GOLD FIELDS

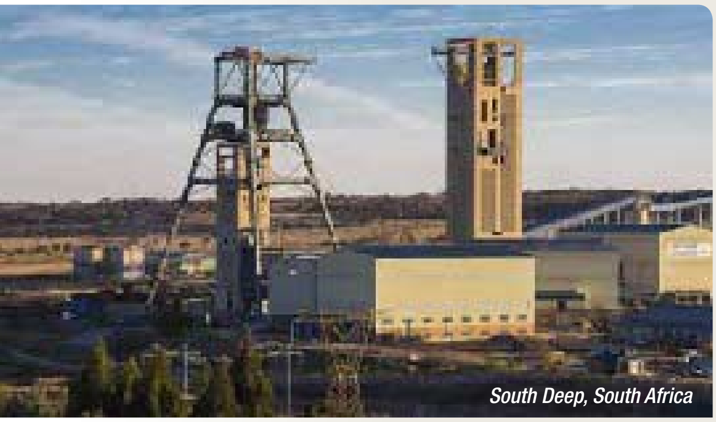
INTEGRATED

ANNUAL REPORT

2016

A YEAR OF GROWTH

Investing for the future



South Deep, South Africa

Damang, Ghana

Salares Norte, Chile

Gruyere, Western Australia

About Gold Fields

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

It has attributable gold Mineral Reserves of around 48 million ounces and gold Mineral Resources of around 101 million ounces. Attributable copper Mineral Reserves total 454 million pounds and Mineral Resources 5,813 million pounds.

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

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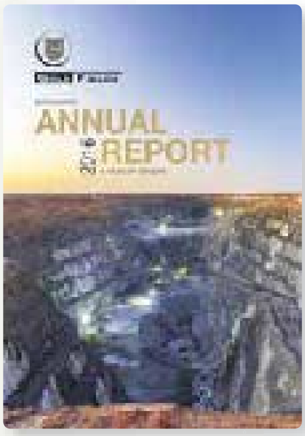
Forward looking statement

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



Cover image: *Invincible open pit mine at St Ives in Australia*

About This Report

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

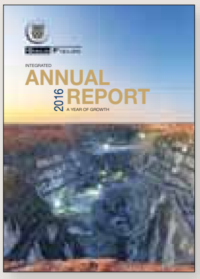
The IAR also forms part of our Communication on Progress to the United Nations Global Compact. A summary of our adherence to the Global Reporting Initiative (GRI), the 10 Principles of the United Nations Global Compact and the 10 Principles of the International Council on Mining & Metals (ICMM) and the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

OUR 2016 FULL IAR COMPRISES THE FOLLOWING SECTIONS

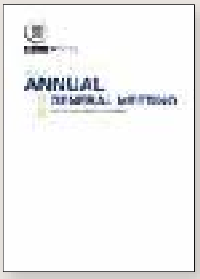
- The IAR 2016, which is our primary report and details the Group's value creation story over the short, medium and long term;
- The Annual Financial Report, which contains our full Corporate Governance Report, Board and Board sub-committee reports, Remuneration Report and our Annual Financial Statements, fulfilling our statutory financial reporting requirements;
- The Notice of Annual General Meeting, containing the resolutions to be tabled to shareholders at our Annual General Meeting;
- The Mineral Resource and Mineral Reserve Overview 2016, which provides detailed technical and operational information on our mines and growth projects; and
- Gold Fields' GRI Content Index for the IAR 2016.

SCOPE AND BOUNDARIES OF THIS REPORT

This is Gold Fields' 2016 IAR. It covers the reporting period from 1 January 2016 to 31 December 2016. This IAR provides an overview of Gold Fields' eight operations in Australia, Ghana, Peru and South Africa, as well as our exploration and business development activities.



Integrated Annual Report



Notice of Annual General Meeting

Mineral Resources and Mineral Reserves Supplement

Annual Financial Report including Governance Report

Global Reporting Initiative (GRI) Content Index

Details on the exact location of each operation and project can be found on p6.

We use an integrated approach to reporting that examines our operational, financial and sustainability performance. All non-financial data for 2013 excludes the Yilgarn South assets we acquired that year, unless otherwise indicated. Furthermore, all 2012 data, where stated, covers only the continued operations of Gold Fields, i.e. they exclude the contributions from the Sibanye Gold assets, which were unbundled from Gold Fields in February 2013. Non-financial data for 2016 only covers our eight operating mines and excludes exploration activities and projects.

This report has been compiled in accordance with the GRI's G4 Guidelines and the International Integrated Reporting Council Framework. Gold Fields also references a broad range of additional codes, frameworks and standards in compiling the report, the full list of which can be found in the Annual Financial Report. We consider that this IAR, together with additional documents held online, complies with the requirements of the GRI G4 Core Reporting Guidelines.

Average exchange rates for 2016 of R14.70/US$1 and US$0.75/A$1 have been used in this report. For 2017, forecast exchange rates of R14.14/US$1 and US$0.73/A$1 have been used.

ICMM SUBJECT MATTERS

Gold Fields has complied with the ICMM Sustainable Development Framework, Principles, Position Statements and Reporting Requirements (see p125 for the assurance hereof).

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

- The alignment of our sustainable development policies against the 10 principles and mandatory position statements
- The process for identifying specific sustainable development risks and opportunities
- The existence and implementation of systems and approaches for managing sustainable development risks and opportunities
- Gold Fields' performance across a selection of identified material sustainable development risks and opportunities
- Our disclosures in accordance with the GRI G4 core option and its related Mining and Metals supplement can be found at *www.goldfields.com>sustainability*

ASSURANCE

KPMG has provided independent reasonable assurance over selected sustainability information in this report, which is prepared in accordance with the GRI G4 guidelines. As a member of the ICMM we are committed to obtaining assurance in line with the ICMM Sustainable Development Framework: Assurance Procedure. KPMG has provided assurance over our statement on compliance with the ICMM Sustainable Development Framework, Principles and Reporting Requirements. The key sustainability performance data for assurance by KPMG in 2016 can be found on p120 – 128.

BOARD APPROVAL

The Gold Fields' Board of Directors acknowledges its responsibility to ensure the integrity of this IAR and has applied its collective mind throughout the preparation of this report. The Board believes that the integrated report is presented in compliance with the International Integrated Reporting Framework.

Furthermore, the Board considers that this IAR complies in all material respects with the relevant statutory requirements of the various regulations governing disclosure and reporting by Gold Fields and that the annual financial statements comply in all material respects with the South African Companies Act No 71 of 2008, as amended, as well as with the International Financial Reporting Standards.

As such, the Board unanimously approves the content of the IAR 2016, including the Annual Financial Report 2016 and authorised its release on 20 March 2017.

Cheryl Carolus
Chairperson of the Board

20 March 2017

www.goldfields.com

@GoldFields_LTD

Linked in

http://www.linkedin.com/company/gold-fields-ltd-?trk=top-nav-home

Send us your feedback

To ensure that we report on issues that matter to our stakeholders please provide any feedback and questions to: media@goldfields.com, sustainability@goldfields.com or visit www.goldfields.com to download the feedback form.

Gold Fields on a Page

1. OUR OPERATING CONTEXT

GLOBAL GOLD INDUSTRY TRENDS – PG 8

– Gold price
– Social licence to operate
– Regulatory issues

OUR GEOGRAPHICAL LOCATIONS – PG 6

OUR TOP TEN RISKS – PG 42

1. South Deep – Failure to deliver operational plans
2. Commodity price and currency volatility
3. Replacing Mineral Resources and Mineral Reserves at international operations
4. Regulatory uncertainty in South Africa
5. Loss of social licence to operate
6. Water supply, cost and pollution
7. Safety and health of employees
8. Impact of Cooke 4 closure on South Deep
9. Improving portfolio of assets
10. Retention of skilled staff

2. OUR VISION

To be the global leader in sustainable gold mining

3. OUR PURPOSE AND STAKEHOLDERS

To unlock the value of gold and channel it to our investors, our employees, our communities and our economies

An ore body holds immense potential value – but that value can only be realised if the gold is mined and processed.

While gold mining is our core business, our purpose extends far beyond simply getting the gold out of the ground. We are here to unlock the value of gold and channel it to our investors, our employees, our communities and the economies where we operate. This lies at the heart of Gold Fields – to share value, and in so doing, to ensure sustainability.

4. OUR STRATEGY – PG 31

Gold Fields' strategy is to deliver sustainable free cash-flow margin

6. WHAT MATTERS TO US

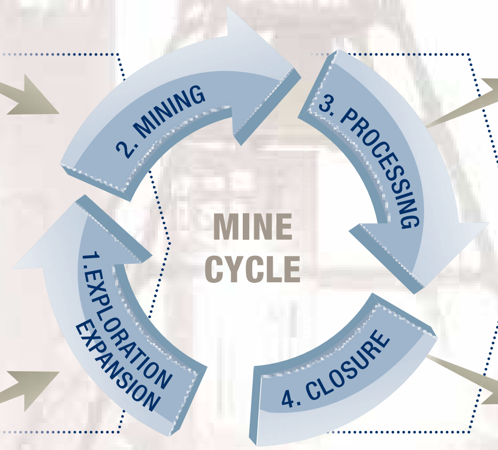
***How* we make money matters –**
not only because we seek to be a morally responsible company but because we recognise that good governance can be a lever for value creation. When we operate with integrity we gain a distinct competitive advantage by becoming an investment, employer and partner of choice.

Our corporate governance programme includes an independent Board, our Code of Conduct, Group Legal and Compliance and Audit and Risk. It is underpinned by our values.

5. OUR INPUTS, PROCESS AND OUTCOMES

OUR INPUTS

- Skills and expertise of our people
- Equity and debt capital
- Water, energy and land
- Contractor and supplier services
- Government licences
- Community support



OUR OUTCOMES – PG 12

- **US$122m** paid in dividends and interest
- **US$17m** invested in training
- **US$482m** paid to employees in salaries and wages
- **US$235m** paid to governments in taxes and royalty payments
- **US$16m** in community investments
- **US$558m** host community procurement
- **US$1,648m** to contractors and suppliers

MANAGING OUR IMPACTS PG 12

WHAT WE CONSUMED

30.3Gℓ **water** • 11.7m GJ **energy**

IMPACTS MANAGED

1.96m tonnes CO_2 • 187m tonnes **mining waste**

HOST COMMUNITIES

SED • Procurement • Employment

GOVERNANCE STRUCTURES – PG 37

BOARD	EXCO	CODE OF CONDUCT	LEGAL AND COMPLIANCE	AUDIT AND RISK
Our independent Board governs, directs and has effective control over the Company	Our Group Executive Committee (Exco) manages the day-to-day running of the business in line with the tone of governance set by the Board.	Our revised Code of Conduct is the overarching document to inform our decisions and guide our behaviour	This function assesses legal risks facing the Company and mitigates these by ensuring effective policies, procedures and controls are in place	Internal and external audit assess the extent to which controls are working to ensure compliance and manage business risks

WE CARE ABOUT:

Safety
If we cannot mine safely, we will not mine

Respect
We treat all stakeholders with trust, dignity and respect

Innovation
We encourage innovation and an entrepreneurial spirit

Responsibility
We responsibly manage our impact on the environment and host communities

Integrity
We act with honesty, fairness and transparency

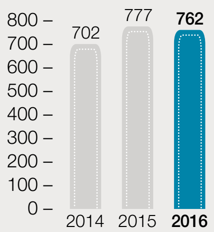
Delivery
We strive for excellence and do what we say we will do

Global Footprint

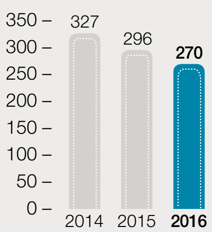
Americas region

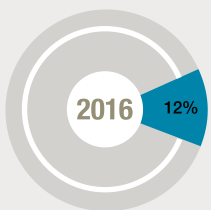
Gold Fields' presence in the Americas region consists of the Cerro Corona mine in Peru and the Salares Norte project in Chile

All-in Cost
(US$/eq-oz)



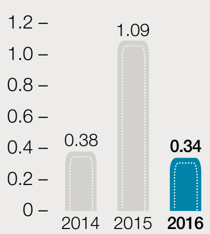
Production (Au-eq)
(Koz)



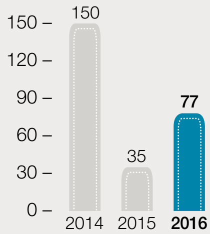


Production contribution to Group

Safety
((TRIFR)[1] score)



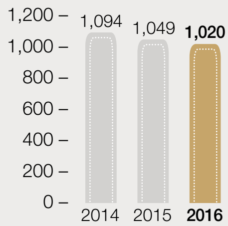
Net cash-flow[2]
(US$m)



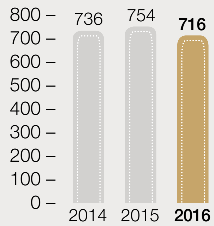
West Africa region

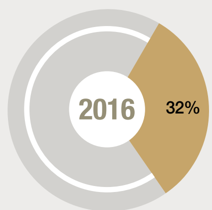
Gold Fields' West Africa region consists of two mines in Ghana, Tarkwa and Damang

All-in Cost
(US$/oz)



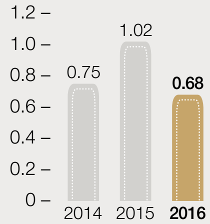
Production
(Koz)



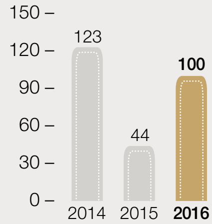


Production contribution to Group

Safety
((TRIFR)[1] score)



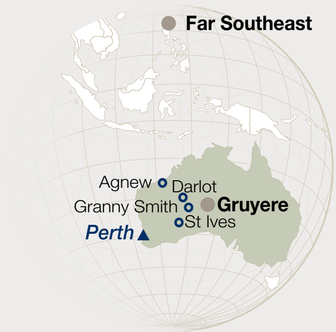
Net cash-flow[2]
(US$m)



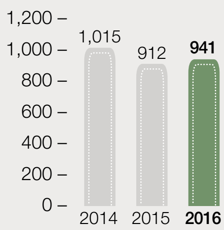
[1] *TRIFR – Total Recordable Injury Frequency Rate Injuries per 1 million hours worked, including employees and contractors*
[2] *Net cash-flow = cash-flow from operating activities less net capital expenditure and environmental payments.*

Australia region

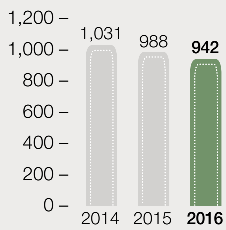
The Australia region consists of four mines – Agnew, Darlot, Granny Smith and St Ives – the Gruyere project and the Far Southeast project in the Philippines

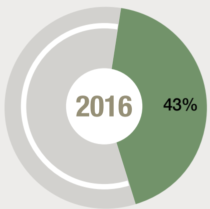


All-in Cost
(US$/oz)



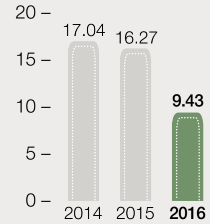
Production
(Koz)



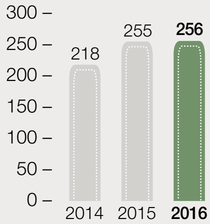


Production contribution to Group

Safety
((TRIFR)[1] score)

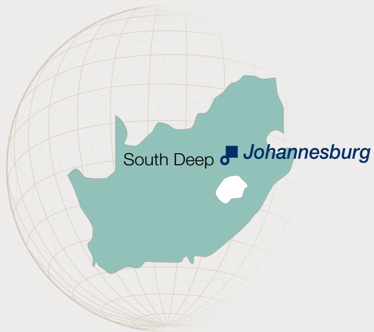


Net cash-flow[2]
(US$m)

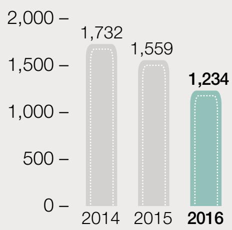


South Africa region

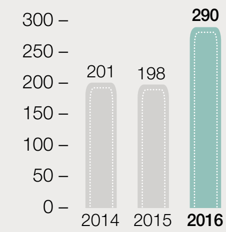
The South Deep mine, which is still in a ramp-up phase, is the only operating asset in the South Africa region

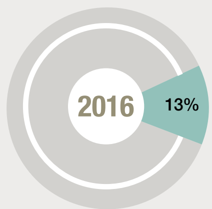


All-in Cost
(US$/oz)



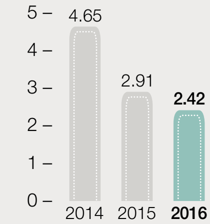
Production
(Koz)



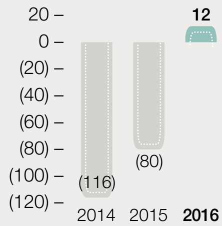


Production contribution to Group

Safety
((TRIFR)[1] score)



Net cash-flow[2]
(US$m)



Key
- Mines
- Corporate office
- Regional offices

Projects	Status
Gruyere (Australia)	*In development*
Far Southeast (Philippines)	*Scoping study*
Salares Norte (Chile)	*Pre-feasibility*
Arctic Platinum project (Finland)	*For disposal*

Our Operating Context

Gold Fields is subject to external strategic dynamics that inform decision-making, and influence our business performance. Analysis of three key strategic issues – and how Gold Fields is responding to them – is set out below.

GOLD SUPPLY AND DEMAND

Issue

The price of gold had fallen by around 42% between 2011 and 2015, hitting a low of US$1,070/oz in December 2015. During 2016 it recovered somewhat ending the year at US$1,150/oz, though trading was volatile. Similarly the average gold price received by Gold Fields declined from a high of US$1,656/oz in 2012 to US$1,140/oz in 2015 before recovering to US$1,241/oz in 2016. More than any other variable, the gold price is the key dynamic informing our business strategy.

