GOLD FIELDS

2017 ANNUAL FINANCIAL REPORT
INCLUDING GOVERNANCE REPORT

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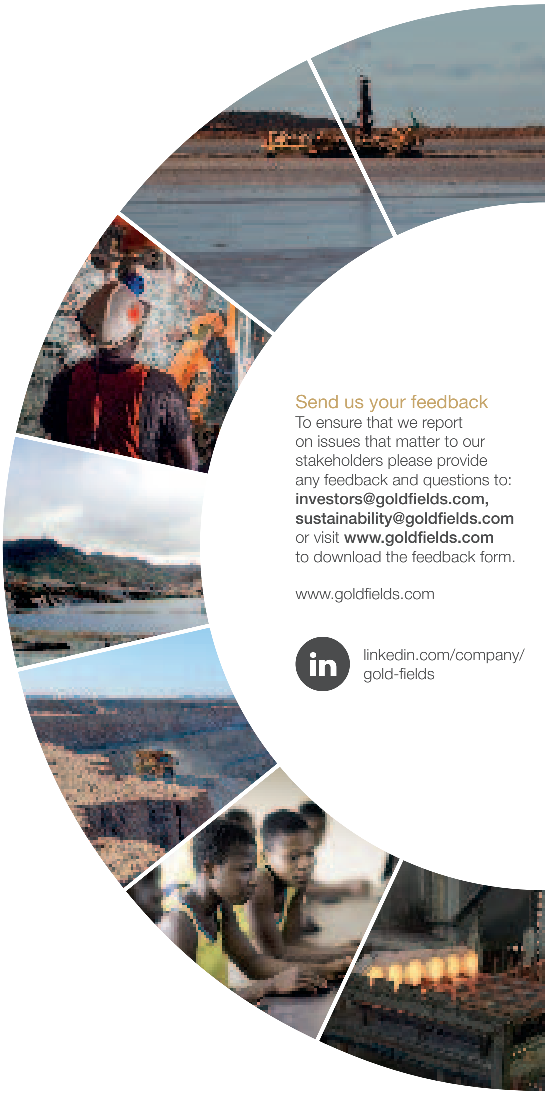


Send us your feedback
To ensure that we report on issues that matter to our stakeholders please provide any feedback and questions to: **investors@goldfields.com, sustainability@goldfields.com** or visit **www.goldfields.com** to download the feedback form.

www.goldfields.com

linkedin.com/company/gold-fields

The audited financial statements for the year ended 31 December 2017 have been prepared by the corporate accounting staff of Gold Fields Limited headed by Tzvet Ilarionova, the Group Financial Controller. This process was supervised by Paul Schmidt, the Group's Chief Financial Officer.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Gold Fields Limited and its subsidiaries (together referred to as the Group), comprising the separate and consolidated statements of financial position at 31 December 2017, and the separate and consolidated income statements and separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accounting policies and the notes to the separate and consolidated financial statements, as well as the Directors' Report. These financial statements presented on p135 – 224 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that, in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS standards that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations and cash flows for the year and the financial position of the Company and the Group at year-end. The directors also prepared the other information included in the Annual Financial Report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Company and the Group to enable the directors to ensure that the financial statements comply with the relevant legislation.

The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Company, Group, or any company within the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Company and the Group.

Gold Fields has adopted a Code of Ethics which is available on the Gold Fields website and which is adhered to by the Group.

The Group's external auditors, KPMG Inc. audited the financial statements, and their report is presented on p92 – 97.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Gold Fields Limited, as identified in the first paragraph, were approved by the Board of Directors on 27 March 2018 and are signed on its behalf by:

NJ Holland
Chief Executive Officer
Authorised director

PA Schmidt
Financial Director
Authorised director

COMPANY SECRETARY'S CERTIFICATE

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended, I certify that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required to be lodged by a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

MML Mokoka
Company Secretary
27 March 2018

CORPORATE GOVERNANCE REPORT

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 maintaining a governance framework 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 that 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 is 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. As such corporate governance systems and frameworks at Gold Fields are reviewed constantly to align with the ever-changing and increasingly stringent standards that are being rolled out by regulators across the globe.

During the year under review, the Board approved a diversity policy for the Company as required by the JSE Listings Requirements.

In November 2016 the King IV Report on Governance Principles for South Africa (King IV or the Code) was launched, updating the guidelines set by the King III Code. During 2017, the Board received training on King IV to ensure full compliance, while the Board and subcommittee charters were aligned to King IV.

Details of our compliance with King IV can be found on p17 – 18.

Standards, principles and systems

Material internal and external standards and principles

Internal standards and principles	Listings requirements	Sustainability standards	Business ethics standards
Gold Fields has developed a comprehensive set of internal standards and principles that underpin how we do business. These include: Our vision and values: Everything that we do to achieve our vision of becoming the global leader in sustainable gold mining is informed by our values. These are applied by our directors, as well as employees at every level of the Group. Board of Directors' Charter: The charter articulates the objectives and responsibilities of the Board. Likewise, each of the Board committees operates in accordance with written terms of reference that are regularly reviewed to align with the provisions of relevant statutory and regulatory requirements. Sustainable development framework: Gold Fields' sustainable development framework is based on good practice, as well as our operational requirements. The framework is governed by an overall sustainable development policy Statement. The Group has developed a range of policy statements that direct business conduct, these are available online at **www.goldfields.com/policies.php** Code of Conduct: Gold Fields' Code of Conduct commits and binds every employee, officer and director within Gold Fields to conducting business in an ethical and fair manner. The Board's Audit and Social Ethics and Transformation committees are tasked with ensuring the consistent application of, and adherence to, the code. The code is on our website at **https://www.goldfields.com/code-of-conduct**	Our primary listing is on the JSE Limited (JSE), and we are subject to the JSE Listings Requirements Gold Fields has a secondary listing on the New York Stock Exchange (NYSE) and therefore, as a foreign private issuer, is subject to the NYSE Listings Requirements, certain provisions of the US Securities and Exchange Commission, as well as the terms of the Sarbanes-Oxley Act (2002) Gold Fields is also listed on the SIX Swiss Exchange (SIX) The Board is committed to upholding the principles and recommended practices of the King IV Code and has ensured compliance with the code during 2017	Our sustainable development framework is guided by the International Council on Mining and Metals' (ICMM) 10 principles on sustainable development, their supporting position statements and external assurance thereof We are not a direct participant in the United Nations Global Compact, but we are guided by its 10 principles and have incorporated the compact's management model into our business activities All of our eligible operations conform to the World Gold Council Conflict-Free Gold Standard. A copy of our Conflict-Free Gold Report, our Statement of Conformance, together with the limited assurance opinion can be viewed online at **www.goldfields.com/sustainability-reporting.php** Our reporting is guided by the internationally recognised Integrated Reporting Framework of the International Integrated Reporting Council and the Global Reporting Initiative (GRI) Standards. Our 2017 GRI submission can be viewed online at **www.goldfields.com/sustainability-reporting.php** All our eligible operations are certified by the International Cyanide Management Code, the ISO 14001 (2015) environmental management system and the OHSAS 18001 occupational health and safety management system As per the King IV Code, 48 non-binding rules, codes and standards have been adopted by the Audit Committee. During 2018 these non-binding rules, codes and standards will be aligned to identified statutes	Our Code of Conduct is aligned with national and international business ethics and anti-corruption standards, including the UN Convention against Corruption (2003) and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) We support the principles and processes of the Extractive Industry Transparency Initiative (EITI), through our membership of the ICMM. Ghana and Peru are the EITI-compliant countries in which we operate We comply with the following legislation and code: South Africa's King IV Code and Prevention and Combating of Corrupt Activities Act (2004) The United States' Sarbanes-Oxley Act (2002), Dodd-Frank Act (2010) and the Foreign Corrupt Practices Act (1977) All relevant regulations and legislations in jurisdictions in which Gold Fields operates

CORPORATE GOVERNANCE REPORT continued

Board of Directors

Board overview

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

The Board takes ultimate responsibility for the Company's adherence to sound corporate governance standards and sees to it that all business decisions and judgements are made with reasonable care, skill and diligence.

In terms of Gold Fields' memorandum of incorporation (MoI), available online at **www.goldfields.com/standards-and-principles.php**, the number of directors on the Board shall not be less than four and not more than 15. The Board currently comprises 11 directors, two of whom are executive directors and nine are independent non-executive directors. Advised by the Nominating and Governance Committee, the Board ensures that the election of independent directors falls on reputable persons of well-known competence and experience, who are willing to devote a sufficient part of their time to the Company. Each Board member offers a range of relevant knowledge, expertise and technical experience and business acumen, which enables them to exercise independent judgement in Board deliberations and decision-making.

Furthermore, the Nominating and Governance Committee also ensures that the Board has adequate diversity in respect of race, gender, business, geographic and academic backgrounds. The composition of the committees was reviewed and approved at the August 2017 Board meeting.

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 Chief Executive Officer (CEO) are kept separate. Non-executive directors Cheryl Carolus was the Chairperson of the Board and Rick Menell was the Deputy Chair. During 2017, Mr Menell was also appointed lead independent director. Nick Holland was the CEO of Gold Fields for the entire period under review.

The Board is kept informed of all developments relating to the Group, primarily through the executive directors, executive management and the Company Secretary. Furthermore, the Board stays up-to-date through a number of other mechanisms, including employee climate surveys, newsletters and internal staff communication, among others.

The non-executive directors are entitled to seek independent professional advice, at the Group's expense, on any matters pertaining to Gold Fields. They also have unrestricted access to the Group's management and access to the external auditors, when necessary. A brief curriculum vitae for each Board member is set out on p13 – 15 of this report.

Chief Financial Officer

Paul Schmidt was appointed Chief Financial Officer (CFO) from 1 January 2009. In accordance with the JSE Limited Listings Requirements, the Audit Committee considered and agreed unanimously that the level of expertise and experience of Paul Schmidt was satisfactory during 2017.

The Audit Committee was of the opinion that Mr Schmidt, together with other members of his financial management team, had managed the Group's financial affairs effectively during the 2017 financial year.

Board appointments and rotation

Directors are appointed through a formal process, and the Nominating and Governance Committee assists in identifying suitable candidates and evaluating candidates from time to time. The Chair is appointed on an annual basis by the Board after a review of the Chair's performance and independence. In line with recommendations by the King IV Code, the Board carries out a thorough evaluation of the independence of directors annually and specifically where Board members have served on the Board for nine years or more.

The Nominating and Governance Committee develops and facilitates an induction programme with management for new members of the Board to ensure their understanding of Gold Fields and the business environment in which it operates. The Nominating and Governance Committee also assesses the commitments of non-executive candidates to ensure availability to fulfil their responsibilities.

In accordance with Gold Fields' MoI, one-third of all directors (including executive directors) shall retire from office at each Annual General Meeting (AGM). The first to retire are those directors appointed as additional members of the Board during the year, followed by the longest serving members. Retiring directors can be re-elected immediately by the shareholders at the Annual General Meeting.

An additional Board member, Carmen Letton was appointed to the Board on 1 May 2017. Gayle Wilson retired at the Annual General Meeting held in May 2017. Yunus Suleman, who was appointed to the Board on 1 September 2016, became the Chair of the Audit Committee with effect from the AGM in May 2017.

The Board, assisted by the Nominating and Governance Committee, recommends the eligibility of retiring directors (subject to availability and their contribution to the business) for reappointment.

Directors' dealings in shares of Gold Fields

Gold Fields' Board members and employees are informed of closed and prohibited periods for share dealings by the Company Secretary. Closed and prohibited periods remain in force until final annual, and now bi-annual results are published. This was done on a quarterly basis during 2017. Similar closed periods will be in place should the Company trade under a cautionary announcement. Any directors' dealings (including executive directors) require the pre-approval of the Chairperson, and the Company Secretary keeps a register of such dealings.

Board remuneration

Non-executive Board members are remunerated for their services as non-executive Board members, the separate committees they sit on annually, ad hoc committees officially approved by the Board, and, where applicable, travel expenses to attend Board meetings. Shareholders approve these fees on an annual basis at the Company's Annual General Meeting. Further details of non-executive directors' and executive directors' remuneration can be found on p126 – 134.

Board of Directors' Charter

During the year, the Board reviewed the Board of Directors' Charter and committees' terms of reference to align with the recommendations of the King IV Code. A summary of the application of the King IV principles at Gold Fields can be found on p17 – 18.

Company Secretary

The Company Secretary provides company secretarial services, oversees Board governance processes in relation to the Board (in accordance with JSE Listings Requirements) and attends all Board and Board committee meetings. The Board has access to the Company Secretary, who guides the directors on their duties and responsibilities. During the year under review, the Company Secretary oversaw the ongoing training of directors and assisted the Board and its committees with annual plans, agendas, minutes and terms of reference.

The Company Secretary for the year under review was Lucy Mokoka, and the Board is satisfied that Ms Mokoka is competent, qualified and has the necessary expertise and experience to fulfil the role. The Company Secretary is not a director of the Group and has an arm's-length relationship with the Board.

Application of King IV within Gold Fields

The introduction of the King IV report allowed the Board to assess the effectiveness of its current processes, practices and structures which it uses to direct and manage the operations of the Company. In February 2017, the Board initiated a gap analysis process headed by the Chair of the Audit Committee, Yunus Suleman, to determine the Company's readiness in implementing the recommended practices contained in King IV.

Areas of improvement were identified, particularly relating to the new disclosure requirements that have been introduced by the King IV Code. The Board concurred that principles that are capable of being implemented immediately should be implemented and the remainder to be implemented as work in progress. The outcome of the gap analysis, which revealed that the Company was materially compliant, was considered and discussed by the Board in November 2017.

As such, a full register of the King IV principles, and the extent of the Company's compliance therewith, is available on p17 – 18 and will also be placed on the website at **www.goldfields.com/standards-and-principles.php**.

CORPORATE GOVERNANCE REPORT continued

Board attendance

The Board is required to meet at least four times a year. It convened seven times during 2017 as five special/ad hoc Board meetings were held to deliberate on urgent substantive matters. A meeting of the Board may be conducted by electronic communication in terms of the Board Charter.

All directors are provided with the necessary information through comprehensive Board packs prepared by management in advance of each Board or committee meeting to enable them to discharge their responsibilities effectively. The Board agenda and meeting structure focus on strategy, sustainable development, finance, performance monitoring, governance and other related matters. During the period under review, the Board meetings and some committee meetings were preceded by closed session meetings of non-executive directors. Furthermore, directors are asked to recuse themselves from meetings on any matters in which they may be conflicted.

Number of Board meetings, Board Committee meetings and Directors' attendance during the year

			Ad hoc committees								
Directors	Board meetings	Special Board meetings	Other	Investment	Audit Committee	Safety, Health and Sustainable Development Committee (SHSD)	Capital Projects, Control and Review Committee	Remuneration Committee	Social, Ethics and Transformation Committee (SET)	Nominating and Governance Committee	Risk Committee
No of meetings per year	4	3	1	1	6	4	4	4	4	4	2
CA Carolus[1]	4	3	1	—	—	4	4	4	3	4	—
A Andani[1]	4	3	—	1	6	3	2	3	3	—	1
PJ Bacchus[1]	4	3	—	1	6	—	4	4	1	—	2
TP Goodlace[1]	4	3	1	—	—	4	4	—	3	—	2
C Letton[1, 2]	3	3	—	—	3	3	3	—	3	—	1
NJ Holland	4	2	—	1	6	4	4	4	4	4	2
RP Menell[3]	4	1	1	—	5	3	4	4	3	4	—
DMJ Ncube[1]	4	2	1	—	6	4	—	4	4	4	—
SP Reid[1]	4	3	—	—	1	4	4	4	2	4	1
PA Schmidt	4	3	—	—	6	—	2	—	—	—	2
YGH Suleman[1, 4]	4	2	—	1	6	3	4	—	4	—	2
GM Wilson[5]	2	—	—	—	4	—	2	2	2	—	1

[1] *The Board revised and approved the following subcommittee compositions with effect from the August 2017 Board meeting:*
- *SP Reid stepped down from the Risk and SET committees. He attended the subsequent Risk Committee and Audit Committee meetings by invitation*
- *A Andani stepped down from the SHSD and Risk Committees*
- *TP Goodlace stepped down from the SET Committee*
- *C Letton was appointed to the SHSD, Risk, as well as Capital Projects, Control and Review committees. She attended the Audit Committee by invitation*
- *PJ Bacchus attended the SET Committee meetings by invitation*
- *YGH Suleman became a member of the Capital Projects, Control and Review Committee*
- *DMJ Ncube attended the SHSD by invitation*
- *CA Carolus attended the Capital Projects, Control and Review Committee by invitation*

[2] *C Letton was appointed to the Board with effect from 1 May 2017*

[3] *RP Menell has a conflict of interest with regards to the Cooke 4 Closure matter and recused himself from the 14/06/2017 special Board meeting dealing with the issue. He attended the Remuneration Committee by invitation*

[4] *YGH Suleman recused himself from the Board meeting held on 18 September 2017 and the ad hoc Board meeting on 18 October 2017. These meetings considered the role and suitability of our external auditors KPMG*

[5] *GM Wilson retired from the Board with effect from the AGM in May 2017*

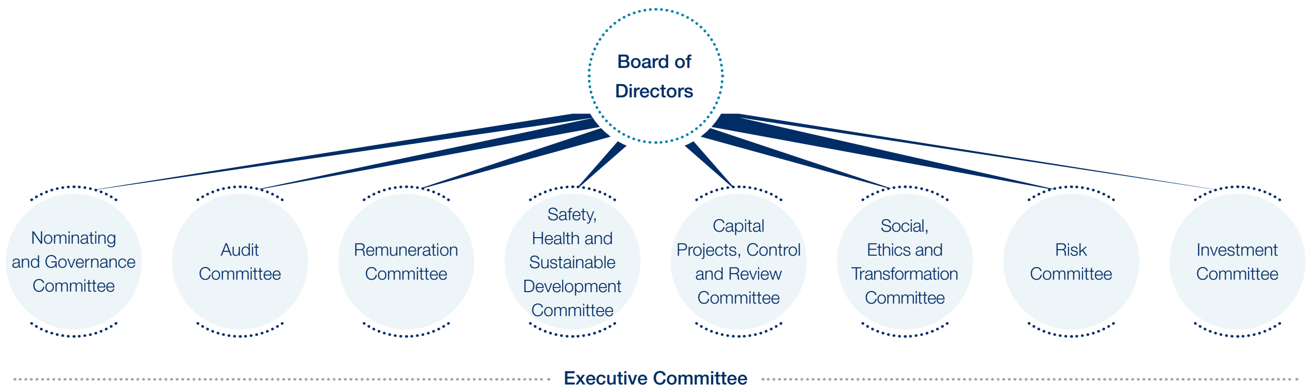
The full Directors' Report is contained on p21 – 27.

Board committees

The Board has established a number of standing committees in compliance with the SA Companies Act and the JSE Listings Requirements with delegated authority from the Board. Committee members are all independent non-executive directors, and the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and various members of management are permanent invitees to committee meetings. Each Board committee is chaired by an independent non-executive director.

In November 2017, the Board established an Investment Ad Hoc Committee to consider and when appropriate make recommendations to the Board on strategic organisational and structuring options including investment and disinvestment opportunities in order to achieve the Group's strategic objective of maximising shareholder returns sustainably.

Committees are required to evaluate their effectiveness and performance on an annual basis and to report findings to the Board for consideration. In line with the King IV recommendations, the Board annually reviews the terms of reference of all committees, and, if necessary, adopts changes which are approved by the Board.



