives. By focusing on margin and reserve life when undertaking operational planning, and by closely following the mine plans, we believe the mines will meet guidance and be sustainable for the foreseeable future. Off the back of this protocol, the Company has met its production and cost guidance for the past five years.

Water and energy costs and supply are critical inputs for our operations, and account for about a quarter of operating costs. In the year ahead, we will continue to roll out initiatives to both manage water and energy costs, and secure their long-term supply. This is not only an operational imperative, but is aligned to our objective of being a responsible company.

People play a central role in ensuring safe operational delivery. Our key human resources initiatives are to leverage culture to drive delivery, and to ensure we have appropriately skilled people in the right roles.

2. Capital discipline

Capital discipline requires us to invest our money wisely and deliver superior returns to investors. This is done through the conservative management of our balance sheet, paying dividends, reinvesting in our mines and acquiring assets to upgrade our portfolio. This is the strategic focus area in the capital discipline pillar.

Our aim is to limit the increase in our net debt/EBITDA ratio to 1.25x during 2018, which takes into account the significant investments required at both Damang and

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Gruyere. In the medium term, we seek a return to a ratio of 1.0x. At the same time, we need to reinvest in the business and look for new opportunities, as has been done in the past years, but we will only do so if such reinvestment drives the sustainable achievement of our targeted AIC.

3. Portfolio management

Our portfolio of assets is one of the few ways we can differentiate ourselves from peers in the gold mining industry. A strategic planning process provides visibility on production and cash-flow over the life-of-mine (LoM) for each of our operations and informs our decisions on whether and when to dispose of, acquire, invest in or otherwise optimise assets. A project and capital ranking curve helps us invest in those assets that will meet the Company s required investment hurdle rates.

Our strategic focus area in this pillar is to improve the quality of our

portfolio. We define a quality portfolio as one that delivers life and cash-flow margin in a sustainable manner to maximise returns.

The strategic initiatives that will drive this include:

- Implementing business improvement and efficiency projects to reduce costs
- Using the portfolio management and strategic planning process to inform acquisitions and disposals
- Extending life through brownfields exploration and value-accretive mergers and acquisitions (M&A)
- Reducing costs, improving efficiencies and safety through a focus on innovation and technology

4. Licence and reputation

Governance and reputation are key drivers of sustainability. Adherence to legislation, controls and standards are a non-negotiable aspect of doing business, while ethical leadership and sound business governance serve to strengthen

our reputation and relationships with shareholders, governments, communities and employees.

Responsibly managing our environmental impact and building positive and mutually supportive relationships with host communities are important focus areas, and ones that also serve to meet the increasing demands of environmental, social, governance-focused investors.

Our strategic focus area within the licence and reputation pillar is to maintain our licence to operate and enhance our reputation. The strategic initiatives to support this include:

- Building confidence with analysts and investors
- Enhancing governance and compliance
- Strengthening our reputation through Shared Value initiatives and through community, environmental and safety programmes that improve the lives of our stakeholders

The road ahead for 2018 and beyond

As outlined in the preceding text, the main objective underpinning Gold Fields strategy is to generate sustainable cash-flow and superior margins. To continue expanding margins and distributing cash, the long-term sustainability of the business must be kept intact. This requires investing to extend the life of our assets, ensuring we maintain our social licence to operate and retaining our people who are key to the success of our business.

The challenge facing Gold Fields management is, therefore, to balance distributing the cash we generate with reinvesting into our assets, to ensure that our portfolio of mines continues to generate cash sustainably into the foreseeable future.

2018 is the second year of our reinvestment programme, the benefits of which will be realised in the years to follow. In addition to the cash-generative mines within the portfolio, the Company now has development and growth projects in each of the four regions in which it operates.

In South Africa, we have South Deep, which is still a mine in the build-up phase, with significant growth opportunities over its current 78-year LoM. In Ghana, the reinvestment at Damang is essentially the equivalent of developing a new mine, while our investment in the Gruyere joint venture will lead to the construction of a new mine in Western Australia, with first production scheduled in early 2019. Finally, in the Americas region, we are set to conclude the feasibility study on the Salares Norte

project in northern Chile by late-2018.

These projects are important in terms of their contribution to the strategic objectives of Gold Fields, namely to maintain and grow cash-flow on a sustainable basis. They are all forecast to operate at an AIC that is lower than the current AIC of the Group, once steady-state levels of production are realised. As such, the Group s overall cost of production will reduce over time, and the quality of the portfolio will improve.

At South Deep, we announced a five-year rebase plan in February 2017. This plan is set to position the mine at a steady-state production of approximately 500,000oz per year by 2022, at an AIC (in 2017 terms) of R410,000/kg. While the mine fell short of the plan s first-year targets in 2017, the integrity of the rebase plan remains intact. The Damang project has projected AIC and AISC, including upfront capital development, of US$950/oz and US$700/oz, respectively. While Gruyere is projecting AIC of A$1,130/oz (US$805/oz) and AISC of A$945/oz (US$690/oz), including upfront capital. The delivery of both these projects remains on track. Although the Salares Norte feasibility study is still to be concluded, early indications are that AIC will be comfortably below current Group levels, due to the high grades and the fact that this will be an open-pit operation.

We continue to invest in brownfields exploration in Australia with the objective of not only replacing what we mine each year, but also

increasing our Mineral Resources and Reserves at a higher quality than what has been mined previously. Finally, we need to optimally manage the ore bodies of our operating mines in terms of grade management and ongoing sustainable capital expenditure by planning for outcomes that optimise the life of these ore bodies.

A key element of the Group s underlying strategy, which has contributed towards improving the quality of the portfolio over the years, is value-accretive M&A. For an asset to be considered as an acquisition target, it must meet the following criteria:

- Quality: The asset must improve the Group s AIC and must generate a sound FCF margin in line with our strategy and aspiration
- Jurisdiction: It must be located in a geography that Gold Fields is comfortable to operate in, preferably countries where we already have a presence
- Life: The asset must increase our overall reserve life per operation and have a minimum life of eight years

Given the amount of capital that has been committed to Gruyere, Damang, South Deep and Salares Norte, management has decided only to pursue smaller-scale, opportunistic acquisitions. In time, and once we have delivered on these growth projects, Gold Fields will maintain its disciplined approach to any corporate activity and will strictly adhere to the investment criteria set out above.

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The road ahead for 2018 and beyond continued

I am confident that Gold Fields has put in place the strategies that will ensure sustained value creation in the medium to long term and will see the Company through the vagaries of the gold price cycle. I believe that this strategy is gradually being recognised by investors. Executive management has aligned itself with investors through its long-term incentive scheme, a large portion of which relates to the performance of the share price over time. If we stay the course on which we have embarked, I am confident that the share price will continue to reflect the strong operational performance of the Company, its strong cash-flow generation and its significant investment in its future profitable growth.

Gold price outlook

During 2017 the average US Dollar gold price improved marginally to US$1,255/oz from US$1,241/oz. It has maintained steady gains for the first two months of 2018. Economists credit gold s recent stronger performance to three main factors:

- A weaker US Dollar
- High assets prices, particularly equities, which led many investors to add gold to their portfolio for fear of a market correction in these assets
- Geopolitical instability has heightened investor uncertainty and fuelled investment into gold, though not as large as many had expected early in the year

Despite these factors, we remain cautious about gold s short-term performance. Recent tax liberalisation in the US is likely to lead to continued inflows into equity markets and further US interest rate hikes. This has traditionally been bearish for gold. Gold Fields is thus planning its business for 2018 on the assumption of a US$1,200/oz gold price.

Our longer-term outlook, however, is more optimistic and has not changed much from previous years. While gold prices in the short term will be largely dictated by macro events, in the longer term supply and demand fundamentals cannot be ignored. On the supply side, research we have undertaken indicates that primary gold supply is close to a peak and likely to decline in the years to come. This is predominantly due to the cut in exploration spending as well as the dearth of new mines being built, and exacerbated by the decline in grades and the increasing depth and complexity of the ore bodies being mined.

Demand in India and China, while significantly down on its highs over the last five years, should remain strong given economic growth, rising urbanisation and traditional affinity towards gold in these countries. Central banks continue to buy and it appears that most of the central banks that were looking to sell gold have already done so.

These factors bode well for the long-term future of gold, although the price will undoubtedly move through cycles with the attendant volatility. While some have questioned the continued safe-haven status of gold in times of political and economic uncertainty, we believe that the longer-term effects of the current geopolitical turmoil will help to support the price. Investors will continue to diversify some of their risk into gold, both as a hedge against inflation and currency volatility.

Guidance for 2018

Gold Fields business plan for 2018 had been built around an average gold price of US$1,200/oz (A$1,600/oz, R525,000/kg). The growth capital investment in our business remains a priority for 2018, which includes US$36m for South Deep (2017: US$17m), US$105m for Damang (2017: US$115m), US$145m for our 50% share in Gruyere (2017: US$81m) and US$83m for Salares Norte (2017: US$53m). Total capital expenditure for the year is forecast at US$835m (2017: US$840m).

As a result, our AIC cost guidance for 2018 is US$1,190/oz US$1,210/oz compared to US$1,088/oz reported for 2017. The guidance for AISC is US$990/oz US$1,010/oz compared to US$955/oz in 2017.

Our production guidance for the year is 2.08Moz 2.10Moz, compared with the 2.16Moz achieved in 2017. The changes for 2018 are due to:

- A gradual improvement in production at South Deep from 281koz in 2017 to 321koz in 2018
- A rise in Damang s production to 160koz from 144koz in 2017 but lower output from Tarkwa
- Stable production profiles at our three Australian mines, with Darlot no longer part of the portfolio
- A decline in gold-equivalent production at Cerro Corona from 307koz in 2017 to 280koz in 2018, due to expectations of a lower copper price

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Note of thanks

I would like to express my gratitude to my fellow directors, led by our Chairperson, Cheryl Carolus, for their support and guidance during 2017. I also welcome Carmen Letton to the Board. She joins the other five new directors who have been appointed over the past two years. The Board s skills set has been strengthened through our new directors who will guide and support Gold Fields in the next stage of its journey, namely its investment drive to sustain the portfolio of assets for the long term. I want to pay a special tribute to Gayle Wilson, who retired as Chairperson of the Audit Committee and the Board in May 2017. She was a director of Gold Fields for nine years and the input she provided played a major part in achieving the quality and transparency of reporting and accounting for which Gold Fields has been widely recognised.

The composition of the Executive Committee changed during 2017 with the appointment of two new regional heads for our Australia and South Africa regions. In February, Stuart Mathews, our previous Head of Operations in the Australia region, took over as EVP from the retiring Richard Weston, while in March Martin Preece replaced Nico Muller as EVP for South Africa. Nico left to lead Impala Platinum as CEO. Subsequent to year-end, we also recruited Rosh Bardien, the previous GM: HR and Transformation, at ArcelorMittal SA, as EVP, People and Organisational Effectiveness. Rosh replaces Lee-Ann Samuel, who also left the Company last year. I would like to thank Lee-Ann, Richard and Nico for their contribution. I would also like to thank my colleagues on the Executive Committee for their continued leadership and commitment to Gold Fields.

Most importantly, I would like to express my sincere appreciation and gratitude to all the employees of Gold Fields. We run a tight ship and this requires resilience, commitment and long hours from every member of the team. I attribute the operational and sustainable financial success of the Group in a low gold price environment largely to their hard work and dedication. As we embark on the second year of our investment drive to secure the long-term future of the Company, it gives me great comfort to know that I have this team behind me.

Nick Holland

CEO

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CEO REPORT continued

The mine of the future

Gold mining remains relevant and valuable in today s global economy. But for mines in the industry to prosper in the long term they have to fundamentally transform themselves into mines of the future mines that are sustainable and create value for all their stakeholders.

Of late, the industry has been confronted by a number of headwinds, which present significant risks to its long-term wellbeing. Today it takes an average of 18 years from the discovery of gold to its first production, compared to 10 years a decade ago. While the grade of gold has fallen 3% per annum since 2000 and prices are dropping, cost inflation is ever-present. All the while, governments and communities are demanding greater benefits.

Given these industry trends, and in the wake of a gold price that has declined by around 30% since its peak in September 2011, it s not surprising that the sector has seen shareholder value slump significantly over the past 10 years.

At Gold Fields, we have recognised that a new recipe is required for the Company and the industry to overcome these challenges. The gold mine of the future has to be set up, structured and managed differently from what it is today if it is to remain relevant and value-adding to all its stakeholders.

This will require a focus on four key areas: operating practices and technology, talent and leadership, partnerships with key stakeholders and industry partners as well as sound governance and transparency.

The key operational challenges confronting gold mining can be grouped under a number of major headings:

- Embracing digital mining, advanced analytics and new software technologies
- Mining on demand, being the ability to run agile production schedules
- Converting conventional mining practices to mechanisation and automation
- Improving the economics of low grade and residual ore bodies
- Embracing energy and water efficiencies

Optimising existing and new technologies will provide the solutions to these challenges, but adoption by the industry has been slow, particularly in developing countries. Mines in Australia on the other hand have been rolling out new technologies with a significant impact on costs, productivities and safety. If mines in other countries want to be sustainable, they will have to follow this course.

A number of technology companies are working on software to advance mining, which can be grouped under the Big Data heading, where data is captured by various sources, digitised, analysed and finally leveraged for better decision-making. This has multiple applications for mines, such as geological mapping, geotechnical design, fleet tracking and operator safety. We believe that such technologies will provide us with the edge to fundamentally change our cost structure and improve safety.

Gold Fields has started embarking on this course of action. At our Australian mines, we collect vast amounts of data from a number of sources, such as sensors fitted on machinery and equipment and drones that scan our large tenements. This information is then used for a number of projects and applications, such as aerial

magnetic surveying, remote fleet management and remote loading, among others.

Similarly we are using Big Data for an increasing number of applications at our South Deep mine in South Africa. Through telemetry nodes that transmit real-life information we can check the status of equipment and, most critically, inform our underground staff to leave the mine in case of possible emergencies. Remote control operations are also being installed, such as those used for rock-crushing at our ore passes, which are dangerous when undertaken by employees nearby.

A further feature of the mining industry s technological transformation will be ever closer co-operation with original equipment manufacturers (OEMs). These OEMs develop and operate best-of-class technologies and equipment at various levels of automation. It makes sense for mines to contract OEMs and utilise their expertise. This is particularly critical in South Africa s gold industry, where the next big mining drive will have to take place in ever deeper and dangerous conditions. Technologies such as remote pillar mining and raise boring will only be possible in co-operation with OEMs and technology companies.

At South Deep, Gold Fields is in many ways pioneering bulk, deep-level, mechanised gold mining on a significant scale. The skills of operating and optimising of equipment don t come easy in a mining culture that has been historically overwhelmingly conventional. But we are making gradual progress in setting the base for what could well be the country s last major gold mine.

A detailed update on Gold Fields innovation and technology strategy and implementation can be found on p67.

To meet these technical challenges, the mining workforce of the future needs to be highly skilled, specialised and trained. Mining companies and universities will need to work together to develop and train the personnel required. Without doubt, the mine of the future will have a high-level skills set that will lead to a smaller overall workforce. This creates a dilemma for many gold miners as adjacent communities rely on them for jobs and procurement.

We need to find a new model for community engagement, where we train community members for the new mine, but where we also encourage development of the local economy, so it is not reliant on jobs or services from mining alone. While today s mining CEO manages assets, tomorrow s leaders will be strategists, focusing on coaching and mentoring, integrated stakeholder management, collaborative decision making and managing a portfolio of mines. Operating decision making will be devolved down to mine-site level.

Forging partnerships, with an emphasis on joint ownership, risk management and shared benefits, will be an essential element of the mine of the future. One of the trends

already in evidence is that mining companies are increasingly co-operating in developing and managing gold mines to achieve economies of scale and address capacity constraints. Whether this trend will lead to a more formal consolidation of the gold sector remains to be seen.

The main benefit mines provide to society are job creation together with tax and royalty payments. Increasingly we are also seeing governments and miners work together in private-public partnerships, developing essential road, power and water infrastructure and supporting local governments in building educational and medical facilities. These partnerships, I believe, will increase in size and scope in future.

In so far as communities are concerned, we believe that the most direct benefits for communities can be achieved by implementing Shared Value projects in these communities, where they and the mine benefit from the creation of sustainable value. I also believe that our employees and trade unions need to embrace a risk-reward relationship with the mines that will see them sharing the risks in

downtimes and participating in the rewards of strong earnings growth in better times. Wage increases linked to productivity-based performance are also likely to become the norm in future.

The fourth area of focus for the mine of the future is transparency, in operational and financial performance, social development, environmental impact, regulatory adherence and corporate governance. The world is becoming more accountable and as mining companies we need to embrace the change and meet the new standards.

Future gold mines will not succeed without the support of shareholders, governments, employees and communities. They are rightfully demanding to the see the benefit of the resources we mine. This brings with it many challenges, but through open engagement and partnerships I believe we can create a successful gold mining company of the future.

This is a summary of a presentation I gave at the 120th anniversary of the Mining School of the University of the Witwatersrand, Johannesburg, on 24 March 2017.

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Key measurements Safe operational delivery

	2017	Status	2016	2015	2014	2013
Total Recordable Injury Frequency Rate (TRIFR) (rate per million)	**2.42**		2.27	3.40	4.04	4.14
Fatalities	**3**		1	3	3	2
Gold production attributable (koz)	**2,160**		2,146	2,159	2,219	2,022
Revenue (US$m)	**2,811**		2,750	2,545	2,869	2,906
All-in sustaining cost (AISC) (US$/oz)	**955**		980	1,007	1,053	1,202
All-in cost (AIC) (US$/oz)	**1,088**		1,006	1,026	1,087	1,312
Average gold price received (US$/oz)	**1,255**		1,241	1,140	1,249	1,386
Cost of sales before amortisation and depreciation (US$m)	**1,404**		1,388	1,456	1,678	1,667
Headline earnings/(loss) (US$m)	**210**		204	(33)	27	(71)
Net cash (outflow)/inflow (US$m)	**(2)**		294	123	235	(235)
Free cash-flow (FCF) margin (%)	**16**		17	8	13	n/a

2017 performance improvement on 2016 or achievement in line with strategy

2017 performance drop against 2016

2017 performance on par with 2016

Attributable gold production

2.16Moz

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Safe operational

delivery

In order to deliver sustainable financial returns, we remain focused on running our operations safely and cost effectively. **To deliver on our strategic promises, we need the right people with the right skills, ongoing investments in technology and an innovative approach to energy and carbon management**

Results and impact

Deliver South Deep, Gruyere and Damang
Reduce energy and water costs and secure supply
Meet guidance by following mine plan which aligns with strategic plan
Leverage culture to drive delivery
Embed Zero Harm mindset
Ensure we have the right people in the right roles doing the right things

Production and cost/oz better than yearly guidance with spatial compliance to plan

No fatalities and a reduction in TRIFR by 10% in the long term

Reduce energy usage by 5% to 10% against a future baseline through energy saving initiatives and implement renewable energy initiative at South Deep

Implement ICMM critical controls guidelines on safety, health and environmental stewardship and stakeholder management

Project delivery: deliver Damang, South Deep and Gruyere in accordance with key metrics for 2018 year

Manage talent pipeline and succession cover for critical roles

Reinvigorate vision and values to a winning culture that rewards teamwork and delivery of Group strategy

South Deep Partial achievement of the production targets as defined in the rebase plan and the associated loss of investor confidence

South Deep Logistics and utilities infrastructure

Non-delivery of Damang reinvestment and Gruyere projects

Safety and health of our employees

Attraction and retention of skills

INTRODUCTION

Gold Fields has consolidated its position as a more focused, leaner business with a portfolio that is characterised by modern, fully mechanised underground and open-pit mines, as well as a number of projects that will ensure the long-term sustainability of the Company. The production base is geographically diversified with seven mines and two development projects in four regions.

Gold Fields broader strategy is focused on cash generation and capital discipline rather than ounces for ounces sake. This focus has enhanced the Group s ability to generate free cash-flow (FCF) and provide investors leverage to the gold price through dividends and share price performance. Our six operating mines in Ghana, Australia and Peru lived up to this mandate

during 2017, with solid operational and cost performances which contributed to strong overall results for the Group.

While cash generation has remained a core attribute in all strategic decisions, management is cognisant that the sustainability of this cash generation is vital. As such, the longevity of our portfolio was addressed during 2017 through a number of investments:

- A$184m (US$141m) was spent on the Gruyere project in Western Australia. A$106m (US$81m) of this was project capital, with the bulk of the remaining A$78m (US$60m) relating to cash calls on the deferred Gruyere purchase consideration. This is a 50:50 joint venture with Gold Road Resources. See p84
- US$115m in project capital was spent at our Damang mine in Ghana. See p81
- Near-mine exploration spending of A$99m (US$75m) in Australia (including Gruyere) and US$11m in Ghana. See p86
- US$53m investment on further exploration and drilling at Salares Norte in Chile. See p85

In 2017, Gold Fields attributable gold-equivalent production increased to 2.16Moz (2016: 2.15Moz), beating the upper end of guidance. This performance takes into account the loss of Darlot s contribution in Q4 2017 when its sale took effect and reflects an improved performance across the portfolio, with South Deep being the exception.

Group production overview

	2018 Guidance		2017 Actual		2017 Guidance		2016 Actual	
	Prod (Moz)	AIC (US$/oz)	Prod (Moz)	AIC (US$/oz)	Prod (Moz)	AIC (US$/oz)	Prod (Moz)	AIC (US$/oz)
Group	2.08 -2.10	1,190 -1,210	**2.16**	**1,088**	**2.10 -2.15**	**1,170 -1,190**	2.15	1,006

Central to Gold Fields strategy of growing our margin and maximising FCF, is a relentless focus on managing costs on an all-in cost (AIC) basis. The Group recorded AIC of US$1,088/oz in 2017, which was lower than guidance (US$1,170/oz US$1,190/oz), but higher than the US$1,006/oz recorded in 2016. The year-on-year increase in AIC was driven by the capital expenditure at Gruyere, Damang and South Deep as well as continued exploration spending at Salares Norte. Group AISC decreased to US$955/oz from US$980/oz in 2016, and was significantly lower than guidance of US$1,010/oz US$1,030/oz.

