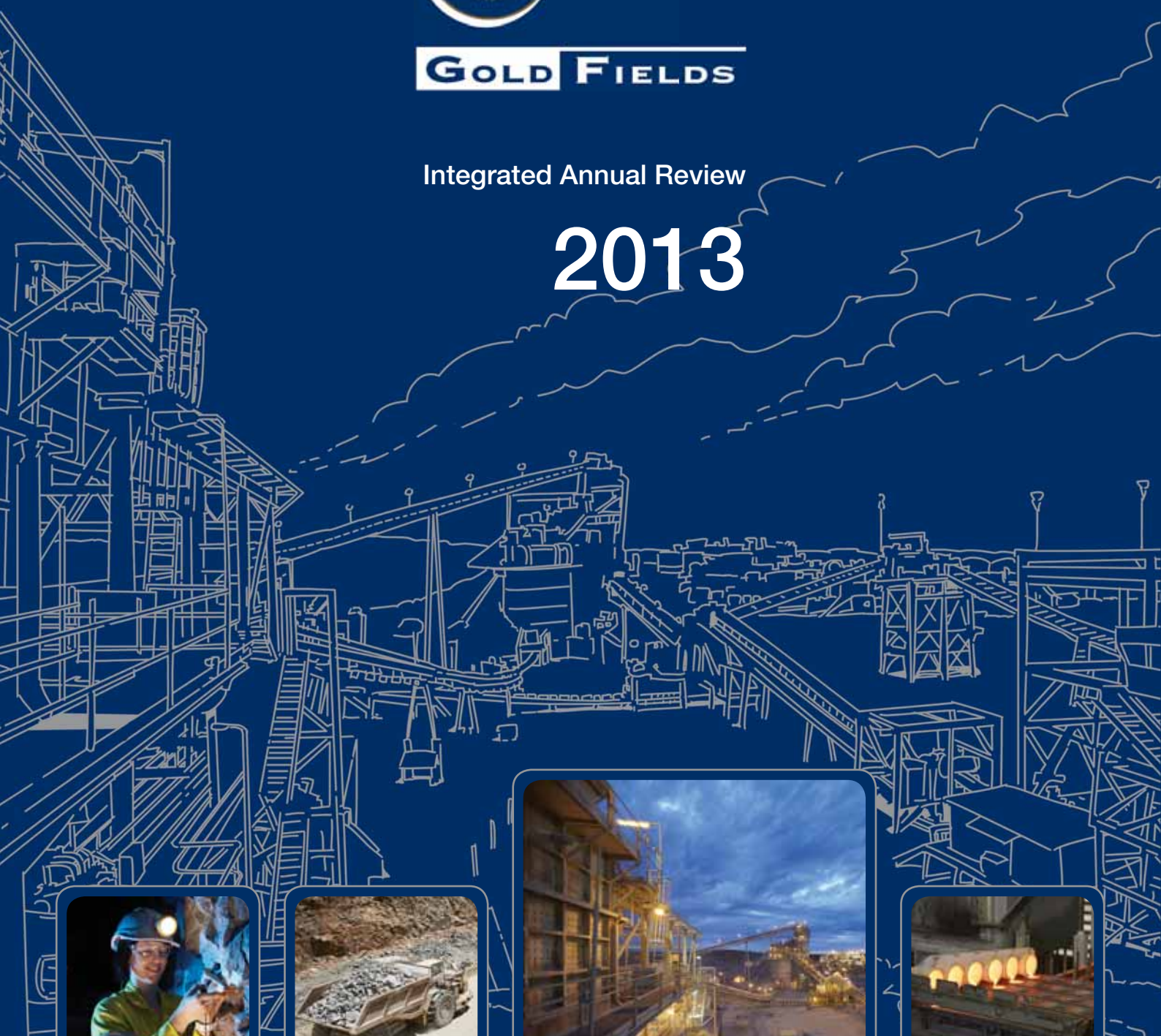




GOLD FIELDS

Integrated Annual Review

2013



About this report

Forward-looking statements

Certain statements in this document constitute 'forward-looking statements' within the meaning of section 27A of the US Securities Act of 1933 and section 21E of the US Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements.

Such risks, uncertainties and other important factors include, among others: economic, business and political conditions in Australia, Ghana, Peru, South Africa and elsewhere; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, exploration and development activities; decreases in the market price of gold and/or copper; hazards associated with underground and surface gold mining; labour disruptions; availability, term and deployment of capital or credit; changes in government regulations, particularly environmental and new legislation affecting mining and mineral rights; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; industrial action; temporary stoppages of mines for safety and unplanned maintenance; and the impact of the HIV/AIDS crisis in South Africa.

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

Figure 1: Average exchange rates and commodity prices

	2013	2012	2011
R/US\$	9.60	8.19	7.22
US\$/A\$	0.97	1.04	1.04
Gold (US\$/oz) ¹	1,386	1,656	1,555
Gold (R/kg) ¹	427,753	435,952	361,049
Gold (A\$/oz)	1,446	1,613	1,541

¹ Continued operations

Navigation icons



External web link provides reference to online disclosure



Further content online

About this report

Our Integrated Annual Report 2013, which covers the year ended 31 December 2013, is made up of the following three volumes:

- The Integrated Annual Review 2013, which examines the integrated nature of our operational, financial and sustainability performance
- The Annual Financial Report 2013, which fulfils our statutory financial reporting requirements
- The Mineral Resources and Mineral Reserves Supplement 2013, which provides detailed technical and operational information on our mines and growth projects. This will be available in late April.

This Integrated Annual Review provides an overview of Gold Fields eight global operations on a Group and mine-by-mine basis, including the newly acquired Yilgarn South Assets, acquired in October 2013. (Financial and operational figures in this review include the newly acquired Yilgarn South Assets for Q4 2013, non-financial data do not, unless otherwise indicated.) The report also describes our exploration and business development activities. We do this using an integrated approach to reporting that examines our operational, financial and sustainability performance.

The aim of our integrated approach is to enable investors and other stakeholders – including host governments, local communities and our employees – to make a more informed assessment of the value of Gold Fields and its prospects.

We believe the Integrated Annual Review, together with additional documents held online, represents an A+ application of the Global Reporting Initiative ('GRI') G3.1 Sustainability Reporting Guidelines, the highest level possible.

Our auditors, KPMG, have provided reasonable assurance on selected sustainability information in this report. As a member of the International Council on Mining & Metals ('ICMM') we are committed to obtaining assurance in line with the ICMM Sustainable Development Framework: Assurance Procedure. KPMG has provided assurance on all five subject matters of the ICMM, which include our GRI A+ self-declaration as well as our selected sustainability performance data. The assured data and KPMG's Assurance opinion are on p158 and 153, respectively.

This Integrated Annual Review also forms part of our Communication on Progress to the United Nations Global Compact. A summary of our compliance with the GRI 3.1 and the 10 Principles of the United Nations Global Compact – as well as our alignment with related standards including the Millennium Development Goals ('MDGs') and the ICMM 10 Principles and its mandatory requirements of the position statements – is presented online.



www.theiirc.org
www.globalreporting.org
www.unglobalcompact.org

www.un.org
www.icmm.com

Further information



The Integrated Annual Report 2013 is made up of the following three volumes, all of which are available on our website:

Integrated Annual Review 2013

Annual Financial Report 2013

Mineral Resources and Mineral Reserves Supplement 2013 (available late April)

www.goldfields.com




“An integrated report is a concise communication about how an organisation’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.”

International Integrated Reporting Council,
The International <IR> Framework

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48.6m

Attributable gold Mineral Reserves

113.4m

Attributable gold Mineral Resources

16 to 2

Reduction in fatalities from 2012 – 2013

About Gold Fields

Gold Fields Limited is an unhedged, globally diversified producer of gold with eight operating mines in Australia, Ghana, Peru and South Africa. In February 2013, Gold Fields unbundled its mature underground Beatrix and KDC mines in South Africa into an independent and separately listed company, Sibanye Gold Limited. It also expanded its presence in Australia, acquiring the Darlot, Granny Smith and Lawlers mines (known as the 'Yilgarn South Assets') from Barrick Gold.

Gold Fields has attributable annual gold production of approximately 2.02 million ounces, as well as attributable Mineral Reserves of around 49 million ounces and Mineral Resources of around 113 million ounces. Attributable copper Mineral Reserves total 708 million pounds and Mineral Resources 7,120 million pounds. Gold Fields has a primary listing on the JSE Limited, with secondary listings on the New York Stock Exchange ('NYSE'), NASDAQ Dubai Limited, Euronext in Brussels ('NYX') and the Swiss Exchange ('SWX').

Gold Fields in numbers

2

Figure 2: Group operating statistics – continuing operations

Category	2013	2012	2011
Gold produced – attributable ('000 oz)	2,022	2,031	2,038
Mineral Reserves – attributable ('000 oz)	48.61	54.85	n/a
Mineral Resources – attributable ('000 oz)	113.4	125.5	n/a
Total cash cost (US\$/oz)	803	779	696
Notional cash expenditure (NCE) (US\$/oz) ¹	1,146	1,348	1,140
All-in Costs (AIC) (US\$/oz) ²	1,312	1,537	n/a
Gold price received (US\$/oz)	1,386	1,656	1,555
Operating costs (US\$m)	1,679	1,674	1,586
Operating profit (US\$m)	1,239	1,879	1,989
Operating margin (%)	43	53	57
NCE margin (%)	17	19	27

¹ NCE is defined as operating costs plus capital expenditure² AIC include all cash costs plus costs related to sustaining and growing production of a company, excluding taxes

Figure 3: Group financial statistics – continuing operations

Category	2013	2012	2011
Revenue (Rm)	27,901	28,916	25,264
Basic (loss)/earnings – SA cents per share	(811)	356	625
Headline (loss)/earnings – SA cents per share	(112)	393	622
Dividends declared – SA cents per share ¹	22	235	330
Total assets (Rm)	75,441	94,890	84,044
Shareholders' equity (Rm)	41,828	53,057	47,894
Cash and cash equivalents (Rm)	3,361	5,196	6,049
Cash flows from operating activities (Rm)	4,279	4,772	8,068
Cash utilised (Rm)	(2,042)	(5,799)	(3,221)
EBITDA (Rm)	10,544	13,824	3,207
EBITDA (US\$m)	1,098	1,688	1,829
Net debt (Rm)	17,941	10,820	9,461
Net debt (US\$m)	1,735	1,263	1,164
Net debt: EBITDA (Rm)	1.7	0.78	0.72

¹ Excludes dividends in specie

Figure 4: Group sustainability statistics – continuing operations

Category	2013	2012	2011
National value distribution (US\$m)	2,979	4,226	3,688
Socio-economic development spend (SED) (US\$m)	16¹	18 ¹	14
Total employees ²	10,167	9,684	8,115
Employee wages and benefits (US\$m)	417	366	327
Fatalities	2	0	1
Lost-Time Injury Frequency Rate ('LTIFR') ³	2.86⁴	2.36 ⁵	n/a
CO ₂ emissions ('000 tonnes) ⁶	1,235	1,234	1,203
Environmental incidents (Level 3)	3	6	7
Electricity consumption (MWh)	1,382,105	1,384,459	1,399,285
Water withdrawal (ML)	30,302⁷	23,688	29,040

¹ Our SED definition has been aligned to the World Gold Council definition, which excludes employee-related SED. Including employee-related spending total SED is US\$48 million (see pages 122 to 126)

² Total employees are permanent employees, including head office and Yilgarn Assets (Q4 2013) staff

³ Per million hours worked, including employees and contractors

⁴ Restricted work cases are now included in our LTIFR across the Group. The Group definition is currently based on not being able to work the next shift, but Gold Fields is considering moving to a calendar day-based definition in 2014 in line with ICMM safety reporting guidelines.

⁵ Restated to adopt 2013 methodology (see footnote 4)

⁶ Scope 1 and 2 only

⁷ The increase in 2013 was primarily due to dewatering of pits at St Ives and increased rainfall in Western Australia

Figure 5: Group currency and share price statistics

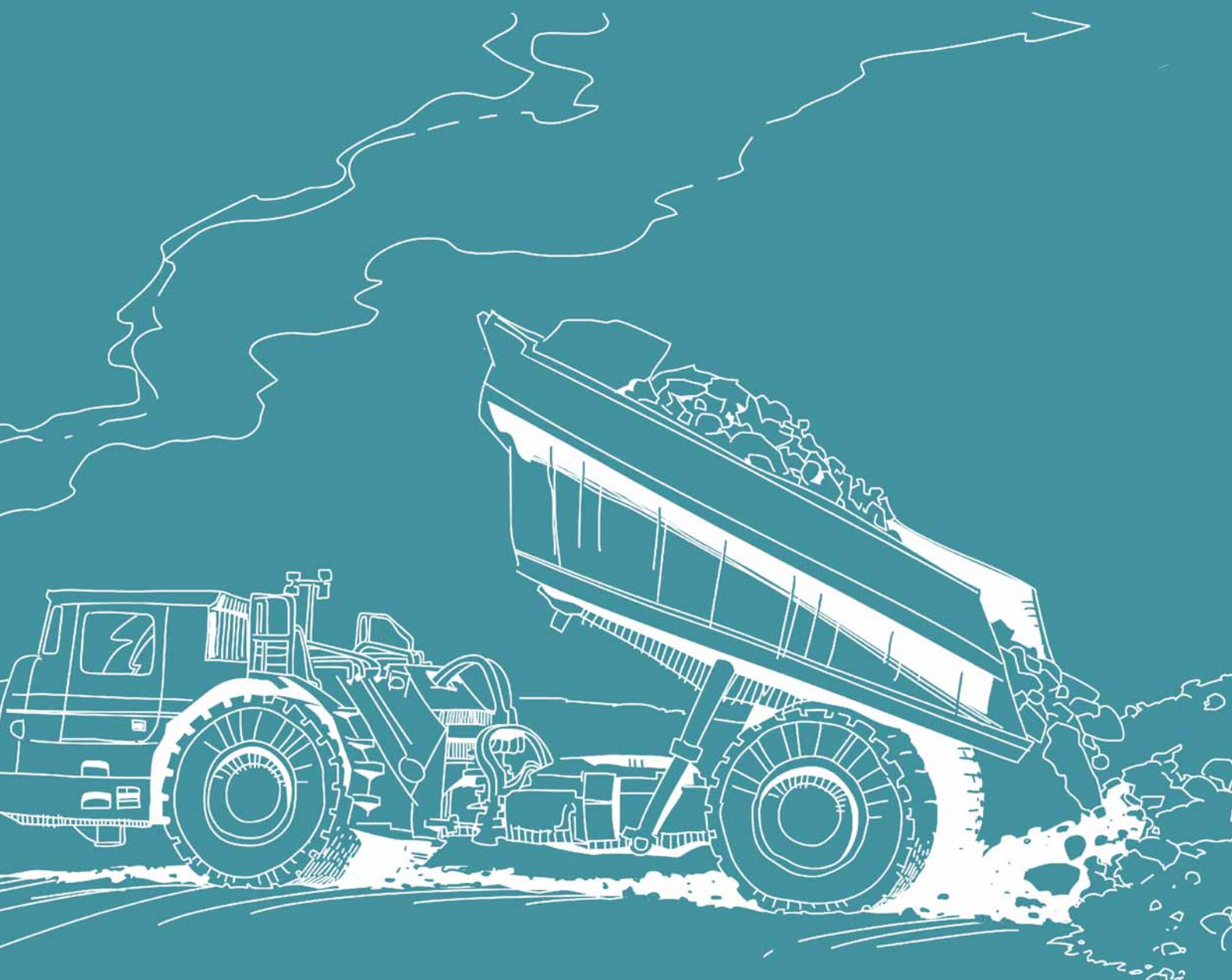
Category	2013	2012	2011
Closing rate US\$1 = R	10.34	8.57	8.13
Ordinary share price – high (R)	96.30	115.10	143.00
Ordinary share price – low (R)	31.40	84.16	95.60
Ordinary share price – year-end (R)	32.89	90.95	109.23
Average daily number of shares traded on JSE (million)	3.5	2.3	2.2
American Depositary Receipts (ADRs) (US\$) – high	10.73	14.56	18.55
American Depositary Receipts (ADRs) (US\$) – low	3.02	9.74	13.80
American Depositary Receipts (ADRs) (US\$) – year-end	3.20	10.75	16.28
Average daily number of shares traded on NYSE (million)	5.6	4.0	4.0
Number of shares in issue at year-end (million)	767.2	729.5	723.7
Market capitalisation at year-end (Rbn)	25.2	75.7	90.2
Total asset value per share (R)	98.33	129.76	115.17





1. Our business

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1.2	Business model	8



1.1 Gold Fields DNA

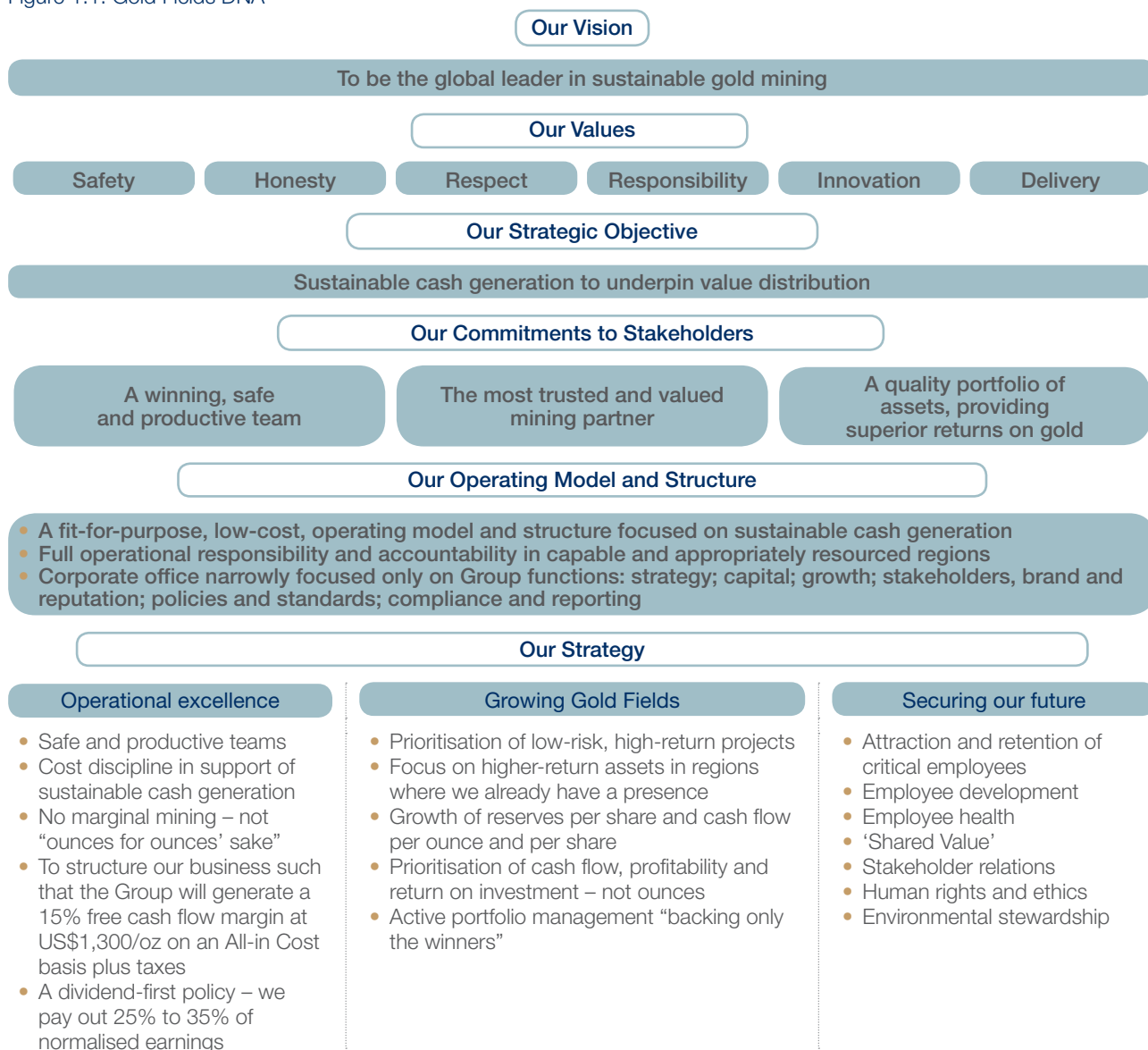
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Gold Fields has undergone a number of fundamental changes over the past year, including:

- The unbundling of Sibanye Gold Limited ('Sibanye Gold') – comprising the mature, deep underground Beatrix and KDC mines in South Africa
- A shift from being a 'Top 4' gold producer to being a more focused, mid-tier mining company
- A new focus on cash generation – and adaptation to the lower gold price
- The acquisition of Barrick Gold's Darlot, Granny Smith and Lawlers mines in Western Australia
- Devolution of operational management to the regional level – and the restructuring of our Group and regional-level management structures

Nonetheless, our Vision and Values have remained constant – even as our Strategic Objective, commitments to stakeholders, operating model and structure, and our strategy have evolved. As a result, the 'DNA' of Gold Fields is not only intact, but has become better integrated, coherent and reflective of our stakeholder interests.

Figure 1.1: Gold Fields DNA



The evolution of our 'DNA' is reflected in our new stakeholder charters. These establish a clear set of commitments to our employees, investors, host governments and communities – as well as clear benchmarks for our own performance.

Figure 1.2: Stakeholder Charters

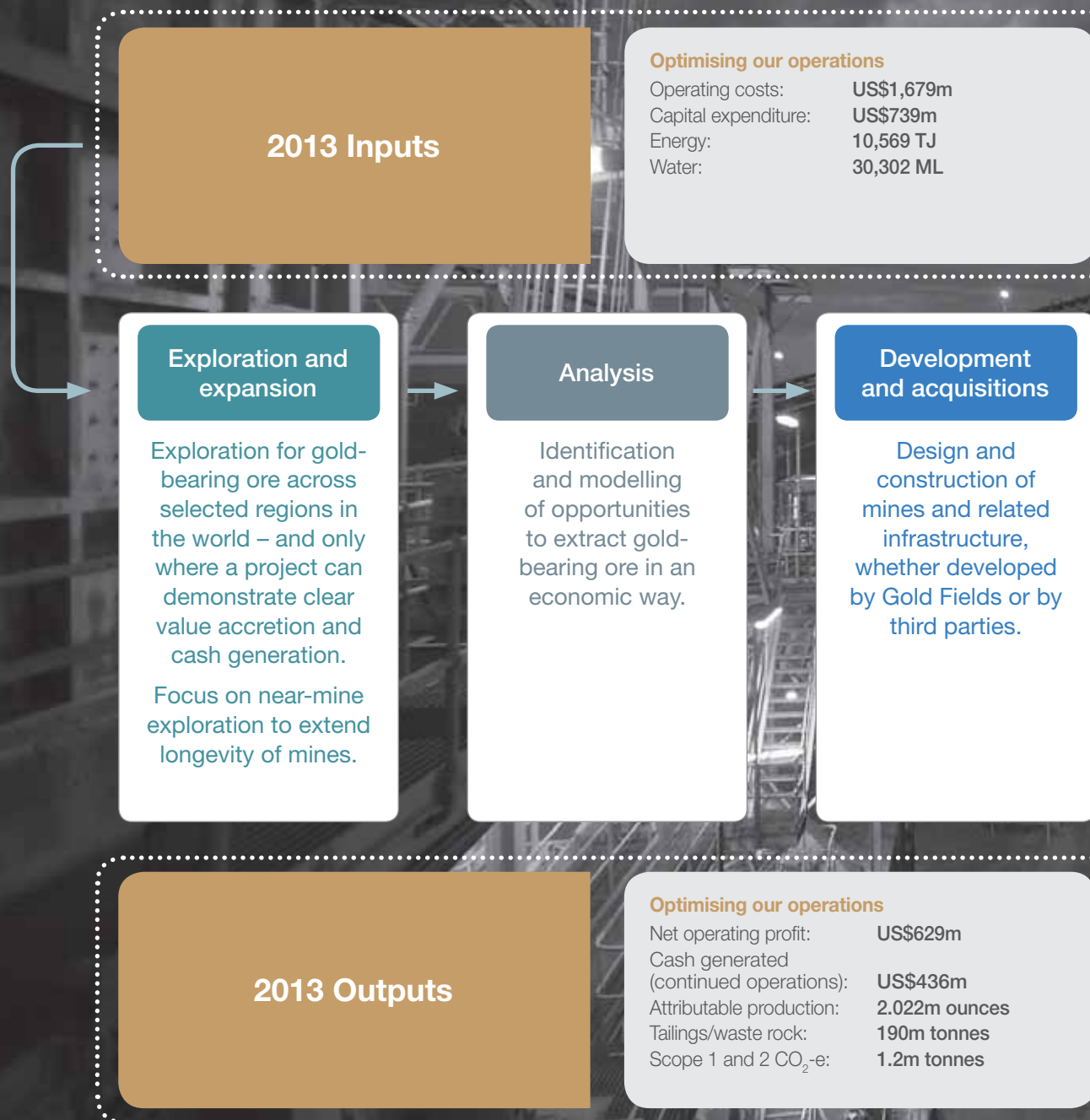


1.2 Business model

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1.2.1 Value-adding process

The main focus of our business model is cash-flow generation without a specific production target beyond the forthcoming year. The business model is implemented through the following value-adding activities:



Growing Gold Fields

Near-mine exploration costs: **US\$35m**
 Greenfields exploration costs: **US\$66m**

Securing our future

Total employees: **10,167**
 Training spend: **US\$50m**
 Stakeholders engaged: **Investors, employees, unions, NGOs, governments and communities**

Mining

Physical extraction of gold-bearing ore from open pits and underground mines.

Processing

Physical and chemical processing of gold-bearing ore into semi-pure gold doré and copper/gold concentrate. The gold doré is externally refined into gold bullion.

Marketing

The sale of refined gold to authorised bullion banks, which then sell it on to central banks, investors, the jewellery industry and technology sectors, as well as the sale of copper/gold concentrate to smelters.

Growing Gold Fields

Reduction in attributable Mineral Reserves: **6 million ounces¹**
 Reduction in attributable Mineral Resources: **12 million ounces¹**

Securing our future

National value distribution:
 Payments to government²: **US\$380m**
 Payments to business: **US\$1,817m**
 Payments to employees and contractors: **US\$595m**
 Socio-economic development spend: **US\$16m**
 Payments to providers of capital: **US\$172m**

¹ At gold price of US\$1,300/oz – compared with US\$1,500/oz for 2012

² Taxes and royalties

1.2 Business model continued

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1.2.2 Global footprint

Gold Fields has eight mines as well as growth projects within our four key focus regions:

- The Americas
- Australasia
- South Africa
- West Africa

The following non-core assets have been earmarked for disposal:

- APP
- Woodjam
- Yanfolila

The sale of the Talas project in Kyrgyzstan was completed in 2014

Key

- Mines
- Growth projects
- Corporate office
- Regional offices



Americas

Mine	Cerro Corona
Managed production (Au-Eq '000oz)	317
Attributable production (Au-Eq '000oz)	314
Total cash cost (US\$/oz)	491
All-in Cost (AIC) (US\$/oz)	206
Mineral Reserves (million Au oz) ¹	2.03
Mineral Resources (million Au oz) ¹	3.32
Mine workforce ² (number)	1,556
Lost-Time Injury Frequency Rate (LTIFR)	0.17

¹ Managed Mineral Reserves and Resources

² Permanent employees and contractors

³ Agnew only, 16.41 including Lawlers

⁴ Q4 figure (not assured); includes restricted work injuries as part of LTIFR (p3)

⁵ Includes Accra office

⁶ Excludes Perth office (100 people)

South Africa

Mine	South Deep
Managed production (Au-Eq '000oz)	302
Attributable production (Au-Eq '000oz)	302
Total cash cost (US\$/oz)	1,045
AIC (US\$/oz)	1,763
Mineral Reserves (million Au oz) ¹	38.22
Mineral Resources (million Au oz) ¹	76.25
Mine workforce ² (number)	6,466
LTIFR	3.20

West Africa

Mine	Damang	Tarkwa
Managed production (Au-Eq '000oz)	153	632
Attributable production (Au-Eq '000oz)	138	569
Total cash cost (US\$/oz)	1,060	816
AIC (US\$/oz)	1,558	1,291
Mineral Reserves (million Au oz) ¹	1.07	7.27
Mineral Resources (million Au oz) ¹	6.58	10.29
Mine workforce ² (number)	1,906	4,701 ⁵
LTIFR	0.21	0.38

○ APP

○ Talas

○ Far Southeast

SOUTH AFRICA

- Johannesburg
- South Deep

WESTERN AUSTRALIA

- Perth
- Agnew/Lawlers
- Darlot
- Granny Smith
- St Ives

Australasia

Mine	Agnew/Lawlers	Darlot	Granny Smith	St Ives
Managed production (Au-Eq '000oz)	216	20	62	403
Attributable production (Au-Eq '000oz)	216	20	62	403
Total cash cost (US\$/oz)	625	1,025	786	833
AIC (US\$/oz)	919	1,132	888	1,218
Mineral Reserves (million Au oz) ¹	0.95	0.15	0.84	2.02
Mineral Resources (million Au oz) ¹	3.66	0.27	3.25	4.34
Mine workforce ² (number) ⁶	511	224	378	918
LTIFR	14.58 ³	0.00 ⁴	5.31 ⁴	21.95 ⁴

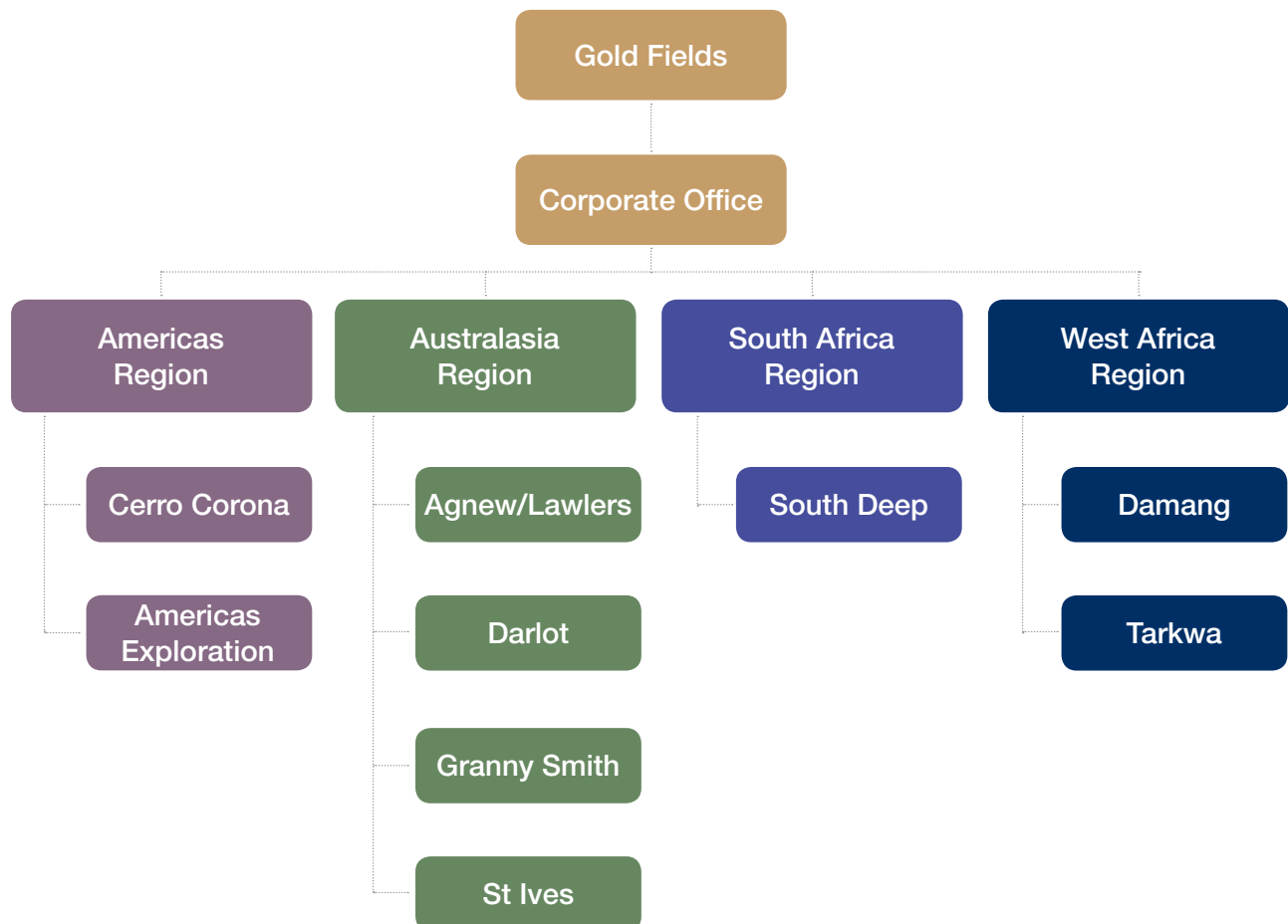
1.2 Business model continued

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Figure 1.3: Operating model and structure

Our operating model and structure

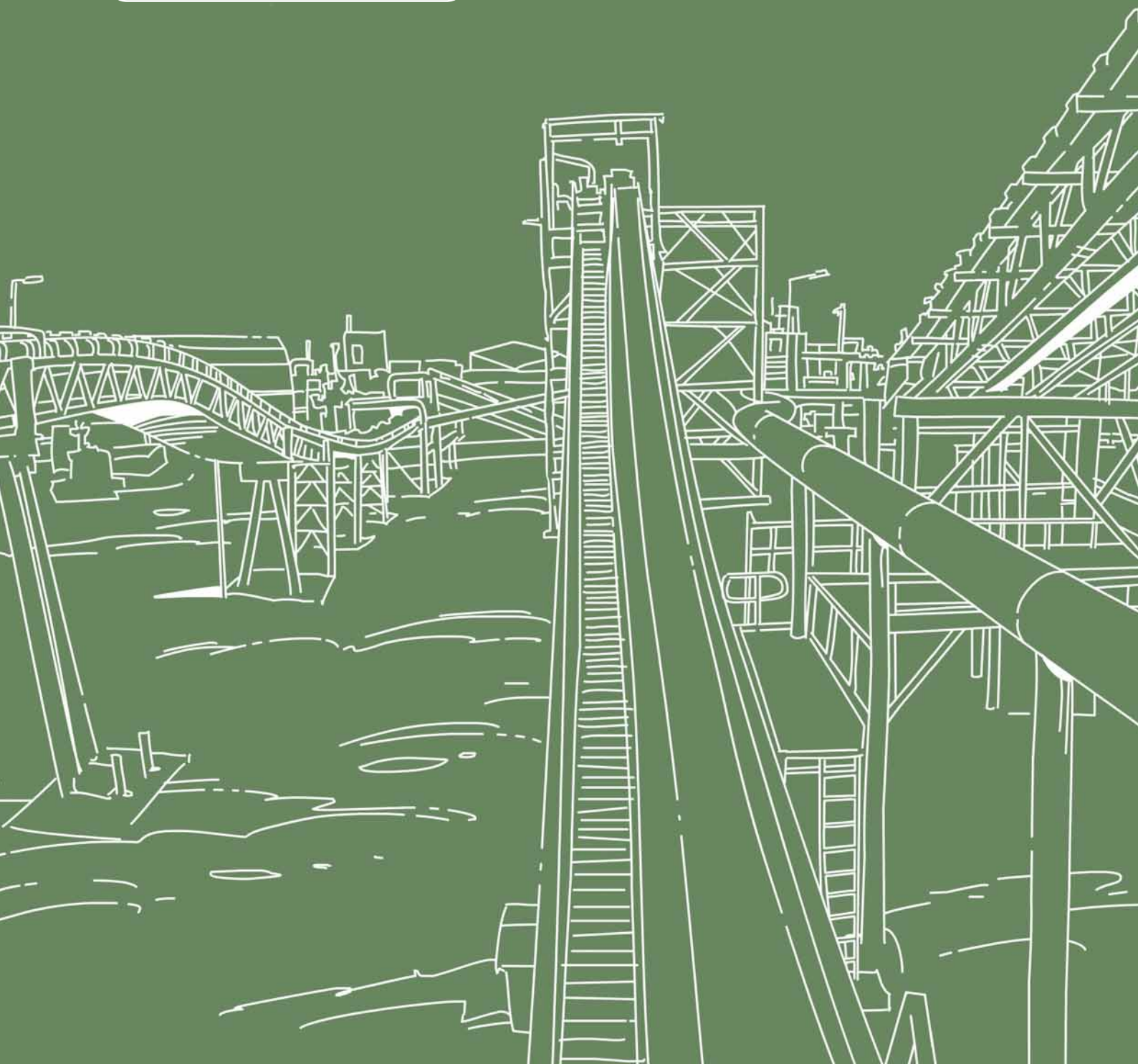
- A fit-for-purpose, low-cost operating model and structure focused on sustainable cash generation
- Full operational responsibility and accountability devolved to capable and appropriately resourced regions
- Corporate office narrowly focused on Group functions: strategy; capital; growth; stakeholders; brand and reputation; policies and standards; compliance and reporting





2. Leadership and performance

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2.1 Vision of the Chair



Cheryl Carolus

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Dear Gold Fields Stakeholders,

Last year was undoubtedly the most critical year of our company since the 'new' Gold Fields was founded in 1998. It was a year in which the Board guided the Company through a wide-ranging restructuring brought about by the disenchantment of investors in the gold sector which had been rising for a number of years. The loss of investor confidence was accentuated in 2013 by the rapid fall of the gold price from levels of just under US\$1,700 to as low as US\$1,100 towards the end of the year. While the price in early 2014 recovered to around US\$1,300 and gold equity prices are gradually edging upwards, the investment environment remains fragile.

We would not be in this business if we did not have confidence in the long-term value of gold, a belief that is underpinned by the continued strong and increasing demand for the physical metal in the East, particularly China and India. But, in light of current global macro-economic circumstances, the gold price is unlikely to return to its 2012 levels in the short term. Similarly, despite some recent signs of improvement in the gold equity market, investors remain largely sceptical that the major gold producers have changed their strategies fundamentally and are offering them a market-related return on their risk capital. The Gold Fields share price continues to linger at levels of around R40 a share after trading as high as R77 in February 2013 following the unbundling of Sibanye Gold.

It is therefore imperative that Gold Fields continues on the path it embarked upon in July 2012 when our CEO, Nick Holland, critically analysed the state of the gold-mining sector in a speech to the Melbourne Mining Club. He concluded that the industry needed to refocus on fundamental value creation and not growth for growth's sake.

The substantive portfolio review that followed and its subsequent implementation later that year led to a fundamental change to the structure and portfolio composition of Gold Fields and the nature of its business. This proactive approach taken by our management team meant that the Company was in a better position than most when the fall in the gold price in early 2013 fundamentally changed the business environment for the sector.

The boldest decision was undoubtedly the unbundling of the Company's mature South African mines – KDC and Beatrix – into Sibanye Gold in February 2013. Many criticisms have been levelled at this transaction: "The Company has exited South Africa", "Gold Fields has lost out on the cash flow generated by these mines" and "The new Sibanye Gold management is showing up the Gold Fields team by outperforming it", are just some of the major ones.

These criticisms are ill-informed and overlook the fact that this deal offered the then-Gold Fields shareholders a growth strategy through two listed vehicles. In an industry that has been asking shareholders for additional funds, Gold Fields did the opposite by paying a scrip dividend to shareholders in the form of the Sibanye Gold assets.

Sibanye Gold was given access to its mines' considerable cash flows as well as a dedicated management and technical team set up to breathe new life into these operations. And they have done so by boosting production and profitability, cutting costs, reducing debt and kick-starting the long-overdue rationalisation of the South African gold-mining sector. The recent strong rise in the Sibanye Gold share price is not only a credit to the Sibanye Gold management team, but also to Nick and his team for setting them up for success. Gold Fields shareholders, who have held onto their Sibanye Gold shares, are smiling.

"We would not be in this business if we did not have confidence in the long-term value of gold"

Cheryl Carolus, Chair

For the remaining Gold Fields, the unbundling also delivered benefits in terms of management focus, agility and risk exposure. Furthermore, by taking away the 'cushion' of the South African mines' cash flows, it has steered Gold Fields onto a more sustainable, cash-generative path. The Sibanye Gold deal signalled the start of the transformation process for Gold Fields and a number of key strategies and corporate actions has since followed:

- The formulation and implementation of the strategy to veer away from the focus on production to a focus on cash delivery and achieving a 15% free cash flow margin at a gold price of US\$1,300/oz and, by definition, a higher margin at higher gold prices
- The launch of our three stakeholder charters – to employees, investors as well as communities and society – to establish a clear set of commitments to these stakeholders as well as benchmarks for our own performance
- The restructuring of all corporate, regional and operational structures to be fit-for-purpose, which is largely complete. The resultant retrenchments were regrettable but essential to the sustained recovery of the Company
- A new approach to the Company's expansion by retaining only the most promising projects and exploration properties and devolving responsibility from the Growth and International Projects ('GIP') division, which has been disbanded, to the regions. This is supported by a change in focus from high-risk greenfields projects to low-risk and less-expensive, near-mine exploration spending
- The pursuit of growth opportunities, being largely bolt-on and digestible acquisitions, if they are in production or can be brought into production quickly, predictably and at limited cost. Our October 2013 acquisition of Barrick Gold's Yilgarn South Assets in Western Australia is a case in point as it immediately added ounces at lower costs

The early successes of this new strategy were evident in the Company's 2013 financial and operational results with a return to profitability in the second half – and thus the resumption of dividend payments – based on higher production and a significant cut in costs, as evidenced by the drop in All-in Costs ('AIC') from US\$1,537/oz in 2012 to US\$1,095 in the fourth quarter of 2013, excluding taxes and interest.

Challenges

Important challenges remain for the Company, none more so than the safety and wellbeing of our employees. Despite the undoubted lower risk profile, Gold Fields still reported two fatalities during 2013 – at our South Deep and Cerro Corona mines.

The fact that both these operations had long fatality-free track records before then can be of little comfort to the deceased's families, friends and colleagues. We again offer our condolences to the families of Dionisio Ndlozi and Wildo Rafael Campos. The Board has asked management to refocus its efforts despite what appears to be a 'safer' operating environment. Similarly, reducing the exposure of our employees to occupational and non-occupational diseases such as Silicosis, NIHL, Tuberculosis, HIV/AIDS and Malaria must remain a priority. Despite the cutback in costs, we also remain committed to environmental stewardship, particularly in the field of water management, energy and carbon as well as mine closure.

Despite an encouraging year at South Deep, in which we saw an improvement in most major metrics, the rate of destress to open up the ore body further was not at a level to underpin the Company's planned ramp-up targets. Accordingly, the Board recently approved the restatement of the mine's original production targets backed by a commitment from management that the remaining bottlenecks at South Deep will be addressed. South Deep remains the backbone of Gold Fields' long-term growth ambitions and we are confident that the mine will in due course live up to its true potential as a major cash generator. Our considerable investment in South Deep, which is the most important gold development project in South Africa at present, is also a potent reminder of Gold Fields' strong roots in this country.

2.1 Vision of the Chair continued

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Gold Fields has been at the forefront of industry efforts to highlight the risks posed – as well as the opportunities offered – by Resource Nationalism to mining companies and the governments and communities that host them (Strategic analysis of Resource Nationalism on p52).

Although the arguments about the dangers of Resource Nationalism are well trodden, it is particularly relevant as half of our mines are in emerging countries where mining is a key contributor to development. It is important to make the point that governments and their citizens have more to gain than to lose by promoting the growth of the mining sector. In return the onus is on the mining industry to consistently demonstrate that such growth translates into additional value – with an increased focus on communities – and that we conform to the highest governance standards.

At Gold Fields our total value creation was around US\$3 billion last year with only 5% going to shareholders and other capital providers. This is a clear demonstration of value creation to the benefit of stakeholders, though we need to ensure that the economic returns to capital providers reward them for the risk funding they provide to our projects and operations. Further evidence of this is our adoption of the 'Shared Value' concept through which we pursue mine-level business strategies that not only enhance the value of our own business – but also generate positive social impacts. We are also delighted that leading global gold producers have adopted new cost-reporting metrics – first pioneered by Gold Fields around six years ago – to provide greater clarity on what it costs to produce gold and rebuild depleted reserves. The adoption of AIC reporting gives a breakdown of all costs, excluding taxes, which go into our mining processes.

These are early efforts and clearly more needs to be done as stakeholders remain sceptical. Rather than reducing taxes and easing regulations in the face of the undoubted macroeconomic challenges faced by miners, the fiscal regime in many jurisdictions is becoming more challenging. Conflict between communities and mining companies is on the increase. We have not yet found our shared mutual interests and I call on our partners in the sector – the governments and communities that host us, as well as our workforce and their trade unions – to seek that common ground through open dialogue and genuine partnerships.

In this respect I believe that the course on which the Company has now embarked is the right one to create sustained value for all stakeholders in the form of sound returns for shareholders; financial rewards for employees, strong fiscal returns to our host governments and improved socioeconomic benefits for host communities.

South Deep BEE transaction

As we announced at the end of August last year, the Board concluded its examination regarding the public allegations that had been made about the Black Economic Empowerment ('BEE') transaction associated with our South Deep mine. While certain members of the Historically Disadvantaged South African ('HDSA') beneficiaries have come under scrutiny in the public media, we should not lose focus that the vast majority of the benefit will accrue to Gold Fields employees as well as the South Deep Educational and Community Trusts.

In total, the 73 individuals that make up the HDSA component of the BEE transaction only hold an aggregate 3.6% economic interest in South Deep and no individual holder has greater than a 0.26% economic interest. Further, we should also remember that these individual interests were essentially non-transferable for a 30-year period.

The Board recognises the reputational damage that has resulted from adverse media coverage surrounding the transaction. However, we are firmly of the view that the South Deep BEE transaction is one of continuing value and has delivered tangible benefits primarily to employees and to an array of South Africans through the activities of the Educational Trust.

For example, the Educational Trust has distributed more than R25 million to students, schools and other educational initiatives, such as the 'Lap Desk Project', which has helped nearly 20,000 students around South Africa.

Furthermore, over the next year, I expect that significant progress will be made in distributing funds by the Community Trust. I believe that there is fantastic scope for the funds within that Trust to make a tangible and immediate impact on the communities and people surrounding, and affected by, the South Deep mine.

That notwithstanding, the negative reputational impact from the recent media reports and the concerns raised by the Board are not to be diminished. In light of those issues, our CEO, Nick Holland, agreed he would not be eligible for his 2013 bonus. Further, the Board and senior management also felt it appropriate to commence an assessment of Gold Fields governance framework globally, which includes taking recommended steps to ensure best practices regarding transparency and compliance are implemented throughout the Group. That work has commenced and will be ongoing throughout the year.

Finally, as you are aware, we are also currently the subject of an investigation by the US Securities and Exchange Commission regarding the South Deep BEE transaction. The investigation continues to be in its early stages and we will continue to work with the Board and our legal advisors to resolve the matter in due course.

In summary, I reiterate that our vision is to be the global leader in sustainable gold mining and we recognise the importance of delivering that across Gold Fields' operations, which, at its core, means delivering value to its employees, communities and other stakeholders. With that perspective, we remain confident that the South Deep BEE transaction has delivered, and can continue to deliver, lasting value to a broad array of beneficiaries.

Appreciation

The Board was not isolated from the right-sizing imposed on the Company and agreed to reduce the number of directors from 12 to nine – Delfin Lazaro, Roberto Dañino and Rupert Pennant-Rea volunteered to resign as non-executive directors. Rupert and Roberto acted as the Chairs of the Remuneration Committee and Social and Ethics Committee, respectively. Once it became clear that the Board had concluded its examination of the Black Economic Empowerment transaction relating to South Deep, Roberto resigned as Chair of the Social and Ethics Committee. I want to express my sincere appreciation for their commitment to the Company and the considerable experience and guidance they offered in the Board's deliberations. I also want to pay tribute again to Dr Mamphela Ramphele, whom I replaced as Chair in February 2013.

Finally, I would like to thank Nick Holland, his management team and all Gold Fields' employees for their extremely hard work in what was a most difficult year. But we emerged from it in a stronger position and have achieved resilience to adverse market conditions as a result.



Cheryl Carolus
Chair

2.2 CEO report



Nick Holland

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Dear Gold Fields Shareholders,

Over the past 18 months, I have overseen one of Gold Fields' most far-reaching transformations in its 127-year history. This was with the aim of turning Gold Fields into a focused, lean and globally diversified gold mining company that generates significant free cash flow and provides investors with superior leverage to the price of gold.

This journey started in mid-2012, with my keynote speech to the Melbourne Mining Club. During this speech, I challenged the gold-mining sector to make a new and credible investment case for gold-mining equities, and to address investor perceptions that, collectively, we were not offering sufficient leverage to the then high gold price.

It had become clear that many investors were voting with their feet – either by shifting their attentions towards the gold exchange-traded funds ('ETFs') as their preferred gold investment vehicle, or by abandoning the gold sector entirely. As a result, many gold-mining companies – including Gold Fields – suffered from underperforming share prices, while investors eschewed investment in gold equities. This had potentially serious implications in terms of the gold-mining sector's value, liquidity and access to funds to fuel future growth. It was vital to return investors to the fold.

This was the rationale behind our ambitious efforts to transform Gold Fields by shifting away from the pursuit of ounces of production and refocusing on driving margins and cash flow – as described in our 2012 Integrated Annual Report. The importance of this – and the fact that we made an 'early start' in this transformation process – became even more apparent in early 2013 with the dramatic decline in the gold price. This gave us fresh impetus to drive the transformation process even further than we had originally envisaged.

Today, many gold investors are waiting on the sidelines for a positive trend to emerge from the gold sector before re-engaging. In the short term, our transformation efforts are focused on making sure we are able to sustainably generate positive cash flows at lower gold prices. Beyond this, we then aim to give these investors the confidence to 'get back into gold' as the gold price stabilises, and to demonstrate that our shares are one of the best vehicles by which to do so.

2.2.1 The transformation of Gold Fields

The transformation of Gold Fields is focused on five key strategies:

Strategy: A new corporate structure

The transformation of Gold Fields has clearly involved a strategic trade-off between production volume and production quality. As a result, we have moved from being one of the world's longest-established gold-mining 'majors' to what is, in effect, a mid-tier operator – albeit with a better focused, more coherent and modern production portfolio. This – as well as our strategic prioritisation of cash-flow generation – requires us to think in a different way. It means running the Company along the lines of a private equity fund, where managers and employees are encouraged to act like dynamic, engaged owners, and are rewarded for doing so. In essence, it is about aligning the interests of our workforce with those of our shareholders.

In 2013, we took steps to create the kind of corporate structure that will help us achieve this outcome. At the heart of this sits the devolution of full operational accountability for sustainable cash generation to our regions, supported by the appropriate resourcing of our regional management teams. Inevitably, there has been a corresponding rationalisation of our corporate office, which is now focused on a relatively narrow set of strategic Group policies and functions.

Furthermore, we took the decision to scale down our involvement in activities that are the typical domain of larger, industry-leading companies. We no longer aspire to being pioneers of research and development in areas such as technology – but to be fast adopters of best practice. This will help reduce the costs of developing and applying cutting edge practices, while still ensuring we are able to leverage their benefits. We also encourage all our employees to act as entrepreneurs, which includes identifying opportunities for innovation to continually improve our ability to generate positive cash flows and to create value for all our key stakeholders.

I still need to stress that our focus on safety, health, environmental stewardship, sound stakeholder relationships, in particular with government and communities, as well as a commitment to the highest corporate governance standards remains unwavering. Indeed, we have embraced the Shared Value approach as

"A new strategy that is firmly focused on cash generation – and providing investors with superior leverage to the price of gold"
CEO Nick Holland

the key pillar in our efforts to promote sustainable development in our host communities and are rolling out a number of pilot projects at our mines.

As a result of our corporate re-organisation, Gold Fields now enjoys a cost-effective, focused, flexible and fit-for-purpose management structure that is appropriate to both our size and our strategic priorities.

Strategy: Focus on cash, not ounces

We have shifted from the prioritisation of ounces in production to cash generation, reflected in our new goal of generating a global 15% free cash-flow margin at a gold price of US\$1,300/oz.

As a result, cost containment is our main priority – and we have applied a range of measures in this respect, including:

- The cessation of marginal mining at Agnew (with a halt to mining of the low-grade Main and Rajah lodes), St Ives (with the closure of its Heap Leach facility) and Tarkwa (with the closure of both its North and South Heap Leach facilities)
- The restructuring and rightsizing of our corporate, regional and operational structures, and the devolution of operational accountability to our fit-for-purpose regional management teams. This included a 10% reduction in our global workforce (including contractors)
- The rationalisation and prioritisation of capital expenditure (including the deferral of non-essential spending). This helped us reduce capital expenditure by 39% to US\$739 million (2012: US\$1,221 million), without compromising the future integrity of our ore bodies and operations
- The cancellation of near-mine growth projects that demonstrated inadequate returns – including the Tarkwa Expansion Project Phase 6 ('TEP6'), as well as the Cerro Corona Oxides and Sulphides projects
- General cost savings driven by ongoing business process re-engineering – and a range of associated cost-efficiency measures
- The disbandment of our GIP unit – and a 42% reduction of all GIP-related expenditure to US\$162 million (2012:US\$281 million)

Through these actions, we have managed to remove around US\$450 million from our cost and capital base over the course of 2013.