Committees operate in accordance with written terms of reference and have a set list of responsibilities. These are outlined at **www.goldfields.com/au_leadership.php**. The charters and terms of reference of the Board and the committees can be found at **www.goldfields.co.za/au_standards.php**.

The Investment Committee is an ad hoc committee of the Board, established to make recommendations to the Board on strategic restructuring options for the Group, as and when required.

The Board and all its committees reviewed their charters and terms of references to align with the King IV Code. The Board and committees charters can be found at **www.goldfields.com/standards-and-principles.php**, while the written terms of reference and responsibilities are set out below:

Board

The Board is responsible for strategy development and monitors performance against the strategy. The Board Charter compels directors to promote the vision of the Company while upholding sound principles of corporate governance. Other directors' responsibilities under the charter include:

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

CORPORATE GOVERNANCE REPORT continued

Key areas of focus during 2017
- Re-composition of a number of Board committees.
- Rollout of the information and technology strategy, which was approved by the Board in November 2016.
- Review of the capital allocation and project ranking strategy.
- Deliberation of the impact on South Deep of the decision by Sibanye-Stillwater to close its Cooke 4 mine.
- Decision to fully comply with King IV principles and implementation.
- A decision was made to retain KPMG as the Company's external auditors.
- Approval of a A$500m revolving credit facility to fund Gold Fields' commitment to the Gruyere gold project.
- Approval of the sale of the Arctic Platinum project.
- Approval of contractor mining at Tarkwa.
- Approval of a diversity policy, updated stakeholder engagement position statement and sustainable development policy.

The Board assessed its performance and effectiveness during the period under review and was found to be functioning and discharging its duties satisfactorily.

Nominating and Governance Committee

It is the responsibility of this Committee, which has four independent directors (one of the four independent directors attends by invitation), among other things, to:
- Develop a robust approach to corporate governance, including recommendations to the Board.
- Prepare and recommend to the Board a set of governance principles.
- Recommend a process to evaluate the effectiveness of the Board, its committees and management and report findings to the Board.
- Review the structure, composition and size of the Board and how this relates to effectiveness.
- Consider the rotation of directors and make appropriate recommendations.
- Identify and evaluate nominees and recommend them for election.
- Identify successors to the Chair, Deputy Chair or lead independent non-executive directors, and the CEO, and make recommendations to the Board.
- Consider the Board committee mandates, the selection and rotation of the Chairs and Committee members, and submit recommendations to the Board.
- Review the qualifications of Committee members and conduct annual performance evaluations with recommendations to the Board.
- Develop and facilitate an induction programme for new Board members.

Key areas of focus during 2017
- Board skills, diversity and composition assessment.
- Board evaluation in line with King IV requirements.
- Succession planning for directors and senior executives.
- Non-executive directors term limits.

The Committee assessed its performance and effectiveness during the period under review and was found to be functioning and discharging its duties satisfactorily.

Audit Committee

The Audit Committee, which consists of five independent directors, has formal terms of reference which are reviewed annually and set out in its Board-approved Charter. The Board is satisfied that the Committee has complied with these terms and with its legal and regulatory responsibilities as set out in the Companies Act No 71 of 2008, as amended, King IV and the JSE Listings Requirements.

The full duties and responsibilities of the Audit Committee and the Audit Committee statement appear on p28 – 31 and p92 – 97 in the Annual Financial Report respectively. It is the responsibility of this Committee, which consists of, among other things, to:
- Nominate an external registered auditor for the appointment or reappointment by the shareholders as auditor of the Company in line with the JSE Listings Requirements.

- Consider the fees to be paid to the external auditor and the auditor's terms of engagement.
- Ensure that the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors, including confirming the independence of the auditors.
- Determine the nature and extent of any non-audit services that the external auditor may provide to the Company.
- Pre-approve any proposed agreements with the external auditor for the provision of non-audit services to the Company.
- Delegated oversight for combined assurance.
- Prepare a report, to be included in the annual financial statements of the Company for the relevant financial year that describes how the Committee carries out its functions, comments on the financial statements, the accounting practices and the internal controls of the Company.
- Receive and deal appropriately with any concerns or complaints relating to the accounting practices and internal audit of the Company, the content or auditing of the Company's financial statements, or the internal controls of the Company.
- Make submission to the Board on any matter concerning the Company's accounting policies, financial controls, records and reporting procedures.
- Delegate other duties to the Committee that relate to policies and procedures, relationships between independent auditors and GFI, and recommendations regarding supplementary reports that shareholders may require in the course of their relationship with Gold Fields.

Key areas of focus during 2017
- Reviewed KPMG's continued role as the Company's external auditors, as well as the performance of the auditors.
- Hedging of gold and copper prices for all our regions in 2017 and 2018.
- External assurance of non-financial data.
- Review of Integrated Annual Report, Annual Financial Report and Form 20-F.
- King IV gap analysis giving clarity on combined assurance.

Disclosures
- Approval of continued role for KPMG as Group external auditors.
- Arrangements are in place for combined assurance.
- Arrangements are in place for governing information and technology and its effectiveness.
- Adoption of a responsible and transparent tax policy and strategy.
- Arrangements are in place for governing and managing compliance.

The Committee assessed its performance and effectiveness during the period under review and was found to be functioning and discharging its duties satisfactorily.

Remuneration Committee
It is the responsibility of this Committee, which consists of five independent directors, among other things, to:
- Determine the Company's general policy on remuneration of the CEO, the Executive Directors and the Group and Executive Committee members.
- Determine the total individual remuneration package; including bonuses, incentive payments, retention payments, long-term incentive awards and any other benefits of the CEO and Group Executive Committee members.
- Ensure that contractual terms on potential termination of the CEO and Group Executive Committee members, and any payments made, are fair to both parties, and that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Remain mindful that remuneration policies and practices should be aligned with corporate governance objectives and business strategy, taking risks fully into account, and reviewed regularly.
- Consider and recommend Non-Executive Directors' fees for approval by shareholders.

CORPORATE GOVERNANCE REPORT continued

Key areas of focus during 2017
- Review and approve bonuses and salary packages for the Gold Fields Group for 2018.
- Review of executive remuneration and incentive policies.
- Appointments of principal officers of the Company.
- Approval of executive remuneration packages for 2018 after peer review.
- Approval of a minimum shareholding requirement and clawback policy for senior executives.
- Adoption of King IV remuneration principles.
- Approved appointments of EVP: South Africa Region and EVP: People and Organisational Effectiveness.
- PwC retained as independent advisers. The firm's representatives regularly attend Committee meetings.

The Company's remuneration policies, as well as details of directors' fees and equity-settled instruments, are contained in the Remuneration Report on p98 – 134.

The Committee assessed its performance and effectiveness during the period under review and was found to be functioning and discharging its duties satisfactorily.

Safety, Health and Sustainable Development Committee

It is the responsibility of this Committee, among other things, to evaluate with management Gold Fields' record of conformance with its commitment to relevant laws, regulations and external standards in safety, health and sustainable development. The Committee scrutinises investigations into any incidents related to safety, health and sustainable development. It recommends to the Board policies and guidelines on matters relating to safety, health and sustainable development.

The Committee reviews reports, policies and performance of the Company's implementation of its safety, health and sustainable development policy statements, assesses and approves the sustainable development policies that are applicable to the Group's operations. It monitors compliance of Gold Fields' operations against regulations, policies and standards and makes specific recommendations regarding the investigation of incidents. It ensures risk management assessment processes on sustainable development matters are effectively applied. It identifies key indicators or trends relating to accidents and/or incidents and offer appropriate solutions for due consideration.

The Committee considers national and international regulatory and technical developments that relate to sustainable development when making recommendations to the Board on these matters. It offers recommendations to the Board on the engagement of external assurance partners with the requisite credentials.

All members of the Committee have been selected on the basis of their considerable experience in the field of sustainable development. The Committee consists of seven independent directors (one of the seven independent directors attends by invitation).

Key areas of focus during 2017
- Reviewed Group and regional safety, health and sustainable development policy statements and strategies.
- Investigated the three fatalities at Group mines during the year and reviewed action plans to mitigate similar risks.
- Approved the updated Group sustainable development policy statement.
- Approved Group and regional safety, health and sustainable development strategies.
- Adopt the International Council on Mining and Metals (ICMM) critical control management process and applied it to safety, health, environmental and social hazards.

The Committee assessed its performance and effectiveness during the period under review and was found to be functioning and discharging its duties satisfactorily.

Capital Projects, Control and Review Committee

It is the responsibility of this Committee, which consists of seven independent directors (one of the seven independent directors attends by invitation), among other things, to:

- Consider new capital projects and satisfy the Board that the Company has used correct, efficient methodologies in evaluating and implementing capital projects in excess of R1.5bn or US$200m.
- Review the results attained on completion of each project against the authorised work undertaken.
- Monitors progress throughout the project cycle.
- Periodically reports its findings to management and the Board.

Key areas of focus during 2017

- South Deep rebase plan, including feedback from the independent Geotechnical Review Board.
- Gruyere Gold project implementation.
- Damang reinvestment project implementation.
- Approved the 2018 budget for Salares Norte and transition to full feasibility study.
- Approved the move to contractor mining at Tarkwa.

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

Social, Ethics and Transformation Committee

It is the responsibility of this Committee, which consists of seven independent directors (one of the directors attends by invitation) and one executive director, among other things, to assist the Board in ensuring that it discharges its oversight responsibilities with regard to safety, security, health, environmental, social, ethics and sustainable development matters and stakeholder relationships, to ensure the Company upholds the principles of good corporate citizenship and conducts its business in an ethical and sustainable manner.

This Committee also ensures, among other things, that the Group:

- Contributes to socio-economic development by adhering to acts which facilitate this, including Organisation for Economic Co-operation and Development (OECD), employment equity and broad-based black economic empowerment.
- Ensures Gold Fields is and is seen to be a good corporate citizen.
- Considers the Group's environmental, health and public safety impacts.
- Enforces labour and employment policies and practices.
- Offers oversight over ethics management, transformation, localisation and compliance with laws and regulations.
- Reviews and monitors stakeholder engagements and guides strategically on these matters.

Key areas of focus during 2017

- Social and transformation initiatives at corporate office and the regions.
- Focus on social and economic development in our host communities; sound corporate citizenship; labour and employment practices; employment equity; stakeholder engagement and ethics and governance.
- The Committee also has oversight over the South Deep Education Trust, the South Deep Community Trust and the Westonaria Community Trust.

In line with King IV recommendations, the composition of this Committee was restructured and comprises non-executive directors and one executive director, with a majority being non-executive directors.

The Committee assessed its performance and effectiveness during the period under review and was found to be functioning and discharging its duties satisfactorily.

CORPORATE GOVERNANCE REPORT continued

Risk Committee

It is the responsibility of this Committee, which consists of four independent directors, to assist the Board and the Boards of all subsidiary companies in ensuring that management identifies and implements appropriate risk management controls. The Committee acts in terms of delegated authority in respect of the duties and responsibilities assigned to it by the Board among other things, to:

- Ensure that effective risk management policies and strategies are in place and are recommended to the Board for approval.
- Review the adequacy of the Risk Management Charter, policy and plans.
- Approve the Company's risk identification and assessment methodologies.
- Review of the nature, extent and parameters of the Company's risk strategy, in terms of the risk appetite and tolerance as well as the limit of potential losses the Company can accept.
- Review and approve risks identified on a qualitative basis, according to probability and seriousness.
- Review the effectiveness and efficiency of the enterprise risk management (ERM) system to seek assurance that material risks are identified and mitigated.
- Consider on a regular basis, the Company's key risks, especially from a materiality reference point.
- Report to the Board any material changes and/or divergence to the risk profile of the Company.
- Monitor the implementation of operational and corporate risk management.
- Review insurance and other risk transfer arrangements.
- Lead a robust process of contingency planning.
- Assess the Company's sustainability risk.
- Provide the Board with a detailed and timely ERM Report.

Key areas of focus during 2017

- Cyber-security risk assessment.
- Approval of Combined Assurance.
- Approved Group and regional risk registers.

The Committee assessed its performance and effectiveness during the period under review and was found to be functioning and discharging its duties satisfactorily.

Executive Committee

The Executive Committee (Exco) is not a Committee of the Board. It is primarily responsible for the implementation of Company strategy, as well as carrying out the Board's mandates and directives. Exco meets on a regular basis to review Company performance against set objectives and develops Company strategy and policy proposals for consideration by the Board. Exco also assists the Board in the execution of the Company's disclosure obligations. A series of guidelines on disclosure has been disseminated throughout the Company. The ExCo consists of the principal officers and executive directors of Gold Fields – 12 members in total.

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

Directors

Non-executive Directors

Cheryl Carolus (59)
Non-executive Chairperson
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, people management

Ms Carolus has served on the boards of numerous listed companies, including De Beers and Investec. She is a Board member for many not-for-profit organisations, including the International Crisis Group, Soul City, World Wildlife Fund (South Africa and internationally), The British Museum (appointed by HM Queen Elizabeth), and is Chairperson of the SA Constitution Hill Education Trust.

In the past, Ms Carolus was Chairperson for South African Airways, the South African National Parks Board and has served on the boards of numerous public and private partnerships that address socio-economic challenges. Additionally, she served as South Africa's High Commissioner to the United Kingdom from 2001 to 2004.

Ms Carolus played a role in the liberation struggle of South Africa and the constitution-making process. She was awarded an honorary doctorate in law from the University of Cape Town for her contribution to freedom and human rights. In 2014, she was awarded the French National Order of Merit by the Government of France.

Richard Menell (62)
Deputy Chairperson
BA (Hons), MA (Natural Sciences Geology), Cambridge; MSc (Mineral Exploration and Management), Stanford University, California

Appointed to the Board: Director 2008, Deputy Chairperson 2015
Experience and expertise: Executive management, geology

Mr Menell became a Non-executive Director of Sibanye Gold (now Sibanye-Stillwater) in 2013. He has over 37 years' experience in the mining industry, including service as the President of the Chamber of Mines of South Africa, President and CEO of Teal Exploration & Mining, as well as Executive Chair of Anglovaal Mining and Avgold. He is a director of Weir Group Plc, as well as a Senior Adviser to Credit Suisse. He also serves as a director for a number of unlisted companies and not-for-profit organisations.

Peter Bacchus (48)
Non-executive Director
MA (Economics), Cambridge University

Appointed to the Board: 2016
Experience and expertise: Investment banking, financing, mergers and acquisitions

Mr Bacchus is Chairman of independent merchant bank, Bacchus Capital Advisers. He has acted as the Global Head of Mining and Metals and Joint Head of European Investment Banking at Investment Bank Jefferies, and served as Global Head of Mining and Metals at Morgan Stanley. Prior to that, he was Head of Investment Banking, Industrials and Natural Resources at Citigroup in Australia.

Mr Bacchus has spent more than 25 years in investment and corporate banking with a focus on the global natural resources sector and is a member of the Institute of Chartered Accountants, England and Wales. He is also a Non-executive Director of UK-listed mining group Kenmare Resources, Australian-listed Galaxy Resources, and Chairman of Space for Giants, an African-focused conservation charity.

CORPORATE GOVERNANCE REPORT continued

Alhassan Andani (56)
Non-executive Director
BSc (Agriculture), University of Ghana; MA (Banking and Finance), Finafrica Institute in Italy

Appointed to the Board: 2016
Experience and expertise: Investment banking, financing

Mr Andani is currently Chief Executive and Executive Director of Stanbic Bank Ghana; the Board Chairman of the Ghana CSIR (Council for Scientific and Industrial Research) and a director of SOS Villages Ghana and has held other corporate directorships in the past.

Carmen Letton (52)
Non-executive Director
PhD in Mineral Economics (UQ) and Bachelor Mining Engineering (WASM)

Appointed to the Board: 2017
Experience and expertise: Mining engineering, corporate governance, risk management, corporate strategy

Dr Letton is a mining engineer and mineral economist (PhD) with 31 years of global mining exposure, working for major and mid-tier mining houses in senior management and leadership roles.

Currently Dr Letton is the Head, Open Pit Mining for the Technical and Sustainability Group in Anglo American, based in Australia. She has experience in large and medium-sized projects in both the Australian and international mining environment.

Core skills and accountabilities include operations executive general management and leadership of all key mine engineering disciplines associated technical services areas (mine engineering, metallurgy, and geology).

Yunus Suleman (60)
Independent Non-executive Director
BCom, University of KwaZulu-Natal (formerly Durban Westville); BCompt (Hons), University of South Africa; Chartered Accountant (SA); CA(SA)

Appointed to the Board: 2016
Experience and expertise: Auditing, financial accounting and governance

Mr Suleman serves as an independent Non-executive Director of Liberty Holdings Limited, Liberty Group Limited, Tiger Brands Limited and Albaraka Bank Limited, and is the Global Treasurer of the World Memon Organisation. He was previously Chair of KPMG South Africa (resigned February 2015).

Terrence Goodlace (58)
Non-executive Director
MBA (Business Administration), University of Wales; BCom, University of South Africa; NHDip and NDip (Metalliferous Mining), Witwatersrand Technikon; MDP, University of Cape Town

Appointed to the Board: 2016
Experience: Mining; capital projects, commercial and operational management, risk management, energy management, mineral resource management

Mr Goodlace's mining career commenced in 1977, and has spanned more than 40 years. He spent the majority of his career at Gengold which merged with Gold Fields of South Africa to form Gold Fields in 1998. He became CEO in 2008. He has significant experience in leading underground and open-pit operations in South Africa, Australia, Ghana and Peru. He then spent three years as the CEO of Metorex and served on the Impala Platinum Board for two years as an independent Non-executive Director and four and a half years as CEO. He is currently an independent Non-executive Director of Kumba Iron Ore. In 2017 he was appointed onto the South African Mining Extraction Research, Development and Innovation steering committee, which has been set up by the Council for Scientific and Industrial Research
to advance new mining technologies.

Donald Ncube (70)
Non-executive Director
BA (Economics and Political Science), Fort Hare University; Postgraduate Diploma in Labour Relations, Strathclyde University; Graduate MSc (Manpower Studies), University of Manchester; 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

Mr Ncube has been an alternate director of Anglo American Industrial Corporation and Anglo American Corporation, a director of AngloGold Ashanti as well as Non-executive Chairperson of South African Airways. He is currently Executive Chairperson for both Badimo Gas and Afro Energy.

Steven Reid (62)
Non-executive Director
BSc (Mineral Engineering), South Australian Institute of Technology; MBA, Trium Global Executive; ICD.D, Institute of Corporate Directors

Appointed to the Board: 2016
Experience and expertise: Mining engineering, risk management, compensation management

Mr Reid has 41 years of international mining experience and has held senior leadership roles in numerous countries. He has served as a director of SSR Mining since January 2013 and a director of Eldorado Gold since May 2013. He served as Chief Operating Officer of Goldcorp from January 2007 until his retirement in September 2012, and prior to that was the Company's Executive Vice-President in Canada and the USA. Before joining Goldcorp, Mr Reid spent 13 years at Placer Dome in numerous corporate, mine management and operating roles. He also held leadership positions at Kingsgate Consolidated and Newcrest Mining, where he was responsible for the Asian and Australian operations.

CORPORATE GOVERNANCE REPORT continued

Executive Directors

Nicholas Holland (59)
Chief Executive Officer (CEO)
BCom, BAcc, University of the Witwatersrand; CA(SA)

Appointed to the Board: Executive Director, 1997; CEO, 2008
Experience and expertise: Finance, mining, management

Prior to his appointment as CEO of Gold Fields, Mr Holland was the Company's CFO. He has more than 38 years' experience in financial management, of which 28 years were in the mining industry. Before joining Gold Fields, he was Financial Director and Senior Manager of Corporate Finance at Gencor.