During 2017, Gold Fields increased the capital expenditure levels deemed critical for the longevity of the portfolio. With the focus on extending the life of our ore bodies at all our international mines, Group capital expenditure increased to US$840m (2016: US$650m). This comprises sustaining capital of US$623m (including near-mine exploration of US$87m), equivalent to US$288/oz, and project capital of US$217m. Regional sustaining capital expenditure included:

Australia: Our Australian mines decreased capital expenditure to A$423m (US$324m) in 2017 from A$431m (US$322m) in 2016, with near-mine exploration spending coming in at A$99m (US$75m) in 2017 (2016: A$102m (US$76m))

South Africa: Sustaining capital expenditure at South Deep decreased to R874m (US$66m) in 2017 from R1,030m (US$70m) in 2016

South America: At Cerro Corona capital expenditure declined to US$34m in 2017 from US$43m in 2016. The decrease was mainly due to lower expenditure on the construction of the tailings dam and waste storage facilities

West Africa: Sustaining capital expenditure declined to US$198m (2016: US$206m)

OPERATIONAL PERFORMANCE

Regional performance

Americas region

Production overview		2018 Guidance	2017 Actual	2017 Guidance	2016 Actual
Gold-only production	koz	145	**159**	**152**	150
Copper production	kt	30	**30**	**28**	31
Gold-equivalent production	koz	280	**307**	**290**	270
AIC/AISC[1]	US$ /oz	585	**203**	**620**	499
AIC/AISC eq-oz	US$ /oz	810	**673**	**780**	762

[1] *Significant variances due to movements in the copper price. Copper revenue is viewed as a buy-product revenue for purposes of AIC/AISC calculations, in line with the World Gold Council definition*

Cerro Corona in Peru had a solid year, with total managed gold-equivalent production increasing 14% year-on-year to 307koz in 2017 (2016: 270koz), mainly as a result of the improved copper to gold price ratio, higher gold head grades treated and better gold recoveries. This was 6% higher than the gold-equivalent production guidance for the year of 290koz.

Cost of sales (before amortisation and depreciation, including gold-in-process movements) increased by 10% to US$154m in 2017 from US$140m in 2016. The higher costs were mainly due to a US$3m draw-down of concentrate inventory compared to a US$4m build-up in 2016, higher expenses associated with the increase in tonnes mined

and higher power costs. Capital expenditure decreased by 21% to US$34m in 2017 from US$43m in 2016, mainly due to lower expenditure on the tailings dam and waste storage facilities during 2017 compared to 2016.

AISC and AIC were US$203/oz in 2017 compared to US$499/oz in 2016 and, on a gold equivalent basis, US$673/oz in 2017 (2016: US$762/oz). The decrease in AISC and AIC was primarily due to higher by-product credits, lower sustaining capital expenditure and higher gold sold, partially offset by higher costs of sales.

Critically, we announced a successful extension of Cerro Corona s life to 2030. The life extension is to be achieved by a combination of a higher density factor and an increase in the dam walls of the current tailings dam to 3,803m above sea level (which adds two years to the existing tailings storage facility) and in-pit tailings (which adds five years).

The region reported net cash inflow of US$117m during 2017.

2018 guidance:

- Gold only production: 145koz
- Copper production: 30kt
- Gold-equivalent production: 280koz
- AISC/AIC: US$585/oz
- AIC/AISC (Au-eq): US$810/oz

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OPERATIONAL PERFORMANCE continued

Australia region

Production overview	2018 Guidance		2017 Actual		2017 Guidance		2016 Actual	
	Prod (koz)	AISC/AIC (A$/oz)	Prod (koz)	AISC/AIC (A$/oz)	Prod (koz)	AISC/AIC (A$/oz)	Prod (koz)	AISC/AIC (A$/oz)
St Ives	360	1,250 (US$1,000)	**364**	**1,198 (US$916)**	**360**	**1,325 (US$970)**	363	1,273 (US$949)
Agnew	230	1,310 (US$1,050)	**241**	**1,276 (US$977)**	**220**	**1390 (US$1,020)**	229	1,301 (US$971)
Granny Smith	275	1,240 (US$990)	**290**	**1,171 (US$896)**	**278**	**1,215 (US$890)**	284	1,119 (US$834)
Darlot[1]	Sold	Sold	**39**	**1,874 (US$1,432)**	**52**	**1,755 (US$1,285)**	66	1,662 (US$1,238)
Region	865	1,263 (US$1,010)	**935**	**1,239 (US$948)**	**910**	**1,332 (US$977)**	942	1,261 (US$941)

[1] Darlot Q1 Q3 2017

Gold Fields Australian operations delivered another strong operational performance in 2017. Gold production of 935koz at AIC of A$1,239/oz (US$948/oz) was better than full year guidance of 910koz at an AIC of A$1,332/oz (US$977/oz), despite the sale of Darlot, which was completed on 2 October 2017. Granny Smith, St Ives and Agnew all outperformed both production and cost guidance, while Darlot was on track to achieve guidance before being sold. Production was only 1% lower than in 2016 (942koz), despite the loss of fourth quarter output from Darlot.

Costs of sales decreased by 2% to A$675m (US$517m) in 2017 from A$689m (US$514m) in 2016 as a consequence of more material mined than processed, partially offset by increased mining volumes. Capital expenditure decreased to A$423m (US$324m) from A$431m (US$322m).

The Australia region reported a net cash inflow of US$187m in 2017 compared to US$256m in 2016.

The lower cash-flow was mainly due to an increase in tax payments to A$171m in 2017 (2016: A$92m).

Mine performances

At **St Ives** the Invincible complex continued to be the main source of production during 2017. The Drake and Fenton underground portals at Invincible were blasted in July and first ore at Invincible Underground was intersected in December. The Invincible open pit will continue to operate in 2018 but will be phased out by end-2019, at which point Invincible underground and the Neptune open pit will be the main sources of ore at St Ives.

Production increased marginally to 364koz in 2017 from 363koz in 2016, and came in slightly ahead of guidance of 360koz. Cost of sales decreased by 15% to A$207m (US$159m) in 2017 from A$244m (US$182m) in 2016, mainly due to a gold inventory credit of A$38m (US$29m) in 2017 compared to a credit of A$15m (US$11m) in 2016. In addition, mining costs decreased by A$19m (US$14m) in 2017 on the

back of reduced operational tonnes mined from the open pits together with cost improvements at the open pits and Hamlet underground.

Capital expenditure increased 9% to A$204m (US$156m) during 2017 from A$188m (US$140m) in 2016, with A$21m (US$16m) incurred at the new Invincible underground mine.

AISC and AIC decreased 6% to A$1,198/oz (US$916/oz) in 2017 from A$1,273/oz (US$949/oz) in 2016 and were 10% below full year guidance of A$1,325/oz (US$970/oz).

St Ives generated net cash-flow of US$125m for the year.

A review of the mine s brownfields exploration activity in 2017 is on p86.

2018 guidance:

Gold production: 360koz
AISC/AIC: A$1,250/oz
(US$1,000/oz)

At **Agnew**, gold production increased 5% to 241koz in 2017 from 229koz in 2016, and was 10% higher than guidance of 220koz. The higher production was mainly due to higher tonnes mined and processed.

Costs of sales increased 4% to A$197m (US$150m) in 2017 from A$189m (US$141m) in 2016 due to higher mining costs, which resulted from a 16% increase in ore development metres. AISC and AIC decreased to A$1,276/oz (US$977/oz) in 2017 from A$1,301/oz (US$971/oz) in 2016, due to higher gold sold, partially offset by higher net operating costs and capital expenditure. Capital expenditure increased by 2% to A$96m (US$74m) in 2017 from A$94m (US$70m) in 2016, driven by the purchase of a crushing facility for A$5m (US$4m) in 2017.

Agnew generated net cash-flow of US$76m in 2017.

A review of the mine s brownfields exploration activity in 2017 is on p86.

2018 guidance:

Gold production: 230koz
AISC/AIC: A$1,310/oz
(US$1,050/oz)

At **Granny Smith**, production increased by 2% to 290koz in 2017 from 284koz in 2016, and was 4% ahead of guidance for the year. Costs of sales increased 17% to A$210m (US$160m) in 2017 from A$179m (US$134m) in 2016 due to higher volumes mined and a gold-in-process charge in 2017 compared with a credit in 2016. AISC and AIC of A$1,171/oz (US$896/oz) in 2017 compared with A$1,119/oz (US$834/oz) in 2016, with the increase driven by higher cost of sales, partially offset by higher gold sold and lower capital expenditure.

Capital expenditure was 6% lower in 2017 at A$114m (US$87m), with the majority of the expenditure related to capital development and infrastructure at the Wallaby mine, exploration and the purchase of mobile equipment. The mine

development programme saw around 10km of horizontal capital development advanced, providing access to lower ore horizons at Zone 110/120. Following a positive feasibility study of Zone 110/120 an extension at depth to the Wallaby mine was approved.

Granny Smith generated net cash-flow of US$125m in 2017.

A review of the mine s brownfields exploration activity in 2017 is on p86.

2018 guidance:

Gold production: 275koz
AISC/AIC: A$1,240/oz
(US$990/oz)

Darlot produced 39koz in the nine months to end-September before being sold to Australian mining group Red 5. As part of the sale agreement Gold Fields has taken a 19.9% stake in Red 5, thereby maintaining exposure in Darlot.

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OPERATIONAL PERFORMANCE continued

South Africa region

	2018 Guidance		2017 Actual		2017 Guidance		2016 Actual	
roduction verview	Prod (kg)	AIC (R/kg)	Prod (kg)	AIC (R/kg)	Prod (kg)	AIC (R/kg)	Prod (kg)	AIC (R/kg
outh Deep	10,000 (321koz)	540,000 (US$1,400/oz)	**8,748 (281koz)**	**600,109 (US$1,400/oz)**	**9,800 (315koz)**	**585,000 (US$1,290/oz)**	9,032 (290koz)	583,059 (US$1,234/oz

The implementation of the **South Deep** rebase plan got off to a slow start, with five safety incidents impacting production during Q1 2017. As a result production was 600kg (19koz) lower than planned. The mine was unable to make up the shortfall in production and consequently fell short of guidance for the year.

Despite a strong recovery in the second half, production for the full year decreased by 3% to 8,748kg (281koz) in 2017 from 9,032kg (290koz) in 2016 and was 11% short of the guided 9,800kg (315koz). Costs of sales were 2% higher at R4,062m (US$305m). AISC increased by 1% to R574,406/kg (US$1,340/oz) from R570,303/kg (US$1,207/oz) in 2016, while AIC increased by 3% to R600,109/kg (US$1,400/oz) compared with R583,059/kg (US$1,234/oz) in 2016. The increase in AISC was driven by lower gold sold and higher costs of sales, partially offset by lower sustaining

capital expenditure. AIC increased for the same reasons in addition to higher non-sustaining capital incurred during 2017. The rebase plan had guided an AIC of R585,000/kg (US$1,280/oz) for year one. South Deep also reported a goodwill impairment of R3.5bn (US$278m) (gross and after tax) during 2017, related to the slow start of the rebase plan and a reduction in the gold price and resource price assumptions used in the life-of-mine model.

Capital expenditure decreased by 4% to R1,099m (US$82m) in 2017 from R1,145m (US$78m) in 2016. Sustaining capital expenditure decreased to R874m (US$66m) in 2017 from R1,030m (US$70m) in 2016, underpinned by lower spend on the mine s fleet. Non-sustaining capital expenditure increased to R225m (US$17m) in 2017 (2016: R115m (US$8m)) due to higher expenditure on new mine development infrastructure and refrigeration infrastructure.

During 2017, development decreased marginally to 6,897 metres from 6,933 metres in 2016, with development in the new mine areas increasing by 20% to 976 metres from 811 metres in 2016. Destress mining increased by 3% to 33,419m² in 2017 from 32,333m² in 2016. Long-hole stoping volumes mined increased by 3% to 767kt in 2017 from 745kt in 2016.

South Deep recorded a net cash outflow of US$60m, in line with the rebase plan.

For a details the progress of the South Deep rebase plan, please refer to p82.

2018 guidance:

Gold production: 10,000kg (321koz)

AISC: R500,000/kg (US$1,300/oz)

AIC: R540,000/kg (US$1,400/oz)

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West Africa region

Production overview	**2018 Guidance**		**2017 Actual**		**2017 Guidance**		**2016 Actual**	
	Prod (koz)	**AIC (US$/oz)**	**Prod (koz)**	**AIC (US$/oz)**	**Prod (koz)**	**AIC (US$/oz)**	**Prod (koz)**	**AIC (US$/oz)**
Tarkwa	520	970	**566**	**940**	**565**	**985**	568	959
Damang	160	1,520	**144**	**1,827**	**120**	**2,250**	148	1,254
Region	680	1,100	**710**	**1,119**	**685**	**1,193**	716	1,020

The West Africa region is the second biggest producer in the Gold Fields portfolio, contributing 32% to Group managed production in 2017. Gold Fields has a shareholding of 90% in both mines with the Ghana government holding the remaining 10%.

The Damang reinvestment project, which commenced on 23 December 2016, got off to a strong start, with both contractors performing ahead of plan. During 2017, total tonnes mined were 40Mt compared to the original project schedule of 33Mt, while gold produced was 144koz against guidance of 120koz. Encouragingly, AISC of US$1,027/oz and AIC of US$1,827/oz both came in below guidance of US$1,175/oz and US$2,250/oz, respectively. For an update on the Damang reinvestment plan, see p81.

Despite total managed gold production for the region falling 1% to 710koz in 2017, it came in 4% ahead of guidance of 685koz, driven by the better than expected performance at Damang costs of sales for the region decreased by 8% to US$428m in 2017 from US$463m in 2016, underpinned by lower production, continued business process re-engineering and a build-up of inventory of US$41m (2016: US$18m). The mine also realised benefits from incorporating the Development Agreement, which was signed with the Ghana government in 2016 and was fully embedded during 2017.

Capital expenditure increased to US$313m in 2017 from US$206m in 2016, with the bulk of the increase coming from the US$115m in project capital incurred at Damang. AIC for

the region was US$1,119/oz, 6% lower than guidance of US$1,193/oz and 10% higher than the US$1,020/oz reported in 2016.

Despite the significant amount of project capital incurred at Damang, the region as a whole reported a net cash inflow of US$64m during 2017, with Tarkwa generating net cash of US$109m and Damang recording a US$45m outflow.

Through an agreement with US-based Genser Energy, an independent power producer, Tarkwa and Damang are now being supplied with gas-fired, on-site energy. This has improved reliability, the mills operational efficiencies and contributed to significant cost savings as a result of lower tariffs and using less diesel-driven generators. Savings during 2017 were around US$15m, when taking into account improved efficiencies and higher utility tariffs the mines would otherwise have had to pay. For more details see p63.

Mine performances

At **Tarkwa**, the largest and one of the most consistent producers in the Gold Fields Group, production decreased marginally to 565koz in 2017 (2016: 568koz), but was in-line with guidance of 565koz. The mine s carbon-in-leach plant throughput decreased slightly to 13.5Mt (2016: 13.6Mt), while its yield remained steady at 1.30g/t.

Cost of sales decreased by 6% to US$306m in 2017 from US$327m in 2016. Capital expenditure increased 8% to US$181m in 2017 from US$168m in 2016 mainly due to higher expenditure on the mining

fleet. AISC and AIC decreased by 2% to US$940/oz in 2017 from US$959/oz in 2016, and were comfortably below guidance of US$985/oz.

Tarkwa generated a net cash inflow of US$109m during 2017.

2018 guidance:

- Gold production: 520koz
- AISC/AIC: US$970/oz

Damang produced 144koz in 2017, which is 3% lower than the 148koz produced in 2016, but 20% higher than guidance of 120koz. While the reinvestment plan entailed an increase in both operating costs and capital expenditure, both AISC (US$1,027/oz) and AIC (US$1,827/oz) came in below guidance. This is a result of the strict cost controls and better than expected efficiencies from the contractors used to implement the plan.

Cost of sales decreased 10% to US$122m in 2017 from US$136m in 2016, due to the benefits of the Development Agreement being realised, the move to contractor mining and lower operating tonnes mined.

Damang recorded a net cash outflow of US$45m in 2017, underpinned by the US$115m in project capital spent during the year.

2018 guidance:

- Gold production:160koz
- AISC: US$860/oz
- AIC: US$1,520/oz

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SAFETY

Introduction

Gold Fields commitment to safety and health as our foremost priority reflects the need to minimise any potential negative impact on our employees and contractors, maintain operational continuity and protect our reputation. Gold Fields annual performance bonus both for managers and the wider workforce contains a significant safety component. Furthermore, maintaining safe and healthy working conditions is a key compliance issue.

As stated in our Occupational Health and Safety Policy, Gold Fields strives for zero harm at all of our operations and to minimise occupational health and safety hazards. All of the Group s operations are certified to the OHSAS18001 international health and safety management system standard.

The work on safety is integral to our operational discipline and is accepted as the foundation for improved operational performance. As such, there is no conflict between pursuing safety and productivity at the same time.

For details of our safety and health management approach, policies and guidelines go to **www.goldfields.com/ sustainability.php**

Group safety performance

During 2017, Gold Fields safety performance regressed after years of steady improvement. Most critically, we recorded three fatal injuries compared with one fatal injury in 2016. The total recordable injury frequency rate (TRIFR) increased to 2.42 incidents per million hours worked in 2017 from 2.27 in 2016, which was the lowest TRIFR at Gold Fields since 2013 when the ICMM adopted the measure as the most accurate gauge of safety performance.

The number of recordable injuries also rose to 138 in 2017 from 124 in 2016. Of the 138 injuries, 75 were employee injuries (2016: 76) and 63 were contractor injuries (2016: 48).

Most concerning is the increase in the fatalities last year, two of which occurred at South Deep and one at the Tarkwa mine in Ghana:

- On 1 January, Thankslord Bekwayo, a dump truck operator at South Deep, hit an underground safety support structure with his truck and dislodged a horizontal beam, which struck Mr Bekwayo in the driver s cabin. Following the incident the mine installed cabin doors in all relevant vehicles, repaired and illuminated steel support arches and enforced first-gear driving in support-set areas
- On 16 February, Nceba Mehlwana, a South Deep loco driver, was fatally injured when he was struck by a steel drill rod he was using to close a stuck hopper door. After the incident the mine examined all hoppers, removed all sub-standard units, upgraded all hoppers after a comprehensive design review and ensured appropriate training and work practices are in place
- On 14 October, Moses Adeaba, a contractor at the Tarkwa mine, was crushed by equipment in a scaffold storage shed. Since this was an unauthorised access area, the mine reviewed access controls to such sites after the accident, as well as the stacking arrangements in storage sheds

Despite the setback in our overall safety performance last year, certain operations reported strong performances. The Cerro Corona mine in Peru reported only one recordable injury in 2017. That was in January of that year; since then it has operated for 14 months without

a recordable injury. The Tarkwa mine in Ghana has a TRIFR of 0.18, the lowest in the Group with only three reportable injuries in 2017, which included the fatality. South Deep has operated for over a year and well over one million fatality free shifts since the fatal incident on 16 February.

Behaviour-based safety programmes are in place across our operations and our work at embedding these into our day-to-day performance, along with visible management leadership on the ground, will be strengthened in the wake of the fatalities during 2017. A safety leadership forum has been established to share learnings and good practices across the Group.

To address the risk of major safety and related incidents, the Board s Safety, Health and Sustainable Development Committee in 2017 oversaw the adoption of the critical control management approach promoted by the ICMM. The material unwanted events (MUEs) in safety and then health, environment and community were identified and prioritised in each region. Controls to prevent or mitigate these MUEs were then prioritised in a process continuing in 2018. In addition, major safety incidents in the mining industry globally were monitored to identify potential risks to Gold Fields operations.

Gold Fields major safety MUEs have been identified, amongst others, as explosives, vehicle incidents, fire, hazardous materials, slope stability, machinery and guarding and underground ground control. The major health, environmental and community MUEs identified are tailings facility incidents, exposure to hazardous chemicals, particularly cyanide, failure to comply with legal requirements and water pollution.

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Group safety performance

	2017	2016	2015	2014	2013
TRIFR[1]	**2.42**	2.27	3.40	4.04	4.14
Fatalities[2]	**3**	1	4	3	2
Lost time injuries[3]	**52**	39	68	75	52
Restricted work injuries[4]	**60**	59	68	84	73
Medically treated injuries[5]	**23**	25	35	38	54
Total recordable injuries	**138**	124	174	200	181

[1] *Total recordable injury frequency rate (TRIFR) Group safety metric was introduced in 2013. TRIFR = (fatalities + lost time injuries + restricted work injuries + medically treated injuries) x 1,000,000/number of hours worked*

[2] *Three of the four fatalities in 2015 were workplace accidents. A fourth fatality was a member of the protection services team at South Deep who was shot and killed during a robbery at the mine*

[3] *A lost time injury (LTI) is a work-related injury resulting in the employee or contractor being unable to attend work for a period of one or more days after the day of the injury. The employee or contractor is unable to perform any of his/her duties*

[4] *A restricted work injury (RWI) is a work-related injury sustained by an employee or contractor which results in the employee or contractor being unable to perform one or more of his/her routine functions for a full working day, from the day after the injury occurred. The employee or contractor can still perform some of his/her duties*

[5] *A medically treated injury (MTI) is a work-related injury sustained by an employee or contractor which does not incapacitate that employee or contractor and who, after having received medical treatment, is deemed fit to immediately resume his/her normal duties on the next calendar day, immediately following the treatment or re-treatment*

Regional safety

performance

Americas region

	2017	2016
Fatalities		
TRIFR	**0.19**	0.34
Recordable injuries	**1**	2

Cerro Corona s outstanding safety performance, with no recordable injuries between February 2016 and February 2017, can be attributed to aggressive safety campaigns and extensive training held at the mine. On a quarterly basis all employees and contractors are given training to reinforce their safety knowledge and motivate good behaviour. Employees were also briefed on the phasing out of coca leaf consumption, which has an adverse impact on alertness levels.

Australia region

	2017	2016
Fatalities		
TRIFR	**10.44**	9.43
Recordable injuries	**61**	57

At the heart of Gold Fields Australia s safety efforts are the ongoing Visible Felt Leadership and Vital Behaviours programmes, both of which were introduced in 2014. Our annual survey among employees in 2017

indicated that 91% of the workforce say they adhere to their vital behaviours at all times.

Assessments undertaken on all recordable injuries since 2012 indicate that the risk of incidences that result in recordable injuries is steadily declining. No high-risk events have occurred since 2014. However, during 2017 management compiled 15 critical hazard standards covering these events. Analytical tools have also been provided to mines to assist with understanding and verifying the effectiveness of safety systems.

Contractor safety management will remain a focus at all our operations. For 2017, the TRIFR for our permanent workforce was 8.38 as opposed to the contractor TRIFR of 12.79, a 35% variance. This variance is attributed to the difficulty in achieving the required cultural shifts for safe behaviours with a transient and external workforce.

The Gruyere project, in its first year under Gold Fields management, has been a focal point to ensure that our Vital Behaviours programme and our requirements for Visible Felt Leadership are implemented. Gruyere achieved a TRIFR below the 8.50 target for 2017, which sets a good foundation for the operational phase given the number of contractors on site and the risks associated with a construction project.

All three mines in the region St Ives, Agnew and Granny Smith have underground operations that are at increasing depths. This increases seismic activity and with it the danger of rock falls. All operations have seismic hazard and ground control management plans in place, while real-time seismic monitoring is provided by the Institute of Mine Seismology in Australia. The monitoring programme generates real-time reports that can be tracked from control rooms at the operations and are also available on mobile phones of key staff to take appropriate actions when seismic activity is high.