Much of the traditional investment case for gold as a safe haven has come under pressure over the past five years as many investors sold their physical gold holdings. While much of the gold price's short-term movement is the result of market sentiment, an analysis of gold's supply and demand fundamentals confirms our belief that the gold price should improve over the next few years though it will undoubtedly experience more short-term volatility.

According to the World Gold Council (WGC), gold demand rose by 2% to 4,309 tonnes in 2016, largely driven by inflows into gold-backed exchange traded funds of 532 tonnes. However, gold jewellery demand was down 15% to 2,042 tonnes driven by a 22% fall in demand from India and a 17% drop from China, though we believe these two consumer markets will pick up again once their economies recover.

The build-up of gold reserves by the world's central banks from 2013 – 2015 also slowed down in 2016 with net purchases by central banks and other official institutions decreasing from 588 tonnes in 2015 to 384 tonnes in 2016. However, buying by the Russian and Chinese central banks, while having slowed down, is expected to continue during 2017.

Long-term gold supply issues will also act to support a recovery in the gold price, we believe. Total mine production for 2016 was unchanged at 3,236 tonnes after rising by only 1% in 2015, says the WGC. Many analysts believe peak mine production was reached in 2015, coinciding with a high in gold discoveries in the mid-1990s and assuming an average 20-year development cycle.

Response

Gold Fields believes that the supply and demand fundamentals support a medium- to long-term recovery in the gold price and that the Group's portfolio approach and strategic and mining expertise should provide returns for gold investors now and in the future.

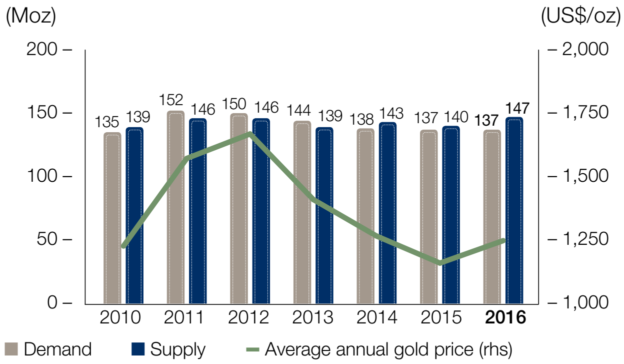
We maximise value by:

- » Prioritising cash-flow over production volumes
- » Setting targets for each mine at a 15% free cash-flow margin around planning price of US$1,300/oz
- » Eliminating marginal mining
- » Selling non-strategic assets

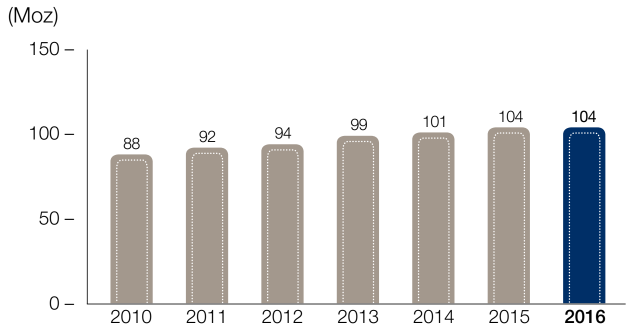
The Group is therefore in a relatively strong state to weather a sustained lower gold price (at circa US$1,100/oz) and well-positioned to capture future upside when the gold price recovers.

During 2016, we invested in the future of our portfolios with a number of new projects, while at the same time continuing to invest in the ongoing development of ore bodies – through proactive near-mine exploration. Our mines avoid 'high-grading' – due to the obvious negative impact this would have on the sustainability of their ore bodies – by mining at or below their reserve grade. These growth strategies are strategic essentials that will in no way be compromised by the current price environment.

Gold demand and supply/gold price



Total mine supply



OUR RISKS

1	2	3	4
South Deep A – Failure to deliver operational and ramp-up plan B – Geotechnical risk C – Labour relations D – Infrastructure management	Commodity prices and currency volatility	Replacing Mineral Resources and Mineral Reserves at international operations	Regulatory uncertainty/ Mining Charter in South Africa

SOCIAL LICENCE TO OPERATE

Issue

The nature of the extractive sector means the industry must pay particular attention to its social licence to operate. Unlike other companies, mines are dependent on their mineral deposits and can't relocate to new locations when facing deteriorating local or national operating environments. Furthermore, many mines' lives are finite but still can span decades. Mines must be able to navigate complex social, economic and political dynamics over time.

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

Response

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

- **Responsibility**: ongoing investment in responsible operational standards to avoid and mitigate negative social and environmental impacts. This includes effective water and environmental management, which has become an increasingly material issue for most mining companies (p88)
- **Trust**: frank, two-way communication, realistic expectation management and visibly honouring commitments builds trust. This includes ongoing engagement on issues such as indigenous rights, employment opportunities and social transformation
- **Understanding**: investment in communities relies on a thorough understanding of the risks, community needs and community perceptions. Since 2014, Gold Fields has undertaken relational proximity studies at a number of its mines
- **Shared Value:** the pursuit of mine-level business strategies that enhance the value of our own business and generate positive social impacts. Gold Fields currently has five Shared Value pilot projects (p98). These are further supported by Gold Fields' broader, ongoing efforts to recruit employees and contractors from local communities – and to source goods and services from local companies (p99)

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

REGULATORY ISSUES

Issue

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

Response

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

- The industry has become more transparent. New cost metrics – entrenched by the WGC – provide greater transparency about the real costs of mining. Furthermore, the industry is a leader in many global reporting frameworks
- The industry is continuing to spread value to a number of stakeholders. The WGC methodology on total value distribution shows the wider national impact mining has on the economy. Over the past three years, Gold Fields has consistently distributed between US\$2bn and US\$2.7bn annually to our wide range of stakeholders – accounting for around 90% of revenue on average (p12)
- A focus on host communities often influences the government's regulatory approach to the sector. Beyond traditional socio-economic development spend, Gold Fields is actively promoting employment and procurement from host communities. This is starting to have a positive impact (p99)

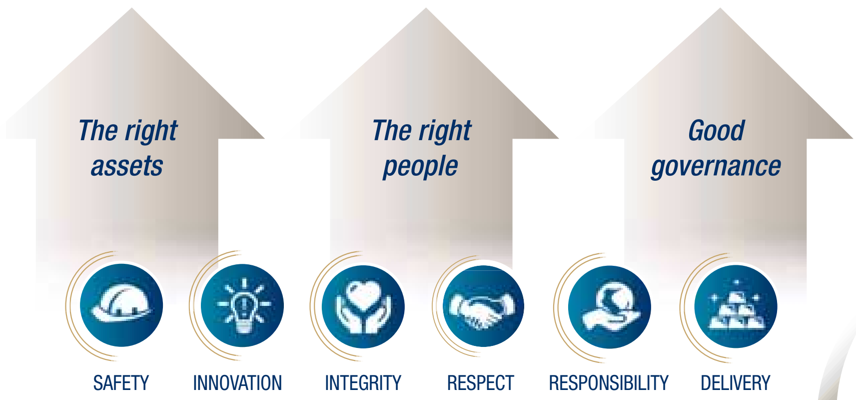
We actively engage with our host governments in Ghana, Australia, Peru and South Africa, either directly or through industry organisations, in addressing the resource nationalism that, we believe, prevents the sector from achieving sustainable growth. During 2016, we reached a development agreement with the Government of Ghana which provides us with tax certainty and other incentives in return for investing for future growth at our mines. This contributed to our decision to extend the life-of-mine (LoM) of Damang by eight years, which apart from generating taxes, also creates and secures around 1,850 jobs in the area.

Value Creation and Distribution

Gold Fields' value creation cycle starts with ensuring we have the right assets, the right skills and that good governance is firmly entrenched throughout the organisation. This fundamental foundation strengthens our value proposition to investors, employees, communities and governments, helps attract capital and

1. GET THE FUNDAMENTALS RIGHT

Our business needs three fundamental components in place for us to operate – the right assets in the right locations, the right people to deliver and a culture of good governance which includes strict regulatory compliance and sound management of our impacts in order for us to retain our regulatory and social licence to operate. These are fundamental to our ability to operate sustainably – without them we cannot do business. The Gold Fields Values underpin how we conduct business.



2. STAKEHOLDER VALUE PROPOSITION

With the three fundamentals in place our regulatory and business risks are reduced, our reputation is enhanced and our investment, partner and employee value propositions are strengthened.

Investment Value Proposition

By building a quality portfolio of operating assets we seek to generate a sustainable free cash flow margin and provide superior returns on investment.

Partner Value Proposition

By responsibly managing our environmental and social impacts and sharing the value from our operations with host communities and local economies, we seek to build mutually beneficial relationships with communities and governments.

Employee Value Proposition

By developing employees and rewarding them for their delivery against performance objectives, we seek to provide a compelling employee value proposition that will enable us to attract and retain top talent.

skills to the business and affords us access to the right location for our mines and projects. From there we can deliver on our business strategy and distribute value back to stakeholders.

4. DISTRIBUTE VALUE TO STAKEHOLDERS

The delivery on our business strategy of generating a sustainable free cash flow margin enables us to distribute value to shareholders, employees, communities and local economies.

4

SUSTAINABLE FREE CASH-FLOW MARGIN

- *Value to investors*
- *Value to communities and governments*
- *Value to employees*

3

3. USE INPUTS TO DELIVER ON STRATEGY

Delivery on the promises made in our investment, government and community and employee value propositions attract investment capital to the business; access to mines through licences from governments and the support of communities; and the skills of the best people in the industry. These and other critical inputs allow optimal mining efficiency which drives the delivery on business strategy.

Delivery on investment value proposition

INVESTMENT CAPITAL

Delivery on community and government value proposition

ACCESS TO MINES

Delivery on employee value proposition

SKILLED PEOPLE

DELIVERY ON BUSINESS STRATEGY

Outcomes
Results, Scorecard and Impacts

Gold Fields generates significant value for all the societies in which it operates – some of which can be quantified and others not. The most important means by which Gold Fields generates quantifiable value are outlined below:

TOTAL AND NATIONAL VALUE DISTRIBUTION

National value distribution by region and type 2016 (US$m)	Government	Business	Employees/ contractors	Socio-Economic Development	Capital providers	National value distribution
Americas	35	147	40	9	3	234
Australia	99	720	138	0.3	0	958
South Africa	2[1]	197	153	4[2]	5	361
West Africa	94	584	104	3	2	787
Corporate	6	–	47	–	112	165
Total Gold Fields	235	1,648	482	16	122	2,505

[1] South Deep does not yet pay income tax as it is in a loss-making position
[2] This includes spending from the South Deep Community and Education Trusts and SLP commitments.

MANAGING OUR IMPACTS

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

Community impacts in 2016

Environmental laboratory, Tarkwa, Ghana

Community investments: US$16.2m

Funding of projects that directly benefit our host communities

Host community workforce employment: 8,567 people

Just under half of our total workforce is sourced from host communities

Host community procurement: US$558m

During 2016 Gold Fields procured 41% of its goods and services from host community enterprises

Environmental impacts in 2016

Water withdrawal: 30.3Gℓ

CO_2 emissions: 1.96m tonnes

Mining waste: 187m tonnes

Energy usage: 11.7m GJ

Tailings storage facility at Cerro Corona, Peru

Truck fleet at St Ives, Australia

CREATING SHARED VALUE

Government	Business	Employees and contractors	Communities	Capital providers
Payments include				
Mining royalties and land-use payments, taxes, duties and levies dividends	Operational and capital procurements	Salaries and wages, benefits and bonus payments (including shares and payroll taxes)	SED spending, including on infrastructure, health and wellbeing, education and training, local environmental initiatives and donations	Interest and dividend payments to shareholders
Why these stakeholders matter				
Governments provide us with access to ore bodies by granting mining and other licences. They also deliver the infrastructure necessary to build and maintain our mines, including roads, electricity and water supply	Our supply chain businesses provide the equipment and services needed to develop and maintain our operations	The technical skills, experience and activity of our people drive the day-to-day operations of our business	Host communities are the source of a significant portion of our workforce and a key component of our social licence to operate	Financial institutions, shareholders and bond holders invest with us, thus enabling us to fund the development, maintenance and growth of our operations and our overall business
What we contributed in 2016				
» We paid governments US$235m (2015: US$196m) in taxes and royalties, 9% of total value distribution (2015: 8%) » In addition, the Ghanaian government receives dividends relating to its 10% shareholding in Gold Fields Ghana, depending on the Company's performance	» We paid US$1,648m to suppliers and contractors, representing 66% of total value creation (2015: US$1,663m/69%) » Of the total 2016 procurement expenditure, US$1,360m or 83%, was spent on businesses based in operating countries (2015: US$1,268m/76%) » Within this figure, US$558m, or 41%, was spent on suppliers and contractors from host communities (2015: US$514m/40%)	» We paid US$482m (2015: US$435m) to employees in terms of salaries, dividends and benefits, representing 19% of total value distribution (2015: 18%) » We also provide employees (where legislated) with additional benefits such as retirement savings, healthcare assistance, life and disability insurance, housing assistance and personal accident cover	» We invested US$16.2m (2015: US$13.7m) in terms of SED investment » Independently, the South Deep trusts spent R19.3m (US$1.4m) in 2016 (2015: R24.3m/ US$1.9m) » 48% of our workforce is drawn from host communities (2015: 59%) » See p99 for an analysis of our host community employment and procurement as well as other benefits and investment in communities	» We paid US$122m (2015: US$117m) to the providers of debt and equity capital, mainly in the form of interest and dividends » Net debt was reduced by a further US$214m to US$1,166m during 2016

Outcomes (continued)

Results and Impacts

Financial

Category	2016	2015	2014	2013
Gold price received (US$/oz)	**1,241**	1,140	1,249	1,386
Revenue (US$/m)	**2,750**	2,545	2,869	2,906
Operating profit (US$/m)	**1,362**	1,089	1,191	1,239
Headline earnings/(loss) (US$/m)	**208**	(28)	27	(81)
Normalised earnings (US$/m)	**191**	45	85	58
Capital expenditure (US$/m)	**650**	634	609	739
Net cash-flow (US$/m)[1]	**294**	123	235	(235)
Free cash-flow margin (%)	**17**	8	13	n/a
Dividend (SA cent/share)	**110**	25	40	22
Total net debt (US$/m)	**1,166**	1,380	1,453	1,735
Net debt: adjusted EBITDA[2] ratio	**0.95**	1.38	1.30	1.50

[1] Net cash-flow from operating activities after taking account of net capital expenditure and environmental payments.
[2] Net operating profit before depreciation and amortisation, adjusted per exploration expenses and certain other costs.

Business Optimisation

Category	2016	2015	2014	2013
TRIFR (rate per million)[3]	**2.27**	3.40	4.04	4.14
Fatalities	**1**	3	3	2
Gold produced – attributable (Moz)	**2.15**	2.16	2.22	2.02
All-in Sustaining Cost (US$/oz)	**980**	1,007	1,053	1,202
All-in Cost (US$/oz)	**1,006**	1,026	1,087	1,312
Attributable Gold Mineral Resources (Moz)	**101.494**	102.210	108.843	113.398
Attributable Gold Mineral Reserves (Moz)	**48.112**	46.064	48.123	48.608
Attributable Copper Mineral Resources (Mlb)	**5,813**	5,912	6,873	7,120
Attributable Copper Mineral Reserves (Mlb)	**454**	532	620	708
Brownfields exploration (US$m)	**79**	72	58	32
Brownfields exploration – metres drilled	**694,527**	651,189	349,511	250,138

[3] Total recordable injury frequency rate.

Licence to Operate

Category	2016	2015	2014	2013
Total value distribution (US$m)	**2,505**	2,425	2,650	2,980
SED spending (US$m)	**16.2**	13.7	17.4	17.2
Workforce from host communities (%)	**48**[4]	59	57	–
In-country procurement (US$m)	**1,360**	1,270	1,440	1,440
Host community procurement (US$m)	**558**	514	600	430
Environmental incidents (Level 3 and above)	**3**	5	4	3
Water recycled/reused (Mℓ)	**44,274**	43,120	42,409	33,453
Water withdrawal (Mℓ)	**30,321**	35,247	30,207	30,302
Electricity (MWh)	**1,400,422**	1,322,353	1,338,075	1,382,106
Diesel (TJ)	**6,608**	6,930	6,066	5,509
CO_2 emissions ('000 tonnes)	**1,964**	1,753	1,694	1,731
Mining waste ('000 tonnes)	**187,036**	167,357	138,522	190,007
Gross closure costs provisions (US$m)	**381**	353	391	355

[4] *2016 reduction due to a change in definition applied at South Deep (p99).*

People

Category	2016	2015	2014	2013
Total employees	**8,964**	9,052	8,954	10,167
Contractors	**9,127**	7,798	6,486	6,685
HDSA employees in SA (%)[5]	**72**	71	71	70
Female employees (%)	**15**	14	14	11
Employee wages and benefits (US$m)	**482**	435	468	595
Ratio of basic salary men to women	**1.31**	1.09	1.10	1.20
Employee turnover (%)	**12**	8	20	10

[5] *Includes white women as historically disadvantaged South Africans (HDSA).*

- 2016 Performance drop against 2015
- 2016 Performance on par with 2015
- 2016 Performance improvement on 2015 or achievement in line with strategy

Vision of the Chairperson

Cheryl Carolus, Chairperson

We are intensifying our engagement with communities in particular, as they grant us our social licence to operate and have become pivotal stakeholders in the longevity of our mines

The global economic environment faced by Gold Fields and the gold mining industry during 2016 showed a slight improvement with the higher gold price and weaker currencies boosting our operations, particularly in South Africa and Australia. However, the gold market remains volatile and, while we believe in the long-term value of gold, it is now more important than ever that we continue modernising all aspects of our business to survive ever-changing market conditions.