Paul Schmidt (50)
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

Prior to his appointment as CFO of Gold Fields, Mr Schmidt held the positions of acting CFO from May 2008 and Financial Controller from April 2003. He has more than 22 years' experience in the mining industry.

Application of King IV within Gold Fields

The introduction of King IV allowed the Board to assess the effectiveness of its current processes, practices and structures which it uses to direct and manage the operations of the Company. In February 2017, the Board initiated a gap analysis process headed by the Chair of the Audit Committee, Mr Yunus Suleman, to determine the Company's readiness in implementing the recommended practices contained in King IV. Areas of improvement were identified, particularly relating to the new disclosure requirements that have been introduced by the King IV. The Board concurred that principles that are capable of being implemented immediately should be implemented and the remainder to be implemented as work in progress. The outcome of the gap analysis, which revealed that the Company was materially compliant, was considered and discussed by the Board in November 2017.

Application of King IV within Gold Fields

Principles	Principle Application
Part 5.1: Leadership, ethics and corporate citizenship	
LEADERSHIP	
Principle 1: The governing body should lead ethically and effectively.	The Board (governing body) through its various committees is confident on a prospective basis that the combined inputs of its committees produce conformity with this principle. The Board exhibits the requisite levels of integrity, competence, responsibility, accountability, fairness and transparency.
ORGANISATIONAL ETHICS	
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Social, Ethics and Transformation Committee (SET) comprises non-executive and one executive member. The majority of the members are independent. The Committee ensures conformity with this principle through the Code of Ethics and the Group Disciplinary Code that set out sanctions to be followed.
RESPONSIBLE CORPORATE CITIZENSHIP	
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board through the SET Committee and the Safety, Health and Sustainability Committee (SHSD) ensures conformity with this principle. SHSD is committed to the 10 principles of the International Council on Mining and Metals and the Global Compact's ten sustainable development principles.
Part 5.2: Strategy performance and reporting	
STRATEGY AND PERFORMANCE	
Principle 4: The governing body should appreciate that the organisation's core purposes, its risks and opportunities, strategy and business model, performance and sustainable development are all inseparable elements of the value creation process.	The Board conforms to this principle. The Board oversees strategy formulation and execution. The Board sets performance targets which are agreed upon with management. On a yearly basis, the Board together with management reviews the strategy.
REPORTING:	
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and short, medium and long-term prospects.	The Board keeps its shareholders updated in line with the JSE requirements and ensures integrity of external reports in so far as dealing with assurance of external reports.
Part 5.3: Governing structures and delegation	
PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY	
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board adheres to the requirements of King IV. The Board receives external advice as and when required or necessary and keeps abreast of best corporate governance practices both locally and abroad, making recommendations where appropriate, for Board participation in continuing education programmes.
COMPOSITION OF THE GOVERNING BODY	
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Board has delegated to the Nomination and Governance Committee the nomination, election and the appointment processes having set the criteria for the selection of candidates to serve on the Board. The JSE Listings Requirements require that race diversity disclosure be made effective 1 June 2018. In November 2017 the Board approved a Company-wide diversity policy.

CORPORATE GOVERNANCE REPORT continued

Principles	Principle Application
COMMITTEES OF THE GOVERNING BODY	
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	The Board conforms to this principle. Through the Nominating and Governance Committee, the Board ensures that the structures of the Board are well resourced with a balance of skills and expertise. The subcommittees of the Board include the following: Audit Committee; Risk Committee; Nominating and Governance Committee; Social, Ethics and Transformation Committee; Remuneration Committee; Safety, Health and Sustainable Development Committee; and Capital Projects Control and Review Committee. In November 2017, the Board established a new ad hoc committee, known as an Investment Committee.
EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY	
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its Chair and its individual members support continued improvement in its performance and effectiveness.	The Board conforms to this principle. The Board regularly monitors and appraises its own performance, those of its subcommittees and individual non-executive directors. The Board further evaluates the independence of its independent non-executive directors, which evaluation is rigorously tested in respect of the independent non-executive directors who have served on the Board for an aggregate term exceeding nine years. The Board has scheduled in its yearly work plan an opportunity for consideration, reflection and discussion of its performance and that of its Committees, its Chair and its members as a whole.
APPOINTMENT AND DELEGATION TO MANAGEMENT	
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The Board conforms to this principle. Board authority is conferred on management through the CEO. The approval of the Board is required to the levels of the subdelegation immediately below the CEO.
Part 5.4 Governance functional areas	
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Board conforms to this principle. The Board has delegated this authority to the Risk Committee. The Risk Committee has oversight of the integrity and effectiveness of the risk management processes. A comprehensive strategic and operational risk management process is in place throughout the Group.
TECHNOLOGY AND INFORMATION GOVERNANCE	
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board conforms to this principle. The Board has delegated this authority to the Audit Committee. The Audit and Risk Committees ensure that the information and technology (I&T) framework is in place and that the I&T Charter and policies are established and implemented. A detailed information, communication and technology risk assessment is performed on a yearly basis across the Group with key strategic risk themes highlighted in the risk enterprise register.
COMPLIANCE GOVERNANCE	
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Board conforms to this principle. The Board has delegated this authority to the Audit Committee. The Board approves policies that articulate and give effect to its direction on compliance. The following policies are applicable; Anti-Bribery and Corruption Governance Framework; Group Compliance Framework; Group Compliance Management Guideline and Group Compliance Portal.
REMUNERATION GOVERNANCE	
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The Board conforms to this principle. The Board has delegated this authority to the Remuneration Committee. The Remuneration Committee assist the Board in overseeing all aspects of remuneration practices for the Group to ensure employees are remunerated fairly, responsible and transparently. Fair and competitive reward processes are embedded in the organisation. These processes encourage and result in the achievement of the Group's strategic objectives and positive outcomes in the short, medium and long term.
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Board conforms to this principle. The combined assurance guideline for the Group provides an analysis of all the assurance activities within the Group. The Board, executive management and senior management identify additional areas that may require assurance on an ongoing basis.
STAKEHOLDERS	
Principle 16: In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The Board conforms to this principle. A stakeholder relationship and engagement policy statement has been aligned with the King IV Code and approved by the Board. The policy was revised to be inclusive of business-wide stakeholders that are material and not just those relevant to sustainable development, particularly employees and shareholders. The governance framework addresses relationships within the Group's companies and shareholder relationships. Summaries of engagement undertaken with all material stakeholders can be found online at **www.goldfields.com/societal-stakeholders.php**.

Application of section 3.84 of the JSE Listings Requirements on Board governance processes

Requirement	Principle	The Gold Fields approach and compliance
3.84(a)	There must be a policy evidencing a clear balance of power and authority at Board of Directors' level to ensure that no one director has unfettered powers of decision-making.	The Board Charter shows that there is clear balance of power and authority at Board level and that no one director has unfettered powers.
3.84(b)	Issuers must have an appointed CEO and a Chairperson, and the same person must not hold these positions. The Chairperson must either be an independent director, or the issuer must appoint a lead director in accordance with the King Code.	Gold Fields' CEO and Chairperson positions are held by different people, and the Chairperson is an independent non-executive director.
3.84(c)	All issuers must, in compliance with the King Code, appoint an Audit Committee. Issuers must appoint a Remuneration Committee; and issuers must appoint a Social and Ethics Committee. The composition of such Committees, a brief description of their mandate, the number of meetings held and any other relevant information must be disclosed in the annual report.	The Board appointed an Audit Committee that is chaired by an independent non-executive director. Audit Committee members are all independent non-executive directors. Gold Fields' Remuneration Committee comprises independent non-executive directors and is chaired by an independent chairperson. Gold Fields' Social, Ethics and Transformation Committee has been aligned with King IV Code and comprises independent non-executive directors and one executive director, the majority being non-executive directors. Each committee provides a brief description in the annual report of its mandate, number of meetings held in a year and any other relevant information.
3.84(d)	Brief curricula vitae of each director standing for election or re-election must accompany the relevant notice of the meeting.	Brief curricula vitae of our directors are listed on p13 – 15 of this report.
3.84(e)	The capacity of each director must be categorised as executive, non-executive or independent.	The curricula vitae mentioned above (3.84(d)) contain information on whether a director is an independent non-executive director or an executive director. The composition of committees is in accordance with the requirements of the Companies Act and King IV.
3. 84(f)	Issuers must have a full-time executive financial director.	Gold Fields has a full-time financial director.
3.84(g)	The Audit Committee must, on an annual basis, consider and satisfy itself of the appropriateness of the expertise and experience of the Financial Director and report same in the annual report. The Audit Committee must ensure that the issuer has established appropriate financial reporting procedures and that those procedures are operating.	The Audit Committee considers and satisfies itself of the appropriateness of the expertise and experience of Gold Fields' Financial Director on an annual basis and reports the findings to the Board. The Audit Committee has established appropriate financial reporting procedures and these are reviewed from time to time to ensure that they are operating effectively.
3.84(h)	The Board of Directors appoints the Company Secretary in accordance with the Companies Act and applies the recommended practices in the King Code. The Board must consider and satisfy itself, on an annual basis, on the competence, qualifications and experience of the Company Secretary.	The Company Secretary is appointed in accordance with the Companies Act. The Board considered the Company Secretary's competence, qualifications and experience at the meeting held in November 2017 and is satisfied that she is competent and has appropriate qualifications and experience to serve as the Company Secretary.

CORPORATE GOVERNANCE REPORT continued

Requirement	Principle	The Gold Fields approach and compliance
3.84(i)	The Board of Directors or the Nominating Committee must have a policy on the promotion of gender diversity at Board level. The issuer must confirm this by reporting to shareholders in its annual report on how the Board of Directors or the Nominating Committee have considered and applied the policy of gender diversity in the nomination and appointment of directors.	The Board approved a Company-wide diversity policy in November 2017.
3.84(j)	The Board of Directors or the Nominating Committee, must have a policy on the promotion of race diversity at Board level. If applicable, the Board of Directors or the Nominating Committee must further report progress in respect thereof on agreed voluntary targets.	The Board approved a Company-wide diversity policy in November 2017.
3.84(k)	The Remuneration policy and the implementation report must be tabled every year for separate non-binding advisory votes by shareholders of the issuer at the Annual General Meeting. The remuneration policy must record the measures that the Board of Directors of the issuers commits to take in the event that either the remuneration policy or the Implementation Report, or both are voted against by 25% or more of the votes exercised. In the event that either the remuneration policy or the Implementation Report, or both are voted against by shareholders exercising 25% or more of the voting rights exercised, the issuer must in its voting results announcement provide for the following: • An invitation to dissenting shareholders to engage with the issuer • The manner and timing of such engagement	The Board approved the Group Remuneration Policy to be presented to the annual general meeting for a non-binding advisory vote.

DIRECTORS’ REPORT

The directors have pleasure in submitting their report and the Annual Financial Statements of Gold Fields Limited (Gold Fields or the Company) and its subsidiaries (together referred to as the Group) for the year ended 31 December 2017.

PROFILE

Business of the Company

Gold Fields Limited is a globally diversified producer of gold with seven operating mines in Australia, Ghana, Peru and South Africa with attributable gold-equivalent annual production of approximately 2.2 million ounces. It has attributable gold Mineral Reserves of around 49 million ounces and gold Mineral Resources of around 104 million ounces. Attributable copper Mineral Reserves total 764 million pounds and Mineral Resources 4,881 million pounds. Gold Fields has a primary listing on the JSE Limited, with secondary listings on the New York Stock Exchange (NYSE) and the Swiss Exchange (SIX).

REVIEW OF OPERATIONS

The activities of the various Gold Fields operations are detailed in the Integrated Annual Report.

FINANCIAL RESULTS

The information on the financial position of the Group for the year ended 31 December 2017 is set out in the financial statements on p135 – 224 of this Annual Financial Report. The income statement for the Group shows a loss attributable to Gold Fields’ shareholders of US$19 million for the year ended 31 December 2017 compared with a profit of US$158 million for the year ended 31 December 2016.

COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act.

LISTINGS

The abbreviated name under which the Company is listed on the JSE Limited (JSE) is GFIELDS and the short code is GFI. The Company also has a secondary listing on the following stock exchanges: New York Stock Exchange (NYSE); and the SIX Swiss Exchange (SIX).

At 31 December 2017, the Company had in issue, through The Bank of New York Mellon on the New York Stock Exchange (NYSE), 350,110,920 (31 December 2016: 347,741,317) American Depository Receipts (ADRs). Each ADR is equal to one ordinary share.

DIRECTORATE

Composition of the Board

The Board currently consists of two executive directors and nine non-executive directors.

At the May 2017 AGM, Gayle Wilson retired from the Board and as the Chair of the Audit Committee. Yunus Suleman was appointed the Chair of the Audit Committee at the 2017 AGM replacing Gayle Wilson. Carmen Letton was appointed to the Board on 1 May 2017.

Rotation of directors

Directors retiring in terms of the Company’s memorandum of incorporation, all of whom are eligible and offer themselves for re-election, are Cheryl Carolus, Rick Menell and Steven Reid, all of whom are eligible and offer themselves for re-election.

The Board of Directors of various subsidiaries of Gold Fields comprise some of the executive officers and one or both of the executive directors, where appropriate, as well as a non-executive director of Gold Fields.

DIRECTORS' REPORT continued

Directors' and officers' disclosure of interests in contracts

During the period under review, no contracts were entered into in which directors and officers of the Company had an interest and which significantly affected the business of the Group.

For the year ended 31 December 2017, the directors' and prescribed officers' beneficial interest in the issued share capital and listed share capital of the Company (see table below) was 0.219%. No one director or prescribed officer individually exceeded 1% of the issued share capital or voting control of the Company.

Share ownership of directors and prescribed officers

	Beneficial			
	Direct		Indirect	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Director				
Nicholas J Holland	**610,877**	610,877	**916,090**	507,473
Paul A Schmidt	**122,549**	122,549		
Cheryl Carolus	**3,129**	3,129		
Richard Menell	**5,850**	5,850		
Donald MJ Ncube				
Steve Reid				
Alhassan Andani				
Carmen Letton				
Terrence Goodlace				
Peter Bacchus				
Yunus Suleman				
Prescribed officer				
Naseem Chohan	**42,023**	82,023		
Brett Mattison	**43,103**	43,103		
Taryn Harmse	**16,302**	7,777		
Alfred Baku	**40,404**	40,404		
Avishkar Nagaser				
Martin Preece[1]				
Luis Rivera				
Richard Butcher				
Stuart Mathews[2]				
Total	**884,237**	915,712	**916,090**	507,473

[1] *Martin Preece appointed 18 May 2017*

[2] *Stuart Matthews appointed 1 February 2017*

Related party information is disclosed on p204 of this report.

FINANCIAL AFFAIRS

Dividend policy

The Company's dividend policy is to declare an interim and final dividend of between 25% and 35% of its earnings. On 14 February 2018, the Company declared a final cash dividend number 87 of 50 SA cents per ordinary share (2017: 60 SA cents) to shareholders reflected in the register of the Company on 9 March 2018. The dividend was declared in the currency of the Republic of South Africa. This dividend was paid on 12 March 2018. The dividend resulted in a total dividend of 90 SA cents per share for the year ended 31 December 2017 (2016: 110 SA cents), with the final dividend being accounted for in 2018.

Borrowing powers

In terms of the provisions of section 19(1) of the Companies Act, No 71 of 2008, read together with clause 4 of the Company's memorandum of incorporation, the borrowing powers of the Company are unlimited. As at 31 December 2017, the Company's borrowings totalled US$1.78 billion, compared to total borrowings of US$1.69 billion at 31 December 2016.

Capital expenditure

Capital expenditure from continuing operations for the year ended 31 December 2017 amounted to US$834 million (relating to continuing operations) compared with US$629 million for 2016. Estimated capital expenditure for 2018 is US$835 million and is intended to be funded from internal sources and, to the extent necessary, borrowings.

SIGNIFICANT ANNOUNCEMENTS IN 2017

South Deep rebase plan
16 February 2017

Gold Fields announced the results of the South Deep rebase plan. In terms of the plan the mine is expected to ramp-up to steady state production of approximately 500koz over the next five years at AIC below US$900/oz, in 2017 money terms.

Increase in dividend withholding tax
24 February 2017

On 22 February 2017 the Finance Ministry announced an increase in the dividend withholding tax from 15% to 20%. Shareholders were requested to note that as the effective date of the new rate relates to all dividends paid on or after 22 February 2017, the Gold Fields' dividend payable on Monday, 13 March 2017 (announced on 16 February 2017) would be subject to the new rate.

Gold Fields appointment to the Board of Directors
2 March 2017

Gold Fields announced the appointment of Dr Carmen Letton as an independent non-executive director to the Board of Directors with effect from 1 May 2017.

Gold Fields hedges oil and Australian gold prices
20 June 2017

Gold Fields undertook selected hedging of the oil price and the Australian Dollar gold price given recent volatility in commodity prices and exchange rates. The hedging activity is in line with Gold Fields' policy to protect cash flow at a time of significant expenditure. The Australian Dollar gold price hedge will protect the underlying cash flow of Gold Fields Australia, while it is funding the construction of the Gruyere gold project.

Sale of Darlot mine to Red 5
3 August 2017

Gold Fields announced the sale of its Darlot mine in Western Australia to ASX-listed Red 5 Limited for a total consideration of A$18.5 million, comprising A$12 million in cash (comprising an upfront payment of A$7 million and A$5 million deferred for 24 months) and 130 million Red 5 shares.

Gold Fields, Wits University in education partnership
22 November 2017

Gold Fields and Wits University announced a R6 million, three-year partnership to further the academic knowledge of mechanised mining and rock engineering in South Africa.

Gold Fields acquires additional shares in Cardinal Resources
27 November 2017

Gold Fields announced that it had purchased 3.7 million ordinary shares of Cardinal Resources for a total consideration of C$2.4 million. Following the offering Gold Fields owned 11.5% of Cardinal's ordinary shares.

GOING CONCERN

The financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The directors have reasonable belief that the Company and the Group have adequate resources to continue as a going concern for the foreseeable future.

DEMATERIALISATION OF THE SHARES

Shareholders are reminded that, as a result of the clearing and settlement of trades through STRATE, the Company's share certificates are no longer good for delivery for trading. Dematerialisation of the Company's share certificates is a prerequisite when dealing in the Company's shares.

DIRECTORS' REPORT continued

PROPERTY

The register of property and mineral rights is available for inspection at the registered office of the Company during normal business hours.

OCCUPATIONAL HEALTHCARE SERVICES

Occupational healthcare services are made available by Gold Fields to employees in South Africa from its existing facilities. There is a risk that the cost of providing such services could increase in the future, depending upon changes in the nature of underlying legislation such as the ruling by the Constitutional Court in February 2011 against AngloGold Ashanti in favour of a claimant, who suffered from silicosis. Increased costs, should they transpire, are currently indeterminate. The Company is monitoring developments in this regard. See further discussions on occupational health on p53 of the Integrated Annual Report.

ENVIRONMENTAL OBLIGATIONS

The Company's total gross closure liability for environmental rehabilitation costs amounted to US$381 million at 31 December 2017 compared with US$381 million at 31 December 2016. The regional gross closure liabilities are as follows:

- Australia: US$179 million.
- South Africa: US$42 million.
- Peru: US$62 million.
- Ghana: US$98 million.

The funding methods used by each region to make provision for the mine closure cost estimates are:

- Australia: self-funding, using existing cash resources.
- South Africa: contributions into environmental trust funds and guarantees.
- Peru: bank guarantees.
- Ghana: reclamation bonds underwritten by banks and restricted cash.