South Africa region

	2017	2016
Fatalities	**2**	1
TRIFR	**2.91**	2.42
Recordable injuries	**64**	50

South Deep s safety performance showed a regression in 2017 with the two fatalities contributing to a rise in the TRIFR to 2.91 in 2017 from 2.42 in 2016.

As a result of South Deep s fatal incidents, the Department of Mineral Resources (DMR) issued four Section 54 work-safety related stoppages. A further 11 Section 54 stoppages were issued during 2017 following visits by the DMR due to

SAFETY continued

either perceived unsafe working conditions, inadequate safety procedures or untrained personnel. This brings to 15 the total number of Section 54s in 2017 (2016: 15). These had a material impact on the mine and we estimate that about 24 days of production were lost as a result of the Section 54s stoppages. However, many of the recommendations by the DMR assist the mine in improving safety and wellness-related issues, and we co-operate with the regulator on a continuous basis.

The number of injuries reported by the mine increased to 64 in 2017 from 50 in 2016. Three categories material and equipment, fall-of- ground and slip and fall accounted for 75% of these injuries. Underground vehicle and locomotive incidents were the reason for the two fatalities in 2017, and this has been the focus of our safety efforts.

The number of fall-of-ground accidents had been steadily reducing with six reported in 2015, but 14 incidents last year. In 2017 there were nine fall-of-ground incidents, though there were no injuries sustained as a result of these incidents. We continue our efforts to move our employees away from potentially hazardous areas by focusing on strict compliance to spatial design and timeous installation of ground support to mitigate against the impact of fall-of-ground events.

Fall-of-ground incidents underground are the result of gravity and seismic events at South Deep, which occur on a regular basis. Efforts at improving seismic forecasting abilities are ongoing and seismic activity rates are tracked following larger events to determine safer periods for the resumption of work. South Deep is working with 12 consultancies and institutions, including the Institute of Mine Seismology and the Australian Centre for Geomechanics, to monitor, understand and mitigate

against seismic risk in deep level gold mining. In 2018 we intend to implement centralised blasting across the mine, which will further assist in reducing the risk associated with seismic events.

All seismic events are tracked and rated on a local magnitude scale. Seismic events registering above one on the magnitude scale decreased to 95 in 2017 from 104 in 2016 while events above magnitude two increased to seven in 2017, one more than in 2016. However, the average energy released per event is declining as the mine continues to implement measures and systems that improve safe production.

Behaviour-based incident management and strict enforcement of safety standards continue to be the pillars on which the mine relies to improve working place physical conditions and address risky behaviour. In addition, 30% of bonuses, on average, are linked to safety-related performance. During 2017, South Deep rolled out four programmes to improve its safety performance, including back-to-basics training, hazard identification and risk assessments as well as artisan upskilling. Testing for alcohol and cannabis is also carried out as part of the mine s zero tolerance policy, which applies to all South Deep employees.

Beyond behaviour-based management, South Deep has also intensified its effort to engineer-out safety risks, through preconditioning of working areas, as well as upgrading machinery and equipment. As part of this, installation of a proximity detection system (PDS) has been rolled out at South Deep. The PDS warns both pedestrians and drivers of railed and trackless vehicles of each other s proximity, and has contributed to a reduction of incidents involving pedestrians and mobile equipment.

The PDS system entails vehicle-to-vehicle, vehicle-to-personnel and vehicle-to-beacons alert systems.

Substantial progress has been made in the implementation of PDS across the mine, as the use of trackless mobile machinery has increased. All 56 locomotives at the mine have been fitted and relevant operators and artisans trained in its use. The next step is the interface between the trackless mobile machinery and rail-bound equipment in areas where the roadway crosses the tracks.

West Africa region

	2017	**2016**
Fatalities	**1**	
TRIFR	**0.50**	0.68
Recordable injuries	**12**	15

The fatal accident at the Tarkwa mine, overshadowed a continued improvement in TRIFR at both Ghanaian operations. Tarkwa s TRIFR of 0.18 in 2017 (2016: 0.31) is the best in the Group, while Damang s TRIFR improvement to 1.19 (2016: 1.67) is commendable given the risk associated with the Damang pit cutback work.

In the wake of the fatal accident, supervision and contractor management standards were reviewed and improvements recommended. These have been incorporated into the goals of the region s 2018 health, safety and environment strategy. Learnings and actions from the incident have been shared and implemented regionally with Damang.

The mines rely on a number of behaviour-based and safety discipline awareness programmes to entrench safe behaviour. A key part of the safety strategy is a zero tolerance approach to drug and alcohol use. Over 58,000 alcohol and almost 400 drug tests were conducted at both mines during 2017 and employees and contractors, who were found to be over the limit, were dismissed. The zero tolerance approach is supported by free counselling and educational sessions on drug and alcohol abuse.

HEALTH

Introduction

Gold Fields is committed to reducing the exposure of its employees to occupational health risks, including those associated with air quality, silicosis, tuberculosis, diesel particulate matter and hearing loss. As such, each region has implemented occupational health and hygiene monitoring for diesel particulates, respirable and silica dust, other airborne pollutants and noise. Particular emphasis is placed

on managing the underground working environments in Gold Fields Australian and South African operations, due to the heightened health risks that underground mining poses to workers.

All of Gold Fields regions run dedicated health programmes, tailored to both the national and local context of each mining operation. These programmes aim to identify and manage chronic

medical conditions within the workforce, whilst also maximising its productive capacity and reducing absenteeism.

The adoption of the critical control management approach promoted by the ICMM, will also assist with the identification and mitigation of adverse health impacts on our employees.

Occupational diseases at South Deep (rate per 1,000 employees and contractors)

	2017	2016	2015	2014[1]	2013[1]
Noise-induced hearing loss (NIHL)[1]	**0.78**	0.80	0.68	1.52	0.62
Cardio-respiratory tuberculosis (CRTB)	**3.26**	5.26	6.16	9.15	6.5
Silicosis[1]	**1.71**	1.12	1.54	2.67	1.86
Chronic obstructive airways disease (COAD)[2]	**0.47**	0.64	0.17	0.76	0.00
South Deep workforce	**6,432**	6,277	5,837	5,246	6,466

[1] *Numbers are now presented per 1,000 employees and contractors. Comparatives have been restated*
[2] *Based on the number of cases submitted for compensation*

Silicosis and Tuberculosis

The South African mining industry regulations for silica dust exposure require that 95% of all personal silica dust samples taken must be below 0.05mg/m³ by 2024. By the end of 2017, 24% of the employee silica dust samples exceeded this level, compared with 26% in 2016. South Deep has accelerated the implementation of a range of improved dust control measures to gradually reduce these levels, including:

- Real-time dust monitoring
- Fitting water mist sprays at dust sources
- Dust management controls on footwalls and internal tips
- Establishing of a dust-task team
- Introducing of centralised blasting in 2018
- Introducing of automated footwall treatment systems in 2018

During 2017 the Silicosis rate per 1,000 employees regressed to 1.71 from 1.12 in 2016, with the number of Silicosis cases submitted to the relevant health authorities rising to 11 from seven in 2016. However, no South Deep employee who joined

the mine after 2008 and had previously not been exposed to silica dust, has contracted Silicosis. South Deep s CRTB rate improved to 3.26 per 1,000 employees in 2017 from 5.26 in 2016 and the number of CRTB cases submitted per 1,000 employees fell to 21 in 2017 from 35 in 2016.

In 2014 an industry working group was formed to address issues relating to compensation and medical care for occupational lung disease in the South African gold mining industry. Since then the working group has had extensive engagements with a wide range of stakeholders, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies related to occupational lung disease.

The companies Anglo American South Africa, AngloGold Ashanti, African Rainbow Minerals, Gold Fields, Harmony and Sibanye believe that fairness and sustainability are crucial elements of any solution and are working

together with these stakeholders to design and implement a comprehensive solution that is both fair to past, present and future gold mining employees and also sustainable for the sector. The companies do not believe that they are liable in respect of the claims brought, and are defending these.

In May 2016, the South African South Gauteng High Court ordered the certification of a silicosis class and a tuberculosis class following the filing of the legal suits. The High Court ruling did not represent a ruling on the merits of the cases brought against the mining companies. The Supreme Court of Appeal granted the mining companies leave to appeal against all aspects of the May 2016 judgment. However, during 2017 good faith settlement negotiations between the working group and claimants legal representatives reached an advanced stage, so much so that both parties jointly asked for the appeal proceedings to be postponed until further notice. This was granted.

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HEALTH continued

Also as a result of the positive engagements, Gold Fields, in its interim 2017 results, provided an amount of US$32m (R390m) in the statement of financial position for its share of the estimated cost in relation to a possible settlement of the class action claims and related costs. The nominal value of this provision was US$40m (R509m).

At our operations in Ghana, Australia and Peru, contact with silica dust is limited due to the nature of open-pit mining and the low silica content of the ore bodies. As such there were no new cases of Silicosis and CRTB reported at these operations during 2017.

HIV/Aids

HIV/Aids management is integrated into Gold Fields mainstream health services at our South African and Ghanaian mines and Voluntary Counselling and Testing (VCT) takes place during regular employee health assessments. This has the added benefit of directly addressing the interaction of HIV/Aids with related health issues such as Tuberculosis (TB).

In South Africa an estimated 15 to 19% of adults (aged 15 to 49) live with HIV/Aids. Gold Fields is committed to lowering the HIV/Aids levels at South Deep, where the prevalence rate (% of the workforce living with HIV/Aids) is 5.2% for those employees that were tested and counselled. There was a decline in the number of employees tested positive to 45 in 2017 from 112 in 2016. Since 2011, 5,597 HIV/Aids tests have been conducted of which 874 were positive. Between 2014 2017 about 76% of the workforce were counselled and tested for HIV. South Deep s integrated HIV/Aids and TB strategy directly addresses interactions between these diseases.

It has four key pillars:

- **Promotion:** This includes regular publicity campaigns and condom distribution at all workplaces
- **Prevention:** VCT is provided to all mine employees and contractors on a confidential basis. In 2017, the mine s VCT participation rate was around 29%
- **Treatment:** Free Highly Active Anti-Retroviral Treatment (HAART) is provided to HIV-infected employees through onsite, medical doctor-staffed clinics. In 2017, 36 employees joined the HAART programme (2016: 53). This takes the total number of active participants to 336 (2016: 332), with 574 cumulatively enrolled since the HAART programme began in 2004. Employees dependants can also receive HAART via the Company s medical

aid schemes. We do not provide treatment to employees from contracting firms, which provide their own support to their staff

Support: This includes doctor-based primary healthcare, psychological counselling and social services for all employees and contractors. South Deep also supports a number of community-based HIV/Aids projects

In Ghana, where the national HIV/ Aids rate is around 2%, employees and contractors have access to a confidential VCT programme which employees receive free of charge. During 2017, about 49% of the workforce underwent the VCT programme. Anyone testing positive is provided with free treatment in line with the government s national HIV/ Aids treatment programme. By year-end 2017 Ghana had 34 employees on HAART (2016: 22).

Malaria

Our workforce in Ghana faces a high risk of exposure to malaria and the Company has a comprehensive malaria control strategy in place, which incorporates education,

prevention, prophylaxis and treatment. It also includes provision of mosquito repellent for workers, support for community health facilities and rapid diagnosis and treatment.

In 2017, 392 employees (2016: 505) tested positive for malaria after 2,460 (2016: 3,181) individuals were tested at both of our mines. None of the treated cases proved fatal. Employees and dependants who live in the mine villages have their Company housing units sprayed twice a year as part of our Malaria Vector Control programme. Under this programme a total of 488 Company housing units at both mines were sprayed in 2017.

The number of South Deep employees who contracted Malaria almost doubled to 17 in 2017 from nine in 2016, though these were migrant workers from areas which are considered high-risk areas.

Noise

During 2017, there were no new cases of NIHL at our Australian, Peruvian or Ghanaian operations and five at the South Deep mine. All our mines are making good progress in implementing a range of medical, educational and engineering interventions to improve performance in this regard. These include:

- Early diagnosis and management of treatable lifestyle diseases
- Preventative counselling on NIHL
- Equipping employees with the appropriate personal protection equipment (PPE) and training them in the use of PPE
- Application of noise management measures to the underground mining fleet
- Continuous monitoring of operator workstations and in-pit machines drill rigs, excavators, dump trucks and graders
- Engineering controls, such as sound proof seals for equipment operator cabins

South Deep met the MHSC milestone for equipment noise not to exceed 110 (A-weighted) decibels (dB(A)), and only 4% of samples were above the 2024 milestone of 107 dB(A). It is important to note that these measurements do not incorporate the noise reduction effect provided by hearing protection devices, which are freely available and are compulsory to wear in demarcated areas. These devices (ear plugs and ear muffs) ensure that operators at all our operations experience noise levels of below 85 dB(A).

Diesel particulate matter

Gold Fields undertakes regular monitoring and analysis of the concentration of diesel particulate matters (DPM) at all of its operations. This issue is particularly material at Gold Fields underground mines in Australia and South Africa,

due to the potential concentration of particulates in specific working areas.

While there are no regulatory limits, the Australia region implemented a strategy in 2014 designed to reduce exposure to DPM with a focus on fitting filters to equipment, refining maintenance schedules, ensuring the correct levels of ventilation and providing appropriate procedural controls. These initiatives have led to a sharp decline in DPM levels underground, to a point where less than 1% of samples have exceeded the $70µg/m^3$ target (adjusted for a 12-hour shift) recommended by the Australian Institute for Occupational Hygienists.

In South Africa, new regulations have not yet been promulgated, but a limit of $160µg/m^3$ is considered good practice. This is what South

Deep has been working towards through a range of programmes, such as the acquisition of vehicles and machines with more advanced engine technology as well as use of ultra-low sulphur content diesel. The $160µg/m^3$ DPM OEL was exceeded in 12% of samples during 2017 compared with 14% in 2016 and 19% in 2011.

At our open-pit mines in Ghana and Cerro Corona, the exposure levels and concentration of personal and area DPM samples are insignificant. Longer-term, the International Council on Mining & Metals is giving consideration to a strategy that will see major mining companies entering a dialogue with equipment manufacturers to gradually introduce electrical machinery and equipment underground.

FIT-FOR-PURPOSE WORKFORCE

People are critical to safe operational delivery. During the year our main human resource (HR) objectives focused on ensuring we have the skills, culture, organisational structure and workforce profile necessary to meet our strategic objectives.

Gold Fields respects the personal dignity, privacy and personal rights of every employee. We are committed to maintaining a workplace free from discrimination and harassment, in which employees are treated fairly and equitably. We support and strive to ensure that the principles of the

United Nations Universal Declaration of Human Rights are embedded and upheld in our business. We comply with all relevant labour legislation, standards and requirements in the jurisdictions in which we operate, and uphold the constitutional rights of our people as set out in the relevant countries in which we operate.

Workforce profile

Total workforce by region

Dec 2017	Total workforce	Employees	Contractors	Proportion of nationals
Americas	**2,034**	365	1,669	100%
Australia	**2,337**	1,449	888	98%
South Africa	**6,432**	4,012	2,420	82%
West Africa	**7,671**	2,910	4,761	99%

Corporate Office	**120**	120		
Total	**18,594**	8,856	9,738	95%

Group HR performance

Category	2017	2016	2015	2014	2013
Total employees (excluding contractors)	**8,856**	8,964	9,052	8,954	10,167
Contractors[1]	**9,738**	9,127	7,798	6,486	6,685
HDSA employees in South Africa(%)[2]	**71**	72	71	71	70
HDSA employees in South Africa (%) senior management[2]	**57**	55	48	47	44
National employees in Ghana (%) excluding contractors	**99**	99	99	99	99
Minimum wage ratio[3]	**2.43**	1.97	1.50	1.70	3.00
Female employees (%)	**16**	15	14	14	11
Ratio of basic salary men to women	**1.25**	1.31	1.09	1.10	1.20
Employee wages and benefits (US$m)	**506**	482	435	468	595
Average training (hours per employee)	**223**	273	240	181	973
Employee turnover (%)[4]	**6.0**	12.0	8.0	20.2	10.0

[1] *Contractors are defined as workers who are not employees and are not on our payroll. They normally perform work that has been outsourced by our operations or is specialist work that is not always undertaken by our mines on a day-to-day basis*

[2] *Excluding foreign nationals, but including white females and corporate office staff; HDSAs Historically Disadvantaged South Africans, according to the Employment Equity Act definition*

[3] *Entry level wage compared to local minimum wage*

[4] *Includes voluntary and involuntary turnover*

Structuring the workforce

A key area of focus in 2017 was to ensure that our mines have the appropriately sized and qualified workforce to drive safe operational delivery.

Australia region

Taking on the management of the Gruyere project, the Gold Fields Australia region needed to develop a compelling value proposition to attract and retain skilled staff for the project s construction in an increasingly competitive market. The benefits offered, while well within industry benchmarks, enabled us to attract the rights skills for the timeous completion of the project.

South Africa region

Achieving the targets of the rebase plan (p82) to set up South Deep for long-term sustainable production will require the right leadership structures, resources and capabilities. During 2017, the mine s management team analysed the effectiveness and efficiency of South Deep s organisational structure. This comprised a review of the managerial, operational and support structures of the mine to:

- Improve efficiencies by reducing the size and complexity of the organisation to allocate clear accountability, removing duplication and improving decision-making
- To align the cost base with productivity rates, gold price and exchange rate pressures and lower projected revenue flow over the next few years
- Structure support functions to meet the requirements of a leaner organisation

A restructuring process commenced during 2017 at managerial level, with 26% of the management team being retrenched and a number of other positions being regraded. Since October 2017, management has also held extensive engagements with the National Union of Mineworkers and the United Association of South Africa, South Deep s two registered trade unions, regarding the importance of a turnaround process at South Deep. This centres around achieving the improved productivities necessary to meet the ramp-up targets of the rebase plan.

West Africa region

During 2017 we took a decision to move our Tarkwa operation to contractor mining to support the mine s efforts to prolong its life. We already use contractor mining at our Damang mine as part of the mine s reinvestment programme. As with Damang, the majority of affected employees at Tarkwa between 80 85% will be absorbed by the mining contractors. All affected workers, including those who will be re-engaged by the contractor, will be paid their full severance package, which includes three months salary for each year of service. Those who are not immediately engaged by the contractors will be the first point of contact for future job opportunities at the mine. The transition to contractor mining commenced in March 2018.

Americas region

At the beginning of 2017, our Peruvian operation undertook a restructuring process to align the workforce with the production profile of the Cerro Corona mine. In total, 19 positions were made redundant and affected employees were either retrenched or moved internally.

Attracting, retaining and developing the right skills

Our operations require, above all, mechanised mining expertise our skills attraction, retention and development efforts focus on building a workforce profile that meets these operational needs. We also invest significantly in manager and leadership development across the business. Group training spend for the year was US$20m.

In general, our operations in Australia, Ghana and Peru have an appropriately skilled mechanised mining workforce. But at South Deep work remains to be done to align the workforce with the deep-level, bulk mechanised mining method of the operation.

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FIT-FOR-PURPOSE WORKFORCE continued

South Deep invested R184m (US$15m) in training and development in 2017. This included programmes run at the mine s training centre, Social and Labour Plan skills development commitments and technical training costs. There was a particular focus on mechanised training and supervisory development aimed at improving safety and productivity.

South Deep s Virtual Reality (VR) training project was also completed during the year in 2018, employees will receive VR training on barring, strata control and safety.

Ghana ran 448 competency-based, technical training sessions for employees, while 367 sessions were run for management employees focusing on supervisory and leadership skills development. Over 22 sessions were run for professional employees to allow them to complete statutory and other certificates of competence. Investment in training and development in the region totalled US$2.5m for the year.

In Australia, US$2.3m was spent on training, divided between leadership training (US$0.6m) and technical training (US$1.7m). The region continued to run preparatory leader and supervisor development programmes, and introduced a new change leadership programme. The programme includes mine simulation that encourages participants to identify opportunities for business improvement.

At Cerro Corona, 26 leaders completed training programmes for supervisors, which were among a number of interventions aimed at leadership and managerial

development. Technical skills training and competency assessments continued during the year, and the operation awarded employees 146 scholarships to pursue short courses, technical degrees and specialist qualifications aligned to their core role.

Innovation and technology will be critical in improving safety, volumes and costs at our mines we recognise the need to modernise, integrate and optimise existing systems and processes as we align ourselves with automation and new digital trends in the industry. Building a pipeline of innovation and technology skills, and a business culture to support the transition, is an area of growing importance in the company. We formed the Young Persons Group, comprising high-performing young employees from multiple disciplines across our operations, to provide input into our innovation and technology strategy. In the year ahead, we will embark on a culture change programme to support an innovative and technology-ready culture.

Building a high-performance, safety culture

The ethos of safe, sustainable delivery is entrenched in the Gold Fields vision and the behaviours outlined through our values, and is supported by our operating model. During the year we ran a project to reinvigorate the Gold Fields vision and values, and unite employees from across the global operations behind a unified brand and single strategic goal. The programme was run by EVPs in each region and clearly articulated the behaviours required for the business to achieve its objectives, with safe delivery heading the list.

Strengthening diversity across the business

Gold Fields encourages diversity across the business apart from the moral imperatives of doing so, we believe that the wide array of perspectives that results from such diversity promotes innovation and drives business success. A Diversity Policy was approved by the Board during the year and sets out the Company s approach to fostering a more diverse workforce. This will be achieved through recruitment, training and development, gender equality and rejection of all kinds of discrimination and harassment. A monitoring system is due to be implemented to measure workforce diversity and the extent to which recruitment, promotion, and training and development opportunities are helping to improve diversity.

In South Africa, diversity targets and initiatives are aligned with the requirements of the Employment Equity Act and the Mining Charter. South Deep continues to make steady progress towards achieving a workforce that is more representative of the demographics of South Africa. Representation of Historically Disadvantaged South Africans at senior management level increased from 64% in 2016 to 88% in 2017. The mine continues to compare favourably with the industry in terms of women in mining representation. Currently 21% of South Deep s permanent workforce is women, with the ratio of women in technical mining roles being 17%, and women in managerial roles 16%.

Gender diversity was an important human resource focus area in our Australia region during the year. In total, 17.4% of permanent employees are women, with 15.8% of middle and senior management positions being filled by women. Our Australian mines have gender diversity initiatives in place to improve attraction and retention of women. At the end of 2017, 20% of all recruits and 35% of hired candidates from the graduate and vacation student programme were women. The region will focus on developing further strategies to improve gender diversity through appointments and remuneration policies as well as flexible working arrangements.

Ghana s diversity focus includes both the employment of Ghanaian nationals and the employment of women at all levels. The number of expatriate employees (1%) has been below the legally stipulated target of 6% for the past four years. The region will continue its successful programme of replacing expatriate skills with competent nationals.