Figure 2.1: The transformation of Gold Fields



2.2 CEO report continued

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Strategy: Pursue opportunistic growth

Restructuring also requires us to take a new approach to growth. Our previous status as a gold mining major – as well as more favourable market conditions – meant we could justify our capital and time-intensive exploration-led growth strategy. As a cash-focused miner subject to a low gold price, this approach is no longer appropriate. Furthermore, the size and grade of new ore discoveries are declining, they are becoming increasingly difficult to identify and the cost of building new mines is rising. Instead, we are taking a more opportunistic approach to growth, with the main criteria being that any new opportunities – whether realised through exploration or mergers and acquisitions – must:

- Improve the overall quality of our production portfolio
- Offer the prospect of near-term cash generation

As a result, our focus is less likely to be on large-scale, capital-intensive, ‘cradle to grave’ greenfields projects, and more likely to be on the acquisition and/or development of smaller, higher-grade, in-production or near-production growth opportunities. In many ways, the current state of the market means now is the ideal time to pursue acquisitions, as distressed developers and restructuring operators seek to sell off otherwise attractive assets.

Reflecting this change in approach, we disbanded our GIP unit in the third quarter, significantly scaled back our exploration activities and divested (or started to divest) key growth projects that were not aligned with our Group business objectives. These included:

- The Arctic Platinum Project in Finland
- Talas in Kyrgyzstan
- Yanfolila in Mali
- Woodjam in Canada

This was in addition to the rationalisation of our early and advanced greenfields exploration portfolio. This was reduced from 23 active and inactive projects around the world, to a small nucleus of eight high-quality projects in the Americas Region.

As a result of such efforts, we have reduced GIP-related growth expenditure from US\$281 million in 2012 to US\$162 million in 2013, including one-off costs of US\$16 million relating to restructuring and retrenchments. A further reduction to below US\$50 million is expected during 2014 as these cost savings flow through.

Aside from reducing our immediate expenditure, the dismantling of our GIP unit has also helped us strategically restructure our growth pipeline. Instead of being based on a diverse spread of large, long-life greenfields projects in a range of underexplored and higher-risk operating locations, it is now based on a focused set of projects that:

- Can offer near-term cash generation on a per share basis, in line with our Group-level business objectives and cash-flow target
- Do not require major capital investment to bring into production
- Are located in our existing regions, and are overseen by our regional management teams
- Are based in well-understood, stable operating countries that offer favourable regulatory regimes
- Offer near-mine growth potential and/or synergies with our existing operations and/or regional structures

These criteria mean it is likely that our growth portfolio will increasingly be characterised by a larger number of smaller, higher-grade, but more importantly, low-cost mines that offer immediate cash flow. Our acquisition of the Yilgarn South Assets in Western Australia in October 2013 offers a good example of this new strategy in action, as well as the potential benefits it offers.

Strategy: Ramp-up at South Deep

Our world-class South Deep mine in South Africa remains a strategic lynchpin for Gold Fields, and is projected to deliver long-term, cash-generative production to the Group once it hits full production. With most of the surface and underground infrastructure completed in 2012 and the new 24/7 operating model introduced in October 2012, 2013 witnessed further positive progress in terms of safety, de-stress mining and reef tonnes mined, taking this flagship mine ever closer to full production. Costs have also been improved significantly with AIC of US\$1,436/oz in the fourth quarter of 2013 compared to US\$2,225/oz in the first quarter.

Despite this, however, production remains behind plan. As a result – and following a six-month life-of-mine review that was completed in February 2014 – we have restated the full production target for the mine (which was previously 700,000 ounces a year by the end of 2016) to between 650,000 and 700,000 ounces a year by the end of 2017 at an AIC of US\$900/oz at an exchange rate of R9.50/US\$1.

In this context, we are in the process of carrying out a number of immediate actions to address production and costs at the mine, including a major operational review to ensure the full grade gets to the mill, the application of enhanced vehicle maintenance practices, rightsizing of the mine's management team and the continued bedding-down of our new operating model. A team of mechanised mining specialists – led by the former General Manager of our Agnew mine, Garry Mills – joined South Deep in January 2014 to embed a mechanised mining culture at the mine. Their key tasks are to improve fleet availability and utilisation, operator and technician skills, and the ore-handling infrastructure.

The lack of experienced mechanised mining skills is undoubtedly one of the largest contributors to the delay in the build-up and it is fair to say that we have underestimated this challenge in the past. This was further complicated by the absence of a sufficiently deep pool of mechanised mining skills in South Africa. The presence of the Australian team should help us bridge this gap.

We are confident that the remaining underground bottlenecks will soon be addressed and that the mine will in due course live up to its true potential as a major Group cash generator.

Strategy: De-risk our portfolio

In 2012, prior to the unbundling of Sibanye Gold – South Africa accounted for 45% of all of attributable production. This was reflective of our South African heritage and the scale of production at the mature, deep underground, conventionally mined KDC operation in particular. Following the unbundling of Sibanye Gold, this figure dropped to 13%, with Ghana taking the lead as our largest source of production at 42% at the end of Q2 2013. Now, with the integration of the new Yilgarn South Assets, Australia is our largest source of production, accounting for 43%, with Ghana making up 31% and South Africa and Peru contributing 13% each.

As a result, the general risk profile and geographical spread of the Group has improved significantly. While the unbundling has removed some of the most acute risks from our risk register, we are now focusing our efforts on addressing those risks that remain in each of our regions (see our online regional reports).

Evolving regional risk profiles

Many of the risks facing our Americas Region are focused on our local stakeholder relations. While Cerro Corona has avoided many of the community-driven challenges that have beset other operators in the Cajamarca region, we cannot take this performance for granted. As a result, we are proactively addressing our current and future water impacts, constructively engaging local communities to address their perceptions of our impacts and working with government and others to minimise the risk of social conflict ahead of the country's forthcoming elections.

In Australasia, our risk profile remains relatively constant. The integration of the new Yilgarn South Assets took place seamlessly, and our main regional focus remains the optimisation of the Mineral Reserve life of all of our operations, as well as the achievement of our operational plans.

2.2 CEO report continued

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Our links to South Africa remain strong despite the global repositioning of Gold Fields. It is not only where we were founded 127 years ago, but it is also home to our most important growth asset, South Deep. Indeed, the fact that this advanced, mechanised underground mine continues to account for 73% of our managed Mineral Reserves means that this is likely to remain an important, and profitable, relationship for decades to come. In terms of risk, many of our most pressing issues, including safety, health and labour relations, were reduced along with the unbundling of Sibanye Gold's Beatrix and KDC mines. Nonetheless, we are now focused on ensuring South Deep achieves its planned production build-up by the end of 2017 (while controlling its costs), fulfils its Mining Charter requirements by the end of 2014 and maintains positive relations with its workforce and local communities.

In West Africa, cash-flow generation remains (due to the gold price, higher fiscal imposts and input cost inflation) our key risk, with both Damang and Tarkwa refocusing their activities on lower-volume, higher-margin mining only. The situation has been most acute at Damang due to the effective end of life of the Greater Damang Pit, but our comprehensive recovery plan has resulted in a dramatic turnaround and ensured Damang's commercial sustainability (albeit at significantly lower volumes) – something that was only until very recently in doubt. It is now essential that the significant operational and strategic changes undertaken at both mines do not undermine our social licence to operate, and that we secure greater assurance from the government with respect to its evolving fiscal arrangements.

A detailed breakdown of our Regions' risks and mitigating actions can be found in the regional reports on our website.

The pursuit of a lower-risk growth pipeline

In terms of growth projects, we have traditionally focused on identifying and developing exploration opportunities irrespective of the latent social, political and legal risks presented by their locations. Now, we are deliberately focusing growth – whether through exploration or through mergers and acquisitions – on:

- Countries in which we already have an operating presence; or
- New countries that present relatively low execution risks, including Organisation of Economic Cooperation and Development ('OECD') countries such as Canada and Chile

Over time, this approach to growth will assist in the successful execution of growth projects in the short term, and ever-more stable and profitable production in the long term.

2.2.2 Group objectives

Our priority is to generate a Group free cash-flow margin of around 15%¹ – after all expenses (including taxes) – at a long-term planning gold price of US\$1,300/oz. While most of our operations have already achieved this, Damang, Darlot and South Deep still have much work to do.

Nonetheless, if we can achieve this objective, Gold Fields could generate free cash of around US\$195/oz should the price of gold remain at planning levels of US\$1,300/oz. This provides a degree of downside resilience should the price decline below that level in the short term. Equally, it means we can improve our margins should the gold price exceed that level. Our progress in this regard has been demonstrated by our achievement of an All-in Cost ('AIC') of US\$1,095/oz for the fourth quarter of 2013 compared to US\$1,621 in the fourth quarter of 2012 – an improvement of 32%. Similarly, our AIC guidance for 2014 is US\$1,150/oz at a production level of 2.2 million attributable ounces. This compares with an AIC of US\$1,312/oz at an output level of 2.02 million attributable ounces in 2013.

We believe that over the next five to 10 years, the gold-mining industry will – as a result of price pressure, the 'cleaning out' of marginal operations and market consolidation – be considerably smaller. This is likely to create a more balanced market that achieves greater equilibrium between gold supply and demand.

Along with greater transparency around the economic value generated by the sector, a more balanced market is also likely to result in a greater alignment of interest between stakeholders. This includes gold-mining companies, their shareholders and other capital providers, host governments, local communities and employees – all of whom will be incentivised to participate in the benefits generated by economically, environmentally and socially sustainable gold mining.

2.2.3 Operational overview for 2013

In 2013, Gold Fields outperformed its operational guidance against all measures.

This included attributable Group gold production (including the newly acquired Yilgarn South Assets) of 2.02 million ounces. This compared to the upper end of our 2013 guidance (provided in February 2013) of 1.90 million equivalent ounces and 2012 production of 2.03 million ounces.

While costs in nominal terms were higher with net operating costs rising by 1% to US\$1.68 billion, the elimination of marginal mining at our Ghanaian and Australian operations, coupled with tight cost controls, ensured that unit costs were lower than our guidance. We did so at:

- Cash costs of US\$803/oz (7% lower than year-end guidance of US\$860/oz)
- Notional Cash Expenditure ('NCE') of US\$1,146/oz (16% lower than year guidance of US\$1,360/oz)
- AIC of US\$1,312/oz (15% lower than the restated 2012 AIC of US\$1,537/oz)

We have achieved these measures despite the impact of ongoing development and production increase at South Deep. South Deep was the only one of our operations not to achieve an AIC below the prevailing gold price of US\$1,265 in the fourth quarter of 2013. Nonetheless, it managed to reduce its AIC by 35% from US\$2,225/oz in the first quarter of the year to US\$1,436/oz in the fourth quarter. If we take the South Deep project out of the equation, the achievements of our 'international' operations (with attributable production of 1,720 million ounces, cash costs of US\$763/oz and an AIC of US\$1,040/oz in Q4 2013) become even more obvious. Indeed, our production portfolio enjoys costs that are among the lowest in the industry.

¹ Excluding acquisition, debt-servicing and growth-related costs

2.2 CEO report continued

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Group production in 2013 was at a similar level to 2012, but revenue declined by 18% to US\$2.91 billion (2012: US\$3.53 billion) as a result of the 16% drop in the gold price received to US\$1,386/oz during 2013.

We reported net losses attributable to shareholders from continuing operations of US\$584 million in 2013 compared with net earnings of US\$317 million in 2012, in part impacted by US\$810 million in impairments during the year. Normalised earnings were US\$58 million (2012: US\$409 million). In line with our dividend policy of paying out between 25% to 35% of net earnings, we paid a final dividend of 22 SA cents a share. Because we passed the interim dividend due to a lack of earnings, this was the total dividend for the year.

At the end of 2013, our net debt was US\$1.74 billion, indicating a net debt-to-EBITDA ratio of 1.7. Using Q4 2013 EBITDA annualised, the net debt-to-EBITDA ratio is 1.5 times – well within our bank covenants. A total of US\$1 billion of our debt is due to mature by 2020, with the remainder maturing between end 2015 to 2017.

More details on our 2013 operational performance can be found in the 'Optimising our operations' chapter (p65 – 92) as well as the regional reports, which are contained in the online version of this report.

2013 performance factors

There are three key factors that framed our performance in 2013:

A restructured portfolio of mines

During 2013, the composition and geographic distribution of the Gold Fields portfolio of assets went through a fundamental transformation. The most significant changes were the February 2013 unbundling of the legacy South African assets (KDC and Beatrix) into Sibanye Gold and the October 2013 acquisition of the Yilgarn South Assets (Darlot, Granny Smith and Lawlers) in Western Australia from Barrick Gold.

The unbundling of Sibanye Gold separated the then portfolio of assets into two separate and independent companies, reflecting the diverse nature of the ore bodies, the relative maturity and profile of the assets as well as the different mining methods, technologies, management and operational skills required to sustainably extract these ore bodies. It allowed the 'remaining' Gold Fields to apply a more focused management approach to our continuing portfolio of modern, mechanised and less labour-intensive operations.

It was also the right thing to do for Sibanye Gold. The unbundling has allowed for the retention of its mines' cash flows as well as the application of a highly focused management approach appropriate to the very specific demands of deep underground, conventional mining. It has also allowed the mines to start to recapitalise themselves, as they no longer need to act as a source of cash flow to help drive Gold Fields' international growth. Indeed, the subsequent success of Sibanye Gold bears testament to the probity of this decision, and to the quality of the management team appointed by Gold Fields prior to the unbundling.

Following the acquisition of the Yilgarn South Assets, for a total consideration of US\$262 million, we immediately began the work of integrating them into our existing production portfolio in Western Australia, with the process largely completed at the end of 2013. This included carrying out thorough operational reviews at each operation, applying our proven low-cost model in the region and consolidating the Agnew and Lawlers mines into a single operation to realise the obvious synergies between these two adjacent assets.

During the fourth quarter, the new Yilgarn South Assets (including Agnew/Lawlers) produced 114,000 ounces at an average AIC of US\$940 – 14% below the Group AIC of US\$1,095/oz. As mentioned above, this is exactly the kind of growth opportunity that will assist with the longer-term transformation of Gold Fields.

Strategic focus on cash generation

The application of our new cash-flow criteria is not a temporary shift driven by difficult market conditions. We believe that if current and future mines cannot meet our new cash-flow criteria at current gold prices, they will never add real value. Although the cyclical nature of the gold price means an upswing is inevitable, experience shows costs are likely to increase at the same time – whether driven by host government fiscal demands, local communities, higher wages, input cost inflation or otherwise. Marginal ore bodies will remain marginal – at any price. Similarly, growth projects that offer marginal returns now will continue to do so in future, even at higher gold prices.

Our new focus prompted a comprehensive portfolio review in the second half of 2012 and into early 2013. This has resulted in (among other things) a reduction in unprofitable production at a number of mines (including St Ives, Damang and Tarkwa), as well as the planned or actual disposal of a number of our growth projects (Talas in Kyrgyzstan, Yanfolilla in Mali, Arctic Platinum in Finland and Woodjam in Canada) at the right price. This has demonstrated our willingness to apply our new cash-flow threshold ruthlessly, even if it is at the expense of current/future production volumes and the truncation of the life of some of our existing ore bodies.

Decline in the gold price

The third factor was the significant decline in the price of gold between the second half of 2012 (when it traded at around US\$1,700/oz) and the first half of 2013 (when it fell to around US\$1,200/oz). Though it has since stabilised at levels closer to US\$1,300/oz, the decline gave greater urgency to our strategic restructuring, helping us accelerate a range of difficult, but necessary, measures to ensure the sustainability of our business during the current price cycle.

The fall in gold price appears to have been driven primarily by a recovery in investor confidence with respect to the US economy, the winding down of quantitative easing by the Federal Reserve, a perceived easing of the Eurozone crisis and fears that central banks in some of the more indebted EU member states would sell off their holdings. It is too early to tell whether the price will continue to fall.

Restructuring of our cost base

In many ways, the key achievement for 2013 has been our success in driving down our overall cost base. In this context, four of our core mines – Agnew, Cerro Corona, St Ives and Tarkwa – performed well in terms of both production and cost expectations, though a range of marginal mining activities at these operations was shelved. Damang and South Deep proved more challenging, however, requiring a range of decisive actions. Following is a brief synopsis of our key interventions:

Damang

Operations at Damang – which produced 153,100 ounces for an AIC of US\$1,558/oz during 2013 – were affected in the first quarter of 2013 by instability at the eastern side wall of the main Damang Pit. This led to the premature closure of the pit – six months earlier than planned and before the reef horizons in the new Juno and Huni pit extensions to the south and north had been fully exposed for mining. These challenges were exacerbated by lower-than-planned plant availability.

In the second half of 2013, we applied a highly effective recovery plan based on a series of strategic interventions to optimise costs, grade, strip ratios, plant recovery and throughput. This helped the mine achieve a 39% increase in production to 45,400 ounces and a 27% reduction in AIC in the fourth quarter to US\$1,261/oz compared with the third quarter.

This has given us sufficient confidence that the mine – which, at US\$1,300/oz, enjoys Mineral Reserves of 1.1 million ounces and Mineral Resources of 6.6 million ounces – can continue to deliver sufficient value to the Group to warrant it staying in production for at least a further five years.

South Deep

As noted above, despite all major metrics being on a positive trend, de-stress development at South Deep was about 20% behind plan, due mainly to underground ore-handling constraints, sub-optimal fleet availability and insufficient mechanised mining skills. This required a restatement of the mine's production targets.

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We have implemented a range of immediate measures to boost performance. This included a comprehensive review of the production build-up plan, which we concluded in February 2014. Under the plan, we aim to:

- Optimise grade management through the application of more accurate blasting patterns, as well as enhanced post-blast cleaning
- Improve machine availability by addressing workshop constraints, enhancing fleet management and improving operator training
- Enhance the scheduling of planned infrastructure development, including required ore passes, silos and underground crushers – as well as the new mega-workshop on 93 Level, which should be completed in early 2015
- Further improve de-stress performance
- Reinvigorate employee relations and motivation

In addition, we have continued efforts to drive down costs at South Deep, including the rightsizing of our management team, the replacement of contractors with employees and the optimisation of our support services costs. These efforts will continue and – provided we maintain the momentum of build-up and rand gold prices do not collapse from current levels – South Deep could become cash-neutral for the first time later this year or early in 2015. This would be a major milestone in its development.

I am convinced that the measures we have put in place should ensure that we successfully progress towards our new target of between 650,000 and 700,000 ounces a year by the end of 2017 at an AIC of US\$900/oz.

Tarkwa

As part of our Group-level transformation, we took the decision in 2013 to close the North and South Heap Leach facilities at Tarkwa in Ghana and process exclusively through the mine's high-recovery carbon-in-leach ('CIL') plant. We took this decision because as we mined deeper the prevalence of harder ore was affecting recoveries at the heap leach operations. While we will now produce lower volumes of gold than previously, we will do so for longer and at significantly higher rates of recovery, and thus improve our margins. The cost benefits of the closure of the North Heap Leach (which took place only in December 2013) will really become apparent in 2014.

In the medium- to long-term we expect production to stabilise at around 500,000 ounces per year for the remainder of the life of the mine. Again, this offers a concrete demonstration of our determination to prioritise cash flow over production volumes.

Safety

The unbundling of the conventional, deep-level underground Beatrix and KDC mines in South Africa has resulted in a predicted change in most safety metrics, with fatalities declining from 16 in 2012 to two during 2013, while the Lost-Time Injury Frequency Rate ('LTIFR') declined significantly from 5.16 to 2.86 per million man hours worked.

It is with deep regret that I have to report two fatal accidents during the course of the year:

- The first took place at South Deep on 3 April 2013, as a result of a fall-of-ground accident. This resulted in the death of Dionisio Ndlozi, a contractor with Umusa. This was the first fatality for South Deep after recording almost four million fatality-free shifts spanning 27 months
- The second took place at Cerro Corona on 19 November 2013, as a result of a vehicle maintenance accident. This resulted in the death of Wildo Rafael Campos, an employee of contractor Unimag S.A. This was the mine's first fatality since commercial operations started in 2008

Following the unbundling of our deep underground conventional mines in South Africa, I had hoped to never have to make such a report again. Our thoughts go out to the families of these two men.

Following these incidents, we have implemented a range of measures to minimise the risk of such accidents happening again. These are set out on p80.

Employees

The transformation of Gold Fields clearly had a knock-on effect for our workforce. The most obvious has been the implementation of retrenchments at our corporate office, within our GIP unit, in our South Africa Region and in our West Africa Region. The decision to make these retrenchments was a difficult one. However, it has played a key role in helping us reduce our cost base to a more sustainable level and navigate the lower gold price.

The reduction in the number of staff does not impede our ability to realise our operational targets or achieve our high standards of health and safety, environmental care and stakeholder relations.

The second impact of the transformation has been our transition from a global mining major to a mid-tier gold producer. This means we have had to learn new ways of working, including 'doing more with less' and accepting higher levels of responsibility as we devolve operational accountability into our regions.

Despite these changes, we are committed – through our new Employee Charter (p7) – to remaining a high-quality employer that can continue to attract top talent at every level. This means ensuring our employees are offered excellent working conditions and development opportunities, a safe working environment, appropriate awards for their achievements and assurance that they are working for the most sustainable gold mining company in the world. Our people continue to be the most important driver of value in our business.

2.2.4 Strategic overview for 2013

During 2013, a number of key external issues impacted our ability to create value for stakeholders during 2013, requiring us to respond with new strategies or to strengthen existing policies and initiatives.

Gold price

In 2013, the gold price declined by around 29%, placing significant pressure on the gold-mining sector. The main reason for this is the recovery of confidence in the US economy and the winding-down of quantitative easing by the Federal Reserve. Moreover, this sharp shift in price also appears to have been significantly 'amplified' by increased trading in gold derivatives and futures, helping de-link the price of gold from its underlying fundamentals.

In early 2014, a filing with a US federal court accused the five banks involved in setting the London benchmark gold price fix of price manipulation. Regulators in the UK and Germany are also looking more closely at how banks set the gold fix. The gold price fixing system is an important basis for a sizeable proportion of gold-related transactions and any questions around the integrity of the system should be investigated urgently.

In the longer term, we believe that the rationalisation of the global supply of gold – an almost certain consequence of lower prices over time – as well as continued, solid, long-term growth in demand for physical gold from China, India and other growing economies, will help restore equilibrium to the market.

As a result, our planned gold price of US\$1,300/oz is not just intended to help us survive the current gold price, but to position us so that we can offer investors superior cash returns once gold's underlying supply and demand fundamentals re-assert themselves and push the gold price to higher levels (see Strategic analysis on p50).

2.2 CEO report continued

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Value distribution and resource nationalism

The benefits of a strong mining industry go well beyond the bottom-line and lucrative returns for capital providers and shareholders only. They extend to significant levels of value distribution to a much wider range of stakeholders, including employees, host governments and host communities.

In a seminal work released in 2013 entitled 'Responsible Gold Mining and Value Distribution' the World Gold Council ('WGC') showed that in 2012 the total expenditure by the world's 15 leading gold producers, including Gold Fields, totalled US\$55.6 billion. Of this, US\$8.5 billion went to government in the form of taxes and royalties, US\$35.2 billion went to business in the form of procurement of goods and services, and US\$8.3 billion was spent on wages and salaries. Only US\$3.4 billion (or 6%) went to the providers of capital in the form of dividends and interest payments.

Despite adverse market conditions, Gold Fields' total value distribution in 2013 was US\$2.98 billion (2012: US\$3.72 billion), with 61% of this (US\$1.81 billion) going to businesses and suppliers, 12% (US\$380 million) to governments, 20% (US\$595 million) to employees, 1% (US\$16 million) on Socio-economic Development ('SED') and 6% (US\$172 million) to providers of capital. This is not a sustainable return to attract long-term providers of debt and equity capital.

Nonetheless, I believe that the industry's value creation and distribution could be significantly enhanced if governments, communities and trade unions worked with us to pursue the kind of 'resource nationalism' that grew the mining economy. Instead, governments in particular have imposed fiscal and regulatory burdens on ever-shrinking mining earnings. Indeed, in 2013 I gave presentations in seven countries entitled 'Resource Nationalism: How to Grow, Not Shrink, the Pie' with the aim of stimulating constructive debate on this matter between the sector's major stakeholders.

As part of this dialogue the mining industry needs to embrace greater transparency about the real costs of mining, while at the same time better conveying the wider socio-economic benefits it already achieves. The introduction by the WGC of the new All-in Sustaining Cost ('AISC') and AIC reporting metrics is aimed at showing the true cost of mining, and correcting the misconception that the sector is making excessive profits. From 2014, Gold Fields will solely report its costs using these metrics.

With transparent reporting underpinning the debate, we believe that industry partners can develop the framework in which the mining economy can grow, and thereby deliver better returns to host countries. Such a framework would need to be built upon the following key principles:

- Collaboration between government and mining companies, which are better able to develop and extract ore bodies, and who can be positive social partners
- The establishment of competitive tax and royalty systems that provide investors with acceptable risk-weighted returns, and through which governments can participate in the upside
- Mutual recognition of the full costs and benefits of mining (for example, social, environmental and economic) when evaluating the viability of projects over the life of a mine
- The maintenance of a stable legislative and regulatory environment to reduce risk and uncertainty (see Strategic analysis on p52 – 53)

Shared Value and communities

Experience has shown that no matter how significant the economic contributions that mining companies make at a national level, this does not always translate into local economic development, or a strong social licence to operate. Therefore we need to act with respect to our host communities, and deliver valued, ongoing and visible contributions to local development. This does not just mean distributing social investment funds, but creating community-level value in the widest sense of the word.

This approach covers a wide range of strategies, employing community members, creating external jobs through community-based procurement and enterprise development, promoting community members' skills, investing in education and health, and supporting infrastructure development. Collectively, this can enhance community development in a way that is so much more impactful than 'narrow' social investment. In essence, it is not about how much we spend but about the outcomes we achieve.

This is a particularly important message to consider in the context of our transformation to a mid-tier gold producer, the lower gold price and the need for us to focus on cash generation. This requires us to find more creative ways of supporting our social licence to operate, despite financial and operational constraints.

We believe that the best way forward is to build upon our existing value distribution practices by pursuing programmes focused on the generation of Shared Value. This means pursuing mine-level business strategies that enhance not only the value of our own business, but also generate positive social impacts. For example, by integrating members of our host communities into our workforce – and by sourcing from community-based companies – we can provide much-needed direct and indirect local employment. Furthermore, we can reduce the risk of future stoppages or operational interruption as a result of social unrest, while (in time) also achieving some measure of cost reduction due to the proximity of our suppliers.

We are undertaking three Shared Value pilot projects across the Group, which will help define how we apply this concept in future. These include, for example, multilateral water management projects in Cerro Corona, the promotion of maths and science teaching among South Deep's host communities and increased sourcing from host community suppliers at both Cerro Corona and South Deep.

It is these kinds of approaches that will help us maximise our positive social impacts whilst also optimising our own business, which will bind the interests of our host communities to those of Gold Fields. This is a clear shift from a 'community spending' to a 'community impact' paradigm, to ensure that our expenditure has the desired beneficial impact in our host communities. As I have noted above, in relation to resource nationalism, this is not a zero-sum game. It is about making the whole of the 'pie' larger, whether at a national or community level (see Strategic analysis on p52 – 56).

2.2.6 Message of thanks

I would like to express my gratitude to my fellow directors on the Board, led by our Chair, Cheryl Carolus, for their sound advice and strong support to myself and the executive management team during what was undoubtedly a busy and challenging year. The issues that confronted the Group during the year, including our significant corporate restructuring, demanded extensive time, effort and resources to manage. Their experience and expertise were vital in seeing us through. I would also like to thank Roberto Dañino, Delfin Lazaro and Rupert Pennant-Rea, who stepped down from the Board in 2013 and with whom I have had the privilege of working for a number of years.

The Executive Committee also changed markedly during 2013 and in early 2014, with a number of long-standing members of the team leaving Gold Fields. I want to personally thank Jimmy Dowsley, Michael Fleischer, Juancho Kruger, Tommy McKeith, Tim Rowland, Peet van Schalkwyk and Kgabo Moabelo (now in his new role as Managing Executive: South Africa) for their tremendous contribution to Gold Fields over the years, as well as the steadfast support and valuable advice they offered me. In Brett Mattison, Alfred Baku, Ernesto Balarezo, Lee-Ann Samuel (who took over the HR portfolio from Kgabo) and Taryn Harmse I believe we have found strong replacements, who have already exhibited their leadership abilities over the past few months.

Finally, and most importantly, I would like to thank all employees of Gold Fields for their commitment and dedication in what have been very testing times. This last year has demonstrated to me the capacity of Gold Fields' people to rise to difficult challenges and persevere. This bodes well for the future of the Company.



Nick Holland
CEO

2.2 CEO report continued

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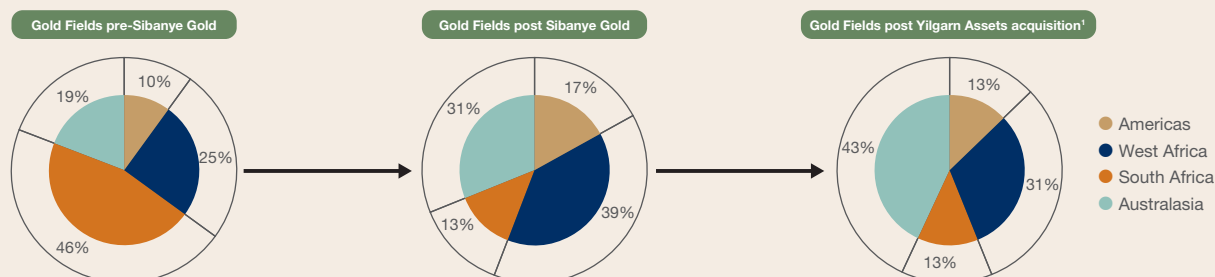
The transformation of Gold Fields' risk exposure

The transformation of Gold Fields has not only optimised the ability of the Company to generate cash – it has also reduced its overall risk profile. This is particularly the case with respect to:

- The unbundling of Sibanye Gold (Beatrix and KDC mines in South Africa)
- The purchase of the new Yilgarn South Assets from Barrick Gold in Australia (the Darlot, Granny Smith and Lawlers mines)

The most obvious impact has been a significant increase in the proportion of gold production originating from mechanised operations in Australia – one of the most stable and highly developed mining jurisdictions in the world, and now the largest contributor to Group production.

Figure 2.2: Geographic production profile (attributable production)



There has likewise been a concurrent withdrawal from conventional, deep underground mining in South Africa – which is typically perceived to pose a range of significant risks relating to health, safety, labour relations and operational stoppages. In the context of the unbundled Beatrix and KDC mines, this is largely due to:

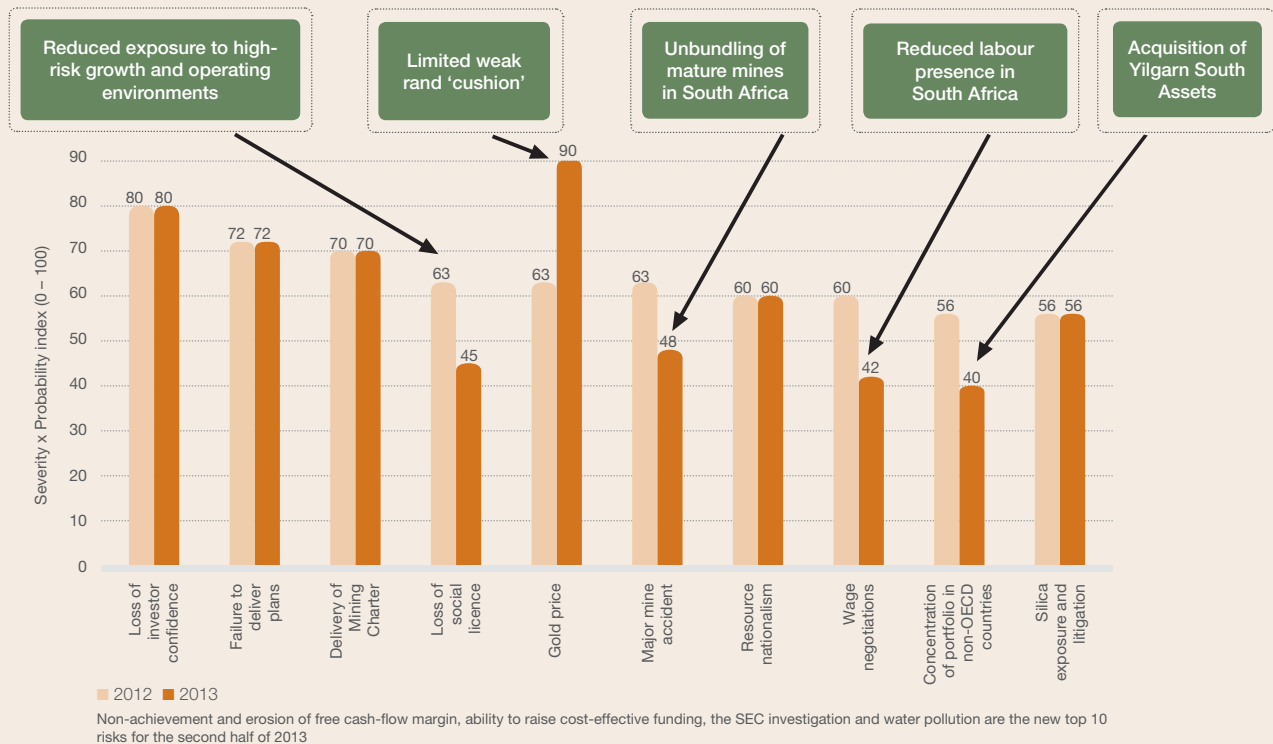
- The nature of these mature, deep underground mines – including their extensive and ageing underground infrastructure, use of timber support and seismic risks
- The conventional mining methods employed at both operations – which exposes workers to higher health and safety risks than mechanised mining
- The need for a large workforce of approximately 35,000 people to service these deep underground, conventional mines
- A largely semi-skilled workforce, relying on a range of languages – resulting in greater potential for accidents, misunderstandings and activism
- The existence of well-entrenched labour models rooted in historical experience – as well as highly unionised workforces led by activist labour representatives

Whilst South Africa has historically been the largest contributor to Gold Fields Group production, it now accounts for only 13% – all of which originates from the mechanised South Deep mine. The proportion contributed by South Deep is likely to increase significantly as production ramps up. Nonetheless, such production will be of a very different nature than in the past thanks to the fact that South Deep is characterised by:

- Full mechanisation – significantly improving operational efficiency and decreasing employee exposure to health and safety risks
- Modern, well-serviced underground infrastructure – much of which is recently constructed or undergoing construction
- The application of advanced de-stress mining methodologies to reduce underground seismic risks
- A leading-edge, 24/7 operating model that is helping align labour relations with international best practice and delivering powerful productivity incentives to employees
- A smaller workforce of just over 6,000 (including contractors), with relatively high levels of educational attainment

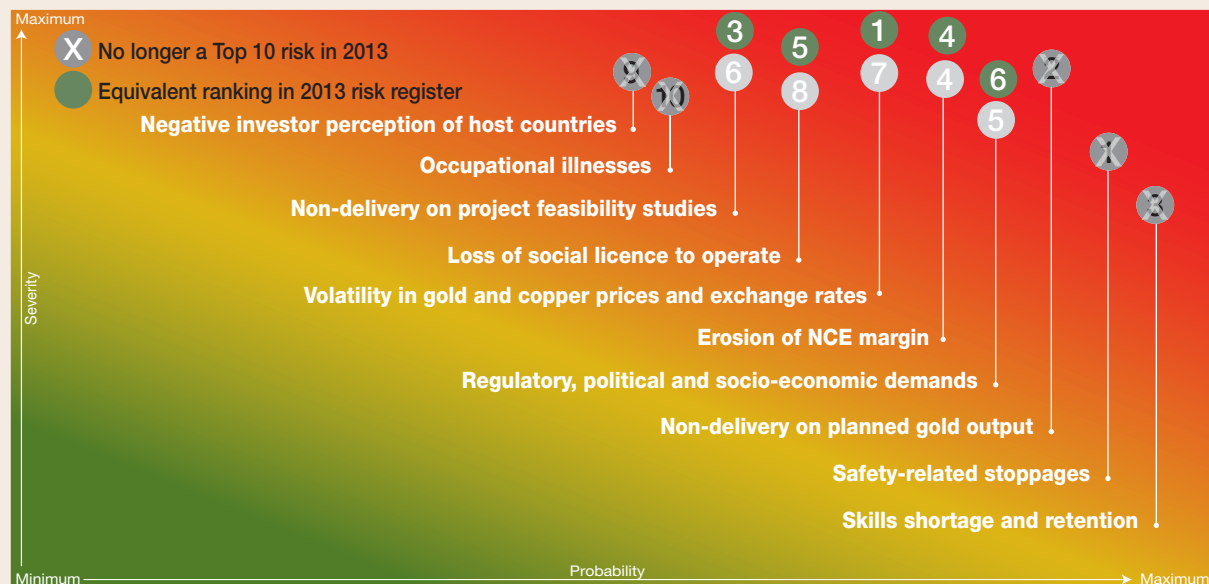
¹ Yilgarn South Assets – H1 2013 performance annualised

Figure 2.3: Group risk profile



The impact of this restructuring is set out here – including a demonstration of how a pre-selected bundle of risks have changed as a result of Gold Fields restructuring – as well as a comparison of those top 10 risks faced by Gold Fields prior to the unbundling of Sibanye Gold and those that remain following the unbundling.

Figure 2.4: The Gold Fields 2011 heat map



2.3 CFO report

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Paul Schmidt

The year 2013 was a year of fundamental change to the structure of Gold Fields and the nature of our business. The importance of our transformation process, which was started in 2012, became even more apparent with the sharp drop in the gold price.

These developments are reflected in the financial performance of the Company as we have shifted our focus to generating cash on a sustainable basis. I am pleased to report some early successes in this regard in our 2013 financial and operational results, though our focus this year will be to entrench these changes.

Financial highlights

A detailed analysis of our 2013 financial performance is provided in the 'Management's discussion and analysis of the financial statements' on p6 – 27 of the 2013 Annual Financial Report. In addition to the consolidated income statement, statement of financial position and cash-flow statement – extracted from the Annual Financial Report 2013 – provided over the next three pages, some of the highlights of our financial and operational performance last year include:

- A more consistent and predictable operational performance with 2013 Group gold production of 2.02 million ounces, slightly above the guidance provided in February and November. Group production included the December 2013 quarter output from the newly acquired Yilgarn South Assets for the first time
- Group revenue declined by 18% from US\$3.53 billion (R28.92 billion) for 2012 (restated numbers) to US\$2.91 billion (R27.90 billion) in 2013, reflecting the 16% drop in the average gold price received from US\$1,656/oz to US\$1,386/oz over the period
- A sound cost performance with total cash costs of US\$803/oz 7% below guidance and NCE at US\$1,146oz 16% below guidance. In terms of the new reporting metrics (see below) Group AISC of US\$1,202/oz and AIC of US\$1,312/oz were below the restated 2012 numbers of US\$1,310/oz and US\$1,537/oz, respectively
- During 2013 we eliminated about US\$450 million from costs and capital, based on our annualised results for the December quarter compared with our 2012 results. This follows on a number of interventions which are outlined in the CEO report (p19) and the 'Optimising our operations' chapter (p65 – 92)
- Capital expenditure decreased from US\$1.22 billion in 2012 (restated) to US\$739 million in 2013 in line with our deliberate efforts to cut costs at both operating assets and growth projects. In line with the build-up plan, capex at the South Deep project declined from US\$315 million to US\$202 million last year

- Impairments of US\$672 million were reported in the December quarter based on 2013 life-of-mine plans that used a gold price of US\$1,300/oz compared with US\$1,500/oz used in previous calculations. There was also an increase in the discount rate due to a higher risk-free rate used. Total impairments for 2013 were US\$810 million
- A net loss attributable to shareholders from continued operations of US\$584 million in 2013 compared with net earnings of US\$317 million in 2012, while normalised earnings came in at US\$58 million (2012: US\$409 million)
- In line with our dividend policy of paying out between 25% to 35% of normalised earnings, we paid a final dividend of 22 SA cents a share. We did not declare an interim dividend due to expectations of a loss by year-end
- At the end of 2013, our net debt was US\$1.74 billion – resulting in a net debt-to-EBITDA ratio of 1.7 times using 2013 EBITDA. Using Q4 2013 EBITDA, annualised, the net debt to EBITDA ratio is 1.5 times – well within our bank covenants

New cost-reporting metrics

In 2013, the members of the World Gold Council agreed on two new metrics to improve the transparency and comparability of members' cost reporting. This is with the aim of helping investors, governments, local communities and other stakeholders to better understand the 'true cost' of producing and selling an ounce of gold and thus the economics of mining. The first of these measures is All-in Sustaining Cost ('AISC'), which is an extension of existing cash-cost metrics and incorporates costs related to sustaining production. The second, All-in Cost ('AIC'), includes additional costs which reflect the varying costs of producing gold over the lifecycle of a mine.

Gold Fields implemented the metrics from the June 2013 quarter onwards and will report these costs exclusively from the March 2014 quarter onwards and no longer report total cash costs and NCE. From the March 2014 quarter onwards Gold Fields will also report in US dollars only, as it is now the dominant currency in the Company's portfolio.

Paul Schmidt
CFO

Online content: More transparent costs reporting through AIC and AISC
[www.gold.org/AIC and AISC](http://www.gold.org/AIC%20and%20AISC)

“From the March 2014 quarter onwards
Gold Fields will only report costs using the
AIC and AISC metrics”
CFO Paul Schmidt

Consolidated income statement

for the year ended 31 December 2013

UNITED STATES DOLLAR

SOUTH AFRICAN RAND

Restated ¹ 2012	2013	Figures in millions unless otherwise stated	2013	Restated ¹ 2012
		CONTINUING OPERATIONS		
3,530.6	2,906.3	Revenue	27,900.6	28,915.8
(2,151.0)	(2,277.8)	Cost of sales	(21,866.2)	(17,616.9)
1,379.6	628.5	Net operating profit	6,034.4	11,298.9
16.3	8.5	Investment income	81.3	133.9
(55.3)	(69.5)	Finance expense	(667.1)	(452.8)
(0.5)	(0.3)	Loss on financial instruments	(2.9)	(4.5)
(13.8)	7.3	Profit/(loss) on foreign exchange	69.8	(112.7)
(15.6)	(97.2)	Other costs	(933.8)	(126.7)
(45.5)	(40.5)	Share-based payments	(388.6)	(372.5)
(128.5)	(65.9)	Exploration expense	(632.6)	(1,052.7)
(44.1)	(47.7)	Feasibility and evaluation costs	(457.9)	(361.2)
(49.7)	(18.4)	Share of results of equity-accounted investees after taxation	(176.5)	(407.4)
(50.8)	(39.4)	Restructuring costs	(378.3)	(416.3)
(98.2)	(809.5)	Impairment of investments and assets	(8,336.9)	(803.9)
27.6	17.8	Profit on disposal of investments	170.8	225.9
0.3	1.6	Profit on disposal of property, plant and equipment	15.4	2.1
921.8	(524.7)	(Loss)/profit before royalties and taxation	(5,602.9)	7,550.1
(116.7)	(90.5)	Royalties	(869.1)	(955.9)
805.1	(615.2)	(Loss)/profit before taxation	(6,472.0)	6,594.2
(456.6)	20.1	Mining and income tax	315.4	(3,739.9)
348.5	(595.1)	(Loss)/profit from continuing operations	(6,156.6)	2,854.3
		DISCONTINUED OPERATIONS		
384.9	287.9	Profit from discontinued operations, net of tax	2,553.8	3,152.1
733.4	(307.2)	(Loss)/profit for the year	(3,602.8)	6,006.4
		(Loss)/profit attributable to:		
701.2	(295.7)	Owners of the parent	(3,465.7)	5,743.0
316.4	(583.6)	– Continuing operations	(6,019.5)	2,591.5
384.8	287.9	– Discontinued operations	2,553.8	3,151.5
32.2	(11.5)	Non-controlling interest holders	(137.1)	263.4
32.1	(11.5)	– Continuing operations	(137.1)	262.8
0.1	–	– Discontinued operations	–	0.6
733.4	(307.2)		(3,602.8)	6,006.4
		(Loss)/earnings per share attributable to ordinary shareholders of the Company:		
44	(79)	Basic (loss)/earnings per share from continuing operations – cents	(811)	356
53	39	Basic earnings per share from discontinued operations – cents	349	433
43	(79)	Diluted basic (loss)/earnings per share from continuing operations – cents	(811)	355
53	39	Diluted basic earnings per share from discontinued operations – cents	348	431

¹ Restated due to the adoption of IFRIC 20, stripping costs in production phase of a surface mine

2.3 CFO report continued

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Consolidated statement of financial position

at 31 December 2013

UNITED STATES DOLLAR

SOUTH AFRICAN RAND

Restated ¹ 2012	2013	Figures in millions unless otherwise stated	2013	Restated ¹ 2012
		ASSETS		
7,197.1	6,234.7	Non-current assets	64,466.2	61,677.4
6,258.4	5,388.9	Property, plant and equipment	55,720.8	53,633.8
520.3	431.2	Goodwill	4,458.9	4,458.9
96.3	93.8	Heap leach inventories	969.5	825.3
232.1	237.5	Equity-accounted investees	2,455.8	1,988.9
38.4	7.5	Investments	77.0	329.2
10.0	23.9	Environmental trust funds	247.3	85.3
41.6	51.9	Deferred taxation	536.9	356.0
3,875.5	1,061.4	Current assets	10,974.9	33,212.9
427.8	404.5	Inventories	4,183.0	3,666.4
450.5	272.7	Trade and other receivables	2,819.2	3,861.0
2.0	–	Deferred stripping costs	–	16.7
7.0	–	Financial instrument	–	60.0
606.3	325.0	Cash and cash equivalents	3,360.6	5,195.6
2,381.9	59.2	Assets held for sale/distribution	612.1	20,413.2
11,072.6	7,296.1	Total assets	75,441.1	94,890.3
		EQUITY AND LIABILITIES		
5,981.6	3,851.4	Equity attributable to owners of the parent	39,823.7	51,262.2
55.9	57.8	Share capital	383.6	364.8
4,544.0	3,412.9	Share premium	21,261.8	31,177.5
(700.8)	(1,340.8)	Other reserves	6,266.6	3,748.2
2,082.5	1,721.5	Retained earnings	11,911.7	15,971.7
209.4	193.8	Non-controlling interest	2,003.8	1,794.3
6,191.0	4,045.2	Total equity	41,827.5	53,056.5
2,681.0	2,627.4	Non-current liabilities	27,167.2	22,975.5
589.5	399.4	Deferred taxation	4,129.7	5,052.0
1,828.8	1,933.6	Borrowings	19,993.4	15,672.9
262.7	294.4	Provisions	3,044.1	2,250.6
2,200.6	623.5	Current liabilities	6,446.4	18,858.3
538.4	462.4	Trade and other payables	4,780.1	4,614.4
180.9	34.6	Taxation and royalties	357.8	1,549.7
40.0	126.5	Current portion of borrowings	1,308.5	342.8
1,441.3	–	Liabilities held for distribution	–	12,351.4
11,072.6	7,296.1	Total equity and liabilities	75,441.1	94,890.3

¹ Restated due to the adoption of IFRIC 20, stripping costs in the production phase of a surface mine

Consolidated statement of cash flows

for the year ended 31 December 2013

UNITED STATES DOLLAR

SOUTH AFRICAN RAND

Restated ¹ 2012	2013	Figures in millions unless otherwise stated	2013	Restated ¹ 2012
1,046.7	467.1	Cash flows from operating activities	4,560.1	8,709.4
1,594.6	970.2	Cash generated by operations	9,313.8	13,061.0
15.8	8.0	Interest received	76.6	129.8
–	–	Dividends received	0.3	0.4
(149.9)	10.0	Change in working capital	96.2	(1,229.4)
1,460.5	988.2	Cash generated by operating activities	9,486.9	11,961.8
(68.6)	(89.4)	Interest paid	(858.0)	(561.9)
(112.4)	(99.9)	Royalties paid	(946.7)	(922.5)
(334.1)	(298.2)	Taxation paid	(2,815.7)	(2,742.4)
945.4	500.7	Net cash from operations	4,866.5	7,735.0
(378.2)	(64.5)	Dividends paid	(588.0)	(2,963.0)
(364.2)	(61.2)	– Ordinary shareholders	(557.9)	(2,846.3)
(11.5)	(1.1)	– Non-controlling interest holders	(10.1)	(96.7)
(2.5)	(2.2)	– South Deep BEE dividend	(20.0)	(20.0)
567.2	436.2	Cash generated by continuing operations	4,278.5	4,772.0
479.5	30.9	Cash generated by discontinued operations	281.6	3,937.4
(1,661.3)	(914.6)	Cash flows from investing activities	(8,800.1)	(13,550.5)
(1,221.2)	(739.3)	Additions to property, plant and equipment	(7,097.1)	(10,001.5)
1.3	10.4	Proceeds on disposal of property, plant and equipment	99.7	10.6
(0.8)	(12.8)	La Cima non-controlling interest buy-out	(122.1)	(7.3)
(10.0)	–	Talas non-controlling interest buy-out	–	(83.1)
–	(135.0)	Yilgarn South Assets purchase	(1,366.5)	–
(110.0)	–	Payment for FSE	–	(833.8)
–	(10.0)	Payment for Bezzant	(90.8)	–
(0.8)	(3.5)	Purchase of investments	(33.2)	(6.5)
65.4	35.0	Proceeds on disposal of investments	341.0	525.6
(3.4)	(4.5)	Environmental trust funds and rehabilitation payments	(43.4)	(27.4)
(1,279.5)	(859.7)	Cash utilised in continuing operations	(8,312.4)	(10,423.4)
(381.8)	(54.9)	Cash utilised in discontinued operations	(487.7)	(3,127.1)
504.8	253.0	Cash flows from financing activities	2,341.6	4,072.1
27.7	6.8	Loans received from non-controlling interest holders	65.1	229.6
936.3	3,177.7	Loans raised	28,468.5	7,351.9
(975.9)	(2,971.3)	Loans repaid	(26,549.3)	(7,745.4)
2.0	0.8	Proceeds from the issue of shares	7.3	16.0
(9.9)	214.0	Cash generated/(utilised) in continuing operations	1,991.6	(147.9)
514.7	39.0	Cash generated by discontinued operations	350.0	4,220.0
(109.8)	(194.5)	Net cash utilised	(1,898.4)	(769.0)
–	(106.4)	Cash transferred on unbundling of Sibanye Gold	(946.1)	–
21.4	(29.7)	Effect of exchange rate fluctuation on cash held	586.6	338.5
744.0	655.6	Cash and cash equivalents at beginning of the year	5,618.5	6,049.0
655.6	325.0	Cash and cash equivalents at end of the year	3,360.6	5,618.5

¹ Restated due to the adoption of IFRIC 20, stripping costs in the production phase of a surface mine

2.4 Corporate governance

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2.4.1 Overview

Our achievement of global leadership in sustainable gold mining, and our ability to fulfil our stakeholder promises (p7), requires corporate governance of the highest level. This means a governance framework that actively supports the proactive and effective management of those strategic dynamics that will ultimately determine our long-term sustainability, whether operational, economic, social, environmental or otherwise.

This approach is essential given the long-term, capital-intensive nature of our mining projects, as well as the sometimes challenging social and political contexts in which we need to operate. It requires us not only to ensure our business remains profitable, but to also deliver clear economic, social and environmental benefits wherever we operate.

Our management approach is underpinned by our commitment to sound and robust corporate governance standards, which is essential to our ultimate operational and strategic success. The Group Compliance Officer plays a pivotal role in this area by ensuring that the Company complies with all laws, regulations and the highest levels of corporate governance.

2.4.2 Internal standards and principles

Gold Fields has developed a comprehensive set of internal standards and principles that underpin how we do business. These include:

- **Our Vision and Values:** Everything that we do to achieve our Vision of becoming the global leader in sustainable gold mining is informed by our Values (p6). These are applied by our directors, as well as employees at every level of the Company
- **Board of Directors' Charter:** This articulates the objectives and responsibilities of the Board (p39). Likewise, each of the Board committees operates in accordance with written terms of reference which are regularly reviewed by the Board. These are available on our website or, on request, from our secretarial office
- **Sustainable Development Framework:** Gold Fields places particular emphasis on the ongoing development of its sustainable development systems and structures. This includes the establishment of a unified Sustainable Development Framework based on best practice, as well as our operational requirements. The framework, which is governed by an overall Sustainable Development Policy, is made up of the following pillars, each of which is underpinned by a formal corporate policy:
 - Energy and carbon management
 - Communities
 - Environment
 - Ethics and corporate governance
 - Human rights
 - Material stewardship and supply chain management
 - Occupational health and safety
 - Risk management
 - Stakeholder engagement

Effective management in each of these areas is integral to the achievement of our long-term, strategic objectives
- **Code of Ethics:** The Gold Fields Code of Ethics commits and binds every employee, officer and director within Gold Fields to conducting business in an ethical and fair manner. The Board's Audit and Social and Ethics Committees are tasked with ensuring the consistent application of, and adherence to, the Code of Ethics



Further information: Standards and Principles
Further information: Code of Ethics

2.4.3 External standards and principles

Listings requirements

Our primary listing is on the JSE Limited ('JSE') – meaning we are subject to the JSE Listings Requirements.

We have implemented South Africa's King III Code of Corporate Governance ('King III') principles and recommendations across Gold Fields. A full report of our compliance with each of the King III principles is available on the Gold Fields website.

We have secondary listings on **NASDAQ Dubai** Limited, **Euronext** in Brussels and the **SWX Swiss Exchange** – meaning we are subject to each exchange's disclosure requirements.