See further discussions on p104 of the Integrated Annual Report.

LITIGATION

Randgold & Exploration summons

On 21 August 2008, Gold Fields Operations Limited, formerly known as Western Areas Limited (WAL), a subsidiary of Gold Fields Limited, received a summons from Randgold & Exploration Company Limited (R&E) and African Strategic Investment (Holdings) Limited. The summons claims that during the period that WAL was under the control of Brett Kebble, Roger Kebble and others, WAL assisted in the unlawfully disposal of shares owned by R&E in Randgold Resources Limited, or Resources, and Afrikander Lease Limited, now Uranium One.

The claims have been computed in various ways. The highest claims have been computed on the basis of the highest prices of Resources and Uranium One between the dates of the alleged thefts and May 2017 (approximately R43.7 billion). The alternative claims will be computed based on the value of the shares as at the date of judgement (which is not yet calculable), plus dividend amounts that would have been received and based on the market value of the shares at the time they were allegedly misappropriated, plus dividends that would have been received (cumulatively equating to approximately R26.9 billion).

Simultaneously with delivering its plea, Gold Fields Operations Limited joined certain third parties to the action (namely JCI Limited, JC Lamprecht, RAR Kebble and the deceased and insolvent estate of BK Kebble), in order to enable it to claim compensation against such third parties in the event that the plaintiffs are successful in one or more of their claims. In addition, notices in terms of section 2(2) (b) of the Apportionment of Damages Act, 1956 were served on various parties by Gold Fields Operations Limited, in order to enable it to make a claim for a contribution against such parties in terms of the Apportionment of Damages Act, should the plaintiffs be successful in one or more of its claims.

A case manager has been appointed to manage the process to ensure that it progresses and that a trial date is allocated in due course.

Gold Fields Operations Limited's assessment remains that it has sustainable defences to these claims and, accordingly, Gold Fields Operation Limited's attorneys were instructed to vigorously defend the claims.

Silicosis and tuberculosis class and individual actions

As previously disclosed, a consolidated application has been brought against several South African mining companies, including Gold Fields, for certification of a class action on behalf of current or former mineworkers (and their dependants) who have allegedly contracted silicosis and/or tuberculosis while working for one or more of the mining companies listed in the application.

In May 2016, the South African South Gauteng High Court ordered, among other things, the certification of a silicosis class and a tuberculosis class.

The High Court ruling did not represent a ruling on the merits of the cases brought against the mining companies. The Supreme Court of Appeal granted the mining companies leave to appeal against all aspects of the May 2016 judgement. The appeal hearing before the Supreme Court of Appeal was scheduled to be heard in March 2018.

On 10 January 2018, it was announced that attorneys representing all appellants and all respondents involved in the above appeal hearing before the Supreme Court of Appeal have written to the Registrar of the Supreme Court of Appeal asking that the appeal proceedings be postponed until further notice. The Supreme Court of Appeal has granted approval for the postponement. The joint letter written to the Registrar of the Supreme Court of Appeal explained that good faith settlement negotiations between the Occupational Lung Disease Working Group (see below) and claimants' legal representatives have reached an advanced stage. In view of that, all parties consider it to be in the best interests of judicial economy and the efficient administration of justice that the matter be postponed.

In addition to the class action, an individual silicosis-related action has been instituted against Gold Fields and another mining company. In February 2018, the defendants (including Gold Fields) and the plaintiff entered into a confidential settlement agreement in full and final settlement of this matter.

Occupational Lung Disease Working Group

The Occupational Lung Disease Working Group was formed in fiscal 2014 to address issues relating to compensation and medical care for occupational lung disease in the South African gold mining industry. The working group, made up of African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater, had extensive engagements with a wide range of stakeholders since its formation, including government, organised labour, other mining companies and the legal representatives of claimants who have filed legal actions against the companies.

The members of the working group are among respondent companies in a number of legal proceedings related to occupational lung disease, including the class action referred to above. The working group is however of the view that achieving a comprehensive settlement which is both fair to past, present and future employees and sustainable for the sector, is preferable to protracted litigation. The working group will continue with its efforts to find common ground with all stakeholders, including government, labour and the claimants' legal representatives.

Provision raised

As at 30 June 2017, as a result of the ongoing work of the working group and engagements with affected stakeholders since 31 December 2016, Gold Fields provided an amount of US$30 million (R390 million) in the statement of financial position for its share of the estimated cost in relation to the working group of a possible settlement of the class action claims and related costs. The nominal value of this provision was US$40 million (R509 million).

Gold Fields believe that this remains a reasonably estimate of its share of the estimated cost in relation to the working group of a possible settlement of the class action claims and related costs. As a result, Gold Fields' provision for this obligation is US$32 million (R390 million) as at 31 December 2017. The nominal value of this provision remained unchanged at US$40 million (R509 million).

The ultimate outcome of these matters remains uncertain, with a possible failure to reach a settlement or to obtain the requisite court approval for a potential settlement. The provision is consequently subject to adjustment in the future, depending on the progress of the working group discussions, stakeholder engagements and the ongoing legal proceedings.

DIRECTORS' REPORT continued

South Deep tax dispute

The South Deep mine (South Deep) is jointly owned and operated by GFI Joint Venture Holdings Proprietary Limited (GFIJVH) (50%) and Gold Fields Operations Limited (GFO) (50%).

At 31 December 2017, South Deep's gross deductible temporary differences amounted to US$1,834.4 million (R23,076.4 million), resulting in a deferred tax asset balance of US$550.4 million (R6,923.0 million) in addition to other taxable temporary differences. This amount is included in the consolidated deferred tax asset of US$72.0 million on Gold Fields' statement of financial position. South Deep's gross deductible temporary differences comprises unredeemed capital expenditure balances of US$743.3 million (R9,350.3 million) (tax effect: US$223.0 million (R2,805.1 million)) at GFIJVH and US$716.4 million (R9,011.9 million) (tax effect: US$214.9 million (R2,703.6 million)) at GFO, a capital allowance balance (additional capital allowance) of US$182.2 million (R2,292.0 million) (tax effect: US$54.7 million (R687.6 million)) at GFIJVH and an assessed loss balance of US$192.5 million (R2,422.2 million) (tax effect: US$57.8 million (R726.7 million)) at GFO.

During the September 2014 quarter, the South African Revenue Service (SARS) issued a Finalisation of Audit Letter (the Audit Letter) stating that SARS has restated GFIJVH's additional capital allowance balance reflected on its 2011 tax return from US$182.2 million (R2,292.0 million) to nil. The tax effect of this amount is US$54.7 million (R687.6 million), that being referred to above as the 'additional capital allowance'.

The additional capital allowance was claimed by GFIJVH in terms of section 36(11)(c) of the South African Income Tax Act, 1962 (the Act). The additional capital allowance provides an incentive for new mining development and only applies to unredeemed capital expenditure. The additional capital allowance allows a 12% capital allowance over and above actual capital expenditure incurred on developing a deep level gold mine, as well as a further annual 12% allowance on the mine's unredeemed capital expenditure balance brought forward, until the year that the mine starts earning mining taxable income (i.e. when all tax losses and unredeemed capital expenditure have been fully utilised).

In order to qualify for the additional capital allowance, South Deep must qualify as a 'post-1990 gold mine' as defined in the Act. A 'post-1990 gold mine', according to the Act, is defined as 'a gold mine which, in the opinion of the Director-General: Mineral and Energy Affairs, is an independent workable proposition and in respect of which a mining authorisation for gold mining was issued for the first time after 14 March 1990'.

During 1999, the Director-General: Minerals and Energy Affairs (DME) and SARS confirmed, in writing, that GFIJVH is a 'post-1990 gold mine' as defined, and therefore qualified for the additional capital allowance. Relying on these representations, GFIJVH subsequently filed its tax returns on this basis, as was confirmed by the DME and SARS.

In the Audit Letter, SARS stated that both the DME and SARS erred in issuing the confirmations as mentioned above and that GFIJVH does not qualify as a 'post-1990 gold mine' and therefore does not qualify for the additional capital allowance.

The Group has taken legal advice on the matter and was advised by external Senior Counsel that SARS should not be allowed to disallow the claiming of the additional capital allowance. GFIJVH has in the meantime not only formally appealed against the position taken by SARS, but also filed an application in the High Court and will vigorously defend its position. No resolution was achieved during the year as the Tax Court allowed SARS to amend its grounds of assessment in the days leading up to the commencement of the trial. Consequently the Tax Court proceedings could not be completed in the time allotted for the hearing. The continuance of the Tax Court hearing is expected to take place during 2019.

The Group is currently reviewing all its legal remedies, which include approaching the High Court for a declaratory order.

Accordingly, no adjustment for any effects on the Company that may result from the proceedings, if any, has been made in the consolidated financial statements.

ADMINISTRATION

The office of Company Secretary of Gold Fields Limited was held by Lucy Mokoka for the period under review.

Computershare Investor Services Proprietary Limited are the Company's South African transfer secretaries and Capita Registrars are the United Kingdom registrars of the Company.

AUDITORS

The Audit Committee has recommended to the Board that KPMG Inc. continues in office in accordance with section 90(1) of the Companies Act No 71 of 2008 (as amended).

SUBSIDIARY COMPANIES

Details of major subsidiary companies in which the Company has a direct or indirect interest are set out on p211 – 212 of this Annual Financial Report.

AUDIT COMMITTEE REPORT

for the year ended 31 December

The Audit Committee (the Committee) was appointed by the shareholders at the AGM in May 2017. Gayle Wilson, who chaired the Audit Committee for nine years, retired from the Gold Fields Board at the AGM. The Committee thanked Mrs Wilson for the distinguished manner in which she served as Audit Committee Chair and for her immense contribution to Gold Fields. Yunus Suleman was appointed as the new Chair of the Audit Committee at the May 2017 AGM.

The members of the Committee are all independent non-executive directors and no new members were appointed to the Committee during 2017. Details of the number of meetings held and attendance by members at meetings are included on p6 of this report. The directors of Gold Fields (the Board) continue to believe that the Committee members collectively have the necessary skills to carry out its duties effectively and with due care.

The Committee has reporting responsibilities to both the shareholders and the Board and is accountable to them. Its duties are set out in the Audit Committee Charter which are reviewed annually and incorporate the Committee's statutory obligations as set out in the South African Companies Act No 71 of 2008 (SA Companies Act), as amended, and the King IV Report on Governance Principles for South Africa (King IV). A work plan is drawn up annually incorporating all these obligations and progress is monitored to ensure all these obligations are fulfilled. During 2017, the Committee reviewed the relevant principles as detailed in King IV and aligned its charter accordingly.

It is the duty of the Committee, among other things, to monitor and review:

- The preparation of the Annual Financial Statements, ensuring fair presentation and compliance with International Financial Reporting Standards (IFRS) and the SA Companies Act and recommending same to the Board for approval.
- The integrity of the Integrated Annual Report by ensuring that its content is reliable, includes all relevant operational, financial and other non-financial information, risk and other relevant factors.
- Quarterly, interim and operational reports and all other widely distributed documents.
- The Form 20-F filing with the US Securities Exchange Commission (SEC).
- Accounting policies of the Group and proposed revisions, and significant and unusual transactions, estimates and accounting judgements.
- The effectiveness of the internal control environment.
- The effectiveness of the internal audit function.
- The effectiveness of the external audit function.
- Recommending the appointment of the external auditor and approving remuneration of external auditors and reviewing the scope of their audit, their reports and findings and pre-approving all non-audit services in terms of policy.
- The reports of both internal and external auditors.
- The evaluation of the performance of the Chief Financial Officer.
- The adequacy and effectiveness of the Group's enterprise-wide risk management policies, processes and mitigating strategies.
- The governance of information and technology (I&T) and the effectiveness of the Group's information systems.
- The cash/debt position of the Group to determine that the going concern basis of reporting is appropriate.
- The combined assurance model and provide independent oversight of the effectiveness of the organisation's assurance functions and services, with particular focus on combined assurance arrangements.
- Compliance with applicable legislation, requirements of appropriate regulatory authorities and the Company's Code of Conduct.
- Policies and procedures for mitigating fraud.

External audit

- The Committee is responsible for recommending the appointment or reappointment of a firm of external auditors to the Board that, in turn, will recommend the appointment to the shareholders. The Committee is responsible for determining that the designated appointee firm and signing registered auditor have the necessary independence, experience, qualifications and skills and that the audit fee is adequate.
- The Committee evaluated the performance of KPMG during the year, including a detailed interrogation of its quality control procedures, its experience and technical expertise in the mining industry, its staff complement in terms of both numbers and skills in our different geographical areas and succession planning. The Committee is satisfied that KPMG has extensive experience and that Mandy Watson has significant audit experience.
- The Committee reviewed the documentation KPMG provided describing the firm's quality control procedures and in particular their process around the co-ordination of the global audit and the interaction between the corporate and regional teams. The Committee reviewed and assessed the independence of KPMG, including the firm's independence policies and their confirmation in writing that the criteria for independence as set out in the rules of the Independent Regulatory Board for Auditors and other international bodies have been followed.
- The Committee is satisfied that KPMG is independent of the Group.
- An external audit fee for the period of R36.1m (US$2.713m) was approved, as well as R1.6m (US$118,700) for audit-related fees and R485,000 (US$36,400) for tax services.
- The Committee has a documented policy on the nature and extent of non-audit services that the external auditor can provide and pre-approves all audit and permitted non-audit assignments by the Company's independent auditor.

- The Committee reviewed the annual audit plan presented at its meeting in August 2017 including the scope, materiality levels and significant risk areas establishing that the approach was appropriate to be responsive to organisational, regulatory changes and other applicable requirements and risks. The audit plan forms the basis of providing the Committee with the necessary assurances on risk management, the internal control environment and IT governance. The plan was approved.
- The Committee monitors progress against the plan and KPMG presented its first progress report at the November 2017 committee meeting. The auditors presented all issues identified during the audit and particularly on the results of its work carried out on high-risk areas, significant estimates and judgements as well as significant and unusual transactions.
- KPMG has direct access to the Committee and meets with the Committee Chair (Chair) before each meeting and on an ad hoc basis when required. KPMG reports to the Committee at each quarterly meeting as well as at the year-end meeting. In addition, the Committee regularly meets with KPMG separately without other invitees being present.
- The Committee has recommended that KPMG be reappointed for the 2018 financial year.

Significant accounting judgements and estimates

Significant areas requiring the use of management estimates and assumptions are detailed in note 1 to the accounting policies. Position papers were presented to the Committee by management detailing the estimates and assumptions used, the external sources and experts consulted and the basis on which they were applied in the calculations. These were debated and interrogated by the Committee and included, but were not limited to, the following areas:

Impairment of assets and goodwill

The impairments identified and recorded included:

- Impairment of goodwill within the South Deep cash-generating unit of US$277.8 million, mainly due to a reduction in the gold price assumptions, a lower resource price and a deferral of production.
- Impairment of listed and unlisted investments of US$3.7 million and asset specific impairments at Tarkwa, Damang and Cerro Corona of US$11.1m.
- The above were partially offset by impairment reversals relating to Cerro Corona of US$53.4 million due to an extension of the life-of-mine and APP of US$39 million due to the conclusion of a sales agreement.

Taxation

- The Committee is satisfied that a detailed review has been carried out by management, including the internal tax team, to provide a best estimate of the tax liability for the year (refer note 9).
- The Committee discussed the detailed papers on deferred tax presented at year-end. Deferred tax assets amounting to US$15.0m and US$2.4m were recognised at Cerro Corona and Damang respectively, to the extent that there will be sufficient future taxable income available (refer to note 23). A deferred tax liability of US$9.1m was recognised in respect of unremitted earnings at Tarkwa.

Contingent liabilities

- A number of contingent liabilities are disclosed in detail in note 34 to the Financial Statements. The contingent liabilities cover the silicosis matter, the South Deep tax dispute, acid mine drainage and the Randgold & Exploration summons. No new contingent liabilities were identified in 2017. The matter of the Ngadju people's claim was resolved during the year in favour of Gold Fields.
- All these matters are receiving ongoing attention from management, who are taking the appropriate advice from external advisers and specialists. The Committee was updated as to the current status and based on the evidence presented, the Committee concurred that it was not possible at this time to provide a reliable estimate of any possible liability. This position is unchanged from the prior year.

Internal audit

Gold Fields Internal Audit (GFIA) is an independent department within Gold Fields, which is headed by a Vice-President: Internal Audit (VP:IA), who is appointed and can be dismissed by the Committee. The VP:IA reports directly to the Committee and the Committee assesses the performance of GFIA annually. The VP:IA has direct access to the Chair, members of the Committee and the Chair of the Board. The Chair meets with the VP:IA once a quarter and on an ad hoc basis as required. The VP:IA also meets with the Committee without management at least annually and whenever deemed necessary by either the VP:IA or the Committee.

The Committee is satisfied with the resources of the function and is confident that the skills and experience of the team will fulfil its mandate.

The Committee determines the purpose, authority and responsibility of GFIA in an Internal Audit Charter which is reviewed and approved annually. GFIA operates in accordance with the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (IIA). The internal audit activities carried out during the year were identified through a combination of the Gold Fields risk management framework, which includes the combined assurance framework, and the risk-based methodologies adopted by GFIA. The Committee approves the annual internal audit assurance

AUDIT COMMITTEE REPORT continued

for the year ended 31 December

plan presented by GFIA and monitors progress against the plan reported to the Committee each quarter. GFIA has ensured its framework is aligned with COSO 2013.

The internal control systems of the Group are designed to provide reasonable assurance on the maintenance of proper accounting records and the reliability of financial information. It also covers operational areas, compliance with the Gold Fields Code of Conduct and the sustainability records. These systems are monitored by GFIA and its findings and recommendations are reported to the Committee and to senior management.

GFIA reports deficiencies to the Committee every quarter together with recommended remedial actions which are then followed up to ensure the necessary action has been taken. GFIA provided the Committee with a written report which assessed that the internal financial controls, IT governance and the risk management processes were adequate during the year.

Information and technology governance

Information and technology governance remains a key focus for the Group and the Committee is responsible for ICT governance on behalf of the Board. The Committee works with the Risk Committee on ICT matters.

The Vice-President and Group Head of Information and Communication Technology (ICT) is responsible for executing on ICT governance. The Committee reviews his report, which includes the results of all review and testing conducted by management and internal audit, at each meeting. The Gold Fields ICT Charter defines the overall direction and governance for ICT across the Group.

Gold Fields has adopted the Control Objectives for Information Technology (COBIT) as a governance framework, and regular assessments are conducted that determine the maturity of ICT governance processes. Across the Group, Gold Fields ICT is operating at an overall maturity level of between 3 and 4, which indicates that the Group's governance framework and processes are formally defined and monitored. Further, considering the nature of cyber security and the rising global cyber risk, Gold Fields has embarked on a journey to further enhance its cyber security. Areas of ICT risks across the Group have been defined as part of the Group's overall risk management framework, and formal policies and procedures are documented and updated regularly for these areas.

Cyber security has now become a key component of information and technology governance and forms part of the Group's ICT governance and risk agenda.

The Committee that is responsible for ensuring compliance/adherence to Group ICT policies and procedures is the ICT GRASSC (Governance, Risk, Architecture, Standards, Security Compliance) Committee. The GRASSC Committee reviews compliance to the governance framework quarterly and recommends improvements as appropriate.