Representation of women in Ghana is still low, at around 5%, but addressing this low level of female representation has been prioritised as a key imperative for the region, to be driven by senior leadership. Initiatives in place to increase the representation of women include identification of female talent in all departments, a review of the recruitment approach and identifying and coaching high-potential female employees to ultimately assume managerial roles. The region is targeting an increase in its complement of female employees by an additional 5% in 2018.

In Peru, 16% of permanent employees are women, while 7% of senior management positions and 15% of middle management positions are held by women. At

the Salares Norte project in Chile, 14% of the permanent workforce are women they comprise 28% of middle management, although there is no female representation at senior management level.

The Gold Fields Board has 36% employment equity representation, while employment equity representation at the Executive Committee level is 40% with 20% female members. Among senior management at Corporate Office the figures are 58% and 53% respectively. Across the Group, 16% of employees are women.

For details of progress in employing members of our host communities into the workforce, see p111

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FIT-FOR-PURPOSE WORKFORCE continued

Engagement with organised labour

Americas region

About 19% of Peru s Cerro Corona workforce is unionised, largely among employees in the operational areas. Negotiations with organised labour on a new three-year collective agreement (June 2016 June 2019) concluded in 2017. Key items include:

- A salary increase of approximately 5.4% per annum
- A bonus component commensurate with market standards
- Compensation of equivalent time off for any mandatory training courses undertaken outside working hours
- Retention of existing benefits

At the Salares Norte project in Northern Chile, which has moved into feasibility study phase, management commenced engagement with the new Salares Norte Workers Union. The relationship will govern working conditions at the mine and will be reviewed once the outcome of the feasibility study is known.

West Africa region

About 85% of the Ghanaian workforce belongs to the Ghana Mineworkers Union (GMWU). In the first quarter of 2017, the region signed a two-year wage agreement for 2016 (backdated) and 2017, with salary increases of 10% and 6% respectively. Further agreement was reached on developing a wage model that will guide salary increases from 2018 and beyond.

In January 2018 the GMWU brought a court injunction against Gold Fields decision to convert from owner to contractor mining at the Tarkwa mine. However, this was overturned by the Accra High Court in February, and the mine commenced with the transition to contractor mining thereafter.

South Africa region

Management at South Deep has engaged extensively with organised labour, which represents 93% of our employees, most of them by the National Union of Mineworkers. Constructive engagement has helped to improve the relationship between the two parties, and during 2017 management resolved a significant portion of the key outstanding issues with the unions. There is also understanding among the union representatives of the challenges facing the mine and the need to change to an operating model that is more aligned to bulk mechanised mining. Engagement on this has intensified during Q1 2018.

A three-year wage agreement between South Deep s trade unions and the mine expired in February 2018 and wage negotiations for a new deal commenced in March 2018.

Australia region

Wages in Australia are determined largely by mining industry cycles. During 2017, an upturn in the resources sector saw wage pressures increase marginally in the year ahead such pressure may increase even further. In addition, government imposed a 3.3% increase to minimum wages. As a result, our overall wage and remuneration packages are expected to be around 3% higher in 2018.

The Australian Employee Collective agreement s term will lapse in April

2018. Engagements have been concluded with both the workforce and unions on a new agreement, though this still has to be ratified by the government s Fair Work department. The agreement, which will apply for the next four years, will see improved benefits and conditions of employment in the form of:

- Parental leave increasing to 16 weeks paid leave
- Partner s parental leave increasing to two weeks
- An increase in the health allowance

Looking ahead to 2018

In the year ahead Gold Fields will focus on the following people-related imperatives:

- Driving a high-performance culture that will improve productivity and efficiency, lower costs and contribute to the achievement of AIC of US$900/oz
- Building a workforce for the future in line with making the shift to a gold miner of the future. This will involve a strong focus on talent management and succession planning to attract, retain and promote young talent
- Deepening engagement with employees to identify and address hurdles to greater productivity
- Maintain healthy engagement with organised labour across our operations

For details of our executive and **managerial remuneration policies and payments** see the Summarised Remuneration Report on p130 134

ENERGY MANAGEMENT

Introduction

Energy markets have been fundamentally redefined by the global drive to minimise contribution and build resilience to climate change. This has affected the types of energy sourced by business, the cost of energy, how energy is procured and how energy is finally used.

The gold mining industry is affected directly by these drivers, given the energy intensity of its processes. Mining and processing of gold is getting more energy intensive given a number of factors including:

- Declining grades
- Longer hauling distances
- Increasing mine depths requiring more pumping and cooling infrastructure
- Increased stripping to expose new ore bodies
- More challenging ore body geologies

At the same time, energy prices continue to increase.

For Gold Fields, energy spend accounts for a significant portion of our operating costs (2017: 17%, 2016: 19%), equivalent to 12% of AISC (2016: 13%). This reinforces the need for increased energy supply security, investing in continuous efficiency improvements, reducing our carbon emissions and adapting to the adverse effects of climate change. Successfully implementing these initiatives contributes to a number of our strategic objectives of operational excellence and demonstrates our commitment to responsible mining principles.

In 2016, we revised our Integrated Energy and Carbon Management guideline to align with ISO50001, the global energy management standard. We started the alignment with the standard in 2017 by integrating energy and carbon management into operational and strategic aspects of the business. Energy awareness and training is provided for relevant staff and contractors, while our energy and

carbon emissions data is collated and assured by independent auditors.

The guideline informs our integrated energy and carbon management strategy, which is aimed at strengthening energy security, managing energy consumption and costs, reducing carbon emissions and building operational climate resilience. We have set our 2020 aspirational goals from 2018 to be:

Maintain energy security outside the top 10 Group risks
Achieve 5% to 10% energy savings off our annual energy plans each year
Achieve 17% carbon emission reductions each year up to 2020, equivalent to 800,000t CO_2-eq of cumulative carbon emission reductions over the period
Ensure that all our operations are ISO50001 ready or certifiable

More details on Gold Fields climate change management and carbon emission performance can be found on p96 98 and for more details of our energy management approach, policies and guidelines go to **www.goldfields.com/ sustainability.php**

Overall energy performance

Group energy spend declined by 11% to US$258m (US$115/oz) in 2017 from US$289m (US$130/oz) in 2016, with energy initiatives having delivered just below 9% cost savings, at US$22m (US$10/oz), against an initial target of 8% in the 2017 energy plan
Total energy consumption increased by 4% to 12,178TJ in 2017 from 11,697TJ in 2016, with 67% comprising fuel usage (8,175TJ) and 33% electricity (4,003TJ), compared to a 63%/37% split in 2016
Fuel spend accounted for 44% (45% in 2016) of total energy spend, with electricity accounting for 56% (55% in 2016). The impact of lower oil prices kept our fuel spend lower relative to our electricity spend. A table showing Group and regional energy costs and volume impacts can be found on our website at **www. goldfields.com/sustainability/ environment.php**
Energy initiatives realised 176GJ in savings during 2017, equivalent to 1% of energy consumed (against an initial target of 3% in the 2017 energy plan)
An estimated 8% of carbon emissions, totalling almost 116,000 CO_2-eq, (against an initial target of 8%) were abated
Our energy intensity increased to 5.46GJ/oz (2016: 5.27GJ/oz), driven by increased fuel usage
Our Scope 1, 2 and 3 carbon emissions decreased marginally to 1.959 Mt CO_2-eq from 1.964 Mt CO_2-eq in 2016 (see graph p64)

ENERGY MANAGEMENT continued

Fuel

- Fuel spend decreased by 13% to US$113m in 2017 (2016: US$129m) despite higher fuel consumption, largely due to lower oil prices for most of 2017 and a number of fuel efficiency initiatives implemented
- Diesel accounted for 83% of our fuel energy consumption in 2017
- Total diesel consumption increased by 3% to 188M (equivalent to 6,765TJ) from 183M (6,608TJ) in 2016, due to the vast amount of material moved at the Damang Pit Cutback project, increased TSF construction activities at Cerro Corona and the frequent use of backup diesel generators at Agnew to avoid breaching the grid power limits. This offset the benefits of diesel efficiency initiatives implemented at all operations
- The oil price hedge entered into for the period June 2017 December 2019 for 50% of Australia s and Ghana s diesel consumption volumes, generated savings of US$2m for the 2017 period of the hedge

Electricity

- Electricity spend declined by 10% to US$145m in 2017 from US$160m in 2016, owing to the 2% drop in the Group s power consumption, lower power tariffs at Cerro Corona, lower gas prices at Granny Smith and St Ives and the impact of energy efficiency initiatives. Furthermore, the new

gas turbines at Tarkwa and Damang delivered considerable costs savings at our Ghanaian mines

- Group electricity purchased was 1,366GWh (equivalent to 4,003TJ, allowing for generation losses for Gold Fields own generation) in 2017, a 2% decrease from consumption in 2016, driven by lower gold production at South Deep and the Darlot divestment in Q4 2017
- For 2018, against our initial energy use estimate of 10,983TJ and our budget of US$326m, we aim to achieve consumption savings of 5% (549TJ), cost savings of US$32m, equivalent to US$15/oz of gold produced, and abating about 155kt CO_2-eq in carbon emissions

Energy savings initiatives

Gold Fields energy management approach has over the years shifted from equipment retrofits to more process related efficiency opportunities. Since 2013, Gold Fields implementation of the integrated energy and carbon management strategy has realised cumulative savings amounting to 1,274TJ in energy (2% of energy consumption over the period), equivalent to US$63m in cost savings and avoiding 282,900t CO_2-eq in carbon emissions (3% of carbon emissions over the period). Group energy spending over the period has also improved, declining to US$258m (US$115/oz) in 2017 from US$305m (US$153/oz) in 2013.

The next wave of opportunities seeks to deliver further energy savings primarily through the use of new technologies. (Savings from energy savings initiatives are recognised for 36 months before being included in the baseline).

Below are some of the energy savings initiatives that we have implemented in 2017 across our operations:

- Use of diesel additives at Cerro Corona, with trials scheduled for Tarkwa
- Switching from diesel power generators and unstable grid supplies to gas turbines at Damang and Tarkwa
- Switching from satellite diesel generators to low carbon gas generated electricity at St Ives
- Gas and electricity contract renegotiations at Cerro Corona, St Ives and Granny Smith
- Upgrades of gas turbines to increase efficiencies at Granny Smith
- Milling circuit upgrades and improving milling efficiency at Damang
- Haul truck driver training to improve asset utilisation and fuel reduction initiatives at Tarkwa and Damang
- Use of drones to conduct tailings geological surveys, with more accuracy and efficiency at Tarkwa

Regional performance

Americas region

Faced with increases in regulated electricity prices, Cerro Corona successfully renegotiated a new 2027 power purchase agreement with private power company, Kallpa, resulting in a 13% cut in the previously agreed to 2017 tariffs and stable tariffs thereafter. The purchased electricity has the lowest carbon intensity in the Group, with 70% gas- and 30% hydro-generated. Among other initiatives:

- Cerro Corona has started the ISO 50001 certification process
- A new fuel additive initiative has been rolled out at Cerro Corona resulting in lower fuel usage and spend

In 2017, new initiatives contributed 26,8TJ and 747k of diesel to energy consumption savings, equivalent to US$623,000 in cost savings, and avoided 2kt CO_2-eq in carbon emissions.

As part of the feasibility study under way at Chile s Salares Norte project, an initial assessment for solar power has been undertaken. Market responses indicate strong feasibility for solar power to augment base-load thermal power units.

Australia region

All our mines in Australia run on gas-generated electricity. Diesel is used primarily for our fleet of vehicles and machinery. The focus for 2017 remained on implementing a fuel switch strategy and renegotiating gas supply contracts.

The Company hedged part of Australia s oil purchases against a rising oil price. This realised financial gains of US$713,000 in the region during 2017. In 2017, we became the first mining company in Western Australia to successfully auction our carbon emissions and receive carbon credits of A$126,000 from the country s Emission Reduction Fund (ERF). Contracted in April 2016, the Granny Smith 25MW gas power station abated close to 21,000t CO_2 eq, following the conversion of a diesel power plant to gas 8 000 tonnes more than contracted for the first year, thus earning extra credits. A portion of the additional credits will be used to offset future St Ives carbon emissions.

Following the energy security assessments in 2017, the following energy initiatives/studies were conducted during the year:

- **Granny Smith:** A feasibility study on power options is under way to extend capacity and potentially include solar power
- **Agnew:** A feasibility study on power options to increase supply capacity is being conducted with a mix of low carbon energy solutions being considered
- **Gruyere Joint Venture:** Solar powered pumps are being installed at the bore fields to replace diesel generators

In 2017, new initiatives contributed 21.4TJ and 15k of diesel to energy consumption savings, equivalent to US$3.4m in cost savings (US$4/oz), and avoided 25.8kt CO_2-eq in carbon emissions.

South Africa region

Eskom, the public power utility that supplies South Deep with electricity, generates 90% of its electricity from coal-fired power stations, thus making this the most carbon intensive operation across Gold Fields. Power supply to South Deep has been stable and tariff hikes relatively modest since 2015. However, Eskom s proposed future electricity tariff increases, special tariff increments and lack of clarity of future trends, present operational and planning risks.

In 2017, we reached a commercial agreement and are close to signing a 25-year PPA with an independent power producer (IPP) for a 40MW solar photovoltaic facility at our South Deep mine. The IPP will develop, build, own, operate and maintain the plant with commissioning expected in 2019. The plant is expected to generate 100GWh per year, equivalent to 20% of the mine s annual electricity consumption, while avoiding carbon emissions estimated at 100,000t CO_2-eq per annum.

In 2017, new initiatives contributed 26.0TJ (7,245MWh) to energy consumption savings, equivalent to US$458,000 in cost savings (US$2/oz), and avoided 7.1kt CO_2-eq in carbon emissions.

West Africa region

Through an agreement with Genser Energy, an independent power producer, Tarkwa and Damang are now being supplied with gas-fired, on-site electricity. This has significantly improved reliability and the mills operational efficiencies and contributed to significant cost savings as a result of using less diesel-driven generators. Savings during 2017 were around US$15m, when taking into account improved efficiencies and higher utility tariffs the mines would otherwise have had to pay.

By Q4 2017, all of Damang s and 60% of Tarkwa s power requirements were being met by the gas turbines. Civil works and foundations were completed for the fourth gas turbine at Tarkwa in Q4 2017. Once this is operational expected by mid-2018 Tarkwa will also be 100% supplied by gas. Plans are advanced to capture the waste heat from the Genser gas turbines to generate an additional 20MW that Genser could wheel through the distribution network to other clients. This will result in further unit cost savings to our mines.

The Company hedged part of Ghana s oil purchases against a rising oil price. This realised financial gains of US$1,24m in the region during 2017.

In response to the Government of Ghana s challenge for mines to have 10% renewables by 2020, Gold Fields Ghana will commission an options study in 2018 for a combined 6MW solution at the two mines.

In 2017, new initiatives, including the switch from diesel to gas, contributed 102TJ to energy consumption savings, equivalent to US$18m in cost savings (US$25/oz), and avoided 81kt CO_2-eq in carbon emissions.

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OUR ENERGY AND CLIMATE CHANGE MANAGEMENT JOURNEY

Technology opportunity and risks

Regulations impacting our energy and water resources

Severe weather events disrupting our operations

Commitment by Board and Group Exco

Gold Fields implemented an integrated energy and carbon management strategy from 2013 onwards

Energy and carbon performance contained in the balanced scorecards of senior and line management

Five-year energy security plans developed and implemented in all regions

Revised three-year regional carbon emission and energy efficiency targets to 2020

Strategic partnerships with NGOs

Commitment to low-carbon and renewable energy mix at all mines. Where feasible, 20% renewable energy for all projects

Development of predictive and dynamic water balance models at each operation

Commitment to transparency:

Carbon Disclosure Project (CDP) participation since 2007

Water Disclosure Project (WDP) participation since 2012

DJSI and GRI submissions since 2010

ICMM collaboration on key climate change initiatives:

Piloted a climate data viewer tool

Undertook climate change vulnerability risk assessments at all our operations

Support the ICMM climate change statement

Signed the Paris Pledge for Action

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Climate change risk assessment and mitigating actions in all regions (p96)

Regional water conservation initiatives (p99)

Imminent finalisation of an agreement with an IPP to build and manage the 40MW solar photo-voltaic plant at South Deep. Expected commissioning in 2019.

Benefits to South Deep:

Reduce reliance on state utility (Eskom), currently supplying 95% of electricity from coal sources

Will provide around 20% of South Deep s electricity

Competitive tariffs

Reduce our Scope 2 carbon emissions

Genser Energy gas power plants commissioned December 2016; 33MW gas turbines at Tarkwa and 22MW at Damang

Improved security of supply in 2017 100% to Damang; 60% to Tarkwa (100% during 2018)

Between 2013 and 2017, we have achieved:

Savings of 1,274TJ from energy initiatives

US$63m in cumulative cost savings

282,900t CO_2-eq in carbon emissions avoided

Energy security has slipped out of the Group top ten risks

Long-term leadership in climate and water disclosure and performance, recognised by the CDP

Selective power purchase agreements with independent producers for low carbon energy supply (gas)

Significant electricity cost savings contributed to the regional US$18m in cost savings in 2017

25MW Aggreko gas turbines commissioned in 2016 and upgraded to higher efficiency turbines in 2017:

Estimated energy cost reduction of some A$100,000 per year from efficiency improvements

Earned A$126,000 in carbon abatement credits from the Australian Emissions Reduction Fund (ERF) after abating 21,000t CO_2-eq

Power purchase agreement signed with APA for 45MW gas power plant to supply the project. To be commissioned in October 2018

128 kW solar panels (commissioned in 2015):

Reduced grid electricity consumption by 45% between 2015 and 2017

Reduced grid electricity costs by 44% between 2015 and 2017

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INNOVATION AND TECHNOLOGY

Innovation and Technology (I&T) is critical to improving health, safety, mined volumes and, ultimately, costs and efficiencies. During 2017, the I&T division at Gold Fields, which has technical oversight throughout the Group, started implementing the I&T strategy approved by the Board in late 2016.

The thrust of the strategy is to modernise, integrate and optimise existing systems and processes. This will contribute significantly to ensuring mining volumes through compliance to plans and scheduling, and in turn, increase cost efficiencies. Only once this has been embedded would we consider a more comprehensive drive towards full mine automation.

The ultimate goal of the strategy is to work towards the Gold Fields Mine of the Future , which is premised on automation, an integrated digital data platform, remote machine operation, virtual reality and reduced mining waste. In addition, partnerships with IT companies and original equipment manufacturers that are leaders in the field will be integral to successful implementation of the strategy.

The strategy envisages three distinct phases, namely:

- Horizon one (one two years): Foundational and modernisation phase
- Horizon two (three seven years): Transformation to the Gold Fields Mine of the Future
- Horizon three (seven years +): The Gold Fields Mine of the Future

During 2017 the following milestones were achieved by Gold Fields operations in implementing the I&T strategy:

- Purchased high-precision GPS drilling rigs at Cerro Corona and Tarkwa to improve drill efficiencies
- Rolled out drone survey technology in West Africa for pit, waste dump and TSF surveys
- Rolled out mine sense blending software and systems at Cerro Corona
- Increased use of tele-remote systems from surface at Granny Smith
- Calibrated and confirmed the Gold Fields I&T strategy by a group of young employees at the Company
- Included I&T Horizon one performance objectives in the scorecards of key managers
- Upgraded the Gold Fields technical structures

During 2017, our regions were also tasked with developing and starting to implement their own roadmaps to support the Group s objectives, including identifying I&T projects for implementation in 2018.

The following reflect our major Group-wide project objectives for 2018:

- Start to upgrade information technology and operating technology networks at all our operations. This includes installing underground wireless technologies in South Africa and Australia to enable real-time data availability to assist our teams in decision making (see diagram on the following page)
- Defining the Company s future operating platform how will Gold Fields operate in a digital mining environment?
- Rollout the Mine of the Future Hearts and Minds programme among employees to develop a manufacturing mindset among the workforce at our operations

The regional-specific objectives for 2018 are outlined below and span the exploration, mining and processing areas of the mining value chain:

- The key focus for the Australian region is streamlining exploration time through better data management which enables faster interpretation of the resource to reserve process. Furthermore, St Ives is implementing collision avoidance and underground fleet management systems, while underground remote loading technology is also being reviewed at all our Australian mines
- In Ghana, the focus will be on mine optimisation through upgrading of the Tarkwa and Damang fleet management systems and exploiting drilling opportunities through the use of the new GPS drill rigs. Drone survey technology will also be rolled out at both mines
- The Cerro Corona mine will be using upgraded operating software and a new dispatch system that will focus on porphyry ore blending to reduce variation of stock feed, thereby optimising plant recoveries
- The South Deep mine will upgrade its underground wireless connectivity and radio communications systems, which will enable it to use technologies such as real-time vehicle telemetry, people monitoring and environmental control. The mine will also seek to use spatial data systems that allow visualisation and monitoring of mining plans to improve efficiencies in mining processes

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Key measurements capital discipline and financial performance[1]

	2017	Status	2016	2015	2014
US$/A$ (average)	**0.77**		0.75	0.75	0.81
R/US$ (average)	**13.33**		14.70	12.68	11.56
Average US$ gold price received (US$/oz)	**1,255**		1,241	1,140	1,249
Average A$ gold price received (A$/oz)	**1,640**		1,675	1,541	1,404
Average Rand gold price received (R/kg)	**538,344**		584,894	478,263	441,981
Revenue (US$m)	**2,811**		2,750	2,545	2,869
AISC (US$/oz)	**955**		980	1,007	1,053
AIC (US$/oz)	**1,088**		1,006	1,026	1,087
Cost of sales[2] (US$m)	**1,404**		1,388	1,456	1,678
Total capital expenditure (US$m)	**840**		650	634	609
Net cash-flow[3] (US$m)	**(2)**		294	123	235
Free cash-flow margin (%)	**16**		17	8	13
Net debt (US$m)	**1,303**		1,166	1,380	1,453
Net debt/adjusted EBITDA ratio[4]	**1.03**		0.95	1.38	1.30
Total dividend payment (R/share)	**0.90**		1.10	0.25	0.40

[1] *All figures are for total operations (continued and discounted)*

[2] *Cost of sales before amortisation and depreciation*

[3] *Net cash-flow = cash-flow from operating activities less net capital expenditure and environmental payments*

[4] *This measure is defined and reconciled in note 38 of the consolidated financial statements*

2017 performance improvement on 2016 or achievement in line with strategy

2017 performance drop against 2016

2017 performance on par with 2016

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Capital discipline and financial performance

To achieve our vision, we must deliver sustainable financial returns to our investors and shareholders. **Our financial strategy differentiates the Group by focusing on growing the margin and free cash flow achieved for every ounce of gold produced.**

Results and impact

Allocate capital in line with strategic priorities as per capital ranking

Pay dividends in line with policy

Maintain net debt to EBIDTA ratio of under 1.25x and extend debt maturity

All new capital spend to have appropriate returns taking into account risks and cost of capital ranked and prioritised in accordance with an agreed matrix and in line with internal capital control standards and study guidelines. Accordingly all growth capital expenditure on existing mines, new projects or acquisitions to have hurdle rates of 15% at a US$1,300/oz gold price

A sustained and significantly lower gold price and currency exchange rate volatility

South Deep Partial achievement of the production targets as defined in the rebase plan and the associated loss of investor confidence

Average US$ gold price received
US$1,255/oz

Key stakeholders

Shareholders and investors

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FINANCIAL PERFORMANCE

Introduction

The core focus of Gold Fields business strategy is to grow the margin and Free Cash-Flow (FCF) for every ounce of gold produced and to sustain this FCF in the long term. This ensures the Group remains lean and focused, with a globally diversified portfolio that provides investors with leverage to the gold price.