The safety, health and wellbeing of employees and contractors has, and always will be, a priority of the Board and management. Tragically, one fatality occurred during the year when Vakele Thafeni, a learner miner, was killed after a 1.5 magnitude seismic event caused an underground rock burst at our South Deep mine. Subsequent to year-end we tragically had two further fatalities at our South Deep mine. On 1 January 2017, Thankslord Bekwayo, a dump truck operator, and on 16 February, Nceba Mehlwana, a loco driver, were killed in underground accidents. My heartfelt condolences go out to the family, friends and colleagues of Mr Thafeni, Mr Bekwayo and Mr Mehlwana. In honour of their memory, and those who have died at our mines in previous years, this Board will continue to push management for Zero Harm at all our operations. Gold Fields remains vigilant and continues to introduce and monitor proactive measures to build on progress made in our safety performance, which showed a 33% improvement in the Total Recordable Injury Frequency Rate to 2.27 incidents per million hours worked in 2016. Similarly, reducing the exposure of our employees to occupational and non-occupational diseases such as noise-induced hearing loss, silicosis, tuberculosis, HIV/Aids and malaria remains a priority.

The Gold Fields share price reflected the volatility of the gold price, as gold seems to temporarily have lost its status as a safe haven investment in times of global economic and political uncertainty. Despite Britain's vote to exit the European Union, the election of Donald Trump to the White House and continued instability in the Middle East, gold managed a net gain of only around US$100/oz during 2016. It has gained some traction since but trading remains volatile.

Gold Fields' mines performed well in 2016. Achieving sustainable cash-flow is at the heart of our strategy and we built on progress made during the preceding years. We generated US$294m (2015: US$123m) of net cash-flow, which has enabled us to deliver on our commitments to paying dividends and improving the balance sheet in line with our stated targets. This was achieved by maintaining our production levels of just over two million ounces per year and continuing our efforts to bring down the cost per ounce produced. During 2016, we reduced our All-in Costs (AIC) to US$1,006/oz (2015: US$1,026/oz), continuing the lower cost trend of recent years.

Significantly, and for the first time, we managed to achieve cash breakeven at South Deep, enabling Gold Fields to announce the mine's rebase plan from a solid platform. South Deep remains at the heart of our efforts to position Gold Fields as a long-term, sustainable value creator in the global gold sector. With Mineral Reserves of 34Moz at the end of December 2016, South Deep holds one of the largest and most lucrative gold ore bodies in the world, and accounts for a significant portion of our anticipated production.

The successful implementation of the rebase plan that the Board approved for South Deep in February 2017 – to achieve a steady-state production level of around 500,000oz by 2022 at an AIC of around US$900/oz – is essential for realising this long-term value for the benefit of both our shareholders and other local stakeholders – in particular our employees and the local Westonaria community which hosts South Deep.

Looking beyond South Africa's borders, management must be congratulated for improving the performance and longer-term prospects of our international operations. The significant investment programme in our regions last year comprised a number of projects, including the recapitalisation of our Damang mine in Ghana, entering into a joint venture with Gold Road Resources for the Gruyere project in Western Australia and the successful brownfields exploration programme at our mines in Australia. Furthermore, we have commenced a pre-feasibility study at our Salares Norte project in Chile. These programmes are aimed at ensuring that Gold Fields remains a sustainable and long-term generator of free cash-flow.

Technology and innovation are emerging as critical elements to improve the operational performance of our mines, and as such we welcome the formation of a dedicated Technology and Innovation (T&I) division at Gold Fields and the launch of a Group-wide T&I strategy. This extends to all areas of the business and I am pleased to say that during the year we advanced the use of renewable and low-carbon emissions energies at our mines, with significant security of supply and cost benefits.

Stakeholder engagement, beyond the regular interaction with our shareholders and investors, is becoming an increasingly critical issue, and the Board devotes considerable time to ensure that Gold Fields' management deals appropriately with the challenges, issues and concerns of the key stakeholders in our host countries, including governments, our workforce and host communities. During 2016, Gold Fields' total value distribution to our stakeholders – as measured by World Gold Council standards – was over US$2.5bn in the form of payments to governments, capital providers, business suppliers and employees.

We are intensifying our engagement with communities in particular, as they grant us our social licence to operate and have become pivotal stakeholders in the longevity of our mines. This engagement goes well beyond regulatory compliance, and includes a strong focus on host community employment as well as upskilling small businesses in our host communities, thus enabling them to supply goods and services to our mines. In addition, we are strengthening the ability of the three South Deep community trusts as well as foundations in Australia, Ghana and Peru to distribute funds more effectively to host community projects.

Australia, Ghana and Peru held national elections during 2016, with voters returning largely business-friendly governments to power. Irrespective of each government's principles, it is imperative that we find ways of working together, which we have largely managed to achieve. In Ghana we entered into a development agreement with the government, which provides tax and other concessions in return for future investment at our operations. As a direct consequence, we were able to launch the reinvestment into the Damang mine, creating and preserving almost 1,850 jobs and leading to significant new community investment over the mine's additional eight-year LoM.

The extensive and open negotiations with the Government of Ghana that led to the agreement can serve as a framework for dealing with governments in other jurisdictions. It would certainly assist in addressing the impasse that remains in South Africa, where industry and government are struggling to find solutions to a number of regulatory and legal issues.

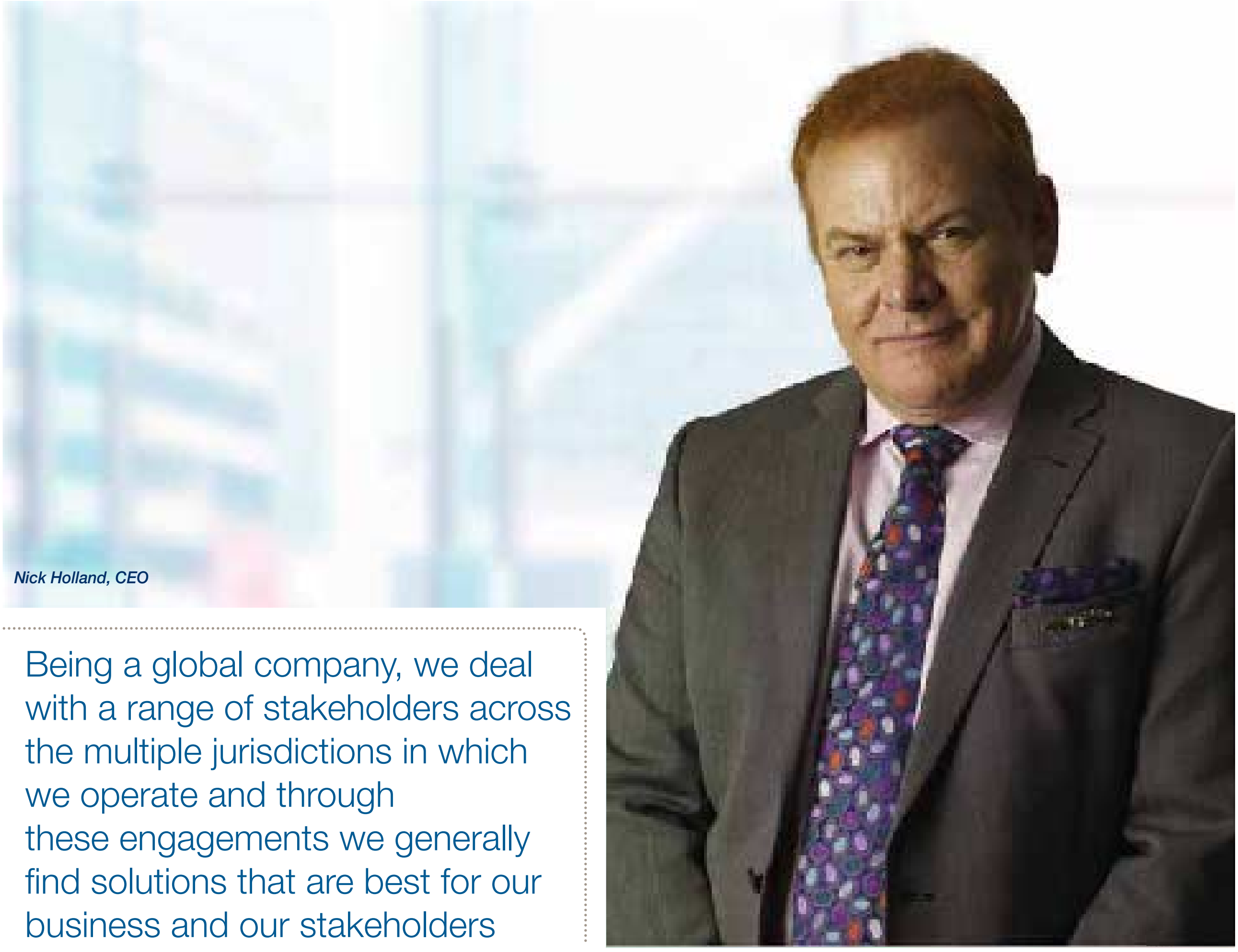
As directors of this Company, one of our key responsibilities is to ensure that the global corporate governance programmes at Gold Fields are in line with the ever-changing and more stringent standards expected from multi-national companies. During 2016, Gold Fields rolled out a revised Code of Conduct which informs ethical decision-making in the business and in all dealings with stakeholders.

After a comprehensive review of the current skills composition of the Board, and in view of the fact that a number of directors have reached or are reaching their retirement age, we initiated an extensive directors' recruitment and selection drive. Five new directors joined us during 2016: Alhassan Andani, Peter Bacchus, Terence Goodlace, Steven Reid and Yunus Suleman. Post year-end we also announced that Carmen Letton will join the Board on 1 May 2017. I would like to welcome them as fellow directors, secure in the knowledge that their diversified and global skills set in the areas of mining, finance and technology will contribute significantly to the growth of the Company. The new directors will over time be replacing some of the current directors who are approaching retirement age over the next two years.

Kofi Ansah, Alan Hill and David Murray, three of our long-serving and trusted directors, stepped down during the year and I want to pay tribute to their hard work, dedication and the years of experience they provided the Company. Their contribution was invaluable and critical in ensuring that Gold Fields successfully weathered the recent stormy industry conditions. I would also like to express my gratitude to Gold Fields' executive management, led by Nick Holland, who, I believe, have made some courageous decisions this past year. Most importantly, I want to thank every employee at Gold Fields for their hard work and dedication.

Cheryl Carolus
Chairperson

CEO Report



Nick Holland, CEO

Being a global company, we deal with a range of stakeholders across the multiple jurisdictions in which we operate and through these engagements we generally find solutions that are best for our business and our stakeholders

DEAR GOLD FIELDS STAKEHOLDERS

As I look back on 2016, I am proud to say that Gold Fields' performance exceeded my expectations for the year. While, we were aided by the gold price which averaged US$1,241/oz during the year – ahead of our planning price of US$1,100/oz and US$100/oz higher than the average price in 2015 – the operational performance of the teams at our mines was exceptional.

Despite the fact that we were forecasting a decline in production in 2016 relative to 2015, we managed to keep our production unchanged – in fact, we improved our production guidance half-way through the year. Costs continue to be well controlled and we managed to absorb mining cost inflation during the year. 2016 is the fourth successive year in which production and cost targets have been met. As a result of stable production and lower costs, Gold Fields' eight mines generated US$444m in cash (before corporate charges), paid a healthy total dividend of R1.10/share and significantly restructured and deleveraged the balance sheet.

Yet our share price at the end of 2016 was little changed from where it started the year, reflecting in part the volatility of the gold price and the gold equities sector in general. Our share price began the year at R44, reached a peak at R91, and then declined to just under R44 at year-end.

This is obviously a source of immense frustration for our shareholders, and for us as management. But my perception is that we must continue to implement our strategy of long-term sustainable cash generation for the business and, in time, I believe it will be reflected in the share price.

It appears that some investors believe that much of our fortunes are linked inextricably to both the short-term performance and outlook for South Deep, our sole remaining South African mine. While South Deep is a key component of our portfolio, I continue to stress that Gold Fields is a global gold company with much more than South Deep in its portfolio. Indeed, with production and cash-flow already heavily weighted towards our mines in Australia and Ghana, we are increasing our investment in these countries to ensure the longevity and sustainability of our international portfolio.

Irrespective of the view one might have as to the relative importance of South Deep to Gold Fields' future prospects, it too enjoyed its best year under our ownership, showing a 47% improvement in production, and achieving its targets for the first time. This represents a good foundation on which to build.

Performance Highlights 2016 vs 2015

		2016	2015
Attributable production	Moz	**2.15**	2.16
All-in Sustaining Costs (AISC)	/oz	**980**	1,007
All-in Costs (AIC)	/oz	**1,006**	1,026
Net cash-flow[1]	US$m	**294**	123
Free cash-flow (FCF) margin	%	**17**	8
Net debt	US$bn	**1.166**	1.380
Dividend declared	R/share	**1.10**	0.25
Total Recordable Injury Frequency Rate (TRIFR)	/million hours worked	**2.27**	3.40
Total value distribution	US$bn	**2.437**	2.425
Energy usage[2]	TJ	**11,697**	11,240
Water usage	Mℓ	**30,321**	35,247
CO_2 emissions	million tonnes	**1.96**	1.75
Host community procurement (% of total)	%	**38**	35
Host community employment (% of total)	%	**48**	59

[1] Net cash-flow = cash-flow from operating activities less net capital expenditure and environmental payments.
[2] The sum of direct and indirect energy consumption reflects a conversion factor used by Granny Smith, Darlot and Damang power stations. If the conversion factor is not applied total energy consumption was 12,444TJ (2015: 11,797TJ).

- Gold Fields recorded a solid operational performance in 2016, with attributable production of 2.15 million gold-equivalent ounces, at the top end of our updated guidance for the full year of 2.10 – 2.15Moz and less than 1% below the 2.16Moz reported in 2015
- Strong management across the Group resulted in good cost performance, with AISC of US$980/oz being below our guidance for the year of US$1,000/oz – US$1,010/oz and 3% below the AISC of US$1,007/oz reported in 2015. Similarly, AIC came in at US$1,006/oz in 2016, below our guidance of US$1,035/oz – US$1,045/oz and 2% below the US$1,026/oz reported in 2015.
- As a result of the 9% improvement in the average gold price received from US$1,140/oz in 2015 to US$1,241/oz in 2016, net cash-flow from operating activities – less net capital expenditure and environmental payments – amounted to US$294m in 2016 compared with US$123m in 2015
- The Group's FCF margin for 2016 was 17% for the year. If the price received for the year was normalised to US$1,300/oz, then the FCF margin would have been 19% – well above our stated target of 15%.
- Normalised earnings for 2016 totalled US$191m compared with US$45m in 2015
- As a result of strong cash generation during the year, net debt was reduced by a further US$214m to US$1,166m (31 December 2015: US$1,380m), decreasing the Group's net debt to adjusted EBITDA[3] ratio from 1.38x at the end of 2015 to 0.95x at the end of 2016
- A final dividend of R0.60 per share was declared. Together with the interim dividend of R0.50 per share for the six months ended 30 June 2016, this brings the total dividend for the year to R1.10 per share (2015: R0.25/share). At 32% of normalised earnings, it is at the upper end of the Group's policy to pay out between 25% – 35% of normalised earnings as dividends
- The Group's TRIFR improved by 33% to 2.27 recordable injuries per million hours worked (2015: 3.40/million hours), though this strong safety performance was overshadowed by the one fatality we reported in 2016 (2015: three operating fatalities)
- Gold Fields generated US$2.505bn in value measured in terms of spending on business suppliers and contractors, economic development spending, wages and salaries, taxes and royalties as well as interest and dividend payments to capital providers. This was in line with the total value creation of US$2.425bn in 2015
- While energy consumption increased by 4% in 2016 we also achieved energy savings of around US$11m amid the drop in oil prices and greater operational energy efficiencies. Furthermore, with our increasing usage of renewable and low-carbon energy sources, we expect further energy efficiencies and reduced carbon emissions in the future
- Water consumption was significantly lower at 30,321Mℓ (2015: 35,247Mℓ), though this was in part due to a change in water usage definitions. Nevertheless, our operations are investing heavily in stable water balances as well as recycling and conservation initiatives
- Host community employment and procurement are at the heart of our efforts to improve the benefits of mining for our host communities. In 2016, 38% of total procurement spend (2015: 35%) was in host communities

[3] Net operating profit before depreciation and amortisation, adjusted for exploration expenses and certain other costs.

CEO Report (continued)

OVERVIEW

After almost four years of belt-tightening and consolidation, 2016 was the year in which Gold Fields started strengthening and expanding its portfolio of mines and projects to ensure longer-term sustainable cash generation.