Chief Financial Officer

The Committee evaluated the expertise and performance of the Chief Financial Officer (CFO), Paul Schmidt. The Committee continues to be satisfied that Mr Schmidt has the appropriate expertise and experience to carry out his duties as CFO of the Company and the Group and is supported by highly qualified and competent senior staff. This conclusion is supported by input from both internal and external auditors.

Group governance and compliance

The Committee is also responsible for monitoring governance and compliance for the Gold Fields Group and it is a key focus area for the Board and management as a whole.

The Group Compliance Officer has a detailed and systemic framework in place to identify all statutes applicable to Gold Fields in all the jurisdictions in which the Group operates. Updates on regulatory changes are sourced from external legal sources and internally assessed for application/impact. Changes are recorded and monitored on a monthly basis. The assessment of potential and/or actual risk exposure of non-compliance regarding the identified applicable statutes per jurisdiction includes potential exposure to financial loss as well as operational and reputational risks. Mitigating controls designed to proactively manage the risks are identified, documented and maintained. Internal audit carries out a review of the effectiveness (in terms of design and operating effectiveness) of the control procedures and reports on the level of compliance. The results are reported to the Committee in detailed schedules and an annual compliance index is calculated for the Group.

Also, under the ambit of risk exposure assessment, all active contractors and suppliers are screened on a monthly basis. A screening risk calculator is applied to those assessed entities posing a risk to Gold Fields.

The Committee also ensures that the Gold Fields Code of Conduct (the code) is effective and implemented diligently throughout the Gold Fields Group (available on the Gold Fields website at **www.goldfields.com**). All breaches and contraventions are diligently investigated, and where necessary, decisive action is taken, which may include disciplinary action. Continued code training and awareness have remained a key focus area during 2017, and an e-learning programme was launched in late 2017 to reinforce the provisions of the code.

The Committee is also responsible for ensuring that all calls to the Gold Fields Tip-Offs-line – administered by an independent external party – are dealt with in a proactive manner within Gold Fields. The Chair of the Audit Committee together with GFIA are custodians of the formalised and documented investigation procedure which is in place and where appropriate and necessary will make use of external advisers and experts to investigate matters or follow up on processes. The number and nature of these calls is reported at the quarterly Committee meetings. The details, including the detail of the action taken, are also reported by the Chair to the Social, Ethics and Transformation Committee members.

Gold Fields has also reaffirmed its commitment to fighting bribery and corruption by implementing a Group anti-bribery and corruption policy in late 2016.

Risk management

A separate Risk Committee exists which deals with Group operational and financial risks, and the requisite reporting as required annually. There is ongoing interaction between the Risk and Audit committees and the management of financial risk remains a key focus of the Committee, management and internal audit. Gold Fields' Group and regional risk disclosures are on p8 – 11 of the Integrated Annual Report.

Internal control statement

Management is accountable to the Board for the design, implementation, monitoring and integrating of internal financial controls for the day-to-day running of the Group, focusing on the efficiency and effectiveness of operations, safeguarding the Group's assets, legal and regulatory compliance, business sustainability and reliable reporting, including financial reporting.

The Committee has discussed and documented the basis for its conclusion which includes discussions with internal and external auditors as well as management.

During 2017, management identified a material weakness in internal control over financial reporting related to the inappropriate continued application of the accounting methodology used to amortise the mineral rights asset at the Australian operations. Specifically, management's controls were not adequately designed to develop sufficiently precise estimates over the endowment portion of the useful life of the mineral rights to prevent or detect a potential material error in the consolidated financial statements. However, the deficiency was remediated at year-end.

As of 31 December 2017, management has selected an accounting methodology to reduce the estimation uncertainty in the amortisation of the mineral rights at the Australian operations. The controls relating to the initial selection and continued application of accounting policies were tested as of 31 December 2017 and management has concluded, through this testing, that these controls were operating effectively. Based on these efforts, the identified material weakness relating to internal controls over the selection of accounting policies has been remediated as of 31 December 2017.

The Committee is of the opinion that the financial records can be relied upon as a reasonable basis for the preparation of the annual financial statements.

Audit Committee statement

The Committee considered and discussed the Annual Financial Report, the Corporate Governance Report and the Integrated Annual Report (IAR) with both management and the external auditors.

During this process, the Committee:
- Reviewed the financial statements included in the Annual Financial Report for consistency, fair presentation and compliance with IFRS.
- Evaluated significant estimates and judgements and reporting decisions.
- Reviewed the documentation supporting the going concern basis of accounting and concluded that it is appropriate.
- Evaluated the material factors and risks that could impact the Annual Financial Report and IAR.
- Evaluated the completeness of the financial and sustainability disclosures.
- Discussed the treatment of significant and unusual transactions with management and the external auditors.
- Reviewed and discussed the sustainability information disclosed in the IAR and is satisfied, based on discussions, that the information is reliable.

The Committee considers that the Annual Financial Report and the IAR comply in all material respects with the statutory requirements of the various regulations governing disclosure and reporting, and the annual financial statements comply in all material respects with the Companies Act No 71 of 2008, as amended, and with IFRS.

The Committee has recommended to the Board that the Annual Financial Statements included in the Annual Financial Report be adopted and approved by the Board.

Yunus Suleman
Chair: Audit Committee
27 March 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The following management's discussion and analysis of the financial statements should be read together with the Gold Fields consolidated financial statements, including the notes accompanying these financial statements.

OVERVIEW

Gold Fields is a significant producer of gold and a major holder of gold reserves and resources in South Africa, Ghana, Australia and Peru. In Peru, Gold Fields also produces copper. In addition, Gold Fields is developing the Gruyere Gold Project in Western Australia and completing a feasibility study on the Salares Norte deposit in Chile. Gold Fields is primarily involved in underground and surface gold and surface copper mining and related activities, including exploration, extraction, processing and smelting.

In 2017, the South African, Ghanaian, Peruvian and Australian operations produced 13%, 32%, 13% and 42% of its total gold production, respectively.

Gold Fields' South African operation is South Deep. Gold Fields also owns the St Ives, Agnew/Lawlers, Granny Smith and Darlot (up to October 2017 when the mine was disposed of) gold mining operations in Australia and has a 90.0% interest in the Tarkwa and Damang mines in Ghana. Gold Fields also owns a 99.5% interest in the Cerro Corona mine in Peru.

Darlot

In 2017, Gold Fields sold the Darlot mine in Western Australia, through a wholly owned subsidiary, to ASX-listed Red 5 Limited ("Red 5") for a total consideration of A$18.5 million, comprising A$12 million in cash and 130 million Red 5 shares. The cash component was made up of an upfront amount of A$7 million which could be converted into participation in a Red 5 rights issue and A$5 million deferred for up to 24 months. The deferred consideration may be taken as additional shares in Red 5 or as cash at Gold Fields' election. The gain on disposal of Darlot was A$31 million (US$24 million).

The sale of Darlot was completed on 2 October 2017. Gold Fields received the relevant cash consideration (converted into participation in a rights issue) as well as the issue of the Red 5 shares as part of the consideration. Gold Fields participated in a rights issue by Red 5 and received 117 million additional shares valued at A$6 million (US$5 million). Gold Fields has a 19.9% shareholding in Red 5 with a market value of A$15 million (US$11 million).

Darlot has been disclosed as a discontinued operation and as a result the 2016 and 2015 comparative amounts in the income statement and statement of cash flows have been restated.

Gruyere Gold Project

On 13 December 2016, Gold Fields purchased 50% of the Gruyere Gold Project and entered into a 50:50 unincorporated joint venture with Gold Road Resources Limited ("Gold Road") for the development and operation of the Gruyere Gold Project in Western Australia, which comprises the Gruyere gold deposit as well as additional resources including Central Bore and Attila/Alaric (Gruyere).

Gold Fields acquired a 50% interest in the Gruyere Gold Project for a total purchase consideration of A$350 million (US$259 million) payable in cash and a 1.5% royalty on Gold Fields' share of production after total mine production exceeds two million ounces. The cash consideration was split with A$250 million (US$185 million) payable on the effective date and A$100 million (US$74 million) payable according to an agreed construction cash call schedule. Of the A$100 million payable, A$7 million was paid in 2016, A$78 million in 2017 and A$15 million remains outstanding at 31 December 2017. Transaction costs of A$19 million (US$13 million) were incurred.

Reserves and resources

As of 31 December 2017, Gold Fields reported attributable proven and probable gold and copper reserves of approximately 49 million ounces of gold and 764 million pounds of copper, as compared to the 48 million ounces of gold and 454 million pounds of copper reported as of 31 December 2016.

Gold production

Figures in thousands unless otherwise stated	2017 Gold produced – oz Managed	2017 Gold produced – oz Attributable	2016 Gold produced – oz Managed	2016 Gold produced – oz Attributable
South Deep	**281.3**	**281.3**	290.4	290.4
South Africa region	**281.3**	**281.3**	290.4	290.4
Tarkwa	**566.4**	**509.8**	568.1	511.3
Damang	**143.6**	**129.2**	147.7	132.9
Ghanaian region	**710.0**	**639.0**	715.8	644.2
Cerro Corona	**306.7**	**305.3**	270.2	268.9
South America region	**306.7**	**305.3**	270.2	268.9
St Ives	**363.9**	**363.9**	362.9	362.9
Agnew/Lawlers	**241.2**	**241.2**	229.3	229.3
Granny Smith	**290.3**	**290.3**	283.8	283.8
Australia region	**895.4**	**895.4**	875.9	875.9
Continuing operations	**2,193.3**	**2,121.0**	2,152.3	2,079.4
Discontinued operation – Darlot	**39.2**	**39.2**	66.4	66.4
Total Group	**2,232.5**	**2,160.2**	2,218.7	2,145.8

Gold production for the Group (continuing and discontinued operations) was 2.233 million ounces of gold equivalents in 2017, 2.160 million ounces of which were attributable to Gold Fields with the remainder attributable to non-controlling shareholders in Ghana and Peru. Total gold production for the Group (continuing and discontinued operations) was 2.219 million ounces of gold equivalents in 2016, 2.146 million ounces of which were attributable to Gold Fields with the remainder attributable to non-controlling shareholders in Ghana and Peru.

Gold production for continuing operations was 2.193 million ounces (2016: 2.152 million ounces) of gold equivalents in 2017, 2.121 million ounces (2016: 2.079 million ounces) of which were attributable to Gold Fields with the remainder attributable to non-controlling shareholders in Ghana and Peru.

Gold production from the discontinued operation, Darlot, was 0.039 million ounces in 2017 (2016: 0.066 million ounces), all of which were attributable to Gold Fields.

At South Deep in South Africa, production decreased by 3% from 9,032 kilograms (290,400 ounces) in 2016 to 8,748 kilograms (281,300 ounces) in 2017 due to decreased volumes, partially offset by increased grades. Production in 2017 was impacted by a weak March quarter after two fatal accidents and three fall-of-ground incidents negatively affected the contribution from the high grade areas.

At the Ghanaian operations, gold production decreased by 1% from 715,800 ounces in 2016 to 710,000 ounces in 2017. At Tarkwa, gold production decreased marginally from 568,100 ounces to 566,400 ounces mainly due to lower plant throughput and recovery. At Damang, gold production decreased by 3% from 147,700 ounces to 143,600 ounces mainly due to lower head grade and yield.

Gold equivalent production at Cerro Corona increased by 14% from 270,200 ounces in 2016 to 306,700 ounces in 2017 mainly due to the higher copper to gold price ratio as well as higher gold head grades and higher gold recovery.

At the Australian continuing operations, gold production increased by 2% from 875,900 ounces in 2016 to 895,400 ounces in 2017. At St Ives, gold production increased marginally from 362,900 ounces in 2016 to 363,900 ounces in 2017. At Agnew/Lawlers, gold production increased by 5% from 229,300 ounces in 2016 to 241,200 ounces in 2017 mainly due to an increase in ore processed due to a shortage of mill feed early in 2016 when the mill was running below capacity. At Granny Smith, gold production increased by 2% from 283,800 ounces in 2016 to 290,300 ounces in 2017 due to increased ore tonnes mined and processed.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Total gold production for the discontinued operation, Darlot, decreased by 41% from 66,400 ounces for the 12 months to December 2016 to 39,200 ounces for the nine months to September 2017 mainly due to lower grades mined and the three-month shorter period accounted for in 2017.

REVENUES

Substantially all of Gold Fields' revenues are derived from the sale of gold and copper. As a result, Gold Fields' revenues are directly related to the prices of gold and copper. Historically, the prices of gold and copper have fluctuated widely. The gold and copper prices are affected by numerous factors over which Gold Fields does not have control. The volatility of gold and copper prices is illustrated in the following tables, which show the annual high, low and average of the London afternoon fixing price of gold and the London Metal Exchange cash settlement price for copper in US dollars for the past 12 calendar years (2006 – 2017):

	Price per ounce[1]		
	High	Low	Average
Gold	(US$/oz)		
2006	725	525	604
2007	834	607	687
2008	1,011	713	872
2009	1,213	810	972
2010	1,421	1,058	1,224
2011	1,895	1,319	1,571
2012	1,792	1,540	1,669
2013	1,694	1,192	1,409
2014	1,385	1,142	1,266
2015	1,296	1,060	1,167
2016	1,355	1,077	1,250
2017	**1,346**	**1,151**	**1,257**

Source: I-Net
[1] Rounded to the nearest US dollar.

On 20 March 2018, the London afternoon fixing price of gold was US$1,311/oz.

	Price per tonne[1]		
	High	Low	Average
Copper	(US$/t)		
2006	8,788	4,537	6,728
2007	8,301	5,226	7,128
2008	8,985	2,770	6,952
2009	7,346	3,051	5,164
2010	9,740	6,091	7,539
2011	9,986	7,062	8,836
2012	8,658	7,252	7,951
2013	8,243	6,638	7,324
2014	7,440	6,306	6,861
2015	6,401	4,347	5,376
2016	5,936	4,311	4,863
2017	**7,216**	**5,466**	**6,166**

Source: I-Net
[1] Rounded to the nearest US dollar.

On 20 March 2018, the LME cash settlement price for copper was US$6,784/t.

As a general rule, Gold Fields sells the gold it produces at market prices to obtain the maximum benefit from prevailing gold prices and does not enter into hedging arrangements such as forward sales or derivatives which establish a price in advance for the sale of its future gold production. Hedges can be undertaken in one or more of the following circumstances: to protect cash flows at times of significant capital expenditures, for specific debt servicing requirements and to safeguard the viability of higher cost operations. Significant changes in the prices of gold and copper over a sustained period of time may lead Gold Fields to increase or decrease its production in the near-term, which could have a material impact on Gold Fields' revenues.

Sales of copper concentrate are "provisionally priced" – that is, the selling price is subject to final adjustment at the end of a period normally ranging from 30 to 90 days after delivery to the customer, based on market prices at the relevant quotation points stipulated in the contract.

Revenue on provisionally priced copper concentrate sales is recorded on the date of shipment, net of refining and treatment charges, using the forward London Metal Exchange price to the estimated final pricing date, adjusted for the specific terms of the agreements. Variations between the price used to recognise revenue and the actual final price received can be caused by changes in prevailing copper and gold prices and result in an embedded derivative. The host contract is the receivable from the sale of copper concentrate at the forward London Metal Exchange price at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked-to-market each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of revenue while the contract itself is recorded in trade receivables.

Gold Fields' realised gold and copper prices

The following table sets out the average, the high and the low London afternoon fixing price per ounce of gold and Gold Fields' average US dollar realised gold price during the past three years.

Realised gold price[1]	2017	2016	2015
Average	**1,257**	1,250	1,167
High	**1,346**	1,355	1,296
Low	**1,151**	1,077	1,060
Gold Fields' average realised gold price[2]	**1,255**	1,241	1,140

[1] *Prices stated per ounce.*
[2] *Gold Fields' average realised gold price may differ from the average gold price due to the timing of its sales of gold within each year.*

The following table sets out the average, the high and the low London Metal Exchange cash settlement price per tonne for copper and Gold Fields' average US dollar realised copper price for 2015, 2016 and 2017.

Realised copper price[1]	2017	2016	2015
Average	**6,166**	4,863	5,376
High	**7,216**	5,936	6,401
Low	**5,466**	4,311	4,347
Gold Fields' average realised copper price[2]	**6,131**	4,913	4,787

[1] *Prices stated per tonne.*
[2] *Gold Fields' average realised copper price may differ from the average copper price due to the timing of its sales of copper within each year.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

PRODUCTION

Gold Fields' revenues are primarily driven by its production levels and the price it realises on the sale of gold. Production levels are affected by a number of factors, some of which are described below. Total managed production for the Group (continuing and discontinued operations) increased marginally from 2.22 million ounces in 2016 to 2.23 million ounces in 2017.

Total managed production from continuing operations increased by 2% from 2.15 million ounces in 2016 to 2.19 million ounces in 2017.

At the discontinued operation, Darlot, total managed production decreased by 41% from 66,400 ounces for the 12 months to December 2016 to 39,200 ounces for the nine months to September 2017.

LABOUR IMPACT

In recent years, Gold Fields has experienced union activity in some of the countries in which it operates, specifically South Africa and Ghana.

South Deep has a relatively well educated labour force with a component of skilled and semi-skilled employees who receive remuneration packages that are competitive and highly incentivised. There is also no evidence to date that the Association of Mineworkers and Construction Union ("AMCU"), which has been responsible for extensive strike action at South Africa's gold and platinum mines, has established a material presence at the mine. The National Union of Mineworkers ("NUM") is the dominant union.

A critical element of delivering safe production is a workforce that is appropriately structured and skilled to achieve the required results. Apart from focused recruitment and training programmes and setting up the right culture at the operations, it also means right-sizing the number of employees and contractors when conditions require this. In early 2018, Gold Fields announced a move by Tarkwa to contractor mining and restructuring of management levels at South Deep.

Over the years, Gold Fields has sought to develop relationships with trade unions that are supportive of the delivery of our business objectives, and the Group remains committed to this engagement. Of late, however, the experience at South Deep and Tarkwa has been that there appears to be limited flexibility by unions to adjust working conditions that currently compromise the delivery of our business objectives.

There were no work stoppages as a result of strikes during 2017, 2016 and 2015 at all the Gold Fields operations.

HEALTH AND SAFETY IMPACT

Gold Fields' operations are also subject to various health and safety laws and regulations that impose various duties on Gold Fields' mines while granting the authorities broad powers to, among other things, close or suspend operations at unsafe mines and order corrective action relating to health and safety matters. Additionally, it is Gold Fields' policy to halt production at its operations when serious accidents occur in order to rectify dangerous situations and, if necessary, retrain workers. During 2017, Gold Fields operations suffered 15 work safety-related stoppages, two related to the two fatalities in January and February and 11 related to unsafe conditions. During 2016, Gold Fields operations suffered 16 work safety-related stoppages, two related to the fatality in September and 14 related to unsafe conditions. In South Africa, Gold Fields has actively engaged with the Department of Mineral Resources ("DMR") on the protocols applied to safety-related mine closures.

Gold Fields expects that should these factors continue, production levels in the future will be impacted.

COSTS

Over the last three years, Gold Fields' production costs consisted primarily of labour and contractor costs, power, water and consumable stores, which include explosives, diesel fuel, other petroleum products and other consumables. Gold Fields expects that its total costs, particularly the input costs noted above, are likely to continue to increase in the near future driven by general economic trends, market dynamics and other regulatory changes.

In order to counter the effect of increasing costs in the mining industry, the Group rationalised and prioritised capital expenditure without undermining the sustainability of its operations and continued prioritisation of cash generation over production volumes. The Group also undertook further reductions in labour costs. One of Gold Fields' strategic priorities relates to the proactive management of costs with a view of achieving a 15% free cash flow margin at a US$1,300 per ounce gold price.