However, to ensure the sustainability of FCF generation, reinvesting in and upgrading the portfolio is essential. As such, Gold Fields embarked on a period of reinvestment at the beginning of 2017, with 2017 and 2018 being the years of peak capital expenditure. Despite incurring project capital of US$115m at Damang, A$184m (US$141m) at Gruyere (including working capital), and R225m (US$17m) at South Deep, and spending US$53m at Salares Norte (currently in feasibility study), the net cash outflow was limited to US$2m during 2017. This compares to a net cash inflow of US$294m in 2016.

Our key objective is to generate a FCF margin of at least 15% at a long-term planning gold price of US$1,300/oz, which translates to an All-in Costs (AIC) breakeven level of approximately US$1,050/oz. The Group s FCF margin, which is adjusted for share-based payments, Salares Norte exploration expenditure and Damang and Gruyere project capital, decreased slightly to 16% in 2017 from 17% in 2016, driven primarily by an increase in taxes paid. Encouragingly, this is ahead of our targeted 15% FCF

margin at a US$1,300/oz gold price, despite a gold price received of US$1,255/oz. Details of the Group s production and cost guidance are contained in the Safe Operational Delivery section (p42).

Gold Fields financial performance in 2017 was stronger than anticipated at the beginning of the year. The out performance of the international operations, coupled with a US Dollar gold price received that was much higher than our business planning price, enabled Gold Fields to restrict the cash outflow, limit the increase in net debt and maintain the strength of its balance sheet during the year. Net debt increased to US$1,303m during 2017 from US$1,166m at the end of 2016, resulting in a net debt/adjusted EBITDA of 1.03x at 31 December 2017 (December 2016: 0.95x). The Group maintained its policy of rewarding shareholders with dividends, paying out R0.90/share (2016: R1.10/share).

For 2017, revenue increased by 2% to US$2,811m from US$2,750m in 2016, helped by the higher gold price received. Cost of sales (before amortisation and depreciation) increased slightly to US$1,404m, with the respective 9% and 3% strengthening in the Rand/US$ and A$/US$ exchange rates acting as headwinds. The bulk of Gold Fields costs in Australia and South Africa are incurred in local currencies. As such, the strengthening in the Australian Dollar and South African Rand had a negative impact on costs in US Dollar terms and ultimately profits in these

geographies during 2017. However, the oil and Australian Dollar gold price hedges countered the negative currency impact in Australia.

The Group AISC of US$955/oz and AIC of US$1,088/oz in 2017 compared with US$980/oz and US$1,006/oz in 2016. Encouragingly, costs came in below guidance (AISC: US$1,010/oz US$1,030/oz; AIC: US$1,170/oz US$1,190/oz) for the fifth consecutive year. The increase in AIC was primarily driven by the project capital incurred at Gruyere and Damang.

Other salient features during 2017 included:

- Royalty payments of US$62m in 2017 compared with US$78m in 2016
- An increase in capital expenditure to US$840m in 2017 from US$650m in 2016
- A decrease in the taxation charge to US$179m in 2017 (2016: US$190m)
- An impairment of US$293m in 2017 (2016: US$77m), comprising mainly a US$278m impairment of South Deep (largely due to a lower Rand gold price utilised)
- The provision of US$30m for the Silicosis and Tuberculosis class action in South Africa
- A US$92m impairment reversal for the Arctic Platinum project and Cerro Corona assets

Taking into account all of the above, the net loss attributable to Gold Fields shareholders amounted to US$19m in 2017, compared to earnings of US$158m in 2016.

During 2017, our priorities for the cash we generated were:

- **Rewarding our shareholders with dividends**
- **Funding growth projects which will improve the quality of the Gold Fields portfolio**

The bulk of the project capital is being spent on Damang in Ghana and Gruyere in Western Australia. Once these two mines reach full production, which is anticipated by 2020, they will significantly improve Group AIC and hence cash-generating ability

- **Maintaining the strength of the balance sheet and limiting the increase in debt through the peak capex years. Gold Fields ended 2017 on a net debt/adjusted EBITDA of 1.03x**

Once we have incurred all project capital expenditure on Damang and Gruyere, our target is to once again reduce our net debt/EBITDA to 1.0x and further after that

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Headline earnings were US$210m in 2017 compared to US$204m in 2016.

A detailed analysis of our financial performance is provided in the **Management Discussion and Analysis of the Financial Statements** contained in the 2017 Annual Financial Report on p32 91

Hedging

Given the volatility in commodity prices and exchange rates and, more pertinently, the high levels of project capital expenditure incurred during the year, management found it prudent to undertake short-term, tactical hedging to protect cash-flows.

In June 2017, Gold Fields hedged 78 million litres of oil at an equivalent Brent Crude swap price of US$49.92/bbl in the Australian region and 126 million litres at an equivalent Brent Crude swap price of US$49.80/bbl in the Ghanaian region. Net realised gains from these hedges, for the June December 2017 period, were US$570,000 in Australia and US$850,000 in Ghana. Both hedges run until December

2019 and represent 50% of the annualised fuel consumption for the two regions.

In addition, the Group hedged 295,000oz of the Australian region s H2 2017 gold production by undertaking two Australian Dollar gold price hedges for the period July 2017 to December 2017:

- 165,000oz with a floor price of A$1,696/oz and a cap of A$1,754/oz (averaged)
- 130,000oz at an average forward price of A$1,720/oz

The Group made a realised gain of A$20m (US$15m) on these hedges.

Finally, Gold Fields hedged 8,250t of copper production from its Cerro Corona mine for the period August December 2017 (about 70% of production for the period), with an average floor level of US$5,867/t and an average cap level of US$6,300/t. The Group made a realised loss of US$3m on this hedge.

In late 2017/early 2018 Gold Fields has selectively hedged the gold price for our South African, Ghanaian and Australian operations and the copper price for the Peruvian region.

Gold hedges include:

- **Ghana:** 409koz (60% of 2018 gold production guidance) hedged for the period January to December 2018 using zero-cost collars with an average floor price of US$1,300/oz and an average cap price of US$1,409/oz
- **South Africa:** 64koz (20% of 2018 gold production guidance) hedged for the period January to December 2018 using zero-cost collars with an average floor price of R600,000/kg and an average cap price of R665,621/kg
- **Australia:** 321koz (37% of 2018 gold production guidance) hedged for the period February December 2018. Of this, 221koz were hedged at an average forward price of A$1,714/oz and 100koz at a floor price of A$1,700/oz and an average cap price of A$1,750/oz

Copper hedge:

- **Peru:** 29.4Mt of copper production (98% of 2018 guidance) was hedged for the period January to December 2018 using zero-cost collars with an average floor price of US$6,600/t and an average cap price of US$7,431/t

The **Consolidated Income Statement, Statement of Financial Position** and **Cash-Flow Statement** extracted from the 2017 Annual Financial Report are provided on the pages that follow

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FINANCIAL PERFORMANCE continued

Consolidated income statement

for the year ended 31 December

	United States Dollar		
Figures in millions unless otherwise stated	**2017**	**2016 Restated[1]**	**2015 Restated[1]**
CONTINUING OPERATIONS			
Revenue	**2,761.8**	2,666.4	2,454.1
Cost of sales	**(2,105.1)**	(2,001.2)	(1,988.5)
Investment income	**5.6**	8.3	6.3
Finance expense	**(81.3)**	(78.1)	(82.9)
Gain/(loss) on financial instruments	**34.4**	14.4	(4.5)
Foreign exchange (loss)/gain	**(3.5)**	(6.4)	9.5
Other costs, net	**(19.0)**	(16.8)	(21.7)
Share-based payments	**(26.8)**	(14.0)	(10.7)
Long-term incentive plan	**(5.0)**	(10.5)	(5.1)
Exploration expense	**(109.8)**	(86.1)	(51.8)
Share of results of equity-accounted investees, net of taxation	**(1.3)**	(2.3)	(5.7)
Restructuring costs	**(9.2)**	(11.7)	(9.3)
Silicosis settlement costs	**(30.2)**		
Impairment, net of reversal of impairment of investments and assets	**(200.2)**	(76.5)	(206.9)
Profit on disposal of investments		2.3	0.1

Profit/(loss) on disposal of assets	**4.0**	48.0	(0.1)
Profit before royalties and taxation	**214.4**	435.8	82.8
Royalties	**(62.0)**	(78.4)	(73.9)
Profit before taxation	**152.4**	357.4	8.9
Mining and income taxation	**(173.2)**	(189.5)	(248.5)
(Loss)/profit from continuing operations	**(20.8)**	167.9	(239.6)
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations, net of taxation	**13.1**	1.2	(8.2)
(Loss)/profit for the year	**(7.7)**	169.1	(247.8)
(Loss)/profit attributable to:			
Owners of the parent	**(18.7)**	158.2	(247.3)
Continuing operations	**(31.8)**	157.0	(239.1)
Discontinued operations	**13.1**	1.2	(8.2)
Non-controlling interests	**11.0**	10.9	(0.5)
Continuing operations	**11.0**	10.9	(0.5)
	(7.7)	169.1	(247.8)
(Loss)/earnings per share attributable to owners of the parent:			
Basic (loss)/earnings per share from continuing operations cents	**(4)**	19	(31)
Basic earnings/(loss) per share from discontinued operations cents	**2**		(1)
Diluted basic (loss)/earnings per share from continuing operations cents	**(4)**	19	(31)
Diluted basic earnings/(loss) per share from discontinued operations cents	**2**		(1)

[1] *Refer note 40 in the consolidated financial statements as part of the Annual Financial Report (AFS) for further details*

Statement of financial position

as at 31 December

Figures in millions unless otherwise stated	United States Dollar 2017	United States Dollar 2016 Restated[1]
ASSETS		
Non-current assets	**5,505.7**	5,258.8
Property, plant and equipment	**4,892.9**	4,524.6
Goodwill	**76.6**	317.8
Inventories	**132.8**	132.8
Equity-accounted investees	**171.3**	170.7
Investments	**104.6**	19.7
Environmental trust funds	**55.5**	44.5
Deferred taxation	**72.0**	48.7
Current assets	**1,114.4**	1,052.7
Inventories	**393.5**	329.4
Trade and other receivables	**201.9**	170.2
Cash and cash equivalents	**479.0**	526.7
Assets held for sale	**40.0**	26.4
Total assets	**6,620.1**	6,311.5
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent	**3,275.8**	3,050.7

Share capital	**59.6**	59.6
Share premium	**3,562.9**	3,562.9
Other reserves	**(1,817.8)**	(2,124.4)
Retained earnings	**1,471.1**	1,552.6
Non-controlling interests	**127.2**	122.6
Total equity	**3,403.0**	3,173.3
Non-current liabilities	**2,363.1**	2,278.8
Deferred taxation	**453.9**	458.6
Borrowings	**1,587.9**	1,504.9
Provisions	**321.3**	291.7
Long-term incentive plan		23.6
Current liabilities	**854.0**	859.4
Trade and other payables	**548.5**	543.3
Royalties payable	**16.3**	20.2
Taxation payable	**77.5**	107.9
Current portion of borrowings	**193.6**	188.0
Current portion of long-term incentive plan	**18.1**	
Total equity and liabilities	**6,620.1**	6,311.5

[1] *Refer note 40 in the consolidated financial statements as part of the AFS*

FINANCIAL PERFORMANCE continued

Cash-flow statement

for the year ended 31 December

	United States Dollar		
Figures in millions unless otherwise stated	**2017**	**2016 Restated[1]**	**2015 Restated[1]**
Cash flows from operating activities	**762.4**	917.5	743.9
Cash generated by operations	**1,286.5**	1,245.4	982.6
Interest received	**5.1**	7.3	5.9
Change in working capital	**(69.4)**	(2.3)	43.3
Cash generated by operating activities	**1,222.2**	1,250.4	1,031.8
Interest paid	**(90.4)**	(81.7)	(86.8)
Royalties paid	**(66.0)**	(76.4)	(75.0)
Taxation paid	**(239.5)**	(155.6)	(117.2)
Net cash from operations	**826.3**	936.7	752.8
Dividends paid/advanced	**(70.7)**	(40.7)	(28.9)
Owners of the parent	**(62.8)**	(39.2)	(15.1)
Non-controlling interest holders	**(6.4)**	(0.2)	(12.1)
South Deep BEE dividend	**(1.5)**	(1.3)	(1.7)
Cash generated by continuing operations	**755.6**	896.0	723.9
Cash generated by discontinued operations	**6.8**	21.5	20.0
Cash flows from investing activities	**(908.6)**	(867.9)	(651.5)

Additions to property, plant and equipment	**(833.6)**	(628.5)	(614.1)
Proceeds on disposal of property, plant and equipment	**23.2**	2.3	3.1
Purchase of Gruyere Gold Project assets		(197.1)	
Purchase of investments	**(80.1)**	(12.7)	(3.0)
Proceeds on disposal of investments		4.4	
Proceeds on disposal of Darlot	**5.4**		
Environmental trust funds and rehabilitation payments	**(16.7)**	(14.8)	(17.5)
Cash utilised in continuing operations	**(901.8)**	(846.4)	(631.5)
Cash utilised in discontinued operations	**(6.8)**	(21.5)	(20.0)
Cash flows from financing activities	**84.2**	37.0	(88.3)
Shares issued		151.5	
Loans raised	**779.7**	1,298.7	506.0
Loans repaid	**(695.5)**	(1,413.2)	(594.3)
Cash generated by/(utilised in) continuing operations	**84.2**	37.0	(88.3)
Cash generated by discontinued operations			
Net cash (utilised)/generated	**(62.0)**	86.6	4.1
Effect of exchange rate fluctuation on cash held	**14.3**	0.1	(22.1)
Cash and cash equivalents at beginning of the year	**526.7**	440.0	458.0
Cash and cash equivalents at end of the year	**479.0**	526.7	440.0

[1] *The restatement is as a result of the discontinued operations*

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CAPITAL DISCIPLINE

Enhancing free cash-flow

Gold Fields recorded a net cash-outflow (net cash outflow from operating activities less net capital expenditure and environmental payments) of US$2m in 2017 compared to an inflow of US$294m in 2016. Included in the 2017 number is capital of US$115m and US$141m for Damang and Gruyere respectively, which was not incurred in 2016. South Deep recorded a net cash outflow of US$60m compared to a net cash inflow of US$12m in 2016.

At a mine level, cash generation remained strong in 2017. Excluding project capital and exploration expenditure, mine cash-flow was US$441m (US$188m in Australia, US$117m in Peru, US$179m in Ghana and US$43m in South Africa) versus US$444m in 2016.

FCF margin decreased slightly to 16% in 2017 from 17% in 2016, driven primarily by an increase in taxes paid. Encouragingly, this is ahead of our targeted 15% FCF margin at a US$1,300/oz gold price, despite the fact that the gold price received of US$1,255/oz was below the long-term planning level.

To put our cash-flow generation in context, during 2017 our international mines in Australia, Ghana and Peru collectively generated net cash-flow (excluding project capital) of US$484m (2016: US$432m), while South Deep slipped into a cash negative position, due to lower than planned production. This demonstrates the robustness of our international portfolio of assets.

Maintaining dividends

Gold Fields has a long and well-established policy of rewarding shareholders. This policy is viewed as an important element of Gold Fields investment case and we have consistently honoured this commitment.

Despite recording a net cash-outflow, the Group maintained its dividend policy and declared a final dividend of R0.50/share for 2017. Together with the interim dividend of R0.40 per share (for the six months ended on 30 June 2017), this brings the total dividend for the year to R0.90/share. In 2016 we paid a total dividend of R1.10 per share.

Maintaining a healthy balance sheet

One of Gold Fields strategic objectives has been to reduce the amount of debt on our balance sheet. In this regard, management met its target of reducing net debt/ adjusted EBITDA to 1.0x by the end of 2016. However, having moved into a capital intensive phase of the Company s life-cycle, management guided the market for a pick-up in net debt during 2017. As such, the focus has shifted to limiting the cash outflow, minimising the increase in debt and maintaining the strength of the balance sheet through the peak capital expenditure years (2017 and 2018).

Net debt increased by US$137m during 2017 to US$1,303m at the end of December 2017 from US$1,166m at the end of December 2016. However, given the outperformance of the international portfolio, less capital expenditure incurred at Gruyere than planned and a higher gold price than budgeted, Gold Fields comfortably ended 2017 on a net debt/adjusted EBITDA ratio of 1.03x.

Having refinanced and extended the maturity of our credit facilities in June 2016, with the first material debt maturity falling due in June 2019, and having entered into an A$500m revolving credit facility in June 2017, Gold Fields balance sheet is in a stable position with regards to solvency and liquidity. At the end of 2017, the Group had uncommitted loan facilities of R1.65bn and committed loan facilities totalling US$2.54bn, A$500m and R2.5bn, of which US$1.2bn, A$200m and R1.7bn respectively are unutilised. Our debt is currently rated Ba1 by Moody s and BB+ by Standard & Poor s, unchanged from 2016.

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CAPITAL DISCIPLINE continued

Improving investor and analyst confidence

Central to Gold Fields vision of being the leader in sustainable gold mining is the generation of FCF to provide investors with positive leverage to the price of gold. We believe that the achievement of this objective is a prerequisite for improving the confidence with which both current and potential investors view the Company.

Gold Fields is a significantly smaller, more focused and leaner company than it was prior to the unbundling of the legacy South African gold mines into Sibanye Gold (now Sibanye-Stillwater) in 2013. The unbundling resulted in Gold Fields portfolio transitioning into one that is focused on mechanised underground and open-pit mining and one that is more geographically diversified. During 2017, 42% of our production came from our Australian mines, 32% from Ghana, 14% from Peru and 12% from South Africa. Given the ramp-up schedule at

South Deep, the reinvestment project at Damang and the development of Gruyere, the geographic spread of production is set to shift in years to come, but will remain well diversified on a global scale.

After three consecutive years of cash-flow generation, in which the Company produced a cumulative US$652m in net cash-flow, Gold Fields entered into a reinvestment phase in 2017. Investment at the Damang mine and Gruyere project commenced at the beginning of the year, while expenditure on near-mine exploration in Australia remained at similar levels to 2015 and 2016. Exploration drilling at Salares Norte in Chile continued during 2017 and we expect to complete the feasibility study by the end of 2018.

Notable investments made during 2017 include:

- A$184m (US$141m) was spent on the Gruyere project in Western Australia. More details on p84
- US$115m in project capital was spent at our Damang mine in Ghana. More details on p81
- Near-mine exploration spending of A$99m (US$75m) in Australia (including Gruyere) and US$11m in Ghana. More details on p86
- US$53m investment on further exploration and drilling at Salares Norte in Chile. More details on p85

Given the level of capital expenditure incurred during the year (project capital and Salares Norte exploration totalled US$270m in 2017), the Group recorded a net cash outflow of US$2m, compared to an inflow of US$294m in 2016. However, at a mine level, cash generation remained positive in 2017. Excluding project capital and Salares Norte exploration expenditure, mine cash-flow in 2017 was US$441m (US$188m in Australia, US$117m in Peru, US$179m in Ghana and an outflow of US$43m in South Africa) versus US$444m in 2016.

Gold Fields also invested US$21m for a 19.8% stake (partially diluted as at end-December 2017) stake in ASX-listed Cardinal Resources, which owns a number of greenfields exploration sites in Ghana, and bought a 9.9% stake in Gold Road Resources, our joint venture partner in the Gruyere project, for US$55m. Gold Road holds exploration licences in other areas of the prospective Yamarna Goldfields in Western Australia.

During 2017 Gold Fields sold the Darlot mine in Western Australia to junior miner Red 5. Subsequent to year-end the Arctic Platinum Project in Finland, was sold for US$40m. In 2016 the Company injected its

royalty portfolio with Toronto-listed Maverix Metals in exchange for a 32% interest. A summary of our investments is in the table below.

While the international portfolio had another good year, the first year of the rebase plan at South Deep proved challenging. But despite the slow start, the integrity of the rebase plan remains intact and delivery on the plan is a key focus area where management believes it can improve investor confidence. Unlocking the intrinsic value of the asset, which contains the world s second largest undeveloped gold resource, is an important element of the long-term strategy of the Company.

While many of the initiatives to build trust with our investors have a financial and operational focus, sustainability is entrenched throughout our business. This commitment is evident in the recognitions received. Gold Fields has consistently been ranked among the top five mining companies on the Dow Jones Sustainability Index since it first entered the index around six years ago, illustrating our commitment to sound environmental, social and governance principles.

Gold Fields material investments

Investment	Shareholding	Value (US$m)
Cardinal Resources	19.8%[1]	29
Gold Road Resources	9.9%	47
Maverix Metals	27.9%	57
Red 5	19.9%	11

Hummingbird Resources	6.2%	10
Rusoro Mining	25.7%	8
Total value		**162**

[1] *Partially diluted as at end-December 2017*

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Key measurements **Portfolio management**

	2017	Status	2016	2015	2014	2013
Attributable Gold Mineral Reserves (Moz)	**49.005**		48.112	46.064	48.123	48.608
Attributable Copper Mineral Reserves (Mlb)	**764**		454	532	620	708
Near mine exploration (US$m)	**87**		79	72	58	32
Near mine exploration metres drilled	**754,669**		694,527	651,189	349,511	250,138

2017 performance improvement on 2016 or achievement in line with strategy

2017 performance drop against 2016

2017 performance on par with 2016

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Managing our portfolio p80

Life extension through near-mine exploration p86

Portfolio management

Mining is a long-term game. As a business, we need to balance the needs of our existing portfolio while investing in the future, through a variety of projects across the globe. **Through our reinvestment projects as well as our growth projects we are able to balance short, medium and long-term value creation**

Results and impact

- Use portfolio management and strategic planning to inform acquisitions and disposals
- Life extension through brownfields exploration, mergers and acquisitions (M&A) and optimisation
- Implement business improvement and efficiency projects to reduce costs
- Reduce costs through innovation and technology projects

- Deliver life extension, cost reduction, revenue enhancement and improved health and safety through innovation and technology and business improvement initiatives
- Reduce Group life-of-mine, AIC/oz and increase reserve life per region through brownfields exploration, M&A and optimisation of existing mines
- Deliver positive Salares Norte feasibility project that exceeds metrics set for the project
- Mine closure costs, along with concurrent rehabilitation plans, incorporated into strategic plans

- A sustained and significantly lower gold price and currency exchange rate volatility

South Deep Partial achievement of the production targets as defined in the rebase plan and the associated loss of investor confidence
South Deep Logistics and utilities infrastructure
Non-delivery of Damang reinvestment and Gruyere projects
Replacing Resources and Reserves at international operations

MANAGING OUR PORTFOLIO

Gold Fields manages its assets to improve the overall quality of its portfolio and ensure the sustainability of the cash-flow generated by this portfolio. In this regard, the focus is on reducing Group all-in costs (AIC), increasing the free cash-flow per ounce and extending the life of the assets.