Our shares are traded on the New York Stock Exchange ('NYSE') – meaning we are subject to relevant NYSE disclosure and corporate governance requirements, such as those of the US Securities and Exchange Commission, as well as the terms of the Sarbanes-Oxley Act, 2002.

Sustainability standards

Our Sustainable Development Framework is guided by the **International Council on Mining and Metals'** ('ICMM') 10 principles on sustainable development, their supporting position statements and external assurance thereof.

We are guided by the 10 principles of the **UN Global Compact** (in which we are a participant), including their implementation in our business activities and our annual submission of a Communication on Progress.

All of our eligible operations¹ are in conformance with the **World Gold Council** ('WGC') Conflict-Free Gold Standard.

Our reporting is guided by the internationally recognised **Global Reporting Initiative** ('GRI') G3.1 Sustainability Reporting Guidelines, including the Mining and Metals Sector Supplement and Reporting Guidance on HIV/AIDS.

Management system standards

ISO 14001 environmental management system standard: Seven of eight operations compliant, with the new Granny Smith mine to start the certification process in 2014.

OHSAS 18001 safety management system standard: All existing operations compliant, with the new Yilgarn South Assets to start the certification process during 2014.

AA 1000 stakeholder engagement principles: We are guided by these principles.

International Cyanide Management Code: All eligible operations¹ are compliant.

Business ethics standards

Our **Code of Ethics** is aligned with national and international business ethics and anti-corruption standards, including:

- The UN Convention against Corruption (2003)
- The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
- South Africa's King III Report on Corporate Governance, as well as the Prevention and Combating of Corrupt Activities Act (2004)
- The United States' Sarbanes-Oxley Act (2002), Dodd-Frank Act (2010), the Foreign Corrupt Practices Act (1977)

We support the principles and processes of the **Extractive Industry Transparency Initiative** ('EITI'), through our membership of the ICMM. Ghana and Peru are EITI-compliant countries, in which we operate.



www.jse.co.za
nyse.nyx.com
www.icmm.com (Sustainable Development Framework)
www.unglobalcompact.org (10 Principles)
www.gold.org (Conflict-free Gold Standard)
www.iso.org (ISO 14000)

www.bsigroup.com (OHSAS 18001)
www.accountability.org (AA 1000)
www.cyanidecode.org
Further information: Standards and Principles
eiti.org (Gold Fields Supporting Company Form)
www.sec.gov

¹ Excluding Cerro Corona, which produces a copper concentrate

2.4 Corporate governance continued

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Memorandum of Incorporation

Amendments to the Gold Fields' Memorandum of Incorporation ('MOI') were tabled at the annual general meeting on 9 May 2013. The following amendments were adopted by the meeting:

- The ability of the Board to create and issue debt instruments (in the form of bonds, notes, commercial paper, debentures or other similar securities that are, or are capable of being, listed or ordinarily dealt with on an exchange) without reference to shareholders, on such terms and conditions as the Board may from time to time determine, provided that no special privileges may be granted to secured and unsecured debt instruments as contemplated in the JSE Listings Requirements. Such ability shall in all circumstances be subject to and be in accordance with the JSE Listings Requirements and the Companies Act
- The retirement of directors by rotation, which provides that, in line with international best practice, all directors are subject to retirement by rotation
- Adjustments to the MOI relating to changes to the JSE Listings Requirements, 71 of 2008

2.4.4 Awards and external recognition

During 2013, Gold Fields won the following awards and recognition, among others:

- Fifth place among global mining companies in the 2013 Dow Jones Sustainability Index ('DJSI'). Gold Fields remains the top-ranked South African-listed mining company on the DJSI. In 2012, Gold Fields was ranked third
- Ranked joint first in the JSE Top 100 Carbon Disclosure Leadership Index ('CDLI') by the global Carbon Disclosure Project ('CDP')
- The John T Ryan Trophy for safety in the Peruvian open-pit mining category, for the fourth consecutive year in 2013
- Gold Fields La Cima was awarded the 'Socially Responsible Company Distinctive' granted by Peru 2021 and the Mexican Centre for Philanthropy
- Inclusion in the JSE's Socially Responsible Investment Index for the ninth year in succession
- 'Prime Grade' under Oekom's classification of companies' social and environmental performance
- Global Reporting Initiative ('GRI') A+ compliance for our 2012 Integrated Annual Review
- Achievement of advanced level reporting under the UN Global Compact
- Gold Fields Ghana was ranked second in the Ghana Investment Promotion Centre's ('GIPC') Ghana Club 100 Awards. It also won the 'Best largest company' and 'Largest taxpaying company' categories
- Our 2012 Integrated Annual Review received a number of awards:
 - Top rank in Ernst & Young's Excellence in Integrated Reporting awards (which evaluated the reports of the top 100 JSE-listed companies and the top 10 state-owned entities)
 - First place in the Top 40 JSE category of the Institute of Chartered Secretaries/JSE Annual Report Awards
 - Runner-up in the 'Best Sustainability Reporting in the Resources Sector' category in the ACCA South Africa Sustainability Reporting Awards
 - Winner in the PwC UK's Building Public Trust Awards in the 'Overseas award: Toward integrated reporting' category

2.4.5 Board of Directors

The Board is the highest governing authority of the Company. The Board of Directors' Charter articulates the objectives and responsibilities of the Board (see below). Likewise, each of the Board subcommittees operates in accordance with its written terms of reference, which are regularly reviewed by the Board. The Board takes ultimate responsibility for the Company's adherence to sound corporate governance standards and sees to it that all business decisions and judgements are made with reasonable care, skill and diligence.

In terms of the MOI, the number of directors shall not be less than four and not more than 15. As at 26 March 2014, the Board comprised nine directors, of whom only two are executive directors and seven are independent non-executive directors. Advised by the Nominating and Governance Committee, the Board ensures that the election of independent directors falls on reputable persons of well-known competence and experience, who are willing to devote a sufficient part of their time to the Company.

The role of non-executive directors, who are independent of management, is to protect shareholders' interests, including those of minority shareholders. They are also intended to ensure that individual directors or groups of directors are subject to appropriate scrutiny in their decision making.

The Board is kept informed of all developments at the Company, primarily through the executive directors, executive management and the Company Secretary. The Board is also kept informed through a number of other mechanisms, including employee climate surveys, newsletters and internal staff communication, among others. The roles of the Chair of the Board and the CEO are kept separate.

Non-executive director Dr Mamphela Ramphele was the Chair of the Board until 13 February 2013 when she left to further her socio-economic and political work. She was replaced by non-executive director Cheryl Carolus. Nick Holland was the CEO of Gold Fields for the entire period under review.

There were further changes to the composition of the Board during 2013. In light of the Company's new strategic direction and the challenges presented by the low gold price and high-cost operating environment, the Board decided to reduce the number of directors from 12 to nine. Once it became clear that the Board had concluded its examination of the Black Economic Empowerment transaction relating to South Deep, Messrs Delfin Lazaro, Roberto Dañino and Rupert Pennant-Rea volunteered to resign as non-executive directors in August with immediate effect. Messrs Pennant-Rea and Dañino had acted as Chairs of the Remuneration Committee and Social and Ethics Committee, respectively. Non-executive director Donald Ncube assumed the role of the Chair of the Social and Ethics Committee from Mr Dañino, while non-executive director Alan Hill took over the role of the Chair of the Remuneration Committee from Mr Pennant-Rea. Mr Hill and Mr Menell have been appointed as members of the Social and Ethics Committee.

The Board is required to meet at least four times a year. During 2013, it convened 14 times.¹

The full Directors' Report is contained in the Annual Financial Report on p28 – 36.

Monitoring of performance

The Chair is appointed on an annual basis by the Board, with the assistance of the Nominating and Governance Committee after a rigorous review of the Chair's performance and independence. In line with recommendations by the King III Code, the Board carries out a rigorous evaluation of the independence of directors who have served on the Board for nine years or more. The Nominating and Governance Committee assesses the independence of non-executive directors annually.

In addition, a comprehensive annual work plan was developed to help ensure the Board discharged its duties in a structured manner. The work plans were approved by the Board committees in February 2013.

¹ Including special Board meetings

2.4 Corporate governance

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Figure 2.5: Board committees



Figure 2.6: Summary attendance table of Board and Board Committee meetings

	Board	Special Board	Audit	SHSD	Capital Projects	Remcom	Nominating and Governance ¹⁰	Social and Ethics ¹¹
Number of meetings per year	4	10	6	4	4	5	3	3
CA Carolus ¹	4	9	–	4	–	4	2	2
K Ansah	4	10	–	4	–	–	3	–
AR Hill ²	2	7	–	–	2	2	–	2
NJ Holland ³	4	7	–	–	–	–	–	–
RP Menell	4	10	6	4	4	–	–	–
DN Murray	4	10	–	4	4	–	–	3
DMJ Ncube ⁴	4	10	6	–	–	5	1	2
PA Schmidt ⁵	4	7	–	–	–	–	–	–
GM Wilson	4	10	6	–	4	5	–	3
Dr M Ramphela ⁶	1	1	–	1	–	1	1	1
R Daniño ⁷	2	7	–	2	–	–	1	1
D Lazaro ⁸	2	9	–	–	2	–	–	–
RL Pennant-Rea ⁹	2	8	4	–	–	2	2	1

¹ Apologies tendered for Special Board meeting of 24 January 2013. Ms Carolus was appointed as Chair of the Company on 13 February 2013 and to the Nominating and Governance Committee as a member and Chair, and the Remuneration Committee after the February 2013 Board meetings

² Apologies tendered for Board meetings held on 13 February 2013 and 7 May 2013. Apologies tendered for Special Board meeting of 6 May 2013, 8 May 2013 and 27 June 2013. Apologies tendered for Capital Projects meetings of 12 February 2013 and 6 May 2013. Mr Hill was appointed Chair of the Remuneration Committee and member of the Social and Ethics Committee on 21 August 2013

³ Mr Holland recused himself from the Special Board meetings held on 19 August 2013 and both held on 20 August 2013

⁴ Mr Ncube was appointed as Chair of the Social and Ethics Committee on 21 August 2013

⁵ Apologies tendered for Special Board meeting held on 26 June 2013. Mr Schmidt recused himself from both the Special Board meetings held on 20 August 2013

⁶ Dr Ramphela resigned on 13 February 2013

⁷ Mr Daniño resigned effective 21 August 2013. Apologies tendered for Special Board meetings held on 24 January 2013, 26 June 2013 and 20 August 2013

⁸ Mr Lazaro resigned effective 21 August 2013. Apology tendered for Special Board meeting held on 26 June 2013

⁹ Mr Pennant-Rea resigned effective 21 August 2013. Apologies tendered for Special Board meetings held on 12 March 2013 and 26 June 2013

¹⁰ No Nominating and Governance meeting was held in August 2013

¹¹ No Social and Ethics Committee meeting was held in May 2013

Rotation and retirement from the Board

In accordance with our MOI, one-third of all directors (including executive directors) shall retire from office at each annual general meeting. The first to retire are those directors appointed as additional members of the Board during the year, followed by the longest-serving members. Retiring directors can be re-elected immediately by the shareholders at the annual general meeting. The Board, assisted by the Nominating and Governance Committee, recommends the eligibility of retiring directors (subject to availability and their contribution to the business) for re-appointment. Directors who have served on the Board for more than three years since their last election or appointment are required under the MOI to retire at the next annual general meeting.

Board of Directors' Charter

The Board reviewed and approved the Board of Directors' Charter to align it to the recommendation of King III. Our Board of Directors' Charter compels directors to promote the Vision of the Company, while upholding sound principles of corporate governance. Directors' responsibilities under the Charter include:

- Determining the Company's Code of Ethics and conducting its affairs in a professional manner, upholding the core values of integrity, transparency and enterprise
- Evaluating, determining and ensuring the implementation of corporate strategy and policy
- Determining compensation, development, skills development and other relevant policies for employees
- Developing and setting best-practice disclosure and reporting practices that meet the needs of all stakeholders
- Authorising and controlling capital expenditure and reviewing investment capital and funding proposals
- Constantly updating the risk management systems, including setting management expenditure authorisation levels and exposure limit guidelines
- Reviewing executive succession planning and endorsing senior executive appointments, organisational changes and general remuneration policies. In this the Board will be guided by the Remuneration Committee as well as the Nominating and Governance Committee

Board statement

The Board considers that this Integrated Annual Review 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 Companies Act No 71 of 2008, as amended, as well as with IFRS. As such, the Board approves the content of the Integrated Annual Review 2013, including the Annual Financial Report 2013.



2.4 Corporate governance

continued

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Figure 2.7: Independent non-executive directors at 31 December 2013



1. Cheryl A Carolus (55)

Chair

BA Law; Bachelor of Education, University of the Western Cape

Ms Carolus was appointed a director of Gold Fields on 10 March 2009 and was appointed as the Chair on 14 February 2013. She is Executive Chair of Peotona Group Holdings, a consortium with a diverse investment portfolio, including in mining, and also holds directorships with Investec and De Beers, among others. She is a director of a number of other public and private companies, including the World Wildlife Fund, and served as South Africa's High Commissioner to the United Kingdom from 1998 to 2001. Ms Carolus was the CEO of South African Tourism from 2001 to 2004 and Chair of the South African National Parks Board for six years. She was awarded an honorary doctorate in law from the University of Cape Town for her contribution to freedom and human rights.



2. Kofi Ansah (69)

BSc (Mechanical Engineering), UST Ghana; MSc (Metallurgy), Georgia Institute of Technology

Mr Ansah was appointed a director of Gold Fields in April 2004. He is also a director of Ecobank Limited (Ghana).



3. Alan R Hill (71)

BSc (Hons); MPhil (Rock Mechanics), Leeds University

Mr Hill joined the Board on 21 August 2009. On 2 October 2010, he was appointed the CEO and Executive Chair of Teranga Gold Corporation and was appointed non-executive Chair in March 2013. After graduating, Mr Hill worked for a number of mining firms before joining Barrick Gold in 1984. He spent 19 years with Barrick from which he retired in 2003 as Executive Vice-President: Development.



4. Richard P Menell (58)

BA (Hons), MA (Natural Sciences Geology), Cambridge; MSc (Mineral Exploration and Management), Stanford University, California

Mr Menell was appointed a director of Gold Fields on 8 October 2008. He also became a member of the Board of Sibanye Gold Limited with effect from 1 January 2013. Mr Menell has over 35 years' experience in the mining industry, including service as President of the Chamber of Mines of South Africa, President and CEO of Teal Exploration & Mining, as well as Executive Chair of Anglovaal Mining and Avgold. He is a director of Weir Group Plc and Rockwell Diamonds Inc, as well as Senior Advisor to Credit Suisse. He also serves as a director of a number of unlisted companies and non-profit organisations.



5. David N Murray (69)

BA (Hons) Econ; MBA, University of Cape Town

Mr Murray was appointed a director of Gold Fields on 1 January 2008. He has more than 38 years' experience in the mining industry and has been CEO of Rio Tinto Portugal, Rio Tinto Brazil, TVX Gold Inc, Avgold and Avmin. He is also a non-executive director of Ivernia Inc.



6. Donald MJ Ncube (66)

BA (Economics) and Political Science, Fort Hare University; Postgraduate Diploma in Labour Relations, Strathclyde University, Scotland; Graduate MSc (Manpower Studies), University of Manchester; Diploma in Financial Management; Honorary Doctorate in Commerce, University of the Transkei

Mr Ncube was appointed a director of Gold Fields on 15 February 2006. Previously, he was an alternate director of Anglo American Industrial Corporation and Anglo American Corporation, a director of AngloGold Ashanti as well as non-executive Chair of South African Airways. He is currently Executive Chair of Badimo Gas and Managing Director of Vula Mining Supplies.



7. Gayle M Wilson (69)

BCom; BCompt (Hons); CA(SA)

Mrs Wilson was appointed a director on 1 August 2008. She was previously an audit partner at Ernst & Young for 16 years, where her main focus was on listed gold and platinum mining clients.

Figure 2.8: Executive directors at 31 December 2013



8. Nicholas J Holland (55)

Chief Executive Officer (CEO)

BCom, BAcc, University of the Witwatersrand; CA(SA)

Mr Holland was appointed an executive director of Gold Fields in 1997 and became CEO on 1 May 2008. Prior to that he was the Company's CFO. Mr Holland has more than 34 years' experience in financial management, of which 24 years were in the mining industry. Prior to joining Gold Fields, he was Financial Director and Senior Manager of Corporate Finance at Gencor.



9. Paul A Schmidt (46)

Chief Financial Officer (CFO)

BCom, University of the Witwatersrand; BCompt (Hons), Unisa; CA(SA)

Mr Schmidt was appointed CFO on 1 January 2009 and joined the Board on 6 November 2009. Prior to this, he held the positions of acting CFO from 1 May 2008 and Financial Controller from 1 April 2003. He has more than 18 years' experience in the mining industry.

2.4 Corporate governance continued

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2.4.6 Board committees

The Board has established a number of standing committees with delegated authority from the Board. The committee members are all independent non-executive directors and the CEO is a permanent invitee to each committee meeting. Each Board committee is chaired by an independent non-executive director.

Committees operate in accordance with written terms of reference. In addition, the committees are required to evaluate their effectiveness and performance on an annual basis and to report the respective findings to the Board for consideration.

Nominating and Governance Committee

During 2013, the Nominating and Governance Committee re-affirmed its terms of reference. It is the responsibility of this committee, which has three independent directors, among other things, to:

- Develop the Company's approach towards corporate governance, including recommendations to the Board
- Identify successors to the posts of Chair and CEO, and make appropriate recommendations to the Board
- Consider the mandates of the Board committees, the selection and rotation of committee members and chairs, and the performance of each committee on an ongoing basis
- Evaluate the effectiveness of the Board, its committees and management, and report the findings of this evaluation to the Board itself

In August 2013, Mr Ncube was appointed as a member of the Nomination and Governance Committee.

Audit Committee

The Audit Committee has formal terms of reference which are reviewed annually and set out in its Board approved Charter. The Board is satisfied that the Committee has complied with these terms and with its legal and regulatory responsibilities as set out in the Companies Act No 71 of 2008, as amended, the King Report on Governance Principles for South African 2009 ('King III') and the JSE Listings Requirements.

The full duties and responsibilities of the Audit Committee and the Audit Committee statement appear in the Annual Financial Report on p3 – 4.

Remuneration Committee

It is the responsibility of this committee, which consists of four independent directors, among other things, to:

- Establish the Company's remuneration philosophy
- Establish the terms and conditions of employment for executive directors and other senior executives (which currently includes a short-term performance-linked bonus scheme and a long-term share incentive scheme)
- Review remuneration policies on a regular basis

The Company's remuneration policies, as well as details of directors' fees and equity-settled instruments, are contained in the Remuneration Report on p37 – 51 of the Annual Financial Report 2013.

In August 2013, Alan Hill was appointed as a member and Chair of the Remuneration Committee.

Safety, Health and Sustainable Development Committee

It is the responsibility of this committee, among other things, to assist the Board in its oversight of the Company's environmental, health and safety programmes, as well as its socio-economic performance. In particular, this includes the monitoring of the Company's efforts to minimise health, safety and environment-related incidents and accidents, and to ensure its compliance with relevant regulations around health, safety and the environment. All members of the committee have been selected on the basis of their considerable experience in the field of sustainable development.

The committee assessed its performance and effectiveness during the period under review and was found to be functioning satisfactorily and discharging its duties. The committee consists of five independent directors and continues to monitor performance by management in relation to the Group's policies and guidelines, as well as the implementation of any recommendations made by the committee.

Capital Projects Control and Review Committee

It is the responsibility of this committee, which consists of four independent directors, among other things, to:

- Satisfy the Board that the Company has used correct, efficient methodologies in evaluating and implementing capital projects in excess of R1.5 billion or US\$200 million
- Ensure that adequate controls are in place to review such projects from inception to completion, and make appropriate recommendations to management and the Board

The committee assessed its performance and effectiveness during the period under review and was found to be functioning satisfactorily and discharging its duties. The committee continues to review the results attained on completion of each project against the authorised work undertaken.



2.4 Corporate governance continued

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Social and Ethics Committee

It is the responsibility of this committee to ensure, among other things, that:

- Gold Fields discharges its statutory duties in respect of section 72 of the Companies Act No 71 of 2008, as amended, dealing with the structure and composition of Board subcommittees
- Gold Fields adequately embeds the 10 Principles on Sustainable Development of the International Council on Mining and Metals ('ICMM') and the 10 Principles of the United Nations Global Compact
- Gold Fields upholds the goals of the Organisation of Economic Cooperation and Development ('OECD') recommendations regarding corruption
- Gold Fields complies with the Employment Equity Act, as amended, the Broad-Based Black Economic Empowerment Act, as amended, and the provisions of the 2014 Mining Charter
- Gold Fields directors and staff comply with the Company's Code of Ethics
- Gold Fields practises labour and employment policies that comply with the terms of the International Labour Organization ('ILO') protocol on decent work and working conditions
- Gold Fields ensures the continued training and skills development of its employees
- Gold Fields performs its responsibilities in respect of social and ethics matters and that these policies are reviewed on an annual basis, or as required

Non-executive director Don Ncube was appointed a member and Chair of the Committee in August 2013.

The committee also has oversight over the South Deep Education Trust, the South Deep Community Trust and the Westonaria Community Trust through the South African Transformation Committee (previously known as the BEE Sub-committee), a sub-committee of the Social and Ethics Committee. The members of the South African Transformation Committee are Rick Menell (Chair), Cheryl Carolus and Don Ncube.

The Social and Ethics Committee comprises the chairs of the Audit Committee, Remuneration Committee, the Safety, Health and Sustainable Development Committee, Nominating and Governance Committee and the Capital Projects Committee.

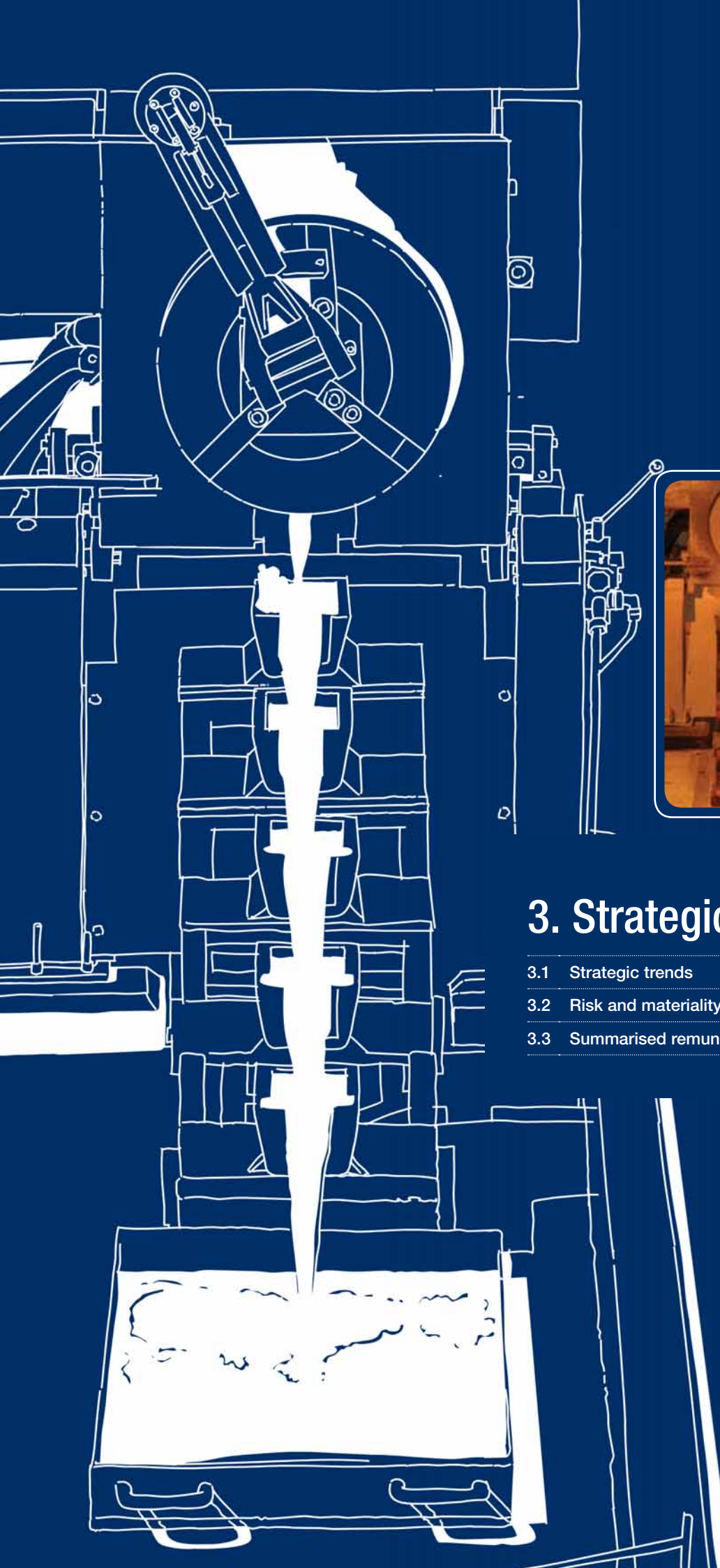
Executive Committee

The Executive Committee ('Exco') is not a committee of the Board. It is primarily responsible for the implementation of Company strategy, as well as carrying out the Board's mandates and directives. Exco meets on a regular basis to review Company performance against set objectives and develops Company strategy and policy proposals for consideration by the Board. Exco also assists the Board in the execution of the Company's disclosure obligations. A series of guidelines on disclosure has been disseminated throughout the Company. During 2013, the size of Exco was reduced from 14 to 12 to reflect the Company's new strategic direction and the challenges presented by the low gold price and high-cost operating environment.

Each of Gold Fields' regional operating subsidiaries has established Board and Executive Committee structures to ensure sound corporate governance practices and standards. At least one of the Company's executive directors serves on the boards of the operating subsidiaries.



Further information: Full list of Exco members at www.goldfields.com



3. Strategic analysis

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3.1 Strategic trends

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As with any other multinational company, our business is subject to a range of external strategic dynamics that will inform decision making and help determine our performance – both now and in the future. It is incumbent upon us to understand:

- Drivers behind these dynamics and how they interact
- Their implications for our business
- How we can best navigate them in the short and long term

Below, we examine four strategic trends that affected our business in 2013 and explain how we are proactively addressing the risks and opportunities they represent.

3.1.1 Inherent value of gold

Issue

Questions have been raised by leading investors – including high-profile figures such as Warren Buffett – regarding the fundamentals around gold as a store of value. This, they say, is due to its status as a “valueless asset” that increasingly acts as a speculative investment vehicle rather than a commodity that enjoys solid, underlying demand to support its long-term value.

Drivers

While gold does have a range of practical applications – for example in jewellery, technology and health – much of its value comes from its status as a universally accepted means of storing and preserving value. It has enjoyed this status since the earliest days of civilisation, due to its rarity, beauty, malleability and durability and collective confidence in the inherent worth of gold among its holders.

Nonetheless, the dramatic fall in the value of gold between the end of 2012 and the end of 2013 has again highlighted the often speculative nature of the gold price – as well as the dependence of the gold price on extraneous factors such as macroeconomic policy and trends in the United States and other major economies. Indeed, it appears true that the price of gold has – at least partially – become de-linked from the fundamental supply-and-demand equation.

One of the reasons for this is the disproportionate influence of more than 18 international gold exchange-traded funds (‘ETFs’) on determining sentiment towards the price of gold (despite representing only a small proportion of total global demand for gold at their peak). According to World Gold Council (‘WGC’) figures, “large-scale outflows” from ETFs were the main cause for an overall 15% reduction in gold demand in 2013, despite demand for gold jewellery, bars and coins reaching an all-time high.¹

A further factor is high-volume trading in gold derivatives and futures, through which many multiples of the underlying physical quantities of gold are traded on exchanges. This does create liquidity by using gold price spreads, but this liquidity does not come without increased volatility. As actual bullion is costly to trade, hedgers and speculators made use of the instant leverage to gold price changes that futures allow, by piling in record levels to sell gold during 2013.

In early 2014, a filing with a US federal court accused the five banks involved in setting the London benchmark gold price fix of price manipulation. Regulators in the UK and Germany are also looking more closely at how banks set the gold fix. We hope that these actions will root out any price manipulation, should it exist.

Implications

Critics claim that gold price speculation is undermining the ‘inherent value’ of gold, threatening to erode its longstanding status as a reliable store of value and relegating it to the status of ‘just another’ financial asset that offers little advantage over any other kind of tradable security.

We believe that this interpretation of the status of gold is incorrect and overly Western-centric. It is driven by the belief that the value of gold is largely determined by ETFs, anticipated inflation and interest rate movements in the United States as well as the buying and selling of the metal by Western central banks. This ignores, however, the significant shift in demand for physical gold to the East over the last five years with a particular emphasis on consumer-driven demand for consumer products such as jewellery, small bars and coins.

For example, the WGC identified a 21% increase in demand for consumer products (jewellery, bars and coins) to a historic high of 3,864 tonnes. In part, this was prompted by a swift reaction to the fall in the gold price in price-sensitive markets such as China and India. This saw what the WGC terms an “unprecedented flow of gold from Western vaults to Eastern markets” as a result of “large-scale selling of more tactical ETF positions among Western investors as macro sentiment in the US improved”. In turn, this was used to “feed the voracious appetite for physical metal among consumers in India, China and numerous Asian and Middle Eastern markets” resulting in the shipping and transformation “on an epic scale” of large gold bars into smaller, consumer-friendly denominations.¹

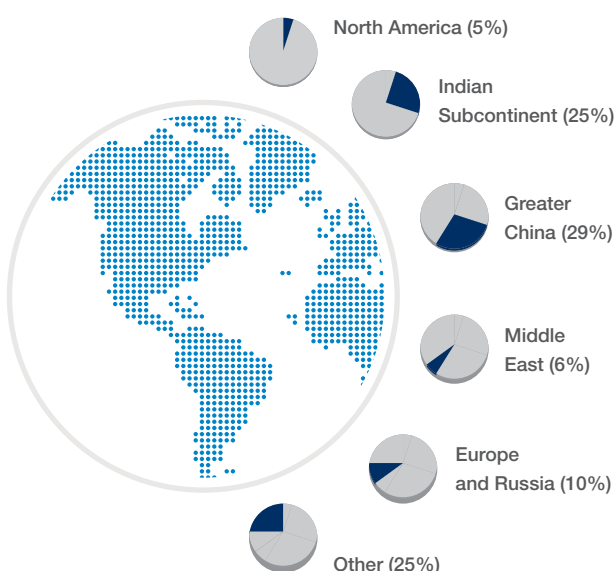
¹ World Gold Council, Gold Demand Trends – Full Year 2013, February 2014

This is reflective of a broader trend. Demand for gold in China and India has doubled over the last five years, with these countries now accounting for approximately 50% of total global demand for gold. We believe this trend will continue given both countries' cultural affinity to gold, ongoing economic growth and the expansion of the middle classes.

Although there is increasing concern that the Chinese economy is losing its formidable momentum (including fears that it is facing a potential credit-driven asset bubble), the long-term fundamentals continue to look strong. China is still growing – albeit not at the stellar rates it enjoyed previously – and free-market reform is continuing, helping lay the ground for longer-term growth. Furthermore, should the developed markets continue to recover, this could do much to further stimulate the wider economy. As such, China is expected to remain a key source of demand for physical gold.

Similarly, despite increased taxation, import restrictions and a weaker rupee, Indian demand for physical gold (including both official and unofficial demand) remained largely unchanged in 2013. Furthermore, there are a growing number of voices suggesting that current restrictions on gold imports are unsustainable in the long term – particularly given the losses to the fiscus caused by an increasing 'grey' market for gold. This raises the prospect of a potential easing in the future. We believe that India will continue to drive demand for gold, both due to its projected economic growth, as well as the particular cultural significance of the metal there.

Figure 3.1: Proportion of gold demand by region (2013)



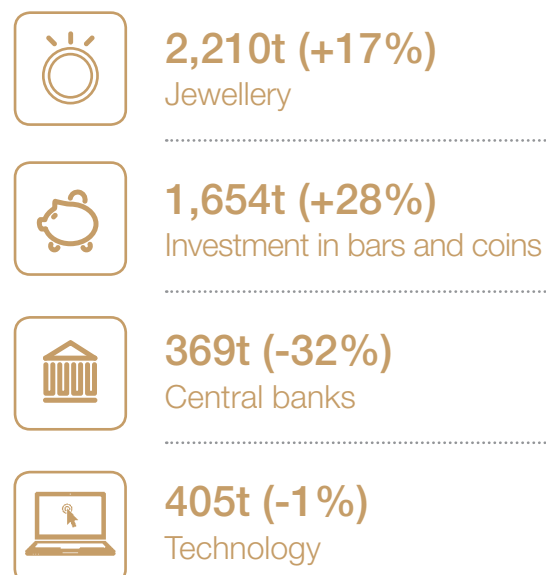
As consumer demand in the East exerts an ever-stronger influence on the gold market, the impact of monetary fluctuations in the United States on the value of gold is likely to become much more muted. As a result, the value of gold is set to 'reconnect' to underlying consumer demand following a period of intense speculative investment.

Strategic response

We have confidence in the inherent value of gold, and of the enduring, underlying human demand for this precious metal. Nonetheless, gold producers need to work together to protect the future gold market. With more than 220,000 direct employees around the world – and with up to 20 further people being indirectly supported by each job – the gold mining industry and its stakeholders have good reason to ensure that we are maximising the value that we collectively get out of gold. This will ultimately require industry collaboration and close engagement with our host governments.

In particular, current market structures – through which gold is sold onto the market via gold bullion banks that also actively engage in the paper market for gold – may benefit from reform. Gold producers need to examine whether there are better ways in which they can add value to gold and possibly reduce price volatility.

Figure 3.2: Gold demand by type (2013)
(% increase/decrease 2013 vs 2012)



3.1 Strategic trends continued

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3.1.2 Gold price

Issue

In 2013, the gold price suffered its first annual loss in 12 years, dropping by around 29%. Strong gold demand in China and India (despite an unfavourable fiscal environment in India), coupled with a continuation of central bank purchases, was not enough to counteract strong outflows from gold-backed ETFs and deteriorating sentiment in the derivatives markets.¹

The gold price fell sharply after the large sale of gold-based futures on COMEX² over the weekend of 15 April 2013. This saw the equivalent of 400 tonnes of gold come onto the market from unidentified sources. The sale weakened the market and led to the breach of a number of technical trading levels, resulting in a downward spiral in the gold price.

Drivers

The exact cause for the drop in gold price is much debated. Nonetheless, there are certain factors that are widely acknowledged to have played leading roles:

- A recovery in investor confidence around the US markets, amidst signs of economic recovery and an upsurge in US share prices
- Tapering of quantitative easing by the Federal Reserve as the US economy rebounds, easing concerns about potential inflationary pressure
- An easing of fears around the potential for the Eurozone debt crisis to destabilise the world economy
- Concern about the potential sale of gold by central banks in the highly indebted, southern EU member states
- Concerns over the loss of gold's value as a safe haven asset

In addition, although demand for gold from China and India continued to grow, it was affected by:

- Lower-than-expected growth levels in China
- A sharp increase on gold import duties and import restrictions by India

It is not clear if this trend will continue. Many previously lauded emerging markets now look fragile, as international capital starts returning back to the US (and, to a lesser degree, the EU). Despite strengthening confidence in the US economy, however, metrics in early 2014 suggested that vulnerabilities remain.

Implications

Given current price levels, it is likely that the gold-mining industry will see a retreat from marginal mining projects. This is reflective of the fact that during the previous period of high gold prices, many gold-mining companies pursued production growth at any cost, even if it meant developing and operating relatively marginal mines.

This was a mistake, if for no other reason that it did much to undermine the ability of the industry to deliver leverage over the price of gold to our investors. We are now likely to see a period of rationalisation within the industry.

This will have a range of negative short-term impacts such as accelerated retrenchments and reduced contributions to our host governments and communities. Nonetheless, it will also have a range of more positive, long-term effects. For example, it will:

- Help 'clean out' much of the excess, low-quality production from the industry and put it onto a more sustainable footing that can be compelling for investors
- Help support the longer-term price of gold by reducing supply and so help stabilise the underlying fundamentals behind the gold price
- Put those gold mining companies that successfully weather the immediate challenge posed by a low gold price into a strong position to generate high levels of free cash-flow once gold prices recover

Historical analysis from the WGC suggests that the fall in the price of gold is likely to be temporary. Having examined price changes since the 1970s, it found that during these periods of decline, the price of gold has fallen an average of 36% over 18 months (for example, similar to the 37% drop in the price of gold from its high in September 2011 to its lowest point in 2013). Following such falls, the gold price has then typically increased, on average, by more than twice the amount it has fallen before any subsequent significant drop in price takes place again.

While the WGC expects the gold price to continue to be affected by expectations around tapering and interest rate increases in the US in 2014, it is also expected to respond to a range of other factors such as:

- Demand for gold in emerging markets
- The costs of gold production
- The willingness of consumers to recycle gold

¹ World Gold Council, Investment Commentary: 2013 review and 2014 outlook, January 2014

² Commodity Exchange Inc. – a division of the New York Mercantile Exchange ('NYMEX')

In the longer term, the WGC suggests that the future growth of the gold market will be driven by:

- The expansion of many developing economies, particularly China and India, before the end of the decade (despite the immediate challenges faced by many emerging markets)
- Gold's remaining role as a "high-quality, liquid diversifier" for central bank reserves and investor portfolios, as well as its ability to "protect purchasing power by hedging inflation at a global level"

The last point is important. Extended periods of low interest rates and quantitative easing are set to result in longer-term inflation. If this is the case, then gold is likely to witness elevated levels of demand again.

Strategic response

We continue to 'believe in gold', meaning gold mining will continue to be our core business activity and that we will not hedge. This is because – despite short-term challenges – we continue to believe in gold's long-term fundamentals and intend to maximise the value that it can produce for our shareholders. We also believe it is essential to deliver attractive returns to our investors – through good times and bad – through cash generation and the payment of dividends.

In this context, we are striving towards achieving a free cash-flow margin of 15% (on an All-in Cost ('AIC') basis plus taxes) at a long-term planning gold price of US\$1,300/oz. This implies a Group AIC threshold of around US\$1,000/oz. After allowance for taxation, this provides for free cash of approximately US\$200/oz at the current planned gold price. It also offers a degree of resilience should the price of gold fall well below its current level – as well as improved margins should it rise further. In the short term, this means:

- Concentrating all of our mining activity on higher-return ore deposits, while eschewing more marginal ore bodies, even at the expense of lower overall production volumes
- Moving away from lower-recovery processing methods that are only commercially justifiable when working with relatively low-grade ore

As a result, we have:

- Stopped mining activity at Agnew's low-grade Main and Rajah lodes in Australia
- Closed St Ives' uneconomic heap leach processing facility
- Closed both of Tarkwa's marginal North and South Heap Leach facilities (with an overall reduction in output as a result)

In addition, we have taken steps to reduce our overall cost base, including:

- Rationalisation of our Group management structures and a more clearly defined devolution of responsibility for operational performance to our regional management teams
- Ongoing business process re-engineering across the Group (plus associated cost-saving programmes)
- Rationalisation and deferral of capital expenditure, while maintaining the integrity of our ore bodies and future mining flexibility
- Cancellation of marginal near-mine growth projects at Tarkwa and Cerro Corona
- Disbandment of our Growth and International Projects ('GIP') unit – and a significant reduction in growth-related expenditure

In the longer term, we aim to further entrench sustainable cash generation within our business through our new growth strategy. This is focused on:

- The removal of growth projects that do not meet our Group business objectives from our growth portfolio, including the Arctic Platinum Project in Finland, Talas in Kyrgyzstan (since sold), Yanfolila in Mali and Woodjam in Canada
- Rationalisation of our 23 worldwide greenfields exploration projects

In addition, Gold Fields is focused on ensuring that any new assets:

- Are located within our existing regions of operation and ideally near our existing operations so that we are able to exploit any synergies with our existing operations and/or regional structures
- Meet a set of strict criteria with respect to costs, cash returns, country risk and other key indicators
- Offer near-term cash generation on a per-share and per ounce basis, without requiring major capital investment

By pursuing this strategy, we will make sure that all new assets are fully aligned with Group business objectives and will improve the overall quality of our production portfolio. This will help ensure we are able to continue to generate cash flow, maintain our resilience to the current gold price and position ourselves as a leading cash generator for the future.

3.1 Strategic trends continued

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3.1.3 Resource Nationalism

Issue

Gold Fields' Vision of global leadership in sustainable gold mining requires us to create and distribute sustainable value for all of our stakeholders. This includes our investors, employees, communities and host governments. By committing to the creation of a positive, long-term legacy, we become a trusted and valued mining partner for these stakeholders.

Our ability to do so depends on the sustained profitability of our operations across their life of mine. In 2013, the global gold-mining industry was seriously impacted by falling commodity prices, rising input costs and investor apathy, impacting the financial performance of Gold Fields and other gold-mining companies. Nonetheless, a forward-looking regulatory and fiscal environment should enable us to ride out these kinds of short-term fluctuations 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, partly driven by increasingly strident, government-backed resource nationalism.

Drivers

The various definitions of Resource Nationalism can be summarised as "government actions to extract the maximum developmental impact and value from a country's natural resources for its people". This is distinct from the wholesale nationalisation of mining assets as proposed by some political parties in South Africa, for example. At Gold Fields we believe resource nationalism is entirely justified and we strongly favour a more equitable distribution of the benefits generated by the mining economy.

What is critical, however, is that governments and the mining industry are aligned on how this is achieved and implemented. In a series of presentations in seven countries entitled 'Resource Nationalism: How to Grow, Not Shrink, the Pie', Gold Fields CEO Nick Holland stressed the need to grow the mining economy so that a larger 'mining economic pie' can be distributed, instead of imposing additional fiscal and regulatory burdens on an ever-shrinking 'mining earnings pie'.

Many developing countries with a mineral resource endowment are faced with a legacy of inequality and enduring poverty to which the mining industry has, without doubt, contributed.

To address these challenges, and to set such countries on a more sustainable path of growth, we need to work together to maximise the socio-economic benefits that can be derived from mineral extraction, without shrinking the 'mining pie'.

Implications

Unfortunately, there is often a disconnect between governments and mining companies on how best to convert national mineral resources into meaningful socio-economic development ('SED'). Most miners instinctively perceive resource nationalism as one of their top risks. Such perceptions have been fuelled by the actions of governments all over the world, which operate from a position of inherent strength: the fixed nature of ore bodies (and mine infrastructure) means mining companies cannot react to heavier government imposts by relocating to lower-cost destinations. Furthermore, they are perceived to be extracting a finite national resource for private financial gain. As a result, they thus make an easy target as governments, trying to close their short-term fiscal shortfalls, increase the tax burden and other fiscal imposts on mining enterprises.

This has had the effect of growing governments' share of the 'mining pie' at the expense of other stakeholders, especially workers and, crucially, the providers of capital. Combined with lower commodity prices and increasing input costs, it has led many investors to abandon the mining industry in favour of less risky sectors.

The argument that funds will inevitably finance the exploration and development of attractive ore bodies is only true to the extent that these kinds of investments can guarantee a sound return. Indeed, uncompetitive tax rates could lead to these ore bodies remaining unexploited and the value-generating ability of mining projects not being utilised.

Strategic response

The question is how the trust gap between mining companies and their capital providers on the one hand – and trade unions, governments and communities on the other – can best be bridged.

First, the mining industry needs to embrace greater transparency about the real costs of mining, while at the same time conveying more effectively the wider socio-economic benefits it already achieves.

The WGC has made significant progress in this respect, through a number of initiatives undertaken in 2013:

- **Cost reporting:** For decades, the industry has tried to improve its attractiveness to providers of capital by 'disguising' its true costs. They have done so by solely focusing their reporting on cash costs, rather than reporting all of the costs that go into mining. This has erroneously created the impression that, even at current depressed prices, the industry is making healthy profits when, in reality, it is at best marginal. The introduction of the new AISC and AIC reporting metrics by the WGC is aimed at correcting this misconception in the gold sector. From 2014, Gold Fields will report its costs solely using these metrics
- **Economic impact:** The direct economic impact of mining is significant. A WGC report, 'The Direct Economic Impact of Gold', found that in 2012 gold mining contributed around US\$78 billion in economic value added and 530,000 direct and indirect jobs in the 15 leading gold-producer countries. Moreover, mining tends to generate large numbers of indirect jobs and to enjoy significant economic multiplier effects (in part because many mining jobs pay well and are highly skilled). In Ghana, for example, one mining position is estimated to support 28 other jobs and livelihoods in the country. In Peru, this figure is around 19. Meanwhile, in South Africa, mining supports around 1.4 million direct, indirect and induced jobs, each of which jobs supports around nine dependants on average
- **Value distribution:** The impact of gold mining goes beyond economic growth and jobs. The seminal 2013 report by the WGC, 'Responsible Gold Mining and Value Distribution', shows that in 2012 the total expenditure by the 15 leading gold producers (including Gold Fields) totalled almost US\$56 billion, most of which found its way back into the pockets of stakeholders. Almost US\$8.5 billion went to government in the form of taxes and royalties, more than US\$35.2 billion to business in the form of procurement of goods and services, and US\$8.3 billion was spent on wages and salaries. Only US\$3.4 billion went to the providers of capital in the form of dividends and interest payments

Taxes are just one means by which a country can turn the depletion of its finite mineral resource base into national benefits; working in partnership with mining companies to invest in areas such as education, skills development, health and infrastructure often have equally important and far-reaching impacts.

Furthermore, as the WGC findings show, the biggest single element in benefit distribution for host countries comes from procurement by mining companies. The mining supply chain is well established in traditional mining countries like Australia, the US and South Africa. However, as mining companies become more proactive in their approach to supporting local suppliers, this is having a crucial and positive impact on the economic development of host countries.

Despite all of its perceived shortcomings, there can be no doubt that – if executed responsibly – mining can be a significant force for sustainable growth. In addition to the positive economic effects the sector can have at a national level, entire communities can be directly and exclusively dependent on the sustainability and growth of the mining sector.

However, this potential is currently not being realised, as the key stakeholders have failed to find common ground with each other and investors have fled, denying the industry the capital it needs to fund sustainable growth and broad-based value distribution. Gold Fields believes that a concerted effort is needed to develop the framework in which all relevant stakeholders can help the mining economy grow, based on the following key principles:

- Collaborative partnership between government and mining companies, which are better able to operate and develop ore bodies and can be positive partners in social development
- Competitive tax and royalty systems that provide investors with acceptable risk-weighted returns and through which governments can participate in the upside
- Recognition of the full costs and benefits of mining (for example, social, environmental and economic) when evaluating the viability of projects over the life of the mine
- The maintenance of stable legal and fiscal environments to reduce risk and uncertainty
- The fair and reasonable application of the use-it-or-lose-it principle to ensure potentially productive ore bodies do not lie idle in corporate hands



www.gold.org (Direct economic impact of gold)
www.gold.org (Responsible Gold Mining and Value Distribution)

3.1 Strategic trends continued

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3.1.4 Building community trust by creating Shared Value

Issue

Mining companies operating around the world face a range of challenges with respect to their relationships with host communities. At one end of the spectrum, this can take the form of low-level community activism and a lack of community co-operation. At the other end of the spectrum, it can take the form of violent protests and determined political opposition.

According to the International Council on Mining & Metals ('ICMM'), mining-related community conflicts have increased markedly over the last decade (see Figure 3.3), making it an issue of increasing concern for mining operators.

Drivers

Community relations are inevitably informed by the specific nature of each mining operator's management approach, activities and relationships, as well as the nature, interests and concerns of their host communities. Nonetheless, there are a number of inter-related, strategic dynamics that often contribute to community conflict. These include:

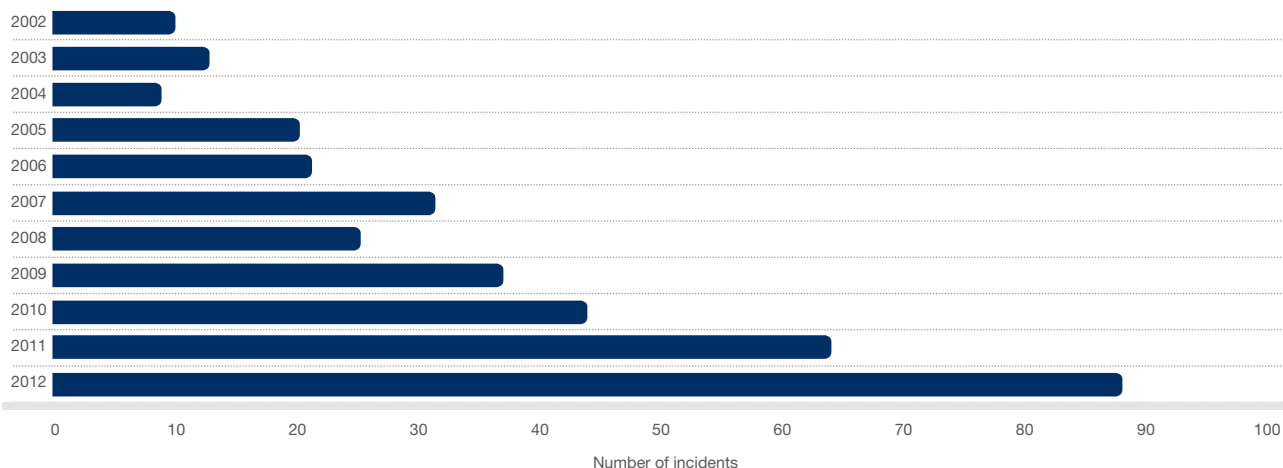
Sensitive operating environments

Unlike other business operators, mining companies often have to 'follow the ore'. In many cases, this means establishing and maintaining capital-intensive mines in (often remote) areas characterised by poor socio-economic conditions, weak governance and – in some cases – existing political tension. This is particularly the case as large, commercially attractive ore bodies in well-established mining jurisdictions such as Australia, Canada and the United States become rarer.

Actual and perceived mining impacts

The reality is that mining is an inherently 'high-impact' economic activity. The nature of the business means that the establishment of a mining operation (and everything that attends it) is going to affect local communities – for better or for worse. This includes, for example, major land disturbance, changes to water quality and availability, the establishment of supporting infrastructure, the influx of workers and migrants, the promotion of local economic activity, among others. Although responsible mining operators are able to avoid and/or mitigate many of these impacts, the latent sensitivity of their operating environments means they are still likely to generate a degree of community opposition due to their actual and perceived negative impacts.

Figure 3.3: Number of global incidents of mining-related community conflict (ICMM)



Furthermore, community sensitivity to actual and perceived mining impacts is being further fuelled by increasing access to, and sharing of, information at a local level, activism and awareness-raising by national and international NGOs, as well as the politicisation of many mining-related issues.

Community perceptions and expectations

The purpose of mining will always be to extract a finite mineral ore-body that is often perceived to 'belong' to the communities around it, irrespective of what national legal frameworks say. This means local people not only expect companies to manage their negative environmental and social impacts, but also to actively deliver benefits to local communities as part of a (generally) unwritten social contract. This is particularly the case where:

- Companies enjoy – or, more importantly, are perceived to enjoy – 'windfall' profits thanks to high metal prices
- There is a 'state vacuum' (that is, government is not fulfilling the needs of local people, whether in terms of infrastructure, public services or otherwise) – with mining operators often expected to adopt a range of public responsibilities beyond their core business activity

Furthermore, communities know they only have 'one shot' at benefiting from ore bodies that will eventually be exhausted with mining companies then moving on to pursue fresh opportunities elsewhere. As result, there is even greater pressure for mining operators to not only generate community benefits in the short term, but to convert finite mineral resources into a positive and sustainable legacy for host communities that will continue after the life of mine. Unfortunately, many mining companies have historically failed to do this, generating cynicism and distrust.

The 'fiscal gap'

Mining operators often make substantial contributions to national government in the form of taxes and royalties. The reality is, however, that this does not always 'trickle down' to host communities that expect to benefit from their proximity to revenue-generating mines in the form of better public services and infrastructure. This is particularly the case where mining revenues are paid into a central fiscal 'pot' to fund general government expenditure, or where weak governance results in opaque and/or ineffective fiscal management.

As a result, while mining companies are contributing millions of dollars to the national economy, host communities may experience little or no benefit. Although responsibility for this can be ascribed to national government, it is ultimately mining companies that have to deal with the consequences. Indeed, no matter how 'pro-mining' central government is, there can still be strong opposition to mining at a regional and/or local level.

Implications

A failure to manage these issues can result in the loss of community acceptance and companies' social licence to operate. While the consequences will not always be dramatic, there is potential for serious operational disruption or even ultimate project failure. This is particularly the case where community displeasure results in violent protests, or where it translates into serious, organised political opposition at a local and/or national level. As seen in recent years in countries such as Argentina, Chile, Peru, South Africa and the Philippines, this can have a serious impact on the development of new growth projects and the maintenance of profitable, predictable operations.

Indeed, there is increasing recognition – both amongst mining investors and those mining companies that are pursuing opportunities in more sensitive operating environments – that the success or failure of multi-billion dollar projects can be determined as much by 'non-technical' issues as by 'technical' issues.

Strategic response

Although Gold Fields' current mining operations do not face material opposition from their host communities, there is no room for complacency. It takes substantial time, effort and resources to establish and maintain a strong licence to operate and, once it is lost, it is very hard to regain. Furthermore, our ability to grow Gold Fields through the expansion of existing mines and the development of new projects will – to some degree – be determined by our ability to win the trust of communities in our areas of interest.