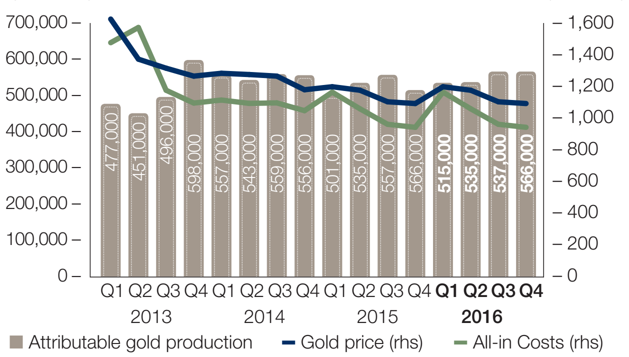
Gold Fields began 2016 in much better financial and operational shape than when our transformation journey started back in 2012. While we benefited from a stronger than planned for gold price, our 2016 successes are attributable to remaining focused on achieving our key strategic priorities, which were:

- South Deep – finalise and successfully implement the rebase plan for long-term success
- Cash-flow generation – improve cash-flow and margin
- Dividends – pay between 25% and 35% of normalised earnings
- Balance sheet – reduce net debt to adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) ratio to 1.0x or below by the end of 2016
- Growth and expansion – through brownfields exploration, project development and opportunistic, value-accretive acquisitions

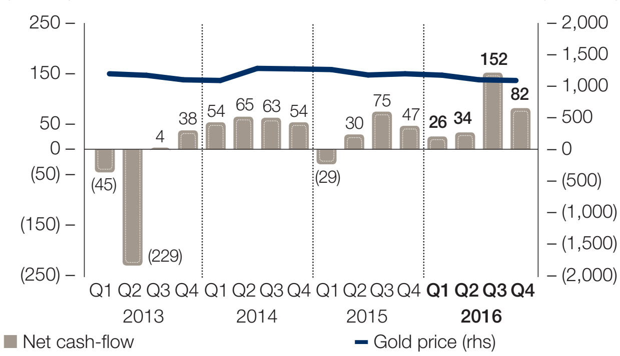
I am pleased to report progress on all these fronts since January 2016:

- In February 2017, we announced the long-term production and cost guidelines for the South Deep mine in South Africa after two years of extensive rebasing work by the management team appointed in 2015. We are now targeting steady-state production of approximately 500,000 ounces by 2022 at an All-in Cost (AIC) of US$875/oz. Of significance, South Deep was cash-positive in 2016 for the first time, helped by the higher Rand gold price
- During 2016, we generated a net US$294m in cash (cash-flow from operating activities less net capital expenditure and environmental payments) compared with US$123m in 2015. While our Australian mines and South Deep were undoubtedly aided by the weaker Australian Dollar and South African Rand, improved cash generation is also attributable to tight cost management by our operational teams, as well as the improved operating performance at South Deep, which recorded a US$92m swing in cash-flow from an outflow of US$80m in 2015 to an inflow of US$12m in 2016. The 17% cash-flow margin at the average gold price received of US$1,241/oz is well ahead of target (15% at a gold price of US$1,300/oz)
- The total dividend for the year of R1.10/share equates to 32% of normalised earnings, at the upper end of our dividend policy and 340% ahead of the total dividend declared in 2015
- Through a combination of improved cash-flows, debt restructuring and equity raising we managed to achieve a net debt to adjusted EBITDA ratio of 0.95x at end-2016 (even after the upfront A$250m payment for Gruyere), compared with 1.38x at end-2015. We are confident of maintaining a comfortable debt position during 2017, despite funding new projects
- A significant investment in the future of Gold Fields positions us to generate future profits at the current gold price and offer leverage to a rising gold price. In support of this strategy we launched some key projects during 2016, in addition to the South Deep rebase announcement:
  - In October, we announced a US$341m investment at our Damang mine to extend the life of the mine by 1.6Moz and eight years. Production will be at a low AIC of around US$950/oz and be cash generative in about three years' time
  - In November, we acquired a 50% joint venture interest in and management control of the Gruyere project in Western Australia owned by Australian exploration company Gold Road Resources for a consideration of A$350m. Once in production – which is forecast for late 2018/ early 2019 and will require a total of A$507m in capital for the construction – Gruyere will produce about 270,000 ounces a year (100% basis) over a 13-year reserve life at an AIC of less than US$805/oz

Cost reductions amid lower gold price and stable production



Strong focus on cash generation (net cash flow[1])



[1] *Net cash flow from operating activities after taking account of net capital expenditure and environmental payments*

  - Also in Western Australia, we spent A$102m (US$76m) in near-mine (brownfields) exploration at our four mines, adding 450,000 ounces in Mineral Reserves (after depletion) and 850,000 ounces in Mineral Resources during the year. This was driven by successful exploration programmes at St Ives and Granny Smith. For 2017 we have planned a further A$89m (US$65m) in brownfields exploration spend at these mines as well as the Gruyere project
  - Finally, we streamlined our portfolio by selling 11 producing and non-producing royalties to Toronto-listed Maverix Metals in return for a 32% stake in Maverix, which has already provided a noticeable increase in value

All of our key decisions regarding the Company's future growth relied on collaboration with our stakeholders to achieve meaningful cash-flow for the benefit of all stakeholders:

» Gold Fields showed a vastly improved safety performance in 2016. Our Total Recordable Injury Frequency Rate (TRIFR) improved by 33% to 2.27 recordable injuries per million hours worked. Regrettably, we still had one fatality in 2016, compared to three fatal mine accidents in 2015. We have found that there is a strong correlation between a safe mine and a strong operating performance, and remain committed to realising our Zero Harm policy

» The long-term rebase plan for South Deep is critically dependent on the co-operation of our employees, and the three-year agreement we entered into with their representative trade unions in 2015 was a vital underpin to the plan. We have also engaged the local community through a variety of projects focused on improving their social and economic wellbeing with a specific emphasis on host community procurement and employment. This, we believe, will ensure that these communities will grant us our social licence to operate, which is critical given South Deep's significant mine life

» The investment in Damang was facilitated in part by the signing of a development agreement with the Ghanaian Government in March 2016. This agreement provides tax and other concessions in return for future investment at our operations. Furthermore, the investment guarantees the creation and protection of about 1,850 direct jobs as well as sizeable community programmes over the mine's new eight-year life.

» A significant investment in low-carbon and renewable energy projects at many of our mines will ensure that we reduce the future cost of electricity and facilitate long-term security of supply, thereby mitigating two critical risks facing the Company. All our Australian and Ghanaian operations are now powered by gas, after new gas-fired power plants were commissioned to supply our Granny Smith, Tarkwa and Damang mines. In addition, we have appointed a renewable energy firm to develop a 40MW solar plant at South Deep over the next two years, which apart from lower costs and security of supply has the added benefit of reducing the mine's carbon emissions

Supporting our integrated management approach is robust and effective corporate governance throughout the Group. During 2016, the Company revised its Code of Conduct, which forms the ethical basis of the business and informs how we conduct ourselves and interact with all stakeholders. We have also committed to implementing the recommendations of the King IV Report on Corporate Governance.

Our focus on viable cash-generation was supported by the recovery in the gold price during 2016. After falling by 45% between September 2011 and December 2015, when it hit a low of US$1,045/oz, the gold price recovered in 2016, ending the year at US$1,148/oz. Since then it has stabilised at around the US$1,200/oz level towards end-February 2017. To some extent we were also supported by weaker currencies in commodity-exporting nations, though this effect was less pronounced than in 2015.

The ability to generate cash is critical in distributing the benefits from mining to our stakeholders. In 2016 Gold Fields' value distribution – as measured by the World Gold Council definitions – totalled US$2.505bn, slightly more than the US$2.425bn we distributed in 2015. This amount was dispensed as follows during 2016:

» US$122m (2015: US$117m) to shareholders and debt providers, who are seeking a return on their invested capital through dividend and interest payments
» US$482m (2015: US$435m) to our employees, whose work is rewarded through salaries and other benefits
» US$1.648bn (2015: US$1.663bn) to contractors and suppliers, from whom we procure goods and services
» US$235m (2015: US$196m) to governments and regulators, who grant us our mining licences and who benefit from our tax and royalty payments
» US$16m (2015: US$14m) in social investment programmes among our host communities, whose support is critical for our social licence to operate and who benefit significantly through host community jobs and procurement

CEO Report (continued)

GROUP PERFORMANCE SCORECARD

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

By integrating all of the key value drivers into the business, the scorecard also aims to enhance the Group's sustainability. The scorecard consists of four key performance areas and elements against which we measure our performance. These are: financial performance; our social licence to operate; people; and business optimisation. This IAR is structured along the lines of our 2016 scorecard and a brief overview of each area, broken down by the respective elements, follows.

Financial Performance

The first key performance area of the Group scorecard is financial performance, as measured by cash-flow generation and debt reduction as well as improving investor confidence.

Our strategy is driven by the objective of generating a 15% FCF margin at a gold price of US$1,300/oz, as we believe that this is a reasonable long-term price for bullion. The premise is that when the gold price trades above US$1,300/oz, the FCF margin will grow commensurately. Conversely, when prices trade below US$1,300/oz, as we have seen since 2012, the inclusion of the 15% FCF margin at that level provides Gold Fields with a safety cushion down to our cash breakeven level of approximately US$1,050/oz. The Group's FCF margin for 2016 was 17%, despite the fact that, at US$1,241/oz, the actual annualised gold price received was again below the planning price of US$1,300/oz. It illustrates that our strategy of boosting margin growth is paying off.

Net Cash-Flow and Focus on Cost

Net cash-flow (cash-flow from operating activities less net capital expenditure and environmental payments) is one of the key measurements of Gold Fields' turnaround strategy since 2012. Despite the 25% decline in the average price of gold between 2012 and 2016, Gold Fields' ability to generate cash has improved substantially. During 2016 this was aided by the higher average gold price received as well as a weakening of the South African Rand and the Australian Dollar against the US Dollar. The improved Rand gold price also helped South Deep breakeven for the first time. Our cash-flow progression over the past five years has seen us turn around a net cash outflow of US$280m in 2012 to a net cash inflow of US$294m in 2016.

Central to our ability to generate FCF is a commitment to cost management, which we have implemented rigorously over the past few years, though we have been careful not to cut sustaining capital expenditure critical to maintaining the long-term integrity of our ore bodies.

During 2016, costs were marginally lower than in 2015 as a result of exchange rate benefits, lower oil prices and successful cost controls by our operations. Both AIC at US$1,006/oz and AISC at US$980/oz were below their respective 2016 guidance ranges of US$1,035/oz – US$1,045/oz and US$1,000/oz – US$1,010/oz. Cumulative reduction for AIC between 2012 and 2016 has been a strong 35%.

Debt Reduction

One of Gold Fields' key strategic objectives has been to reduce the amount of debt on our balance sheet. In this regard, management set itself a target of reducing the net debt to adjusted EBITDA ratio to below 1.0x by the end of 2016.

Over the year the Group entered into a number of transactions which impacted the debt balance, including a bond buy-back of US$148m funded from an equity raising of US$152m to decrease the level of net debt. The first upfront payment for the Gruyere transaction (A$250m) in December 2016 had the effect of increasing the Group's net debt. Despite this, the bond buy-back and equity raising as well as the US$294m in net cash-flow generated during the year, helped decrease our net debt by US$214m, from US$1,380m at the end of December 2015 to US$1,166m at the end of December 2016. This resulted in a net debt to adjusted EBITDA ratio of 0.95x, below our stated target of 1.0x.

Improving Investor Confidence

Our portfolio has undergone a fundamental change since 2013. We spun off the Sibanye Gold assets to shareholders, eliminated marginal mining, stopped all projects in our growth pipeline that did not provide an adequate return and, in October 2013, acquired the Yilgarn South assets in Western Australia from Barrick Gold.

Last year we expanded our portfolio to take advantage of the improved gold price and our significant cash-flow generation. In October we announced a US$341m capital injection to extend the life of our Damang mine in Ghana by a further eight years and in November acquired a 50% stake in the Gruyere project in Western Australia for A$350m from Gold Road Resources. Gruyere is expected to see first production by late 2018/early 2019. In February 2017 we announced that we had begun the sales process for the Darlot mine in Western Australia, as it has been unable to make a "game-changing" exploration discovery and is not considered a Gold Fields franchise asset.

The only operating asset in the Gold Fields Group that still has to be brought fully to account is our South Deep mine. Here we achieved cash breakeven for the first time in 2016 – the mine reported net cash inflow of US$12m compared to an outflow of US$80m in 2015 – and in February 2017 announced the mine's long-term production and cost metrics. Details of the mine's 2016 performance and the key parameters of its ramp-up plan can be found on p67 – 69.

Gold Fields also remains one of the higher dividend payers amongst its peers. The total dividend declared for the year of R1.10 per share (2015: R0.25/share) is equivalent to 32% of normalised earnings, close to the top end of our dividend policy of paying out 25% – 35% of normalised earnings as dividends.

We believe that Gold Fields has established a solid base which will maintain the confidence of our current shareholders and attract long-term investors seeking value and leverage to the gold price.

Gold Fields Group 2016 and 2017 Performance Scorecard

2016

Financial

» **Debt reduction**
Continue to use cash generation to pay off net debt

» **Sustainable free cash flow margin**
Meet production and cost guidance

» **Improved investor and analyst confidence**
Position share price above the median of our peer group

Social licence to operate

» **Creating and sustaining Shared Value**
Develop three-year procurement and local employment plans for South Africa, Ghana and Peru

» **Improved community relations**
Develop and implement community engagement strategies

» **Mine closure and water management**
Implement integrated post-closure water management plans

» **Manage climate change risk**
Conduct gap analysis to further assess operational vulnerability to climate change

People

» **Performance management**
Measure, incentivise and motivate high performance

» **Improved talent management**
Ensure the right people in the right jobs at the right time and deliver training programmes for required skills

» **Communication and engagement**
Improve engagement by implementing a two-way communication platform

» **Improve people management skills**
Develop strong people managers

» **Create supportive work environment**
Review Employee Value Proposition

Business optimisation

» **Growth and quality of portfolio**
Grow operations' reserve life and mineable resources

» **Energy cost management**
Implement 2015 energy security plans and upgrade energy efficiency plans

» **Technology and innovation**
Design technology strategy with a three-year implementation plan

» **Rebase South Deep to deliver**
Achieve a cash neutral or cash positive position by end-2016 and develop a framework to execute business improvement projects

» **Improved safety practices**
Implement and track behavioural-based safety programmes

2017

Financial

» **Sustainable free cash flow margin**
Meet production and cost guidance safely and sustainably

» **Capital allocation and management**
Establish Management Investment Committee to monitor capital expenditure

» **Improve investor and analyst confidence**
Improve total shareholder return – position share price between median and upper quartile of peer group and pay dividends in line with policy. Improve ESG investor and analyst confidence

Social licence to operate

» **Shared Value**
Implement host community procurement action plans

» **Mine closure**
Regions to align closure plans with revised guideline

» **Water**
Review water management practices to align to ICMM Water Position Statement by 2018

» **Tailings**
Externally review all TSFs against ICMM framework

» **Climate change**
Develop adaptation plans for operations

» **Governance and compliance**
Complete rollout of all governance and compliance projects

People

» **Talent management**
Drive high performance culture and attract and retain top talent.

» **Internal engagement, culture and brand**
Implement new employee engagement strategy and revise DNA

» **Develop agile people managers**
Grow people management skills and agility

» **HR analytics and systems**
Ensure accurate, up-to-date people data system

Business optimisation

» **Asset portfolio quality & growth**
• Increase quality ounces in Australia and deliver Gruyere within schedule • Investigate extending Cerro Corona's life-of-mine and start Salares Norte feasibility study • Divest non-core assets • Deliver year one of Damang Reinvestment

» **South Deep**
Deliver year one of Rebase Plan and implement approved mining method and pillar design

» **Technology & innovation**
Execute Horizon 1 programmes, complete T&I review, and start mine of the Future programme

» **Energy cost management**
Implement 2017 energy security and cost management plans

CEO Report (continued)

Business Optimisation

Underpinning the financial performance of the business is Gold Fields' commitment to running its operations safely, efficiently and cost-effectively without undermining the longevity of our mines. We measure the success of business optimisation by looking at our progress on Safety and Health; the performance and growth of our portfolio of mines and projects; setting up the South Deep project for long-term success; running our mines energy efficiently; and using technology and innovation to optimise their future performance.

Gold Fields' operating and financial performance during 2016 showed that our efforts in this regard are paying off. Highlights were:

- Production of 2.15 million attributable, gold-equivalent ounces, broadly in line with our updated guidance for the full year of 2.10 – 2.15Moz
- Strong cost management across the Group resulted in a good cost performance with AISC of US$980/oz and AIC of US$1,006/oz in 2016, below guidance for the year
- Net cash-flow from operating activities increased strongly to US$294m in 2016 compared with US$123m in 2015

Detailed Group and mine operating performances can be found on p56 – 61 of this report.

Safety and Health

Safety is management's first priority in running our operations, and it is critical that we continuously emphasise that our first value is "if we cannot mine safely we will not mine". Nevertheless, we had one fatality during 2016 (compared with four fatalities in 2015, three resulting from operational accidents and one from crime). On 10 September, Mr Vakele Thafeni, a learner miner, was killed after a 1.5 magnitude seismic event caused an underground rock burst at South Deep. Post year-end, on 1 January 2017, Thankslord Bekwayo, a dump truck operator, and, on 16 February, Nceba Mehlwana, a loco driver, were killed in underground accidents. Our sincere condolences go out to the relatives, friends and colleagues of Mr Thafeni, Mr Bekwayo and Mr Mehlwana.

While any fatality is an undoubted setback on our journey to Zero Harm, we are encouraged by the progress made in terms of our overall safety performance during 2016. Our TRIFR showed a further 33% improvement to 2.27 per million hours worked from 3.40 in 2015.

The work on safety is integral to our operational discipline and has been accepted as the foundation for improved performance. As such, there is no conflict between pursuing safety and productivity at the same time. Behaviour-based safety programmes are in place across the Company and our work at embedding these into our day-to-day performance, along with visible management leadership on the ground, continues. At South Deep, the CEO's 'Zero Harm' task team has been strengthened with the addition of a Board director to the team. The Group has also intensified operation-specific health and wellness programmes, focusing on improving the physical and mental health of our employees.

Quality Portfolio of Assets

During 2016, Gold Fields made a conscientious effort to invest in enhancing the quality of its existing portfolio while at the same time identifying value-accretive acquisitions. This active portfolio management approach requires an ongoing strategic review of all existing assets as well as potential acquisition targets against our strategic imperatives. Similarly, growth at Gold Fields is not just a matter of increasing the Group's Mineral Resources and Mineral Reserves or boosting the production profile; it is about growing cash-flow per ounce and Mineral Reserves per share in the medium and long term.