Elements of the portfolio management process include:

- Acquiring or developing lower-cost (than Group average), longer-life assets
- Disposing of higher-cost, shorter-life assets that management believes can be better served by a company that has more time and resources to commit to them
- Extending the life of current assets through near-mine brownfields exploration
- Focusing on in-country opportunities to leverage off our existing footprint, infrastructure and skills set and capitalise on the experience we have gained from operating in these jurisdictions

Sustaining a quality portfolio of assets

On an annual basis, all assets in our portfolio are subject to the Group s strategic planning process. A scenario analysis is conducted for each operation, assessing how to best maximise cash-flow, life-of-mine and margin. The results of this analysis are then used in conjunction with the Group s capital profile and the current economic environment as inputs into our annual business planning.

As a result of this process, the following key decisions were implemented with regards to the existing portfolio during 2017:

- Reinvestment into Damang in Ghana commenced at the beginning of the year, which will extend the mine s life to 2025. During 2017, US$115m in project capital was incurred, primarily on waste stripping (p81)
- Gold Fields began operating the Gruyere project in Western Australia in February. We spent A$184m (US$141m) on the project during 2017. Gold Fields also bought a 9.9% stake in Gold Road Resources, the joint venture partner at Gruyere (p84)

- Gold Fields continued to streamline its portfolio by selling Darlot in Western Australia to Red 5. The sale, which closed on 2 October 2017, saw Gold Fields receive A$7m (US$5m) in cash as well as Red 5 shares as part of the purchase consideration and as a consequence of partially underwriting a rights issue undertaken by Red 5. The net

result is that Gold Fields has a 19.9% shareholding in Red 5 post the sale
Building up a 19.8% stake (partially diluted as at end-December 2017) in ASX-listed Cardinal Resources, which manages a number of greenfields exploration projects in Ghana
Subsequent to year-end, we sold the palladium-rich, polymetallic Arctic Platinum Project in Finland to private equity firm CD Capital for US$40m and future royalties. APP was a non-core asset in our portfolio

The only operating asset in the Group that still needs to be brought to full account is the South Deep mine in South Africa. After what was a key milestone for the mine when it broke even for the first time in 2016 by generating net cash inflow of US$12m, South Deep reported a net cash outflow of US$60m in 2017, similar to the loss forecast in the rebase plan. This negative swing was driven by a lower Rand gold price received in 2017 together with lower than planned production in Q1 2017, when we experienced two fatal accidents and three falls of ground. (Refer to p82 for an update on South Deep.)

The strength of our international portfolio is evident in the continued net cash-flow generation of our assets in Australia, Ghana and Peru, which collectively generated US$484m (excluding project capital) during 2017 (2016: US$432m).

Furthermore, our portfolio s free cash-flow (FCF) margin was 16% in 2017 from 17% in 2016, which is ahead of our targeted 15% long-term planning target at a US$1,300/oz gold price.

Investing in the future a quality portfolio

The gold mining business is a long-term game, which has to be sustainable through price cycles and volatility of the commodity markets. Therefore, in order to grow and sustain cash-flow, investment is necessary. After three consecutive years of strong cash-flow generation, Gold Fields reached a point where reinvestment in the portfolio became necessary in order to ensure the longevity of this cash generation. As such, the Group entered 2017 with the focus on reinvesting in the business to ensure that we are able to deliver sustainable free cash-flow for the benefit of all stakeholders.

Importantly, management has only embarked on investments and capital expenditure that it believes have excellent potential for pay-backs and returns. In addition, our investment drive in 2017 and 2018 does not mean that our overall strategy has changed. We remain focused on generating cash to reduce our debt, pay dividends to shareholders and share the value we create with employees, governments and host communities.

While the Group spent more than it generated in 2017, the final cash outflow at US$2m was significantly lower than anticipated at the beginning of the year. All project capital incurred was in countries in which Gold Fields currently operates, allowing us to leverage our knowledge of the business environment, our existing footprint and infrastructure and the skills set at our mines there. Over the next few pages we discuss the Company s growth and exploration projects, whose implementation will be critical in sustaining Gold Fields for the long term.

Damang reinvestment project

In October 2016, Gold Fields announced its reinvestment plan for the Damang mine in Ghana, which will extend its life-of-mine (LoM) to 2025. The reinvestment has enhanced the Group s presence in one of our key regions and resulted in significant social benefits for the country, including the creation and preservation of 1,850 direct and indirect employment positions.

The reinvestment plan entails a major cutback to both the eastern and western walls of the Damang Pit Cutback (DPCB). The cutback will have a total depth of 341m, comprising 265m pre-strip to access the base of the existing pit. This will be followed by a deepening of the pit by a further 76m which will ultimately provide access to the full Damang orebody including the high grade Tarkwa phyllite lithology. To provide short-term ore supply while the Damang pre-strip is in progress,

mining is taking place at the hydrothermal Amoanda pit as well as the paleaoplacer satellite pits (Lima South, Kwesi Gap and Tomento East). In addition, the processing plant feed will be supplemented by low-grade surface stockpiles.

The DPCB project, which commenced on 23 December 2016, got off to a strong start and is currently tracking well against the project plan. During 2017, total tonnes mined were 39.7Mt against the original project schedule of 32.6Mt, driven by a good performance from both of the contractors (BCM and E&P). Gold produced of 144koz was 29% higher than guidance of 120.0koz, underpinned by high-grade material from the Amoanda pit, while AIC of US$1,827/oz was significantly below guidance of US$2,250/oz. Project capital of US$115m was spent during 2017, compared to the budget of US$120m.

Construction of the Far East Tailings Storage Facility (FETSF) commenced during Q1 2017, and the facility was commissioned by year-end, on time and within budget. The FETSF will provide cost effective tailings capacity of 44Mt. Decommissioning of the East Tailings Storage Facility (ETSF) commenced during Q1 2018.

Production guidance for 2018 is 160koz at an AIC of US$1,520/oz with project capital of US$105m.

MANAGING OUR PORTFOLIO continued

South Deep

2017 was a year of two halves for South Deep, with Q1 2017 negatively impacted by two fatal accidents and three falls of ground in the higher grade section of the mine which resulted in a deferral of mining higher grade areas. Production recovered through the rest of the year, with production in H2 2017 increasing by 36% to 5,038kg (162koz) from 3,710kg (119koz) in H1 2017.

Production for the year was 11% below original guidance as flagged in the Q3 2017 operating results in October 2017 at 8,748kg (281koz), compared to 9,032kg (290koz) in FY16. AIC increased 3% year-on-year to R600,109/kg (US$1,400/oz) from R583,059/kg (US$1,234/oz) in 2016, 3% higher than guidance of R585,000/kg. Performance of key activities included:

- The mine recorded net cash outflow of R804m (US$60m) in 2017 compared with the rebase plan which forecast an outflow of R830m
- Development decreased by 1% to 6,897 metres in 2017 from 6,933 metres in 2016. New mine development increased by 20% year-on-year to 976 metres from 811 in 2016
- Long hole stoping volumes increased by 3% to 767kt in 2017 (2016: 745kt)
- Destress mining increased by 3% year-on-year to 33,419m^2 (2016: 32,333m^2)
- Backfill placed was 11% lower year-on-year at 333m^3

While good progress has been made on the technical front, with the implementation of the mining method receiving positive feedback from the Geotechnical Review Board, a group of pre-eminent international recognised geotechnical experts, the execution of the full mining value chain remains sub-optimal.

At year-end, there was a goodwill impairment of R3.5bn (US$278m) (gross and after tax) related mainly to a reduction in the gold price assumption used in the life-of-mine impairment model to R525,000/kg from R600,000/kg and the slow start to the rebase plan (announced in February 2017) in 2017. Post this impairment, the carrying value of South Deep is R24.7bn (US$1.96bn).

We now expect a more gradual build-up to steady state production of approximately 500koz by 2022, with most of the metrics unchanged from the original rebase plan. In October 2017, we noted that there would be a knock-on impact on 2018 production. We expect production for 2018 to be 10,000kg (321koz), 10% lower than the rebase plan. However, we expect AIC to be R540,000/kg, compared to R567,910/kg in the rebase plan. The table below provides detail on the more gradual build-up to steady state.

Key to achieving the rebase plan is an increased focus on the North of Wrench area (new mine), which will allow for bulk, non-selective mining. The contribution from the new mine will increase to 70% at steady state in 2023 from the current level of 43%.

As the mine continues its ramp-up, there is continued focus on stakeholder management. In particular, there are a number of initiatives in place with organised labour to drive productivity, improve efficiencies and align workforce structures with the cost profile of the mine.

South Deep rebase plan key metrics

		2017	2018	2019	2020	2021	2022
Gold production	kg	**8,748**	10,002	10,846	11,924	13,287	14,926
	koz	**281**	321	349	383	427	480
Destress metres	m^2	**32,333**	43,242	53,013	50,202	50,264	45,689
Cost of sales[1]	Rm	**4,062**	4,035	4,185	4,365	4,371	4,524
Total capital expenditure	Rm	**1,099**	1,102	1,705	1,494	1,643	1,424
AISC	R/kg	**574,406**	500,000	518,123	474,967	430,415	409,686
AIC	R/kg	**600,109**	540,000	557,457	504,662	464,774	409,686

[1] *Cost of sales before amortisation and depreciations*

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South Deep Comparison between current and new mining areas

Current mine	North of Wrench (New mine)
Mining method: Scattered and selective remnant mining	Mining method: Bulk, non-selective mechanised mining
Infrastructure: Legacy. Rail bound transport of ore	Infrastructure: Tailored to mining method. Trackless with transport of ore to be via conveyor
Reserves: 1.7Moz	Reserves: 9.0Moz
Current production contribution: 53%	Current production contribution: 47%
Steady state production contribution: 30%	Steady state production contribution: 70%

MANAGING OUR PORTFOLIO continued

Gruyere

In November 2016, Gold Fields entered into a 50:50 joint venture with Australian exploration company, Gold Road Resources, for the development and operation of the Gruyere gold project, one of the country s largest undeveloped gold projects. The joint venture comprises the Gruyere gold deposit and a number of exploration tenements.

Gruyere is a large shear hosted porphyry gold deposit, with a combined total Mineral Reserve of 3.74Moz, 50% of which is attributable to Gold Fields. It is located in Australia s newest goldfields, the Yamarna Belt, 200km east of Laverton in Western Australia, where our Granny Smith mine is located.

Early work at Gruyere began in December 2016, with Gold Fields taking over operatorship of the project on 1 February 2017. The project construction schedule remains unchanged, with engineering progress at 72% and construction progress at 32% as at end-December 2017. Gruyere remains on track to pour first gold during Q1 2019.

Costs incurred to date are also in line with the project budget, which was slightly increased to A$532m (US$411m) (100% basis) in early 2017 following a detailed review of the feasibility study. A$477m (US$358m) of the total capital cost has been committed, with A$186m (US$143m) already spent.

The Gruyere village, which includes 648 rooms, offices and recreational facilities, was commissioned during H1 2017, as was the borefield that will supply potable water for the project. The Bulk Earthworks contract was awarded to MACA Civil in May 2017. The 28km Gruyere main access road and sealed airstrip were completed in H2 2017, while the pit and tailings storage facility (TSF) areas were cleared during Q4 2017. Construction of the TSF embankment walls is scheduled for completion during H1 2018.

The engineering, procurement and construction contract for the Gruyere processing plant and the associated infrastructure was awarded to Amec Foster Wheeler Civmec JV. Construction of the seven carbon-in-leach tanks is progressing to plan. During H1 2017, a power supply contract was signed with APA Group, a leading Australian energy infrastructure business. APA has received final approval from the Western Australian Department of Mines for the 198km Yamarna gas pipeline, which is scheduled for completion in H1 2018. Civil and structural works have also begun at the 45MW gas-powered Gruyere power plant, which will be connected to the gas pipeline, and will supply the mine s energy needs for the life-of-mine.

The Yeo borefield will serve as the main process water source for the Gruyere processing plant. All 32 production boreholes have been drilled and installation of the 95km water pipeline to the processing plant has commenced. Installation of the 22kV overhead power line

servicing the borefield is scheduled to commence in Q2 2018.

Finally, the mining services contract, which has a cost of approximately A$400m (US$300m) over a five-year term, was executed with Downer EDI in Q4 2017. Downer began mobilising their workforce during Q1 2018 to begin construction of the mining infrastructure. Mining activities are planned to commence in Q4 2018.

Total project capital of A$311m (US$249m) (100% basis) has been budgeted for 2018.

The tenements comprising the Gruyere Project are held subject to the native title rights of the traditional owners of the land, with many of its members residing in the nearby Cosmo Newberry town. The joint venture partners have a Native Title Agreement in place which provides access to the area, subject to a number of heritage protection protocols and the provision of financial, contracting, and employment benefits to the local Aboriginal people. They are required to establish a corporation (known as a Prescribed Body Corporate) to hold and administer the native title rights and interests on behalf of all group members, which has commenced. The JV partners have implemented a number of projects with the local Aboriginal people, including cultural awareness training for Gruyere employees and contractors. Contractors at Gruyere have also been mandated to employ members of the local Aboriginal people a target of 18 employees has been set for mid-2018.

Salares Norte

The Salares Norte project is 100% Gold Fields owned and is focused on a gold-silver deposit in the Atacama region of northern Chile. Mineralisation is contained within a high-sulphidation epithermal system, offering high-grade oxides. The project is located within a core 1,800ha concession area. Gold Fields has an option to purchase an adjoining concession that would add a further 1,200ha. The Group spent US$53m on feasibility study work and further drilling in 2017 (2016: US$39m), during which time the studies for the Brecha Principal and Agua Amarga orebodies were merged into one study. In late 2017 Salares Norte was progressed to interim feasibility status.

During 2018, US$83m is budgeted for completion of the feasibility study and district exploration in a 20km radius around the project on prospective ground. The interim results from the feasibility study

indicate the following metrics for the project:

- Annual throughput of 2Mt per annum
- 3.5Moz produced over LoM
- An AISC of US$575/oz
- Project capital of US$850m

The project envisages open-pit operations with a processing plant that includes both CIP and Merrill Crowe processes, due to the high silver content of the ore.

Importantly, land easement was granted on 30 May 2016 (for 30 years) and water rights for the project were obtained on 29 December 2016, with the regulator granting Gold Fields access to 114 litres/second (more than double what the project requires).

During 2017 Salares Norte also completed the environmental and social baseline to support the project schedule as part of its Environmental and Social Impact Assessment (ESIA). This work entails baseline research comprising social, hydro-geological, flora and fauna studies, including research and recommendations on the protection of the endangered Short-tailed Chinchilla in the area. Once the ESIA and baseline studies have been concluded expected in April 2018 the team will present the findings to the relevant Chilean regulators.

While there are no indigenous claims or community presence on the concession or the dedicated access routes, Salares Norte has embarked on an extensive early engagement programme with communities and other stakeholders in the wider vicinity of the project as part of the ESIA. During 2017, US$265,000 was spent on community initiatives.

Far Southeast

The Far Southeast project is a proposed underground mine located in northern Luzon province 250km north of Manila. The 900 million tonne copper-gold porphyry ore body has grades of approximately 0.7g/t gold and approximately 0.5% copper.

The project is held by Far Southeast Gold Resources (FSGRI) in which Gold Fields has a 40% interest, with an option to increase its stake to 60%, and is adjacent to an existing mining operation with established infrastructure. Lepanto Consolidated Mining of the Philippines holds the remaining 60% interest and manages the existing mining operation. Gold Fields impaired its investment in Far Southeast to

US$129m in 2015, as determined by an evaluation of Lepanto s market value on the Philippine Stock Exchange.

For Gold Fields to obtain a further 20% interest in the project, a Financial or Technical Assistance Agreement (FTAA) is required from the Philippine Government, and is dependent on obtaining the Free, Prior and Informed Consent (FPIC) of the local Kankana-ey indigenous people. A further condition is the renewal for a further 25 years of the existing mining tenement in which most of the FSE deposit occurs. This is pending resolution.

The application for a FTAA was denied by the Mines and Geo-Sciences Bureau (MGB) in November 2015. FSGRI filed a motion for reconsideration with the MGB to reinstate the FTAA application but this motion remains

pending. The application for Certification Precondition from the National Commission on Indigenous People (NCIP), which will complete the FPIC process, is also under consideration by the NCIP. This process was held in abeyance by the NCIP pending renewal of the existing mining tenement.

Amid the legal and administrative delays, the holding costs of this project have been reduced to approximately US$180,000/month, related mainly to detailed studies of existing drill core, environmental monitoring, community engagement work as well as activities to support the permitting process. Further material development of the project will be dependent on the renewal of the Mineral Production Sharing Agreement and Gold Fields obtaining majority ownership of the project.

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LIFE EXTENSION THROUGH NEAR-MINE EXPLORATION

Near-mine exploration plays a key role in Gold Fields strategy as we believe it offers one of the lowest-cost opportunities for growing cash-flow, particularly on a per share basis. The value in near-mine exploration lies in:

- Knowledge of the ore bodies which enables the exploration teams to identify extensions or additional ore sources housed within the mining tenement
- Operational capabilities, including Gold Fields proven ability to develop and mine orogenic ore bodies
- Regional and operational infrastructure including existing processing plants and regional management teams

In addition to adding to Gold Fields Mineral Resource and Mineral Reserve base, near-mine exploration:

- Extends the life of the Group s existing mines
- Ensures each region can continue to leverage its infrastructure
- Provides a robust platform for regional growth

The benefits of effective near-mine exploration are evident in the history of the Agnew and St Ives mines in Western Australia. At the time of their acquisition in 2002, the mines had a combined Mineral Reserve of 2.9Moz. Since then, the two assets have produced over 10Moz and their combined Mineral Reserves still exceed over 2Moz following annual depletions. Gold Fields believes that most of its mines in Australia (which share similar orogenic ore bodies) will be able to repeat this success over the next few years.

In 2017, Gold Fields spent US$87m on near-mine exploration (2016: US$80m), which supported a total of 754,669 metres of near-mine drilling (2016: 694,527 metres). The majority of this spending US$75m (A$99m) was incurred at our Australian mines. US$11m was spent in Ghana, which is significantly higher than the US$3m spent in the

region in 2016, amid a renewed focus on extending the life of the Tarkwa and Damang mines.

At our Cerro Corona mine in Peru, near-mine exploration is limited by the mining lease area. However, Gold Fields continues to engage the adjacent communities about the potential of future exploration in these areas.

For 2018, we have budgeted US$87m for near-mine exploration of which US$65m (A$86m) will be at our Australian operations. Our Australian mines have successfully extended their lives through a consistent investment in brownfields exploration activities.

Following is a breakdown of brownfields exploration at our operations during 2017:

St Ives

Mineral Reserve

reconciliation

At St Ives, total exploration spend in 2017 was A$39m (US$29m). A total of 225,665 metres were drilled during the year.

During 2017, exploration was focused on resource extension at Invincible, lateral resource extension at Hamlet underground and continued testing of the palaeochannel opportunities. Mining at Invincible

underground commenced towards the end of 2017. The Invincible complex continues to grow and is expected to remain a key contributor to production at St Ives for many years to come.

A favourable advanced scoping study on the palaeochannel project has resulted in the project moving into pre-feasibility stage. The first part of the study will focus on evaluating a viable mining method and is expected to be completed by the end of 2018. The potential resource being assessed on this project is in the range of 2Moz 3Moz.

Agnew

Mineral Reserve

reconciliation

A$28m (US$22m) was spent on exploration at Agnew during 2017 and a total of 194,910 metres were drilled during the year. Encouragingly, Agnew increased reserves after depletion during 2017, which is the first time the mine has achieved this in seven years.

During 2017, exploration focused on resource extension at the Waroonga North underground mine and detailed in-mine targeting at Waroonga North, Kath and New Holland ore bodies. Currently, Waroonga North has 170koz in resource and 79koz in reserve, while the adjacent Kath lode has 90koz in resource and 36koz in reserve. In 2018, the focus will be on further defining these ore bodies as we believe there is reasonable upside potential.

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Granny Smith

Mineral Reserve reconciliation

Total exploration spend at Granny Smith was A$25m (US$19m). A total of 227,357 metres were drilled during the year. This resulted in a 0.51Moz (30%) increase in Mineral Reserves.

Following a positive feasibility study of Zone 110/120, the Board has approved the development of this extension to the Wallaby underground mine. This contains Mineral Reserves of 1.3Moz and will extend Granny Smith s life to 2027, before consolidation of Zones 135 and 150 below the current ore body.

Exploration has generated additional advanced targets on the tenement package, which will be targeted in future as additional sources of mill feed.

Tarkwa

Mineral Reserve reconciliation

During 2017, Tarkwa intensified its near-mine exploration efforts, spending US$5.4m on drilling 36,324 metres. Tarkwa s Mineral Reserves decreased by 0.18Moz (3%), although the area being drilled is highly prospective.

As at 31 December 2017, Tarkwa s Mineral Reserves were 5.91Moz.

Damang

Mineral Reserve reconciliation

While the focus at Damang was in implementing the reinvestment plan (p81), Gold Fields also spent US$5.7m in near mine exploration during the year. A total of 35,265 metres were drilled. This resulted in a 0.05Moz (4%) increase in Mineral Reserves to 1.73Moz.

As at 31 December 2017, Granny Smith s
Mineral Reserves were 2.20Moz.