South Africa region

The Gold Fields' South African operation is labour intensive due to the use of deep level underground mining methods. As a result, over the last three fiscal years labour has represented on average approximately 38% of all-in costs ("AIC"), as defined on page 38, at the South African operation. In 2017, labour represented approximately 42% of AIC at the South African operation.

At the latest wage talks with organised labour which commenced on 19 March 2015, Gold Fields offered an all-inclusive package which included a scarce skills allowance and a housing allowance. On 10 April 2015, the Group signed a three-year wage and other conditions of employment agreement with the NUM and UASA, the registered trade unions at South Deep. The agreement resulted in average annual wage increases of 10% over the three-year period of the deal. The first increase took effect on 1 April 2015. New negotiations have commenced in 2018.

At the South African operation, power and water made up on average approximately 8% of AIC over the last three years. In 2017, power and water costs made up 8% of AIC. National Energy Regulator of South Africa ("NERSA") granted Eskom an average five-year increase of 8% over the period 1 April 2013 to 31 March 2017. For 2018, Eskom was granted an increase of 5.23%. It is not clear what increases will be granted in the future.

West Africa region

Both Tarkwa and Damang concluded tariff negotiations for 2014 and 2015 with their respective power suppliers (the state electricity supplier, the Volta River Authority ("VRA"), supplies power to Tarkwa and the Electricity Company of Ghana ("ECG") provides power to Damang). The ECG's tariff for the period 1 January 2014 to 31 December 2014 was US$0.22/kWh, from 1 January 2015 to 31 July 2015 was US$0.23/kWh, from 1 February 2016 to 31 December 2016 was US$0.23/kWh and 1 January to 31 December 2017 was US$0.23/kWh. Following negotiations with management, ECG agreed to decrease its tariffs to US$0.20/kWh from 1 August 2015 to 31 January 2016. Tarkwa has agreed tariffs with VRA with a base tariff of US$0.17/kWh with effect from 1 January 2015 using a tariff model which inputs actual variables (including the generation mix and input prices) of the previous quarter to determine the tariff for the current quarter. The average VRA tariff for 2016 was US$0.16/kWh and for 2017 was US$0.167/kWh.

In order to reduce their reliance on power supplied by VRA and ECG, Tarkwa and Damang entered into life-of-mine linked 15 and eight year Power Purchase Agreements ("PPA") with independent power producer Genser Energy, or Genser. Under the PPA, Genser commissioned gas power plants at Tarkwa and Damang in December 2016. Genser has installed three 11MW turbines at Tarkwa and five 5.5MW turbines at Damang. Damang is able to operate totally from these gas turbines, with Tarkwa currently at 55%. Damang now has three sources of electricity: ECG, on-site diesel power generators and the Genser solution. A fourth 15MW gas turbine machine at Tarkwa is expected to be commissioned by end Q1 2018, to enable Tarkwa to operate primarily from gas turbines, with VRA GridCo as backup by maintaining a minimum consumption to qualify as a bulk power user. These plants were commissioned in December 2016.

For the period of 2016 to 2017, the Public Utilities Regulatory Commission in Ghana has increased tariffs by 3.1% ($0.0489 kWh). On 5 April 2017, the Energy Sector Levies (Amendment) Act, 2017 (Act 946) revised imposed levies with a reduction in the public lighting and National Electrification Levy of 3% and 2% respectively charged on electricity consumption by all categories of customers.

Power and water costs represented on average 9% of AIC at Tarkwa over the last three years, and 8% of AIC during 2017. Over the last three years, power and water costs represented on average 12% of AIC at Damang with 15% in 2017.

Contractor costs represented on average 6% of AIC at Tarkwa over the last three years, and 7% of AIC during 2017. Over the last three years, contractor costs represented on average 20% of AIC at Damang with 23% in 2017. Following the restructuring concluded in the first half of 2016 in Damang, the direct labour cost has decreased as all mining and development is performed by outside contractors. Direct labour costs represent on average a further 15% of AIC at Tarkwa over the last three years and 17% in 2017. Over the last three years, direct labour costs represented on average 14% at Damang and 15% in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Gold Fields' operations in Ghana consume large quantities of diesel fuel for the running of their mining fleet. The cost of diesel fuel is directly related to the oil price and any movement in the oil price will have an impact on the cost of diesel fuel and therefore the cost of running the mining fleet. Over the last three years, fuel costs have represented approximately 11% of AIC at the Ghana operations. In 2017, fuel costs represented 13% of AIC at the Ghana operations. Fuel use is proportionately higher at the Ghana operations than at other operations because open pit mining in general requires more fuel usage than underground mining and because of the configuration of the Ghana operations, including the scale of certain of the pits and the distances between the pits and the plants.

South American region
At Cerro Corona, contractor cost represented on average 25% of AIC over the last three years and 27% of AIC during 2017. Direct labour costs represent on average a further 17% of AIC over the last three years and 18% in 2017. Power and water made up on average a further 5% of AIC over the last three years and 6% in 2017.

Australia region
At the Australian operations, mining operations were historically conducted by outside contractors. However, at Agnew, owner mining at the underground operations commenced in May 2010, while development is still conducted by outside contractors. At St Ives, owner mining commenced in July 2011 at the underground operations and in July 2012 at the surface operations, but development is still conducted by contractors. Over the last three years, total contractor costs represented on average 21% at St Ives and 39% at Agnew of AIC and direct labour costs represented on average a further 16% at St Ives and 18% at Agnew of AIC. In 2017, contractors and direct labour cost represented 21% and 15% at St Ives and 39% and 19% at Agnew/Lawlers, respectively. Power and water made up, on average, a further 9% and 6% of AIC over the last three years and 7% and 5% of AIC in 2017 at St Ives and Agnew, respectively. At Granny Smith, mining operations and development are conducted through owner mining. Over the last three years, contractors and direct labour cost represented, on average, 16% and 25%, respectively, at Granny Smith. In 2017, contractors and direct labour cost represented 16% and 24% at Granny Smith. Power and water made up, on average, a further 8% of AIC over the last three years and 8% of AIC in 2017 at Granny Smith.

At the discontinued operation, over the last three years, contractors and direct labour cost represented, on average, 17% and 35% at Darlot. In 2017, contractors and direct labour cost represented 18% and 37% at Darlot. Power and water made up, on average, a further 9% of AIC over the last three years and 10% of AIC in 2017 at Darlot.

The remainder of Gold Fields' total costs consists primarily of amortisation and depreciation, exploration costs and selling, administration and general and corporate charges.

ALL-IN SUSTAINING AND ALL-IN COSTS

The World Gold Council has worked closely with its member companies to develop definitions for "all-in sustaining costs" and "all-in costs". The World Gold Council is not a regulatory industry organisation and does not have the authority to develop accounting standards or disclosure requirements. Gold Fields ceased being a member of the World Gold Council in 2014. "All-in sustaining costs" and "All-in costs" are non-IFRS measures. These non-IFRS measures are intended to provide further transparency into the costs associated with producing and selling an ounce of gold. The new standard was released by the World Gold Council on 27 June 2013. It is expected that these metrics will be helpful to investors, governments, local communities and other stakeholders in understanding the economics of gold mining. The "all-in sustaining costs" incorporates costs related to sustaining current production. The "all-in costs" include additional costs which relate to the growth of the Group. All-in sustaining costs, as defined by the World Gold Council, are operating costs plus all costs not already included therein relating to sustaining current production, including sustaining capital expenditure. The value of by-product revenues such as silver and copper is deducted from operating costs as it effectively reduces the cost of gold production. All-in costs starts with all-in sustaining costs and adds additional costs which relate to the growth of the Group, including non-sustaining capital expenditure and exploration, evaluation and feasibility costs not associated with current operations.

All-in sustaining costs ("AISC") and AIC are reported on a per ounce of gold basis, net of by-product revenues (as per the World Gold Council definition) as well as on a per ounce of gold equivalent basis, gross of by-product revenues.

An investor should not consider AISC and AIC or operating costs in isolation or as alternatives to operating costs, cash flows from operating activities or any other measure of financial performance presented in accordance with International Financial Reporting Standards ("IFRS"). AISC and AIC as presented in this Annual Financial Report may not be comparable to other similarly titled measures of performance of other companies.

The following tables set out a reconciliation of Gold Fields' cost of sales before gold inventory change and amortisation and depreciation, as calculated in accordance with IFRS (refer to the consolidated financial statements), to its AISC and AIC net of by-product revenues per ounce of gold sold for 2017, 2016 and 2015. The following tables also set out AISC and AIC gross of by-product revenue on a gold equivalent ounce basis for 2017, 2016 and 2015.

	AISC and AIC, net of by-product revenue per ounce of gold										
	For the year ended 31 December 2017										
	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group[1]
	(in US$ million except as otherwise stated)										
Cost of sales before gold inventory change and amortisation and depreciation	306.3	348.0	121.3	187.6	154.9	156.8	151.2	0.4	1,426.5	46.3	1,472.8
Gold inventory change	(1.5)	(42.0)	0.9	(29.0)	(4.5)	3.6	3.1	–	(69.5)	0.9	(68.6)
Royalties	1.8	21.7	5.5	11.1	7.6	9.0	5.3	–	62.0	1.1	63.1
Realised gains and losses on commodity cost hedges	–	(0.8)	–	(0.3)	(0.1)	(0.1)	–	–	(1.3)	–	(1.3)
Community/social responsibility costs	2.0	11.1	0.4	–	–	–	6.7	–	20.2	–	20.2
Non-cash remuneration (share-based payments)	3.5	4.8	1.3	2.2	1.7	2.1	3.6	7.7	26.8	0.6	27.4
Cash remuneration (long-term employee benefits)	0.5	1.1	0.3	0.7	0.5	0.7	0.7	0.5	5.0	0.1	5.1
Other	–	–	–	–	–	–	1.0	9.8	10.8	–	10.8
By-product revenue[2]	(0.6)	0.9	(0.1)	(0.6)	(0.3)	(0.1)	(177.8)	–	(178.6)	(0.1)	(178.7)
Rehabilitation, amortisation and interest	0.2	7.0	0.7	5.5	2.1	1.2	5.8	–	22.6	0.4	23.0
Sustaining capital expenditure[3]	65.5	180.6	17.2	156.2	73.7	87.0	34.0	2.8	617.0	6.8	623.9
All-in sustaining costs[1]	377.7	532.4	147.5	333.5	235.7	260.1	33.5	21.2	1,938.9	56.1	1,997.8
Exploration, feasibility and evaluation costs[4]	–	–	–	–	–	–	–	59.9	59.9	–	59.9
Non-sustaining capital expenditure[3]	16.9	–	114.9	–	–	–	–	84.7	216.5	–	216.5
All-in costs[1]	394.6	532.4	262.4	333.5	235.7	260.1	33.5	165.8	2,218.1	56.1	2,274.2
Gold only ounces sold ('000oz)	281.8	566.4	143.6	363.9	241.2	290.3	164.7	–	2,051.9	39.2	2,091.1
All-in sustaining costs	377.7	532.4	147.5	333.5	235.7	260.1	33.5	21.2	1,938.9	56.1	1,997.8
All-in sustaining costs net of by-product revenue per ounce of gold sold (US$/oz)	1,340	940	1,027	916	977	896	203	–	945	1,432	955
All-in costs	394.6	532.4	262.4	333.5	235.7	260.1	33.5	165.8	2,218.1	56.1	2,274.2
All-in costs net of by-product revenue per ounce of gold sold (US$)	1,400	940	1,827	916	977	896	203	–	1,081	1,432	1,088

[1] *This total may not reflect the sum of the line items due to rounding.*

[2] *By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.*

[3] *Sustaining capital expenditure represents the majority of capital expenditures at existing operations, including underground mine development costs, ongoing replacement of mine equipment and other capital facilities and other capital expenditures at existing operations and is calculated as total capital expenditure per note 41 to the consolidated financial statements, less non-sustaining capital expenditures. Non-sustaining capital expenditures (or growth capital) represent capital expenditures for major growth projects as well as enhancement capital for significant infrastructure improvements at existing operations.*

[4] *Includes exploration, feasibility and evaluation and share of equity accounted losses of Far Southeast Gold Resources Incorporated ("FSE").*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

	AISC and AIC, gross of by-product revenue per ounce of gold										
	For the year ended 31 December 2017										
	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group[1]
	(in US$ million except as otherwise stated)										
All in sustaining costs (per table above)	377.7	532.4	147.5	333.5	235.7	260.1	33.5	21.2	1,938.9	56.1	1,997.8
Add back by-product revenue[2]	0.6	(0.9)	0.1	0.6	0.3	0.1	177.8	–	178.6	0.1	178.7
All-in sustaining costs gross of by-product revenue	378.3	531.5	147.6	334.1	236.0	260.3	211.3	21.2	2,117.5	56.2	2,176.5
All-in costs (per table above)	394.6	532.4	262.4	333.5	235.7	260.1	33.5	165.8	2,218.1	56.1	2,274.2
Add back by-product revenue[2]	0.6	(0.9)	0.1	0.6	0.3	0.1	177.8	–	178.6	0.1	178.7
All-in costs gross of by-product revenue	395.2	531.5	262.5	334.1	236.0	260.3	211.3	165.8	2,396.7	56.2	2,452.9
Gold equivalent ounces sold	281.8	566.4	143.6	363.9	241.2	290.3	313.8	–	2,201.1	39.2	2,240.2
All-in sustaining costs gross of by-product revenue (US$/equivalent oz)	1,342	938	1,028	918	978	897	673	–	962	1,435	972
All-in costs gross of by-product revenue (US$/equivalent oz)	1,402	938	1,828	918	978	897	673	–	1,089	1,435	1,095

[1] *This total may not reflect the sum of the line items due to rounding.*

[2] *By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.*

	AISC and AIC, net of by-product revenue per ounce of gold										
	For the year ended 31 December 2016										
	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group[1]
	(in US$ million except as otherwise stated)										
Cost of sales before gold inventory change and amortisation and depreciation	272.3	344.7	136.4	192.8	145.7	141.1	143.7	(1.1)	1,375.7	57.3	1,433.0
Gold inventory change	(0.7)	(17.5)	(0.4)	(11.0)	(5.1)	(7.4)	(3.8)	–	(45.9)	0.4	(45.5)
Royalties	1.8	35.4	9.2	11.5	7.1	8.8	4.6	–	78.4	2.0	80.4
Realised gains and losses on commodity cost hedges	–	–	–	0.6	0.2	0.7	–	–	1.6	0.1	1.6
Community/social responsibility costs	1.2	5.1	0.3	–	–	–	8.7	–	15.3	–	15.3
Non-cash remuneration (share-based payments)	2.3	2.5	0.3	1.5	0.8	0.9	2.0	3.6	13.9	0.4	14.4
Cash remuneration (long-term employee benefits)	2.4	3.0	0.8	0.9	0.9	1.0	1.8	(0.5)	10.4	0.6	11.0
Other	–	–	–	–	–	–	0.9	11.9	12.8	–	12.8
By-product revenue[2]	(0.5)	(1.5)	(0.1)	(0.8)	(0.2)	(0.1)	(130.6)	–	(133.8)	(0.3)	(134.1)
Rehabilitation, amortisation and interest	0.4	4.8	0.7	8.9	3.2	1.4	3.9	–	23.3	0.2	23.5
Sustaining capital expenditure[3]	70.1	168.4	37.9	140.0	70.0	90.3	42.8	–	619.4	21.4	640.8
All-in sustaining costs[1]	349.3	545.0	185.2	344.3	222.5	236.7	74.4	13.9	1,971.0	82.3	2,053.6
Exploration, feasibility and evaluation costs[4]	–	–	–	–	–	–	–	47.1	47.1	–	47.1
Non-sustaining capital expenditure[3]	7.8	–	–	–	–	–	–	1.3	9.1	–	9.1
All-in costs[1]	357.1	545.0	185.2	344.3	222.5	236.7	74.4	62.0	2,027.2	82.3	2,109.4
Gold only ounces sold ('000oz)	289.4	568.1	147.7	362.9	229.3	283.8	149.1	–	2,030.2	66.4	2,096.8
All-in sustaining costs	349.3	545.0	185.2	344.3	222.5	236.7	74.0	13.9	1,971.0	82.3	2,053.6
All-in sustaining costs net of by-product revenue per ounce of gold sold (US$/oz)	1,207	959	1,254	949	971	834	499	–	972	1,238	980
All-in costs	357.1	545.0	185.2	344.3	222.5	236.7	74.0	62.0	2,027.2	82.3	2,109.4
All-in costs net of by-product revenue per ounce of gold sold (US$)	1,234	959	1,254	949	971	834	499	–	998	1,238	1,006

[1] *This total may not reflect the sum of the line items due to rounding.*

[2] *By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.*

[3] *Sustaining capital expenditure represents the majority of capital expenditures at existing operations, including underground mine development costs, ongoing replacement of mine equipment and other capital facilities and other capital expenditures at existing operations and is calculated as total capital expenditure per note 41 to the consolidated financial statements, less non-sustaining capital expenditures. Non-sustaining capital expenditures (or growth capital) represent capital expenditures for major growth projects as well as enhancement capital for significant infrastructure improvements at existing operations.*

[4] *Includes exploration, feasibility and evaluation and share of equity accounted losses of Far Southeast Gold Resources Incorporated ("FSE").*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

	AISC and AIC, gross of by-product revenue per ounce of gold										
	For the year ended 31 December 2016										
	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group[1]
	(in US$ million except as otherwise stated)										
All in sustaining costs (per table above)	349.3	545.0	185.2	344.3	222.5	236.7	74.4	13.9	1,971.0	82.3	2,053.6
Add back by-product revenue[2]	0.5	1.5	0.1	0.8	0.2	0.1	130.6	–	133.8	0.3	134.1
All-in sustaining costs gross of by-product revenue	349.8	546.5	185.2	345.1	222.8	236.8	205.0	13.9	2,104.8	82.5	2,187.7
All-in costs (per table above)	357.1	545.0	185.2	344.3	222.5	236.7	74.4	61.5	2,027.1	82.3	2,109.5
Add back by-product revenue[2]	0.5	1.5	0.1	0.8	0.2	0.1	130.6	–	133.8	0.3	134.1
All-in costs gross of by-product revenue	357.6	546.5	185.2	345.1	222.8	236.8	205.0	61.5	2,161.0	82.5	2,243.6
Gold equivalent ounces sold	289.4	568.1	147.7	362.9	229.3	283.8	268.9	–	2,150.0	66.4	2,216.4
All-in sustaining costs gross of by-product revenue (US$/equivalent oz)	1,209	962	1,254	951	972	834	762	–	979	1,243	987
All-in costs gross of by-product revenue (US$/equivalent oz)	1,236	962	1,254	951	972	834	762	–	1,005	1,243	1,012

[1] *This total may not reflect the sum of the line items due to rounding.*

[2] *By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.*

AISC and AIC – Group (continuing and discontinued operations)
AISC net of by-product revenues for the Group decreased by 3% from US$980 per ounce of gold in 2016 to US$955 per ounce of gold in 2017, mainly due to a higher gold inventory credit, higher by-product credits, lower royalties and lower sustaining capital expenditure partially offset by higher cost of sales before gold inventory change and amortisation and depreciation and lower gold sold. AIC net of by-product revenues for the Group, increased by 8% from US$1,006 per ounce of gold in 2016 to US$1,088 per ounce of gold in 2017 due to higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

AISC gross of by-product revenues for the Group decreased by 2% from US$987 per equivalent ounce of gold in 2016 to US$972 per equivalent ounce of gold in 2017 mainly due to a higher gold inventory credit, lower royalties and lower sustaining capital expenditure, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation and lower gold sold. AIC gross of by-product revenues for the Group increased by 8% from US$1,012 per equivalent ounce of gold in 2016 to US$1,095 per equivalent ounce of gold in 2017, for the same reasons as AISC gross of by-product revenues.