In this context, Gold Fields continued to focus on improving the cash-generation performance of its existing operations and identifying value-adding projects. The pillars that support this strategy are:

- Protection of the commercial sustainability of our mines by avoiding high-grading and investing in ore development on an ongoing basis
- The cessation of all early greenfields exploration activity and a focus on brownfields (near-mine) exploration for LoM extensions, particularly at our Australian operations
- Production and strategic planning based on the delivery of a 15% FCF margin at a gold price of US$1,300/oz
- The identification of cash-generative acquisition opportunities that are aligned with Gold Fields' core competencies

To ensure that our business has a strong future, we have made ongoing investment in brownfields exploration as well as the development of our ore bodies strategic priorities. These are among the last activities we would cut, as even in a sustained low gold price environment the costs associated with maintaining the integrity of our ore bodies is built into our mines' cash-flow models.

Key decisions since January 2016 that improved the quality of our portfolio of assets included:

- The reinvestment plan for Damang which will extend the mine's LoM by eight years to 2024 at costs that will lower the Company's average cost of production
- The acquisition of 50% of the Gruyere project in Western Australia from Gold Road Resources
- The progression of the Salares Norte project in Chile to pre-feasibility study
- The sale of our royalty portfolio to Toronto-listed Maverix in return for a 32% holding in the company
- The decision to commence with the sale of the Darlot mine in Western Australia

Gold Fields believes that near-mine exploration offers the best route to low-cost ounce replacement that can generate cash in the short and medium term. In 2016, Gold Fields raised its total near-mine exploration expenditure by 5% to US$80m, on top of the US$162m spent in the preceding three years, in pursuit of this strategy. Much of this activity was focused on the Australia region, where the four mines in our portfolio spent A$102m (US$76m) in 2016, in line with the A$91m (US$72m) spent in 2015.

This is part of a multi-year strategy to both replace and increase quality reserves and resources at our operations in Australia. In addition to exploration drilling to extend current ore bodies, activity focused on developing early-stage generative targets on the prospective leases. Some successes from 2016 included:

- St Ives' Invincible mine was extended to Invincible Underground and Invincible South
- Work at Agnew/Lawlers showed good potential at the Waroonga North ore body, adjacent to the Waroonga underground operation
- Exploration at Granny Smith indicated further mineralisation at depth of the existing Wallaby underground mine

To build on the work undertaken to date, we have budgeted A$89m (US$65m) for 2017. This includes exploration at the Gruyere project, which is a departure from the brownfields approach, but which we believe will enhance our portfolio in Western Australia and expand our exposure to this new and emerging goldfield. Furthermore, we have proven our ability to absorb new operations into the Gold Fields Australia portfolio by leveraging off existing resources. Gold Fields took over management of the Gruyere project on 1 February 2017, and first production is expected by late 2018/ early 2019.

Pursuing cash-generative acquisition opportunities is an integral part of our strategy although by necessity, opportunistic in nature. However, given our existing commitments, further M&A during 2017 or 2018 appears unlikely except in countries in which we already have a presence and where it has synergistic benefits. It would be modelled on our successful US$262m acquisition of the Yilgarn South assets from Barrick Gold in October 2013. An acquisition like this will be difficult to replicate in terms of the price we paid, but the structural benefits and subsequent management efforts have given us a model to replicate.

Finally, we are examining whether a return to judicious greenfields exploration would be a viable proposition in view of the sharp price escalation of mines already in operation. This strategic consideration is at an early stage and includes an evaluation of whether Gold Fields should pursue greenfields exploration on its own or in co-operation with junior miners.

During 2016, Gold Fields increased attributable gold Mineral Reserves (net of depletion) by 4% to 48.1Moz though Mineral Resources declined by 1% to 101.5Moz. Attributable copper Mineral Reserves totalled 454Mlbs (2015: 532Mlbs) and Mineral Resources 5,813Mlbs (2015: 5,912Mlbs). Encouragingly, in Australia, we added 450,000oz in Mineral Reserves (after depletion) and 850,000oz in Mineral Resources during the year.

South Deep

In 2015 the new management team at South Deep took a decision to take a step back and "get the basics right" to ensure a stronger foundation for sustainable growth in the future. During 2016 this rigorous approach showed signs of success, with the following encouraging indicators of improvement:

- The mine's safety performance was the best it has been since Gold Fields bought the project in 2006, though we regrettably had one fatal mining accident (2015: two fatalities)
- Production in 2016 at 290,400oz was 47% higher than the 198,000oz produced in 2015
- Costs were reduced with AIC of US$1,234/oz showing a significant 21% improvement on the US$1,559/oz reported in 2015
- Most significantly, South Deep was cash positive for the first time, aided by a currency hedge and the stronger Rand gold price of R584,894/kg (2015: R478,263/kg) received during the year. The mine generated US$12m in net cash during 2016 compared with an outflow of US$80m in 2015
- Full implementation of the high profile destress mining method

Key to improvements at South Deep were strategic interventions on a number of fronts:

People: The recruitment of identified critical skills was completed during 2016 and most of the core mining and engineering positions have now been filled, a process supported by intensified training programmes for our existing staff. In addition, the signing of a three-year wage deal with trade unions in March 2015, which will govern wages and other working conditions until March 2018, is expected to give South Deep a degree of labour stability as the mine builds up.

Fleet: As part of the fleet renewal strategy, 58 category 1 units have been commissioned over the past two years. The total category 1 fleet currently stands at 111 units. The renewed fleet will have a positive impact on fleet availability and utilisation. The maintenance capacity at South Deep improved during the year through the implementation of supplier maintenance contracts in corridor 2 (approximately 35% of total mining), as well as the commissioning of the 93 level workshop.

Mining method: During 2015, South Deep management, in collaboration with a team of leading international and local geotechnical experts, reviewed the destress mining method. Following the recommendations, we implemented a strategic change in the design of the destress methodology, and converted from low-profile to high-profile destress mining during 2016. By year-end, most of the mine was employing this approach, which

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contributed significantly to simplifying and derisking the mining process.

Building on this work, in February 2017 the Board approved the long-awaited rebase plan for South Deep, which sketches the long-term production and cost profile of the mine. The key features of this plan, which is detailed on p67 – 69, are:

» Increasing the tonnes milled to 2,861kt by 2022
» Ramping-up production to 500,000oz by 2022
» Reducing AIC to US$875/oz by 2022
» Growth capital expenditure of R2.3bn (US$151m) over the next six years

Managing Energy Costs and Climate Change Risks

Energy remains a major performance driver, accounting for 19% of Group operating costs in 2016, having gradually risen from 18% in 2013, amid increasing energy demand and supply constraints in all of our operating regions. As part of the Integrated Energy and Carbon Management strategy implemented in 2014, each of our regions has set energy reduction targets, which have already delivered around US$41m in savings (against plans) between 2014 and 2016. For 2016, this equates to energy savings of around 3% against our business plans, with an additional benefit of 4% savings in our CO_2-equivalent emissions. Most critically though is that the average energy spend per ounce of gold produced has declined by 18% to US$130/oz between 2014 and 2016, with energy efficiency initiatives contributing the equivalent of US$5/oz to these savings.

At the same time, the regions have been tasked with securing access to future energy sources. In Ghana, where government required our mines to reduce their electricity consumption by 25% – 30% over the past few years, both Tarkwa and Damang have signed power purchase agreements with an independent power producer, which successfully commissioned new gas-powered plants at both these mines during 2016. The plants at Tarkwa (3x 11MW units) and Damang (5x 5.5MW units) will result in reliable supply and significant electricity cost savings for both operations. As at the end of 2016, 100% of Damang's and 50% of Tarkwa's power requirements were supplied by the new gas-powered plants. It is expected that the these plants will supply 100% of Tarkwa's power requirements from the beginning of 2018.

With the successful commissioning of a new gas power plant at Granny Smith, each of our four mines in Western Australia is now supplied by gas and new long-term supply agreements have been entered into with various utilities. While lower global diesel prices have somewhat mitigated the current cost benefits of a switch to gas, we believe that the long-term price differential will favour gas over diesel. Gas is also a cleaner fuel with resultant environmental benefits. Our Cerro Corona mine in Peru also has a long-term power agreement in place with a private gas company.

The improved power supply environment in South Africa ensured that our South Deep mine was not subject to load-curtailment programmes during 2016. In keeping with our commitment to renewable energy, we solicited proposals for an on-site 40MW photovoltaic solar plant at the mine. In 2017 we are planning to reach an agreement with an independent renewable power company to build and operate the solar plant for the next 20 years. The plant will provide around 19% of the mine's annual power requirements at costs that are at least on par with Eskom tariffs.

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

Greater use of renewables has the added benefit of reducing our carbon footprint, which is one of Gold Fields' key environmental priorities. During 2016, our total CO_2 emissions increased to 1.96 million tonnes (2015: 1.75 million tonnes), but we expect longer-term benefits to our emissions arising from the energy efficiency projects we have put in place at our mines. During 2016 we implemented a Group climate change policy that addresses the risks faced by our operations as a result of the change in climate arising from global warming.

Technology and Innovation

An important addition to our 2016 scorecard was Technology and Innovation (T&I). A new division was established under EVP: Technical, Richard Butcher, who joined us from mining group MMG in February 2016. Richard and his team developed a Gold Fields T&I strategy which was completed and presented to the Board in November. The key features of this strategy are:

» A five-year implementation plan commencing with a foundational phase over the first two years, optimising our operations by year three and implementing new technologies and innovation over the full five-year period
» Tasking our regions to develop and implement three-year technology plans starting in 2017, with the corporate office consolidating and driving the process
» Developing a platform to share lessons learned and roll out successful projects across the Group
» The ultimate goal of the strategy is to work towards the "Gold Fields Mine of the Future", which will be premised on automation, an integrated digital data platform, remote machine operation, virtual reality and reduced mining waste

During the foundational phase Gold Fields has already identified opportunities to enhance efficiencies within our current regional portfolios:

» The key focus for the Australian region is reducing exploration time through real-time data management and the use of leading practice technologies
» In Ghana the focus will be on data analysis to achieve end-to-end business optimisation. A key part

of this programme is to complete fleet automation studies and trials
- The South Deep mine will upgrade its underground wireless connectivity and radio communications systems to use technologies such as online maintenance and dispatch systems and remote operating equipment more effectively
- The Cerro Corona mine will be using upgraded operating software and a new dispatch system that will focus on porphyry ore blending to reduce variation of stock feed, thereby optimising plant recoveries
- Investigating the potential for an automated and remote-controlled underground trial mine at one of our Australian operations

Recent advances in digitisation, automation and mechanisation make it critical that we develop strategies to implement new technologies and partner with IT companies and original equipment manufacturers (OEMs) that are leaders in the field.

Licence to Operate

The success of our business is critically dependent on relationships with a number of key external stakeholders that determine both our regulatory and social licences to operate: Governments at national, regional and local level and, above all, the communities that host our mines. Over the years we have devoted considerable resources and energy to securing and maintaining our relationship with these stakeholders. Our relationship with the governments and host communities in the countries in which we operate are discussed on p94 of this report.

A number of elements are critical in achieving sound and supportive community relations: Extensive engagement work, investment in these communities, as well as the responsible management of environmental resources, particularly water. These resources, if not managed sustainably, can have an adverse impact on the nearby environment and create tensions with host communities, thus threatening our licences to operate. At the same time, we need to ensure that we plan for the closure of our operations throughout the LoM, ensuring that when we eventually exit, we have optimised operating costs, our environmental footprint is mitigated and the economy of the host community continues to thrive.

Improved Community Relations and Shared Value

The communities in which we operate are directly and often exclusively dependent on the sustainability and growth of our mines and they seek a greater share of the benefits of mining than they have received to date. One of the biggest challenges facing mining companies is building relationships and trust with these host communities, without which there is potential for operational disruption, project delays and cancellations – the loss of the "social licence to operate" referred to previously.

Host community procurement and employment are critical pillars of our community investment strategies at all our operations in developing countries. At present, host community members account for 23% of our workforce at Cerro Corona in Peru, 13% at South Deep in South Africa (in line with Mining Charter definitions) and 72% at our two Ghanaian operations. The numbers for host community procurement spend are 8%, 14% and 7% respectively. Gold Fields is proactively looking at ways to increase local employment and procurement opportunities over the next few years, including engaging with our large multi-national suppliers to support investment in these communities. At South Deep we have set ourselves the target of procuring 25%, equivalent to about R500m a year, of goods and services from the mine's Westonaria host community, creating around 500 new jobs in the process. We are making good progress in this regard – in 2016 host community procurement spend rose by 85% to R356m and the number of host community suppliers to South Deep increased to 83 (2015: 76).

Gold Fields has also invested in communities through a range of educational, skills development, health and infrastructure projects and, more recently, through Shared Value-based projects. However, it is evident that mining companies need to expand and deepen their investment in and engagement with host communities.

Our contribution to host communities is on a more sustainable footing as we increasingly use a Shared Value approach to structure our investments in community projects, thereby taking into account social and economic benefits rather than just spend.

To date, our regions have implemented five Shared Value projects ranging from the promotion of mathematics and science education among South Deep's host communities to multi-lateral water management projects at Cerro Corona and increased sourcing from community suppliers at all our mines. The most high-profile project is the US$17m, three-year upgrade of the dirt road between the Tarkwa and Damang mines in Ghana. We are working with government in building the road which, when completed, will significantly improve access for our operations' host communities. In addition, the bulk of the labour required for completing the project is being sourced from these communities.

Environmental Management

Responsible environmental management remains a vital component of Gold Fields' regulatory and social licence to operate at all our operations and projects. In 2016 we reported three Level 3 environmental incidents (2015: five), all of which took place at our Ghanaian operations in Q1 2016. The two incidents at our Tarkwa operation involved accidental damage to fuel units and hoses that spilt large volumes of fuel into the environment. The incident at Damang involved the overflow of

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about 20,000 litres of tailings slurry and supernatant water into a nearby event pond as a result of blockages in the tailings delivery pipeline and heavy rainfall. In all cases, corrective actions were implemented to prevent future recurrence. Details can be found on p86.

Water is a particular focus of our environmental strategy, as it is becoming an increasingly scarce and expensive resource globally. Managing the risks around current and anticipated water security, which includes the quantity and quality of supply as well as associated costs, is essential to ensure sustainable production for existing operations and the future viability of projects. Water withdrawal across the Group decreased to 30,321Mℓ (2015: 35,247Mℓ), while water withdrawal per ounce was lower at 13.67kℓ in 2016 compared with 15.77kℓ in 2015.

The Group's water management guideline requires operations to identify opportunities to enhance water reuse, recycling and conservation practices. In 2016, a total of 16 initiatives were implemented in line with these guidelines, including the use of in-pit tailings disposals at our St Ives and Tarkwa mines. Many of these initiatives deliver multiple benefits, including cost savings, reduced impact in water scarce areas, improved regulatory compliance, identification and mitigation of water-related risks and reduction of mine closure liabilities, thereby enhancing Gold Fields' social licence to operate. These efforts will continue into the future.

Following the Mount Polley (Canada, August 2014) and Samarco (Brazil, November 2015) tailings dam disasters, the 23 mining companies that are members of the International Council on Mining and Metals agreed to convene to review standards for tailing storage facilities. The resultant working group is chaired by Gold Fields and, in December 2016, announced a new position statement that will encourage members to further improve the management of mine tailings throughout their global operations. In 2017 external consultants will conduct Gold Fields' three-yearly review of all the 26 tailings facilities at our mines and projects and will assess our tailings management against the new position statement.

The total gross mine closure liability for Gold Fields increased from $353m in 2015 to $381m in 2016. We plan on further enhancing our integrated approach to mine closure management with a focus on post-closure water management. The programme is currently being finalised and implementation is scheduled for 2017.

People

The profile of our workforce was profoundly impacted during the initial years of our transformation journey (2012 – 2014), with large-scale reductions in the number of employees and contractors. Since then, our human resource base has stabilised with 8,964 employees and 9,127 contractors on our books at the end of 2016.

With the shift towards mechanisation and automation, we have found that in addition to the continued development and training of our workforce, it is important to recruit the appropriate skills for our mines. At South Deep, we completed the recruitment of necessary mining skills during 2016 and continue to train our workforce in underground mechanical mining skills. During 2016, we spent over US$17m globally on training and development – on top of recruiting the best mining skills to supplement our existing talent pool.

Since the restructuring process, our smaller, yet more skilled workforce has ensured that Gold Fields works more efficiently to improve productivity. The key to this is that employees are incentivised to deliver against clearly defined performance targets that directly support the achievement of business objectives. Our remuneration strategy is evolving to attract and retain these skills, and our people development approach is being adjusted to ensure that we build a robust internal skills pipeline that can supply the skills that the Company needs, now and in the future.

Our people strategy is based on achieving the following key objectives:

» Create and sustain a high-performance culture
» Become an 'Employer of Choice' for the best talent in the industry
» Ensure we have the right people in the right jobs at the right time
» Ensure a sufficient supply of the right leaders
» Build great people managers

Achievement of this strategy is reflected in our Group scorecard objectives for 2016:

» Performance management
» Improved people management skills
» Create a conducive work environment
» Improved talent management
» Communication and engagement

Of these five scorecard objectives, we have identified 'engagement and communication' as an especially important component of people management. Our engagement with trade unions is critical in this respect, particularly in Ghana and South Africa, where a large portion of our workforce is represented by various unions. In March 2015 we signed a three-year comprehensive wage deal that recognises the mechanised mining requirements of South Deep as we take it to full production. Negotiations on a new agreement – due in 2018 – will commence in 2017. In Ghana, negotiations with the unions have been concluded with a 10% basic salary increase for 2016 (to be backdated to 1 January 2016) and a 6% rise for 2017 being the main outcome of the negotiations.

We continue to invest in building cordial relationships with unions in both Ghana and South Africa, but the journey from confrontation to collaboration is an ongoing one. At South Deep, in particular, the priorities of the business in terms of delivering the mine's rebase plan are sometimes in conflict with the views and aspirations of the main trade union. This potential conflict now requires urgent resolution.

In Ghana, the aspirations of the unions for continued above inflation wage increases is undermining our business and a new wage model is in the process of being evolved through dialogue with the union. Without consensus, a restructuring of our business is likely. Our goal remains to develop our relationships with trade unions further so that they do not compromise the delivery of our business objectives.