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Key measurements **Licence and reputation**

	2017	Status	2016	2015	2014	2013
Total value distribution (US$m)	**2,850**		2,505	2,425	2,650	2,980
SED spending (US$m)	**17.4**		16.2	13.7	17.4	17.2
Workforce from host communities (%)	**40**		48[4]	59	57	
In-country procurement (US$m)	**1,626**		1,360	1,270	1,440	1,440
Host community procurement (US$m)	**774**		558	514	600	430
Environmental incidents (Level 3 and above)	**2**		3	5	4	3
Water recycled/reused (M)	**43,289**		44,274	43,120	42,409	33,453
Water withdrawal (M [1])	**32,985**		30,321	35,247	30,207	30,302
Electricity purchased (MWh)[1]	**1,366,086**		1,400,422	1,322,353	1,338,075	1,382,106
Diesel (TJ)[1]	**6,765**		6,608	6,930	6,066	5,509
CO_2 emissions (000 tonnes)[2, 3]	**1,959**		1,964	1,753	1,694	1,731
Mining waste (000 tonnes)	**212,089**		187,036	167,357	138,522	190,007
Gross closure costs provisions (US$m)	**381**		381	353	391	355

[1] *The numbers disclosed only include our operations, as head offices are not considered material*

[2] *The CO_2 emission numbers include head offices and comprise Scope 1, 2 and 3 emissions*

[3] *Scope 1 emissions are those arising directly from sources managed by the Company. Scope 2 emissions are indirect emissions generated in the production of electricity used by the Company. Scope 3 emissions arise as a consequence of the activities of the Company*

[4] *2016 reduction due to classifying host community based on place of origin and not residence. 2015 and 2014 figures restated accordingly*

2017 performance improvement on 2016 or achievement in line with strategy

2017 performance drop against 2016

2017 performance on par with 2016

Total value distribution

US$2,850m

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Licence and reputation

The success of our business is critically dependent on our relationships with a number of key external stakeholders that determine both our regulatory and social licences to operate as well as the reputation we have with these stakeholders. **These relationships are built on a commitment to good corporate citizenship, sharing wealth with our stakeholders and sound environmental stewardship.** As such, protecting our reputation and our licence to operate remains a priority on our scorecard

Results and impact

Enhance reputation through community, environmental and safety programmes that enhance the lives of our people
Enhance governance and compliance
Build confidence with analysts and investors
Enhance reputation with stakeholders through Shared Value initiatives

Improve total shareholder return by positioning share price between median and upper quartile of peer group

Increase the proportion of sustainable host community procurement and employment to drive Shared Value

No Level 3 or above environmental incidents and a 10% reduction in Level 2 incidents

Align management practices with ICMM tailings and water position statements

Deliver and manage a robust and transparent group governance and compliance programme

Maintain position in top five in Dow Jones Sustainability Index

Loss of social licence to operate and community acceptance

Water pollution, supply and cost

Safety and health of our employees

Attraction and retention of skills

Cost of energy and security of power supply

Impacts of global climate change

Wage agreement in South Africa and Ghana

OVERVIEW

For Gold Fields, leadership in sustainable gold mining means being the company of choice for all our stakeholders employees, communities, government and investors. Sustainability in this context means building mines across the world, operating them responsibly and profitably over life-of-mine and creating Shared Value for all our stakeholders.

To protect and enhance these relationships and our reputation we understand that we must minimise the impact of our operations through environmental stewardship, while ensuring we have meaningful and ongoing engagement and relationships with our stakeholders to create Shared Value opportunities and deliver clear economic, social and environmental benefits to them.

Our ability to fulfil our commitment to stakeholders, also requires that we run our operations sustainably and profitably. Above all, we require the is essential given the long-term, capital-intensive nature of our mining projects, as well as the, at times, challenging social and political contexts in which we operate.

This section deals with the licence and reputation pillar of our balanced scorecard and is divided into three parts, environmental stewardship, stakeholder relationships and engagement and governance and compliance, reflecting our new operating structure.

Our operations have a significant impact on both the environment and our stakeholders, particularly on those communities living in close proximity to our mines or projects. How we maximise our positive impact and mitigate adverse impacts is critical to protecting and enhancing our reputation, achieving societal acceptance as well as maintaining our ability to receive or renew our regulatory licences.

regional and local, and require first and foremost good corporate citizenship from Gold Fields in terms of adherence to all relevant legislation, including the payment of taxes and other levies, as well as a robust governance and compliance approach.

Societal acceptance is mostly achieved by building strong relationships with our stakeholders. This is not merely a compliance-based approach, but one that seeks to ensure that we secure the long-term support of our stakeholders.

During 2017, Gold Fields total value distribution to our stakeholders was US$2.85bn (2016: US$2.51bn), in the form of payments to governments, capital providers, communities, business suppliers and employees. The vast majority of the value created remains in the countries of highest levels of corporate governance and compliance. This

Regulatory licences are issued by governments at all levels, national,

operation.

The five key elements of our sustainable development strategy are:

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ENVIRONMENTAL STEWARDSHIP

Introduction

As a mining business, our operations have a material impact on the surrounding environment. To manage this, we remain committed to responsible environmental stewardship. Internally, Gold Fields has recently revised a number of policy statements and four Group-level guidelines, which reflect our environmental priorities. These concern energy and carbon management, water management, tailings management and mine closure.

To understand the Group s approach to managing the following issues, as well as the supporting policies and guidelines, refer to the Gold Fields website at **www.goldfields.com/ sustainability.php**

- Environmental stewardship
- Water
- Climate change
- Energy
- Mine closure
- Health and safety

Our approach to environmental stewardship is guided and informed by several external standards as well as local legislation, supported by risk management, internal policies and priorities. Additional local priorities are identified through stakeholder consultation.

All of Gold Fields eligible operations are certified to the International Cyanide Management Code (ICMC). The certification, which prescribes how to manage, treat, transport and store cyanide, is renewable every three years. Gold Fields remains committed to Code compliance and our operations work to ensure recertification by identifying and addressing potential gaps in advance. Granny Smith and St Ives were successfully recertified during 2017. The next recertification audits due in the Group are at South Deep, Tarkwa and Damang in 2018. Gold Fields does not use mercury for the beneficiation of gold or in any of its processes.

While all Gold Fields operations are currently certified under ISO 14001, we are in the process of recertifying

our operations in terms of the new ISO 14001 (2015) standard. A significant highlight for the Group is that St Ives, Granny Smith, Cerro Corona and South Deep secured the new certification in 2017. Agnew, Tarkwa and Damang are scheduled for recertification in 2018. The adoption of the critical control management approach promoted by the

ICMM (p50), will also assist with the identification and mitigation of adverse environmental impacts.

For details of our environmental management approach, policies and guidelines go to **www.goldfields.com/ sustainability.php**

Environmental incidents

Gold Fields reports environmental incidents using a Level 1 (most minor) to 5 (most severe) scale. During the year, our environmental incident reporting process was updated to include clear deadlines for reporting incidents to our CEO and Board to ensure oversight at the highest levels.

We have not recorded any Level 4 or 5 environmental incidents in the past ten years, thereby achieving our target of zero Level 4 and 5 incidents. During 2017, we did, however, experience 83 Level 2 environmental incidents (2016: 131) and two Level 3 environmental incidents (2016: three), which took place at our St Ives and Tarkwa operations.

In Q2, a contractor at the St Ives mine released diluted, hypersaline ground water onto undisturbed land during drilling activities. Sumps had not been prepared to contain any run-off water. The area was immediately rehabilitated and the regulator notified. The environmental impact was low as the water released was a small quantity and had low salinity levels

In Q4, seepage from a tailings embankment wall at Tarkwa flowed into an adjacent control wetland on the mine s property. Levels of cyanide in the seepage resulted in fish in the wetland dying. Cyanide levels in the wetland quickly fell below prescribed regulatory limits and

the seep from the embankment wall was contained. The contaminated water did not go beyond Tarkwa s boundary or into any water courses. The regulator was notified

Supporting biodiversity

Our Biodiversity Conservation Practice Guide ensures that we integrate biodiversity conservation into all aspects of mine life, from pre-feasibility to closure. We subscribe to the ICMM Position Statement on Mining and Protected Areas, which includes a commitment to respect protected areas and an undertaking not to explore or mine on World Heritage properties. For example, we implement a total ban on hunting on our land holdings at our mines in Ghana and Peru and have strict controls to protect local water bodies. Because of this, our operations enjoy high levels of biodiversity compared to their surrounds.

At our Salares Norte project in the Atacama desert of northern Chile, we have invested US$2.2m in our environmental programmes, which includes a project to protect the endangered Short-tailed Chinchilla, which is found in the area. During 2017, with the help of environmental experts, we captured a number of Chinchilla and relocated them. Some of them were equipped with GPS collars to allow for further studies.

At our Cerro Corona mine in Peru we have a biodiversity management programme, as part of which we evaluate terrestrial and aquatic biodiversity twice a year (during the dry and wet season) and, where necessary, ask biologists to relocate sensitive flora and fauna species from the operating area.

As part of our Beyond 2018 project at the St Ives mine, we delayed submission of final documentation to the Environmental Protection Authority (EPA) to further study the fauna on the Lake Lefroy salt lake, on which much of the future mining activity will take place. The documentation was submitted in February 2018.

ENVIRONMENTAL STEWARDSHIP continued

Climate change management

Climate change affects the availability of natural resources, with water and energy most affected. Our operations and our host communities are and could be further impacted, due to:

- Extreme weather events such as severe rainfalls, heavy snowfalls, severe winds, extreme temperatures and prolonged droughts
- An increasing number of climate-related regulations, carbon emissions taxes, stringent water regulations, the impact of new technologies and investor perception

During 2017, the Board adopted an updated Group Climate Change Policy, which advances and communicates a balanced mitigation and adaptation approach to achieving our climate change objectives. The policy contains a set of commitments that include:

- Conducting climate change vulnerability assessments utilising Group risk guidelines and International Council on Mining and Metals (ICMM) tools and guidelines
- Annual reporting and disclosure via a number of reporting frameworks including the Carbon Disclosure Project (CDP) and the Dow Jones Sustainability Index
- Mitigating the effects of climate change by increasingly investing in renewable energy and low-carbon energy sources, energy efficiency initiatives and water use optimisation initiatives
- Supporting research, development and innovation to assist our operations to cope with climate change
- Factoring in a regional carbon price for both costing and as a potential revenue stream
- Participating in industry forums, including the ICMM climate change and energy working group, stakeholder and NGO engagements

For details of our climate change management approach, policies and guidelines go to **www.goldfields.com/ sustainability.php**

For related energy reporting and a combined energy, climate change infographic, see p64 68

In 2017, the Taskforce on Climate Financial Disclosures (TCFD), formed by the global Financial Stability Board, published its climate change-linked disclosure recommendations for corporations. Given our long running energy, water security, carbon emissions management and climate change programmes and performance disclosures, we are able to align these with the TCFD recommendations as follows:

Governance

The Board approved the Climate Change policy statement in 2017 and the Safety Health and Sustainable Development Committee of the Board reviews performance of energy and climate change programmes every quarter.

Strategy

Our climate resilience strategy focuses on understanding climate-related risks that affect our operations and neighbouring communities and building safeguards to strengthen climate resilience against these risks. We also assess climate-related opportunities, such as: the use of financial incentives, investing in improving security and efficiency for water and energy, remaining committed to using 20% renewable energy in all new operations and switching from high to low-carbon energy sources.

Risk management and mitigation

Company-wide risk assessments are conducted and reviewed twice a year by the Audit and Risk Committee of the Board. In 2017, our Group risk register included the impact of global climate change and water pollution, supply and cost among the top 20 Group risks.

Gold Fields approach

We assess climate change-related risks, develop mitigation and adaptation plans, implement the plans and review our vulnerability every five years. Apart from operation-specific interventions (p62 63) we have also developed Group-wide strategies and programmes. In 2016 and 2017, Gold Fields Ghana mines piloted use of an ICMM climate-data viewer tool, which gives insight into physical changes in precipitation, temperature, wind and water stress levels. The tool provides climate projections covering a 20-year period from 2025 to 2045, from a 1986 to 2005 baseline[1]. The outcomes were used in developing adaptation plans, such as reviewing design flood lines, inclusion of climate change risks in our tailings and waste facilities management guidelines and inclusion of climate change impacts in our project standards (p98).

Regulatory risks and opportunities

Climate change-related regulations have increased across our regions.

In Ghana, the Renewable Energy Act of 2011 requires 10% renewable energy requirement across the grid by 2020, with mines expected to take the lead. Our mines have started exploring ways to achieve this target.

In South Africa, the second carbon tax bill with taxes levied on companies Scope 1 CO_2 emissions, is set for implementation in early 2019. South Deep s exposure to the tax is minimal as its Scope 1 emissions, largely related to diesel usage, were only 8,000 tonnes

[1] *Determined using the RCP 8.5 baseline scenario (representative concentration pathway). Gold Fields has noted the nationally determined commitments from Australia, Peru, Chile and South Africa. We further expect the two-degree scenario to put pressure on energy costs in the medium term.*

CO_2-eq. At an estimated tax rate of R60/t this would amount to around R500,000 (US$37,000), after discounts. However, should Eskom decide to pass on the cost of the tax on its Scope 1 emissions to customers, the costs could rise significantly. New national greenhouse gas emissions regulations were also promulgated in 2017. We are currently studying their potential impact.

In Australia, we already report under the National Greenhouse and Energy Reporting scheme. In 2016 a safeguard mechanism was introduced, with penalties for exceeding emissions baselines; in the year to 30 June 2017 our St Ives mine has exceeded the baseline by 1,590 tonnes CO_2-eq as increased mining volumes drove up our diesel-linked emissions. This was 1.6% above the baseline and required the mine to trade carbon credits to that amount. We have successfully converted our abated carbon emissions at our Granny Smith mine in Australia into A$127,000 in carbon credits and auctioned these off to the Australian government, with the excess used to offset the safeguard mechanisms exceedances at St Ives.

Chile s carbon tax scheme, at US$5/t CO_2-eq, became effective in 2017, targeting large grid connected generation facilities. Our Salares Norte project in the Atacama Desert is a remote operation, with no grid access and will not be affected.

Weather-related physical risks

Severe weather events have impacted and have the potential to further impact our operations. Heavy rains in Australia and Ghana have resulted in production stoppages and damage to properties. In 2017, Peru experienced heavy rainfalls which affected the road from the Cerro Corona mine to the port of Salaverry, from where we ship our ore concentrate. As a result there were some delays in shipping the concentrate. Last year also saw heavy snowfalls at the Salares Norte project in Chile, which impacted our exploration activities. South Africa has been experiencing drought conditions in some areas.

Metrics and target

Gold Fields has been disclosing emissions, risks and opportunities for more than 10 years through the CDP, which has consistently ranked us as one of South Africa s top

performers. Our key energy and carbon emissions data are assured externally.

In 2018 we will complete the process of revising our short and medium-term climate change and emissions targets, aligned with our corporate strategy and the regulatory requirements in our jurisdictions.

Gold Fields disclosures cover all three carbon emission scopes (Scope 1 3), both in absolute figures and intensities. Total Scope 1 3 CO_2-eq emissions during 2017 amounted to 1.96Mt (2016: 1.96Mt). From 2017 to 2020, our aspirational target is to reduce cumulative carbon emissions by 800kt CO_2-eq.

Given the water security impact of climate change to our operations, we also closely monitor our water usage and spending and invest in water security and efficiency initiatives. More details can be found on p99.

Rehabilitation of waste dumps at Damang

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ENVIRONMENTAL STEWARDSHIP continued

Regional climate change risks and mitigation plans

	High/medium risks	Plan
Australia	Adequacy of flood management measures	Review flood management capabilities and adjust management plans, if necessary
	Declining availability of water	Develop LoM water balances that are dynamic, probabilistic and predictive
	Increased cooling costs	Implement energy and cost management plans
	Legislative changes including aggressive taxation regimes and abatement requirements	Participate in carbon abatement projects Continue to engage governments
Americas	Water shortages during drier months	Obtain permits to abstract water from the Tingo river in wet seasons Seek approval for water abstraction in regular EIA updates
	Ability to deliver concentrate for shipping during severe weather events	Ensure that an alternate route to the port is ready for use Increase storage capacity at the port and at the mine
West Africa	Increased operational costs linked to maintenance of roads, more frequent replacement of tyres and increased dewatering	Provision made for rain delays in 2018 operational plan Pit floors to be staggered where possible to aid drainage Catchment mapping to be reviewed against a one in 100-year rainfall event
	Increased volumes of contaminated water requiring treatment	Review water treatment option updates for contaminated water

		Direct surface water flow away from operations to reduce contaminated volumes Adaptive water balance models
	Heat stresses on mine employees	Heat stress management programme, including training, to be rolled out in 2018 Accelerate heavy machinery automation opportunities across the fleet
	Favourable conditions for vector borne diseases during high rainfall periods	Review mosquito spraying programme and adjust, if necessary Investigate potential collaboration with neighbouring mines on community spraying
South Africa	Variability in rainfall intensity increasing costs of alternate water sources Temperature increases affect surface cooling plant efficiency and causes heat stress for surface employee Climate change-related regulatory uncertainty	Adaptation programme completed in 2018 Dynamic, probabilistic and predictive water balances in place Reduce freshwater withdrawals Reduce potential Scope 1 emission through improved diesel efficiencies

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Water management

Gold Fields is committed to responsible water stewardship, both for the benefit of host communities and for our own operations. Clean water is a basic human right, and a vital resource for our processing activities. Our approach to managing our impact on and access to water is essential to maintaining our licence to operate. Through careful management, we are able to reduce our environmental impact through responsible use, storage and release of water, while also reducing our costs, thereby benefiting all stakeholders.

All regions have conducted a gap analysis against the new ICMM Water Position Statement and have developed action plans to close the gaps, with the aim of aligning by the end of 2018. Independent verification of mines adherence to the statement will be carried out afterwards. We have updated the Group Water Management Guideline by incorporating the following ICMM Water Position Statement commitments:

- Apply strong and transparent corporate water governance
- Manage water at operations effectively
- Collaborate to achieve responsible and sustainable water use

Predictive and dynamic water balances are in place at all operations, except Damang (which is planning to implement it during 2018), enabling them to account for their water inputs to and outputs for the flows within the system.

For details of our water management approach, policies and guidelines go to **www.goldfields.com/ sustainability.php**

Group performance

During 2017, Gold Fields spent a total of US$29m on water management and projects (2016: US$16m).

Water withdrawal[1] across the Group increased to 32.9M (2016: 30,3M) and water recycled[2] or reused[3] amounted to 43.3M (2016: 44,3M). Water withdrawal per ounce was higher at 14.8k /oz in 2017 compared with 13.7k /oz in 2016. The main reasons for the increase in water withdrawal (Graph 1) were the high rainfalls experienced at our Australian operations, at Tarkwa in Ghana and at the Cerro Corona mine in Peru. This is included in the determination of water withdrawal and we are required to dewater these mines to enable them to continue operating. As Group gold production was largely unchanged this reflected in higher water withdrawals per ounce of gold produced.

Our operations are investing heavily in improving water management practices, including pollution prevention, recycling and conservation initiatives.

The decline in the amount of water recycled or reused during 2017 also related to higher rainfall. At Cerro Corona all new water is rain water, which is collected and stored in the tailings pond even if the site does not need it. It gets used first, therefore reducing the need to treat and reuse waste water. A similar trend occurs at our other mines during periods of high rainfall.

The ICMM has recommended a recycling/reuse target of 60% for mining operations. Our Peruvian and Ghanaian mines have exceeded this level already and during 2018 the Group will set targets in line with this recommendation. At Group level, 57%[4] of our water was recycled or reused during 2017 (2016: 59%).

We benchmark our water usage by participating in the CDP water disclosure programme. The CDP s water score is an indicator of a company s commitment to transparency around its water risks, and the sufficiency of its response to them. During 2017, Gold Fields maintained an A- score for its 2016 CDP water assessment, a notch below the top performers.

Group water withdrawal

Water withdawal per ounce of

gold produced

Group water recycled/reused

Total water recycled/reused[4]

[1] Water withdrawn is the sum of all water drawn into Gold Fields operations from all sources for any use/impact
[2] Recycled water refers to the act of processing used water/waste water through the same or another cycle at the same facility. The water/ waste water is treated before being recycled and reused
[3] Reused water refers to water/waste water that is re-used without treatment at the same facility or at another of Gold Fields operations
[4] Percentage of water recycled or reused

$$= \frac{\text{water recycled/reused}}{\text{total water used in process}^{5}} \times 100$$

[5] Total water used in process = water withdrawal + water recycled/reused

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ENVIRONMENTAL STEWARDSHIP continued

Regional performance

Key risks	Strategic responses
Poorly developed public water infrastructure Ongoing or perceived water quality pollution by neighbouring mines Water-related activism at both a local and regional level	Cerro Corona has a water management strategy that includes: Permits for water use and effluent discharge Water balance to control the volume of run-off water stored in the TSF Rainwater storage and recycling Community water supplies Water monitoring

Proactive engagements with community organisations and local governments

Develop post-closure water management plans

2017 key developments

Cerro Corona has committed to providing local communities with additional, potable water during the dry season and continues to implement projects focused on water provision to nearby communities as well as improving existing municipal water systems. During the year the supply of potable water to the residents of Hualgayoc was augmented through water tank trucks and access to a drinking water well located at the mine site.

In the basins of the Tingo and Hualgayoc rivers, which flow through the Cerro Corona mine site, the regulator leads the participatory monitoring process which includes community members.

During the year, the Peruvian Local Water Authority carried out inspections at the mine to verify that the volume of groundwater pumped is in accordance with Cerro Corona s water licence. No findings were reported. The authority also granted permission to develop water infrastructure at the Mesa de Plata creek, which is needed for expanding the open pit.

In Peru we invest in water supply projects in our host communities

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Licence and reputation

Key risks	Strategic responses
The aridity of Western Australia is a risk to water security of our mines and the Gruyere project	All our mines in Australia have water management strategies that include appropriate water balances, linked to operating strategies, and post-closure water management plans that have been incorporated into our environmental management systems with protocols governing: Water monitoring and reporting Storm water management Recycling of water Groundwater management Surface water management Water storage inclusive of freeboard requirements Associated legislative requirements Water management at the sites forms an integral consideration within our mine closure plans that are reviewed on a three-year cycle and submitted to the regulator for approval. A stakeholder engagement strategy has been implemented for the region which includes water management activities.

2017 key developments

In November 2016 Granny Smith entered a five-year agreement with the Mt Weld Mining Company for access to the nearby Mt Weld borefield, which will ensure continued supply for the current LoM.

St Ives has two water agreements in place: a supply agreement with the Water Corporation, which terminates in 2050 and supplies the majority of the water needed by the mine. The other agreement (for supplementary water) is with the neighbouring Nickel West mine, which provides for declining entitlements through to 2021.

Our Agnew mine currently receives water for its operations from a number of sources, including water from a range of pits that are filled with rainwater. A hydrological study on the Fairyland borefield suggests that the facility can be expanded to supplement the existing water supply at the mine.

At the Gruyere project two borefields will supply the mine and the Gruyere village. The Yeo borefield will serve as the main water source for the Gruyere processing plant. To date, 32 boreholes have been drilled and installation of a 95km water pipeline to the processing plant has commenced.

ENVIRONMENTAL STEWARDSHIP continued

Key risks	Strategic responses
Intense periods of precipitation during south-western Ghana s two rainy seasons requires active management of positive water balances at the mines Water pollution affecting adjacent communities Tarkwa mine s significant footprint is a large watershed to manage The impact of illegal mining on water bodies is often blamed on large-scale mining Permitting delays	The West Africa operations have well-developed water management strategies that include: Water storage and reuse Water volume and quality monitoring Controlled water releases to external receptors New water balance software introduced in 2017 New water treatment facilities being designed and trialled Engagement with regulators and communities

2017 key developments

The reverse osmosis (RO) plant at Tarkwa s northern heap leach pad operated during 2017. The resulting brine is stored in dedicated lined ponds. Trial irrigation of rubber trees on the heap leach pad with the brine to promote ion reduction via plant uptake was unsuccessful. The RO plant will be upgraded with the aim of reducing brine generation.