3.1 Strategic trends continued

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This means it is essential that we treat our host communities with respect, minimise our negative impacts and deliver tangible and ongoing benefits. The resources we have available to help us generate host community benefits are, however, becoming more limited. This is due to:

- Our transformation into a smaller, mid-tier miner
- The lower price of gold

We are acutely aware that this could, if not managed correctly, undermine our relations with our host communities, whether at Cerro Corona, Damang, South Deep or Tarkwa, or in relation to our growth projects. As a result, we are increasingly applying the Shared Value approach to promoting community development. This is based on the application of business strategies that not only deliver commercial and/or operational benefits to the Company, but also deliver benefits to our host communities at the same time. Our approach is focused on three key areas:

- **Preferential community employment:** While we have an established track record of employing nationals (or, in South Africa, historically disadvantaged South Africans) in our countries of operation, this does not necessarily enhance each of our mines' social licence to operate. We now intend to build on such efforts by specifically targeting the employment of host community members. This is likely to be the single most important issue we can address to significantly enhance each of our mines' social licence to operate – and it involves little or no additional expenditure
- **Preferential community procurement:** Again, we already have a track record of procuring from companies in our countries of operation. The truth is, however, that very few of these companies are located in – or draw workers from – our specific areas of operation. Again our mines will build on our existing approach by significantly increasing the products and services we source from our host communities. Given local capacities, this will realistically require us to (1) support local skills training and enterprise development; and (2) encourage our existing in-country suppliers to establish operations in – and draw employees from – our host communities

- **Water security:** Water is consistently one of the most important issues for communities located near mine sites. While we already apply stringent management systems to ensure the quality of our water discharges and to minimise our water consumption, we can do far more. In particular, we intend to focus on initiatives that not only support the supply of water to our mines, but which, where affordable, also increase the supply of clean water to our host communities.

As part of our shift in direction, we are piloting three new Shared Value initiatives. These include:

- **South Deep:** The promotion of science and maths teaching at local schools as a means of enhancing the future employability of local people, including at South Deep itself
- **Cerro Corona:** We are investigating an advanced water management project that will not only reduce our mine closure costs and enhance our operational efficiency, but which will (in partnership with other private sector participants and the government) test innovative and cost-efficient approaches for treating contaminated water and offer communities increased access to potable water
- **Cerro Corona and South Deep:** The development of – and sourcing of – goods and services from host communities, including through the provision of technical support and access to financing

Further projects are envisaged at our Ghanaian mines.

Through this approach, we not only intend to maintain our social licence to operate, but to improve it by:

- Tying the fortunes of our host communities to those of our operations
- Demonstrating that it is not how much you spend on community social investment that counts, but the impact you have in terms of creating value for host communities

We also intend to demonstrate to those communities located near our current and future growth projects that we are the right mining company for them to partner with, which will help ongoing and lasting Shared Value from local mineral resources.

3.2 Risk and materiality

The identification of our material issues is based on three key processes:

- The first is our well-established Enterprise Risk Management ('ERM') process, which is designed to help Gold Fields achieve its strategic objectives, including the creation of value in the short and long term
- The second is our ongoing internal and external stakeholder engagement process, many of the outputs of which are integrated into the ERM process
- The third is the integrated reporting process itself, through which the results of the ERM process and stakeholder engagement are further analysed and refined through an internal consultation and feedback process, in line with our established corporate governance framework

3.2.1 ERM process

Our mature ERM process is aligned with the ISO 31000 international risk management standard and is subject to ongoing improvement. It supports our efforts to achieve the highest levels of corporate governance, as well as full compliance with the risk management requirements of South Africa's King III Code.

The ERM process – which prioritises risks on the basis of probability and severity – is based on the following process:

- **Workplace risk assessments:** Line management carries out ongoing hazard identification and workplace risk assessments in accordance with international standards (for example, ISO 31000 and SAMREC guideline)
- **Mine/Region reviews:** Each regional and mine Executive Committee conducts a risk review of the top risks and mitigating strategies on a quarterly basis
- **Presentation to the Group Executive Committee ('Exco'):** The Mine Manager presents the top 10 risks and mitigation actions to members of the Exco during quarterly business reviews. The impacts of relevant mitigating actions are assessed in terms of their relevance and effectiveness
- **Compilation of Group Risk Register:** The Group Risk Manager extracts all of the top risks from the regional and operational registers in line with the tolerance levels set by the Board, and compiles the Group Risk Register
- **Assessment and moderation:** The risks are then assessed and moderated in a Group context by the relevant risk owners and Exco members
- **Exco risk meeting:** A top-risk register review is conducted and Group-wide mitigation strategies are set and monitored during the Exco risk meeting. This takes place every six months
- **Audit Committee review:** A review of the top risks and mitigation strategies is conducted by the Audit Committee twice a year
- **Internal audit review:** An audit of progress against and adherence to mitigation strategies is carried out by Internal Audit on a regular basis

3.2 Risk and materiality continued

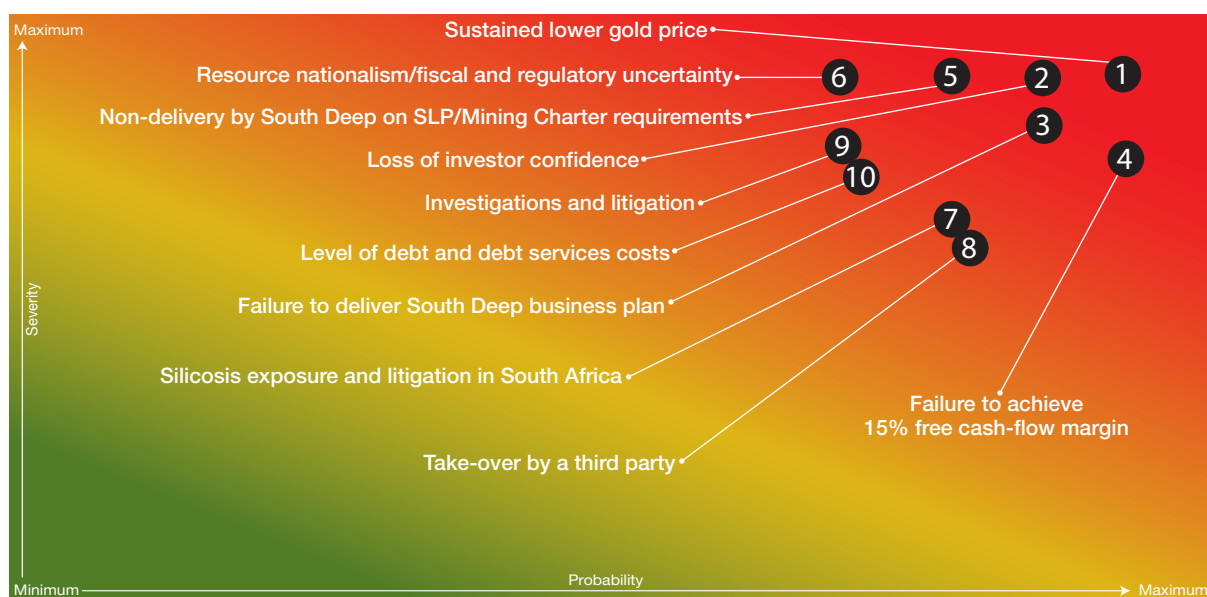
“Materiality: An integrated report should disclose information about matters that substantively affect the organisation’s ability to create value over the short, medium and long term.”
The International <IR> Framework,
International Integrated Reporting Council

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Short-term risk performance

The heat map below sets out the top 10 Group risks, as identified through our ERM process. This represents the Group’s top operational and strategic risks, based on our operation- and region-level risk registers as at the end of 2013. Regional risk maps are contained in the online regional reports.

Figure 3.4: Gold Fields’ 2013 heat map



Risk	Description	Mitigating strategies
1	Sustained lower gold price	<ul style="list-style-type: none"> Restructuring of Gold Fields as a smaller but more cash-generative business and achieve a 15% free cash-flow margin at a gold price of US\$1,300/oz An increase in geographical and currency diversification Application of a strict stage-gate process to ensure future growth projects contribute to cash generation
2	Loss of investor confidence	<ul style="list-style-type: none"> Restructuring at our mines and growth projects to maximise financial and operational efficiency and achieve market guidance Full review of our production portfolio to optimise cash generation and investment payback Engagement with shareholders and analysts to explain our new business strategy Demonstration of our ability to reduce our costs and deliver on our business plans
3	Failure to deliver South Deep business plan	<ul style="list-style-type: none"> Implementation of a new production target following a life-of-mine review Embedding of the '24/7/365' operating model and development of new training and maintenance facilities Appointment of a General Manager from our Agnew mine, who is a specialist in mechanised underground mining, along with a support team of 14 experts Addressing of the following issues to facilitate production build-up: <ul style="list-style-type: none"> Ore-handling infrastructure Fleet availability and utilisation Operator and technician skills

Risk	Description	Mitigating strategies
4	Failure to achieve 15% free cash-flow margin	<ul style="list-style-type: none"> • Closure of marginal mining operations – including the heap leach operations at Tarkwa and St Ives – as well as the suspension of mining at Agnew's Main Lode • Life-of-mine review and the subsequent implementation of remediation measures at South Deep • Implementation of a comprehensive recovery plan at Damang • Integration of the new Yilgarn South Assets into the Australasia Region
5	Failure of South Deep to deliver on its Mining Charter/ SLP requirements	<ul style="list-style-type: none"> • Legal advice regarding the basis on which empowerment transactions are measured and the assessment of past empowerment transactions that no longer exist. • Submission of an enhanced 'second round' Social and Labour Plan ('SLP') • Upgrading of accommodation and support for new housing development and procurement • Ongoing programmes to address local procurement, broad-based transformation, training/skill development and community development • Implementation of Shared Value projects – including maths- and science-focused education initiatives
6	Resource nationalism/ fiscal and regulatory uncertainty	<ul style="list-style-type: none"> • Transparent engagement with host governments and communities on the state of the industry, cost structures and industry contributions to national economies and local communities • Adoption of new World Gold Council cost metrics (AIC and AISC) to provide greater transparency around the true cost of mining • Continued engagement with the Government of Ghana to achieve an investor agreement
7	Silicosis exposure and litigation in South Africa	<ul style="list-style-type: none"> • Engineering-out of underground health risks, including tip filters, mist spray and settling agents, as well as enhanced dust measurement • Provision of enhanced personal protective equipment • Pre-litigation preparation, including the consolidation of historical data
8	Take-over by a third party	<ul style="list-style-type: none"> • Restructuring at our mines and growth projects to maximise financial and operational efficiency and achieve market guidance • Restructuring of Gold Fields as a smaller but more cash-generative business and achievement of a 15% free cash-flow margin at a gold price of US\$1,300/oz • Engagement with shareholders and analysts to explain the new business strategy • Maintenance of our status as one of the top dividend payers in the gold sector
9	Investigations and litigation	<ul style="list-style-type: none"> • Proactive litigation/investigation management and defence strategies • Assessment of Gold Fields' governance framework
10	Level of debt and debt service costs	<ul style="list-style-type: none"> • Investigation of additional and alternative funding mechanisms • Prioritisation of cash generation at all operations – including South Deep – to reduce Group debt exposure

3.2 Risk and materiality

continued

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Long-term risk performance

Figure 3.5 indicates whether management is operating within the risk tolerance levels set for them by the Board. Tolerance levels are reviewed and reset every year as part of our annual risk management plan.

Figure 3.5: Risk performance

Strategy and risk category		Risk appetite	Tolerance level	Targets	2012 ⁵	2013 ⁶	X / ✓
Operational excellence	Safety	Zero harm	Zero harm	No fatalities	0	2	X
				SIFR ⁷ (5% reduction) ¹	0.35	0.66	X
				LTIFR (5% reduction) ¹	2.36 ²	2.86	X
				DLIFR ⁸ (5% reduction) ¹	28.35	61.46	X
	Operational plan	Sustainable cash flow Superior shareholder returns	Within ±5% of plan	20 – 25% NCE Payment of dividends of 25% – 35% of earnings	20% 235 cps = 25%	17% 22 cps = 30%	X ✓
Growing Gold fields	Mergers and acquisitions	Prioritise low-risk/ high-return growth opportunities	Minimum of 10% IRR at US\$1,300/oz	Increase % oz in OECD countries	29% oz in Australia	43% oz in Australia	✓
	Exploration			Orogenic/low sulphidisation ore bodies	n/a	On track	✓
Securing our future	Environment	Zero harm	Zero Level 4 and 5 incidents	Zero	Zero	Zero	✓
	Health	Zero harm	Zero harm	Silica ³ Less than 5% >0.1mg/m ³	4.7%	3.8% ⁴	✓
				Noise ³ All machinery <110dB(A)	0.7%	Zero	✓
	Human resources	Pipeline of successors for scarce and critical skills	Successor cover for all executive committees	100%	110%	100%	✓
		High-performance culture	Performance management plans and targets for management	100% Excluding South Deep	100%	100%	✓
	Licence to operate	Global leader in sustainable gold mining	Full compliance with all statutory, regulatory and community commitments	Full compliance – No mine closures, community- or government-related	100%	100%	✓
	Ethics and corporate governance	Full compliance with SOX and substantial compliance with King III	No material/significant failures	Nil	Nil	Nil	✓

From 2014:

- Safety statistics will be reflected in Total Recordable Injury Frequency Rate ('TRIFR')
- The Notional Cash Expenditure ('NCE') margin will be replaced with a target of a 15% free cash-flow margin in terms of All-in Costs ('AIC')

¹ Per million hours worked

² Restated LTIFR, now includes restricted work injuries

³ These milestones are for South Africa Region only

⁴ Q4 2013

⁵ Restated, excluding Sibanye Gold

⁶ Excludes Yilgarn South Assets

⁷ SIFR – Serious Injury Frequency Rate

⁸ DLIFR – Days Lost Injury Frequency Rate

3.2.2 Stakeholder engagement

Proactive and frank stakeholder engagement plays a vital role in helping us maintain sustainable value creation, and identify our material issues. All of our stakeholder engagement activities are informed by the AA 1000 principles of:

- Inclusivity
- Materiality
- Responsiveness

Our engagement activities fall into two types:

- Direct engagement, including organised dialogues, roundtable discussions, one-to-one meetings, internal surveys and regular engagement with local communities at each operation and project
- Indirect engagement, including the use of external benchmarks and standards (such as the UN Global Compact) that are designed to reflect and address societal expectations (p37)

At an operational level, all our mines identify, prioritise and directly engage stakeholder groups that have the potential to affect their operational, sustainability or financial performance. This includes, for example, ongoing engagement of:

- Employees and their representatives by our human resources teams and general managers
- Local communities by our community relations teams and general managers
- Regulators by our discipline heads and general managers

At a strategic level, our corporate and regional management teams implement an ongoing programme of direct and indirect engagement. This includes, for example, ongoing engagement of:

- In-country peer companies by our regional Executive Vice-Presidents ('EVPs')
- Central government by our corporate affairs teams, legal teams, members of the Group Exco and regional EVPs
- Shareholders and potential investors by our investor relations team, CEO and CFO

All relevant outcomes from our operational and strategic stakeholder engagement processes are integrated into our internal reporting processes including in our quarterly regional board reports, sustainable development reports and other documents. In addition, they help inform the ERM process, and so form a vital part of our risk management programme.

Figure 3.6: Key stakeholder categories

Investors	<ul style="list-style-type: none"> • Current shareholders • Potential shareholders • Investment analysts
Employees	<ul style="list-style-type: none"> • Employees • Contractors • Employee and contractor dependants • Organised labour
Society	<ul style="list-style-type: none"> • Local and central government • Regulatory authorities • Local and labour-sending communities • Media, NGOs and other opinion formers • Potential business partners • Gold consumers • Listing authorities (e.g. JSE, NYSE, etc.) • Sector organisations (e.g. ICMM, WGC) • International organisations (e.g. UN Global Compact, EITI, GRI, etc.)

3.2.3 Integrated reporting process

The outputs of the ERM and stakeholder engagement processes are analysed alongside:

- Operational, financial and sustainability data generated through our data management systems
- The output of dedicated integrated reporting interviews with managers and executives at operation-, region- and Group-level
- Short-, medium- and long-term strategic analysis of the external environment

This is with the aim of:

- Further defining and gaining a greater depth of insight into the Group's material issues
- Identifying the management actions taken in response to each material issue
- Defining the content of this Integrated Annual Report

Initial drafts of the Integrated Annual Report are prepared on the basis of this process and are then subject to a rigorous internal assurance process.

The Board – through the Audit Committee – which is also responsible for overseeing our ERM policies, processes and mitigating strategies – is ultimately responsible for the contents of this Integrated Annual Report and the material issues identified herein.

3.3 Summarised remuneration report

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This is a summary of the Remuneration Report by the Board's Remuneration Committee. The full report can be found in the Annual Financial Report 2013 on p37 – 48.

The key principles of Gold Fields' remuneration policy are to:

- Support the execution of the Group's business strategy
- Provide competitive rewards to attract, motivate and retain highly skilled executives
- Motivate and reinforce individual, team and business performance
- Ensure our remuneration arrangements are equitable and help the deployment of people across the Group's operations

The remuneration strategy is also underpinned by sound remuneration management and governance principles. The strategy comprises the following key elements:

- Guaranteed pay
- Benefits
- Short-term incentives ('STI'), that is, annual performance bonuses
- Long-term incentive ('LTI') instruments

Gold Fields' remuneration philosophy is aimed at attracting and retaining motivated, high-calibre employees, whose interests are aligned with those of our shareholders. Such alignment is achieved through the right mix of guaranteed and performance-based remuneration (variable pay).

Guaranteed pay: As a global company, with the majority of our operations now outside South Africa, we expect our senior executives to have experience in a number of different countries. We therefore compete for talent in a global marketplace, and our approach to remuneration takes account of the need to be competitive throughout the various jurisdictions in which the Group operates.

Gold Fields' policy is also to provide, where appropriate, additional elements of compensation, including retirement savings, health-care assistance, life and disability insurance, housing assistance and personal accident cover.

In 2013 the average increase for employees was 5%. The CEO and the Group Exco offered to forego their increases on guaranteed pay and recommended that this be extended to other senior management in view of the difficult economic conditions. The Remuneration Committee accepted this offer. Fees for non-executive directors also remained unchanged in 2013.

The annual gross remuneration packages, or GRP, payable to the two executive directors, CEO Nick Holland and CFO Paul Schmidt, therefore remained unchanged as follows:

- Nick Holland: R8,145,700 plus US\$336,300
- Paul Schmidt: R5,125,000 plus US\$90,300

In addition to the GRP, each executive director is entitled, among other things, to the following benefits under their employment contracts:

- Participation in the Gold Fields Limited 2005 and 2012 Share Plans
- Consideration of an annual incentive bonus based upon the fulfilment of certain targets set by the Board of directors
- An expense allowance

In 2013 the ratio of average executive director compensation vs average employee compensation was 61.57.

Short-term incentive (annual performance bonus):

Executive directors are able to earn performance bonuses of 60% (for the CFO) and 65% (for the CEO) of their guaranteed pay for on-target performance, which comprises individual and strategic performance targets. The annual bonus could increase above 60% and 65% respectively if the stretch target is achieved.

In the case of the CEO and CFO, 65% of the performance bonus is based on Group targets and the remaining 35% on individual, strategic objectives. For the regional EVPs, bonuses are also judged against regional and operational objectives.

Group performance targets: For the year ended 31 December 2013, the Group performance targets and the level of achievement of these targets for the senior executives were as follows:

Figure 3.7: Group performance targets and executive performance

	Weight	2013 Actual	2013			
			Threshold	Target	Maximum	Achieved
Safety improvement – (FIFR, SIFR, LTIFR and MTIFR)	20%	26.6%	+0.0%	+100%	+200%	
GIP – exploration/growth (cost per meter drilled and cost per reserve ounce added)	15%	113%	+0%	+100%	+200%	195%
Gold (equivalent) production – k'ozs	25%	2,102	2,038	2,075	2,112	113%
NCE operations only – Rm	25%	18,619	23,065	21,967	20,869	174%
Development and waste mined – meters	15%	2%	+0%	+5%	+10%	200%
	100%					49%
						157%

The bonus parameter objectives for 2014 will be based on the following drivers:

• Safety	20% (2013: 20%)
• Total gold production	20% (2013: 25%)
• All-in-Cost ('AIC') per ounce	40% (2013: 25%)
• Development or waste mined	20% (2013: 15%)
• Growth portfolio	0% (2013: 15%)

Individual strategic objectives: Aside from the Group objectives, the CEO and CFO were also assessed on individual, strategic objectives. These objectives are set and approved by the Remuneration Committee, which also assesses performance against these objectives. The individual, strategic objectives are centred on three themes: Operational Excellence, Growing Gold Fields and Securing our Future.

The aggregate bonus paid to members of the executive team in February 2014 was 64% of annual salary. For the CFO it was 97% of annual salary. The CEO did not receive a bonus for 2013 as he was not eligible for a bonus as a result of the Board investigation into the 2010 Black Economic Empowerment ('BEE') deal.

For 2014 the performance scorecard has been adjusted in view of the Company's changed strategy.

Figure 3.8: CEO's 2014 Performance Scorecard

Operational excellence (weight: 60%)	
Gold Fields operating model	10%
South Deep delivery	30%
Damang turnaround	30%
Safety, health and environment	15%
Great place to work	15%
Growing Gold Fields (weight: 20%)	
Mergers and acquisitions	40%
Disposal of projects that do not fit the Gold Fields portfolio	60%
Securing our future (weight: 20%)	
Improving the image of Gold Fields and articulating the business case	60%
Shared Value	40%

Long-term incentives: The Company operates a long-term incentive share plan designed to:

- Encourage senior and key employees to identify closely with the long-term objectives of Gold Fields
- Align their interests with the continuing growth of the Company and delivery of value to its shareholders
- Allow them to participate in the future financial success of Gold Fields

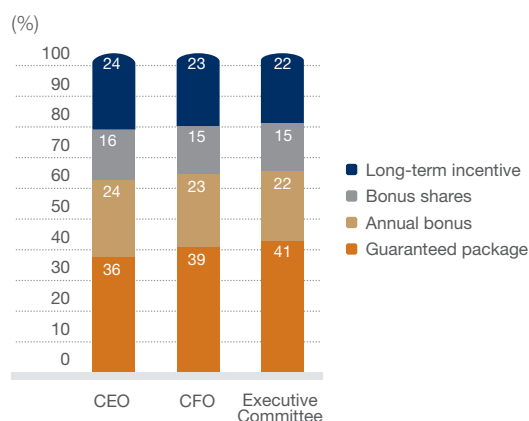
The Gold Fields Limited 2012 Share Plan currently contains two equity instruments: Performance shares and bonus shares. Share awards are made annually to senior and key staff, and any pay-out depends on outcomes independently reviewed and verified by an external auditor.

Performance shares: The number of performance shares that vest to a participant is determined by the Company's share price performance measured against the performance of a peer group (made up of AngloGold Ashanti, Barrick, Goldcorp, Harmony, Newmont, Newcrest and Kinross). A precondition for any award of performance shares is that gold production exceeds a minimum of 85% of the annual target over the three-year measurement period in the business plans of the Company, as approved by the Board.

Bonus shares: The size of the award of bonus shares depends on an employee's annual performance cash bonus, which (as described above) is determined by actual performance against predetermined targets. Two-thirds of the cash bonus is awarded in bonus shares; half of these shares vest nine months after the award date, and the remainder vest after a further nine months.

Long-term Cash Incentive Plan (LTIP): In support of the Company's new strategic objective of sustained cash generation, an LTIP has been designed and recommended by PwC to replace the 2012 Share Plan. Implementation is scheduled during 2014.

Figure 3.9: Remuneration mix of executives



3.3 Summarised remuneration report continued

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Figure 3.10: Non-executive directors' fees, executive directors' and prescribed officers' remuneration
The directors and officers were paid the following remuneration for the year ended 31 December 2013

										Pre-tax share proceeds for shares awarded in previous years	Total realised earnings for the 12-month period ended 31 December 2013 ³	Total realised earnings for the 12-month period ended 31 December 2012
All figures stated in R'000	Board fees				Pension scheme contribution				Sub- total			
	Directors' fees	Committee fees	Salary ¹	Annual bonus ²		Sundry	Severance					
Executive Directors												
Nicholas J Holland	–	–	9,745	–	1,629	535	–		11,909	13,037	24,946	45,332
Paul A Schmidt	–	–	5,351	5,823	641	249	–		12,064	4,322	16,386	19,960
Prescribed officers												
Zakira Amra ¹⁹	–	–	–	–	–	–	–		–	–	–	2,378
Naseem A Chohan	–	–	2,483	2,183	394	28	–		5,088	549	5,637	4,427
Michael D Fleischer ⁴	–	–	4,679	4,497	750	40	–		9,966	4,246	14,212	18,113
Juan L Kruger ⁵	–	–	1,163	1,120	216	–	–		2,499	3,261	5,760	16,850
Ernesto Balarezo ⁶	–	–	4,477	13,089	443	–	–		18,009	–	18,009	–
Tommy McKeith ⁷	–	–	6,062	–	174	–	11,951		18,187	3,970	22,157	19,370
Tim W Rowland ⁸	–	–	1,318	–	251	30	–		1,599	2,303	3,902	11,426
Peet V Schalkwyk ⁹	–	–	2,600	–	–	3	5,780		8,383	2,742	11,125	7,711
Peter Turner ¹⁰	–	–	382	–	67	–	–		449	5,789	6,238	13,745
Lee Ann Samuel ¹¹	–	–	2,250	2,301	250	1	–		4,802	520	5,322	–
Brett Matisson ¹²	–	–	1,896	4,263	217	15	–		6,391	1,149	7,540	–
Taryn Harmse ¹³	–	–	1,120	1,395	280	33	–		2,828	563	3,391	–
Alfred Baku ¹⁴	–	–	2,200	3,273	506	–	–		5,979	1,560	7,539	–
Jimmy Dowsley ¹⁵	–	–	1,291	1,224	323	92	–		2,930	4,569	7,499	11,288
Kgabo FL Moabelo	–	–	3,878	2,575	529	22	–		7,004	738	7,742	7,389
Richard Weston	–	–	6,536	5,758	215	–	–		12,509	2,126	14,635	9,044
Willie Jacobsz	–	–	4,111	3,535	–	1,431	–		9,077	2,913	11,990	8,978
Non-Executive Directors												
Kofi Ansah	793	224	–	–	–	–	–		1,017	–	1,017	1,382
Cheryl A Carolus ¹⁶	2,145	19	–	–	–	14	–		2,178	225	2,403	865
Mamphela Ramphele ¹⁷	403	–	–	–	–	–	–		403	–	403	2,292
Roberto Dañino ¹⁸	529	267	–	–	–	292	–		1,088	–	1,088	1,534
Alan R Hill	793	236	–	–	–	184	–		1,213	–	1,213	865
Richard P Menell	793	438	–	–	–	74	–		1,305	226	1,531	1,176
David N Murray	793	401	–	–	–	131	–		1,325	–	1,325	1,540
Donald M J Ncube	793	357	–	–	–	–	–		1,150	–	1,150	1,420
Rupert L Pennant-Rea ¹⁸	529	367	–	–	–	–	–		896	218	1,114	1,271
Gayle M Wilson	793	623	–	–	–	–	–		1,416	–	1,416	1,872
Delfin L Lazaro ¹⁸	529	75	–	–	–	14	–		618	–	618	865
Matthews S Moloko ²⁰	–	–	–	–	–	–	–		–	–	–	900
Total	8,893	3,007	61,542	51,036	6,885	3,188	17,731		152,282	55,026	207,308	211,993

¹ The total US\$ amounts paid for 2013, and included in Salary above, were as follows: Mr NJ Holland US\$336,300, Mr PA Schmidt US\$90,300, Mr MD Fleischer US\$77,303 and Mr P van Schalkwyk US\$272,924

² The annual bonus accruals for the 12 month period ended 31 December 2013

³ These amounts reflect the full directors' emoluments in Rand for comparative purposes. The portion of executive directors' emoluments payable in US\$ is paid in terms of agreements with the offshore subsidiaries for work done by directors' offshore for offshore companies

⁴ Resignation effective 31 January 2014. As per employment contract a total severance package of R5,3 million was paid on 28 February 2014

⁵ Resigned on 17 March 2013 – share proceeds for 12 month period included in 2013 remuneration

⁶ Appointed as prescribed officer on 11 March 2013 – annual remuneration includes a sign-on bonus of R6,9 million and Utilidades (as per Peruvian legislation) of R6.1 million

⁷ Voluntary termination due to restructuring on 30 September 2013

⁸ Prescribed Officer until 30 May 2013 – share proceeds for 12 month period included in 2013 remuneration

⁹ Voluntary termination due to restructuring on 31 May 2013 – including share trades after termination

¹⁰ Transferred to Sibanye Gold on 1 February 2013

¹¹ Appointed as prescribed officer on 1 March 2013 – share proceeds for 12 month period included in 2013 remuneration

¹² Appointed as prescribed officer on 1 May 2013 – share proceeds for 12 month period included in 2013 remuneration

¹³ Appointed as prescribed officer on 1 June 2013 – share proceeds for 12 month period included in 2013 remuneration

¹⁴ Appointed as prescribed officer on 1 August 2013 – share proceeds for 12 month period included in 2013 remuneration

¹⁵ Retired on 31 May 2013 – share proceeds for 12 month period included in 2013 remuneration

¹⁶ Elected as Chair of the Board on 13 February 2013

¹⁷ Resigned as Director of the Board on 13 February 2013

¹⁸ Resigned as non-executive director on 31 August 2013

¹⁹ Resigned on 31 May 2012

²⁰ Resigned as non-executive director on 31 December 2012



4. Pillar: Optimising our operations

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Growth is not about production targets, it is about growing cash flow. In pursuing this goal, we aim to achieve sustainable cash generation to underpin our creation of Shared Value. Because of this, we endeavour to:

- Structure our business to generate a global 15% free cash-flow margin at a gold price of US\$1,300/oz on an All-in Cost basis plus taxes
- Create sufficient value to meet our commitments to all of our stakeholders – while not losing sight of our objective of growing our cash flow
- Ensure the sustained support of our equity investors by paying a dividend of 25% to 35% of normalised earnings

It is these requirements that sit behind our strategic objective of 'optimising our operations'.



4.1 Ensuring our mines deliver

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In 2013, Gold Fields emerged as a more focused, leaner business – having undergone one of its most significant transformations since its foundation 127 years ago. This was with the aim of ensuring we position ourselves as a significant cash generator and deliver superior leverage over the price of gold to our investors – despite the challenging market environment.

The most obvious manifestation of this transformation has been the unbundling of our mature, deep level underground mines in South Africa – significantly changing the long-term profile of our mining portfolio. But much has also been done to ensure each of our remaining mines contributes directly to the achievement of our Group goals. This includes a refocusing on cash generation without affecting the sustainability of each of our operations.

As such, the transformation has been as much operational as it has been strategic – impacting everything we do at every level of our business.

Figure 4.1: Group operational performance

Key operating statistics	Gold Fields	Restated (Continued operations)	Gold Fields – pre-unbundling			
	2013	2012	2012 ¹	2011	2010	2009
Gold produced – attributable (kg)	62,895	63,157	101,216	108,408	108,802	111,421
Gold produced – attributable ('000oz)	2,022	2,031	3,254	3,485	3,497	3,582
Total cash cost (R/kg)	247,956	205,153	234,575	184,515	165,526	146,456
Total cash cost (US\$/oz)	803	779	891	795	703	540
Notional cash expenditure (R/kg)	353,627	354,872	359,428	272,224	239,796	210,215
Notional cash expenditure (US\$/oz)	1,146	1,348	1,365	1,173	1,019	776
Total all-in cost (US\$/oz)	1,312	1,537	n/a	n/a	n/a	n/a
Gold price (US\$/oz)	1,386	1,656	1,654	1,569	1,220	965
Operating profit (Rm)	11,899	15,387	20,976	21,112	14,469	13,589
Operating profit (US\$m)	1,239	1,879	2,572	2,924	1,977	1,608
Operating costs (Rm)	16,116	13,709	24,582	21,312	20,082	18,368
Operating costs (US\$m)	1,679	1,674	3,002	2,952	2,743	2,174
Operating margin (%)	43	53	46	50	42	43
NCE margin (%)	17	19	17	25	16	20

¹ Restated – pre-unbundling IFRIC 20

4.1.1 Group operational performance

Production

What we said we would achieve in 2013:	1.90 million attributable gold ounces
What we did achieve in 2013:	2.02 million attributable gold ounces

Inevitably, the unbundling of the Beatrix and KDC mines means we now produce significantly lower volumes of gold – with absolute attributable production falling from 3.25 million ounces at the end of 2012 to 2.02 million ounces at the end of 2013 (including the Yilgarn South Assets in the fourth quarter).

There has also been a marginal reduction in production in relative terms, with the mines in our current portfolio (including production of 114,200 ounces from the new Yilgarn South Assets in the fourth quarter) producing 2.02 million ounces compared to 2.03 million ounces at the end of 2012. The decline largely reflected a range of measures to focus purely on sustainable, cash-generative production – and to cut marginal production.

These include:

- Operational restructuring at Tarkwa (now our largest mine by production), including the closure of the low-return North and South Heap Leach Facilities
- Withdrawal from the higher cost Rajah and Main lodes at Agnew – and the concentration of mining activity on the lower cost Kim ore body
- Closure of the inefficient marginal heap leach facility at St Ives
- Illegal strikes and go-slow actions at Damang and Tarkwa (p121) costing 21,700 ounces

Our 2014 forecast suggests attributable Group gold production of around 2.20 million ounces.

Figure 4.2: Attributable gold production

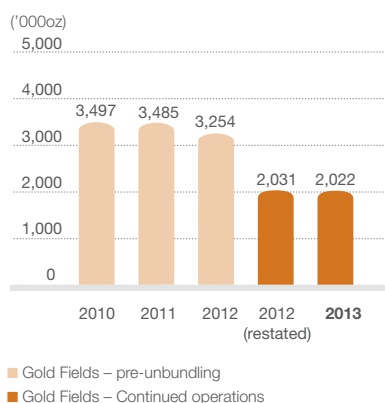


Figure 4.3: NCE margin

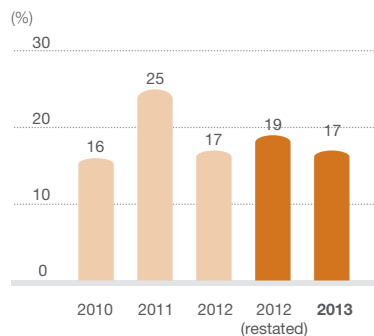
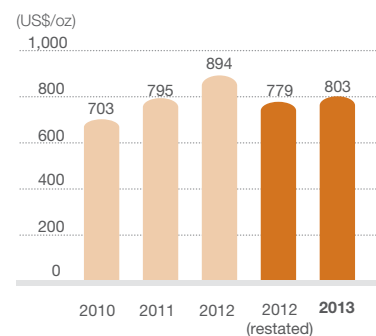


Figure 4.4: Total cash cost



4.1 Ensuring our mines deliver continued

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Costs

What we said we would achieve in 2013:

- Cash costs of US\$860/oz
- NCE of US\$1,360/oz

What we did achieve in 2013:

- Cash costs of US\$803/oz (7% below guidance)
- NCE of US\$1,146/oz (16% below guidance)

In 2013, we continued to build upon our 2012 portfolio review and the subsequent unbundling of our mature South African assets. This has been with the aim of further reducing our cost profile – enabling us to optimise our sustainable cash-flow generation and ensuring we are well positioned to manage under lower gold price conditions.

This has been with the aim of delivering a free cash-flow margin of about 15% at a gold price of US\$1,300/oz.

Our All-in Cost ('AIC') performance places Gold Fields on a par with the lowest cost producers in the industry – and reflects a range of actions undertaken during the year, which are set out below:

A reduction in marginal mining

Our renewed focus on cash generation over production volumes has seen us rationalise our mining activities in Australia, Ghana and Peru, with specific actions including:

- Closure of the marginal heap leach operations at St Ives
- Withdrawal from the high-cost Main and Rajah ore bodies at Agnew
- Closure of the North and South heap leach facilities at Tarkwa

Restructuring

This includes the creation of a fit-for-purpose, low-cost operating model based on:

- The devolution of a wider range of responsibilities (including full operational accountability) to a regional level – supported by appropriate regional capabilities and resources
- A commensurate rationalisation of our corporate office – including a 51% reduction in corporate employees and a reduction in corporate costs to around US\$10/oz
- Disbandment of our Growth and International Projects ('GIP') division (p20, 95)
- Integration of our Agnew and Lawlers mines to exploit processing synergies at the operations (p101)
- The consolidation of our shared services functions in both Australia and Ghana

As a result of these – and other associated measures – we have reduced our workforce (including contractors) by around 10%.

Figure 4.5: Cost performance by portfolio selection

	2012 ¹		2013	
	Including Sibanye Gold	Excluding Sibanye Gold ²	Gold Fields	Gold Fields excluding South Deep
Cash costs (US\$/oz)	891	779	803	763
Notional Cash Expenditure ('NCE') (US\$/oz)	1,365	1,348	1,146	1,047
Notional Cash Expenditure ('NCE') margin (%)	17	19	17	24
All-in Sustaining Costs ('AISC') (US\$/oz)	n/a	1,310	1,202	1,229
All-in Costs ('AIC') (US\$/oz)	n/a	1,537	1,312	1,140

¹ 2012 figures restated due to the adoption of IFRIC 20

² Includes South Deep

Management of capital expenditure

We have rationalised, prioritised and – where appropriate – deferred our capital expenditure in a way that does not compromise the sustainability of our operations and ore bodies. As a result, we have managed to reduce capital expenditure for 2013 by 24% from a 2013 budget of R970 million to US\$739 million – with a further reduction to US\$695 million budgeted for 2014. A significant proportion of what we did spend in 2013 (US\$202 million) continued to be focused on the development of South Deep – the most important growth project in the Group.

In addition, we cancelled three capital projects in 2013, due to inadequate forecast returns. These included:

- Tarkwa Expansion Phase 6 ('TEP6'), which would have involved the construction of a new Carbon-In-Leach plant at the mine
- The Oxides Project at Cerro Corona
- The Sulphides Project at Cerro Corona

Reduced exploration activity

The disbandment of our GIP team has resulted in accountability for growth and exploration being devolved to a regional level. In addition, we have significantly reduced our exploration budget – reflecting our immediate focus on cash generation and a shift away from our 'organic' greenfields growth strategy (p95). This included:

- A 49% reduction in our greenfields exploration expenditure from US\$129 million in 2012 to US\$66 million in 2013
- A 32% reduction in our near-mine exploration expenditure from US\$51 million in 2012 to US\$35 million in 2013

Total GIP related expenditure dropped by 42% from US\$281 million in 2012 to US\$162 million in 2013. This has been achieved by the rationalisation of our growth portfolio, including:

- The sale of our stake in the Talas Project in Kyrgyzstan which was completed in early 2014 (p110)
- The decision to dispose of the Arctic Platinum Project in Finland, the Yanfolila Project in Mali and the Woodjam Project in Canada (p102)

Business process re-engineering

In 2013, we intensified our business process re-engineering ('BPR') programme to exploit general cost savings and improved efficiencies at an operational level. In 2013, these were focused on our Agnew, Damang, South Deep, St Ives and Tarkwa mines (see our online Regional Overviews for further details).

Right-sizing at South Deep

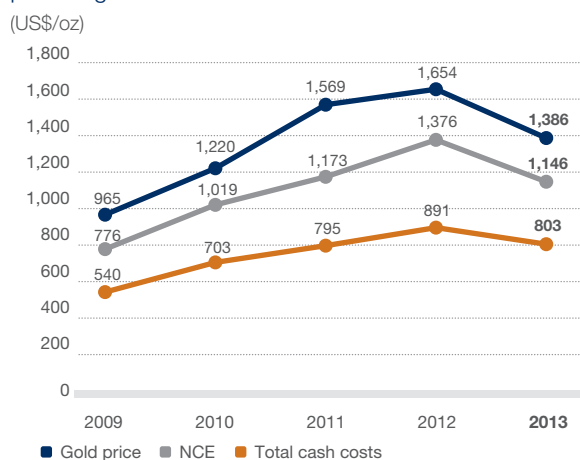
At South Deep, we significantly reduced the size of our management team by 55 staff members to reflect the mine's slower-than-anticipated production build-up. This is not expected to affect the momentum of the build-up, however, as our mechanised mining teams remained unaffected. In addition, we:

- Reduced the number of contractors at the mine by 540 by replacing them (where practical) with our own employees
- Renegotiated prices with a range of suppliers
- Optimised our support service costs
- Implemented enhanced management of overtime

Forecast for 2014

Our 2014 forecast suggests an AISC of US\$1,125 and an AIC of US\$1,150/oz.

Figure 4.6: Historical cash costs and NCE versus the price of gold¹



¹ 2009 – 2012 Gold Fields pre-unbundling

4.1 Ensuring our mines deliver continued

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4.1.2 Regional operational performance

This section provides a high-level overview of regional performance. For further details around performance at both regional and operational level, please see our online Regional Overviews (accessible via the links marked below).

Americas

During 2013, production in our Americas Region declined by 7% to 316,700 gold-equivalent ounces (2012: 342,100 gold-equivalent ounces). This was planned and reflects an anticipated decrease in gold and copper grades and recoveries.

Cerro Corona remains our lowest-cost operation. Nonetheless, in 2013 its cost performance was affected by:

- Lower production
- The decline in the gold price
- Reduced copper credits

Reflecting this, AIC in the Americas Region increased to US\$206/oz – compared to US\$82/oz in 2012.



Online content: Regional Overview – Americas

Australasia

During 2013, production in our Australasia Region increased by 12% to 700,200 ounces¹ (2012: 626,400 ounces). In part, this was attributable to:

- The incorporation of the Darlot, Granny Smith and Lawlers mines into the portfolio in the fourth quarter
- Higher grade and throughput of ore at Agnew

Higher production was partially offset by:

- Closure of St Ives' inefficient heap leach facility
- Planned maintenance of the Lefroy Mill at St Ives
- Cessation of mining at Agnew's higher cost Main Lode and Rajah ore bodies

AIC in the Australasia Region dropped sharply to US\$1,094/oz¹ – compared to US\$1,545/oz in 2012, primarily due to:

- The integration of the new Yilgarn South Assets
- Lower operating costs
- Lower capital expenditure
- Closure of the expensive St Ives heap leach (see above)
- The concentration of mining at Agnew on the Kim Lode

Purchase of the Yilgarn South Assets

On 1 October 2013, we incorporated Barrick Gold's Darlot, Granny Smith and Lawlers mines (known as the 'Yilgarn South Assets') into our production portfolio (p100). This followed our purchase of the mines from Barrick Gold for US\$262 million. We immediately integrated the Lawlers mine and the adjacent Agnew mine to realise the available synergies offered by the operations. In particular, the Lawlers processing plant was placed on care and maintenance, with all ore from the mine instead being processed at Agnew's processing plant.

The performance of the three mines during the fourth quarter of 2013 has already demonstrated their ability to enhance the overall quality of our portfolio. While much of the required restructuring has now taken place, there are additional benefits we are in the process of realising. These will be progressively reflected in our operational results during the first half of 2014.

Furthermore, the addition of the mines to our portfolio – in combination with the unbundling of Sibanye Gold – means Australia has overtaken South Africa and Ghana to become our largest source of production. For example, in the fourth quarter the geographical breakdown of our production was as follows:

- **Australia:** 43%
- **Ghana:** 31%
- **Peru:** 13%
- **South Africa:** 13%

At current costs, we expect the three new mines (including the integrated Agnew/Lawlers mine) to collectively add a total of 580,000 ounces to Group production in 2014.

¹ Includes production from the Yilgarn South Assets in Q4 2013

Figure 4.7: Actual/projected performance of our Australian operations

New operations	Fourth quarter of 2013		Projected for 2014	
	Production (ounces)	AIC (US\$/oz)	Production (ounces)	AIC (US\$/oz)
Agnew/Lawlers	73,600	929	260,000	1,110
Darlot	19,700	1,132	80,000	1,315
Granny Smith	62,200	888	240,000	1,060
St Ives	99,100	1,091	395,000	1,150
Australia total	254,600	998	975,000	1,130



Online content: Regional Overview – Australasia

South Africa

South Deep Project

Over the past three years the South Deep Project in South Africa has been transitioning from a construction project, with its primary focus on the installation of major capital infrastructure (building of the mine), to an actual mining project with its primary focus on the development and opening up of the ore body, which is a prerequisite for the production build-up to a long-term steady state level.

During 2013, the project continued its positive build-up trajectory, with gold production improving by 12% from 270,400 ounces in 2012 to 302,100 ounces.

The mission critical destress mining, which is the opening up and preparation of the ore body for actual mining, and is a prerequisite for the more productive long-hole open-stope mining, increased by 24% from 43,350m² in 2012 to 53,700m² in 2013, which is double the run rate of two years ago. This translates to approximately 77% of the steady state target of approximately 70,000m² of destress mining per annum, required to support steady state production.¹

Reef tonnes mined increased by 26% from 122,495 tonnes per month in 2012 to 154,032 tonnes a month in 2013, against a steady state target of between 300,000 and 330,000 tonnes per month, required to support full production.

During the year, South Deep also made good progress with the right-sizing of its cost base, in line with its current production profile and as a consequence of the transition from a capital infrastructure project to a mining development project. The objective was to create a more cost-effective and fit-for-purpose structure by reducing senior management levels, replacing contractors with own employees, where practical, and optimising all support service costs without impeding the trackless mechanised mining and ancillary engineering capabilities critical to the momentum of the build-up. As a consequence of right-sizing, and the increased production during 2013, the AIC for the project reduced by 41% from US\$2,436/oz in the December 2012 quarter to US\$1,436/oz ounce in the December 2013 quarter.

While the improvements in the key production metrics referred to above were all on a positive trajectory, with gold production in line with guidance provided for 2013, it was determined in August 2013 that the rate of improvement in destress mining was inadequate to support the momentum required for the build-up to a steady state full production run rate of approximately 700,000 ounces per annum by the end of 2016, which was then the target.

¹ Excludes contribution from "crush pillars", the roll-out of which started in 2013 and could effectively increase destress levels by 10% to 15% by reducing the area required to be destressed

4.1 Ensuring our mines deliver continued

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On 22 August 2013, we announced that a comprehensive review and re-assessment of the entire project would be undertaken. The aim of the review was to determine those factors that were impeding the momentum of the build-up, and to address them. The exhaustive six-month process was completed in February 2014. As a result of this review, a far-reaching strategy was developed – and is in the process of being implemented – to address all of the issues impeding the momentum of the build-up, identified in the review. These are discussed in more detail below. Based on these interventions and on progress made to date, a revised production build-up schedule was determined for South Deep and announced on 13 February 2014.

In terms of the new build-up schedule, production is expected to increase to a steady state run-rate of between 650,000 and 700,000 ounces per annum, at an AIC (including sustaining capital required to maintain that run rate) of approximately US\$900/oz, by the end of 2017, (assuming an exchange rate of R9.50 = US\$1.00).

The table below shows the new build-up schedule for reef tonnes and ounces, the AIC and capital, as well as destress mining over the next seven years.

The review

The main conclusions drawn from the project review completed in February 2014, and corroborated through an independent external review, was that the capital infrastructure established at South Deep is world class in every respect. The project has the hoisting, processing, backfill and tailings storage capacity, as well as other ancillary infrastructure, to support steady state full production and life of mine requirements. The quality of the resource modelling and exploration resource definition drilling is world class and reflects in the predictability of the ore body.

However, it had become increasingly evident over the past 12 months, and was confirmed by the project review, that the transition of the project from a construction phase to an operational and build-up phase, with a commensurate increased focus on mechanised mining activities, was constrained by a deficit in the specialised operational and supervisory mining skills and culture required for highly productive, modern, mechanised mining.

In countries such as Canada and Australia, where mechanised mining has a decade long history, mechanised mining skills and culture are in good supply. In South Africa, however, mechanised mining is not widely practiced, certainly not on a scale such as South Deep, and the pool of appropriately skilled and experienced people is very limited. Consequently, employees are typically recruited from the traditional labour intensive mining skills pool, and retrained to operate in the mechanised mining environment.

While this approach has met with some success and there are pockets of excellence on the mine, it is now evident that there remains a skills and culture deficit which impacts on all facets of the mechanised mining process. The main impacts can be categorised in three broad areas:

- Constrained underground ore handling and logistical infrastructure causing bottlenecks in the movement of ore out of the mine
- Less than optimal fleet availability and utilisation caused by inadequate workshop facilities, challenging operating conditions, sub-standard fleet maintenance, poor haulage road conditions, operator skills deficits and poor fleet management, all exacerbated by a lack of real time information systems
- Inadequate operator and technician skills across all levels of the mining process

Figure 4.8: Revised production build-up profile for South Deep

	2014	2015	2016	2017	2018	2019	2020
Ounces (lower limit) (oz)		437,000	503,000	595,000	651,000	638,000	648,000
Ounces (upper limit) (oz)	360,000	467,000	537,000	635,000	695,000	681,000	692,000
Reef Tonnes (tonnes)	2,117,000	2,568,000	2,955,000	3,497,000	3,826,000	3,751,000	3,809,000
Destress (excluding crush pillars) (m ²)	54,600	62,800	58,800	70,400	71,600	69,000	70,800
AIC (upper limit) (US\$/oz)		1,250	1,070	930	865	900	835
AIC (lower limit) (US\$/oz)	1,350	1,170	1,000	870	810	845	780
Total capital (US\$m)	158	180	175	170	175	190	155

Exchange rate R9.50=US\$1.00

These three factors coalesced to negatively impact productivity across all facets of the mining process and, in particular, for destress mining to be behind schedule in the four new mining corridors in the 'new mine' below 95 level. This in turn is germane to the delay in the ramping up of the highly productive long-hole open stope mining in these areas. Currently only approximately 30% of all reef tonnes mined originate from this mining method while, at steady state, approximately 70% of all reef tonnes will be sourced from long-hole open stope mining.

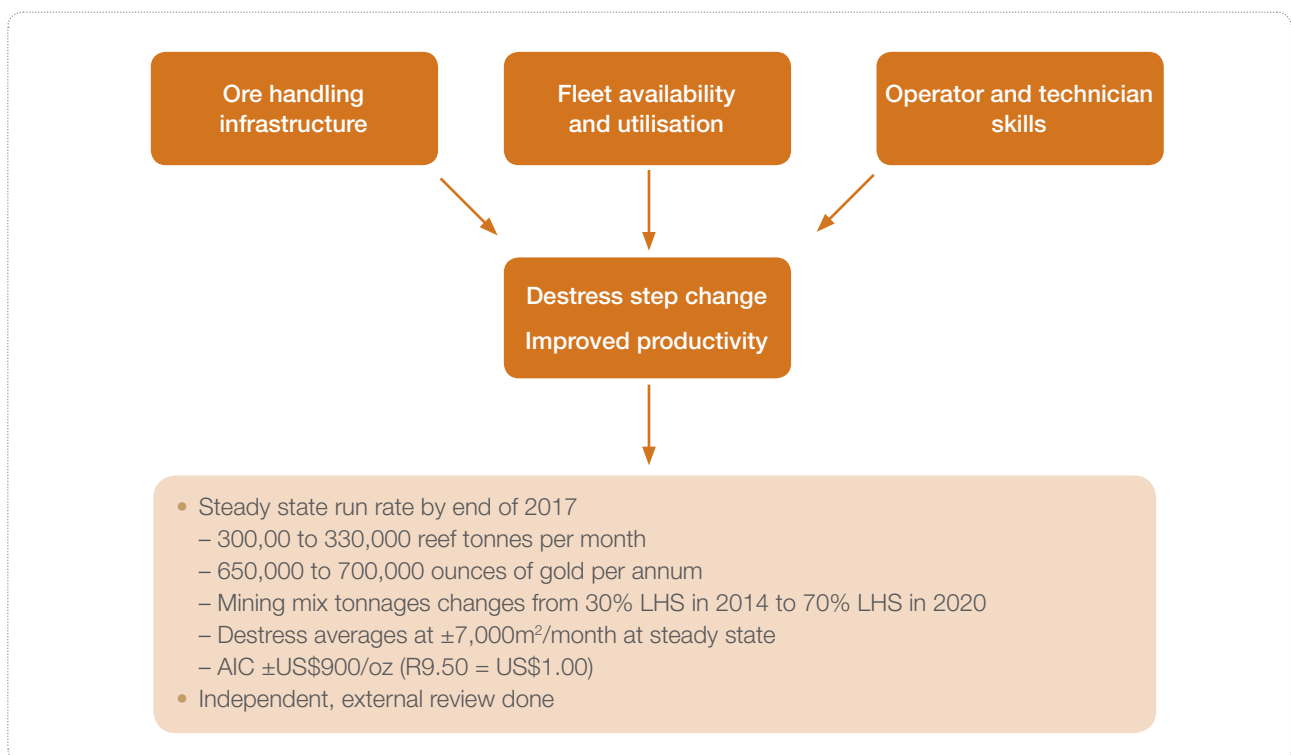
De-risking the new build-up schedule

In order to de-risk the new build-up schedule, a comprehensive and wide-ranging intervention has commenced, starting in February 2014. While several components of the intervention are tangible and concrete, such as the commissioning of specific infrastructure by a specific date as discussed below, much of it is less tangible and relates to changes in people behaviour and improvements to systems, procedures, and ways of doing

things. In essence, we will spend much of 2014 on renewing South Deep from the ground up – putting into place the basic building blocks required for success. Unfortunately this means that we may have to sacrifice some of the near-term momentum to secure the medium to long-term promise of this outstanding asset. At the time of writing it is too early to assess the potential impact of this 'renewal' on our short-term targets for 2014.