GROUP STRATEGY – THE ROAD AHEAD FOR 2017 AND BEYOND

2017 will be a year of reinvestment for Gold Fields, the benefits of which will be realised in the years to follow. In addition to its cash-generative mines within the portfolio, the Company now has development and growth projects in each of the four regions in which it operates.

In South Africa, we have South Deep which is still a mine in build-up. In Ghana the re-capitalisation of Damang is essentially the equivalent of developing a new mine, while our investment in the Gruyere joint venture will lead to the construction of a new mine in Western Australia. Finally, in the Americas region, we are set to conclude a pre-feasibility study on the Salares Norte project in northern Chile by mid-2017.

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

At South Deep, we have announced the rebase plan, which is anticipated to position the mine at a steady-state production of about 500,000 ounces per year by 2022, at AIC (in 2017 terms) of below US$900/oz. Similarly, the Damang project has projected AIC, including upfront capital development, of US$950/oz, and the Gruyere project AIC of US$805/oz, including upfront capital. Although the Salares Norte pre-feasibility study is still to be concluded, we anticipate that AIC is likely to be lower than these levels due to the high grades and the likelihood that this will be an open-pit operation.

Furthermore, we continue to invest in brownfields exploration in Australia with the objective of not only replacing what we mine each year, but also with the aim of increasing our resources and reserves at a higher quality than what has been mined previously. We will continue to look for life extension opportunities at Cerro Corona, through economic additions to both the tailings and waste facilities, as well as through brownfields exploration on Cerro Corona porphyry style systems in the vicinity of the mine. Tarkwa has a strong resource position, but we are stepping up our efforts to convert some of these to reserves and to look for opportunities for other styles of mineralisation across the lease. The Kobada Hill prospect has emerged as an interesting hydrothermal style target with encouraging geology and controlled mineralisation with good continuity. In due course underground mining could potentially offer opportunities at Tarkwa.

These investments, we believe, will achieve a measure of success over the next three years thereby maintaining and sustaining strong cash-flows from the operations. Amid the strong investment drive at Gold Fields, some shareholders have been asking whether we have changed our strategic focus from cash generation to a drive for long-term production. This is not the case and I want to stress that the main objective underpinning Gold Fields' strategy remains the generation of sustainable and increasing cash-flow. The focus on cash-flow is two-fold in that it entails growing our cash-flow margin and absolute cash-flow and then distributing this in the form of dividends and repaying debt.

To continue expanding margins and distributing cash, the long-term sustainability of the business must be kept intact. This requires investing to extend the life of our assets, ensuring we maintain our regulatory and social licences to operate, strong corporate governance and retaining our people, who are key to the success of our business. It also entails maintaining a healthy balance sheet and not taking on too much debt, which might lead the Company into financial difficulties should the macro-economic environment turn against it.

So, the challenge facing Gold Fields' management is to balance distributing the cash we generate with reinvestment into our assets to ensure that our portfolio of mines generates cash sustainably into the foreseeable future.

The key financial objectives of Gold Fields' strategy include:

- Meeting our production and cost guidance
- Generating a 15% FCF margin at a US$1,300/oz gold price
- Paying 25% – 35% of normalised earnings as dividends
- Maintaining a net debt to adjusted EBITDA ratio of 1.0x or below if possible
- Extending the life of our Australian portfolio through brownfields exploration
- Pursuing value-accretive acquisitions
- Successfully implementing the South Deep rebase plan

2017 is a year where the Company is expected to spend more than it will bring in, but with the view to achieving and increasing sustainable cash-flow generation over the medium to long term. The alternative is to harvest the assets over five or six years – we don't believe that this is in the best long-term interests of either shareholders or other stakeholders in the Company.

As we embark on the Company's reinvestment drive it is critical that the "sins of the past" must not be repeated in terms of poor capital allocation. Instead, we will pursue only those investments and capital expenditures that have a clear path to pay-backs and returns. Furthermore, we need to optimally manage our ore bodies in terms of grade management and ongoing sustainable capital expenditure by planning for outcomes that optimise the life of the ore body (and thus optionality) and cash-flow.

CEO Report (continued)

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

Gold Price Outlook

The gold price continues to defy most analysts' projections. Amid Brexit and the outcome of the US presidential election, to name just two events that contributed to political and economic uncertainty in 2016, the gold price, should have been significantly higher than it is today, in our opinion. This has not been the case. I would also expect that the performance of gold in 2017 is likely to be undermined by continued inflows into equity markets and further US interest rate hikes. Gold Fields is thus planning its business for 2017 on the assumption of a US$1,100/oz gold price.

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

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

These factors bode well for the future of gold and we do expect to see a higher gold price in the next five years. And while some have questioned the continued safe-haven status of gold in times of political and economic uncertainty, we believe that the longer-term effects of the current geopolitical turmoil will eventually work their way through to a firmer gold price. Investors will continue to diversify some of their risk into gold, both as a hedge against inflation and currency volatility.

The message that we take out of all of this is that we should position the Gold Fields' portfolio to withstand lower gold prices, but retain the flexibility in the portfolio to benefit from any upside in gold through improved margins.

Gold Mining Industry Performance and Outlook

During the past year Gold Fields undertook an analysis of the performance of the top gold producers in the industry over the past four years. This research is summarised on p34 – 35. On the whole the industry has responded well to the reduction in the gold price since 2012 and has brought back the focus to profitability and cash-flow. As a consequence margins have improved and balance sheets have been derisked.

However, we need to be careful before claiming victory as external factors, like weaker exchange rates against the US Dollar and lower oil prices, have helped significantly. Also there is a suspicion that sustaining capital may have been cut, the effects of which will be realised later. Much the same happened in the early 2000s after the gold price recovered from US$250/oz.

Furthermore, many companies will have some concerns about their future production profiles given the large cut-backs in both exploration and project expenditures, and will be looking to fill these potential gaps over the next year or two. Mergers and acquisitions have as a result become more competitive and are the reason why high premiums are being paid for good assets in production.

Gold companies have done as well as they can be expected to in terms of reducing their costs, and there is a greater probability of costs rising from here onwards. This could be exacerbated if there is an overall mining recovery and we revert back to annual mining cost inflation of between 8-10%, as it was a few years back. Should that happen, further rationalisation in the industry, with all the concurrent job losses, would then be inevitable. It is thus imperative that we learn the lessons from the past and be cautious about expanding by taking on more debt as we did previously. Debt has a role, but capital allocation must be disciplined if debt is taken on board. The industry's work is not yet done.

Guidance for 2017

Gold Fields' business plan for 2017 takes into account a largely unchanged gold price and our budgets have been built around an anticipated average price of US$1,100/oz (A$1,500/oz, R500,000/kg) – the same we used during 2016. The investment in our business is a priority for 2017, which includes US$20m for South Deep, US$120m for Damang, US$112m for Gruyere and US$64m for Salares Norte. As a result our AIC cost guidance for 2017 is US$1,170/oz – US$1,190/oz compared to US$1,006/oz in 2016. The guidance for AISC is US$1,010/oz – US$1,030/oz compared to US$980/oz in 2016.

Capital expenditure for the year is forecast to rise to US$869m (2016: US$650m).

Our production guidance for the year is 2.10 – 2.15Moz, compared with the 2.15Moz achieved in 2016. Notable contributions for 2017 are:

- A further rise in production at South Deep from 290,000oz in 2016 to 315,000oz
- A decline in Damang's production to 120,000oz from 148,000oz in 2016
- Stable production profiles at Tarkwa and our remaining three Australian mines
- A rise in gold-equivalent production at Cerro Corona from 270,000oz in 2016 to 290,000oz in 2017 due to expectations of higher copper prices

Stakeholder Engagement for 2017

Gold Fields' prosperity in the short and longer term is, as I have stated before, critically dependent on societal acceptance. This can only be achieved through transparent and mutually beneficial relationships with governments at all levels (national, regional and local), organised labour and host communities. Our corporate and regional management teams have been tasked with intensifying stakeholder engagements in 2017 to ensure that we operate in a business environment that allows us to work profitably to the benefit of all stakeholders.

The development agreement that we entered into with the Ghanaian Government in 2016 is testament to the benefits of open and honest dialogue with stakeholders. The new royalty regime ensures that both parties share the pain in a low gold-price environment, but benefit when the price rises above targeted levels. It is a model we believe can be replicated in many of the jurisdictions in which we operate.

In South Africa, Gold Fields has dedicated substantial human and capital resources towards meeting the targets of the 2010 Mining Charter, including the Black Economic Empowerment target of 26% ownership, which we exceeded. We will continue to support the transformation of the sector to make it truly representative of the South African population.

True transformation will take time and cannot happen without the financial backing of investors, many of whom have fled the sector over the past few years amid poor returns on their capital. As the South African Government drafts critical policies based on these engagements we urge it to avoid additional fiscal or regulatory burdens that will inevitably further stifle the growth of the sector. Directly, and through the Chamber of Mines, we have and will be engaging the South African Government on three key issues that were supposed to be addressed in 2016, but have still not been finalised: the review of the Mining Charter; the once-empowered, always-empowered principle in Black Economic Empowerment ownership of mining companies; and the finalisation of amendments to the Mineral and Petroleum Resources Development Act. In addition, we remain committed to extensive engagement with communities around our South Deep mine, both through direct interaction but also in alliance with other gold miners operating in the area, particularly Sibanye Gold.

In Peru, the mining industry is working closely with the new business-friendly government to find joint solutions to the social and environmental issues that appear to be the root causes of the distrust towards the sector by local communities. Engagement with these communities and their representative organisations is critical for our Cerro Corona mine, but will only yield sustainable success if it is supported by government at national, regional and local levels.

In Australia we expect our solid working relationship with industry regulators to continue.

I would like to reiterate a commitment I have made on a number of occasions. For the mining sector to benefit all its stakeholders we have to work in partnership to grow the mining economy. Distributing smaller slices of a shrinking mining pie will inevitably lead to a gradual decline in the industry.

NOTE OF THANKS

I would like to express my gratitude to my fellow directors, led by our Chairperson, Cheryl Carolus and welcome the five new directors to the Board. The Board's experience and guidance to the executive management team ensured that Gold Fields is now reaping the rewards of its transformation strategy, whose implementation demanded so much of their time, energy and wealth of experience.

The skills set of the Executive Committee was strengthened during 2016 with the appointment of former MMG executive Richard Butcher as Executive Vice-President (EVP) Technical. Richard has technical oversight and guidance throughout the Group and has overseen the development of a Group-wide integrated T&I strategy, which will be implemented over the next few years. There have also been some changes among our regional EVPs. Luis Rivera, also from MMG where he headed the construction of the massive Las Bambas copper mine in Peru, replaced Ernesto Balarezo as Americas' EVP in October 2016 and Stuart Mathews, our Head of Operations in the region took over from Richard Weston, who retired, as Australasia's EVP in February 2017. I would like to express my sincere thanks to Ernesto and Richard for their leadership and contribution to Gold Fields. Nico Muller, EVP for South Africa, who has been instrumental in the turnaround of South Deep, will be leaving Gold Fields in March 2017 to join Impala Platinum as CEO. I have valued Nico's leadership at South Deep, which included building a strong team to implement the rebase plan announced in February. We are currently conducting a search for his replacement.

Finally, I would like to express my sincere gratitude to all the employees of Gold Fields for the resilience, commitment and long hours they put in to ensure the operational and sustainable financial success of the Group. They have adapted well to the transition from the consolidation of the Group in the low gold price environment to the investment phase we are currently entering. I know I can rely on my teams to grow the Company in line with the values and strategic priorities set by the Board. The Gold Fields team rivals any of our peers in terms of experience, technical ability and, above all, enthusiasm and energy. I am proud to be leading it.

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Nick Holland
CEO

CEO Analysis

CHALLENGES FACING THE GOLD MINING INDUSTRY

Over the past few years the gold industry has implemented some of the more painful restructuring in its history in the face of a falling gold price. This has led to improved financial positions and returns for investors. But as the gold price is beginning to stabilise and some fundamental economic factors are trending in the sector's favour, there are red flags emerging which the industry needs to heed. Firstly, are the recent changes sustainable enough to avoid the same errors of the past from creeping in? Secondly, has our cost-cutting been too indiscriminate by underspending capital to sustain future production in the industry?

The industry is in a much healthier position now than it was in 2012. Some would argue that amid the sharp fall in the gold price and investor flight the industry had no choice but to react – and react it did. We carried out an analysis of key production and financial metrics of 11 of the largest global gold mining companies for the period 2012 – 2015. These 11 companies, which include Gold Fields, account for nearly a third of global gold production.

The numbers from this analysis are revealing.

Financial Metrics

The financial position of most gold miners has improved amid the drastic restructuring. The combined net cash-flows of the industry's 11 largest gold miners were a negative US$4bn in 2013. A year later they had recovered to a positive US$2bn and in 2015 improved further to around US$5.8bn. Similarly, the net cash-flow margin for these producers recovered from a negative 8% in 2013 to nearly 14% in 2015. With the improved cash-flows has come a stronger balance sheet. The net debt for these mining companies hit a peak of US$29bn in 2013 – in 2015 it had improved to around US$22bn. This is still high, but more manageable, with net debt:EBITDA sitting at a ratio of 1.45x in 2015 compared with 1.89x in 2014.

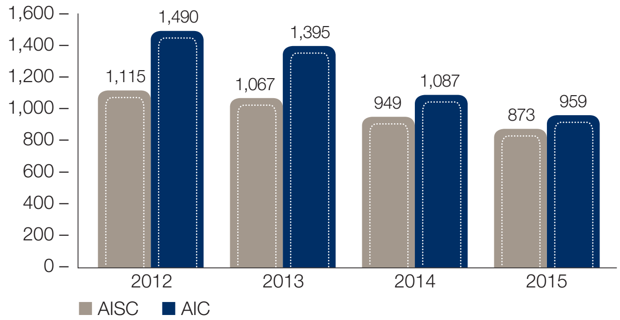
Shareholders have yet to experience the full benefit of the improved financial position. On a per share basis, production, EBITDA and cash-flow have gone backwards between 2012 and 2015 – though some of the metrics have at least stabilised of late. What the overall deteriorating position reflects is both the sharp fall in the gold price but also that these companies have issued additional shares to repair their balance sheets. The industry has always been a poor dividend payer and this has gotten worse amid the decline in the gold price – average dividend yields by the 11 miners ranged between 0.5% – 1% in 2015 from a peak of around 1.8% in 2012.

Cost Metrics

By our calculations All-in Sustaining Costs (AISC) fell by 22% between 2012 and 2015, and All-in Costs (AIC) by 36% (AIC includes all capital and exploration expenditure). Both these cost metrics were themselves the result of the industry – through the World Gold Council – deciding to provide more cost inclusive measures (see the industry's performance in the graph below).

Industry AISC and AIC trends

(US$/oz)



Source: Company reports

But much of the improvement in costs has come from factors outside of producers' control. In the peer group of 11 companies, about 50% – 60% of production is in so-called commodity currencies, namely the South African Rand, the Australian Dollar and the Canadian Dollar. These depreciated markedly between 2012 and the end of 2015: 47% in the case of the Rand, 26% for the Australian Dollar and 21% for the Canadian Dollar. So, while the US Dollar gold price has slumped over the past four years, gold revenues in these countries were cushioned by the weaker currencies. This currency weakness has a flipside to it, namely an eventual follow-on impact on future imported cost inflation for much of the mining industry's equipment and other input materials.

Cost reduction has also been aided by the lower oil price over the four years. Oil, in our estimate, accounts for between 10 – 15% of operating costs for the mining sector and the lower price would therefore have provided a significant tailwind. Interest rates, at record lows, have also significantly benefited over-indebted companies.

Besides fat, it appears that the industry has also been cutting muscle. As a percent of operating expenditure, stay-in-business (SIB) capital decreased from 46% of operating expenditure in 2012 on a per ounce basis, to 26% in 2015. This trend is of concern as it suggests that many companies have merely deferred capital that is going to have to be spent some time in the future.

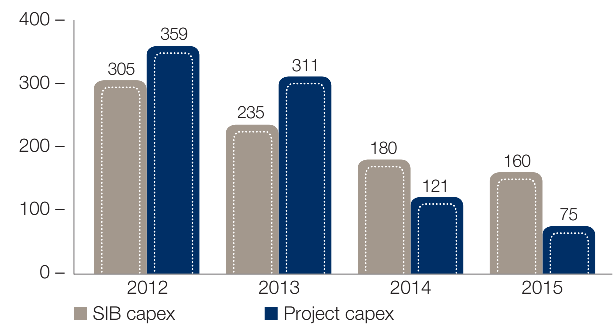
To accurately understand the changes to costs that have come from external factors, as well as the unsustainable reduction in SIB capital, Gold Fields did a calculation on what the impact on costs would have been if all of the factors stayed the same. The result: costs would have only declined by 4% over the period – from US$1,115/oz in 2012 to US$1,060/oz in 2015. This means that if the benevolent tailwinds the industry has enjoyed reverse (higher oil prices and interest rates; strengthening of currencies in operating countries), the current picture will not be so rosy and more fundamental restructuring may indeed become necessary.

Growth and Exploration Spending

Perhaps the most worrying trend we have witnessed over the past four years is the sharp drop in project capital and exploration expenditure by the industry, which is on top of the cutting of corners on SIB capital. Capital spending has been annihilated, both from the amount of money spent and from the decline in reserves being seen in the industry. The capital spending by the 11 companies studied (both project and SIB) decreased from US$20bn in 2012 to US$7bn in 2015. This is also reflected if those numbers are mapped onto the industry's production (see graph below).

Industry capex per ounce produced

(US$/oz)



Source: Company reports

Exploration spend has been halved to US$36/oz in 2015 from an already low US$78/oz in 2012. This is a big concern, as we are not spending enough to sustain the industry into the future. It is inevitable that gold companies are going to get back to judicious exploration in the near future, though this will likely be in conjunction with some of the junior miners, who, unlike the majors, have stayed in the game over the past few years.