AISC and AIC – Continuing operations
AISC net of by-product revenues from continuing operations decreased by 3% from US$972 per ounce of gold in 2016 to US$945 per ounce of gold in 2017, mainly due to higher by-product credits, lower royalties, a higher gold inventory credit, higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation. AIC net of by-product revenues from continuing operations increased by 8% from US$998 per ounce of gold in 2016 to US$1,081 per ounce of gold in 2017 due to higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

AISC gross of by-product revenues from continuing operations decreased by 2% from US$979 per equivalent ounce of gold in 2016 to US$962 per equivalent ounce of gold in 2017 mainly due to lower royalties, a higher gold inventory credit, higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation. AIC gross of by-product revenues from continuing operations increased by 8% from US$1,005 per equivalent ounce of gold in 2016 to US$1,089 per equivalent ounce of gold in 2017, for the same reasons as AISC gross of by-product revenues due to higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

AISC and AIC – Discontinued operation
AISC and AIC net of by-product revenues from discontinued operation, Darlot increased by 16% from US$1,238 per ounce of gold for the 12 months to December 2016 to US$1,432 per ounce of gold for the nine months to September 2017 due to lower gold sold and a higher gold inventory charge to costs, partially offset by lower cost of sales before gold inventory change and amortisation and depreciation and lower capital expenditure.

AISC and AIC gross of by-product revenues from discontinued operation, Darlot increased by 15% from US$1,243 per equivalent ounce of gold for the 12 months to December 2016 to US$1,435 per equivalent ounce of gold for the nine months to September 2017 due to lower gold sold and a higher gold inventory charge to costs, partially offset by lower cost of sales before gold inventory change and amortisation and depreciation and lower capital expenditure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

	AISC and AIC, net of by-product revenue per ounce of gold										
	For the year ended 31 December 2015										
	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group[1]
	(in US$ million except as otherwise stated)										
Cost of sales before gold inventory change and amortisation and depreciation	236.6	334.2	184.3	195.0	142.6	135.9	143.8	(0.8)	1,371.5	59.8	1,431.3
Gold inventory change	–	(7.3)	2.1	25.3	(1.1)	5.4	1.0	–	25.5	(0.6)	24.9
Inventory write-off	–	–	8.0	–	–	–	–	–	8.0	–	8.0
Royalties	1.2	34.0	9.7	10.7	6.6	8.7	3.1	–	73.9	2.1	76.0
Realised gains and losses on commodity cost hedges	–	–	–	5.0	1.5	5.2	–	–	11.6	0.5	12.1
Community/social responsibility costs	1.7	2.1	0.2	–	–	–	8.3	–	12.2	–	12.2
Non-cash remuneration (share-based payments)	1.0	1.5	0.3	1.2	0.7	0.4	1.2	4.4	10.7	0.2	10.9
Cash remuneration (long-term employee benefits)	1.0	1.4	0.4	0.2	0.5	0.3	0.8	0.6	5.1	0.2	5.3
Other	–	–	–	–	–	–	–	8.5	8.5	–	8.5
By-product revenue[2]	(0.4)	(5.5)	–	(0.5)	(0.3)	(0.1)	(113.8)	–	(120.5)	(0.2)	(120.7)
Rehabilitation, amortisation and interest	0.8	3.7	0.6	8.9	3.4	1.8	4.9	–	24.2	0.8	25.0
Sustaining capital expenditure[3]	53.2	204.2	16.9	114.5	73.0	72.4	64.8	–	599.9	20.0	619.9
All-in sustaining costs[1]	295.1	568.2	222.5	360.2	226.8	230.0	114.0	12.7	2,030.4	82.9	2,113.3
Exploration, feasibility and evaluation costs[4]	–	–	–	–	–	–	–	26.0	26.0	–	26.0
Non-sustaining capital expenditure[3]	13.7	–	–	–	–	–	–	0.5	14.2	–	14.2
All-in costs[1]	308.8	568.2	222.5	360.2	226.8	230.0	114.0	39.2	2,070.6	82.9	2,153.5
Gold only ounces sold ('000oz)	198.0	586.1	167.8	371.9	236.6	301.1	158.8	–	2,020.4	78.4	2,098.8
All-in sustaining costs	295.1	568.2	222.5	360.2	226.8	230.0	114.0	12.7	2,030.4	82.9	2,113.3
All-in sustaining costs net of by-product revenue per ounce of gold sold (US$/oz)	1,490	970	1,326	969	959	764	718	–	1,005	1,057	1,007
All-in costs	308.8	568.2	222.5	360.2	226.8	230.0	114.0	39.2	2,070.6	82.9	2,153.5
All-in costs net of by-product revenue per ounce of gold sold (US$)	1,559	970	1,326	969	959	764	718	–	1,025	1,057	1,026

[1] *This total may not reflect the sum of the line items due to rounding.*

[2] *By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.*

[3] *Sustaining capital expenditure represents the majority of capital expenditures at existing operations, including underground mine development costs, ongoing replacement of mine equipment and other capital facilities and other capital expenditures at existing operations and is calculated as total capital expenditure per note 41 to the consolidated financial statements, less non-sustaining capital expenditures. Non-sustaining capital expenditures (or growth capital) represent capital expenditures for major growth projects as well as enhancement capital for significant infrastructure improvements at existing operations.*

[4] *Includes exploration, feasibility and evaluation and share of equity accounted losses of Far Southeast Gold Resources Incorporated ("FSE").*

	AISC and AIC, gross of by-product revenue per ounce of gold										
	For the year ended 31 December 2015										
	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group[1]
	(in US$ million except as otherwise stated)										
All in sustaining costs (per table above)	295.1	568.2	222.5	360.2	226.8	230.0	114.0	12.7	2,030.4	82.9	2,113.3
Add back by-product revenue[2]	0.4	5.5	–	0.5	0.3	0.1	113.8	–	120.5	0.2	120.7
All-in sustaining costs gross of by-product revenue	295.5	573.7	222.5	360.7	227.1	230.1	227.8	12.7	2,150.9	83.1	2,234.0
All-in costs (per table above)	308.8	568.2	222.5	360.2	226.8	230.0	114.0	39.2	2,070.6	82.9	2,153.5
Add back by-product revenue[2]	0.4	5.5	–	0.5	0.3	0.1	113.8	–	120.5	0.2	120.7
All-in costs gross of by-product revenue	309.2	573.7	222.5	360.7	227.1	230.1	227.8	39.2	2,191.1	83.1	2,274.2
Gold equivalent ounces sold	198.0	586.1	167.8	371.9	236.6	301.1	293.3	–	2,154.9	78.4	2,233.3
All-in sustaining costs gross of by-product revenue (US$/equivalent oz)	1,492	979	1,326	970	960	764	777	–	998	1,059	1,000
All-in costs gross of by-product revenue (US$/equivalent oz)	1,561	979	1,326	970	960	764	777	–	1,017	1,059	1,018

[1] This total may not reflect the sum of the line items due to rounding.

[2] By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.

AISC and AIC – Group (continuing and discontinued operations)

AISC net of by-product revenues for the Group decreased by 3% from US$1,007 per ounce of gold in 2015 to US$980 per ounce of gold in 2016, mainly due to a higher gold inventory credit, lower losses on commodity cost hedges and higher by-product credits, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation, higher non-cash and cash remuneration and higher sustaining capital expenditure. AISC for the Group in 2015 included US$8 million of inventory written off at Damang. AIC net of by-product revenues for the Group decreased by 2% from US$1,026 per ounce of gold in 2015 to US$1,006 per ounce of gold in 2016, for the same reasons as AISC, as well as lower non-sustaining capital expenditure, partially offset by higher exploration, feasibility and evaluation costs.

AISC gross of by-product revenues for the Group decreased by 1% from US$1,000 per equivalent ounce of gold in 2015 to US$987 per equivalent ounce of gold in 2016 mainly due to a higher gold inventory credit and lower losses on commodity cost hedges, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation, higher non-cash and cash remuneration and higher sustaining capital expenditure. AIC gross of by-product revenues for the Group decreased by 1% from US$1,018 per equivalent ounce of gold in 2015 to US$1,012 per equivalent ounce of gold in 2016, for the same reasons as AISC gross of by-product revenues, as well as lower non-sustaining capital expenditure, partially offset by higher exploration, feasibility and evaluation costs.

AISC and AIC – Continuing operations

AISC net of by-product revenues for continuing operations decreased by 3% from US$1,005 per ounce of gold in 2015 to US$972 per ounce of gold in 2016, mainly due to a higher gold inventory credit, lower losses on commodity cost hedges and higher by-product credits, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation, higher non-cash and cash remuneration and higher sustaining capital expenditure. AISC for continuing operations in 2015 included US$8 million of inventory written off at Damang. AIC net of by-product revenues decreased by 3% from US$1,025 per ounce of gold in 2015 to US$998 per ounce of gold in 2016, for the same reasons as AISC, as well as lower non-sustaining capital expenditure, partially offset by higher exploration, feasibility and evaluation costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

AISC gross of by-product revenues for continuing operations decreased by 2% from US$998 per equivalent ounce of gold in 2015 to US$979 per equivalent ounce of gold in 2016 mainly due to a higher gold inventory credit and lower losses on commodity cost hedges, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation, higher non-cash and cash remuneration and higher sustaining capital expenditure. AIC for continuing operations gross of by-product revenues decreased by 1% from US$1,017 per equivalent ounce of gold in 2015 to US$1,005 per equivalent ounce of gold in 2016, for the same reasons as AISC gross of by-product revenues, as well as lower non-sustaining capital expenditure, partially offset by higher exploration, feasibility and evaluation costs.

AISC and AIC – Discontinued operation

AISC and AIC net of by-product revenues for the discontinued operation Darlot increased by 17% from US$1,057 per ounce of gold in 2015 to US$1,238 per ounce of gold in 2016, mainly due to lower gold sold and higher capital expenditure, partially offset by lower cost of sales before gold inventory change and amortisation and depreciation.

AISC gross of by product revenues for the discontinued operation Darlot increased by 17% from US$1,059 per equivalent ounce of gold in 2015 to US$1,243 per equivalent ounce of gold in 2016, mainly due to lower gold sold and higher capital expenditure, partially offset by lower cost of sales before gold inventory change and amortisation and depreciation.

Adjusted free cash flow and adjusted free cash flow margin ("free cash-flow or FCF")

Adjusted free cash flow is defined as AIC adjusted for non-cash share-based payments, non-cash long-term employee benefits, exploration, feasibility and evaluation costs outside of existing operations, non-sustaining capital expenditure for growth projects only, realised gains or losses on revenue hedges and taxation paid (excluding royalties).

Adjusted free cash flow margin is adjusted free cash flow divided by revenue adjusted for by-product revenue.

The adjusted FCF margin is calculated as follows:

Figures in millions unless otherwise stated	2017	2016	2015
Revenue[1]	**2,632.1**	2,615.4	2,424.7
Less: Cash outflow	**(2, 214.9)**	(2,177.8)	(2,229.7)
AIC[2]	**(2,274.2)**	(2,109.4)	(2,153.5)
Adjusted for:			
Share-based payments[3]	**27.4**	14.4	10.9
Long-term employee benefits[3]	**5.1**	11.0	5.3
Exploration outside of existing operations[2]	**59.9**	47.1	26.0
Non-sustaining capital expenditure[4]	**196.0**	–	–
Revenue hedge[5]	**12.8**	14.3	–
Tax paid from continuing and discontinued operations	**(241.9)**	(155.2)	(118.4)
FCF	**417.2**	437.6	195.0
FCF margin	**16%**	17%	8%

[1] *Revenue from continuing and discontinued operations less revenue from by-product revenue per AIC calculation (pages 38 to 46), being US$2,810.8 million less US$178.7 million, US$2,749.5 million less US$134.1 million and US$2,545.4 million less US$120.7 million, for 2017, 2016 and 2015, respectively.*

[2] *Per AIC calculation in management discussion and analysis (per pages 38 to 46).*

[3] *Per note 41 of the consolidated financial statements.*

[4] *Includes non-sustaining capital expenditure for Damang and Gruyere only.*

[5] *Represents realised hedges on revenue only, excludes unrealised revenue hedges as well as non-revenue hedges.*

ROYALTIES

South Africa

The Royalty Act was promulgated on 24 November 2008 and came into operation on 1 March 2010. The Royalty Act imposes a royalty on refined and unrefined minerals payable to the South African government.

The royalty in respect of refined minerals (which include gold and platinum) is calculated by dividing earnings before interest and taxes ("EBIT"), as defined by the Royalty Act, by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% is levied on refined minerals.

The royalty in respect of unrefined minerals (which include uranium) is calculated by dividing EBIT by the product of nine times gross revenue calculated as a percentage, plus an additional 0.5%. A maximum royalty of 7% is levied on unrefined minerals.

Where unrefined mineral resources (such as uranium) constitute less than 10% in value of the total composite mineral resources, the royalty rate in respect of refined mineral resources may be used for all gross sales and a separate calculation of EBIT for each class of mineral resources is not required. For Gold Fields, this means that currently it will pay a royalty based on the refined minerals royalty calculation as applied to its gross revenue. The rate of royalty tax payable for 2017, 2016 and 2015 was approximately 0.5%, 0.5% and 0.5% of revenue, respectively.

Ghana
Minerals are owned by the Republic of Ghana and held in trust by the President. From March 2016, under the terms of the Development Agreement ("DA") entered into with the Government of Ghana, Tarkwa and Damang have been subject to a sliding scale for royalty rates, linked to the prevailing gold price. The royalty sliding scale is as follows:

Average gold price			
Low value		High value	Royalty rate
US$0.00	**–**	**US$1,299.99**	**3.0%**
US$1,300.00	**–**	**US$1,449.99**	**3.5%**
US$1,450.00	**–**	**US$2,299.99**	**4.1%**
US$2,300.00	**–**	**Unlimited**	**5.0%**

Australia
Royalties are payable to the state based on the amount of gold produced from a mining tenement. Royalties are payable quarterly at a fixed rate of 2.5% of the royalty value of gold sold. The royalty value of gold is the amount of gold produced during the month multiplied by the average gold spot price for the month.

Peru
Royalties are calculated with reference to the operating margin and ranging from 1% (for operating margins less than 10%) to 12% (for operating margins of more than 80%), or 1% of revenue, the highest of both amounts. Cerro Corona's effective royalty rate for 2017, 2016 and 2015 was 4.6%, 6.4% and 4.0% of operating profit, respectively.

INCOME AND MINING TAXES

Gold Fields tax strategy and policy
The Gold Fields tax strategy is to proactively manage its tax obligations in a transparent, responsible and sustainable manner, acknowledging the differing interests of all stakeholders.

Gold Fields has invested and allocated appropriate resources in the group tax department to ensure compliance with global tax obligations. The Group does not engage in aggressive tax planning and seeks to maintain professional real time relationships with the relevant tax authorities. In material or complex matters, the Group would generally seek advance tax rulings, or alternatively obtain external counsel opinion.

Gold Fields has appropriate controls and procedures in place to ensure compliance with relevant tax legislation in all the jurisdictions in which it operates. This includes compliance with Transfer Pricing (TP) legislation and associated TP documentation requirements, which is governed by the Group TP Policy. The Group TP Policy is fully compliant with OECD guidelines and is regularly updated and benchmarked by independent experts. Uncertain tax positions are properly evaluated, and reported in terms of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The Group is subject to South African CFC (Controlled Foreign Companies) tax legislation which is aimed at taxing passive income and capital gains realised by its foreign subsidiaries (to the extent that it was not taxed in the foreign jurisdiction). Therefore, tax avoidance on passive income or capital gains cannot be achieved by shifting such passive income to low or tax haven jurisdictions. The active business income from mining is taxed at source in the relevant jurisdiction where the mining operations are located.

The Group does not embark on intra-group gold sales and only sells its gold (or gold-equivalent product) directly to independent third parties at arm's-length prices – generally at the prevailing gold (or gold-equivalent) spot price.

The Group is reporting its key financial figures on a country-by-country basis as from 2017 as required by the South African Revenue Service ("SARS"), such requirement being aligned with OECD guidelines. The country-by-country reports are filed with SARS, which will exchange the information with all the relevant jurisdictions with which it has concluded or negotiated exchange of information agreements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

The table below summarises an indicative tax rate in 2017 on a country by country basis, adjusted for tax items that are not related directly to (loss)/profit before taxation or relate to the recognition of deferred tax assets:

	South Africa[1]	Ghana	Peru	Australia[3]
Statutory corporate tax rate	**30.0%[1]**	**32,5%**	**31.5%[2]**	**30,0%**
(Loss)/profit before taxation (US$ million)	(36,2)	161,3	133,5	314,4
Mining and income taxation (US$ million)	(10,9)	55,5	36,1	95,2
Effective tax rate before adjustments	30,1%	34,4%	27,0%	30,3%
Adjusted for:				
Deferred tax assets recognised at Cerro Corona and Damang	–	5,7%	11,2%	–
Deferred tax raised on unremitted earnings at Tarkwa	–	(5,6%)	–	–
Deferred taxation movement on Peruvian Nuevo Sol devaluation against US Dollar	–	–	3,4%	–
Indicative tax rate	**30,1%**	**34,5%**	**41,6%**	**30,3%**

[1] For the purpose of this analysis, only the South African South Deep mine has been included. South African mining tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. Accounting depreciation is ignored for the purpose of calculating South African mining taxation. The effective mining tax rate for Gold Fields Operations Limited ("GFO") and GFI Joint Venture Holdings Proprietary Limited ("GFIJVH"), owners of the South Deep mine, has been calculated at 30.0%.

[2] In Peru the Group pays both the statutory corporate tax of 29.5% and a special mining tax of 2.0% - 8.4% of operating income, depending on the Company's operating margin. As a result the Group's statutory tax rate in Peru on taxable income for 2017 is 31.5%

[3] This includes the continued and discontinued operations for Australia.

Adjusted "normalised" tax rate reconciliation

The Group has provided a reconciliation of the tax rate that would be indicative after adjusting for significant non-deductible expenses to reflect an adjusted "normalised" tax rate for continuing operations:

	US Dollar million		
	2017	2016	2015
Profit before taxation from continuing operations	**152**	357	9
Adjusted for:			
Impairments or (reversal of impairments) with no taxation effect:			
South Deep goodwill	**278**	–	–
APP	**(39)**	–	39
FSE	**–**	–	101
Damang property, plant and equipment	**–**	10	36
Non-deductible expenditure:			
Finance expense	**81**	78	83
Exploration expense excluding Australia[1]	**58**	45	23
Share-based payments	**27**	14	11
Adjusted profit before taxation	**557**	504	302
Mining and income taxation	**173**	190	249
Adjusted for:			
Deferred tax asset recognised/(not recognised)	**14**	(35)	(113)
Deferred taxation movement on Peruvian Nuevo Sol devaluation against US Dollar	**5**	(1)	(41)
Deferred tax raised on unremitted earnings at Tarkwa	**(10)**	–	–
Deferred tax release on change of tax rate	**–**	9	5
Adjusted mining and income taxation	**182**	163	100
Adjusted "normalised" tax rate	**32.8%**	32.3%	33.1%
[1] Total exploration expense	***110***	*86*	*52*
Australian exploration expense	***(52)***	*(41)*	*(29)*
Exploration expense excluding Australia	***58***	*45*	*23*

South Africa
Generally, South Africa imposes tax on the worldwide income (including capital gains) of all of Gold Fields' South African incorporated and tax resident entities. Certain classes of passive income such as interest and royalties, and certain capital gains, derived by Controlled Foreign Companies ("CFC") could be subject to South African tax on a notional imputation basis. CFC's generally constitute a foreign company in which Gold Fields owns or controls more than 50% of the shareholding.