Central to this intervention is the introduction of 15 mechanised mining specialists from Australia, headed by the seasoned former Agnew General Manager ('GM'), and now South Deep GM, Garry Mills. The team is made up of specialists in all facets of modern, highly mechanised mining and includes, crucially, a specialist in behavioural sciences required for coaching, mentoring and motivation of employees in a mechanised mining environment, and the development of appropriate management and supervisory skills.

Figure 4.9: Addressing the South Deep bottlenecks



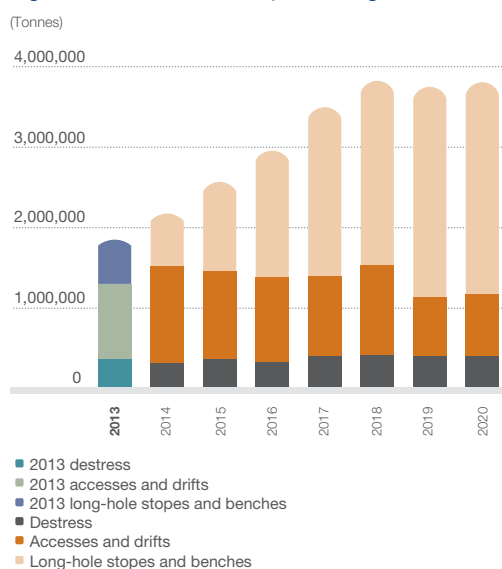
4.1 Ensuring our mines deliver continued

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This team is integrated with, and working alongside, existing employees, and is focused on helping them to develop the unique mechanised mining culture and mind-set required to succeed, while developing and honing the skills of our operators and artisans through practical, on-the-job training. This intervention has been welcomed by employees and the trade unions alike and is widely seen as a positive step aimed at empowering employees. In order to further enhance productivity, employee relations at all levels in the organisation are being scrutinised to determine areas for improvement. The existing incentive schemes are also being re-designed to provide employees at all levels with greater visibility of and more direct control over their personal earnings power and hence, greater motivation.

A big focus of the strategy to increase mining volumes (from both distress mining and long-hole open stope) is to de-bottleneck the movement of ore out of the mine. This will be done by engineering out underground ore handling, logistical, and infrastructure constraints and, where required, to fast-track the installation of planned new infrastructure such as ore passes, silos and underground crushers, as well as the upgrading of underground haulage roads.

Figure 4.10: Reef tonnes per mining



The graph shows the build-up schedule of reef tonnes per mining method, and specifically the planned increase of highly productive long-hole open stope mining, which is the main driver behind the build-up to steady state production. Long-hole open stope mining currently provides only 30% of mining volumes. By 2020 long-hole open stoping will account for more than 70% of all mining volumes.

Underground logistics will receive a major boost with the fast tracked commissioning of the new 100 level infrastructure, which includes a major new underground ore silo system which will be completed in 2014. In addition, one new ore pass from 95 level down to 100 level, serving Corridors 3 and 4, will be completed in 2014. This will take the number of ore passes from 95 level down to 100 level, across the four corridors, from three to four. The completion of the new Box 11 in Corridor 1 will also allow the 90 level 1W tonnages to be dropped to 95 level and not transported up to 90 level. As the dual ramping system below 95 level in the 'new mine' is started in 2015, the mine will develop new ore passes for every distress mining horizon, as they progress. These interventions will significantly improve underground ore handling capacity and will reduce the haul distances between current workings and ore passes, with a commensurate improvement in fleet utilisation.

At the core of any successful, highly mechanised mine is the optimal availability and utilisation of its mining fleet. A pivotal cause of sub-optimal fleet availability at South Deep is the inadequacy of its existing underground workshops. In the short term this problem is being ameliorated through the expansion and decongestion of the existing underground satellite workshops, pending the completion early in 2015 of a new large-scale central workshop on 93 level. This new state of the art workshop is expected to significantly improve equipment availability. The amount of heavy mining equipment in South Deep exceeds the amount expected in a mechanised mine of this size and requires rationalisation, the extent of which is still being assessed.

In addition, a comprehensive range of best practice and enhanced fleet maintenance and management practices is being introduced. This includes a focused intervention to improve the skills levels of technicians and artisans responsible for the maintenance of equipment, and that of equipment operators whose operating practices have a direct bearing on equipment availability. It also includes a new 'intelligent' scheduling approach to optimise the deployment of available mobile mining equipment; enhanced equipment replacement schedules; better communication of equipment records; and the roll out of a comprehensive WiFi-based fleet management system.

The revised build-up schedule is based on a life of mine Mine Call Factor ('MCF') that had been restated from 100% to 98%, to reflect the average for the prior 24 months. The revised build-up schedule also reflects historical productivity metrics and is based on productivity levels achieved in 2013, which incorporate, inter alia, prevailing trends in seismicity, fleet availability and utilisation, existing logistical constraints and skills levels. We have also factored in planned improvements in the productivity of our heavy mining fleet over the next four years (2014 to 2017). Simbas have a compound annual productivity growth rate ('CAGR') of 19% over this period, which is not only due to productivity improvements, but also to the progressive change in mining mix to long-hole open stoping (30% long-hole open stoping in 2014 increases to 70% in 2020). Productivity improvements on other rigs, LHDs and trucks have a CAGR ranging between 4% and 8% over the same period.

The production run rates for 2013 have been used as the 'realistic' base rates in the revised build-up schedule, to which the actual 2013 productivity levels referred to above have been applied. In the revised build-up schedule, productivity improvements on these base rates are triggered by the implementation and delivery of the specific de-risking interventions, such as the already scheduled improvements to infrastructure and material handling facilities referred to above; the commissioning of the major new central workshop on 93 level; and, most importantly, the scheduled increase in mining volumes from the highly productive long-hole open stope mining, which will flow from increased destress mining in the four corridors of the 'new mine' below 95 level.

During the production build-up phase the mechanised fleet will be continually optimised to meet specific production requirements and, especially, the significant swing from benching to long-hole open stoping over the next four years. As productivity levels increase it is expected that the number of Category A equipment in the fleet will be reduced to leverage operating costs and overall equipment efficiency levels. The productivity rates quoted above reflect the current plan at a point in time. However, ongoing business improvement means these rates are dynamic and subject to ongoing revision. Any further efficiency improvements have not been factored into the build-up plan.

West Africa

During 2013, production in our West Africa Region fell by 11% to 785,300 ounces (2012: 885,300 ounces). This reflected the restructuring of our Damang and Tarkwa mines to maximise cash generation – by focusing on lower volume, higher margin mining and processing.

Key dynamics that accounted for this performance included:

- Illegal strike action at both Damang and Tarkwa – followed by a period of 'go-slow' action (p121)
- Premature closure of the Damang Pit due to safety concerns – with production instead being concentrated on the Juno open pit and Huni saddle. We were not able to immediately access the higher-grade ore at these new mining locations as they were still in the process of being exposed
- Closure of Tarkwa's marginal South Heap Leach Facility – with the impact of the closure of the North Heap Leach Facility to only feed-through in 2014
- Decreased throughput at the Damang process plant

Over the same period, AIC in the West Africa Region increased to US\$1,343/oz – compared to US\$1,236/oz in 2012 due to:

- Decreased production at both mines
- Increased input costs (including annual wage increases and higher fuel costs) – partially mitigated by a range of ongoing BPR initiatives
- An increased strip ratio at Damang following the closure of the Damang Pit – due to the need to expose ore at the Juno open pit and Huni saddle
- The decline in the gold price



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Decline and recovery at Damang

During the second quarter, we prematurely stopped production at the Damang Pit cut-back, due to instability at the eastern pit wall. The premature closure of the Damang Pit meant that the existing Damang mine had (in its current form) effectively come to the end of its life. We switched production to the Juno open pit and the Huni saddle, which required extensive waste stripping.

The mine remained cash negative due to:

- Inadequate volumes of high-grade ore with which to feed the carbon-in-leach ('CIL') plant. This was due to the need to complete waste stripping at the Juno open pit and Huni saddle
- Availability challenges with respect to the CIL plant – which were resolved by year-end

In this context – and following the sharp decline in the gold price – we carried out a comprehensive, six-month review of the mine's ore bodies – to see whether Damang's remaining reserves and resources could be economically extracted, or if the mine should be put into 'care and maintenance' to minimise cash burn. This included the application of a strategic recovery plan to further:

- Optimise mining mix
- Reduce dilution
- Reduce mining costs
- Improve processing recoveries and throughput

The recovery plan has proven highly effective. In the fourth quarter, the mine achieved a 39% increase in production to 45,400 ounces and a 27% reduction in AIC to US\$1,261/oz compared to Q3 2013. Based on this turnaround – as well as our belief that this performance can be maintained into the future – we took the decision to keep the mine in production, but at a lower Mineral Reserve declaration of 1.1 million ounces. This is expected to give Damang a six-year Life-of-Mine at current production levels. Furthermore, we are examining opportunities for the potential addition of satellite pits to enhance mining flexibility at Damang.

Restructuring at Tarkwa

In 2013, we carried out extensive restructuring of our operations at Tarkwa – the largest gold producer in our Group. This was with the aim of ensuring the mine remains cash generative, despite the lower gold price. Key elements of the restructuring included:

- The decommissioning of our marginal South Heap Leach Facility in the first quarter
- The closure of our marginal North Heap Leach Facility in the fourth quarter
- A 20% reduction in our mining fleet – through the removal of end-of-lifecycle vehicles, the cancellation of replacement vehicles and the parking-up of existing fleet
- The suspension of the TEP6 project (which would have seen the construction of a new CIL plant at the mine) due to inadequate anticipated returns linked to the low gold price and the prevailing fiscal regime

As a result, the mine is now fully focused on the processing of higher-grade ore through its existing, high-recovery CIL plant, which will have a long-term positive impact on the mine's NCE margin.

In 2014, Tarkwa's mining rate is projected to fall from approximately 130 million tonnes per year to approximately 90 million tonnes per year. Similarly, production is expected to decline to between 525,000 and 550,000 ounces in 2014 – and to approximately 500,000 ounces per year thereafter (with a commensurate decline in costs).

These steps have been essential in terms of ensuring our largest mine is able to directly support the immediate Group objective of generating at least a 15% free cash-flow margin at US\$1,300/oz. Tarkwa's ore body is very sensitive to the gold price. We are revisiting further cost-saving initiatives at the mine to ensure it can: 1) operate within Group cost parameters; and 2) that its Mineral Reserves are protected from possible future cost increases.



Online content: Regional Overview – West Africa

4.1.3 Energy management

Energy accounts for about 18% of our operational cost base and this is likely to rise in a global context of increasing energy demand and constraints on supply. Although the unbundling of our mature underground mines in South Africa has considerably reduced our energy intensity, this remains a key area of focus in terms of controlling not only our costs, but also our carbon emissions (p90).

Energy and Carbon Management Strategy

In 2013 we entrenched the measurement and tracking of energy usage under our Integrated Energy and Carbon Management Strategy. This has enabled us to integrate energy management into our mine planning, in particular plant, pit and fleet optimisation.

In late 2013, we re-evaluated the Group and regional targets, due to significant changes to our operations and business model, including:

- The unbundling of the energy-intensive, deep-level underground Beatrix and KDC mines
- A strategic shift away from production volumes towards cash-flow generation
- The acquisition (on 1 October 2013) of the new Yilgarn South Assets in Australia from Barrick Gold

Instead of applying a Group target as previously planned, the strategy is now being driven by each of our regions, with Group oversight. Our regions have established the following provisional energy-efficiency targets, which are projected against future energy cost baselines.

- Americas: 8% reduction in energy consumption by 2016
- Australasia: 11% reduction in energy consumption by 2016
- West Africa: 12% reduction in energy consumption by 2016

Once the baselines and targets have been externally reviewed (that is, to ensure they are realistic yet challenging), they will be finalised.

The South Deep mine was not included in the integrated Energy and Carbon Management Strategy in 2012 as it is currently ramping-up its production. Nonetheless, the strategy will be applied at the mine from 2014 onwards and the mine is already planning for – and implementing – a number of energy-efficiency initiatives, as described below.

During 2013, we developed an Energy and Carbon Management Guideline to support our operations as they implement Group strategy. In line with the re-evaluation of the Group-level strategy, our regions are in the process of updating their formal Energy and Carbon Management plans, covering a three to five year period. Each region has also assigned relevant accountability for energy and carbon performance and reporting.

During 2014, these plans will see each region:

- Establish energy and carbon reduction and cost-saving targets for 2016
- Identify, track and add to defined and externally verified lists of energy-saving opportunities
- Integrate key performance indicators based on energy and carbon performance into our managers' balanced scorecards
- Evaluate the impact of impending carbon tax legislation

Figure 4.11: Group direct and indirect energy consumption

	Gold Fields 2013	Restated (continued operations) 2012	Gold Fields pre-unbundling			
			2012	2011	2010	2009
Energy consumption						
Direct (TJ)	5,593	5,834	6,514	6,081	5,529	5,239
Indirect electricity (TJ)	4,976	4,984	18,790	19,691	20,089	19,676
Total	10,569	10,818	25,304	25,772	25,618	24,915

4.1 Ensuring our mines deliver continued

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Energy-efficiency initiatives

The lower gold price, together with rising energy costs (electricity, diesel and gas) and carbon taxes in some regions make it imperative that we reduce our energy consumption. Our commitment to doing so is demonstrated by our successful implementation of energy-efficiency initiatives at all our operations during 2013, as well as the development of a pipeline of initiatives to further reduce energy costs by 2016.

Some of the key initiatives to reduce energy consumption and carbon emissions at South Deep include:

- Finalisation of our ventilation optimisation project to reduce power demand linked to air circulation and cooling (saving 1MW)
- The diversion of bulk air cooling water on 90 Level into a transfer dam on 87 Level – for reuse as mining service water. This has reduced water demand as we do not need to pump water back up to surface (saving 0.25MW)
- A lighting upgrade (saving 200kW). The first phase has been completed

Through such efforts, we have achieved energy savings of 6.5% at South Deep in 2013, equivalent to R52 million (US\$6 million) per year. We are reviewing the following planned projects for 2014, following the withdrawal of supporting funding from Eskom:

- Installation of more efficient heat pumps for heating hostel and change-house water (potential savings of 1.6MW)
- Replacement of our 45kWh fans with more efficient 33.5kWh fans that provide the same level of airflow (potential savings of 1MW)

Initiatives carried out in our other regions in 2013 include:

- **Cerro Corona:** Replacement (where safe and appropriate) of large-scale mining equipment in the loading and hauling fleet with conventional construction equipment, resulting in reduced diesel consumption. In addition, we have improved milling practices at our concentrator plant, which is also expected to deliver energy savings
- **Damang and Tarkwa:** Implementation of an electronic fuel management system to optimise fleet operation and fuel consumption, as well as a haul road improvement programme to reduce fuel costs (and improve tyre life)

- **Australia:** A 7% improvement in energy efficiency at our Australian mines due to a number of interventions, including:

- The introduction of energy performance management, tracked monthly at both St Ives and Agnew
- Mill optimisation at St Ives, leading to a reduction in dilution from between 40% to 50% to less than 5% and optimisation of the mobile equipment fleet
- Pit optimisation at St Ives, which saw a reduction in haulage distance to the plant
- The move from contractor to owner mining resulted in the introduction of a new and more energy efficient fleets
- At St Ives' Cave Rocks operation, improved generator demand scheduling, using software that synchronises generator usage with demand, saw a reduction in diesel usage. Collectively, we estimate these measures saved US\$8 million during 2013

All of our regions are finalising their updated Energy and Carbon Management plans. These will inform all of their future efforts in this area.

Energy security

Australasia

Our Agnew and St Ives mines have limited power supply options due to their remote locations. In 2013, we finalised a 10-year power purchase agreement ('PPA') with historical provider BHP Nickel-West, which will guarantee the future supply for St Ives.

Under the PPA, we will purchase power from BHP Nickel-West at an increased price per kWh. This largely reflects higher gas prices. Nonetheless, the structure of the agreement does allow for the pursuit of cost efficiencies through a reduction in the fixed demand charge. In addition, the PPA also provides a high degree of flexibility in terms of connecting additional points of supply. This includes our Cave Rocks operation, which currently uses diesel generators. Similarly, we expect to offset a proportion of increased future energy costs with savings made through our ongoing energy-efficiency initiatives.

Our PPA is based on gas-generated electricity, which will help reduce the carbon intensity of the mine. A separate gas-sourcing agreement has been negotiated with third parties. We are now seeking to progress a similar agreement for Agnew.

South Africa

South Africa's national grid continues to face its own constraints due to historical underinvestment in generating capacity and delays in the construction of the major Medupi and Kusile coal-fired power stations. As a result, load-shedding is needed on an ad hoc basis to reduce the demand placed on the national grid.

During the third quarter of 2013, South Deep entered into a voluntary load-shedding programme with state energy utility Eskom. This requires the mine to reduce its demand by 25% over a two-hour period for every 24-hour cycle that the national grid is unable to maintain its load. By participating in this voluntary programme, South Deep will be largely exempt from any compulsory, unplanned load shedding. We have carried out trials to better understand the impact of the voluntary programme. These have confirmed that we would be able to continue all essential mining activities without interruption during each two-hour period.

West Africa

Damang and Tarkwa currently source their power from the Volta River Authority ('VRA') and the Electricity Company of Ghana ('ECG'). Our operations in Ghana face significant increases in their electricity tariffs, due to the need for both the VRA and ECG to refocus their generation portfolios on more expensive diesel and thermal power generation. This is due to the unreliability of gas supplies to Ghana, exacerbated by:

- The cutting off of the sub-sea gas pipeline between Nigeria and Ghana in August 2012 following a maritime incident off the coast of Togo
- The delayed commissioning of an undersea pipeline from the offshore Jubilee gas field to the port of Takoradi. This was originally planned for 2013 but is now unlikely to take place until April 2014 at the earliest

The ECG has also implemented controlled load-shedding as it implements its refurbishment programme, requiring Damang to rely on its on-site diesel generators during specific periods.

This is not only a short-term issue; Ghanaian energy security is also likely to be challenging in the longer-term. In July 2013, the World Bank published a report in which it highlighted "the lack of adequate and secure quantities of reasonably priced fuel for power generation" and "...the lack of adequate public funds to finance the sector's investment requirements". This, along with other factors, is expected to result in electricity demand substantially outstripping national generation capacity by 2020.

In this context, we have entered into a 10-year PPA with independent power producer Genser Energy. This is based on the construction by Genser of a near-site 'clean coal' power-generation facility at Tarkwa. Construction will start in 2014, with the delivery of power (which will replace power currently sourced from the VRA and ECG) to start in early 2015. During the first two years of operation, Genser will supply 26MW of power, representing 55% of our total demand in Ghana. The pricing mechanism agreed with Genser is expected to deliver savings of around 47% on the cost of power from the VRA and ECG over the initial 10-year contract period. It will, however, increase our carbon emissions, as it will partially replace electricity that is currently generated through hydropower.

As it is an 'over the fence' PPA, no upfront capital contribution is required from Gold Fields, helping safeguard our immediate cash generation.



www.eskom.co.za
www.vraghana.com
www.ecgonline.info
www-wds.worldbank.org (Energizing Economic Growth in Ghana)
www.genserenergy.com

4.2 Pursuing zero harm

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The unbundling of our mature underground mines in South Africa has dramatically changed our safety profile. Nonetheless, our promise that “if we cannot mine safely, we will not mine” stands. We remain determined to demonstrate that gold mining – whether carried out above ground or below ground – can be carried out at less risk to employees, bearing in mind that mining has inherent risks to health and safety. We need to minimise risks to levels that are more acceptable to all stakeholders.

In 2013, we fell short in this respect. Two fatalities – one at South Deep and another at Cerro Corona – served as tragic reminders that improvements are still required at every level of the business.

With the exception of the Yilgarn South Assets (which we plan to certify in 2014), all our operations are certified to the OHSAS 18001 international safety management standard.

Figure 4.12: Fatalities in 2013

It was with deep regret that we report two fatalities during 2013 (2012: 16).¹

On 3 April 2013, **Dionisio Ndlozi** – a drill-rig operator who worked for mine contractor Umusa – was fatally injured after a fall-of-ground accident at South Deep. This was the mine's first fatality after recording almost four million fatality-free shifts over a period of 27 months. Following the incident, we have:

- Immediately stopped all manual-support drilling in the hanging wall of destress sections
- Implemented remote drilling across the mine

On 19 November 2013, **Wildo Rafael Campos** – a mobile equipment technician with contractor Unimag S.A. – was fatally injured after being crushed by the accidental movement of the bucket arm on a mini-loader as he checked for hydraulic leaks. This was the first fatality at Cerro Corona since it started commercial operations in 2008. We have taken a number of actions in response, including:

- Improved safety inductions for contractors
- Enhancement of our Behaviour Change Programme for both employees and contractors
- Reinforced safety behaviour training
- More stringent validation requirements for contractors' supervisors
- Enhanced monitoring of our contractor inspection programme
- A review of our contractors' safety programmes
- A review of mobile equipment maintenance programmes

4.2.1 New safety profile

The removal of the mature, deep and labour-intensive Beatrix and KDC mines from our production portfolio – and our conversion to a medium-sized, fully mechanised mining company – has materially reduced the overall safety risks faced by our workforce.

This is due to two important factors. The first is that the proportion of our employees working underground (and being exposed to the significantly higher safety risk that this can pose compared to open-pit mining) has fallen substantially.

The second is that those of our employees who continue to work underground now do so in modern, mechanised conditions that minimise their exposure to safety risks. This includes, for example, up-to-date, modern mine infrastructure, the immediate physical protection offered by mobile mining machinery, the application of remote mining techniques and – in the case of South Deep – the use of an innovative destress mining methodology to reduce fall-of-ground risks (p83).

This is not a cause for complacency. If anything, it presents an opportunity for us to build on this lower-risk profile and further enhance our efforts to eradicate the residual safety risks associated with our activities.

During 2013 we were issued with two Section 54 safety notices at South Deep. The first – on 3 April 2013 – related to the fatal accident at the mine (see Figure 4.12 adjacent). The second notice in December 2013 related to a Department of Mineral Resources ('DMR') audit on one mine overseer section. The findings were addressed and the notice lifted promptly.

¹ Gold Fields pre-unbundling

Safety performance

Measuring performance

In 2013, we updated our Group Safety Reporting Guideline based on the recommendations of a health and safety benchmarking review undertaken by the International Council on Mining and Metals ('ICMM'). This has resulted in our adoption of the Total Recordable Injury Frequency Rate ('TRIFR') indicator. The TRIFR includes (with respect to both employees and contractors):

- Total number of fatalities
- Lost-time injuries
- Medically treated injuries
- Restricted work injuries

It is considered a more useful measure of safety performance than the Lost-Time Injury Frequency Rate ('LTIFR') alone, which includes only injuries that result in one or more lost shifts. Furthermore, the TRIFR is the most commonly used metric among our peers, assisting the benchmarking of our performance against the wider sector. As 2013 was the first year that we have adopted the new metric across the Group, it will form the benchmark for future performance. Comparative analysis using our established metrics is provided in the table below.

Performance overview

At a Group-level, our TRIFR in 2013 was 4.14. The regional breakdown is:

- **Americas:** 0.34
- **Australasia:** 23.47
- **South Africa:** 5.19
- **West Africa:** 0.94

The higher TRIFR for our Australian operations (excluding the Yilgarn South Assets) is a result of the higher number of restricted work injuries ('RWI') reported relative to our other regions. This is largely due to conservative injury classifications employed by medical practitioners, who are concerned about the possibility of injury severity escalations. This results in a greater number of RWIs being reported relative to our other regions. In addition, man-hours worked in Australia are lower than in other regions, leading to a proportionate increase in the TRIFR.

External recognition

During 2013, our mines in Ghana won the following awards from the Minerals Commission:

- Damang: Second place in the National Mine Safety and First Aid Competition
- Tarkwa: Best Mine for Safety, Health and Environment Auditing

Likewise, Cerro Corona won the prestigious John T. Ryan Trophy international safety award in the open-pit category for the second year.

Our mines in Australia won a range of awards in the Goldfields Regional Underground Emergency Response Competition, including:

- St Ives: First place for the Incident Management Scenario
- Granny Smith/Darlot (combined): First place for Best New Team
- Agnew: First place for breathing apparatus skills

Figure 4.13: Group safety performance

Group	Gold Fields	Restated (Continued operations)	Gold Fields – pre-unbundling			
	2013	2012	2012	2011	2010	2009
Fatalities (number)	2	0	16	20	18	26
LTIFR (Lost-Time Injury Frequency Rate) ¹	2.86 ²	2.36 ³	5.16	4.69	4.39	3.91
FIFR (Fatal Injury Frequency Rate) ¹	0.05	0.00	0.11	0.12	0.11	0.16
MTIFR (Medically Treated Injury Frequency Rate) ¹	1.23 ⁴	4.48	5.21	5.68	7.16	8.91
TRIFR (Total Recordable Injury Frequency Rate) ¹	4.14 ⁵	n/a	n/a	n/a	n/a	n/a

¹ Per million hours worked

² LTIFR includes restricted work cases

³ 2012 restated to align with 2013 – see footnote 2

⁴ Reduction is due to the South Africa Region distinguishing between minor injuries and medically treated injuries to align with the Group

⁵ 2013 is the baseline year, TRIFR excludes minor injuries

4.2 Pursuing zero harm continued

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4.2.2 Safety initiatives

In 2013, we continued to seek continual improvement by building on our existing OHSAS 18001-compliant safety management systems. Examples of some of the new initiatives are:

Australia

Key initiatives carried out at St Ives included:

- Development and roll-out of the St Ives 'Life Preserving Behaviours' protocol. This is based on eight behavioural requirements that everyone working at the operation must meet
- The review of the mine's safety systems and behaviours. This found that the mine has strong management systems in place, but adherence to protocol remains a challenge. As a result, we initiated a programme of behaviour-based safety audits at the mine and renewed our efforts to standardise our lead and lag indicators, reporting processes and employee engagement activities
- The engagement of an in-house company doctor to oversee our return-to-work programme and approve pre-employment medicals. This is with the aim of reducing the risk of workers incurring injuries due to previous and/or existing medical conditions

Following the acquisition of Granny Smith, we audited its existing safety management system against the OHSAS 18001 health and safety management standard. This found 83% compliance, with a safety plan now in place to take it to full compliance in 2014. Lawlers will be audited in future under Agnew's certification. Darlot will also be certified in future.

Ghana

At Damang, we implemented a vehicle- and driver-testing programme to reduce vehicle accidents. This included the retesting of the mechanical integrity of all light vehicles, as well as driver competency. Out of 484 employees tested, 82% passed testing and 18% were required to submit themselves for further instruction and retesting. Only drivers who have passed are able to use Gold Fields vehicles and to drive on the mine.

At Tarkwa, we conducted an extensive campaign in the fourth quarter to raise awareness around alcohol abuse and reckless driving. This included the carrying out of more than 10,000 breathalyser tests¹ – with only one person testing positive.



¹ Excluding voluntary testing

Peru

Following the fatality at our Cerro Corona mine, we instituted a number of actions in response. These are detailed on p80.

South Africa

'Engineering-out' safety risks

In previous years, much of our effort to 'engineer-out' safety risks has been focused on our mature, deep-underground Beatrix and KDC mines (now owned by Sibanye Gold). Since the unbundling of these assets we have continued our work at South Deep. In 2013 this included:

- The introduction of tensioners for tightening flexi bolts. These reduce fall-of-ground risks by strengthening the rock mass and reducing deterioration over time
- The ongoing trial of auto-couplers and installation of proximity detections systems ('PDS') to our rail-bound equipment. This is with the aim of reducing employee exposure to the risks associated with manual coupling and collisions – as well as damage to equipment
- The ongoing installation of PDSs to our trackless mobile machines (for both vehicle-to-vehicle detection and vehicle-to-person detection)
- Automation of our tip ramps, which are otherwise operated manually by our locomotive drivers

Contractor training

Following the fatality that took place at South Deep in April 2013 (p80), we implemented enhanced safety training for all of our underground contractors at the mine. This included training on:

- Testing for flammable gases
- Measuring environmental conditions
- Identifying rock strata conditions that require support
- Installing temporary support for drilling and safely removing temporary support after installing permanent support

Promoting a safe mining mentality

In addition, we continued to work with external experts to embed a safe mining mentality through on-the-job coaching. This programme is implemented by skilled employees trained in risk facilitation, risk assessment, identification of high-risk behaviour, coaching and the analysis of critical behaviour. These teams visit all de-stress areas on an ongoing basis, focusing on improving workplace competency, reducing high-risk behaviour, improving team work and revising current working methods. In addition, safety audit teams visit each mine area every 21 days to ensure adherence to mine safety standards. Our efforts to promote a safe mining mentality were further supported by the election of full-time health and safety representatives at South Deep.

In 2014, we plan to take this work further by implementing a 'cultural transformation' programme based on:

- Manager self-assessments on safety and health leadership
- Employee engagement surveys
- Safety focus groups
- A 360° safety leadership survey for all levels of leadership, as required by the Chamber of Mines' Mine Health and Safety Council's cultural transformation framework

Substance testing

Following the success of our 2012 campaign, we significantly increased testing for alcohol and drugs in 2013. We carried out 62,044 alcohol tests, for example, compared to 24,006 in 2012. We also extended drugs testing to risk category 'A' personnel (i.e. those involved in the conveyance of ordinary materials and goods, as well as work involving heavy or potentially dangerous machinery) in addition to risk category 'B' employees (i.e. those involved in the conveyance of passengers and dangerous goods). Our testing programmes are supported by employee training on the effects and consequences of alcohol and drug abuse, as well as the available support on offer (including through our Employee Assistance Programme).

4.3 Promoting environmental stewardship

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We remain highly committed to the continual improvement of our environmental performance. Key areas of focus include water stewardship, mine closure and the reduction of our carbon emissions and energy usage.

4.3.1 Managing our impacts across the lifecycle

Our approach to environmental management is defined by our sustainable development framework, as well as the ISO 14001 international environmental management standard. In 2013, we spent about US\$32 million on environmental management, and our total closure liabilities were estimated at US\$355 million.⁴

A significant proportion of our actions in 2013 has been focused on addressing and/or pre-empting issues identified in the Group-wide Environmental and Legal Due Diligence exercise carried out in 2012, many of which were ultimately focused on water management.

All of our operations, with the exception of our newly acquired Granny Smith mine in Australia (which is scheduled to start the certification process in 2014), are certified to the ISO 14001 standard and the International Cyanide Management Code. The Darlot mine was certified to ISO14001 in October 2013, while Lawlers will be certified as part of Agnew's re-certification process in 2014.

In 2013, we developed four new Group-level guidelines for implementation in 2014. These included:

- Water management
- Mine closure management
- Energy and carbon management
- Community relations and stakeholder engagement

These guidelines will help ensure the application of coherent, good practice environmental management approaches across the Group, while allowing a degree of regional adaptation to suit local circumstances.



www.iso.org (ISO 14001)
www.cyanidecode.org

Figure 4.14: Group environmental performance

Group	Gold Fields	Restated (Continued operations)	Gold Fields – pre-unbundling			
	2013	2012	2012	2011	2010	2009
Environmental incidents (Level 2)	49	43	62	51	223	181
Environmental incidents (Level 3)	3	6	7	5	7	7
Water withdrawal (ML)	30,302 ²	23,688	88,477	78,236	76,326	72,403
Water discharge (ML)	2,526 ³	6,229	45,911	42,482	48,080	n/a
Closure costs (US\$m)	355	n/a	492	440	443	366
CO ₂ emissions (scope 1 and 2) ('000 tonnes)	1,235	1,234	5,112	5,298	5,350	5,507
CO ₂ emissions (scope 3) ('000 tonnes)	496	597	1,172	792	782	458
Carbon intensity (tonnes CO ₂ -e/oz) ¹	0.61	0.58	1.68	1.43	1.39	1.41
NO, SO and other emissions (tonnes)	5,504	5,692	5,892	5,358	5,871	5,379
Cyanide consumption (tonnes)	13,660	16,226	19,662	23,750	21,487	22,165
Mining waste ('000 tonnes)	190,007	176,272	188,120	189,409	193,577	167,569
Materials ('000 tonnes)	176	217	314	336	325	269

¹ Scope 1 and 2 emissions only

² See explanation for increase on p3

³ No water was discharged at our St Ives and Agnew mines in Australia during 2013, while the closure of the South heap leach at Tarkwa in Ghana also led to a drop in water discharged

⁴ Including our newly acquired Yilgarn South Assets

Environmental incidents

Gold Fields reports environmental incidents using a Level 1 to 5 scale. Levels 1 and 2 involve minor incidents or non-conformances with negligible or limited impact. A Level 3 incident is a limited non-conformance or non-compliance with limited environmental impact and is often a repeat of the same incident. Level 4 and 5 incidents include major non-conformances or non-compliances that could result in long-term environmental harm, with company - or operation-threatening implications and potential damage to the Company's reputation.

Gold Fields has not recorded any Level 4 or 5 environmental incidents in the past five years. We did, however, experience three Level 3 environmental incidents in 2013 (2012: six)¹, details of which are set out below:

- **South Deep – 1 to 30 January 2013:** Process water from the old return water dam was found to be overflowing into the Leeuspruit River – due to heavy rainfall. We notified the Department of Water Affairs ('DWA'), took samples for laboratory analysis and monitored the dam on a daily basis. We have identified a number of interventions as part of the Liquid Gold Project (p88) to reduce the mine's positive water balance, thereby minimising the risk of future overflows. These include the de-silting of the old return water dam and the implementation of a mine-wide storm water management plan in 2014
- **Damang – 10 April 2013:** Turbid water from the construction site for the new Far East Tailings Storage Facility flowed into the Beni River. This followed the failure of the sediment traps constructed at the site. Corrective action included:

 - The immediate supply of potable water to downstream communities – initially via water tanks and subsequently via two new boreholes
 - The reengineering of the onsite sediment traps – which resulted in a marked improvement of water quality. Ghana's Environmental Protection Agency ('EPA') was notified of the incident
- **South Deep – 4 November 2013:** There was a discharge of water from the sewage plant into the environment (allowable under our Water Use Licence), which showed elevated levels of sulphates, total dissolved solids and conductivity. It is unclear why these parameters were found in elevated levels in the sewage water as these are typical of mine process water. Sample analysis records are being checked to determine the reasons for this possible anomaly. A follow up sample taken on 11 November 2013 showed that these parameters were no longer above the discharge limits

¹ Continued operations – 2012 restated

4.3 Promoting environmental stewardship continued

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4.3.2 Water management

Gold Fields is committed to the responsible stewardship of water resources for the benefit of our host communities – whilst ensuring a secure supply of water for our mines and projects. In practice this means:

- Measuring and reporting our water management performance
- Integrating water management into mine planning
- Leaving an enduring, positive legacy

Water management is a critical issue. Indeed, this was confirmed in a 2013 survey commissioned by the World Gold Council ('WGC') entitled 'The Gold Mining Industry: Reputation & Issues, a Survey of Senior Stakeholders and Opinion Formers', with competition for natural resources (including water) predicted to emerge as the greatest challenge over the next 20 years.

In part, this is because it is often the most impactful and/or sensitive issue for local and downstream communities. It is also a key vector for the potential spread of pollution, whether as a result of an immediate incident or the gradual build-up and movement of contaminants over time.

As such, water remains a key focus area for each of our operations' Environmental Management Systems ('EMS') – through which we assess, manage, monitor and report on our water use and the quality of our discharges (where they occur).

In 2013 there was a substantial increase in water withdrawal at our mines from 23.7 million litres in 2012 to 30.3 million litres. This was mainly due to a sharp rise in pit dewatering at St Ives, exacerbated by higher rainfall levels at the mine. Heavy rainfall on the Tarkwa mine heap leaches also added to the increase.

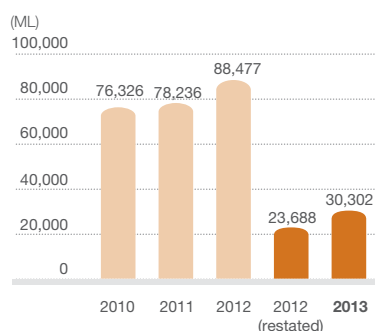
Some of the other key actions and challenges around water management in 2013 are set out below:

Managing the water balance of our mines

We recognise the importance of fully understanding the water balance of our mines – i.e. the flow of water into and out of each of our operational footprint areas. This means understanding water inflows (including rainfall), our operational water requirements, our on-site water storage capacity, as well as our water use and discharges. An effective water balance is essential to maintain our operations' water requirements, whilst minimising the impacts on our host communities and the environment.

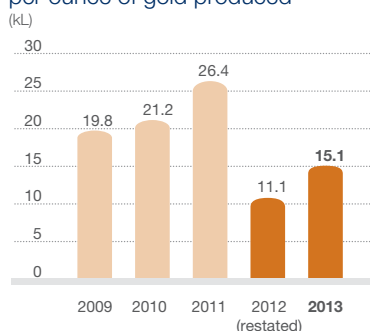
Each of our mines' water balances vary. Indeed, whether they are water-positive, water-balanced or water-negative depends on a number of dynamic variables that are influenced by short- and long-term factors. These include climatic variables such as seasonal rainfall and evaporation rates, the volume of water entering underground workings or open-pits (e.g. via aquifers and surface run-off respectively), and the type of processing employed (e.g. heap leach or carbon-in-leach/carbon-in-pulp processing).

Figure 4.15: Group water withdrawal



■ Gold Fields – pre-unbundling
■ Gold Fields – Continued operations

Figure 4.16: Group water withdrawal per ounce of gold produced



We apply a number of measures to manage the water balances of our operations, including:

- Application of Group-level water management guidance
- Physical measures to manage storm water run-off (e.g. ensuring the continued separation of clean water and process water)
- Water treatment (including reverse osmosis plants)
- Maintenance of water containment capacity (including the containment of inflow surges)
- Water reuse and recycling
- Development of dynamic and predictive water models and balances to deliver insight into short, medium and long-term water-related risks and opportunities

Acid mine drainage

Gold Fields has identified incidences of Acid Mine Drainage ('AMD'), and the risk of potential short-term and long-term AMD issues, specifically at its Cerro Corona and South Deep mines. AMD is also present, at currently immaterial levels, at the Tarkwa, Damang and St Ives mines.

Gold Fields has commissioned several technical studies to identify the steps required to prevent or mitigate AMD at its facilities, but none of these studies have allowed Gold Fields to generate a reliable estimate of the potential impact of AMD on the Company. Gold Fields' proactive approach to AMD management includes Liquid Gold (a short- and long-term water management strategy) at South Deep (p88), as well as the investigation of various water treatments and/or mine rehabilitation options at its affected operations.

Cerro Corona's tailings and waste rock facilities were designed to avoid and mitigate the risks of AMD. Gold Fields also conducts acid base accounting to obtain a more detailed understanding of where the key potential AMD risks are located, thereby better informing appropriate short- and long-term mitigation strategies at Cerro Corona.

Water management in Australia

In 2013, we adopted a water management strategy for Australasia, based on the principles of:

- Measuring and reporting our impact
- Sound water management planning and practices
- Business integration

We have also carried out extensive analysis of our water balances at Agnew and St Ives. As a next step, we plan to develop water management plans for the operations to be implemented in 2014.

The Agnew mine concluded a geophysical assessment to investigate a salt-bearing plume beneath its Tailings Storage Facility ('TSF') 2. This found that the plume was less significant than had originally been assumed and did not present a risk to local groundwater. As a result, we are seeking to have the plume removed from the environmental regulator's incident register.

As part of the integration of our Yilgarn South Assets we will ensure that the newly acquired mines will implement our Group water guidelines.

Water management in Ghana

Tarkwa faces a number of challenges with respect to water management, due to a range of issues, including:

- Relatively high levels of precipitation, particularly during seasonal periods of heavy rainfall
- A significant mine footprint, meaning there is a relatively large watershed to manage
- The extensive surface area of its North and South Heap Leach Facilities. Both these facilities have been closed – much reducing the need to treat process water. Nonetheless, there will still be significant interaction between rainwater and the stacked ore until full rehabilitation takes place (i.e. until a semi-permeable layer of soil has been put in place on the heaps)
- The production of concentrated brine is an unintended consequence of the construction (at the behest of the EPA in late 2012) of reverse osmosis water treatment plants at the North and South Heap Leach facilities

While both of our mines in Ghana have stringent water management plans in place, we have developed (with external experts) an updated water management strategy for Tarkwa to improve, amongst others, our insight into water volumes over the short-, medium- and longer-term. This is particularly important given the potential effects of climate change on future rainfall volumes and patterns.

4.3 Promoting environmental stewardship continued

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Water treatment challenges at Tarkwa's North Heap Leach facility

In the past, Tarkwa managed dissolved salts in its discharges through dilution and discharge, an acceptable practice in most mining jurisdictions. Following the establishment of reverse osmosis plants at our North and South Heap Leach facilities, we now discharge water of an acceptable standard into the surrounding water system and are temporarily storing quantities of concentrated brine on-site.

We are working with an external expert and Ghana's University of Mines and Technology to research how best to dispose of this concentrated brine in future. Nonetheless, the closure of the North and South Heap Leach facilities means that we now produce much lower volumes of this concentrated brine.

During the third quarter, the water treatment plant at the North Heap Leach facility was temporarily shut down due to a combination of the recirculation of this brine, as well as elevated levels of aluminium (which is harmful to the reverse osmosis membranes) in the feed water. The aluminium, which originates from cement added to the heap leach core, is now removed by precipitation and prefiltration before treatment takes place, resolving the issue.

During this shutdown period, no water was discharged to the external environment thanks to reduced levels of rainfall – as well as the mine's recently developed spare capacity to capture excessive inflows of water.

Water management in Peru

During 2013, we monitored water quality and quantity at the Las Tomas Spring, which sits inside the 'final' future footprint of Cerro Corona's TSF. Following the conclusion of this monitoring programme, we have initiated the permit application process with the authorities to relocate the spring to a higher elevation and ensure it is not impacted by our future activities. The relocation of the spring has been agreed to in principle by the local community, on condition that water quality and quantity is maintained or improved as a result – this was demonstrated by the results of the monitoring programme. We expect to receive formal community approval in early 2014, depending on further negotiations.

In addition, during 2013 we started implementing a number of precautionary measures that flowed from the external Group-wide environmental and legal due diligence exercise carried out in 2012. These cost a combined US\$9 million and include:

- Diversion of camp water run-off to the tailings dam. Construction of the diversion infrastructure was completed in December 2013
- Installation of secondary containment (i.e. trenches with liners) to transport poor quality TSF seepage water
- The sealing of faults and fractures at our stockpiles to minimise potential seepage of poor quality water
- Improvements to the existing municipal water system of Hualgayoc. This project is in progress

We are also in the process of evaluating a water treatment system to manage the quality of excess water stored in the TSF, which has to be discharged in compliance with recently updated standards and regulations.

Water management in South Africa

Water management is a sensitive public issue in South Africa. This is due to a combination of water stress in significant parts of the country, as well as the historical legacy of gold mining in the Gauteng area, which has resulted in significant levels of 'legacy' AMD in and around Johannesburg.

Liquid Gold project

The Liquid Gold project seeks to enhance our water management strategy for South Deep through:

- Water treatment
- Enhanced water management practises
- Actions to reduce water-related risks

As part of our Liquid Gold project, two new reverse osmosis plants will be commissioned at South Deep in early 2014 to treat process water to a potable standard. The water will then be reused by our own facilities, reducing both South Deep's purchase of potable water from the Rand Water Board from 250 000KL/month to 160 000KL/month as well as the total amount of water in the mine's overall water system. This is already reducing our water costs as well as the risk of overflows from our return water dams and pollution control dams during periods of heavy rainfall.

Review of the mine's water balance highlighted the need for enhanced storm water management measures to reduce the current positive water balance. In particular, further separation of clean surface water runoff and mine water is needed to reduce the volumes of water accumulating in the pollution control dams ('PCDs') and the return water dams ('RWDs'), thereby decreasing the risk of overflows. De-silting of the RWD compartments is also expected to enhance water storage capacity. A mine-wide storm water management plan will be implemented during 2014.

We continue to hold meetings with the DWA to keep them abreast of progress in implementing our water management strategy.

Acid mine drainage

A key focus of our water strategy at South Deep is the short- and long-term mitigation of AMD.

South Deep has conducted various studies which have focused primarily on the sources of AMD, namely the waste rock dumps and tailings storage facilities. The studies indicate that the South Shaft waste rock dump and old tailings storage facilities have acid-generating potential. Waste rock from the South Shaft has been removed and the waste rock footprint is earmarked for rehabilitation as part of the concurrent rehabilitation programme.

In addition, plume modelling has been undertaken around the old TSFs to better understand their impact on groundwater. These models will be updated during 2014, to improve our understanding of plume movements. Various measures are also being investigated, including seepage interception boreholes, to ensure that no plumes leave the property. These boreholes have already been included in our mine closure cost estimate.

South Deep is also making use of seepage interception drains at the TSFs to intercept the shallow groundwater plumes and pump water back to the return dams for reuse in the process plant. Surface water runoff from the TSF is contained in the toe-paddocks and the return dams.

Rehabilitation of the TSFs (using vegetation to assist with reducing infiltration of water and runoff from the side slopes) is part of the longer-term strategy to manage AMD and minimise groundwater seepage. We are also continuing to examine potential opportunities around the reprocessing and centralisation of our current and historical TSFs and waste rock dumps into a new Centralised Tailings Storage Facility adjacent to South Deep's existing Doornpoort TSF, or equivalent arrangements at alternative locations. This work falls under our joint venture with Gold One and Sibanye Gold. The project would not only produce additional gold (and potentially uranium) at an attractive NCE margin, but would also help reduce our long-term tailings management costs and minimise our future environmental liabilities.

Water Use Licence

South Deep was issued with a Water Use Licence in November 2011. A second, amended Water Use Licence application was submitted to the DWA in November 2013 following on extensive reassessment of our expected water balance and water requirements. We are awaiting a response from the DWA.

4.3 Promoting environmental stewardship continued

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4.3.3 Carbon emissions and climate change

Our strong emphasis on energy and carbon management is based on our need to address:

- Rising energy costs
- The low gold price
- Increasing recognition of the risks posed by climate change
- Growing efforts to regulate carbon emissions in a range of jurisdictions (including through taxation)

Traditionally, our South Africa Region has accounted for the bulk of our carbon emissions due to the fact that:

- It was home to our electricity-intensive deep-underground Beatrix and KDC mines (now owned by Sibanye Gold)
- Around 90% of electricity in South Africa is derived from carbon-intensive coal generation

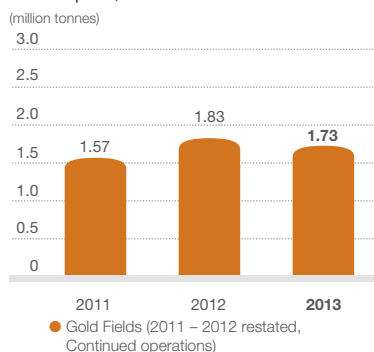
The unbundling of Beatrix and KDC means we now have a much more 'balanced' carbon profile across our regions, making measures to reduce our emissions of equal importance in all locations.

Energy and Carbon Management Strategy

Under our fully integrated Energy and Carbon Management Strategy (p77), we continue to target:

- An average of 20% renewable energy generation for all new mine developments
- The replacement of carbon-intensive sources of energy with renewable energy and lower carbon alternatives, taking security of supply or price demands into account

Figure 4.17: Group CO₂ emissions – Scope 1, 2 and 3



Instead of applying a Group target for carbon emissions reduction as previously planned, the strategy is now being driven by each of our regions. Under this integrated strategy, our regions (excluding South Africa) developed individual Energy and Carbon Management Plans ('ECMPs') in 2012. These are focused on:

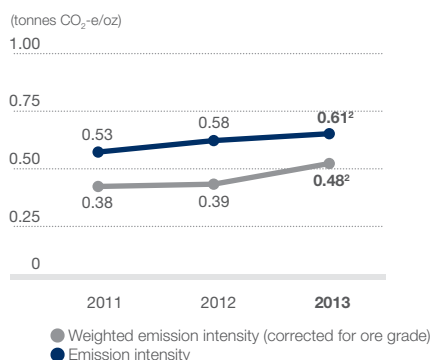
- Understanding their existing energy and carbon baseline
- Setting targets for carbon emissions reductions
- Management and reporting
- Mitigation
- Energy security

Due to the numerous changes to our Group operating profile, the ECMPs are being revised by the regions. The following progress has been made with setting provisional targets, which are projected against future carbon baselines:

- **Americas:** 8% reduction in carbon emissions by 2016
- **Australia:** Carbon emission reduction target to be set once strategies for the Yilgarn South Assets have been incorporated
- **West Africa:** 22% reduction in carbon emissions by 2016
- **South Africa:** No carbon emission reductions target set due to production ramp-up. Nonetheless, South Deep will start developing an ECMP during 2014

Once the baselines and targets have been externally reviewed (i.e. to ensure they are realistic yet challenging), they will be finalised.

Figure 4.18: Carbon intensity¹



¹ Based on Scope 1 and 2 emissions (Continued operations)

² Increase due to waste stripping and haulage distances

In 2013, Gold Fields was ranked joint first with Nedbank in the 2013 JSE Top 100 Carbon Disclosure Leadership Index ('CDLI'), with a score of 100%. The JSE Top 100 CDLI rates companies listed on the Johannesburg Stock Exchange on their disclosure of carbon emissions. The CDLI is carried out annually as part of a global exercise by the global Carbon Disclosure Project ('CDP') organisation and involves around 4,600 companies in 60 countries.

Clean development mechanism project at South Deep

Our auxiliary fan energy efficiency project at South Deep is registered with the United Nations Framework on Climate Change as a clean development mechanism ('CDM') project. It is based on the ongoing replacement of auxiliary fans with more efficient units (p78). A total of 80 fans has been earmarked for replacement – with the potential to save 1MW – equivalent to 1.5% of South Deep's average electricity demand. Certified Emissions Reductions (or 'carbon credits'), which will be generated by the project, can be sold via the European Union's Emission Trading Scheme, though the current low price of carbon credits means that we will not realise significant financial benefits.

Before we initiate the project, we are awaiting confirmation that it will fall within the Demand-Side Management Process of South African state utility Eskom. This process allows participants to seek partial funding of energy-saving initiatives of this nature. Confirmation is expected in early 2014.

Carbon taxes

One of the drivers behind our efforts to reduce our carbon emissions are the risks and opportunities posed by current and proposed carbon taxation in our countries of operation.

Australia

We continued to apply measures to mitigate the indirect impact of Australia's Carbon Pricing Mechanism ('CPM'), which was implemented in July 2012. These include the locking-in of diesel prices through fuel hedging, as well as the analysis of related pass-through costs from contractors and vendors. We estimate that the removal of our diesel rebate under the new tax framework will increase our energy costs at Agnew and St Ives.

However, savings generated by improved energy management in 2013 have partially negated the anticipated impact of the CPM.

Australia's recently elected Liberal/National coalition government has committed itself to the repeal of the legislation behind the CPM (which was introduced by the previous Labour administration). A bill to repeal the tax is expected to be approved by the House of Representatives (in which the government has a majority position), but is not expected to be passed by the Senate (in which it has a minority position). Nonetheless, a new cadre of senators will take their seats in July 2014, increasing the likelihood that the government may be able to give effect to what was a key election pledge.

South Africa

The South African government is continuing to examine plans to impose a carbon tax on industry. Under current plans, the tax would be implemented from early 2016 – with incremental increases in the level of taxation through to 2012. If implemented as planned at a price of R120/tonne (US\$12.5/tonne), this could – at our present emission levels – cost South Deep about R50 million (US\$5.2 million) in 2016, if Eskom passes on its emission costs to the mine.

We are not supportive of the tax as we are already incurring costs and developing plans to mitigate carbon emissions. We are also doubtful that the revenue raised would be used for wider carbon reduction measures.

We believe that – in combination with rising power costs, increased wage settlements and current market conditions – the tax will undermine growth and employment creation within the South African mining sector. As such, we are engaging with the government (via the Chamber of Mines) on alternative means by which it can positively address national carbon emissions.



Web: unfccc.int
Web: www.cleanenergyregulator.gov.au

4.3 Promoting environmental stewardship continued

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4.3.4 Input and output materials

We are committed to the safe and responsible management of our materials.

Our most significant input materials include blasting agents, hydrogen chloride, lime, cyanide, cement and caustic soda (sodium hydroxide). Of these, cyanide represents the most potentially hazardous substance. All but one of our eligible operations¹ are fully certified under the International Cyanide Management Code ('ICMC'). Agnew is certified as substantially compliant as it marginally exceeded the threshold for cyanide concentrations on its tailings discharge. ICMC certification extends to our transport providers.

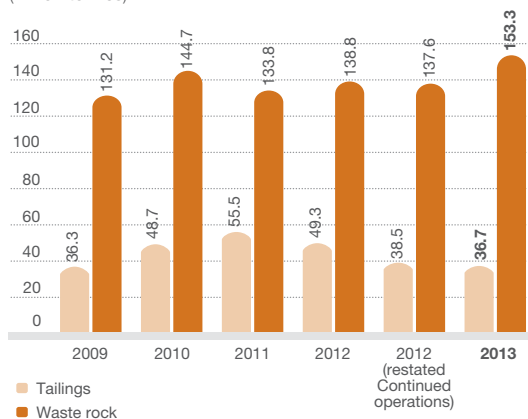
Our most significant output materials include tailings, waste rock, chemical waste and hydrocarbon waste, all of which are responsibly managed.