One of the reasons that there has been such a competitive dogfight for acquisitions of late is that some of the miners are trying to fill gaps in their production profile that they are not managing to fill through brownfields exploration or organic growth. That they are willing to pay an M&A premium to buy these ounces has already seen a pick-up in M&A activity, with US$2.9bn worth of deals in 2016 compared with US$2.1bn for 2015.

More concerning than the decline in exploration spend is the fact that the average reserve life of the 11 companies studied has fallen from 24 years to 17 years over the four years as a result of under-spending and the lower gold price.

High-grading is also partly to blame; the average head grade of the peer group has been higher than the reserve grade for the past three years. In 2015 alone, 52% of production was mined at grades above the reserve grade. To have 52% mined at grades above the reserve grade indicates a deliberate bypassing of lower grade ore. If and when the lower grade is mined, costs will be pushed up again.

As a result of these trends the global gold industry may well be facing a "hiatus" in output and may be close to hitting a peak in production. The supply shortage will be exacerbated by the fact that "above ground" gold stocks – such as in central bank vaults – look like they are not coming back to the market anytime soon. Indeed, the central banks of countries like China and Russia are continuing to buy bullion as a counter to the US Dollar. Investor demand is also looking strong with a 127% year-on-year increase in demand in 2016.

Future Trends

While the higher gold price is to be welcomed, there is a case to be made that the industry has not completed cleaning up its act. As an industry we have responded to the decline in the gold price over the past four years, but as Gold Fields' research has indicated, without the tailwinds of lower oil prices, low interest rates and weak commodity currencies, the gains would not have been that substantial. These economic trends will not persist and we therefore have to remain cost conscious despite the rise in the gold price this year. Our investors have indicated that they want us to show profit margin expansion as the gold price rises, which requires a continued focus on growth in cash rather than production ounces.

At the same time we need to embrace innovation to cope with grades likely to be lower than those mined currently. Technology is also required to cope with the increasing complexity of mostly lower grade ore bodies given the dearth in exploration. Eventually we will need to start reinvesting in exploration. But set against the likelihood that commodity currencies will start to strengthen against the US Dollar, the incentive gold price for new reserve discovery and production is still above the current trading level of around US$1,500/oz. We are not there yet.

This is a summary of a presentation Nick Holland, Gold Fields' CEO, gave at the Australian Institute of Mining and Metallurgy in Brisbane in August 2016 entitled "Can the industry avoid the sins of the past?". The full presentation can be found on our website at www.goldfields.com>investors

Summarised Governance Report

CORPORATE GOVERNANCE OVERVIEW

Our vision of global leadership in sustainable gold mining, and our ability to fulfil our stakeholder promises, requires the highest levels of corporate governance.

This means an approach to governance that 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, at times, challenging social and political contexts in which we operate. It requires us not only to ensure our business remains profitable but also to deliver clear economic, social and environmental benefits to our stakeholders.

Our management approach is underpinned by our commitment to sound and robust corporate governance standards, which are essential to our ultimate operational and strategic success. A key element of the approach is to ensure that the Company complies with all laws and regulations as well as the highest levels of corporate governance.

The Board of Directors is the highest governing authority of the Group and the Board's Charter articulates its objectives and responsibilities. Likewise, each of the Board sub-committees operates in accordance with its written terms of reference, which are reviewed on an annual basis by the various Board committees.

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.

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

The roles of the Chairperson of the Board and the CEO are kept separate. Non-executive director Cheryl Carolus was the Chairperson of the Board and Nick Holland the CEO of Gold Fields for the entire period under review.

Number of Board Meetings, Board committee Meetings and Directors' Attendance during the Year

Directors	Board meetings	Special Board meetings	Audit Committee	Safety, Health and Sustainability Committee	Capital Projects Committee	Remuneration Committee	Social, Ethics and Transformation Committee	Nominating and Governance Committee	Risk Committee
No. of meetings per year	4	4	7[1]	4	4	4	4	4	2
CA Carolus[2]	4	4	-	4	4	4	4	4	-
A Andani[4]	2	2	3	2	2	1	-	-	1
K Ansah[2]	4	4	-	4	1	-	3	4	-
PJ Bacchus[5]	1	2	2	-	2	1	1	-	1
TP Goodlace[3]	2	2	-	2	2	-	1	-	1
AR Hill	4	4	-	4	4	4	4	-	1
NJ Holland	4	4	7	4	4	4	4	4	2
RP Menell[2]	4	4	6	3	4	-	4	4	-
DN Murray[7]	2	2	-	2	2	-	1	-	-
DMJ Ncube[2]	4	4	6	3	1	4	4	4	-
SP Reid[2]	4	3	2	4	4	4	3	1	2
PA Schmidt	4	4	7	-	2	-	-	-	2
YGH Suleman[2]	1	1	2	1	1	-	1	-	1
GM Wilson	4	4	7	-	4	4	4	-	2

[1] *This included an unscheduled special meeting of the Audit Committee*
[2] *During 2016, certain Board members attended the following Committees by invitation:*
a. CA Carolus - Capital Projects Committee;
b. K Ansah - Social, Ethics and Transformation Committee; Capital Projects Control and Review Committee
c. DMJ Ncube - Safety, Health and Sustainability Committee (SHSD)
d. RP Menell - Nominating and Governance Committee
e. SP Reid - Audit Committee; Capital Projects and Review Committee
f. YGH Suleman - Capital Projects and Review Committee
[3] *TP Goodlace was appointed to the Board with effect from 1 July 2016. He was appointed as Chair of the SHSD Committee on 15 August 2016. He attended the following meetings by invitation in August 2016: Audit Committee, Capital Projects Control and Review Committee, Risk Committee and Social, Ethics and Transformation Committee*
[4] *A Andani was appointed to the Board with effect from 1 August 2016. He attended the following Committee meetings by invitation in August 2016: Audit Committee, Capital Projects Committee, Risk Committee, SHSD Committee and Social, Ethics and Transformation Committee*
[5] *P Bacchus was appointed to the Board with effect from 1 September 2016. He was appointed as Chair of the Risk Committee from 1 January 2017 onwards. SP Reid chaired the Risk Committee until 31 December 2016.*
[6] *YGH Suleman was appointed to the Board with effect from 1 September 2016.*
[7] *D Murray resigned from the Board on 1 June 2016*

The full Directors' Report is contained in the Annual Financial Report.

Board and Board Sub-committees

This reflects current membership for 1 January 2017.
2016 membership is reflected on p36.

- BOARD -

Meets four times per year
Chairperson: Cheryl Carolus

The Board of Directors is the highest governing authority of the Group and takes ultimate responsibility for the Company's adherence to sound corporate governance standards. It sets the Company's strategy and sees to it that all business decisions and judgements are made with reasonable care, skill and diligence.

1 NOMINATING AND GOVERNANCE COMMITTEE

Meets four times per year
Chairperson: Cheryl Carolus

Prepares and recommends governance principles applicable to the Group. Keeps abreast of best corporate governance practices. Evaluates the effectiveness and qualifications of the Board and its committees. Responsible for directors' succession planning. Develops and recommends to the Board criteria for the selection of directors and senior executives.

Members:
Don Ncube and Steven Reid

2 REMUNERATION COMMITTEE

Meets four times per year
Chairperson: Steven Reid

Determines and monitors the remuneration and contractual terms of the Executive, Directors and Group Exco members, and evaluate their individual performances to ensure fair remuneration.

Members:
Cheryl Carolus, Don Ncube, Steven Reid, Gayle Wilson, Alhassan Andani and Peter Bacchus

3 SOCIAL AND ETHICS COMMITTEE

Meets four times per year
Chairperson: Don Ncube

Now the Social, Ethics and Transformation Committee. Develops, implements and monitors policy regarding anti-corruption and employment equity policies, monitors all executive actions regarding the Groups standing as a good corporate citizen, monitors the Group's Code of Ethics, and investigate, resolve and review any matters which may be in violation of the Code

Members:
Cheryl Carolus, Rick Menell, Gayle Wilson, Terence Goodlace and Yunus Suleman

4 CAPITAL PROJECTS COMMITTEE

Meets four times per year
Chairperson: Rick Menell

Plans, implements and monitors new capital expenditure projects, evaluating on completion and reporting findings to the Board.

Members:
Peter Bacchus, Terence Goodlace, Steven Reid and Gayle Wilson

5 RISK COMMITTEE

Meets twice times per year
Chairperson: Peter Bacchus

Evaluates risk assessments and ensures effective risk management policies are in place. Reviews insurance and other risk transfer arrangements, ensuring appropriate coverage is in place. Reviews the business contingency planning process within the Group

Members:
Alhassan Andani, Steven Reid, Terence Goodlace, Yunus Suleman and Gayle Wilson

6 SAFETY, HEALTH AND SUSTAINABILITY COMMITTEE

Meets four times per year
Chairperson: Terence Goodlace

Compliance with relevant laws, regulations and external standards, recommends and reviews policy relating to safety, health and sustainable development, monitors key indicators relating to accidents and incidents and evaluates the Group's conformance with the principles of the International Council on Mining and Metals and the principles of the Global Compact.

Members:
Cheryl Carolus, Alhassan Andani, Rick Menell, Steven Reid and Yunus Suleman

7 AUDIT COMMITTEE

Meets six times per year
Chairperson: Gayle Wilson

Appoints the independent auditor and oversees the auditing process. Ensures legal and regulatory compliance including the effective implementation of the Code of Conduct. Ensures the integrity, accuracy and adequacy of accounting records.

Members:
Rick Menell, Don Ncube, Alhassan Andani, Peter Bacchus and Yunus Suleman

Summarised Governance Report (continued)

BOARD OF DIRECTORS
Independent Non-executive Directors

Cheryl Carolus (58)
Chair
BA Law; Bachelor of Education, University of the Western Cape; Honorary Doctorate in Law, University of Cape Town
Appointed to the Board:
Director 2009, Chairperson 2013
Experience and expertise:
Governance and compliance, social development, training and development

Richard Menell (61)
Deputy Chair
BA (Hons), MA (Natural Sciences Geology), Cambridge; MSc (Mineral Exploration and Management), Stanford University, California
Appointed to the Board: 2008
Experience and expertise: Executive management, geology, mining

Gayle Wilson (72)
Non-executive Director
BCom, BCompt (Hons), University of South Africa; CA(SA)
Appointed to the Board: 2008
Experience and expertise: Auditing, finance, governance and compliance, risk management

Yunus Suleman (59)
Non-executive Director
BCom, University of KwaZulu-Natal; BCompt (Hons), University of South Africa; CA(SA)
Appointed to the Board: 2016
Experience and expertise: Auditing, finance, financial management accountancy

Terence Goodlace (57)
Non-executive Director
MA (Business Administration), University of Wales; BCom, University of South Africa; NHDip (Metalliferous Mining) Witwatersrand Technicon
Appointed to the Board: 2016
Experience and expertise: Corporate development, operations management, mining, strategy

Alhassan Andani (55)
Non-executive Director
BSc (Agriculture), University of Ghana; MA (Banking & Finance), Georgia Institute of Technology
Appointed to the Board: 2016
Experience and expertise: Finance, auditing, business development, risk management

Combined Key Skills of the Board of Directors

Corporate development	Regulatory knowledge	Energy management
Investment banking	Accountancy	Human resources
Business development	Auditing	Labour relations
Governance and compliance	Financial management	Social development
Risk management	Commercial and operational management	Community relations
Investor relations	Mining	Public affairs
Strategy	Geology	Health and safety management
Leadership	Metallurgy	Project management

Executive Directors

Donald Ncube (69)
Non-executive Director
BA (Economics and Political Science), Fort Hare University; Postgraduate Diploma in Labour Relations, Graduate MSc (Manpower Studies), Diploma in Financial Management; Honorary Doctorate in Commerce, University of the Transkei
Appointed to the Board: 2006
Experience and expertise: Finance, governance, social development, labour relations, people management

Peter Bacchus (47)
Non-executive Director
MA (Economics), Cambridge University
Appointed to the Board: 2016
Experience and expertise:
Investment banking, finance, mergers and acquisitions

Nick Holland (58)
Chief Executive Officer (CEO)
BCom; BAcc, University of the Witwatersrand; CA(SA)
Appointed to the Board: Executive director, 1998; CEO, 2008
Experience and expertise: Finance, mining, management, corporate development, strategy

Steven Reid (61)
Non-executive Director
BSc (Mineral Engineering), South Australian Institute of Technology; MBA, Trium Global Executive
Appointed to the Board: 2016
Experience and expertise: Mining engineering, risk management, compensation management

NEWLY APPOINTED

Carmen Letton
To join
1 May 2017

PREVIOUS DIRECTORS

David N Murray
Resigned
1 June 2016

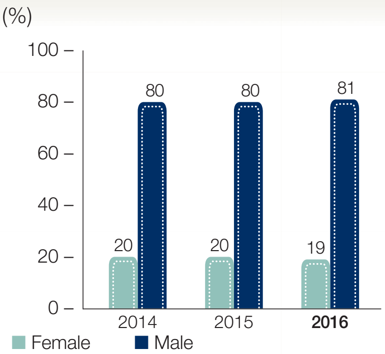
Kofi Ansah
Retired
31 December 2016

Alan Hill
Retired
31 December 2016

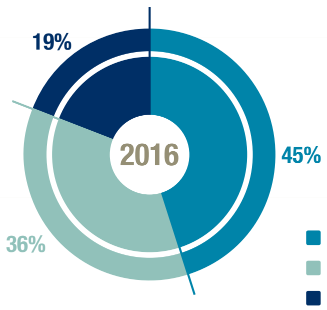
Paul Schmidt (49)
Chief Financial Officer (CFO)
BCom, University of the Witwatersrand; BCompt (Hons), University of South Africa; CA(SA)
Appointed to the Board: 2009
Experience and expertise: Finance, mining, management

For the full CVs of the Board of Directors, refer to the Governance Report in the Annual Financial Report.

Board Gender Diversity



Tenure



	2016
0 – 2 years	45%
3 – 8 years	36%
>9 years	19%

Leadership, governance and materiality

Summarised Governance Report (continued)

Gold Fields views governance as integral to doing business – it includes both structures to ensure effective control as well as an ethical consciousness that drives a culture of integrity and transparent reporting to stakeholders. This builds trust, strengthens our reputation and ultimately drives value creation.

Our various governance structures, illustrated below, ensure good corporate governance is entrenched at an institutional, structural and operational level.

OUR GOVERNANCE STRUCTURES

BOARD

Our independent Board governs, directs and has effective control over the Company

EXECUTIVE COMMITTEE

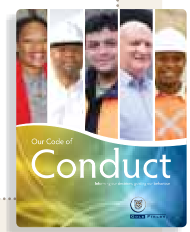
The Executive Committee manages the day-to-day running of the business in line with the tone of institutional good governance established by the Board

CODE OF CONDUCT

Our Code of Conduct guides our business ethics and values, informing ethical decision-making in all aspects of the business and in all dealings with stakeholders. It was revised during 2016 and relaunched to every employee.

Key areas of focus:

- Our commitment to ethical behaviour
- Whistle-blowing and protection against retailiation
- Anti-bribery and corruption
- Political activity and government interaction
- Reporting and record keeping
- Use of company information
- Conflicts of interest
- Insider trading
- Gifts, treats and entertainment
- Insider trading



LEGAL AND COMPLIANCE

We assess the legal risks facing the Company and mitigate these by ensuring effective policies, procedures and controls are in place.

These include:

- **POLICY REGISTERS**
  There is regional to corporate alignment between 294 policies across the Group, all of which are updated as necessary.
- **GOVERNMENT INTERACTIONS**
  Understanding and recording all our interactions with governments and their officials, and those employees who may previously have worked in a governmental role.
- **REGULATORY RISKS**
  We review between 1,000 and 1,500 statutes on an annual basis to determine application to the Group that may impact business, using the following process:

1 → 2 → 3 → 4 → 5

1. **IDENTIFY** *those affecting our business*
2. **DETERMINE EXPOSURE** *based on severity and probability*
3. **PRIORITISE** *according to highest risks*
4. **MAP** *each risk to an appropriate control*
5. **ASSESS** *the design and operating efficiency of the control*

- **SUPPLIER / CONTRACTOR SCREENING**
  We screen all active suppliers on a monthly basis in terms of a number of criteria including transgressions and adverse media exposure. Based on the outcome we apply an internal risk assessment to determine our future relationship with the supplier.

AUDIT AND RISK

- Internal Audit assesses that the controls in place are working to mitigate potential risks. This takes place in all regions on a quarterly basis and operations are given an audit ranking. Corrective measures are put in place where necessary
- External Audit ensures legal regulatory compliance and the integrity, accuracy and adequacy of accounting records.
- We conduct quarterly assessments on business risks facing our operations and the Group

OUR COMMITMENTS

We are committed to and guided by:

- The legislation and regulations of the countries in which we operate
- The requirements of the stock exchanges on which we are listed
- The UN Guiding Principles on Business and Human Rights
- The ICMM 10 Principles on Sustainable Development
- The 10 Principles of the UN Global Compact
- King IV Report on Corporate Governance
- UN Convention Against Corruption
- OECD Convention on Combating Bribery
- Extractive Industry Transparency Initiative
- World Gold Council Conflict-Free Gold Standard

Risks and Materiality

Gold Fields uses a set of four well-defined processes to assess its risks, opportunities and material issues:

1. Key risks and mitigating actions are identified using an Enterprise-wide Risk Management (ERM) process as well as the risk management requirements of South Africa's King III and King IV governance codes
2. The Group takes into account the views and concerns of a wide range of stakeholders
3. As part of the integrated reporting process, the Group conducts comprehensive interviews with key management and external stakeholders
4. Material sustainability issues are assessed and prioritised according to the Global Reporting Initiative (GRI) G4 Guidelines

The outputs from these four processes have informed the identification of the risks, opportunities and material issues listed on this page.