Rinsate (water with low concentration of contaminants) from the South Heap Leach pads meets the Environmental Protection Agency s (EPA) effluent discharge standards with the water now able to be diverted away from treatment facilities. The EPA has reviewed the decommissioning plans and technical studies for both facilities and approved the end use and closure plan.

During 2017, Damang trialled a denitrification plant to clean the pit water that contains nitrates in excess of discharge limits. The denitrification process uses an anoxic reactor to break down the nitrates. Bacteria convert the nitrate to nitrogen gas, which should result in a product suitable for discharge. If successful in 2018, the pilot study will be advanced towards site implementation.

Key risks	Strategic responses
Growing concerns around water scarcity in South Africa Increasing levels of acid drainage (AD) in groundwater plume from tailings dam	To ensure its water security, South Deep uses a number of water sources, including recycling and conservation initiatives, RO plants, boreholes and access to the public water system. In times of severe droughts, as in 2016, it also accesses water supplied from neighbouring mines. To mitigate against water pollution, including AD, South Deep undertakes ongoing water monitoring, containment in storage facilities, water treatment and purification. It has also constructed plume interception wells at its TSF.

2017 key developments

South Deep s Water Use Licence Application, which was submitted in 2015, has yet to be approved by the regulator.

South Deep and Sibanye-Stillwater have jointly undertaken work to study the impact of historical mining pollution in the Leeuspruit stream, which starts at Sibanye-Stillwater s Cooke 4 mine adjacent to South Deep and flows through the South Deep lease area. The findings of the study were presented to the Department of Water and Sanitation in December 2017.

In 2016, Sibanye-Stillwater announced the partial closure of its Cooke 4 mine and submitted a final assessment report to the regulator in October 2017. South Deep is an interested and affected party in the process, as there may be a number of potentially adverse impacts on the mine, should pumping of mine water cease at Cooke 4 if Sibanye-Stillwater were to get the required approvals. South Deep, which is opposed to the cessation of pumping, is continuing to engage with Sibanye-Stillwater and other stakeholders to find an appropriate and effective solution and has appointed consulting engineers to develop alternative water treatment options.

Seepage plumes have been identified at two of South Deep s TSFs, the old TSF and the Doornpoort TSF. To contain and reduce these plumes, a trial blast curtain was installed in 2016. The trial was successful and during 2017 five boreholes were installed to intercept the plume at Doornpoort TSF. Monitoring is ongoing.

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Waste and tailings

The most significant waste materials produced by our operations are tailings, waste rock, chemical waste and hydrocarbon waste. By carefully managing these wastes, we minimise the environmental and potential social impact.

All of our operations have tailings management plans in place, including closure and post-closure management plans. In total, our operations have 27 tailings storage facilities (TSFs), of which 16 are active.

All TSFs, as well as associated pipeline and pumping infrastructure, are subject to a Group audit every three years or more frequently where required by local circumstances or regulations as well as regular inspection and formal annual reporting.

In December 2016, the ICMM published its Tailings Position Statement following high-profile tailings failures in preceding years. Our Group guidelines were updated in 2017 to be fully compliant with the ICMM s framework. Group-wide tailings audits were completed by independent, external experts during 2017 to ensure Gold Fields meets the ICMM s new framework as well as having critical controls in place to manage potential risks. There were no significant findings. All gaps identified will be closed out by the end of 2018, in accordance with our commitments as an ICMM member.

For details of our waste and tailings management approach, policies and guidelines go to **www.goldfields.com/ sustainability.php**

Group mining waste

(Million tonnes)

Total Group waste rock volumes mined increased to 171Mt in 2017 from 148Mt in 2016, largely as a result of the 40Mt of waste rock moved as part of the Damang Pit Cutback Project in 2017. There was a 5% increase in tailings depositions from to 41Mt in 2017 from 39Mt in 2016.

Gold Fields has set a target to maintain the general landfill waste mass (non-hazardous waste other than tailings and waste rock) at 2015 levels of 11.2Mt, by ensuring a reduction in the waste that reaches landfill through greater use of on-site waste separation and recycling. During 2017 the Group reduced landfill waste by 5% to 11Mt.

Regional performance

Americas region

During 2017, the Cerro Corona TSF was raised 4m to 3,780m above sea level. The construction of the dam is approved by the regulator up to level 3800m; this level will be reached by 2021 in line with the mine plan. To achieve the 2017 raise the mine reached agreement previously with the Manuel Vazquez Association (MVA), a community organisation, to relocate the point of catchment of water of the nearby Las Tomas spring from 3,771m to 3,800m above sea level with better water quality and slightly more flow. The engagement with the MVA continues as we raise the TSF to that level.

Australia region

At Agnew the rehabilitation of the Lawlers TSF and the former Lawlers camp was completed during 2017, under budget and ahead of schedule, resulting in a reduction of the mine closure liability.

Also at Agnew, final approvals for the Songvang in-pit TSF were received from the regulator and the facility commissioned in December 2017. This will save the mine around A$10m (US$8m) in TSF construction and closure liabilities over the mine life.

West Africa region

The Tarkwa mine has raised the embankment walls at its TSF 1 and TSF 3 and deposition of material has begun.

During 2017, construction of TSF 5 at Tarkwa continued after approval was received from the Ghana Minerals Commission. As per an Environmental Protection Agency (EPA) request, the mine will be submitting a compensation plan for residents of the nearby Abekoase community

At Damang, the Far East Tailings Storage Facility (FETSF) was commissioned in Q1 2018, on time and within budget. The FETSF will provide tailings capacity of 44Mt, which will cover the mine s new life. The transition of tailings deposition to FETSF and the decommissioning of the East Tailings Storage Facility commenced during Q1 2018.

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Mine closure management

Sustainable and integrated mine closure remains one of Gold Fields five key sustainability focus areas. Through the careful planning of mine closures, we are able to:

- Reduce our environmental impact
- Reduce social and community impact
- Optimise financial liabilities
- Enhance our assets values

All our mining operations have closure plans in place that are reviewed every year and closure liabilities are updated annually. During 2017, Gold Fields completed the adoption of the Standardised Reclamation Cost Estimator (SRCE) model, which provides consistency in preparation of liability cost estimates across the Group, flexibility in meeting operational and regional needs and ease of use.

During the year an Integrated Mine Closure Steering Committee was established to oversee alignment of closure plans with the guideline. Focus areas for the committee include social transitioning, progressive rehabilitation and full life-of-mine closure obligations. Continued participation in the ICMM Mine Closure Working Group and Social Guidance for Closure

Taskforce is supporting the Gold Fields focus on social transitioning at closure.

We are committed to moving towards integrated mine closure planning. This will ensure that we design, plan and operate our mines with closure in mind. Our 2020 objective is to implement integrated mine closure management that in the long term will reduce the Group s closure liabilities. This means planning for post-closure long-term sustainability in consultation with our communities and other stakeholders.

The funding methods used in each region to make provision for the mine closure cost estimates are:

- Ghana reclamation bonds underwritten by banks along with restricted cash

South Africa contributions into environmental trust funds and guarantees
Australia existing cash resources[1]
Peru bank guarantees

The total gross mine closure liability for Gold Fields remained unchanged at US$381m in 2017. A breakdown is provided in the table below.

Group closure estimates 2017 (US$m)

	% of Group 2017	Total (US$) 2017	Total (US$) 2016
Australia region[1]	**47%**	**179**	182
Ghana region	**26%**	**98**	105
Americas region	**16%**	**62**	57
South Africa region	**11%**	**42**	37
Group total (US$m)	**100%**	**381**	381

[1] Due to legislative changes introduced in Western Australia that came into effect in July 2014, there is no longer a legal obligation to have unconditional performance bonds in place for mine closure liabilities. Such liabilities for continuing operations are now self-funding. In addition, companies are now required to pay a levy to the state based on the total mine closure liability. This levy is 1% of the total liability per mine, paid annually. This levy goes into a state administered fund known as the Mine Rehabilitation Fund. Capital and interest from the fund will be used to rehabilitate legacy sites or sites that have prematurely closed or been abandoned

Conveyor belts feeding the crushing and metallurgical plant at Tarkwa

STAKEHOLDER RELATIONS

Our licence to operate ultimately depends on the quality of our relationships with our various stakeholders those individuals and organisations who are interested and affected by our business, or who have a material influence on our ability to create value. Stakeholders are an integral part of our business representing a wide range of interests that both influence and are impacted by our operations and we seek to develop relationships with them built on open, transparent and constructive engagement. This engagement allows for participative and informed decision making, by balancing the interests, needs and expectations of our stakeholders with the best interests of Gold Fields.

During 2017, Gold Fields reviewed and updated its Stakeholder Relationship and Engagement Policy, which was approved by the Board in February 2018.

We generate and share significant value for the societies in which we operate. Our total value distribution, graphically depicted on p12, details the economic value we create at Group level as well as in our countries of operation. During 2017, Gold Fields total value distribution to our stakeholders as measured by the World Gold Council standards was US$2.85bn, in the form of payments to governments, business partners, its workforce, communities and capital providers.

For details of our stakeholder relationship and engagement management approach policies and guidelines go to **www.goldfields. com/sustainability. php**

Summaries of the stakeholder engagements held by corporate and each region in 2017 are available at **www.goldfields. com/societal-stakeholders.php**

Investor relations

Central to our vision of being the leader in sustainable gold mining, is the objective of positioning the Group as a focused, lean and globally diversified gold mining company that generates significant FCF, and provides investors with a leverage to the price of gold. We believe that is a prerequisite for improving the confidence with which both buy-side and sell-side market participants view Gold Fields.

Employee relations

People are critical to safe operational delivery and our main human resource objectives are focused on ensuring we have the skills, culture and workforce profile necessary to meet our strategic objectives.

For a full analysis of our **stakeholder relationship with our workforce** see p56 60 and **our investors** see p76

Government relations

As the issuers of mining licences, developers of policy and implementers of regulations, host governments are among Gold Fields most important stakeholders. This requires first and foremost good corporate citizenship from Gold Fields in terms of adherence to all relevant legislation, including the payment of taxes and other levies. We are committed to working with governments at national, regional and local level in establishing sound and transparent working relationships that benefit the countries and host communities.

Gold Fields does not provide financial contributions to political parties and lobby groups unless explicitly approved by the Gold Fields Board of Directors in accordance with the Company s Code of Conduct. No political donations were made in 2017.

West Africa region

In March 2016, Gold Fields Ghana entered into a Development

Agreement (DA) with the Government of Ghana for both the Tarkwa and Damang mines. The highlights of the agreement include a reduction in the corporate tax rate from 35% to 32.5% and a sliding scale royalty tax based on the gold price. The US$1,255/oz average gold price our mines received during 2017 attracted a royalty of 3%, the lowest in terms of the formula.

The DA applies if Gold Fields spends US$500m at each of the two mines for an 11-year period for Tarkwa and a nine-year period for Damang. The DA can be extended by a further five years should additional investments of US$300m each be made.

The DA was a critical consideration for Gold Fields Ghana to commence with the US$341m capital reinvestment programme at Damang during 2017. This is supported by a further US$1,060m in operational spending over the mine s LoM. This investment has significant socio-economic benefits for communities around Damang. The DA will also lead to cost and cash-flow benefits for the Tarkwa mine, enabling it to invest in future expansion when required.

Another DA commitment by Gold Fields was funding the construction of the 33km road between Tarkwa and Damang at an estimated cost of US$21m. This project is set to be completed later in 2018. Ghana is a key region for Gold Fields and the DA cements our status as one of the largest contributors to the country s fiscus. In 2017, Gold Fields paid US$105m in direct taxes, royalties and dividends to the Government of Ghana (2016: US$86m). The government holds a 10% interest in the legal entities controlling our Tarkwa and Damang mines.

Australia region

During 2017, the Western Australian government twice announced its intention to increase the gold royalty from 2.5% to 3.75%. Gold Fields joined its gold mining peers in the state in supporting the Chamber of Minerals and Energy

(CME) with the launch of the Jobs First for WA campaign. The key focus of the campaign was to garner support

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Gold Fields tax strategy and policy

Our tax strategy is to proactively manage our tax obligations in a transparent, responsible and sustainable manner, acknowledging the differing interests of all our stakeholders.

Gold Fields has invested and allocated appropriate resources in the group tax department to ensure we comply with our global tax obligations. The Group does not engage in aggressive tax planning and seeks to maintain professional real time relationships with the relevant tax authorities. In material or complex matters the Group would generally seek advance tax rulings, or alternatively obtain external counsel opinion.

Gold Fields has appropriate controls and procedures in place to ensure that we comply with relevant tax legislation in all the jurisdictions in which we operate. This includes compliance with Transfer Pricing (TP) legislation and associated TP documentation requirements, which is governed by our Group TP Policy. Our Group TP Policy is fully compliant with OECD guidelines and is regularly updated and benchmarked by independent experts. Uncertain tax positions are properly evaluated, and reported in terms of International Accounting Standard (IAS) 37 Provisions, Contingent Liabilities and Contingent Assets. All material uncertain tax positions as per IAS 37 are fully disclosed to, and evaluated by our external auditors.

The Group is subject to South African CFC (Controlled Foreign Companies) tax legislation which is aimed at taxing passive income and capital gains realised by its foreign subsidiaries (to the extent that it was not taxed in the foreign jurisdiction). Therefore tax avoidance on passive income or capital gains cannot be achieved by shifting such passive income to low or tax haven jurisdictions.

The Group does not embark on intra-group gold sales and only sells its gold (or gold-equivalent product) directly to independent third parties at arm s-length prices generally at the prevailing gold spot price. Active business income is therefore fully declared and taxed in the source country where the relevant mining operation is located, with the revenue accruing to the source country.

The Group is reporting its key financial figures on a country-by-country basis as from 2017 onwards. The country-by-country reports are filed with the South African Revenue Service, which will exchange the information with all the relevant jurisdictions with which it has concluded or negotiated exchange of information agreements.

from the public as well as opposition and cross-bench parties to block the royalty increase in the Upper House, where the WA government does not hold a majority. This campaign was successful and the proposed increase to the royalty tax was not implemented.

To garner ongoing public and political support for the industry, Gold Fields together with West Australian industry peers in the Gold Industry Group, will continue to highlight the positive social and economic contributions the sector makes and how this can be further enhanced through growth in gold mining.

Americas region

Our engagement in Peru is focused at local, regional and national government levels to address operational, social and sustainable matters. A business-friendly national government is in power in Lima and our engagement with the relevant departments is largely carried out via the National Chamber of Mines, Oil and Energy, especially on regulatory matters. Gold Fields Peru s legal stability agreement, signed with the Peruvian government in 1997 to facilitate the build-up of our Cerro Corona mine, expired during 2017. In terms of the agreement the taxes applicable to Gold Fields legal entities were fixed for the 10-year period to allow for profit and distribution to stakeholders. Gold Fields is now subject to the same taxation regime as the rest of the mining sector.

At regional and local levels in the Cajamarca province, which is home to Cerro Corona, some authorities have adopted anti-mining strategies and policies, reflecting wider public sentiment among communities. During 2017, there were 11 socio-economic conflicts related to mining in the Cajamarca province 20% of all events in Peru. However, thanks to our social and environmental policies as well as extensive engagement with all stakeholders, we have, for the most,

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received acceptance and support from the regional and local authorities and community members. Our engagement processes will be intensified now that we have extended Cerro Corona s life-of-mine to 2030.

South Africa region

From a regulatory perspective, Gold Fields operation in South Africa is guided primarily by the Mineral and Petroleum Resources Development Act (MPRDA) of 2002. In 2014, critical amendments to the MPRDA, were tabled by the government in the MPRDA Amendment Bill, but the bill was sent back to Parliament by the country s presidency for further consideration. Parliament has not yet made decisions regarding this and there is a large degree of uncertainty regarding the changes that will be brought about should the amended MPRDA be made law.

Among other things, the proposed MPRDA grants the Minister of Mineral Resources discretionary powers which we believe go beyond the original intent of the Act and are unconstitutional, such as the ability to unilaterally set the terms of the Mining Charter at his/her discretion. Furthermore, the proposed MPRDA will require the consent of the Minister for the transfer of any interest in a listed or unlisted company which holds mining or prospecting rights as well as prescribing the levels of beneficiation for the industry.

One of the key requirements of the MPRDA, which Gold Fields supports, is to facilitate meaningful and substantial participation of Historically Disadvantaged South Africans (HDSAs) in the mining industry. To provide guidance on this open-ended requirement, the Mining Charter, as revised in 2010, was published by the Department of Mineral Resources (DMR), providing for a range of empowerment actions and a corollary time frame. In terms of the Mining Charter, all mining rights holders are required to submit an annual compliance assessment

to the DMR on progress made against meeting the annual targets in the Charter. Gold Fields continues to comply with this process.

The DMR presented an updated draft Mining Charter (Mining Charter 3) in February 2016, but a number of important aspects of the draft Charter and associated regulations were and remain disputed by the mining industry, key of which is the Black Economic Empowerment (BEE) ownership element of mining companies and the evaluation of previous BEE transactions carried out by the industry. These issues have remained largely unresolved and the Chamber of Mines, representing the vast majority of mining companies in South Africa, has had to revert to legal actions to uphold the rights of mining companies.

In 2016 the Chamber applied to the High Court of South Africa for a declaratory order to clarify the binding nature of the Mining Charter and the status of previous BEE deals. This hearing was held in October 2017 with judgment reserved.

Despite the lack of meaningful collaboration by the DMR with the industry, the DMR published the Mining Charter 3 in June 2017. The Chamber successfully approached the High Court for an urgent interdict to prohibit the DMR from implementing the provisions of the 2017 Mining Charter pending a judicial review. This review was scheduled for mid-February 2018, but was postponed indefinitely after a request by government, under the new Presidency of Cyril Ramaphosa, for direct dialogue between government, the Chamber and community organisations. These negotiations are ongoing.

Gold Fields supports achieving a solution that is viable to support economic growth and economic transformation while at the same time fostering a sustainable mining industry in South Africa in which investment is encouraged and rewarded.

Mining Charter Scorecard

All mining rights holders in South Africa (including South Deep as the mining rights holder) are required to submit an annual compliance assessment to the DMR on progress made against meeting the annual targets in the Mining Charter. Gold Fields has updated its Mining Charter performance and compliance in line with an online scorecard created by the DMR in early 2015. The 2017 scorecard is shown on the following page and illustrates Gold Fields achievements against the provisions of an online scorecard created by the DMR in 2015.

As part of its obligations under its mining licence, South Deep also submits a five-year Social and Labour Plan (SLP). The SLP is a key element to achieve the objectives of a company s mining licence and includes projects benefiting communities that are impacted by mining, both in host communities and labour-sending areas. An SLP requires the mining industry to develop and implement comprehensive local economic development, skills and human resource programmes (including employment equity plans and facilitated home ownership) and mine community development.

With regards to our performance against the most recent (2013 2017) SLP, South Deep has submitted its annual return to the DMR as at March 2018. Over the five-year period South Deep committed R703m (US$53m) to human resource development (HRD), which equates to 9.3% of payroll costs.

In addition to the HRD investments, South Deep made a R53m (US$4m) developmental investment in both its host communities (R38m (US$3m)), as well as in the labour sending areas (R15m (US$1m)), via the implementation of eight defined SLP Local Economic Development (LED) projects.

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STAKEHOLDER RELATIONS continued

A draft SLP for the period 2018 2022 was submitted to the DMR in December 2017 for approval, outlining future financial commitments of over R280m (US$21m). Although not approved as yet, South Deep is in talks with the DMR to ensure a speedy completion of the approval process for the South Deep 2018 2022 SLP. Some of our major commitments under the draft SLP are:

- A R256m (US$18.8m) human resource development programme, which includes R81m spend on 446 learnerships, 1,224 Adult Basic Education and Foundational Learning Competency programmes (R33m), 1,025 skills development programmes (R35m) and supporting 234 bursars, interns and graduates (R60m)
- A R17m (US$1.3m) infrastructure development programme in the Rand West City municipality, including R5m for the construction of a TVET College in Westonaria and R2.5m for building and equipping a science laboratory at a secondary school in Simunye
- A R8m (US$0.6m) infrastructure development programme in our labour sending areas. R6m of this will be spent on building a community clinic in the Eastern Cape
- Exceedance of employment equity targets at all management and professional levels
- Ongoing commitment to home ownership through facilitated home ownership schemes, including the sale to employees of homes constructed and purchased by the Company
- Continued improvements on procurement targets for capital goods, services and consumable goods

2017 Mining Charter Scorecard

ELEMENT	DESCRIPTION
Reporting	Report on the level of compliance with the Revised Charter for the calendar year

Ownership	Minimum target for effective HDSA ownership
Housing and living conditions	Conversion and upgrading hostels to attain the occupancy rate of one person per room Conversion and upgrading hostels into family units
Procurement and enterprise development	Procurement spent on BEE entity Multi-national suppliers contribution to the social fund
Employment equity	Diversification of the workplace to reflect the country s demographics to attain competitiveness
Human resources development	Developing requisite skills, including support for South Africa-based research and development initiatives intended to develop solutions in exploration, mining, processing, technology, mining, beneficiation as well as environmental conservation
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis

Sustainable development and growth	Improvement of the industry s environmental management Improvement of the industry s mine health and safety performance Utilisation of South Africa-based research facilities for analysis of samples across the mining value chain
Beneficiation	Contribution towards beneficiation

MEASURE	2017 MINING CHARTER COMPLIANCE TARGET	PROGRESS AGAINST TARGETS AS AT 31 DECEMBER 2017
Documentary proof of receipt from the DMR	Annually	South Deep annual submission
Meaningful economic participation	26%	35%
Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	0.91 person per room ratio
Percentage conversion of hostels into family units	Family units established	100%
Capital goods		

	40%	80%
Services	70%	83%
Consumable goods	50%	88%
Annual spend on procurement from multi-national suppliers	0.5% of procurement value	0.86%

Top management (Board)	40%	33%[3]
Senior management[1]	40%	88%
Middle management	40%	58%
Junior management	40%	49%
Core and critical skills[2]	40%	73%

Human resources development expenditure as a percentage of total annual payroll (excluding mandatory skills development levy) %	5%	10% (R184m)

Implement approved community projects	Up-to-date project implementation	90% project implementation. In total R58m was spent on socio-economic development (SED), including the South Deep trusts 11% of SED spend went to the implementation of LED projects in the SLP

	100%	

Implementation of approved environmental management programmes (EMPs)	100%	An EMP performance assessment was completed and submitted to the DMR in Q4 2016. The 2017 assessment is in progress and submission to the DMR is planned for Q4 2018
Implementation of tripartite action plan on health and safety	100%	