Tailings and waste rock management

All of our operations have life-of-mine tailings management plans. Their tailings storage facilities ('TSFs') and associated pipeline and pumping infrastructure are subject to ISO 14001 certification, external tailings audits, as well as daily inspection and formal annual reporting. Furthermore, our TSFs are subject to inspection for technical integrity by independent engineers at least once every three years, or more frequently where required by local circumstances or relevant permit or licence conditions.

Figure 4.19: Group mining waste²

(million tonnes)



In addition to robust modelling and engineering, our TSFs are subject to a range of more specific measures to minimise the risks they pose to the environment, including:

- Pollution containment facilities to capture run-off water and ground water seepage
- Recycling systems to allow the re-use of tailings water in metallurgical processes (including closed-circuit systems)
- Planting of vegetation and the application of chemical suppressants on slope faces to control dust and erosion

A proportion of our tailings is recycled as paste fill (in combination with cement) for use in our underground operations, in line with rock engineering best practice. In late 2012, for example, we commissioned a backfill plant at South Deep, which, when fully operational, will support the extensive use of tailings as backfill in underground voids.

Both our underground and open-pit operations produce substantial volumes of waste rock. This is kept in managed waste rock dumps, which are subject to comprehensive rehabilitation through the laying of top soil and vegetation once they are no longer in use. At South Deep we recycle a proportion of our waste rock for utilisation in construction projects.



www.cyanidecode.org

Expansion of TSFs at Tarkwa

Figure 4.20: TSF projects progress at Tarkwa

Permit	Application submitted	Approval date
TSF 1 wall raise	December 2012	July 2013
TSF 2 wall raise	July 2013	March 2014
TSF 3 wall raise	To be submitted Q3 2014	
Proposed new TSF 5 facility	February 2014	Expected in June 2014

¹ Excluding Cerro Corona, which produces a copper concentrate

² 2009 – 2012 figures represent Gold Fields prior to unbundling



5. Pillar: Growing Gold Fields

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Our Vision of global leadership in sustainable gold mining requires us to (among other things):

- Seek to create the greatest enduring value from gold mining for all our stakeholders
- Understand our stakeholders' needs and respond to them
- Consistently deliver what we promise

It is these requirements that inform our approach towards 'growing Gold Fields' as well as our determination to ensure that all our growth activities:

- Deliver superior growth in shareholder value – as defined by a strong dividend and growth on a per-share basis – and not driven by 'growth for growth's sake'
- Make cash generation the key determinant of growth – including improved cash flow per ounce
- Build a focused and steady pipeline of high-quality assets that will further enhance growth in cash flow
- Result in a portfolio of assets that can sustainably underpin the three requirements above



5.1 A change in focus

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In 2013, we conducted a strategic shift in how we pursue growth. The 'organic', exploration-led approach that we have pursued in recent years can, in the right circumstances, offer significant long-term benefits in terms of capturing the full value of new discoveries. Realising such benefits requires a significant amount of time and capital, however. Current market conditions and our immediate need to reduce costs and maximise cash flow means this approach is no longer appropriate. Furthermore, it has become more difficult to find high-quality gold deposits – and acquisitions have offered us greater success over the years.

5.1.1 Focus on acquisition

Acquisitions are increasingly offering the most cost-effective growth avenue as well as the fastest route to cash-generative production. In part, this is due to:

- Increasing difficulty in discovering new greenfields deposits – as well as higher associated costs
- A decline in the size and grade of those new ore bodies that are being discovered
- The increasingly high cost of mine development driven by both input cost inflation, as well as increasing costs relating to 'non-operational' factors such as a social licence to operate

In addition, the market value of mining projects that are in production and development has fallen. This is largely due to a deterioration in gold equity markets and reduced access to debt funding. In turn, this has caused:

- Distressed developers to raise cash through immediate asset sales
- The restructuring of assets by peer companies

In addition to conventional acquisitions, we are examining more innovative ways in which we can exploit additional profitable growth opportunities with our peers. In the past, we have sought involvement only in projects over which we have operational control. This is no longer the case; we are open (assuming relevant protections are in place) to any co-operative model that will help us grow value on a per share basis – including minority participation in projects.

5.1.2 Focus on quality, not size

Traditionally, we have focused on developing mines that enjoy large ore deposits. Henceforth, the key criteria we will apply when selecting new growth opportunities will be (irrespective of size):

- Cash-flow generation potential
- In-production mines
- The presence of easy-to-access surface or near-surface ore bodies and/or ore bodies that offer significant near-mine growth opportunities
- Location in our existing countries of operation or in stable, lower-risk mining jurisdictions that offer competitive regulatory environments
- Potential operational synergies alongside our existing capabilities and portfolio

We are in the process of rationalising our existing growth portfolio. Beyond this, our focus will be on the acquisition of smaller, higher-grade and/or lower-cost assets that meet these criteria. Our acquisition of the Yilgarn South Assets from Barrick Gold in Australia – particularly when synergies are taken into account – represents a perfect example of this new approach in action (p100).

5.1.3 Organisational reconfiguration

Our new growth strategy is fundamentally different to our previous approach. It is no longer about growing the ounces we produce – but growing the cash flow we generate, margins per ounce and total shareholder return as measured on a per share basis. We think that the best way to achieve this objective in the current market is through the acquisition of in-production projects – as well as near-mine exploration. In 2013, we gave effect to this strategy through the following operational and organisational measures.

- The disbandment of our Growth and International Projects ('GIP') unit and the devolution of responsibility for future growth to each of our regions in conjunction with the corporate office (p20)
- An increase in our near-mine (brownfield) exploration activity including the prioritisation of short-term, cash-generative growth opportunities at our Australian mines (p108)

- A significant reduction in our greenfields exploration activity including the rationalisation of our greenfields growth portfolio (p109)
- A comprehensive review of our international growth project portfolio including a significant reduction in ongoing cash burn and the earmarked disposal of four key growth projects that are not aligned with our objectives (p102)

Reflecting on such efforts, in 2013 we managed to:

- Reduce our greenfields exploration spend by 49% to US\$66 million (2012: US\$129 million)
- Reduce our near-mine exploration spend by 32% to US\$35 million (2012: US\$51 million) – due to short-term cash considerations. We plan to increase this budget in 2014, however
- Reduce our total GIP-related expenditure by 42% to US\$162 million (2012: US\$281 million)

5.1.4 Regionalisation of growth

Our decision to disband our well-resourced, Group-level GIP unit and to shift accountability for future organic growth to each of our regional management teams reflected our renewed focus on the acquisition of producing assets, as well as:

- Our refocusing on new growth opportunities in and around our existing operating regions (as opposed to higher-risk 'frontier' territories around the world) allowing us to leverage our existing expertise, management depth and infrastructure
- The rationalisation of our Group-level functions to reflect our new status as a 'mid-tier' gold producer with more limited resources than in the past

Our regions – which are being appropriately resourced to fulfil their task – are being guided in this respect by our Group-level Planning and Corporate Development ('PCD') function. The PCD function is tasked with driving regional growth and ensuring it is carried out in line with Group-level strategic objectives.

5.1.5 Disposal of marginal projects

During 2013, we took the decision to sell four international growth projects, including:

- Arctic Platinum Project ('APP'), Finland (p103)
- Talas, Kyrgyzstan (p110)
- Yanfolila, Mali (p106)
- Woodjam, Canada (p110)

Each of these has been assigned to our PCD function, which is responsible for their disposal. The sale of Talas was completed in early 2014.

In addition, we undertook a further review of our remaining international projects and implemented significant changes to reduce cash burn. This included a particular focus on:

- Far Southeast, Philippines (p105)
- Chucapaca, Peru (p104)

5.1.6 Future growth strategy

Over the next few years, we see two key areas that will help drive our 'organic' growth (i.e. growth based on our existing assets):

- **South Deep, South Africa:** Although the production ramp-up remains behind schedule, all key performance indicators remain on a positive trajectory with the mine likely to provide a truly solid base for higher levels of cash-generative future production
- **Yilgarn South Assets, Australia:** We believe that the acquisition of the Yilgarn South Assets has considerably increased our near-mine growth potential in Australia, with the prospect of enhanced Mineral Reserves and Mineral Resources in future

We also intend to continue targeting the acquisition of existing, in-production operations in lower-risk, OECD countries – as part of our efforts to 'de-risk' our overall production profile and pursue predictable, cash-generative growth.

Such growth should be within our financial capacities and should ideally be partly financed by project disposals. We will also consider innovative alternative financing mechanisms that could potentially only be recourse to the asset in question.

5.2 An integrated approach to growth

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The disbandment of our GIP unit has not affected our integrated approach to both supporting and safeguarding our growth investments. This reflects an increasingly mainstream view across the sector that the success or failure of major growth projects as well as the sale value they can command, is increasingly being determined by how well companies manage sustainable development issues.

As a result, we will, through our regional growth teams, continue to:

- Integrate from the very earliest stages of development sustainability, holistic risk management and the creation of shared value into core project development activities
- Implement common, best-practice sustainability standards across all our growth projects tailored to suit local circumstances
- Work with our own sustainability and risk management experts to ensure the seamless transition of growth projects through the exploration and development pipeline
- Promote Gold Fields, both through our actions and our performance, as the 'partner of choice' for host governments, local communities and peer companies, where relevant

Our regional growth teams are supported in this respect by a range of Group-level guidance based on international best practice. This includes, for example, our:

- Updated Community Policy
- Recently developed, Group-wide Community Relations Handbook
- New Community Relations and Stakeholder Engagement Guidelines
- Group-level Shared Value strategy

In addition, we continue to:

- Map and document all sustainable development risks and opportunities across our advanced growth projects
- Implement comprehensive crisis management plans across all of our growth projects

5.2.1 Applying strong operational standards

We apply responsible health and safety practices and environmental stewardship as stringently at our exploration and development projects as we do at our producing operations irrespective of location. Indeed, the Environment, Health and Safety Management System that is applied to our exploration and development activities is certified to the ISO 14001 and OHSAS 18001 management system standards.

By building in the highest standards from the start, we ensure:

- Good-practice operational management is carried through each stage of the development pipeline and into the 'DNA' of any new mine that this may produce
- Purchasers of any assets that we sell can be confident that any potential legacy issues have been actively and responsibly managed from the earliest stages of development to the point of disposal

5.2.2 Earning and maintaining our social licence to operate

The securing of a strong, long-term social licence to operate remains a key determinant of project success. While this is particularly important when operating in environments that pose higher levels of social and political risk, it is also important when pursuing growth in the kind of better-established, lower-risk operating environments that Gold Fields is increasingly targeting.

Starting off on the right foot

We operate on the basis that all our early-stage exploration opportunities have the potential to develop into a fully-fledged operation and to add value to the Group. This is why we place an appropriate value on the establishment and maintenance of our social licence to operate no matter how small or early the exploration project is.

Supporting our divestment strategy

Furthermore, our divestment strategy requires us to put every effort into maintaining our social licence to operate at the very time when relations with local communities are likely to come under pressure. This is due, for example, to temporarily or permanently thwarted expectations around employment and revenue creation as well as our withdrawal from hard-won and well-established relationships with key local stakeholders.

As a result, we do not just 'cut and run' but engage closely with community members and others to explain the transition process, put in place measures to mitigate the socio-economic impacts of our withdrawal and fulfil all our existing commitments. This is not only the right thing to do but is essential if we are to maintain the value of our divested assets by handing over a strong and secure social licence to purchasers.

Furthermore, we realise that our own reputation can be affected by the behaviour and performance of those to whom we sell assets. As a result, we actively seek partners who will maintain the kind of operational standards and approach to stakeholder relations that we apply in our own activities.

Stakeholder engagement

Our approach to stakeholder engagement is based on the AA 1000 principles of inclusivity, materiality and responsiveness¹ including extensive and ongoing engagement of, among others:

- Community members
- Traditional representatives
- Local and central government officials
- Local and national non-governmental organisations ('NGOs')

More specifically, our approach is characterised by:

- The embedding of community relations experts within each project
- Comprehensive and ongoing stakeholder mapping, analysis and monitoring
- Detailed risk identification, assessment and analysis, using internal and external expertise, including local and international risk professionals
- The application of comprehensive, adaptable and effective risk-management action plans based on monitoring, internal reporting and the pursuit of continual improvement

This helps ensure that when we identify those projects that will add value to the Group, our teams:

- Are already effectively managing any related social, economic or political risks
- Have already established a strong social licence to operate offering our development and construction teams higher levels of operational stability and flexibility as they take a project forward
- Can deliver high levels of project assurance and facilitate rapid capital investment decisions
- Ensure (when a divestment decision is taken) that we have the kinds of stakeholder relationships that will support a smooth transition to the purchasing party and help protect project value

¹ AA 1000 AccountAbility Principles Standard 2008

5.2 An integrated approach to growth continued

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Examples of key interactions between our regional growth teams and local stakeholders in 2013 include:

- Ongoing, mechanised artisanal and small-scale mining ('ASM') in the Yanfolilla area. While traditional ASM activity does not pose a material threat to the project, the reintroduction of mechanical crushers by some operators following their removal in 2012 poses more of a challenge. We are working to promote alternative livelihoods alongside a government moratorium on ASM activity in Mali as a whole (p106)
- Negotiation of Free, Prior and Informed Consent ('FPIC') (p105) from local Kankana-ey communities for our exploration activities at the Far Southeast project a precursor (under Filipino legislation) for us to take a majority stake in the project
- Management of stakeholder expectations with respect to our Chucapaca project in Peru in light of the likely development of a selective underground mining operation rather than the larger open-pit operation that had been anticipated. This is likely to result in the generation of more modest community benefits and will not require the same scale of land purchase that had originally been planned for. Following extensive engagement, however, local communities are demonstrating renewed levels of support for the project (p104)

Laying the foundations for Shared Value

As with our existing operations, our interactions are aimed at the maintenance of sustainable stakeholder relationships based on shared value creation. Unlike our mines, however, not every exploration and growth opportunity will necessarily generate long-term revenues that can support community development. As a result, our early-stage exploration projects tend to focus on:

- Direct and/or indirect employment of local people as we carry out drilling as well as the transfer of skills
- Preferential procurement of materials and services from local suppliers, where possible, including food, transport and accommodation
- Social investment aimed at generating community benefits even after exploration activities have ceased (such as the construction of public infrastructure)

As exploration projects move through the development pipeline, we are able to increase our shared value commitments. This includes our participation in formal community development agreements that ultimately link our contributions to project completion and productivity.

We make our commitment to long-term shared value creation clear to local stakeholders from the earliest stages of engagement, while carefully managing expectations around the likelihood that each project will be taken through to full development. This ensures local communities have a clear incentive to offer us their co-operation and indeed support as we seek to develop sustainable, cash-generative mines in their area.

Our approach offers us a number of advantages in terms of our ability to:

- Navigate relatively stringent regulation and higher levels of societal expectation as we pursue growth in more stable and developed mining jurisdictions
- Successfully develop higher-risk, higher-return projects in less developed, yet prospective mining jurisdictions
- Win new licences by demonstrating to host governments that we can successfully engage communities, promote local development and deliver potentially challenging projects



5.3 New mines in Australia

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On 1 October 2013, we announced the completion of our acquisition of the Granny Smith, Lawlers and Darlot gold mines in Western Australia (collectively known as the 'Yilgarn South Assets') from Barrick Gold Corporation. The acquisition of the Yilgarn South Assets is a good example of our efforts to focus on growth that can deliver immediate or near-term cash generation.

The acquisition was carried out at a cost of US\$262 million (after adjustments for working capital, mine capital and employee entitlements) with half of this consideration being paid through our transfer of 28.7 million common shares in Gold Fields. The transition to Gold Fields went seamlessly and was largely completed by the end of 2013.

Key considerations behind our acquisition of these three mines include:

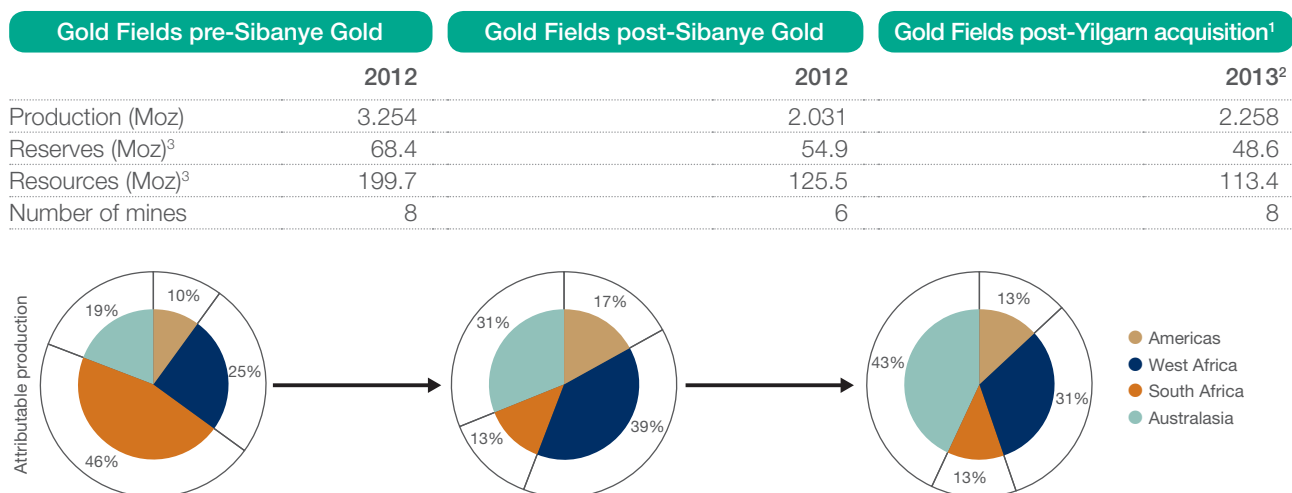
- The ability of the operations to collectively add a predicted 580,000 ounces to overall Group production – at a cost lower than the Group average
- The addition of 1.23 million ounces of Mineral Reserves and 4.20 million ounces of Mineral Resources to our overall portfolio²
- The ongoing 'de-risking' of our overall production portfolio with around 42% of our overall production now coming from the well-established and stable Australian mining sector
- Opportunities to exploit operational and regional synergies with our existing Agnew and St Ives mines

- Considerable (unmodelled) exploration upside with all exploration activities in our Australasia Region now being focused on near-mine opportunities in and around our highly prospective Australian tenement areas
- Our successful track record of converting Mineral Resources to Mineral Reserves. Over the past six years this conversion ratio at St Ives was around 45% a year and at Agnew around 30% a year

In addition, we see significant opportunities to be gained from the application of our low-cost, cash-generative operating model to the Yilgarn South Assets – a model that has already proven successful in the competitive repositioning of Gold Fields in Australia.

At a more strategic level, the acquisition of the Yilgarn South Assets has, along with the unbundling of Sibanye Gold, been instrumental in the ongoing rebalancing and de-risking of our overall Group production profile. Indeed, Australia – a well-established OECD mining jurisdiction – has overtaken both South Africa and Ghana as our largest source of production (see Figure 5.1).

Figure 5.1: Achieving a well-balanced and diversified global production portfolio



¹ From Barrick's 2012 40-F filing. Barrick has used US\$1,500/oz and an exchange rate of 1 US\$/A\$ for their Yilgarn Reserves

² Yilgarn South Assets H1 2013 pro-forma results annualised

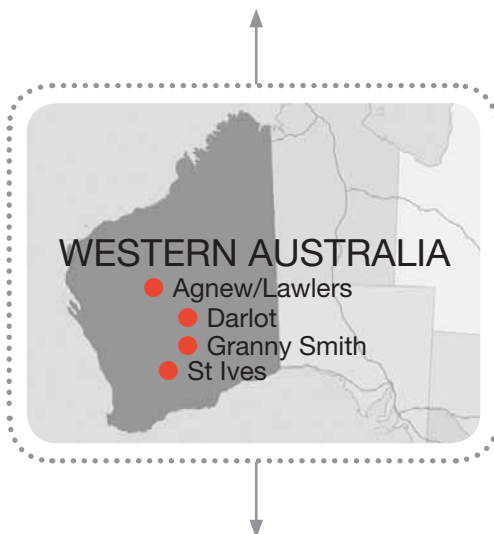
³ Attributable Mineral Reserves and Mineral Resources; Mineral Resources include Growth projects

Granny Smith

The Granny Smith mine offers Mineral Reserves of 0.84 million ounces and Mineral Resources of 3.25 million ounces. Production is focused on the Wallaby underground operation with processing taking place 11km away at the Granny Smith processing plant.

The mine is currently focused on the highest quality part of the ore body between Zones 90 and 100 with significant upside potential and an increasing production profile. Indeed, mineralisation remains open both laterally (at current levels) and at depth (to Zone 120 – and potentially to Zone 150) and possibly beyond), with indications that grades become higher at greater depths. Each zone has the potential to contain up to 1 million ounces of Mineral Resources. In light of this as well as the underexplored nature of the asset and the highly prospective nature of this region we believe there is potential for considerable near-mine growth. A total of A\$12 million has been provided for exploration in 2014 to further this objective.

Granny Smith is expected to produce around 240,000 ounces in 2014 at an AIC of around US\$1,060/oz.



Lawlers (integrated with Agnew)

The Lawlers mine is contiguous with our existing Agnew mine representing a combined lease area of 81,300ha above a very large mineral system with potential to around 2km of depth. We took the decision to combine these two operations due to the substantial operational synergies on offer.

One of the most immediate impacts of this consolidation has been the closure of the Lawlers processing plant – with all ore instead being processed at Agnew's own plant. This has already delivered cost reductions in Q4 2014. Agnew's efficient gravity circuit is expected to deliver slightly higher returns from Lawlers' relatively coarse ore.

Beyond this, the integration of the two mines ultimately consolidates a major mineralised complex with significant exploration potential while providing lower cost access to, and improved understanding of, a range of potential exploration targets. A total of A\$10 million has been set aside for 2014 to pursue such targets at Agnew/Lawlers.

Agnew/Lawlers is expected to produce around 260,000 ounces in 2014 at an AIC of around US\$1,110/oz.

Darlot

At Darlot, we are focusing on enhancing production performance through the implementation of a comprehensive operational review as well as an increase in operational investment. In particular, we are reviewing ways in which we can improve current mining methods and reduce dilution.

Beyond this, we are also working to gain a better understanding of the mine's Mineral Reserve and to develop the 2015 mine plan. A total of A\$7 million has been set aside for exploration in 2014.

Darlot is expected to produce around 80,000 ounces in 2014 at an AIC of around US\$1,315/oz.

5.4 Update on existing growth projects

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During 2013, we continued to build on our efforts to maximise cash generation through a major rationalisation of our existing growth projects. This was with a view to:

- Disposing of those projects that are not aligned with our current business objectives including short-term cash generation
- Reducing cash burn on those projects that we retain to support Group-level cash flow

As a result, we have already initiated the sales process for three growth projects:

- **Arctic Platinum Project ('APP'), Finland:** Sale process started in August 2013
- **Yanfolila, Mali:** Sale process started in late 2013 (p106)
- **Woodjam, Canada:** Sale process started in late 2013 (p110)

In addition, we completed the sale of the Talas advanced exploration project in Kyrgyzstan in early 2014 (p110).

We also took the following steps to further align some of our remaining growth assets with our immediate Group-level priorities:

- **Far Southeast, Philippines:** During 2013, we completed a concept for a smaller, but higher grade mining option for the project – with further investigative work to be completed in 2014. In addition, we continued efforts to achieve the FPIC of the local indigenous community – achieving the overwhelming support of community elders and leaders (p105)
- **Chucapaca, Peru:** We suspended all on-site activity at the project (other than baseline environmental monitoring) while continuing to progress a new scoping study for a potential underground operation (p104)

Further details about each of our key growth projects can be found on the next four pages.



5.4.1 Arctic Platinum Project ('APP')

Overview	<ul style="list-style-type: none"> Large undeveloped PGE+Au (platinum, palladium and gold) project in northern Finland – with significant by-product copper and nickel Comprises the Suhanko, Narkaus and Penikat projects – with Suhanko at the most advanced stage of assessment A project development strategy has been initiated to assist in the potential sale of APP
Mineral Resources¹	<ul style="list-style-type: none"> 2.4 million oz platinum 9.8 million oz palladium 1,034Mlb copper 438Mlb nickel 0.8 million oz gold
Development stage	<ul style="list-style-type: none"> Pre-feasibility
Scheduled start of production	<ul style="list-style-type: none"> Not scheduled as yet
Ownership	<ul style="list-style-type: none"> Gold Fields 100%
Material sustainability issues	<ul style="list-style-type: none"> n/a
Key stakeholders	<ul style="list-style-type: none"> Local landowners and residents Ranua, Rovaniemi and Tervola municipalities
Progress in 2013	<p>In the second quarter of 2013 – and in the context of both our prioritisation of short-term cash generation and the rationalisation of our international growth projects – we appointed advisors to help us explore the potential sale of the APP Project. Given forecast restrictions on future platinum supplies from South Africa (the world's largest producer) the APP Project is expected to represent an attractive strategic alternative for relevant operators.</p> <p>In 2013 there was a number of achievements and actions during the year that could facilitate future development of the project:</p> <ul style="list-style-type: none"> The Suhanko and associated power-line EIA studies were completed and submitted to the relevant authority in Rovaniemi The Ranua municipality approved the detailed land use plan for the proposed Suhanko processing plant The application process for a new mining licence covering the Vaaralampi and Tuumasuo deposit areas continued without interruption and award of the licence is expected during 2014 Geotechnical drilling and slope stability analysis was undertaken at Suhanko to assist with the next level of detailed mine designs Bench scale flotation and Platsol amenability tests were completed on samples of SK Reef and Suhanko North with positive results

¹ Mineral Resource as at end-December 2012

5.4 Update on existing growth projects continued



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5.4.2 Chucapaca

Overview	<ul style="list-style-type: none"> Possible selective underground mining operation focused on the Canahuire gold-copper-silver, epithermal deposit in southern Peru Large land holding in highly prospective region Well-established and largely supportive relations with local stakeholders
Mineral Resources¹	<ul style="list-style-type: none"> 6.1 million oz gold 46.1 million oz silver 254Mlb copper
Development stage	<ul style="list-style-type: none"> Rescoping of underground project
Scheduled start of production	<ul style="list-style-type: none"> Not scheduled as yet
Ownership	<ul style="list-style-type: none"> Gold Fields 51% Compania de Minas Buenaventura S.A. 49%
Material sustainability issues	<ul style="list-style-type: none"> Management of community expectations around the development of a local reservoir to serve both a potential mine and local communities (with construction dependent on the development of a mine at Chucapaca) Commitment to honour all existing community development obligations High community expectations around property prices Largely positive community attitudes towards potential mine development
Key stakeholders	<ul style="list-style-type: none"> Local and national government Corire, Santiago de Oyo Oyo and Chucapaca communities National Society of Mining, Petroleum and Energy
Progress in 2013	<p>Following sub-optimal results from the 2012 feasibility study for an open-pit operation, we undertook a new scoping study to evaluate potential new mining models including one for a higher-margin, lower-volume underground mine. The findings of this study are currently being evaluated. We have supported these efforts by:</p> <ul style="list-style-type: none"> Updating resource models to reflect the latest geology and grade information Examining opportunities to improve metallurgical recoveries Investigating less capital-intensive development models Focusing on land acquisitions <p>We remain committed to unlocking the potential offered by Chucapaca based on revised project fundamentals and the achievement of acceptable returns. Our activity on the project is supported by formal, five-year agreements (running to 2015) with the Corire, Santiago de Oyo Oyo and Chucapaca communities. We are actively engaging with our stakeholders to manage expectations on future commitments we may make. Local community members are broadly supportive of the development of a smaller operation and in this context have demonstrated their willingness to be more flexible with respect to land acquisition negotiations.</p>

¹ This Mineral Resource declaration is as of end-December 2012, which is based on the following prices: Gold – US\$1,450/oz; copper – US\$3.90/lbs; Silver – US\$27.50/oz. This was done before we evaluated new mining models for the project



5.4.3 Far Southeast

Overview	<ul style="list-style-type: none"> Planned underground gold-copper porphyry mine Located in northern Luzon, 250km north of Manila, Philippines Based within existing mining camp, with access to established infrastructure
Mineral Resources¹	<ul style="list-style-type: none"> 19.8 million oz gold 9,921Mlb copper
Development stage	<ul style="list-style-type: none"> Scoping study/data gathering
Scheduled start of production	<ul style="list-style-type: none"> Not yet determined
Ownership	<ul style="list-style-type: none"> Gold Fields 40% (with an option to purchase a further 20%) Lepanto Consolidated Mining Company 60%
Material sustainability issues	<ul style="list-style-type: none"> Ongoing negotiation of land access for surface drilling and other purposes after obtaining a Financial or Technical Assistance Agreement ('FTAA' – a regulatory instrument that allows for majority foreign ownership of mining projects) The need to achieve the Free, Prior and Informed Consent ('FPIC') of local Kankana-ey indigenous people – a precursor for the granting of a FTAA
Key stakeholders	<ul style="list-style-type: none"> Local communities (including the majority Kankana-ey people) Local, provincial and national government and regulators NGOs
Progress in 2013	<p>We are investigating the development of a smaller, less capital-intensive mining operation in contrast to the major new mine originally anticipated. This is with the aim of helping Far Southeast achieve cash generation as soon as possible, while minimising capital expenditure and maximising immediate cash returns. One option is to pursue a long-hole open-stoping operation initially focused on higher-grade parts of the ore body. No significant work will be carried out on the project until we receive an FTAA.</p> <p>During 2013, we focused our underground drilling activities (which were concluded in May 2013) on the high-grade areas of the ore body. We also carried out confirmatory surface geotechnical drilling as well as structural and geo-metallurgical studies, but this was stopped to allow us to focus on the FPIC process with the local Kankana-ey community.</p> <p>In the second quarter, 84% of the votes cast by the Kankana-ey elders and leaders were in favour of the project, marking a key milestone in this journey. Following this overwhelming demonstration of support, the FPIC process proceeded with the negotiation of a Memorandum of Agreement ('MoA') with the Kankana-ey elders. Six negotiation meetings were held in 2013. The finalisation of the MoA is expected in 2014, with FTAA approval projected to take place in 2015. This will enable us to take a majority position in the project by exercising our outstanding 20% purchase option.</p> <p>The ongoing FPIC process is supported by our approach to local community development. This includes the leveraging of our economic impact to help build a strategic 'development hub'. Projects include, for example, the construction of farm-to-market roads, the production of fertiliser, livestock rearing, the promotion of coffee growing and the enhancement of local water infrastructure. The FTAA incorporates legally mandated community development programmes, and these will likewise be supported by our Shared Value approach.</p>

¹ The Mineral Resource, as of end-December 2012, is reported assuming an eventual, non-selective, bulk underground mining method, as defined by scoping study modifying factors

5.4 Update on existing growth projects continued



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5.4.4 Yanfolila

Overview	<ul style="list-style-type: none"> Potential for multiple, shallow open pits from lode-gold style deposits in south-western Mali Supportive local community and relatively low technical risk due to accessibility of ore Unaffected by instability and military action in northern Mali in the first half of 2013
Mineral Resources¹	<ul style="list-style-type: none"> 1.46 million oz gold (52% indicated, 48% inferred)
Development stage	<ul style="list-style-type: none"> Resource development
Scheduled start of production	<ul style="list-style-type: none"> Not yet determined
Ownership	<ul style="list-style-type: none"> Gold Fields 85% Government of Mali 10% Malian partner 5%
Material sustainability issues	<ul style="list-style-type: none"> Traditional artisanal and small-scale mining ('ASM') activity on concession Limited amounts of naturally occurring and ASM-linked arsenic in local groundwater and the Sankarani River Active conflict in the distant north of the country in the first half of 2013, although Yanfolila was unaffected. Relative political stability has been achieved following a return to democracy and the election of former Prime Minister Ibrahim Boubacar Keita as the new president
Key stakeholders	<ul style="list-style-type: none"> Traditional artisanal and small-scale miners Local communities Mali government
Progress in 2013	<p>In late 2013, we took the decision to initiate the sale of the project following Gold Fields' strategic refocusing on reducing costs and maximising cash flow. This implied a thorough review of our four growth projects in terms of alignment with our Group cash generation objectives and future expansion capital requirements. We believe that the Yanfolila Project presents an attractive strategic opportunity for relevant operators, given that the project:</p> <ul style="list-style-type: none"> Has received a valid exploitation permit from the government based on the updated feasibility study submitted in May 2013 Requires relatively limited capital Enjoys low levels of technical risk due to the existence of multiple shallow pits, straightforward recovery processes and limited infrastructure requirements Benefits from community support and ongoing implementation of our community engagement and development strategy – including a newly constructed community training centre – to help ensure a smooth handover <p>Prior to the decision to initiate the sale infill, extensional and exploration drilling was completed within the exploration permit and adjacent license areas. However, geological modelling and Mineral Resource updates were not completed. A project de-risking study was also undertaken to mitigate the main areas of project risk and potentially lead to an early construction decision.</p> <p>In 2013, we also initiated a community engagement and development strategy (informed by an Environmental and Social Impact Assessment completed in February 2013). This is aimed at facilitating the transition of the project from exploration to construction – with a particular focus on reducing local dependence on ASM activity through alternative livelihood programmes (including those focused on agriculture and construction). This was run in parallel to a nationwide government moratorium on ASM activity.</p>

¹ End-December 2012 Mineral Resource declaration



5.5 Exploration portfolio

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Despite the disbandment of our GIP unit, the rationalisation of our growth portfolio and renewed emphasis on growth through acquisition, we are continuing to pursue a small number of more prospective exploration opportunities primarily in the Americas.

These include:

- Salares Norte, Chile (p110)
- Larder Lake, Canada
- Rouyn Projects, Canada

In addition, we are in the process of creating a more focused exploration portfolio that will (over time) help further reduce our overall costs and risk profile. This includes the highly focused prioritisation of growth projects that:

- Are located in or near our existing operating assets (in line with the devolution of responsibility for growth to each of our regions)
- Are focused on orogenic ore systems that offer near-mine growth opportunities, as well as low sulphidation epithermal systems that offer accessible, near-surface ore bodies
- Meet strict stage-gate requirements with respect to costs, cash returns, country risk and other key indicators

This process is being supported by our newly established Planning and Corporate Development ('PCD') function. Using highly advanced scenario-based modelling techniques, the PCD function will help ensure all new growth projects are selected on the basis of their ability to support Gold Fields as it seeks to produce a 15% free cash-flow margin at US\$1,300/oz.

5.5.1 Near-mine exploration

During 2013, we completed 250,138 meters of near-mine drilling (2012: 329,244). This reflected a significant reduction in our near-mine exploration budget to US\$35 million (2012: US\$51 million) in alignment with our immediate prioritisation of cash generation across the Group.

Nonetheless, near-mine exploration remains an important part of our overall growth strategy. It offers relatively low risk opportunities to bring new, cash-generative ounces into production within relatively short timespans and at relatively low cost. At St Ives, for example, near-mine exploration added about 0.6 million ounces in Mineral Reserves and 1.1 million ounces in Mineral Resources during 2013 pre-depletion.

As well as adding to our Mineral Reserve base, near-mine exploration:

- Extends the life of our existing mines and maintains or increases their option value
- Ensures we can continue to leverage our existing infrastructure well into the future
- Provides a robust platform for regional growth
- Supports the project pipeline and drives reserve replacement

Australasia Region

Agnew

We commenced surface exploration drilling of targets in the Waroonga North area (between 250m and 500m north of the Kim Lode) in the second half of 2013. Surface diamond drilling identified a number of mineralised intersections containing visible gold. Assay results continue to highlight the potential for the presence of high-grade shoots in the area.

We also carried out underground diamond drilling to test the Kath target (approximately 100m north of the Kim lode). This again identified a number of intersections containing visible gold and highlighted the potential for a narrow high-grade shoot as close as 70m from our existing underground infrastructure.

St Ives

During 2013, we focused our exploration activities on the Invincible resource discovered in 2012. This helped us increase Invincible's Inferred Resource from 1.08 million ounces to 1.33 million ounces at an average grade of 4.5g/t (split between 0.95 million ounces open pit and 0.38 million ounces underground). Of the Inferred Resource 0.59 million ounces is an Indicated Resource. We also achieved a maiden open-pit Mineral Reserve at Invincible of 0.49 million ounces at an average grade of 4.09g/t.

These results were achieved through infill drilling and expansion, doubling Invincible's strike length to 2km in length and 350m down dip. A single deep-drill hole to 830m vertical depth encountered ore grade mineralisation, raising the potential for further growth. This expansion of Invincible's underground resources, as well as the determination of the system's strike potential, will be the focus of our exploration activities in 2014.

Americas Region

Cerro Corona

We completed deep drilling beneath the existing pit during the first quarter, with all six drill holes intersecting porphyry-style copper-gold mineralisation below the current life-of-mine pit. Nonetheless, initial assay results showed decreasing copper and gold grades with depth. It is too early to conclude whether Cerro Corona extends to depth or not. More work will be done over the next few years to gain greater insight.

West Africa Region

Damang

We completed initial framework drilling at the Bonsa hydrothermal project during the first quarter, while results from the Amoanda infill programme confirmed and extended the north-plunging Amoanda mineralisation.

5.5.2 Greenfields exploration

In 2013, we reduced our greenfields exploration portfolio from 23 projects around the world (16 active and seven inactive) to a smaller nucleus of eight projects (two active and six inactive) of the most promising projects in our existing regions of operation. All other greenfields exploration projects have either been, or are in the process of being, disposed of. These include (in addition to the Talas and Woodjam projects outlined above):

- East Lachlan, Clermont and Drummond Basin projects, Australia
- Oro project, Canada
- Asosa and Kibre Menghist projects, Ethiopia
- Kangare and Kouroufing projects, Mali
- Guinaoang project, the Philippines

In addition to our new bolt-on acquisitions-focused growth strategy, this process has been informed by:

- The disbandment of our GIP function and the shifting of responsibility for exploration to each of our regions
- Our withdrawal from greenfields projects in underexplored, higher-risk 'frontier' areas outside our traditional regions of operation
- A refocusing of our efforts on lower-risk growth opportunities in our Americas Region, including in the well-developed exploration environments of Canada and Chile

Further details about our greenfields growth portfolio in 2013 are set out below.

Initial drilling projects

We currently have seven initial drilling projects (i.e. projects where a target has been successfully defined and drilling has commenced) in Canada, Chile and Peru:

- | | |
|-------------------------------------|------------|
| • Larder Lake project, Canada | (active) |
| • Rouyn project, Canada | (active) |
| • Lincoln Nipissing project, Canada | (inactive) |
| • Toodoggone project, Canada | (inactive) |
| • Pircas project, Chile | (inactive) |
| • Tacna project, Peru | (inactive) |
| • Moquegua project, Peru | (inactive) |

5.5 Exploration portfolio continued

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Advanced drilling

We currently have one advanced drilling project (i.e. projects where a discovery has been made and the target has the requisite size potential to develop a resource of material interest to Gold Fields) at Salares Norte in Chile.

Salares Norte, which is 100% Gold Fields owned, is focused on a gold-silver deposit in the Atacama region of Chile. The project consists of a core 900ha concession area, with an option to purchase two adjoining concessions that amount to a further 2,100ha. Mineralisation is contained within a high-sulphidation epithermal system. Preliminary results using samples of oxidised material indicate metallurgical extraction of around 90% using Carbon-in-Leach processing.

We are carrying out a number of studies to address water availability, energy supply options, alternative processing methods and an assessment of the environmental and social aspects. Water scarcity is the main challenge for the project, which sits in the arid Atacama region. As a result, we have entered into a joint-venture agreement with AMX de Chile S.A. (a private Chilean company specialising in water exploration), to identify local groundwater assets. The remote nature of the project means local community impacts will be minimal. Nonetheless, there is limited potential for the presence of indigenous Colla ancestral lands within the project area. We are continuing to monitor the implications of this as well as Chile's recent ratification of ILO Convention 169, which relates to indigenous people's rights.

Disposals

Disposal of Talas

As part of the rationalising and refocusing of our growth portfolio, we have disposed of the Talas project in Kyrgyzstan.

This was mainly due to the high capital costs required to take the project into production, relatively low copper and gold grades, and the nature of the operating environment. The sale of the project to Robust Resources was completed in early 2014.

Disposal of Woodjam

The Woodjam project – which is focused on porphyry copper and gold deposits in British Columbia – is at a preliminary scoping study stage. It is 51% owned by Gold Fields and enjoys Inferred Mineral Resources of 1.16 million ounces of gold and 0.78 million tonnes of copper.

In the second quarter of 2013, we completed new Mineral Resource estimates for three of the porphyry copper-gold ore centres – and the decision was subsequently taken to earmark the project for disposal. This was due to:

- The fact that the project does not meet our minimum investment criteria – mainly due to low average grades
- Non-alignment of the project's makeup with our corporate objectives (with copper expected to account for more than 80% of project revenues)

As a result, we started the sales process in May 2013 – and reorganised the project team in June 2013 in preparation for divestment.

Despite this, we did carry out a limited drilling programme in November 2013 as part of our joint venture obligations. This required no additional funding from Gold Fields due to our ability to utilise available tax credits from the Canadian authorities – in the form of a rebate on our exploration expenditure – to fund the programme.

The local community remains supportive of efforts to develop a project at the site – and Gold Fields has exploration agreements with the two local First Nation communities.

5.6 Mineral Resource and Mineral Reserve Statement

5.6.1 Introduction

Following the unbundling of Sibanye Gold and the acquisition of the Yilgarn South Assets in Australia in 2013, our Mineral Resource and Mineral Reserve strategy has been focused on cash flow maximisation. This includes the implementation of a number of key interventions such as:

- The elimination of marginal mining at Agnew, St Ives, and Tarkwa
- Cancellation of uneconomic near-mine growth projects at Cerro Corona and Tarkwa
- Capital rationalisation and prioritisation (without undermining the future integrity of the operations)
- Divestment of growth projects that are not aligned with our business objectives

Please note that this section represents a condensed and consolidated overview of our Gold Fields Mineral Resource and Mineral Reserve Supplement. The Supplement contains a comprehensive review of our Mineral Resources and Mineral Reserves as at 31 December 2013, including additional detail around location, mine infrastructure, key operating statistics, geology, mining, processing, projects and sustainable development. The Supplement is available on the Gold Fields website.

A Mineral Resource gold price of US\$1,500/oz and Mineral Reserve price of US\$1,300/oz have been used for this declaration. This equates to A\$1,570/oz and A\$1,370/oz and R460,000/kg and R400,000/kg respectively. The gold price used for the Mineral Reserve declaration (US\$1,300/oz) is within the guidelines of the US Securities and Exchange Commission ('SEC') as it is lower than the three-year trailing average of US\$1,550/oz and is more in line with the current spot price. The copper price used for Mineral Resource estimation is US\$3.50/lb and US\$3.0/lb for Mineral Reserves.

In 2014, we will introduce a revised, scenario-based, mine-planning process for each mine site. This will produce business plan options that will address any further reductions in the gold price below US\$1,300/oz, while protecting AIC, AISC and cash-flow margins.

5.6.2 Corporate governance

The Group's December 2013 Mineral Resource and Mineral Reserve Statement has been prepared in accordance with the requirements of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2007 edition) and Industry Guide 7 for reporting to the SEC. Other relevant international codes are recognised where geographically applicable, including the Australian Joint Ore Reserves Committee ('JORC' 2012) Code and Canadian National Instrument ('NI') 43-101, which was specifically utilised for the newly acquired Yilgarn South Assets this year, during their integration into the Australasia Region.

In line with our commitment to sound corporate governance, this statement has been internally reviewed by regional and corporate technical and financial experts and, where applicable, projects have been reviewed by leading, independent mining consultancies. This declaration has been found to fulfil the requirements of the relevant reporting codes, and the procedure followed in producing the statement is aligned to the guiding principles of the United States' Sarbanes-Oxley ('SOX') Act of 2002.

The headline Mineral Resource and Mineral Reserve Statement as at 31 December 2013 is compared to the 31 December 2012 declaration in Figures 5.4 and 5.5.

The Mineral Resource and Mineral Reserve figures are estimates at a point in time, and will be affected by fluctuations in the gold price, US dollar currency exchange rates, costs, mining permits, changes in legislation and operating factors.

All metal commodities are reported separately. As a result, no gold equivalents are stated to avoid potential anomalies generated through year-on-year metal price differentials.

5.6 Mineral Resource and Mineral Reserve Statement

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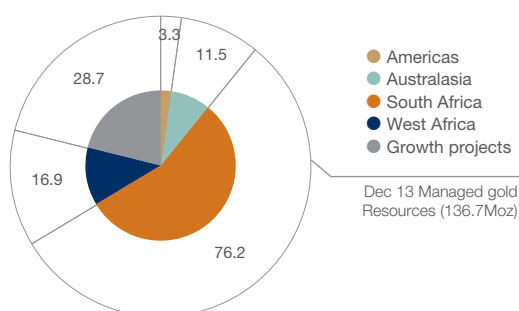
Although all permits may not be finalised and in place at the time of reporting, there is no reason to expect that these will not be granted. However, the length of the approval process for such permits may have an impact on the schedules stated. All financial models are based on current tax regulations at 31 December 2013.

All Mineral Resource and Mineral Reserve figures are managed unless otherwise stated. Mineral Resources are reported inclusive of Mineral Reserves and stability pillars. Production volumes are reported in metric tonnes (t).

The respective operation-based Mineral Resource managers and relevant project managers have been designated as the competent persons in terms of SAMREC and take responsibility for the reporting of Gold Fields Mineral Resources and Mineral Reserves. Corporate governance on the overall regulatory compliance of these figures has been overseen and consolidated by the Gold Fields Competent Person, Tim Rowland, who consents to the disclosure of this Mineral Resource and Mineral Reserve Statement. Mr Rowland is Vice President, Mineral Resource Management and Mine Planning, Pri-Sci Nat No 400122/00, BSc (Hons) Geology, MSc Mineral Exploration, GDE Mining Engineering and FSAIMM, FGSSA and GASA), with 28 years' relevant experience in the mining industry. He is a permanent employee of Gold Fields.

Additional information regarding the composition of the teams involved with the compilation of the Mineral Resource and Mineral Reserve declaration is incorporated in the supplement document to be released in late April 2014.

Figure 5.2: Managed gold Mineral Resources



The South Africa Region accounts for 56% of our managed gold Mineral Resources, West Africa 12%, Australasia 9%, the Americas 2% and our growth projects 21%.

5.6.3 Group summary

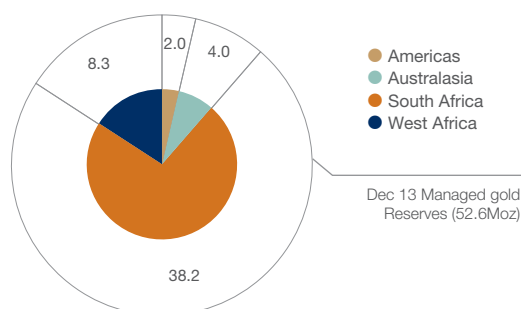
At 31 December 2013, Gold Fields has total attributable gold and copper Mineral Resources of 113.4 million ounces (December 2012: 125.5 million ounces) and 7,120 million pounds (December 2012: 8,622 million pounds), respectively. Attributable gold and copper Mineral Reserves are 48.6 million ounces (December 2012: 54.9 million ounces) and 708 million pounds (December 2012: 1,024 million pounds), respectively, net of mined depletion.

The decrease in the gold price used for this year's resource modelling and life-of-mine planning has resulted in higher cut-off grades and, in turn, incrementally smaller pit shells for surface mining and optimised stope designs for underground mining. These changes, together with mine design enhancements and mining depletion for the year, were primarily responsible for the reduction in the Mineral Resources (-12.1 million ounces gold) and Mineral Reserves (-6.2 million ounces gold) across the Group.

The respective gold and copper Mineral Resource figures (December 2013) are inclusive of the newly acquired Yilgarn South Assets, as well as APP, Chucapaca, Yanfolila, Woodjam and Far Southeast projects. Other commodities and by-products that are reported as part of the Mineral Resource (platinum, palladium, nickel, silver and molybdenum) are contained in the Mineral Resource and Mineral Reserve Statement.

The new Yilgarn South Assets contribute 4.2 million ounces and 1.2 million ounces, respectively, to the total attributable gold Mineral Resource and Mineral Reserve declaration, net of mined depletion.

Figure 5.3: Managed gold Mineral Reserves



The South Africa Region accounts for 73% of our managed gold Mineral Reserves, West Africa 16%, Australasia 7% and the Americas 4%.

Figure 5.4: Gold Fields Mineral Resource and Mineral Reserve Statement as at 31 December 2013²

Headline numbers

Gold only	Managed Mineral Resources						Attributable ounces	
	31 December 2013			31 December 2012			31 Dec 2013	31 Dec 2012
	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Gold (Moz)	Gold (Moz)
Total operating mines	975.0	3.44	107.958	1,104.8	3.22	114.211	100.049	105.594
Total projects ¹	1,291.4	0.69	28.705	1,849.5	0.59	35.106	13.344	19.904
Total operating mines and projects	2,266.4	1.88	136.663	2,954.3	1.57	149.317	113.393	125.499

Operational summary

Gold	Managed Mineral Resources						Attributable ounces	
	31 December 2013			31 December 2012			31 Dec 2013	31 Dec 2012
	Tonnes (Mt)	Grade (g/t)	Gold (Koz)	Tonnes (Mt)	Grade (g/t)	Gold (Koz)	Resource (Moz)	Resource (Moz)
Australia operations								
Agnew/Lawlers	19.2	5.92	3,657	23.2	4.70	3,501	3,657	3,501
Darlot	1.6	5.26	0,271	–	–	–	0,271	
Granny Smith	36.2	2.80	3,254	–	–	–	3,254	
St Ives	38.4	3.51	4,340	48.8	3.01	4,720	4,340	4,720
Total Australasia Region	95.4	3.75	11,521	72.0	3.56	8,221	11,522	8,221
South Africa operations								
South Deep	382.8	6.20	76,249	412.0	5.99	79,297	70,042	73,033
Total South Africa Region	382.8	6.20	76,249	412.0	5.99	79,297	70,042	73,033
Peru operation								
Cerro Corona	125.3	0.82	3,318	146.2	0.79	3,702	3,303	3,649
Total Americas Region	125.3	0.82	3,318	146.2	0.79	3,702	3,303	3,649
Ghana operations								
Damang	95.8	2.14	6,579	129.6	2.02	8,429	5,921	7,586
Tarkwa	275.7	1.16	10,291	345.2	1.31	14,563	9,262	13,107
Total West Africa Region	371.5	1.41	16,870	474.8	1.51	22,992	15,183	20,693
GFL operations – Total gold	975.0	3.44	107,958	1,105.0	3.22	114,212	100,050	105,596

(Peru) – Cerro Corona Copper	Managed Mineral Resources						Attributable	
	31 December 2013			31 December 2012			31 Dec 2013	31 Dec 2012
	Tonnes (Mt)	Grade (%Cu)	Copper (Mlbs)	Tonnes (Mt)	Grade (%Cu)	Copper (Mlbs)	Copper (Mlbs)	Copper (Mlbs)
Copper (Cu) only	118.3	0.43	1,124	138.8	0.43	1,302	1,119	1,284

¹ Includes APP, Chucapaca, Far Southeast, Yanfollla and Woodjam² 2012 declaration is for Continued operations (post-unbundling of Sibanye Gold)

5.6 Mineral Resource and Mineral Reserve Statement

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Figure 5.5: Gold Fields Mineral Reserve Statement as at 31 December 2013¹

Headline numbers

Gold only	Managed Mineral Reserves						Attributable ounces	
	31 December 2013			31 December 2012			31 Dec 2013	31 Dec 2012
	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Gold (Moz)	Gold (Moz)
Total operating mines	563.2	2.90	52,564	728.1	2.54	59,402	48,608	54,855
Total operating mines and projects	563.2	2.90	52,564	728.1	2.54	59,402	48,608	54,855

Operational summary

Gold	Managed Mineral Reserves						Attributable ounces	
	31 December 2013			31 December 2012			31 Dec 2013	31 Dec 2012
	Tonnes (Mt)	Grade (g/t)	Gold (Koz)	Tonnes (Mt)	Grade (g/t)	Gold (Koz)	Reserve (Koz)	Reserve (Koz)
Australia operations								
Agnew/Lawlers	4.2	7.05	952	6.0	5.98	1,154	952	1,154
Darlot	1.0	5.07	155				155	
Granny Smith	4.1	6.34	838				838	
St Ives	20.7	3.03	2,022	25.8	2.64	2,190	2,022	2,190
Total Australasia Region	30.0	4.11	3,968	31.8	3.27	3,344	3,968	3,344
South Africa operations								
South Deep	224.4	5.30	38,224	223.3	5.45	39,112	35,113	36,022
Total South Africa Region	224.4	5.30	38,224	223.3	5.45	39,112	35,113	36,022
Peru operation								
Cerro Corona	67.1	0.94	2,025	103.6	0.83	2,775	2,016	2,735
Total Americas Region	67.1	0.94	2,025	103.6	0.83	2,775	2,016	2,735
Ghana operations								
Damang	22.8	1.46	1,073	76.1	1.67	4,090	966	3,681
Tarkwa	218.8	1.03	7,273	293.3	1.07	10,081	6,546	9,073
Total West Africa Region	241.6	1.07	8,346	369.4	1.19	14,171	7,512	12,754
Total gold	563.2	2.90	52,564	728.1	2.54	59,402	48,609	54,855

(Peru) – Cerro Corona Copper	Managed Mineral Reserves						Attributable	
	31 December 2013			31 December 2012			31 Dec 2013	31 Dec 2012
	Tonnes (Mt)	Grade (%Cu)	Copper (Mlbs)	Tonnes (Mt)	Grade (%Cu)	Copper (Mlbs)	Copper (Mlbs)	Copper (Mlbs)
Copper (Cu) only	67.1	0.48	712	103.6	0.45	1,039	708	1,024

¹ 2012 declaration is for Continued operations (post-unbundling of Sibanye Gold)

5.6.4 Regional summary

Americas

Operations

The Americas Region has a declared managed gold Mineral Resource of 3.3 million ounces at December 2013 (December 2012: 3.7 million ounces) and a gold Mineral Reserve of 2.0 million ounces (December 2012: 2.8 million ounces). In addition, it has a managed copper Mineral Resource and Mineral Reserve of 1,124 million pounds (December 2012: 1,302 million pounds) and 712 million pounds (December 2012: 1,039 million pounds), respectively.