Risk Management

Gold Fields' mature ERM process is aligned with the ISO 31000 international risk management standard, as well as the risk management requirements of South Africa's King III and King IV governance codes.

The Group risk heat maps on p42 – 45 set out:

» The Group's top 10 risks as well as top five risks per region, as identified through the ERM process (i.e. the Group's top strategic and operational risks at the end of 2016)
» Key movements in the top 10 Group risks between 2015 and 2016
» Key mitigating strategies to avoid and/or mitigate the top 10 Group risks for 2016, and the top five risks per region

Materiality Assessment

Gold Fields has carried out a formal process to assess and prioritise its material sustainability issues. It has done so using criteria aligned with those set out in the GRI G4 Guidelines taking into account the actual or potential impact of these issues on Gold Fields and its stakeholders.

The process is based on a series of iterative assessments using a common, quantitative scoring framework. It draws on a range of internal and external sources, as well as detailed engagement with senior executives at the Company and representatives of external stakeholders – including industry, government, community and environmental organisations. These stakeholders were briefed on the GRI process and asked to evaluate all G4 aspects in terms of importance to Gold Fields and its stakeholders.

The outcome – depicted in the table below – ranks health and safety, water management, environmental and compliance issues as the key GRI aspects that internal and external stakeholders consider most material to Gold Fields and its wider stakeholder base.

Flow from operating environment to risk, materiality and strategy

Initial research and engagement

» Review of current sustainability issues facing the gold mining sector and the countries in which Gold Fields operates
» Preliminary engagement with internal discipline experts
» Review of ERM system outputs

Development of initial results

» Prioritisation of all GRI G4 aspects – in line with the G4 materiality assessment criteria

Integration of feedback

» Presentation of initial results to key internal stakeholders
» Presentation of initial results to key external stakeholders
» Collation and adjustment of results

Development of the final materiality results

» The setting of 'boundaries of impact' for each GRI G4 aspect
» Categorisation and consolidation of GRI G4 aspects into higher-level, Gold Fields specific 'issues'

Prioritised materiality issues

GRI final cluster ranking	Gold Fields Group materiality score (where 1 = critical to Gold Fields and 10 = not material at all)
Health and safety	1.8
Water management	2.2
Managing environmental issues across the lifecycle	2.4
Compliance	2.7
Workforce	2.7
Social licence to operate	2.8
Community value distribution	3.1
Government relations	3.3
Total value distribution	3.4
Employee development	3.8
Human rights	3.9
Industrial relations	4.0
Energy and carbon management	4.1
General grievance mechanisms	4.4
Biodiversity	4.5
Supply chain management	4.7
Materials	4.8
Equal remuneration	4.9
Human rights due diligence on investments	5.1
Resettlement	5.8
Market regulation	5.9
Child/forced labour and freedom of association	6.1
Product impact	6.4

Risks and Materiality (continued)

TOP 10 RISKS IN 2016 – MITIGATING STRATEGIES

2016 RISK 1

DESCRIPTION

South Deep
A – Failure to deliver operational and ramp-up plan
B – Geotechnical risk
C – Labour relations
D – Infrastructure management

2015: 1

RISK TREATMENT PLAN

A
- Artisan and supervisor training programme in place
- Mine design programmes implemented and management process in place for early remediation
- Business improvement projects continue
- Fleet renewal programme implemented in 2016
- Re-base plan presented early in 2017
- Quality assurance provided by Group technical department

B
- Implemented Geotechnical Review Board recommendations
- High profile destress design change implemented
- Secondary support strategy implemented for current mining, destress, long hole stoping and backlog
- Implemented daily seismic monitoring

C
- Employee engagement strategy developed
- Continuation of extensive union engagement strategy
- External consultants contracted to review the employee equity plan and organisational structures

D
- Machine and equipment monitoring and replacement programme
- Backfill intervention strategy implemented during 2016
- Horizontal rock handling refurbishment work programme started
- Underground road improvement programme initiated

2016 RISK 2

DESCRIPTION

Commodity prices and currency volatility

2015: 2

RISK TREATMENT PLAN

- Price of US$1,100/oz used for 2017 mine planning processes
- Ongoing portfolio optimisation to ensure cash generation
- Successful forward currency contracts concluded during the year for South Deep
- Approval obtained to hedge a portion of gold production for each of the South African and Australian regions if prices are favourable
- Business structured to generate sustainable free cash flow at a lower gold price
- Slow down growth projects, if required

2016 RISK 3

DESCRIPTION

Replacing Mineral Resources and Mineral Reserves at international operations

2015: 3

RISK TREATMENT PLAN

- Comprehensive near-mine exploration programmes in place
- M&A strategy to identify opportunities
- 50:50 joint venture with Gold Road for the development of Gruyere
- Salares Norte 2016 and 2017 budgets approved for further drilling to complete pre-feasibility by H2 2017

2016 RISK 4

DESCRIPTION

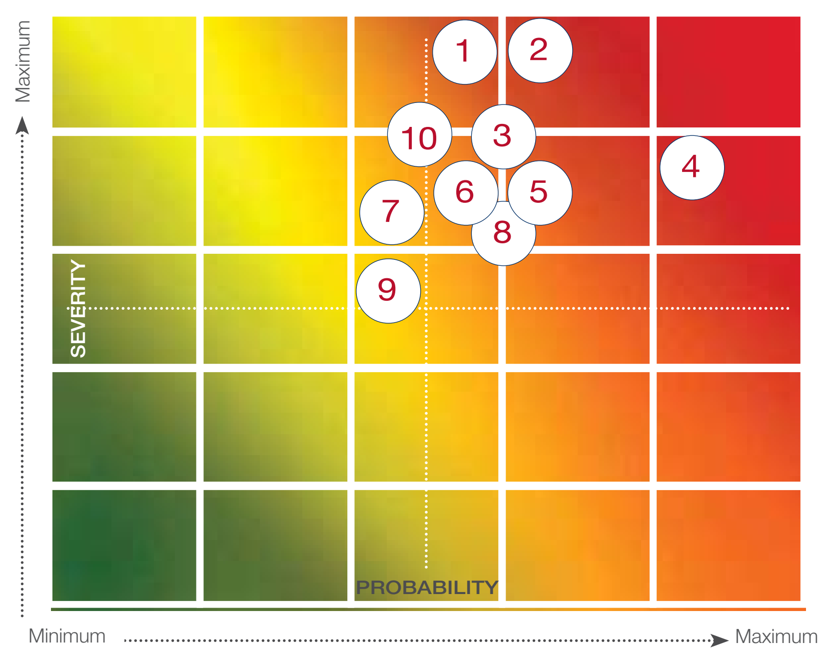
Regulatory uncertainty/ Mining Charter in South Africa

2015: 5

RISK TREATMENT PLAN

- Supporting the Chamber of Mines in its negotiations and legal proceedings regarding BEE ownership to ensure the security of mining licences
- Lobbying through the Chamber to influence the development of the MPRDA Amendment Act
- Continued compliance by South Deep with the provisions of the Mining Charter and Social and Labour Plans
- Ghana Development Agreement signed in March 2016 and working on implementation and realisation of cost savings

GOLD FIELDS – TOP 10 RISKS



How Gold Fields arrives at its risk assessments

The approach to assessing risk in Gold Fields is management's perceptions of the risks we are facing and is for internal purposes and thus subjective and qualitative to a degree.

A comprehensive set of risk mitigating actions reduces these risks significantly.

Our risk tables have been published in the IAR on this basis for the last eight years.

5	6	7	8	9	10
Loss of social licence to operate (Community acceptance)	Water pollution, supply and cost	Safety and health of our employees	Impact of Sibanye's Cooke 4 Shaft closure on South Deep	Failure to improve portfolio through organic growth and/or synergistic M&A	Retention of skilled staff in key positions
2015: 6	2015: 9	2015: 8	New	New	2015: 11
» Ongoing focus on growth opportunities in lower risk mining destinations e.g. 50/50 Gruyere JV and Salares Norte » Review of "Fit-for-purpose" community relations structures in operations and regions » Establishment of Group Community Relations working group and review of the Group's Social Performance Framework » Implementation of community investment and Shared Value projects in Ghana, Peru and South Africa	» Strict and focused compliance with environmental management requirements in all regions » ISO 14001 certifications » ICMM global tailings review, led by Gold Fields, concluded and TSF Position Statement approved by the ICMM Council » Integration of water models with post closure water management plans	» Focus on Safety and Health as the No 1 value in Gold Fields » Behaviour based safety programmes implemented and ongoing in all regions » CEO chairs the South Deep Quarterly Health and Safety Committee » Chair of the Safety, Health and Sustainability Development Board Committee appointed to the South Deep Health and Safety Committee	» Ongoing engagement with Sibanye regarding closure, including communication at CEO level » External consultants appointed to conduct comprehensive due diligence and risk assessment » Internal risk assessments conducted with various options identified for decision » Legal reviews and recommendations	» Effective portfolio management to improve the Free Cash Flow per ounce for our asset base » Ongoing application of Group M&A strategy	» Fit for purpose regional/ mine structures to deliver on operational plans » HR strategy focused on developing a high performance culture » Robust succession plan tracking system and talent reviews in place » Talent councils established at mine, regional and group levels » Management development programmes in all regions

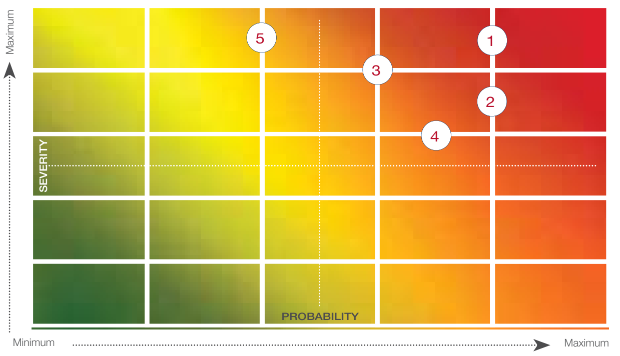
2015 RISKS – HOW WE PERFORMED IN 2016

2015 RISK RATING		2016 RATING	
1	South Deep – failure to deliver the business plan	1	Despite the significant financial and operational performance improvement at South Deep during 2016 and the delivery of the ramp-up plan this remains the Group's top risk due to potential geotechnical, labour and infrastructure constraints to the ramp-up plan
2	Lower gold price and volatility	2	The continued volatility in both gold and copper prices during 2016 ensured that this remains a high risk
3	Replacement of Mineral Reserves and Mineral Resources at international ops	3	Since three out of six international operations reported lower Mineral Reserves (after depletion) in 2016 this remains a higher risk
4	Non-achievement of 15% FCF margin at US$1,300/oz	18	After exceeding the targeted 15% FCF in 2016 – at a low gold price – this risk has been mitigated down to 18
5	Debt levels and debt service costs	-	The net debt to adjusted EBITDA ratio fell below 1.0x by end-2016 due to higher cash-flow, debt restructuring and equity raising. This risk is therefore no longer in the register

Risks and Materiality (continued)

TOP FIVE RISKS PER REGION IN 2016

Americas region



RISK	DESCRIPTION WITH MITIGATING STRATEGIES

1 **Restriction to raise tailings above the nearby Las Tomas spring**

- Engagement with relevant community organisations to address concerns
- Provide further access to potable water to communities
- Legal strategy

2 **Social pressure, conflicts and community expectations**

- Pro-active community and stakeholder engagement
- Properly planned contingencies in place for potential conflict
- Stringent follow-up and feedback on all community commitments

3 **Union - labour conflicts**

- Negotiation programme with trade union through HR department
- Mine GM to follow up and support negotiating process
- Operational continuity plan by Cerro Corona

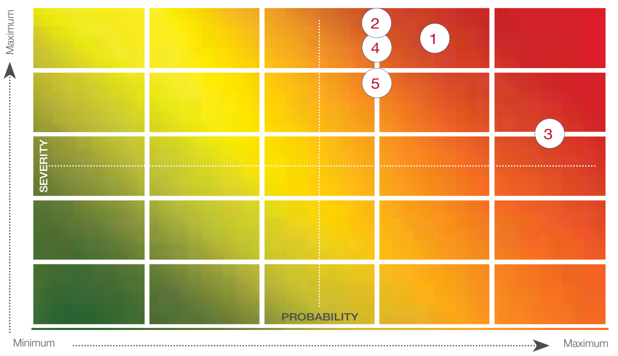
4 **Increase in regulatory scrutiny, sanctioning process and inspection**

- Programme in place to review and, if required, challenge sanctions and penalties
- Constant monitoring and strict compliance with regulations
- Intensified engagement programme with regulators

5 **Salares Norte project. Long-term water supply**

- Early stage integration and environmental monitoring of changes related to the ecosystem e.g water bodies, biodiversity, etc
- Recruitment of hydrogeological expert
- Interaction with regulators to validate baseline study parameters

West Africa region



RISK	DESCRIPTION WITH MITIGATING STRATEGIES

1 **Damang mine – major capital investment and need to sustain long-term ounce profile**

- Implementation and monitoring of the approved reinvestment plan
- Fit-for-purpose structure and continuous improvement initiatives
- Implement transition plan to contractor mining
- Modelling of the impact of the Development Agreement on the life-of-mine and mine's exploration potential

2 **Power – Switching to own/backup power generation and impact of costs**

- Implementation of power purchase agreement with Genser Energy
- Processes in place to ensure project deadlines and deliverables are met
- Tarkwa and Damang: Commissioning of Genser power plants completed in Q4 2016
- Monitor Genser tariffs to ensure they are on par or lower than regulated levels

3 **Wage negotiations**

- Transparent wage negotiation process in place
- Working with employees and union executives to improve productivity/efficiency gains
- Development of a sustainable wage model to guide future wage adjustments.

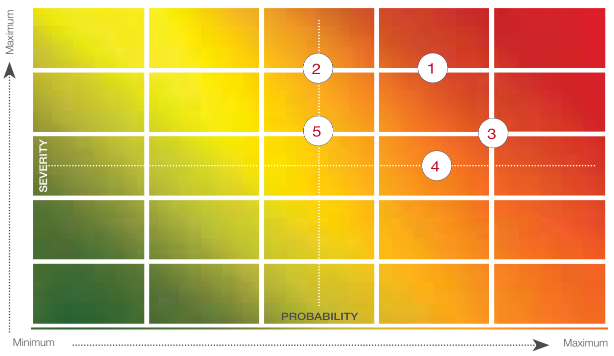
4 **Increasing input and capital costs**

- Efficiency and productivity improvements
- Cost leadership and containment
- Implementation and monitoring of the approved Damang reinvestment plan

5 **Loss of social and environmental licence to operate**

- Medium to long-term strategic planning for community investments
- Continued engagement with environmental authorities and third-party consultants regarding viability of tailings raise
- All necessary permits and authorisations obtained from Minerals Commission

Australia region



RISK	DESCRIPTION WITH MITIGATING STRATEGIES

1 Reserve life at all operations

- Significant near mine exploration to delineate further reserves and new spending commensurate with production profile
- Ongoing business improvement to achieve cost savings
- Evaluation of alternative production profiles and M&A options

2 Gruyere project delivery

- Comprehensive project risk assessment process and revision
- Appointment of project and operations team
- Management and Steering Committee structures in place
- Community relations management committee and associated frameworks

3 Lack of exploration success at Darlot

- Beginning of sales process for Darlot announced
- Employees being briefed regularly

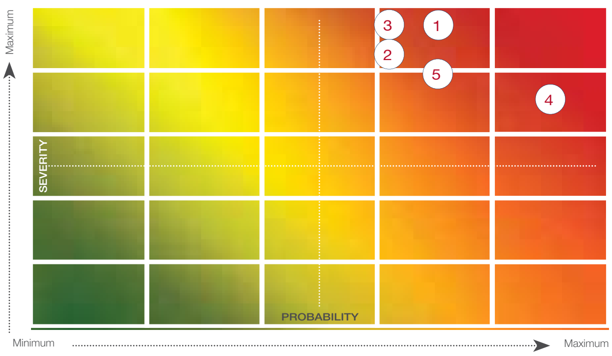
4 Australian gold price

- Supplier spend and maintenance improvement projects
- Monitor relationship between Australian Dollar and US Dollar gold price
- Operational improvement projects at operations

5 Turnover of key personnel and impact on operational performance

- Review and improvement of employee development programmes
- Talent development workshop to reposition attraction, retention and engagement strategy
- Market-related remuneration levels and practices

South Africa region



RISK	DESCRIPTION WITH MITIGATING STRATEGIES

1 Failure to achieve the South Deep operational/ramp-up plans and loss of investor confidence

- Artisan and supervisor training programme in place
- Grade management and compliance to mine design programmes implemented
- Business improvement projects continue
- Fleet renewal programme implemented in 2016
- Rebase plan presented early in 2017
- Quality assurance provided by Group technical department

2 Geotechnical risk:

- Changes in mining method
- Seismicity
- Secondary support and backfill

- Implemented Geotechnical Review Board recommendations
- High-profile destress design change implemented
- Secondary support strategy implemented for current mining, destress, long hole stoping and backlog
- Implemented daily seismic monitoring

3 Labour relations

- Employee engagement strategy developed
- Continuation of extensive union engagement strategy
- External consultants contracted to review the employee equity plan and organisational structures

4 Impacts of the closure of Ezulwini (Cooke 4 shaft) on South Deep

- Ongoing engagement with Sibanye including communication at CEO level
- External consultants appointed to conduct comprehensive due diligence and risk assessment
- Internal risk assessments conducted with various options identified for decision
- Legal reviews and recommendations

5 Regulatory uncertainty/Mining Charter delivery

- Supporting the Chamber of Mines in its negotiations and legal proceedings regarding BEE ownership to ensure the security of mining licences
- Lobbying through the Chamber to influence the development of the MPRDA Amendment Act
- Continued compliance by South Deep with the provisions of the Mining Charter and Social and Labour Plans