These figures are net of 0.3 million ounces of gold and around 106 million pounds of copper from mined depletion. The strategic decision to limit the elevation of Cerro Corona's Tailings Storage Facility ('TSF') to 3,800mRL ('meter Relevant Level') resulted in a further decrease in Mineral Reserves of 0.4 million ounces of gold and 182 million pounds of copper, as well as a significant reduction in planned capital expenditure. The mine still has the option, however, to raise the TSF to 3,815mRL in the future.

Chucapaca project

The total Mineral Resource for the Chucapaca project in Peru at end-December 2012 (no new declaration was given in 2013) is 6.1 million ounces of gold, 254 million pounds of copper and 46.1 million ounces of silver. The project is 51% attributable to Gold Fields.

Woodjam project

The total Mineral Resource for the Woodjam project in British Columbia, Canada, is 0.6 million ounces of gold (December 2012: 0.3 million ounces) and 1.705 million pounds of copper (December 2012: 1.060 million pounds). The project is 51% attributable to Gold Fields.

Australasia

Operations

The Australasia Region has a declared managed gold Mineral Resource of 11.5 million ounces (December 2012: 8.2 million) and a gold Mineral Reserve of 4.0 million ounces (December 2012: 3.3 million ounces). These figures are net of 0.7 million ounces from mined depletion, and include the Yilgarn South Assets' contribution of 4.2 million ounces and 1.2 million ounces to the Mineral Resources and Mineral Reserves, respectively. The Yilgarn South Assets, which were acquired from Barrick Gold on 1 October 2013, have declared Mineral Resources inclusive of Mineral Reserves for the first time as per Gold Fields policy. These figures are only depleted for production from the June 2013 update completed by Barrick Gold.

A key highlight at St Ives has been the discovery of the expansive Invincible deposit, as well as the reporting of its maiden Mineral Reserve of 0.5 million ounces.

Far Southeast project

The Far Southeast project in the Philippines has a Mineral Resource of 19.8 million ounces of gold and 9,921 million pounds of copper unchanged from December 2012. A total of 40% of this Mineral Resource is attributable to Gold Fields.

South Africa

Operations

The South Africa Region has a total declared managed gold Mineral Resource of 76.2 million ounces (December 2012: 79.3 million ounces) and a gold Mineral Reserve of 38.2 million ounces (December 2012: 39.1 million ounces). These figures are net of 0.3 million ounces from mined depletion during 2013.

South Deep's life-of-mine and Mineral Reserve is anchored by its production build-up plan. This will take the mine to a steady state run rate of 300,000 to 330,000 tonnes per month mined and production of 650,000 to 700,000 ounces of gold per year by the end of 2017.

5.6 Mineral Resource and Mineral Reserve Statement

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West Africa

Operations

The West Africa Region has a declared managed gold Mineral Resource of 16.9 million ounces (December 2012: 23.0 million ounces) and a gold Mineral Reserve of 8.3 million ounces (December 2012: 14.2 million ounces). These figures are net of around 1.0 million ounces from mined depletion.

Damang is currently in a recovery phase aimed at improving the quality of production and the mine's cash-flow margin. The year-on-year reduction in Damang's Mineral Reserve from 4.1 million ounces to 1.1 million ounces is based on a six-year life of mine that is currently constrained by the exclusion of the Main Pit Cutback 2 plan. The decision to exclude the Cutback 2 was taken on the basis that it was not economically viable in its current configuration and at an assumed gold price of US\$1,300/oz. In 2014 a re-assessment of all options at Damang will be undertaken to devise the best cash-generative plan going forward.

Tarkwa was affected by the lower gold price, which resulted in the exclusion of underground Mineral Resources at Kottraverchy and Akontansi, as well as downsized pit shells (at Akontansi in particular).

Business Development

APP and Yanfolila project

The total Mineral Resource figures for APP and the Yanfolila project remain unchanged year-on-year. APP in Finland has a Mineral Resource of 0.8 million ounces of gold, 2.4 million ounces of platinum and 9.8 million ounces of palladium – as well as 1,034 million pounds of copper and 438 million pounds of nickel. Of this, 100% is attributable to Gold Fields.

Yanfolila in Mali has a Mineral Resource of 1.46 million ounces of gold. Of this, 85% is attributable to Gold Fields.

Gold Fields divested itself of the Talas project in Kyrgyzstan in late 2013.



Our Vision of global leadership in sustainable gold mining requires us to:

- Create the greatest enduring value from gold mining for all our stakeholders, specifically our investors, our employees, our communities and our host governments
- Be the company that best understands and responds to stakeholder needs responsibly
- Be the most trusted and valued mining partner
- Enhance the environments in which we operate and limit the impact that mining can cause
- Leave a positive legacy by creating shared value for all our stakeholders

It is these requirements that sit behind our strategic objective of 'securing our future'.

6. Pillar: Securing our future responsibly

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6.1 Gold Fields as an employer of choice

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The restructuring of Gold Fields – and its new status as a mid-tier gold producer – means it is a different kind of employer than it was in the past. This is particularly the case given rising input costs and the strong pressure that the low gold price has put on all gold-mining companies. Nonetheless, this has not reduced our determination to make Gold Fields an employer of choice in our countries of operation.

This means ensuring our employees:

- Receive market-aligned pay and benefits
- Have access to a wide range of training and development opportunities
- Work in a safe, productive and caring environment
- Are acknowledged and recognised for their value creation

6.1.1 Post-unbundling labour profile

The unbundling of Sibanye Gold in February 2013 has dramatically reduced the size of our total workforce from around 48,000 to just 16,852, of which 6,685 were contractors. Furthermore, the fact that we no longer have the Beatrix and KDC mines in our portfolio has also transformed the nature and profile of our workforce profile. In particular:

- 39% of our employees are now based in South Africa – compared to 89% at the end of 2012
- Our workforce is no longer exposed to the significant health and safety risks posed by conventional, deep underground mining
- All of our mine-based employees now work at highly productive, fully mechanised open-pit or underground mines
- Our average employee is better educated than in the past – with, for example, only 9% of our workforce at South Deep classified as ‘illiterate’

In short, we have a smaller, more highly skilled, safer and more geographically diversified workforce that is appropriate for a modern, forward-looking mid-tier gold producer. Indeed, it is the right kind of workforce for a company seeking to generate sustainable cash flow in challenging market conditions.

Figure 6.1: Group human resource performance (as at end December 2013)

Category	Gold Fields 2013	Restated (Continued operations) 2012	Gold Fields pre-unbundling			
			2012	2011	2010	2009
Total employees (excluding contractors)	10,167	9,684	48,120	46,378	47,268	51,122
HDSA employees in South Africa (%) ¹	70.0	68.0	63.6	63.0	61.5	60.9
HDSA employees in South Africa (% senior management) ¹	44.0	31.0	43.0	42.7	41.4	39.1
National employees in Ghana (%) (excluding contractors)	98.60	98.00	98.00	98.00	96.92	96.91
Minimum wage ratio ²	2.88	2.88	2.83	2.52	2.72	2.79
Female employees (%)	10.9	12.0	8.7	8.0	7.4	6.9
Ratio of basic salary of men to women	1.20	1.43	1.01	1.06	1.05	1.07
Employee wages and benefits (Rm)	4,004	2,999	8,790	7,951	7,514	6,612
Average training (hours per employee) ³	97	142	143	128	n/a	n/a
Employee turnover (%)	9.90	8.40	7.89	10.72	13.41	13.70

¹ Excluding foreign nationals, but including white females; HDSAs – Historically Disadvantaged South Africans

² Entry-level wage compared to local minimum wage

³ Figures do not include training at Yilgarn South Assets

6.1.2 2013 restructuring

During 2013, we undertook a substantial restructuring at all levels of the Company to help address the lower gold price and ongoing cost pressure. This was driven by, among other things, the need to significantly reduce our labour costs whilst maintaining profitable production – and to put in place a leaner, more focused structure better suited to the ‘new’ Gold Fields.

Key elements in this process included:

- Implementation of a new ‘regionalisation’ model – based on the devolution of a range of accountabilities to a regional level (p18, 51)
- Rationalisation of our corporate office in Johannesburg – reflecting Gold Fields new status as a ‘mid-tier’ gold miner, as well as the shift in management responsibilities to our regions (p18, 51)
- The disbanding of our Group-level Growth and International Projects (‘GIP’) team – reflecting our focus on immediate cash generation and the devolution of responsibility for growth strategy and implementation to the regions (p94 – 95)
- Closure of our heap leach facilities at Tarkwa – as we focus on more profitable production via the mine’s high-recovery Carbon-in-Leach plant (p76)
- Reduced production at Damang – including the cessation of our ‘third shift’ as we focus on lower volumes of more profitable production (p76)
- Rationalisation of our management structures at South Deep – including a reduction in our complement of senior managers

Figure 6.2: Total employees by region

	Total work-force	Permanent employees	Contractors
Americas	1,556	355	1,201
Australasia (incl. Yilgarn South Assets)	2,131	1,696	435
South Africa	6,466	4,071	2,395
West Africa	6,607	3,953	2,654
Corporate office	60	60	0
Shared services	32	32	0
Total	16,852	10,167	6,685

Figure 6.3: Total workforce by region

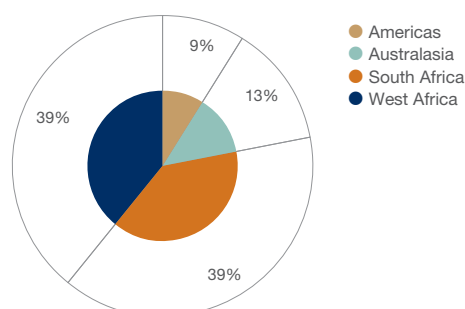
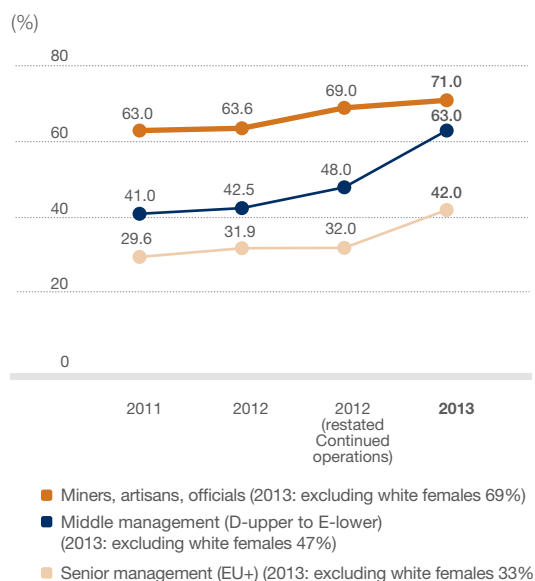


Figure 6.4: Historically Disadvantaged South Africans (‘HDSAs’) within the Gold Fields workforce in South Africa



6.1 Gold Fields as an employer of choice continued

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Sadly, this has required redundancies at every level – with a total of 711 people (or 7% of our workforce) exiting the Company during the course of the year. The redundancies were effected through voluntary and involuntary retrenchments, while a number of staff were also relocated to other parts of the business. This affected some parts of our business more heavily than others – as set out below:

- **Americas Region:** 57 retrenchments
- **Australasia Region:** 228 retrenchments, including at the Yilgarn South Assets
- **Corporate office:** 52 retrenchments
- **GIP:** 306 retrenchments following the closure of the unit
- **South Africa Region:** 51 retrenchments
- **West Africa office, Johannesburg:** 17 retrenchments

In January 2014, we also started the retrenchments of around 635 employees at our Tarkwa mine and 145 employees at Damang, both in Ghana.

While we regret the loss of these (and other) employees, the restructuring has played a vital role in underwriting the sustainability of the Group as a whole. This was demonstrated by our return to profit in the third quarter, despite a very challenging gold price. Aside from offering a solid base from which we can navigate the immediate sector challenges, we also believe that our new structure will support our future efforts to pursue long-term, cash-generative growth.

Parallel to these workforce reductions, we also integrated 953 of Barrick Gold's employees at our newly-acquired Lawlers, Granny Smith and Darlot mines into our workforce. The formal transfer of these highly-skilled workers and managers took place on 1 October 2013.

Following the integration of these assets, we took a number of decisions at Lawlers to reduce uneconomic production and take advantage of the synergies offered by its proximity to our Agnew mine. These included:

- Integration of the Agnew and Lawlers mines into one operating unit
- The placing of the Lawlers mill into care and maintenance – with ore from the mine instead being processed at Agnew
- The halting of marginal production at the Fairyland underground operation

As a result, there were around 80 related retrenchments at both Agnew and Lawlers, a significant proportion of our total of 228 retrenchments in Australia.

Figure 6.5: Gold Fields' regionalisation model

Role of the corporate office

The corporate office is narrowly focused on Group functions:

Group
strategy

Capital
funding

Stakeholder
brand and
reputation

Policies and
standards

Compliance,
reporting and
statutory audits

Growth

Role of the regions

Each region in the Gold Fields Group is managed by an executive vice president. Regional teams have full operational responsibility and accountability and are set up to be capable and appropriately resourced.

6.1.3 Industrial relations

About three-quarters of our total workforce is unionised (74%), but patterns of union participation vary considerably between locations. For example, each of our regions has the following levels of union participation within their workforces:

• Americas Region:	14%
• Australasia Region:	0%
• South Africa Region:	91%
• West Africa Region:	95%

We endeavour to foster good relations with all our employee representative organisations at all our operations.

Industrial action in South Africa

In September 2013, Gold Fields reached an agreement (via the Chamber of Mines) with members of the National Union of Mineworkers ('NUM') for a two-year salary offer. This followed a three-day strike at our South Deep mine. The agreement was also extended to the United Association of South Africa ('UASA') – the only other trade union with a presence at South Deep.

Under the agreement, which took effect on 1 July 2013, employees received pay increases of between 7.5% and 8% with further inflation-linked pay increases in the second year of the agreements. In addition, it was agreed that the monthly living out allowance would rise from R1,640 (US\$200) to R2,000 (US\$210) by 1 July 2014. The net impact of the deal was that guaranteed basic pay for employees at South Deep rose by an average of 7.8%.

There was a further three-hour stoppage by the NUM in November 2013 in relation to bonus issues.



www.num.org.za

Industrial action in Ghana

Following the expiry of a three-year wage agreement with the trade unions in October 2013, we then entered a new, two-year wage deal for 2013 and 2014. This resulted in an additional above-market increase on wages for both 2013 and 2014.

In April 2013, however, employees represented by the Ghana Mineworkers Union ('GMWU') and the Professional Managerial Staff Union at both the Damang and Tarkwa mines undertook illegal industrial action. This resulted in the temporary suspension of production at both operations. The illegal strike followed the issuance of an ultimatum by the unions, which was linked to (among other things):

- A dispute in relation to the determination of profit share payments to employees
- Demands for the unconditional reinstatement of an employee who was dismissed following an internal disciplinary procedure
- Dissatisfaction with certain management structures
- The removal of certain senior managers

The strike, which lasted for six days, ended after management and the GMWU reached a settlement on these issues.

Together, the mines lost 21,700 ounces of production as a result of the strike.

We have initiated a restructuring programme at Tarkwa and Damang, with the aim of improving cost performance in the West Africa Region (p76). Gold Fields agreed to these plans with the unions in November 2013 – and the retrenchment process started in January 2014.



www.ghanamineworkersunion.org

6.1 Gold Fields as an employer of choice continued

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Industrial action in Peru

Although there was no industrial action in relation to Cerro Corona's own permanent employees, the mine supported San Martin (its main contractor) in a labour dispute relating to its collective agreement. The dispute was resolved successfully with little impact on production. The Americas Region has since conducted audits of its contractors and suppliers to ensure their employee benefits are aligned with those of Gold Fields – helping diffuse potential tensions arising from differing working conditions.

New operating model at South Deep

Although we initiated South Deep's new operating model in October 2012, much of its implementation has taken place in 2013. This marks a major step forwards in aligning productivity, performance and rewards at the mine with international best practice. The new operating model – which has transformed South Deep into a 24-hour, seven-day a week operation – is supported by a progressive system of uncapped bonuses for those employees who achieve production targets and contribute to Gold Fields' business objectives.

The new operating model has not yet delivered all the benefits we are seeking. As a result we are reviewing the model, which may require some adjustments to better align it with South Deep's life-of-mine plan.

The long-term impact of the operating model on Gold Fields – and indeed the South African mining industry – cannot be overstated. It is expected to drive enhanced productivity at South Deep for the rest of the life of mine (estimated to be 2060) – helping ensure it becomes one of the leading underground mechanised operations in the world.

6.1.4 Employee development

The provision of world-class training and skills development plays a vital role in enhancing employee productivity and safety – as well as the long-term capabilities of our company. It is also essential if we are to attract and retain the best talent in a highly competitive global labour market. During 2013, we invested a total of about R150 million (US\$16 million) in internal training and skills development across the Group.

Our 2012 Leadership Development Strategy provides the framework through which we plan to develop the kind of talent needed to handle our new business environment. The strategy was revised in 2013 – for implementation in 2014 – to ensure its alignment with our new business strategy and structure. The strategy includes a programme for all Gold Fields employees, a Gold Fields leadership programme and a range of additional leadership development offerings.

At mine level, we opened the South Deep Mechanised Training Centre in 2013 to help employees improve their operating skills. The new centre – which can accommodate 60 people a day – features world-class equipment to ensure employees are trained to operate at the highest levels possible. The centre aims to:

- Introduce mine employees to the trackless underground mining environment
- Conduct pre-employment assessments of all employees
- Provide initial training and refresher training for new and current employees
- Deliver employment training to community members of the mine's host communities – for potential employment at the mine should opportunities arise
- Provide mining and engineering learnerships and supervisory training

¹ For those employees who choose to reside outside our provided accommodation

6.1.5 Health and wellbeing

The number of our employees working underground (both in absolute and relative terms) is now much smaller than in 2012. This has dramatically reduced the overall health and safety risks faced by our workforce. Even those employees who continue to work underground in Australia and South Africa do so in modern, fully mechanised conditions – significantly reducing their potential health and safety exposure (p30 – 31, 82 – 83). This has not made us complacent, however. Instead, it means we can further concentrate our efforts on minimising what risks remain – and continue to improve on our safety performance.

All mine employees are subject to initial and annual medical assessments, where applicable. The medical assessments (which aim to prevent, identify and treat occupational diseases) are ‘tailored’ in line with local legal requirements – as well as operation- and role-specific health risks. In addition, employees are also offered quantitative, confidential Health Risk Assessments.

These not only address occupational diseases, but also general health and lifestyle issues such as hypertension, diabetes, cholesterol, diet and mental health. Where necessary, individuals are referred to medical practitioners and/or our Employee Assistance Programme – to proactively address relevant risk factors.

In 2013, the number of occupational health cases that we submitted to local occupational health authorities across the Group fell significantly. This largely reflected the unbundling of the conventional, deep underground Beatrix and KDC mines – which have historically had higher numbers of occupational health cases:

- 0 cases of Chronic Obstructive Airways Disease (‘COAD’) (2012: 3)¹
- 8 cases of Noise-Induced Hearing Loss (‘NIHL’) (2012: 13)¹
- 12 cases of Silicosis (2012: 17)¹
- 42 cases of Cardio-Respiratory Tuberculosis (‘CRTB’) (2012: 40)¹

Our regions have also instituted operation-specific health and wellness programmes:

- In Ghana, for example, the health and wellness programme aims to identify and help manage chronic medical conditions among the workforce and to reduce the rate of absenteeism. Areas covered include:
 - Screening for high blood pressure, blood sugar levels and blood lipids. In 2013, a total of 2,517 employees were screened to identify hypertension, diabetes and high cholesterol risks
 - Guidance and counselling on nutrition, family planning, financial management and marital issues. In 2013, this was delivered to almost 500 employees
- In Peru, 60% of employees participated in a number of health and wellness campaigns, including eye and dental check-ups, psychological counselling, weight control and cancer awareness
- At our corporate office, we launched an updated employee assistance programme to allow employees and their direct family to get support on a range of mental, financial and legal issues

In addition, during 2013 we implemented rigorous substance abuse policies and strategies across the Group.

¹ All 2012 figures are for Continued operations

6.1 Gold Fields as an employer of choice continued

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Figure 6.6: Health performance in South Africa

Category	Gold Fields 2013	Restated (Continued operations) 2012	Gold Fields pre-unbundling			
			2012	2011	2010	2009
Noise-Induced Hearing Loss ('NIHL') submissions (Rate per 1,000 employees)	0.06	0.07	0.98	1.35	1.51	1.04
Silicosis submissions (Rate per 1,000 employees)	0.19	0.21	1.62	2.04	3.11	3.52
Chronic Obstructive Airways Disease ('COAD') (Rate per 1,000 employees)	0.00	0.04	1.04	1.27	1.54	0.68
Cardio-Respiratory Tuberculosis ('CRTB') (Rate per 1,000 employees)	0.65	0.48	16.38	18.02	15.97	13.89
Employees on Highly Active Anti-Retroviral Treatment ('HAART') (retained)	253	239	4,365	3,717	2,991	2,155

Noise, dust and particulates at South Deep

The nature of the mine means that South Deep tends to represent higher levels of risk around noise, dust and diesel particulates. As a result, it is a key area of focus from an occupational health point of view.

In 2013, we worked to meet the Mine Health and Safety Council ('MHSC') milestone that no machine or piece of equipment should generate noise of more than 110dB (A) after December 2013. In the last quarter of 2013, we identified three pieces of machinery that exceeded this limit (due to non-latent issues such as unbalanced fan blades) – and these have since been remedied. In addition, we are continuing to silence our underground fans and to apply noise management measures to our mobile mechanised equipment through our planned maintenance programmes.

We also continued to improve upon our dust control targets, in accordance with MHSC requirements. Examples of actions taken in this respect include:

- Real-time dust monitoring
- The fitting of water mist sprays at dust sources
- Dust management controls on our footwalls and internal tips
- Installation of manually controlled water blasts in all working areas

Through such work, we reduced the number of individual dust measurements in excess of the Occupational

Exposure Limit for silica of 0.1 mg/m³ to just 3.8%. This compares to a Mine Health and Safety Council milestone target of 5%.

In addition, we continued to build on our work at South Deep examining diesel particulate exposure. In part, this is due to the July 2012 classification of such particulates as carcinogenic by the World Health Organisation and International Agency for Research on Cancer. During 2013, we initiated the pilot application of fitting catalytic converters and diesel particulate filters to our underground mining vehicles. This is with a view to installing these control measures to all of our large underground vehicles. Such measures already appear to have had a positive impact on improving exposure to diesel particulates at our St Ives mine in Australia.

Silicosis

In 2012, two court applications were served on Gold Fields and its subsidiaries (as well as other mining companies) on behalf of various applicants purporting to represent a class of mine workers (and where deceased, their dependants) who were previously employed by or who are employees of Gold Fields or any of its subsidiaries – and who allegedly contracted tuberculosis or silicosis. Details of the silicosis litigation can be found in the Directors' Report on p34 of the Annual Financial Report.

HIV/AIDS and Tuberculosis

Our workforce of 6,466 employees and contractors in South Africa faces a particular risk of exposure to HIV/AIDS due to national adult prevalence rates of 17.9%.¹ We estimate the prevalence rate at South Deep to be 14%. This is a key driver behind our integrated HIV/Aids, Sexually Transmitted Infections ('STIs') and TB strategy. The strategy directly addresses the inter-relationships between HIV/Aids, other STIs and TB, and is based on:

- **Promotion:** Including workplace HIV/AIDS education and awareness raising through regular publicity campaigns and condom distribution in all workplaces
- **Prevention:** Including the provision of free and confidential Voluntary Counselling and Testing ('VCT') to all employees in South Africa – with a participation rate of 16% (2012: 6%)²
- **Treatment:** Including the provision of free Highly Active Anti-Retroviral Treatment ('HAART') to HIV infected employees through our on-site, doctor-staffed clinics. In 2013, 53 employees in South Africa joined our HAART programme (2012: 71)², taking the total number of active participants to 253 (2012: 239).² Ten employees exited the programme, which leaves 377 retained on HAART since 2004. Employees' dependants can receive HAART via our medical aid schemes
- **Support:** Including the provision of doctor-based primary healthcare, psychological counselling and social services

We are also continuing our efforts to address stigmatisation and discrimination to remove any barriers that would otherwise stop employees from participating in VCT and HAART. This includes the integration of HIV/AIDS management into our mainstream health services – with VCT taking place during our general Health Risk Assessments. This has the added benefit of enhancing our response to potential interactions with related issues such as TB and other STIs.

In addition to our internal programmes, we also implement community-based HIV/AIDS programmes. This is in recognition of the interaction between HIV/AIDS within our own workforce and in our local communities.

Malaria management

Our mines in Ghana are in a malaria-affected area. As a result, we have an ongoing malaria management programme based on:

- The spraying of mine accommodation and selected homes in neighbouring communities
- The fitting of anti-mosquito screens in mine accommodation
- The provision of mosquito repellent to all night-shift workers
- The education of community members by community health facilitators
- Rapid laboratory diagnosis and treatment

In 2013, we had 708 recorded positive cases of malaria at our Damang and Tarkwa operations.

Accommodation

Our need for workforce accommodation has reduced significantly since the unbundling of Sibanye Gold. Nonetheless, we are continuing to improve residences at South Deep to ensure our employees enjoy the kind of accommodation that is fitting for a modern, fully mechanised and highly-skilled workforce. About 2,100 of our employees live in South Deep hostels, family units, houses or flats. Those employees that choose not to live in company-provided accommodation receive a R1,840/month (US\$190/month) living-out allowance to cover the cost of renting a home or subsidising mortgage payments on a house.

During 2013, we completed the first phase of our hostel conversion programme – having converted hostel rooms into 123 family units and upgraded a further 159 rooms – and will start the second phase of conversions in April 2014 due for completion by the end of the year. The total cost of our housing and hostel conversion programme in 2013 was R29 million (US\$3 million). This puts us on track to meet the 2014 Mining Charter target ratio of one person per room. In 2014, we also plan to investigate opportunities for improving accommodation for on-site contractors.

¹ UNAIDS 2012

² 2012 – Gold Fields Continued operations

6.2 Creating and distributing value

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South Deep's long-term housing strategy is aimed at offering employees enough accommodation options to suit their circumstances, while ensuring that the cost of accommodation is affordable. The mine is also seeking to gradually phase out hostel living and will not build new hostels in the future.

Between 2013 and 2018 South Deep plans to spend about R470 million (US\$49 million) on its housing strategy, comprising the following key elements:

- R201 million (US\$21 million) to build 502 houses and flats for employees
- R112 million (US\$12 million) to purchase 350 houses from Sibanye Gold
- R72 million (US\$7.5 million) to upgrade hostels
- R57 million (US\$6 million) to provide interest free loans of R65,000 each to employees purchasing their own homes or flats
- R34 million (US\$3.5 million) for contractor accommodation

As part of the programme South Deep is in advanced talks with a property developer to build just over 1,080 houses and flats in adjacent towns for South Deep employees to rent or own.

To achieve our aim of being stakeholders' most trusted and valued mining partner, we need to establish, maintain and monitor strong relationships with our investors, employees, communities, governments and other stakeholders. Furthermore, we need to ensure that these relationships are sustainable by founding them upon the ongoing creation of mutually beneficial value – at both national- and community-level.

We are building on our existing work in this area through the application of a new, Group-wide approach to Shared Value delivery at both the national- and host community-level.

This is based on the following four pillars:

- **Strategic approaches:** Adoption of a proactive, strategic stance towards addressing social challenges – rather than reacting to community tensions or to government regulation

- **Integration:** The combining of our business and community relations activities – to capture business efficiencies and maximise our contributions to sustainable development in our host communities
- **Collaborative action:** Facilitation of broad, cross-sector collaboration to address social challenges – rather than acting on a purely independent basis
- **Transparency:** Comprehensive disclosure of our national economic contributions – in line with the World Gold Council ('WGC') guidelines on Responsible Gold Mining and Value Distribution

The effective identification and engagement of stakeholders as partners in creating value – and in defining what this means in practice – is vital to successful business delivery. In particular, it promotes strong relationships with host communities and other stakeholders that are based on trust and mutual interest.

Like any mining company, our ability to generate and distribute value remains entirely dependent on our ongoing profitability. As such, our value contributions are not only highly sensitive to changes in the gold price, but also to higher government imposts and more stringent regulation. We believe that the best way to optimise the value we can distribute to host countries and communities is to grow the mining economy. This approach to creating and distributing value – whilst growing the mining economy – represents the best way in which we can optimise our contributions to both the countries in which we operate and to our host communities.

In contrast, we also believe that the well-intentioned efforts by governments to gain 'a larger slice of the diminishing earnings pie', will only have a net, long-term negative impact on the interests of all stakeholders in the long-term in the industry (p52 – 53).



www.gold.org (Responsible Gold Mining and Value Distribution)

6.2.1 Total value distribution

Our most important means of generating value for the countries in which we operate is through:

- Payments to government, including:
 - Mining royalties and land-use payments
 - Income taxes, including taxes paid to government on the basis of profitability
 - Taxes, duties and levies related to the procurement of goods and services
 - Dividends (where government holds an equity stake in our business, such as in Ghana)
- Payments to business, including both operational and capital procurements, as well as rent and land-use fees

- Payments to employees and contractors, such as wages, benefits and bonus payments (including shares and payroll taxes)
- Socio-Economic Development ('SED') spending, including on infrastructure, health and wellbeing, education and training, local environmental initiatives and donations
- Payments to providers of capital, including interest and dividend payments to shareholders

In 2013, the value we distributed to our host countries amounted to US\$2,979 billion. Further details about these contributions are set out below.

Figure 6.7: Total value distribution by region and type 2013 (US\$m)

	Government	Business	Employees/ contractors	SED	Capital providers	Total value distribution
Americas	95	148	70	9	116	438
Australasia	107	529	215	1	0	852
South Africa	2 ²	351	174	3	9	538
West Africa	176	766	136	3	47	1,128
Total Gold Fields	380	1,817¹	595	16	172	2,979

¹ Total includes US\$23 million for GIP and corporate office expenditures

² South Deep is in ramp-up phase and pays limited taxes

Figure 6.8: National value distribution Americas 2013 (US\$m)

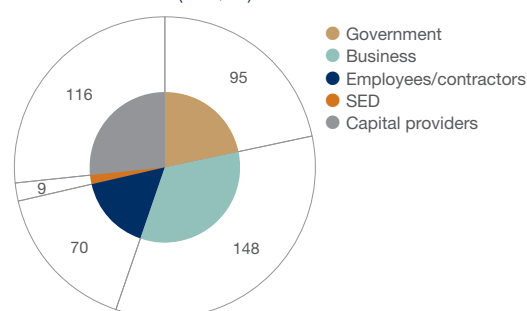


Figure 6.10: National value distribution Australasia 2013 (US\$m)

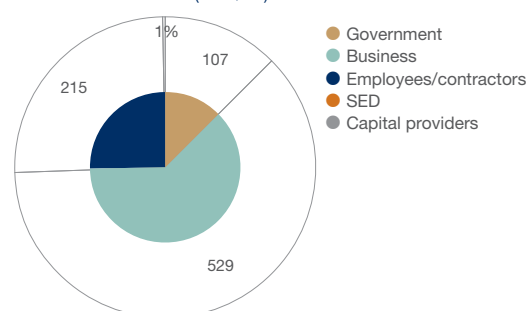


Figure 6.9: National value distribution South Africa 2013 (US\$m)

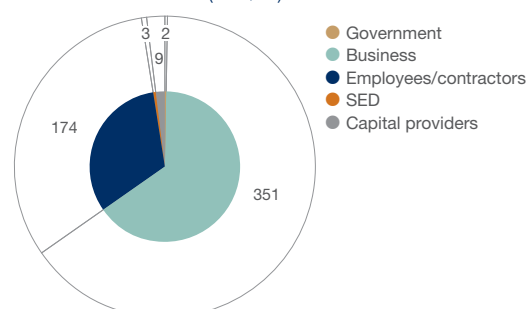
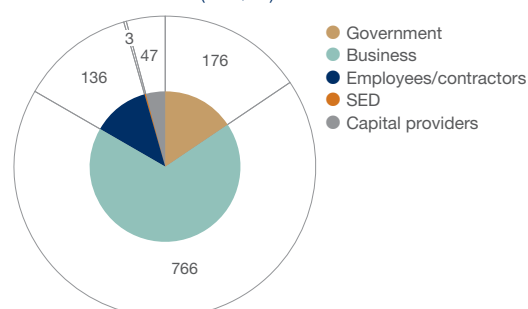


Figure 6.11: National value distribution West Africa 2013 (US\$m)



6.2 Creating and distributing value continued

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Payments to government

One of the most important contributions we make to our host countries (after payments to employees) is our payment of taxes, royalties, dividends and other sums to governments. In 2013, this amounted to US\$380 million (2012: US\$454 million¹). Such contributions can be a vital vehicle for the conversion of national mineral resources into broad-based, sustainable development.

In 2013, Gold Fields Ghana was recognised as the largest payer of tax in the country for the fourth consecutive year – having contributed a total of US\$250 million in corporate taxes, dividends, and royalties to government. This represents about 4% of all public expenditure in the country. Our public revenue contributions are forecast to decline, however, following a reduction in total production at our Tarkwa and Damang mines (p75 – 76) – as well as a reduction in the gold price.

Both Ghana and Peru adhere to the Extractive Industries Transparency Initiative ('EITI'), ensuring full transparency around natural resource revenues received by their respective governments. As a result, the public revenues we generate have a real impact on wider socio-economic development – particularly when they are targeted at development enablers such as public health, education and infrastructure.

Gold Fields supports the principles and processes of the EITI through its membership of the International Council on Mining and Metals ('ICMM'). In Ghana and Peru (both EITI-compliant) extractive companies are obliged to disclose details of their payments to government. Likewise these governments are required to publish the funds they receive from such companies.



eiti.org (Gold Fields Supporting Company Form)

Figure 6.12: Host country governance and growth indicators

	Transparency International Corruption Perceptions Index 2013	Maplecroft Governance Framework Risk Index 2014 ²	Maplecroft Democratic Governance Index 2014 ²	World Bank GDP growth data 2012	Extractive Industries Transparency Initiative status
Australia	9 th out of 175 countries	8.78 (low risk)	9.78 (low risk)	3.4%	Not a signatory
Ghana	63 rd out of 175 countries	5.05 (medium risk)	9.19 (low risk)	7.9%	Compliant
Peru	83 rd out of 175 countries	5.17 (medium risk)	9.27 (low risk)	6.3%	Compliant
South Africa	72 nd out of 175 countries	6.68 (medium risk)	8.37 (low risk)	2.5%	Not a signatory

¹ Continued operations – 2012 restated

² www.maplecroft.com

Payments to business

In 2013, we spent a total of US\$1,817 million on suppliers and contractors – 61% of our total value creation (2012: US\$2,047 million or 55%¹).

Of our total expenditure with businesses, US\$1,443 million (2012: US\$1,903 million¹) was spent with businesses based in-country – 79% of total procurement (2012: 93%¹). Breaking this down further shows that in 2013 US\$430 million (2012: US\$526 million¹) was spent on suppliers from our host communities.²

It is our policy to use local suppliers (i.e. those located in our host countries), where possible. This not only helps strengthen our own local supply chains at a strategic and operational level, but also directly contributes to our broader social licence to operate. In certain cases, local supply pools may not have the capability to fulfil our needs in the short-term. Because of this, we actively work with our existing and potential local suppliers to enhance their ability to service our needs in the long-term. This includes support and guidance with respect to business processes, management approaches and operational standards. Increasingly we are seeking to procure from businesses in our host communities to achieve Shared Value creation and economic stability in even closer proximity to our operations (p132, 135).

Our local supplier strategies include:

Australia

A total of 99% of our procurement spend is with Australian suppliers (72% with suppliers in Western Australia) across all product and service lines – a figure made achievable by the highly developed nature of Australia's mining sector and ancillary industries.

Ghana

A total of 68% of our procurement spend is with Ghanaian suppliers – a significantly higher proportion than in previous years. This includes the use of local operators for stripping and hauling, employee transportation, catering, fuel supplies and grinding media. Local procurement is subject to regulation under the Minerals and Mining Act 2006. In this context, we are an active participant in efforts by the Chamber of Mines to increase the proportion of the mining sector's procurement spend going to Ghanaian suppliers. This includes, for example, the sourcing of goods from a defined local content list comprising 27 items, ranging from grinding media to pipes. In addition, we are exploring how we can help our current and potential Ghanaian suppliers to access third-party financing – so they can further enhance their capabilities.

Peru

A total of 91% of our procurement spend at Cerro Corona is with Peruvian suppliers – with 6% being accounted for by community-based companies (p132).

South Africa

All of our procurement spend is with South African suppliers or local subsidiaries of foreign companies – and 72% (or US\$225 million) is spent with Broad-Based Black Economic Empowerment ('B-BBEE') South African suppliers (2012: 57% and US\$204 million¹). This is in line with our commitments under the revised 2010 Mining Charter (p146 – 147).

¹ Continued operations (2012 restated)

² In Australia, the Western Australian region is classified as a host community

6.2 Creating and distributing value continued

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Payments to employees and contractors

In 2013, our contribution in terms of salaries, benefits (including housing, training, healthcare, etc.) and the payment of dividends to employees amounted to US\$595 million (2012: US\$780 million¹).

We are committed – where operationally and commercially viable – to employing nationals, Historically Disadvantaged South Africans ('HDSAs') and host community members (p119, 132). This is on the basis that such an approach will:

- Enhance local skills pools, build local capacity and foster international employment standards wherever we operate – strengthening our own local skills base
- Contribute to broader development in our countries of operation due to the direct and indirect economic impact generated through the purchase of goods and services by employees and their dependants

In addition, it helps ensure we meet local regulatory requirements. In South Africa we are proud of the contribution we are making to the ongoing transformation of the mining sector (and by extension, to wider society). Under the revised Mining Charter, we are required to fill 40% of all management positions with HDSAs by 2014. Our current numbers show that we are already exceeding this target (p119). Likewise, in Ghana we are working towards an official localisation target that requires expatriates to make up no more than 6% of our workforce in Ghana by 2015.

As a result, the vast majority of our workforce comes from the countries in which we operate – maximising the positive impact of our operations on our host societies. The percentage of nationals or HDSA employees (South Africa only) in each of our countries of operation is:

- Australia: 97% (2012: 97%)
- Ghana: 99% (2012: 98%)
- Peru: 99.9% (2012: 99.9%)
- South Africa: 82% (2012: 83%¹)

This is a particularly important factor in countries such as Ghana, Peru and South Africa, which suffer from relatively high levels of unemployment and underemployment – as well as a relative dearth of skills at a national level.

Socio-economic development spend

Not all of the value that we create at a 'national' level will directly benefit our host communities – or directly contribute to our operations' licence to operate. To address this – and to meet the requirements of our Social and Labour Plans ('SLPs') in South Africa (p148) – we run significant Socio-Economic Development ('SED') programmes. These deliver targeted, tangible and lasting benefits to those communities in the immediate vicinity of our operations.

In 2013, we spent a total of US\$16 million² on a range of SED projects (2012: US\$18 million¹). Further details can be found on p133 – 136.

Our ability to make SED contributions is – to a degree – dictated by the commercial success of our business. This is particularly the case where our contributions are linked to our operational metrics, including production. This is the case in Ghana, where operational restructuring aimed at improving the economic sustainability of our Damang and Tarkwa mines has resulted in a significant reduction in our contributions to the Gold Fields Ghana Foundation – the main vehicle for SED spending. As a result, we have had to suspend or rationalise a number of SED projects to reflect this (p137, 138). These decisions were made in consultation with the affected communities.

Our approach to new SED projects will be guided by the concept of Shared Value (p135). This means we will increasingly focus on projects that support our business objectives and have a positive social impact – without requiring 'hand outs'. By doing so, we intend to maximise the value that both we and our host communities gain from our finite mineral deposits – and lay the basis for truly sustainable socio-economic development that lasts beyond the lives of our mines.

¹ Continued operations – 2012 restated

² Our SED definition has been aligned to the World Gold Council definition, which excludes employee-based SED

Payments to providers of capital

In 2013, we paid a total of US\$172 million (2012: US\$445 million¹) to our providers of equity and debt capital in the form of dividends and interest on our debt.

Our record over the last five years supports our claim to be one of the best payers of dividends in the industry. This is a record we intend to maintain, despite the relatively low gold price. As such, we remain committed to paying out 25% to 35% of our normalised earnings as dividends.

At the end of 2013, our net debt was US\$1.74 billion. A total of US\$1 billion of our debt is due to mature by 2020, with the remainder maturing between 2015 and 2017.

6.2.2 Community value distribution

As noted above, whilst our more significant value contributions (for example, payments to government, business, employees and providers of capital) can have a major impact at a national level, they do not necessarily 'trickle down' to our host communities or contribute to our local social licence to operate.

This is part of the rationale behind our community-focused development initiatives which we believe – if correctly targeted – can be sustainable and contribute to the value of our company in the short-, medium- and long-term. Indeed, according to a recent study of 19 mining companies over a 15-year period, investors placed a value of at least two to three times more on these companies' community relations than they did on the Net Present Value ('NPV') of these same companies' gold reserves.

Our initiatives in this area – many of which are funded by our SED spending – are focused on creating value for ourselves and our host communities through:

- Direct employment
- Indirect employment
- Skills development
- Educational investment
- Health investment
- Infrastructure support

¹ Continued operations – 2012 restated

6.2 Creating and distributing value continued

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Direct employment

As noted above, we are committed – where feasible – to the employment of host community members at our mines. The increasingly sophisticated nature of our operations and the availability of skills at a community-level mean, however, that our ability to do so is relatively limited. This is one of the reasons we also focus on community education and skills development (p133, 134) – as well as the indirect employment of community members via our supply chain and enterprise development projects (p133). Nonetheless, we employ a considerable number of host community members at our operations in Ghana, Peru and South Africa.

South Deep, for example, has integrated around 300 host community members into its workforce since the introduction of the new 24/7 operating model in October 2012. About 60% of the jobs were reserved for women, while five places were set aside for the top-performing Adult Basic Education and Training ('ABET') graduates.

Both our Damang and Tarkwa mines in Ghana cross-check new vacancies against a constantly updated community skills and qualification database. Where appropriate, individuals on the database are then selected by each mine's Employment Committee (chaired by local chiefs). Furthermore, both mines (and their contractors) actively recruit (in partnership with local chiefs and our Community Affairs teams) individuals from our host communities to fill unskilled positions.

As a result, it is estimated that our Ghanaian operations and their contractors employ 1,236 host community members (2012: 1,916). This is lower than in 2012 due to measures taken to safeguard the economic sustainability of both mines (p76). These include the closure of Tarkwa's Heap Leach facilities (which required significant amounts of unskilled labour) and a general reduction in casual labour.

Our Cerro Corona mine (including its contractors) employs a total of 593 host community members (2012: 519). This represents 37% of the total workforce – most of whom have received ongoing training and development. This number compares to an original commitment for the mine and its contractors to employ 150 host community members.

In Australia, we employ seven members of the community at our Agnew and St Ives mines.

Indirect employment

Our approach to promoting indirect employment in our communities is focused on two key areas: mining-related community procurement – and the promotion of more general community enterprises.

Community-based procurement

Where possible, we seek opportunities to procure goods and services from our host communities. As well as enhancing our community supply base (an important factor given the remote nature of some of our mines) this can generate significant community employment opportunities.

In 2013 we spent a total of US\$430 million (2012: US\$526 million¹) on goods and services from suppliers from our host communities.²

Our impact in this regard is most marked at Cerro Corona, where we use Hualgayoc-based operators for the provision of some equipment, light transport and general services – in line with local legal requirements. Indeed, we have proactively supported the development of a sustainable and effective supply pool around Cerro Corona – which sits in a remote, agricultural region – since its inception. Our success in applying this strategy is demonstrated by the fact that many of these suppliers now also service many other mining operators within the Cajamarca region. It is estimated that 45% of the local economically active population near Cerro Corona works in mining.

Likewise, in South Africa our South Deep Business Development Centre registers community-based businesses on a database that is used to identify community-based suppliers as opportunities arise (for example cleaning, mud loading, track maintenance and logistical supply contracts at the mine). The Centre offers a range of support to help entrepreneurs in our host communities access such opportunities, including training in bookkeeping, business planning, coaching and mentoring.

¹ Continued operations – 2012 restated

² In Australia, the Western Australian region is classified as a host community

Community-based enterprise development

We also actively work with communities and government to promote the development of a broader, more diversified economic base in our host communities – primarily through the promotion of local enterprises. Where possible, this is directly supported by our community skills development initiatives.

At Tarkwa, for example, we continue to promote community palm oil farmers through our established Sustainable Community Empowerment and Economic Development ('SEED') programme – which is aimed at boosting the local cultivation of palm oil. The programme, which includes 500 current participants and continues to make a material impact on local yields, has benefited a total of 2,000 farmers since it was started. All past and present participants have received at least two acres of palm oil seedlings each – as well as a range of related marketing and technical support.

Likewise, at Cerro Corona our established Milk Production Chain Programme continues to benefit approximately 640 community members. Our ongoing support and financing for the programme is enhancing the productivity of existing livestock holdings in the area through animal husbandry, the improvement of 170ha of local pasture and the promotion of modern milking processes. Furthermore, it is ensuring more value-added activities, including cheese production, takes place locally.

Skills development

Skills development in the community not only helps local people pursue viable livelihoods – whether at our mines or through alternative avenues – but also enhances our own ability to integrate people from our host communities into our workforce or those of our suppliers.

At Cerro Corona we have an ongoing programme to train community members as truck and excavator drivers. This is run in conjunction with our main contractor, San Martin, and the Hualgayoc municipality. In 2013, this benefited 20 people (2012: 250). This not only acts as a 'feeder' programme for recruitment to the mine itself, but equips the remaining participants with the means to pursue other opportunities within Cajamarca's highly active mining sector – and beyond.

Likewise, we run apprenticeship programmes at Damang and Tarkwa in Ghana. This includes our own internal apprenticeship programme, through which we train community members to become vehicle operators – significantly enhancing their employment prospects, either at our own mines or with our in-country peers. We also run an external apprenticeship programme, aimed at training local youths in locally marketable, non-mining-related skills such as car mechanics and hairdressing. In 2013, 92 people benefited from our apprenticeship programmes in Ghana.

At South Deep we have supported small- and medium-local businesses by sending 32 host community-members to be trained in business law, ethics and entrepreneurship at Monash University. These individuals are further supported through an ongoing training plan involving facilitated workshops. In addition, bursaries and study loans were granted to 11 additional community members.

South Deep also provides accredited portable skills courses to employees, contractors and community members. It gives learners (including medically incapacitated or soon-to-retire employees) the ability to generate a sustainable income in engineering-related roles or through self-employment. The programme is based on eight-week courses focused on applicable skills from plumbing through to vegetable gardening. Graduates are able to make use of the South Deep Business Development Centre should they decide to start up their own businesses. More than 200 community members have benefited from the programme since it started in October 2012.

6.2 Creating and distributing value continued

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Education investment

Education offers a long-term means of driving the development of our host communities. This helps improve the operating environment and enhance the ability of local people to gain employment – either at our operations or those of other companies.

We carry out a number of educational initiatives at Damang and Tarkwa, including:

- The provision (both directly and through the Gold Fields Ghana Foundation) of a total of 245 scholarships and bursaries to support attendance at local schools and tertiary institutions (2012: 327). In addition, we continue to support 329 beneficiaries from previous years
- Salary enhancement for about 70 teachers working near Damang – to support the attraction of top teaching talent. Ghana's National Best Teacher award went to one of these teachers in 2013
- Almost US\$400,000 was spent on other educational initiatives around Tarkwa and Damang, including the renovation of schools and provision of furniture and educational material

Likewise, the South Deep Education Trust (which is supported through dividend payments from Gold Fields) has a mandate to improve education at community and national level. To date about R25 million (US\$2.6 million) has been spent by the Education Trust of which about R16 million (US\$1.7 million) went to schools and bursaries for HDSA pupils. Other active projects include:

- R2.2 million (US\$229,000) to the Lapdesk initiative benefiting almost 20,000 students throughout South Africa
- A donation of R1.6 million (US\$167,000) to the University of the Western Cape
- A R1.5 million (US\$156,000) donation to the Legal Resources Centre

At Cerro Corona, we have a university scholarship programme for the best students from schools in the Hualgayoc district. At present, 31 of these students are enrolled in the Cajamarca Private University Antonio Guillermo Urrelo. Similarly, we also support teacher education – including 30 teachers from Hualgayoc who in 2013 obtained degrees from Cajamarca National University. This is expected to significantly enhance local teaching standards.

The Gold Fields Australia Foundation provides scholarships for indigenous people in Western Australia to achieve tertiary qualifications. The Foundation has awarded 13 scholarships since its establishment in 2009. In 2013 the programme was strengthened by providing candidates with access to mentors from Gold Fields in their chosen field of study.

Health investment

Community health is not only important from the perspective of local people, but also from the perspective of our employees' wellbeing. This is because the majority of our workers are drawn from – or live in – our host communities, resulting in a high degree of interaction.

Examples of initiatives carried out in Ghana in 2013 include:

- Delivery of medical care to employees (plus up to six dependants per employee) at both Damang and Tarkwa via the Tarkwa Mine Hospital – which is state-owned but managed and partially funded by Gold Fields. As a result, the hospital offers high-quality medical care to around 25,000 locally based employees and dependants – making a material impact on the health of the wider community
- Regular community radio broadcasting in the Tarkwa area on a range of community health issues
- Training for 32 Community Health Facilitators – as well as community Health and Sanitation Committees – at both Damang and Tarkwa

At Cerro Corona, our healthcare programmes were focused on:

- Investment of US\$1 million in our Children's Nutrition Programme for Hualgayoc and Bambamarca in 2013 – benefiting 1,200 families with children under 5 years of age (including nutritional education, improved stoves, the development of family gardens and the raising of guinea pigs)
- A joint campaign with the NGO Happy Faces to fund the facial reconstruction of 27 children with cleft lips and palates

What is Shared Value?

Shared Value is created when both business and social needs are addressed at a host community level. At its core, Shared Value is a business strategy that has social impact.

Infrastructure support

Some of the areas in which we operate suffer from a lack of high-quality infrastructure – making it a key area of focus.

In 2013, we made significant progress (in partnership with the Ministry of Roads and Highways and the District Assembly) in completing a major Gold Fields-funded project to construct an all-weather road between Samahu and Pepesa near Tarkwa. We plan to complete this US\$2.3 million project in the first quarter of 2014. The road is already delivering significant benefits to five of our host communities along the route (comprising more than 5,000 people), in terms of their access to markets, public services and other communities. In particular, the new road is helping ensure that beneficiaries of our SEED palm oil project are able to sell their produce via local markets (p133).

At Cerro Corona, we advanced our programme to improve supplies of potable water to our host communities through three main programmes:

- Construction of water supply infrastructure for the nearby Pílancones rural community – at a cost of US\$2.5 million (90% complete)
- A US\$1.1 million water infrastructure improvement project in Hualgayoc – including the installation of the La Huallya water treatment plant
- Construction of the Lipiag potable water system in the El Tingo community – at a cost of US\$320,000

This is in addition to:

- A US\$9 million investment to construct a modern central market for the city of Bambamarca – to be completed by the end of 2014 – under Peru's Work for Taxes Act. The Act allows us to recover 90% of the construction costs
- The provision of US\$2.1 million in funding for the construction of a new Health Centre at Hualgayoc

Future approaches to Shared Value in the community

Many mining companies face increasing pressure on their social licence to operate – sometimes resulting in serious community conflict and, potentially, the loss of the social licence to operate. At the same time, falling metal prices and increased input costs mean these same companies are less able to invest in conventional community development projects. This is particularly pertinent for Gold Fields, following its transition to being a mid-tier gold producer focused on cash generation.

This is the rationale for our adoption of the 'Shared Value' concept. In essence, this is about implementing mine-level policies and practices that help drive the value of Gold Fields – while also creating economic and social value for our host communities. It requires us to incorporate community issues and expectations into our operational strategies from the start. We believe that this approach will help our mines become more profitable (for example by generating additional income, reducing our costs or helping minimise the risk of social unrest) – while also improving the lives of those who live in our host communities.

In 2013, we carried out review exercises at South Deep in South Africa, Cerro Corona in Peru and our Far Southeast growth project in the Philippines. This was with the aim of identifying opportunities to build on our existing community development projects by applying the Shared Value concept.

In light of this, we have identified three key areas of opportunity on which to concentrate our Shared Value initiatives from 2014 onwards:

- The pursuit of innovative, advanced water management on a multilateral basis at Cerro Corona. This is aimed at mitigating our water-related closure costs and our ongoing operational water-related expenses
- Increased development of – and sourcing from – community-based suppliers at all our operations with pilot projects at Cerro Corona and South Deep
- Future workforce development at South Deep through the promotion of maths and science teaching in our host communities

The pursuit of Shared Value will impact the way we work. Each of our mines currently has distinct community affairs teams that tend to work separately from our operations teams. In future, we intend to carefully integrate our business and community-focused activities – so that we are better able to capture relevant operational synergies and optimise our contribution to the building of sustainable and prosperous host communities.

6.3 Social licence to operate

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The establishment and maintenance of a strong social licence to operate from our host communities – and, by extension, regional and national governments – is essential for the sustainability and growth of our business. This is why we put strong, secure and transparent relationships, as well as the sustainable generation of Shared Value at the core of what we do.

This includes regular and formalised engagement with the following groups to discuss and address relevant and material issues:

- Central and local government (including municipalities)
- Traditional community leaders
- Informal community groups
- NGOs
- Organised labour
- Local businesses

Engagement at this level is guided by:

- Local legislation
- Our updated Community Policy Guideline (and supporting internal documentation) and Community Relations Handbook
- South Deep's mandated Social and Labour Plan ('SLP')

Our policy and guidelines are aligned with a range of international best practice standards and frameworks, including:

- The ICMM's 10 Principles and Community Development Toolkit
- The International Finance Corporation's ('IFC') Performance Standards
- The Equator Principles
- The AA 1000 stakeholder engagement standard
- The ISO 26000 social responsibility standard

Furthermore, our Community Relations Handbook, which is currently a working draft and being finalised, aims to ensure that we apply a coherent, best practice approach towards our local communities – irrespective of where we operate. It is based on:

- The tailoring of Group-level guidance to suit local circumstances
- The application of international good practice, as developed and advocated by the IFC, the World Bank, the International Council on Mining and Metals and the wider mining industry
- The generation of sustainable and shared value

During 2013, we carried out training on the draft Community Relations Handbook in Peru, Ghana and South Deep, with the other operations to follow in 2014.

When undertaking significant operational changes (including new project development), we also conduct public engagement through our Environmental and Social Impact Assessments. These offer us the opportunity to explain project impacts, how we plan to mitigate them, and to identify and address relevant and material stakeholder concerns. Furthermore, we undertake a stakeholder mapping exercise to guide our ongoing engagement strategies.



Further information: Community Policy
 Further information: Community Relations and Stakeholder Engagement Guideline
www.icmm.com (10 Principles)
www.icmm.com (Community Development Toolkit)
www.ifc.org (2012 Performance Standards)
www.equator-principles.com
www.accountability.org (AA 1000)
www.iso.org (ISO 26000)

6.3.1 Material local issues

The key stakeholder issues that we addressed at each of our operating locations during 2013 are set out below. In addition, we are giving consideration to a public register of all community complaints against our operations, in the interest of transparency.

Australia

Due to the remote nature of our operations in Australia – as well as relatively robust socio-economic conditions in the broader community – our engagement efforts are primarily focused on local indigenous groups (p140).

Such engagement takes place under the Native Title Act 1993 and typically covers ongoing issues such as:

- Native title to land in and around our operations
- Land access for near-mine exploration activities
- The protection of cultural heritage during our drilling operations

Ghana

Both our Damang and Tarkwa mines continue to engage with local communities through our well-established community forums, including:

- Broad-based Mine Consultative Committees
- Formalised, regular engagement with local chiefs
- Regular Community Committee meetings
- Direct Community Forums
- Continual informal engagement, including through our Community Relations teams' 'open-door' policy

Community issues of concern typically relate to employment opportunities at our mines, illegal artisanal mining, access to Gold Fields SED funds and crop compensation. More specific issues faced in 2013 included:

- The impact of our Kottraverchy Waste Dump West Extension project at Tarkwa (aimed at increasing our capacity to store waste rock) on local farmers. We have resolved a dispute over the quantification of crop compensation payments with almost all parties and will be providing both a relocation allowance and alternative livelihood support. Five farmers continued to oppose the compensation settlement that was accepted by more than 400 of their peers, however

- The impact of the construction of our Far East Tailings Storage Facility ('FETSF') Project at Damang on land between Suromani and Kyekyewere – which has resulted in ongoing litigation and an interim injunction suspending construction at the site. At the time of writing, a Court-appointed surveyor was in the process of confirming whether the FETSF fell on any third-party land or not
- Slight siltation of community water sources near Damang due to the clearing of an area for the FETSF – which we addressed by installing two community boreholes
- The payment of compensation for damage caused by localised flooding at Damang. This was linked to the interaction between our hardened road surfaces and heavy rain
- The resettlement of inhabitants of Ainoo village, whose health and safety was deemed to be threatened by their proximity to Damang's Lima Pit. Resettled people were given the option of receiving cash compensation or suitable new land and accommodation

In addition, 2013 also saw a number of more specific issues raised around the restructuring of our operations in Ghana. For example, enhanced engagement took place with respect to the impacts of retrenchments linked to the closure of our heap leach facilities at Tarkwa (p76), the cutting of the third shift at Damang and – more seriously – the possible suspension of all production at Damang (p76).

Given local socio-economic conditions – and a relative lack of alternative livelihoods at Damang – these have been key issues of community concern. Furthermore, as we restructure our operations in Ghana, lower levels of production at both mines (as well as lower gold prices and rising costs) are likely to result in reduced funding for the Gold Fields Ghana Foundation (p133) – creating a parallel challenge for these host communities.

6.3 Social licence to operate continued

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We are aware of the potential for these and other related dynamics (including the impact on our relations with local traditional leaders) to undermine our relations with our host communities in Ghana. As a result, we are working with our community and local government stakeholders to review our existing portfolio of community projects. This is with the aim of ensuring that we focus on those projects that:

- Truly contribute to shared value
- Are 'high impact' in terms of benefiting both our communities and our operations
- Are sustainable as a result of co-support from local government

As part of this process, local communities around Damang and Tarkwa highlighted three key areas they would like to see prioritised in light of current funding restraints:

- Educational infrastructure projects
- Scholarships
- Bursaries

We believe that by concentrating on a smaller number of high-impact projects – whilst maintaining enough flexibility to respond to specific community needs – we are well placed to maintain our strong social licence to operate at Damang and Tarkwa. Beyond this, we plan to implement our Shared Value approach (p135) in the near future to help bolster our social licence to operate at both mines.

Peru

Our Cerro Corona mine has so far been unaffected by ongoing social tensions between local communities and other mining operators in the Cajamarca region. In part, we believe this is due to the priority given to maintaining strong community relations, which is supported by:

- Our formal engagement framework, which aims to address host community priorities including, for example, water quality, employment generation and agricultural development
- Our participation in the 'Mesa de Dialogo y Concertacion de Hualgayoc' – a community-based, multi-stakeholder roundtable focused on regional development projects
- Ongoing joint water monitoring with host communities (in combination with strict water management practices) to provide assurance around our perceived water impacts – a key 'trigger issue' for other communities in the region
- The impactful nature of our SED and direct/indirect/influenced community employment programmes at the mine and in our host communities

We are not complacent, however. The maintenance of our social licence to operate at Cerro Corona requires ongoing effort so that we continue to address community concerns in an effective and timely way. This is particularly important given forthcoming municipal and regional elections in 2014, which are widely expected to result in increased social tension in the Cajamarca region.

In August 2013, we formally joined a new multi-stakeholder development roundtable established by the Peruvian government to pre-empt and address social conflict in the region. The roundtable – which includes representatives from the government, the Cajamarca Chamber of Commerce & Production, the National Water Authority, the El Tingo community and the Farmers' Patrols of Bambamarca – will work collaboratively to analyse community needs and support the implementation of tailored, local-level development projects to address them.

Specific issues raised by host community members in 2013 included allegations that mining activities at Cerro Corona caused cracks in local houses. We have established (with the mayor of the Hualgayoc district and central government officials) a technical committee to oversee a review of those houses perceived to be 'at risk'.

South Africa

The Mineral and Petroleum Resources Development Act requires the submission of a Social and Labour Plan ('SLP') as a prerequisite for the granting of mining or production rights. The SLP requires mining companies to develop and implement comprehensive human resources development programmes (including employment equity plans) and Local Economic Development ('LED') programmes. These programmes are aimed at promoting employment and advancing the social and economic welfare of all South Africans with a strong focus on community development.

At South Deep, community engagement (with local government community members, NGOs and local farmers) primarily takes place under the LED element of its SLP.

We have submitted a revised SLP for South Deep to the DMR – and it is currently under review. We believe that we are materially compliant with all aspects of the SLP.

In 2013, we further advanced our ability to carry out meaningful communication with our host communities, through the engagement of the Federation for a Sustainable Environment – a high profile and respected environmental NGO – to facilitate our community engagement activities. This will considerably enhance our ability to understand community concerns – and to develop effective and sustainable responses.

Key stakeholder issues over the course of the past year include:

- Local farmers raised concerns over the emanation of dust from South Deep's old tailing storage facility. As a result, we implemented an immediate spraying programme using water and chemical dust suppressants – as well as a vegetation project to provide a longer-term solution
- In October 2013, the inhabitants of the Bekkersdal township (near South Deep) carried out violent protests over claims of poor service delivery by the municipality. Although not targeted at Gold Fields, this highlighted the need for our SLP to deliver meaningful benefits to local residents, many of whom live in conditions of poverty
- A group of residents from Bekkersdal has requested further engagement to ensure that their community benefits from the South Deep Community Trust and the South Deep Education Trust
- The nearby informal settlement of Thusanang is undergoing rapid expansion due to an influx of new residents. It is an issue of concern due to the implications for the health and wellbeing of those of our employees who live there. We are investigating ways in which we can apply our SLP to improve living conditions in the settlement and are also working with local government to formalise the municipal status of Thusanang – thus enabling it to receive official support



www.fse.org.za

6.3 Social licence to operate continued

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6.3.2 Indigenous people and FPIC

During 2013, we revised and updated our Community Policy Statement (previously called the Community and Indigenous Peoples Policy Statement). In part, this was to ensure it fully reflects changes made to the International Council on Mining & Metals ('ICMM') Position Statement on Indigenous Peoples. One of the key changes made by the ICMM is their commitment to obtain the Free, Prior and Informed Consent ('FPIC') of indigenous people for new projects (and changes to existing projects).

Reflecting this, our Community Policy Statement requires us (amongst other things) to:

- Respect the local traditions, rights, interests, cultures, perspectives and special connections to lands and waters of surrounding communities – including indigenous peoples
- Adopt and apply culturally appropriate engagement and consultation processes with communities and other key stakeholders, whilst ensuring the meaningful and fair participation of indigenous peoples
- Carry out timely and on-going engagement with stakeholders in accordance with Gold Fields values as well as the UN Guiding Principles on Business and Human Rights
- Work to obtain the consent of our host communities in compliance with applicable regulatory requirements and in accordance with international good practice

Our operations in Australia are located on or near land linked to indigenous communities – as is our Far Southeast growth project in the Philippines.

Australia

In Australia, we consulted with a number of local stakeholders – including the indigenous Wutha group – on our mine closure planning process at Agnew. In addition, we are continuing to engage with the indigenous Tijwarl group at Agnew in relation to cultural heritage matters and the determination of their Native Title claim. At St Ives and Granny Smith we are engaging with the Ngadju and Wongatha groups respectively regarding heritage matters.

Ngadju native title claim at St Ives

In December 2013, the St Ives Gold Mining Company ('St Ives'), which owns our St Ives mine, successfully applied to be joined as a respondent party to proceedings brought in the Federal Court of Australia by the Ngadju group. The proceedings relate to efforts by the Ngadju to determine their native title rights over a wide area of land in the Goldfields region of Western Australia. This includes a number of mining tenements held by St Ives.

Details of the case can be found on p35 of the Directors' Report in the Annual Financial Report.

The Philippines

At Far Southeast, we have an extensive engagement programme with the local indigenous Kankana-ey community. This is with the aim of securing their FPIC for our exploration activities – a necessary regulatory step before we can secure a Financial and Technical Assistance Agreement ('FTAA'). An FTAA is necessary before foreign companies can own a majority interest in a project of this nature – and is thus a prerequisite for our future involvement.

In July 2013, an overwhelming majority of the Kankana-ey Council of Elders expressed their support for the granting of an FTAA to Gold Fields. This paved the way for a formal memorandum of understanding with the Council of Elders and the National Commission on Indigenous People in October 2013, which formalised the granting of the FPIC by the Kankana-ey.



Further information: Community Policy
www.icmm.com (Indigenous Peoples and Mining
Position Statement)

6.4 Practising strong business ethics

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The Gold Fields values require us to act responsibly, honestly and with respect for others. We aim to go 'beyond compliance' and to apply the highest ethical standards so that we can continue to deserve the confidence of those we work with, whether they are investors, business partners, community members or host governments.

6.4.1 Compliance

We will not knowingly engage in any activities that undermine the legitimate business environment in any form, including bribery and corruption. All our directors and employees are bound by our updated Code of Ethics (p37), which has now been thoroughly embedded into our business. The code articulates Gold Fields' policy with respect to absolute prohibition against facilitation payments and political contributions. Political contributions will only be allowed if expressly approved by the Board.

Implementation of the code is supported by a robust implementation framework, which includes:

- Well-defined responsibilities and accountabilities
- Stringent internal reporting processes
- An anonymous whistle-blowing mechanism managed by Deloitte
- Yearly training, as well as additional, targeted training for those in high-risk roles

Breaches of the code will result in disciplinary action, which may lead to dismissal or even criminal prosecutions.

World Gold Council Conflict-Free Gold Standard

The proportion of newly mined gold linked to the financing of conflict is believed to be very low, at less than 1% of annual gold production. None of Gold Fields' mines are located in conflict-affected countries and all our gold originates from our own production. No gold is purchased from artisanal miners. As such, there is only a minimal risk of externally derived conflict gold entering our value chain.

Nonetheless, we have voluntarily adopted the WGC's 2012 Conflict-Free Gold Standard across all our eligible operations¹, not only as a matter of best practice, but also to support the global application of the initiative by the wider industry and to protect the reputation of gold. In 2013, we built on our existing efforts to apply the Standard by carrying out full assurance audits at all relevant locations.²

Following this exercise, Gold Fields can confirm that it is one of the first gold-mining companies to be formally certified under the Standard. Our formal Conflict-Free Gold Report, along with our self-declaration of compliance and the accompanying assurance report, can be found on our website.



www.gold.org (Conflict-free Gold Standard)

Regulatory investigations

Gold Fields was informed in September 2013 that it is the subject of a regulatory investigation in the United States by the US Securities and Exchange Commission ('SEC') relating to the Black Economic Empowerment transaction associated with the granting of the mining licence for its South Deep operation ('the BEE transaction'). In South Africa, the Directorate for Priority Crime Investigation ('the Hawks') has informed the Company that it has started a preliminary investigation into the BEE transaction to determine whether or not to proceed with a formal investigation, following a complaint by the Democratic Alliance. The investigations are in their early stages and it is not possible to determine what the ultimate outcome of these investigations will be on the Company.

Details of the Gold Fields Board's examination and actions on the BEE transaction are contained in the Director's Report in the Annual Financial Report on p 28 to 36. A fact sheet on the BEE transaction follows on the next page.



Further information: Code of Ethics

¹ The Cerro Corona mine in Peru is not required to conform to the standard as it produces a low-grade gold concentrate, which is excluded from the commodity definition in the Standard

² Excluding Cerro Corona. Although the Yilgarn Assets have been included in our audits, we will only issue a statement of conformance from the acquisition date (for the period 1 October 2013 to 31 December 2013), as this is effectively when they came under our control

6.4 Practising strong business ethics continued

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South Deep Broad-Based Black Economic Empowerment transaction

On 10 May 2010, Gold Fields announced that the Department for Mineral Resources ('DMR') approved the conversion of the old order mining right for its South Deep mine into a new order mining right pursuant to the Mineral and Petroleum Resources Development Act 2002 (Act 28 of 2002) (the 'Act'). In connection with the conversion of the new order mining right, amongst other things, Gold Fields agreed to design and implement certain plans for the social development of the communities residing in close proximity to the South Deep Mine and to engage in a broad-based black economic empowerment ('BEE') transaction, or the 'South Deep BEE transaction'.

By securing the converted new order mining right for South Deep and a parcel of contiguous land known as 'Uncle Harry's farm', Gold Fields would be able to complete its efforts to obtain converted new order mining rights for each of its South African mines owned at the time, namely Driefontein, Kloof and Beatrix (for which the converted new order mining rights had been obtained in 2006).

Against that backdrop, the Board and senior management of Gold Fields were determined in 2010 to express their commitment to broad-based BEE and to ensure that Gold Fields was well positioned to meet the ownership requirements under the applicable mining legislation.

In Gold Fields' view, achievement of that threshold would necessarily build on the BEE transaction which Gold Fields completed in 2004 with Mvelaphanda Resources ('Mvela'). In the 2004 BEE transaction, Mvela obtained an effective 15% ownership interest in the entity that then owned the South African mining operations of Gold Fields. Through that 2004 BEE transaction Gold Fields became empowered in accordance with the Mining Charter's equity ownership target of 15% by 2009 (although Mvela subsequently sold the entirety of its effective ownership interest in Gold Fields and consequently in Gold Fields' South African mining operations).

In 2010, the South Deep BEE transaction was the second step which Gold Fields took towards achieving the escalating equity ownership requirements under the Act relating to the empowerment of historically disadvantaged South Africans ('HDSAs').

Background and rationale for the South Deep BEE transaction

The development and execution of a broad-based BEE transaction was a requirement for obtaining the South Deep converted new order mining right. However, the Board and senior management of Gold Fields wanted to ensure that the primary beneficiaries of economic empowerment would, together, be employees of Gold Fields and the areas from which they originate, as well as other South African communities.

Furthermore, Gold Fields wanted to ensure that it satisfied the requirement of the DMR that any further equity ownership of HDSAs would need to be accomplished on a broader basis than some of the other South African BEE transactions done previously by mining companies, including Gold Fields' own 2004 BEE transaction with Mvela.

There were two other key considerations for Gold Fields which ran across the South Deep BEE transaction strategy, whichever empowerment structure was ultimately to be chosen.

The first consideration was that Gold Fields had observed that, in prior BEE transactions in South Africa, true economic empowerment was not always assured because of the complex arrangements used to finance the interests being acquired by HDSA stakeholders.

Therefore, the Board and senior management of Gold Fields decided to vest the relevant equity interest in the HDSAs at no cost, thereby increasing the likelihood that true economic value and benefit would ultimately accrue to the BEE stakeholders, primarily employees and the communities. Gold Fields believed that the issue of an equity interest in that manner would then not require the BEE stakeholders to take the risk inherent in the alternative financing structures.

Based on the gold price assumptions made by Gold Fields at the time, it was estimated that it would take prospective BEE beneficiaries approximately 20 years to repay a conventional third-party or vendor financed loan, assuming receipt of 10% of the estimated cash-flows from South Deep (reflecting the proposed effective equity interest). Gold Fields also made assumptions related to gold price volatility and other associated mining risks, and also recognised that it was a possibility that such a loan would potentially carry the risk of never being repaid, as had been experienced in other South African BEE transactions.

South Deep BEE fact sheet

As a result, it was suggested by Gold Fields and agreed with the DMR that the South Deep BEE transaction would be structured as a “vendor financed phased-in participation scheme”. Under the proposed phased-in participation scheme, the BEE stakeholders would benefit from full indirect ownership rights in South Deep, but would not participate fully in the estimated cash-flows from South Deep for the first 20 years following the transaction. The phased-in participation scheme sought to simulate conventional vendor financing, but would not require ongoing funding by the BEE stakeholders and would more effectively manage the financial risks associated with conventional vendor financing structures used in the past.

The second consideration was the desire expressed by the Gold Fields Board and senior management that the timing of being able to crystallise these economic benefits should reflect, on one hand, the longer-term investment that would be required in the mine before meaningful production and profits flowed from South Deep and, on the other hand, the belief that true economic empowerment would require the delivery through a dividend of some immediate cash benefit to the stakeholders despite South Deep's long-term investment cycle.

Therefore, in order to address those considerations, Gold Fields determined that:

- the indirect equity interest in South Deep would be required to be held for a period reflecting the term of the new order mining right related to the South Deep mine and, therefore would not be transferable by the holders for a period of 30 years (absent the occurrence of certain conditions, such as death of the holder)
- the indirect equity interest in South Deep would pay a preferred dividend to the BEE stakeholders during the anticipated “build-up” period for the mine. Therefore, BEE stakeholders would receive a preferred dividend of R20 million per annum that would taper off as their entitlement to South Deep cash-flows increased to reflect their effective full 10% interest. Gold Fields expected that the preferred dividend would create an immediate cash flow benefit to the BEE stakeholders, as required by relevant legislation.

Through these steps, it was believed by the Board and senior management of Gold Fields that economic empowerment would primarily flow to those most greatly impacted by the South Deep mining operations (namely employees and South African communities) and that,

despite the long-term investment profile of South Deep, tangible economic benefit would flow to the HDSA stakeholders during their lifetimes (and could be used by them to further HDSA investment in the mining industry or otherwise should they desire). These steps would also permit longer-term value to be preserved until later in the expected production life of South Deep.

Importantly, as noted above, Gold Fields also believed that all of this could be achieved without the stakeholders bearing the financing risk which appeared to have undermined the delivery of true economic value in certain other BEE transactions in South Africa that used a conventional vendor financing structure.

Structure of the South Deep BEE transaction

In order to move forward with the South Deep BEE transaction and issue the equity interests contemplated, Gold Fields sought approval from its shareholders at an extraordinary general meeting in November 2010. The shareholder circular provided in advance of that meeting described the structure of the South Deep BEE transaction and how each of the objectives articulated by the Board and senior management of Gold Fields would be achieved.

In summary, empowerment of the employees, the Trusts and the residual HDSA stakeholders would occur through direct and indirect interests being held in the entity which indirectly held the entire share capital of South Deep, referred to in the shareholder circular as ‘NEWCO’.

The largest portion of the financial and equity interest held in NEWCO was vested, as a result of the indirect issue of approximately 13.5 million Gold Fields shares to the Thusano Share Trust, for the benefit of employees participating in an employee share option plan, or ‘ESOP’. At the time, the issue represented an effective interest of 10.75% in South Deep.

In addition to the empowerment of Gold Fields' employees through the ESOP, Gold Fields established two trusts, a Community Trust and an Education Trust, in order to provide lasting benefit to an array of South African constituencies. The Community Trust was to hold its beneficial equity interest directly in NEWCO, which equated to an effective 1% interest in the South Deep operations. The Education Trust was to hold its beneficial interest indirectly through the principal BEE stakeholder vehicle, known as ‘Invictus’. Through its 60% beneficial interest in Invictus, the Education Trust held a 5.4% economic interest in South Deep.

6.4 Practising strong business ethics continued

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Although the largest portion of the benefit was to be shared collectively by employees and the communities, the remainder of the economic value was to be shared across a broad-based group of individual HDSA beneficiaries.

As stated in the shareholder circular, the DMR requested that Gold Fields have a broad-based empowerment transaction, including HDSAs from provinces outside of Gauteng.

The individual HDSA beneficiaries were to be drawn from a range of backgrounds, including certain women who made a great contribution to the struggle against apartheid, individuals involved in a range of political parties who also contributed to the peaceful transition to democracy, students who contributed to the evolving democracy within South Africa and certain other individuals who were expected to be directly involved in some of the strategic matters related to the South Deep mining operations. Each of these individual HDSA beneficiaries was included within a specific investment vehicle, representing their economic interests directly within Invictus and, as a result, indirectly in the South Deep mine.

Details relating to each of the investment vehicles and their percentage equity ownership of Invictus were set out in the shareholder circular. In total, there were 73 HDSA participants empowered through their direct or indirect effective holdings in Invictus and South Deep respectively. In aggregate, these persons hold a 40% beneficial interest in Invictus and, therefore, a 3.6% economic interest in South Deep. The extent of the broadly-based South Deep BEE transaction is evidenced by the fact that no individual HDSA beneficiary holds more than a 0.26% effective interest in South Deep.

The individual HDSA beneficiaries receive current economic value for their respective indirect interests through the distribution of dividends in Invictus and, ultimately, from the South Deep mine. As of 31 December 2013, R54 million in aggregate had been distributed in dividends from NEWCO to Invictus (only 40% of which constitute payments made in respect of the effective interests held by individual HDSA beneficiaries).

The fair market value of the aggregate effective interest of the HDSA beneficiaries, as estimated for accounting purposes at the time of the original transaction, was

R297 million, compared with R626 million held by the ESOP and R528 million held by the Education and Community Trusts (in aggregate).

The future legacy of the South Deep trusts

Gold Fields believes that the on-going legacy of the South Deep BEE transaction should be measured against the original objectives it established at the outset of the transaction — namely to ensure that the primary beneficiaries of any economic empowerment would, together, be employees of Gold Fields and South African communities; and secondly, that in the context of meeting its 2014 HDSA equity ownership target, any empowerment transaction would benefit a broader and more diverse group of HDSA beneficiaries than some other BEE transactions had done previously, while maximising the likelihood that true economic value and benefit would be delivered to the BEE beneficiaries during the operational life of the South Deep mine.

The Board and senior management believe that the establishment of the Community and Education Trusts will be a continuing example of the delivery of broad and meaningful benefit to a diverse range of South Africans.

Since 2011, over R25.2 million of that has been donated to a range of education opportunities for young South Africans. For example, the Education Trust has supported nearly 20,000 pupils within 23 schools through its support of Archbishop Desmond Tutu's 'Lapdesk initiative'. The Trust has donated over R2.2 million towards that initiative, which has been recognised within South Africa and globally. In addition, the Education Trust has also shown significant support for South African communities through its support of the "City Year South Africa" initiative, working together with the Clinton Foundation; and through its support of The Legal Resources Centre, Africa Tikkun, Kingswood College and Clifton School, each of which were designed to uplift and enable disadvantaged and vulnerable people.

In 2014/2015 the Board expects that significant progress will be made by the Community Trust. The Board and the Trustees of that Trust look forward to communicating the plan of action and disbursements which the Trust expects to be making over the coming months. The Board believes that there is fantastic scope for the funds within that Trust to make a tangible and immediate impact on the communities and people surrounding, and affected by, the South Deep mine.

Gold Fields' vision is to be the leader in sustainable gold mining and the Board and senior management recognise the importance of delivering that across its operations, which also, at its core, means delivering value to its employees, communities and other stakeholders.

With that perspective, Gold Fields remains confident that the South Deep BEE transaction has delivered, and can continue to deliver, lasting value to a broad range of beneficiaries.

6.4.2 Government relations

As the provider of mining licences, host governments are among our most important stakeholders. The majority of our engagement with host governments generally takes place through national chambers of mines. This is due to the efficiency and legitimate influence offered by collective engagement. Where it is useful and appropriate, we also engage with our host governments on a bilateral basis. In addition, we engage regularly with the regional regulatory authorities and host community municipalities.

As a general rule, Gold Fields does not make financial contributions to political parties, and no such contribution was made in 2013.

Maximising national mineral benefits

Whilst we fully support efforts by governments to maximise the social benefits generated from national mineral resources, we believe that a myopic focus on securing a greater proportion of the earnings of mining companies is counter-productive. While this may produce more public revenues in the short-term – the inevitable long-term impact is to reduce mining investment, discourage the development of new projects or even encourage the abandonment of marginal projects. Clearly, this can have serious and lasting consequences in terms of eroding value generation and distribution at a national and community level (p126, 135).

Nonetheless, governments display continued enthusiasm for increased imposts on mining sector earnings even in the wake of the recent decline in the gold price, escalating input costs and a general mining downturn. Part of this is the fault of the mining sector itself, which has generally

reported its cash costs – whilst ignoring all of the other major investments it needs to make to maintain sustainable mining businesses (including, for example, capital costs). Even in our current context of depressed gold prices, this makes it look like the sector is making significant profits – when the reality is quite different.

All-In Sustaining Cost and All-In Cost reporting

The need for greater transparency is one of the drivers behind the World Gold Council's introduction in June 2013 of All-In Sustaining Cost ('AISC') and All-In Cost ('AIC') reporting. AISC builds on existing cash cost metrics by incorporating costs related to sustainable production, whilst AIC includes additional costs that reflect the varying costs of producing gold over the lifecycle of a mine. By applying these metrics, the sector will provide governments and the people they represent with a much more accurate picture of the very real challenges facing the sector (p32, 53).

Beyond this, we want to work with our host governments to explore how we can create the conditions that will:

- Reassure investors that mining remains an attractive investment option
- Give us the confidence that new and existing mining operations will enjoy fiscal and regulatory stability
- Maximise the long-term value that national natural resources can deliver to their citizens at a national- and host community-level

This requires genuine and ongoing collaboration with government. The fact that we ultimately share the same interest – thriving, sustainable and revenue-generating mining projects – means this kind of collaboration should be possible. Indeed, this is a key impetus behind our emphasis on measuring value distribution and Shared Value impact (p126, 135), through which we intend to demonstrate the veracity of our claims.



www.gold.org

¹⁸ See the Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs at http://www.gold.org/download/pub_archive/pdf/wgc_guidance_on_non-gaap_metrics.pdf

6.4 Practising strong business ethics continued

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Figure 6.13: Mining Charter Scorecard

In September 2010, the South African Department of Mineral Resources ('DMR') amended the Mining Charter by proclamation in the Government Gazette. The Revised Mining Charter partly introduces a BEE percentage scorecard and also looks at ownership targets and housing and living conditions. There are a number of matters

Element	Description	Measure
Reporting	Report on the level of compliance with the Revised Charter for the calendar year	Acknowledgement of receipt from the DMR of the Integrated Annual Review ('IAR')
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation. Full shareholder rights
Housing and living conditions	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units
Procurement and enterprise development	Procurement spent with BEE entities	Capital goods Services Consumable goods
	Multi-national suppliers' contribution to the social fund	Annual spend on procurement from multi-national suppliers.
Employment equity	Diversification of the workplace to reflect the country's demographics	Top management (Board)
		Senior management
		Middle management
		Junior management
		Core and critical skills
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	Human resources development expenditure as a percentage of total annual payroll (excluding mandatory skills development levy)
Mine community development	Conduct community consultation to establish needs	Implementation of approved community projects
Sustainable development and growth	Improvement of the industry's environmental management	Implementation of approved environmental management programmes ('EMPs')
	Improvement of the industry's mine health and safety performance	Implementation of tripartite action plan on health and safety
	Utilisation of South Africa-based research facilities for analysis of samples across the process chain	Percentage of samples in South African facilities
Beneficiation	Contribution towards beneficiation	Added production volume contribution to local value addition beyond the baseline

relating to the interpretation of the requirements of the Revised Mining Charter which some parties, including Gold Fields, are negotiating with the DMR. Details of Gold Fields' performance against the targets set in the Revised Mining Charter are:

2013 Progress against target	Compliance target by 2014
IAR submitted	Annually
15% – 26%	26%
15% – 26%	26%
Hostels: South Deep has completed more than 43% of the planned hostel upgrades. At the end of December 2013, the occupancy rate averaged 3.5 people per room. This number will drop to one person per room by end-2014	One person per room
Family Units: South Deep has completed the establishment of family accommodation at its hostels	100%
75%	40%
68%	70%
69%	50%
Not available, awaiting DMR guidance	0.5%
33%	40%
44%	40%
63%	40%
53%	40%
71%	40%
South Deep spends 6% of its yearly payroll on skills development annually against a target of 4.5%	5%
As part of South Deep's SLP, South Deep is involved in a number of community development projects focused on infrastructure development, job creation and poverty alleviation, with particular emphasis on enterprise development. Despite being in a loss making position, due to the production ramp up, the mine spent R29,4 million on socio-economic development. 85% of the SED spend (or R24,9 million) was spent on implementation of community projects approved in the SLP.	Up-to-date project implementation
South Deep has an approved EMP for its mining activities and prospecting sites. An EMP performance assessment is being undertaken in Q1 2014. South Deep is ISO 14001 certified, which assists tracking of the implementation of the EMP commitments. In addition, we commission annual reviews of our mine closure cost estimates using independent experts.	100%
100%	100%
100%	100%
Current regulations and guidelines are not clear in relation to the baseline levels and targets. However, Gold Fields has a capital intensive investment in our smelting facility at South Deep, which adds significant value to the gold being mined, as well as creating jobs. Gold Fields also owns 1.8% of Rand Refinery, which is establishing a major hub for precious metals fabrication in South Africa for global export, while at the same time assisting local communities with skills development.	Section 26 of MPRDA (% above baseline)

6.4 Practising strong business ethics continued

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Fiscal challenges in Ghana

We firmly believe that as well as being competitive, tax rates should be consistent and applied equally to all mining companies. Our situation in Ghana provides an example of the unintended consequences that can occur where these principles are not applied.

In 2012, the government of Ghana implemented a range of effective tax increases as part of its efforts to address significant budget shortfalls. These included:

- A rise in the corporate income tax rate from 25% to 35%
- A reduction in the capital allowance to 20% for five years (previously 80% in the first year) and the removal of a special 5% allowance for the mining sector
- Provisions to prevent internally 'off-setting' of capital expenditure, i.e. ring-fencing between different lease areas of the same operation
- An increase of customs duties on Mining List items from 0% to 5%
- A sharp increase in the stool tax (calculated on the basis of all exploration and mining licence areas) from GH¢0.5 (US\$0.25) per km² to GH¢9,019 (US\$4,600) per km²

This took place in a context in which our in-country peers are protected from an increasingly uncompetitive fiscal regime by selective stabilisation agreements. Inevitably, this has – in combination with the low global gold price – materially influenced our decision to:

- Suspend exploration activity in Ghana
- Restructure our operations at Damang and Tarkwa (p76)

Gold Fields has been the largest individual contributor to national revenues in Ghana for the past four years, paying a total of US\$250 million in 2013 (2012: US\$255 million). While we are proud of the contribution we make to Ghana's public revenues, particularly as the government addresses a large budget deficit, the fact that we do not enjoy a level playing field with our in-country peers means we are sharing a disproportionate amount of the burden.

In recognition of some of these challenges the government established a Renegotiating Stability Agreement Committee to investigate a common and fair approach to taxation of mining companies in Ghana. We are constructively engaging with the committee to present our case – including the need for Gold Fields to be granted its own stabilisation agreement – and are awaiting the outcome of its ongoing investigation.

BEE in South Africa

The primary focus of our engagement with government in South Africa is on Black Economic Empowerment ('BEE'). The mining sector is regulated in this regard by the Mineral and Petroleum Resources Development Act of 2002, which requires mining companies to facilitate meaningful and substantial participation of HDSAs in the mining industry of South Africa. To provide guidance on this open-ended requirement, the Mining Charter, as revised in 2010, was published.

The Mining Charter guides mining companies in their empowerment initiatives by providing for a range of empowerment actions and a corollary timeframe target (March 2015) for their respective implementation. Our South Deep mine is currently working with the Department of Mineral Resources ('DMR') and other stakeholders in addressing these targets, with a special focus on meeting its relevant Social Labour Plan ('SLP') requirements. Our Mining Charter Scorecard is on p146 – 147.

During 2013, we submitted a new SLP for South Deep to which we are still awaiting a response from the DMR. This reflects a number of adjustments to (among other things) align the SLP with our reduced labour profile and post-unbundling human resource development capabilities. In addition, the new SLP includes a number of proposed LED projects for both our local communities and our labour-sending areas. These include, for example:

- Infrastructure projects, including construction work on the Simunye High School in Bekkersdal, the Thusanang Community Clinic and the Poortjie Housing Completion Project for the elderly, as well as restoration of the Healdtown College and Community Clinic in Eastern Cape province (with potential participation by AngloGold Ashanti as a project partner)
- Agricultural projects, including a poultry-farming project
- Manufacturing projects, including the development of a community-based bakery

In addition, Gold Fields is, through its membership of the South African Chamber of Mines, an active participant in the Mining Industry Growth, Development and Employment Task Team ('MIGDETT'). The MIGDETT is a vehicle used by the DMR, companies and trade unions to promote sustainable growth and meaningful transformation of the mining sector.


www.dmr.gov.za



7. Assurance

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7.1 First party: Internal Audit statement

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Gold Fields Internal Audit (GFIA) is an independent assurance provider to the Gold Fields Audit Committee on the effectiveness of the risk management, control and governance processes within Gold Fields. The risk-based annual audit plan covers the breadth and depth of the Gold Fields value chain, which is approved by the Audit Committee annually.

The internal audit activities are conducted in terms of the annually approved mandate provided by the audit committee and is executed by either a team of appropriate, qualified and experienced internal auditors, or through the engagement of external practitioners on specified and agreed terms. The Internal Audit team is based in South Africa and services all the Gold Fields operations globally. The Vice President and Group Head of Internal Audit provides quarterly feedback to the Audit Committee and has a functional reporting line to the Audit Committee Chair.

GFIA follows a risk-based audit methodology, which is in compliance with the Institute of Internal Auditors' (IIA) "International Standards for the Professional Practice of Internal Auditing". Furthermore GFIA operates a quality assurance programme that involves performing detailed quality review assessments at an activity and functional level.

Based on the work performed by GFIA during the year, the Vice-President and Group Head of Internal Audit has presented the Audit Committee with an assessment on the effectiveness of the Company's system of internal control and risk management, internal financial controls as well as the IT control framework. It is GFIA's opinion that the internal control environment and risk management processes are adequate within the Gold Field business and provide reasonable assurance that the objectives of Gold Fields will be met. This GFIA assessment, forms one of the bases for the Audit Committee's recommendation in this regard to the Board.



Shyam Jagwanth
Vice-President and Group Head of Internal Audit
Johannesburg
South Africa,
27 March 2014

7.2 Second party: Assurance on reporting



This is the fourth year of collaboration between Gold Fields and Maplecroft on the Integrated Annual Review. Maplecroft worked closely with relevant Gold Fields employees to collect, analyse and review information across all areas covered in the Integrated Annual Review 2013. This included site visits in Ghana and South Africa, as well as interviews with senior managers, discipline experts and other relevant Gold Fields employees across the operational, sustainability and financial disciplines and in all regions.

All work completed by Maplecroft is informed by best practice initiatives and standards, including the King III Code, those of the International Integrated Reporting Committee, the Global Reporting Initiative (GRI) G3.1 Guidelines, the UN Global Compact, the ICMM's 10 Principles and the AA 1000 assurance standard.

The validity of original data was not checked at source by Maplecroft; any anomalies or gaps in data identified by Maplecroft were referred back to relevant employees within Gold Fields for clarification and (where relevant) later audit by an independent third party organisation.

Maplecroft prepared drafts of all text and worked closely with discipline experts in the refinement of report content (including clarification, review and feedback) to ensure the information presented is fair, accurate and in line with the expectations of stakeholders.

For all these reasons, Maplecroft recognises that it is not an independent party.

AA 1000 principles

We believe Gold Fields has achieved broad compliance with the AA 1000 principles of materiality, completeness and responsiveness.

1. Materiality

In line with the recommendations made in the King III Code around integrated reporting, this report discloses and explains an integrated and coherent framework for the analysis of Gold Fields strategy, risks, performance and sustainability. It is our view that this report directly and transparently addresses Gold Fields' overall strategy (p13 – 64), material risks (including its top 10 risks (p57 – 70)) and relevant and material stakeholder issues (p61 and throughout).

2. Completeness

Our inspection of documents, as well as our engagement with and enquiry of discipline experts, did not identify any material shortfalls with respect to completeness of reporting. Indeed, Gold Fields has proactively sought to identify and report on potentially challenging and sensitive dilemmas, risks and responsibilities, including the following relevant and material issues:

- Fatalities at Cerro Corona and South Deep (p80)
- The strategic prioritisation of cash flow generation over production volumes (throughout)
- Review of South Deep's production schedule (p71 – 75)
- The US Securities and Exchange Commission investigation into the South Deep Black Economic Empowerment (BEE) transaction (p16 – 17, 141 – 144)
- Potential silicosis litigation in South Africa (p124)
- Senior-level remuneration (p62 – 64)

7.2 Second party: Assurance on reporting continued

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3. Responsiveness

It is our view that Gold Fields' extensive stakeholder engagement activity has done much to inform the identification of risks and opportunities facing Gold Fields as well as the content and form of this report. This includes ongoing and enhanced emphasis on:


- Strategic analysis and planning – including the identification of potential challenges and dilemmas
- Addressing the relevant and material issues of investors, host communities, employees, government and other stakeholders
- Proactive identification, prioritisation and management of stakeholder-related risks and opportunities

Recommendations

- **Continue to engage in more explicit risk-based reporting:** There is scope for moving Gold Fields even further towards reporting that is explicitly structured around its prioritised short- and long-term risks and opportunities (in the context of broader considerations around materiality – see below)
- **Materiality process:** Whilst Gold Fields enjoys a comprehensive and mature enterprise risk management system, there is scope for further development and articulation of its processes for defining materiality more broadly. This will prove of particular value in advance of Gold Fields' potential implementation of the Global Reporting Initiative G4 Sustainability Reporting Guidelines
- **Re-integration of the stakeholder performance table:** This inclusion of this table in Gold Fields Integrated Annual Review 2012 marked a key step forwards in Gold Fields' integrated reporting performance – and it is recommended that this is re-integrated into the Integrated Annual Review in future years
- **Stakeholder feedback on reporting:** It could be useful for Gold Fields to gather specific stakeholder feedback on its reporting (in terms of, for example, coverage, depth, addressing of material issues, etc.) to ensure continuous improvement in performance – and to enhance its materiality process (see above). This would feed into future reports on an ongoing basis

- **Scenario planning:** There is a potential opportunity for Gold Fields to build upon its existing operational and strategic analysis by carrying out concrete, high-level scenario-planning in relation to short- and long-term issues, events and dynamics including (for example) the price of gold, political/regulatory risk, production ramp-up at South Deep, Mining Charter compliance, technological innovation etc.
- **Clear targets:** The report could be enhanced through Gold Fields' commitment to a broader range of clear, time-bound Group-level targets across the operational, financial and sustainability fields – to drive continuous improvement and provide a clear benchmark for assessing performance
- **Human rights due diligence:** There is scope for Gold Fields to build on its recently updated Human Rights Policy Statement by further demonstrating its explicit alignment with the UN 'Protect, Respect and Remedy' Framework and associated UN Guiding Principles on Business and Human Rights (for example through human rights impact assessment and other associated due diligence actions)
- **Shared Value:** As Gold Fields rolls out its implementation of the 'Shared Value' concept, there is an opportunity to measure/report on the concrete benefits of this approach both for Gold Fields and its host communities

We believe this report represents a relevant and complete statement of the integrated performance of Gold Fields.



Professor Alyson Warhurst
Dr Kevin Franklin
Gus Macfarlane

Maplecroft, United Kingdom
27 March 2014

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7.3 Third party: Independent assurance

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Report on selected sustainability information

We have undertaken an assurance engagement on selected sustainability information, as described below and presented in the Integrated Annual Review of Gold

Fields Limited (Gold Fields) for the year ended 31 December 2013 (the Report). This engagement was conducted by a multi-disciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter and related assurance

The subject matter of our engagement and related assurance is set out in the tables below.

1) Subject Matter a and b:

In compliance with the International Council of Mining and Metals' (ICMM) Sustainable Development Framework: Assurance Procedure (ICMM Assurance Procedure), Subject Matters 4 (selected performance data) and 5 (self-declared application level) in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines:

ICMM Subject Matter 4 (See pages 158 and 159 of the Report)

a) Reasonable Assurance (RA) on selected performance data	Unit
Environment	
Total CO ₂ Equivalent Emissions, Scope 1 – 3	Tonnes
Total Energy Consumed (GJ)/Ounce of gold produced	Total GJ of energy consumed per ounce of gold produced
Electricity	MWh
Diesel	TJ
Number of environmental incidents – Level 3 and above	Number
Total Water Withdrawal	ML
Total Water recycled/re-used per annum	ML
Water Intensity	KL withdrawn per ounce of gold produced
Number of Sites with Cyanide code Certification	Number of sites
Health	
Number of cases of Silicosis reported	Number of cases
Number of cases of Noise Induced Hearing Loss reported	Number of cases
Cardio Respiratory Tuberculosis (Number of new cases reported)	Number of new cases
Number of cases of Malaria tested positive per annum	Number of positive cases
Number of South African employees in Highly Active Anti-Retroviral Therapy (HAART) programme	Cumulative

7.3 Third party: Independent assurance continued

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a) Reasonable Assurance (RA) on selected performance data	Unit
Percentage of South African workforce on the voluntary counselling and testing (VCT) programme	Percentage
Safety	
Lost Time Injury Frequency Rate (LTIFR)	Rate
Total Recordable Injury Frequency Rate (TRIFR)	Rate
Number of Fatalities	Number
Social	
Total socio economic development (SED) spend in Dollars	US Dollars
ICMM Subject Matter 5 (inside front cover of the Report)	
b) We are also required to report, based on our work performed on the selected performance data, whether we concur with the self-declaration made by Gold Fields that the Report is consistent with the GRI G3.1 A+ application level	
2) Subject Matter c:	
In compliance with the Amendment to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry ("BBSEEC") (2010) and related Scorecard (2010): (See page 159 of the Report)	
c) Reasonable Assurance (RA) on selected Mining Charter elements	Unit
Percentage Historically Disadvantaged South Africans (HDSA) in Management (DL – FL) who are classified as designated groups and who are employed at management levels (Top Management (Board), Senior, Middle, Junior, Core Skills and Total)	Top management %
	Senior %
	Middle %
	Junior %
	Core %
	Total %
Conversion or upgrading of hostels to attain an occupancy rate of 1 person per room by 2014	Occupancy rate
Number of houses built as part of the housing and hostel upgrade programme	Number of houses built
Rand value spent on SLP projects submitted under the current SLP	Rand value
Total procurement spend from BEE entities (BBSEEC (2010))	Rand value
Procurement spend from BEE entities (in line with the mining charter categories of capital goods, services & consumable goods)	% Capital goods
	% Services
	% Consumable goods

Directors' responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the reporting criteria set out in the following paragraph. This responsibility includes the identification of stakeholders' requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The following reporting criteria were used in the preparation and presentation of the respective subject matter:

- (a), Gold Fields' reported performance during the given reporting period for the identified material Sustainable Development (SD) risks and opportunities (ICMM Subject Matter 4): the GRI G3.1 Guidelines.
- (b), Gold Fields' self declared A+ application level of the GRI G3.1 Guidelines in relation to Subject Matter 5 of the ICMM Assurance Procedure: the GRI G3.1 Guidelines for the A+ application level.
- (c), selected mining charter elements: the Amendment to the BBSEEC (2010) and related Scorecard (2010).

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, KPMG Services (Pty) Limited maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express reasonable assurance opinions on the subject matters in (a) and (c) above, and to report whether we concur with Gold Fields' self-declared application level in accordance with the GRI G3.1 Guidelines, based on the procedures we have performed and the evidence we obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain assurance about whether the selected information is free from material misstatement.

An assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the quantification of the selected sustainability information and related disclosures. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments we considered internal controls relevant to Gold Fields' preparation of the selected performance data. The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records, including:

- Interviews with management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process. Inspecting documentation to corroborate the statements of management and senior executives in our interviews.
- Testing the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information.

7.3 Third party: Independent assurance continued

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- Performing controls walkthroughs.
- Inspecting supporting documentation and performing analytical procedures on a sample basis to evaluate the data generation and reporting processes against the reporting criteria.
- Undertaking site visits to Gold Fields' South Deep, Tarkwa and Damang operations and performing desk top reviews of the St Ives, Agnew and Cerro Corona operations.
- Evaluating whether the selected sustainability information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Gold Fields.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In relation to the Report for the year ended 31 December 2013, we report

(a) On the selected performance data identified

In our opinion, the selected performance data identified in (a) above has been prepared, in all material respects, in accordance with the GRI G3.1 Guidelines.

(b) On Gold Fields' self-declaration on the GRI A+ application level

Based on the procedures performed, we concur with the self-declaration made by Gold Fields in the Integrated Annual Report for the year ended 31 December 2013 regarding the GRI G3.1 A+ application level.

(c) On the selected Mining Charter elements

In our opinion, the selected Mining Charter elements identified in (c) above have been prepared, in all material respects, in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010).

Comparability

Our report includes the provision of assurance on Total Energy Consumed (GJ)/Ounce of gold produced. We were previously not required to provide assurance on this performance data.

Report on the ICMM Assurance Procedure

We are required to report our findings on the International Council of Mining and Metals' (ICMM) Sustainable Development (SD) Framework: Assurance Procedure (ICMM Assurance Procedure) in respect of:

- 1 The alignment of Gold Fields' sustainability policies to the ICMM 10 SD Principles and any mandatory requirements set out in ICMM Position Statements (ICMM Subject Matter 1).
- 2 The reporting of Gold Fields' material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders (ICMM Subject Matter 2).
- 3 The implementation of systems and approaches that Gold Fields is using to manage its material safety risks and opportunities (ICMM Subject Matter 3).

Directors' responsibilities

The Directors are responsible for:

- The alignment of Gold Fields' sustainability policies to the ICMM 10 SD Principles and any mandatory requirements set out in ICMM Position Statements.
- The reporting of Gold Fields' material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders.
- The implementation of systems and approaches that Gold Fields is using to manage its material safety risks and opportunities.

Our responsibility

Our engagement included reporting on the ICMM Assurance Procedure in respect of 1, 2 and 3 above based on the knowledge obtained in our evidence gathering procedures in our assurance engagement on the subject matters in (a) and (b) set out in our 'Report on Selected Sustainability Information' above.

Findings

Based on our evidence gathering procedures in our assurance engagement for the year ended 31 December 2013 on the subject matter in (a) and (b) set out in our 'Report on Selected Sustainability Information' above, nothing has come to our attention that causes us to believe that:

1. Gold Fields' sustainability policies are not aligned with the ICMM 10 SD Principles and any mandatory requirements set out in ICMM Position Statements.
2. Gold Fields has not reported material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders.
3. Gold Fields has not implemented systems and approaches to manage its material safety risks and opportunities.

Other matters

The maintenance and integrity of the Gold Fields website is the responsibility of Gold Fields management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Gold Fields website.

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the report.

Restriction of liability

Our work has been undertaken to enable us to express opinions on the subject matters in (a), (b) and (c) in our 'Report on selected sustainability information' together with findings on 1, 2 and 3 in our 'Report on the ICMM Assurance Procedure' to the Directors of Gold Fields in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Gold Fields, for our work, for this report, or for the conclusions we have reached.

KPMG Services (Pty) Limited



Per PD Naidoo
Director

Johannesburg
28 March 2014



Per C Basson
Director

Johannesburg
28 March 2014

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7.4 Assured data

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The following key sustainability performance data was selected by Gold Fields, for reasonable assurance by KPMG:

Parameter	Management figure
Environment	
Total CO2 equivalent emissions, Scope 1 – 3 (in tonnes)	1 731 337 tonnes
Electricity (MWh)	1 382 106 MWh
Number of environmental incidents – Level 3 and above	3 incidents
Total water withdrawal by source (ML)	30 302 ML
Diesel (TJ)	5 509 TJ
Total water recycled/re-used per annum (ML)	33 453 ML
Water intensity (KL withdrawn per ounce of gold produced)	30 302 410 KL/ 2 009 827 ounces = 15.01
Total energy consumed (GJ)/Ounce of gold produced	10 568 746 GJ/ 2 009 827 ounces = 5.26
Number of sites with cyanide code certification ¹	5 sites ⁷
Health	
Number of Silicosis cases reported	12 cases
Number of cases of Noise Induced Hearing Loss cases reported	8 cases
Cardio Respiratory Tuberculosis (Number of new cases reported)	42 new cases
Number of cases of Malaria tested positive per annum	708 positive cases
Number of South African employees in the HAART programme (cumulative)	253
Percentage of South African workforce on the voluntary counselling and testing (VCT) programme	1 045 people on VCT/ 6 466 people = 16.2%
Safety	
LTIFR ²	125 LTIs/ 16 572 702 hours = 2.86 ³
TRIFR ⁴	181 TRIs/ 16 572 702 hours = 4.14
Number of fatalities	2
Social	
Total socio economic development (SED) spend in US Dollars ⁵	US\$16 million

Parameter	Management figure
Mining Charter	
Employment Equity	
Percentage HDSA in management (DL – FL) who are classified as designated groups and who are employed at management levels (Top management (Board), Senior management, Middle management, Junior management, Core skills and total)	Top: 33%
	Senior: 44%
	Middle: 63%
	Junior: 53%
	Core: 71%
	Total: 70%
Housing and Living Conditions	
Conversion or upgrading of hostels to attain an occupancy rate of one person per room by 2014	3.5 people per room
Number of houses built as part of the housing and hostel upgrade programme	0 houses ⁶
Local Economic Development	
Rand value spent on SLP projects submitted under the current SLP	R24 878 444
Procurement and Enterprise Development	
Procurement spend from BEE entities (in line with the mining charter categories of capital goods, services & consumable goods)	Capital goods: 75%
	Services: 68%
	Consumable goods: 69%
Total procurement spend from BEE entities (BBSEEC 2010)	R2 190 975 466

¹ Excluding Cerro Corona, which produces a copper and gold concentrate

² Per million hours worked, including employees and contractors

³ Restricted work cases are now included in our LTIFR across the Group. The Group definition is currently based on not being able to work the next shift, but Gold Fields is considering moving to a calendar day-based definition in 2014 in line with ICMM safety reporting guidelines

⁴ Per million hours worked

⁵ Our SED definition has been aligned to the World Gold Council definition, which excludes employee-related SED

⁶ Details of our housing and hostel upgrade programme can be found on p125

⁷ Four sites are in full compliance and Agnew is in substantial compliance

Corporate information

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Acknowledgements
Prepared and produced by Gold Fields
in partnership with Maplecroft
Laid out by: Bastion Graphics
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