Gold Fields pays taxes on its taxable income generated by its mining and non-mining tax entities. Under South African law, gold mining companies and non-gold mining companies are taxed at different rates. Companies in the Group not carrying on direct gold mining operations are taxed at a statutory rate of 28%.

Gold Fields Operations Limited ("GFO"), and GFI Joint Venture Holdings Proprietary Limited ("GFIJVH"), jointly own the South Deep mine and constitute gold mining companies for South African taxation purposes. These companies are subject to the gold formula on their mining income.

The applicable formula takes the form $Y = 34 - 170/x$

Where:
Y = the tax rate to be determined
x = the ratio of taxable income to the total income (expressed as a percentage)

The effective mining tax rate for GFO and GFIJVH, owners of the South Deep mine, has been calculated at 30% (2016: 30% and 2015: 30%).

Ghana
Ghanaian resident entities are subject to tax on a source basis where income has a source in Ghana, if it accrues in or is derived from Ghana. Under the terms of the DA entered into with the Government of Ghana, Tarkwa and Damang are liable to a 32.5% corporate income tax rate.

Dividends paid by Tarkwa and Damang are subject to a 8% withholding tax rate.

Tarkwa and Damang are allowed to deduct 20% on straight line basis for capital allowances on depreciable assets (i.e. over five years). Any capital allowances which are not utilised in a particular year are added to operating losses (if any), thereby increasing operating losses and then carried forward for five years. Any operating losses carried forward are extinguished if not utilised within five years.

The Revenue Administration Act, 2016 (Act 915) became effective on 1 January 2017. Act 915 consolidates the tax administration provisions from the various tax laws (income tax, value added tax, customs) into a single Act and introduces a more stringent tax compliance framework. Act 915 enables taxpayers to offset surpluses and liabilities arising from different tax types. It should be noted that the tax authorities are again expected to release guidance notes to allow taxpayers to fully utilise the offset mechanism.

Australia
Generally, Australia imposes tax on the worldwide income (including capital gains) of all of Gold Fields' Australian incorporated and tax resident entities. The current income tax rate for companies is 30%. Exploration expenditure is deductible in full as incurred and other capital expenditure is generally deductible over the effective lives of the assets acquired. The Australian Uniform Capital Allowance system allows tax deductions for the decline in value of depreciable assets and certain other capital expenditures.

Gold Fields Australia and its eligible related Australian sister companies, together with all wholly owned Australian subsidiaries, have elected to be treated as a tax consolidated group for taxation purposes. As a tax consolidated group, a single tax return is lodged for the group based on the consolidated results of all companies within the Group.

Withholding tax is payable on dividends, interest and royalties paid by Australian residents to non-residents. In the case of dividend payments to non-residents, withholding tax at a rate of 30% will apply. However, where the recipient of the dividend is a resident of a country with which Australia has concluded a double taxation agreement, the rate of withholding tax is generally limited to between 5% and 15%, depending on the applicable agreement and percentage shareholding. Where dividends are paid out of profits that have been subject to Australian corporate tax there is no withholding tax, regardless of whether a double taxation agreement is in place.

Peru
Peruvian taxes for resident individuals and domiciled corporations are based on their worldwide income, and for non-resident individuals and non-domiciled corporations are based on their Peruvian income source. The general income tax rate applicable to domiciled corporations is 29.5% on taxable income and to non-resident corporations is 30%. The income tax applied to interest paid to non-residents is 4.99%. The dividends tax rate (to residents and non-residents) is 5%. Capital gains are also taxed as ordinary income for domiciled corporations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

EXCHANGE RATES

Gold Fields' Australian and South African revenues and costs are very sensitive to the Australian Dollar/US Dollar exchange rate and the Rand/US Dollar exchange rate, because revenues are generated using a gold price denominated in US Dollar, while the costs of the Australian and South African operations are incurred principally in Australian Dollar and Rand, respectively. Depreciation of the Australian Dollar and Rand against the US Dollar reduces Gold Fields' average costs when they are translated into US Dollar, thereby increasing the operating margin of the Australian and South African operations. Conversely, appreciation of the Australian Dollar and Rand results in Australian and South African operating costs being translated into US Dollar at a lower Australian Dollar/US Dollar exchange rate and Rand/US Dollar exchange rate, resulting in higher costs in US Dollar terms and in lower operating margins. The impact on profitability of any change in the value of the Australian Dollar and Rand against the US Dollar can be substantial. Furthermore, the exchange rates obtained when converting US Dollar to Australian Dollar and Rand are set by foreign exchange markets, over which Gold Fields has no control. In 2017, movements in the US Dollar/Rand exchange rate had a significant impact on Gold Fields' results of operations as the Rand strengthened by 9% against the US Dollar, from an average of R14.70 per US$1.00 in 2016 to R13.33 per US$1.00 in 2017. The Australian Dollar strengthened at an average of A$1.00 per US$0.75 in 2016 to $1.00 per US$0.77 in 2017.

With respect to its operations in Ghana and Peru, a substantial portion of Gold Fields' operating costs (including wages) are either directly incurred in US Dollar or are translated to US Dollar. Accordingly, fluctuations in the Ghanaian Cedi and Peruvian Nuevo Soles do not materially impact operating results for the Ghana and Peru operations.

During 2016, Gold Fields had the following currency forward contract:

- On 25 February 2016, South Deep entered into US$/Rand forward exchange contracts for a total delivery of US$69.8 million starting at July 2016 to December 2016. The average forward rate achieved over the six-month period was R16.8273. The hedge was delivered into in July and August and the balance closed out in September 2016. The average rate achieved on delivery and close out was R13.8010, resulting in a positive cash flow of US$14 million.

During 2017 and 2015, Gold Fields had no currency forward contracts.

INFLATION

A period of significant inflation could adversely affect Gold Fields' results and financial condition. For example, in 2017, inflation in South Africa was 5.3% (2016: 6.8% and 2015: 4.6%). Further, over the past several years, production costs, especially wages and electricity costs, have increased considerably. The effect of these increases has adversely affected, and may continue to adversely affect, the profitability of Gold Fields' South Deep operations.

To ensure sustainability and free cash flow generation, reinvesting in and upgrading the Gold Fields portfolio is essential. To achieve this in 2017, Gold Fields embarked on a period of reinvestment. Given the high levels of capital expenditure, the Group undertook short-term tactical hedging. For further details, refer pages 59 to 60.

In 2016, the Group continued rationalising and prioritising capital expenditure without undermining the sustainability of its operations and continued prioritisation of cash generation over production volumes. The Ghanaian operations concluded a DA with the Government of Ghana for both the Tarkwa and Damang mines. The highlights of the agreement included reductions in the tax and royalty rates. The Group undertook reductions in labour costs through a retrenchment process in Damang in preparation for rightsizing for the Damang reinvestment plan. In addition, the Australian operations implemented a margin improvement project.

Further, the majority of Gold Fields' costs at the South African operations are in Rand and revenues from gold sales are in US Dollar. Generally, when inflation is high, the Rand potentially devalues thereby increasing Rand revenues and potentially offsetting the increase in costs. However, there can be no guarantee that any cost-saving measures or the effects of any potential devaluation will offset the effects of increased inflation and production costs.

The same applies to the Australian operations with regard to the link between Australian Dollar and US Dollar. The Peruvian and Ghanaian operations, on the other hand, are affected by inflation without a potential similar effect on revenue proceeds, thereby increasing the impact of inflation on the operating margins.

CAPITAL EXPENDITURES

Gold Fields will continue to be required to make capital investments in both new and existing infrastructure and opportunities and, therefore, management will be required to continue to balance the demands for capital expenditure in the business and allocate Gold Fields' resources in a focused manner to achieve its sustainable growth objectives. Gold Fields expects that its use of available capital resources and allocation of its capital expenditures may shift in future periods as it increases investment in certain of its exploration projects.

Group (continuing and discontinued operations)

Capital expenditure for the Group (continuing and discontinued operations) increased by 29%, from US$650 million in 2016 to US$840 million in 2017. Set out below are the capital expenditures made by Gold Fields during 2017. Also, refer to "Cash flows from investing activities" section.

Continuing operations
Capital expenditure from continuing operations increased by 33%, from US$629 million in 2016 (comprising sustaining capital of US$619 million and growth capital of US$9 million) to US$834 million in 2017 (comprising sustaining capital of US$617 million and growth capital of US$217 million).

The growth capital of US$217 million in 2017 comprised South Deep of R225 million (US$17 million), Damang of US$115 million, Gruyere of A$106 million (US$81 million) and other growth capital of US$4 million. The growth capital of US$9 million in 2016 related only to South Deep.

South African operation
Gold Fields spent R1,099 million (US$82 million) on capital expenditures at the South Deep in 2017 and has budgeted approximately R1,102 million (US$81 million) for capital expenditures at South Deep in 2018. The expenditure of R1,099 million (US$82 million) in 2017 comprised sustaining capital of R874 million (US$65 million) and growth capital of R225 million (US$17 million). The budgeted expenditure of R1,102 million (US$81 million) comprises sustaining capital of R668 million (US$49 million) and growth capital of R434 million (US$32 million).

Ghanaian operations
Gold Fields spent US$181 million on capital expenditures at Tarkwa in 2017 and has budgeted US$162 million for capital expenditures at Tarkwa for 2018. The total spend relates to sustaining capital expenditure.

Gold Fields spent US$132 million on capital expenditures at Damang in 2017 and has budgeted US$117 million of capital expenditures at Damang for 2018. The expenditure of US$132 million in 2017 comprised sustaining capital of US$17 million and growth capital of US$115 million. The budgeted expenditure of US$117 million comprises sustaining capital of US$12 million and growth capital of US$105 million.

Peruvian operation
Gold Fields spent US$34 million on capital expenditures at Cerro Corona in 2017 and has budgeted US$45 million for capital expenditures at Cerro Corona for 2018. The total spend relates to sustaining capital expenditure.

Australian operations
Gold Fields spent A$204 million (US$156 million) on capital expenditures at St Ives in 2017 and has budgeted A$156 million (US$117 million) for capital expenditures at St Ives in 2018. The total spend relates to sustaining capital expenditure.

Gold Fields spent A$96 million (US$74 million) on capital expenditures at Agnew/Lawlers in 2017 and has budgeted A$83 million (US$62 million) for capital expenditures at Agnew/Lawlers for 2018. The total spend relates to sustaining capital expenditure.

Gold Fields spent A$114 million (US$87 million) on capital expenditures at Granny Smith in 2017 and has budgeted A$104 million (US$78 million) for capital expenditures at Granny Smith for 2018. The total spend relates to sustaining capital expenditure.

Gold Fields spent A$106 million (US$81 million) on capital at the Gruyere Gold Project in 2017 and has budgeted A$181 million (US$136 million) for capital expenditure for 2018. The total spend relates to growth capital expenditure.

Discontinued operation
Capital expenditure spend at the discontinued operation, Darlot, was A$9 million (US$7 million) in the nine months to September 2017.

The actual expenditures for the future periods noted above may be different from the amounts set out above and the amount of actual capital expenditure will depend on a number of factors, such as production volumes, the price of gold, copper and other minerals mined by Gold Fields and general economic conditions. Some of the factors are outside of the control of Gold Fields.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES
Gold Fields' significant accounting policies are more fully described in the accounting policies to its consolidated financial statements included in this Annual Financial Report. Some of Gold Fields' accounting policies require the application of significant judgements and estimates by management that can affect the amounts reported in the consolidated financial statements. By their nature, these judgements are subject to a degree of uncertainty and are based on Gold Fields' historical experience, terms of existing contracts, management's view on trends in the gold mining industry, information from outside sources and other assumptions that Gold Fields considers to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. Refer to the accounting policies, pages 135 to 151, to the consolidated financial statements included elsewhere in this Annual Financial Report for the more significant areas requiring the use of management judgements and estimates.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

RESULTS FOR THE PERIOD – Years ended 31 December 2017 and 31 December 2016

Loss attributable to owners of the parent for the Group was US$19 million (or US$0.02 per share) for 2017 compared with a profit of US$158 million (or US$0.19 per share) in 2016.

Loss attributable to owners of the parent for continuing operations was US$32 million (or US$0.04 per share) for 2017 compared with a profit of US$157 million (or US$0.19 per share) for 2016.

Profit attributable to discontinued operation, Darlot, was US$13 million (or US$0.02 per share) for 2017 compared with US$1 million (or US$nil per share) for 2016.

The reasons for this decrease are discussed below.

CONTINUING OPERATIONS

Revenue

Revenue from continuing operations increased by 4% from US$2,666 million in 2016 to US$2,762 million in 2017. The increase in revenue of US$96 million was mainly due to higher ounces sold as well as an increase in the average US Dollar gold price in 2017.

The average US Dollar gold price achieved by the Group increased by 1% from US$1,241 per equivalent ounce in 2016 to US$1,255 per equivalent ounce in 2017. The average Rand gold price decreased by 8% from R584,894 per kilogram to R538,344 per kilogram. The average Australian Dollar gold price decreased by 2% from A$1,674 per ounce to A$1,640 per ounce. The average US Dollar gold price for the Ghanaian operations increased by 1% from US$1,247 per ounce in 2016 to US$1,255 per ounce in 2017. The average equivalent US Dollar gold price, net of treatment and refining charges, for Cerro Corona increased by 4% from US$1,199 per equivalent ounce in 2016 to US$1,252 per equivalent ounce in 2017. The average US Dollar/Rand exchange rate strengthened by 9% from R14.70 in 2016 to R13.33 in 2017. The average Australian/US Dollar exchange rate strengthened by 3% from A$1.00 = US$0.75 in 2016 to A$1.00 = US$0.77 in 2017.

Gold sales from continuing operations increased by 2% from 2,150,000 equivalent ounces in 2016 to 2,201,100 equivalent ounces in 2017. Gold sales at the South African operation decreased by 3% from 9,001 kilograms (289,400 ounces) to 8,766 kilograms (281,800 ounces). Gold sales at the Ghanaian operations decreased by 1% from 715,800 ounces to 710,000 ounces. Gold equivalent sales at the Peruvian operation (Cerro Corona) increased by 17% from 268,900 equivalent ounces to 313,800 equivalent ounces. At the Australian operations, gold sales increased by 2% from 875,900 ounces to 895,400 ounces. As a general rule, Gold Fields sells all the gold it produces.

	2017			2016		
	Revenue US$ million	Gold sold ('000oz)	Gold produced ('000oz)	Revenue US$ million	Gold sold	Gold produced ('000oz)
South Deep	**354.1**	**281.8**	**281.3**	358.2	289.4	290.4
Tarkwa	**710.8**	**566.4**	**566.4**	708.9	568.1	568.1
Damang	**180.3**	**143.6**	**143.6**	183.4	147.7	147.7
Cerro Corona	**392.9**	**313.8**	**306.7**	322.3	268.9	270.2
St Ives	**457.3**	**363.9**	**363.9**	452.3	362.9	362.9
Agnew/Lawlers	**302.6**	**241.2**	**241.2**	285.4	229.3	229.3
Granny Smith	**363.8**	**290.3**	**290.3**	355.8	283.8	283.8
Continuing operations	**2,761.8**	**2,201.1**	**2,193.3**	2,666.4	2,150.0	2,152.3

At South Deep in South Africa, gold sales decreased by 3% from 9,001 kilograms (289,400 ounces) to 8,766 kilograms (281,800 ounces) mainly due to decreased volumes, partially offset by increased grades. Production and therefore sales in 2017 were impacted by a weak March quarter after two fatal accidents and three fall-of-ground incidents negatively affected the contribution from the high grade areas.

At the Ghanaian operations, gold sales at Tarkwa decreased marginally from 568,100 ounces to 566,400 ounces due to the lower plant throughput and recovery. Damang's gold sales decreased by 3% from 147,700 ounces to 143,600 ounces mainly due to lower head grade and lower yield.

At Cerro Corona in Peru, copper sales increased by 2% from 29,905 tonnes to 30,377 tonnes and gold sales increased by 10% from 149,105 ounces to 164,715 ounces. As a result gold equivalent sales increased by 17% from 268,900 ounces to 313,800 ounces due to higher copper to gold price ratio as well as higher gold head grades and higher gold recovery.

At the Australian operations, gold sales at St Ives increased marginally from 362,900 ounces to 363,900 ounces. At Agnew/Lawlers, gold sales increased by 5% from 229,300 ounces to 241,200 ounces mainly due to increased ore processed due to a shortage of mill feed early in 2016 when the mill was running below capacity. At Granny Smith, gold production increased by 2% from 283,800 ounces to 290,300 ounces due to increased ore tonnes mined and processed.

Cost of sales

Cost of sales, which comprises cost of sales before gold inventory change and amortisation and depreciation, gold inventory change and amortisation and depreciation, increased by 5% from US$2,001 million in 2016 to US$2,105 million in 2017. The reasons for this increase are described below.

Cost of sales before gold inventory change and amortisation and depreciation

Cost of sales before gold inventory change and amortisation and depreciation from continuing operations increased by 4% from US$1,376 million in 2016 to US$1,427 million in 2017.

At South Deep in South Africa, cost of sales before gold inventory change and amortisation and depreciation increased by 2% from R4,003 million (US$272 million) to R4,083 million (US$306 million). This increase of R80 million was mainly due to annual salary increases, electricity rate increase and an increase in employees in line with the strategy to sustainably improve all aspects of the operation.

At the Ghanaian operations, cost of sales before gold inventory change and amortisation and depreciation decreased by 2% from US$481 million in 2016 to US$469 million in 2017. At Tarkwa, cost of sales before gold inventory change and amortisation and depreciation increased by 1% from US$345 million to US$348 million mainly due to increased ore tonnes mined partially offset by benefits realised as a result of the incorporation of the DA, effective 17 March 2016. At Damang, cost of sales before gold inventory change and amortisation and depreciation decreased by 11% from US$136 million to US$121 million due to benefits realised as a result of the incorporation of the development agreement, effective 17 March 2016, and the move to contractor mining as well as lower operating tonnes mined.

At Cerro Corona in Peru, cost of sales before gold inventory change and amortisation and depreciation increased by 5% from US$144 million in 2016 to US$151 million in 2017, mainly due to higher mining costs as a result of higher tonnes mined in 2017 and higher power expenses in 2017 due to a new contract with the power supplier which came into effect in June 2017.

At the Australian operations, cost of sales before gold inventory change and amortisation and depreciation increased by 2% from A$643 million (US$480 million) in 2016 to A$653 million (US$499 million) in 2017. At St Ives, cost of sales before gold inventory change and amortisation and depreciation decreased by 5% from A$259 million (US$193 million) to A$245 million (US$188 million) due to reduced operational tonnes mined from the open pits and cost improvements at the open pits and Hamlet. At Agnew/Lawlers, cost of sales before gold inventory change and amortisation and depreciation increased by 4% from A$195 million (US$146 million) to A$203 million (US$155 million) mainly due to higher mining costs as a result of a 16% increase in ore development metres achieved. At Granny Smith, cost of sales before gold inventory change and amortisation and depreciation increased by 8% from A$189 million (US$141 million) to A$205 million (US$157 million) due to additional volumes of ore mined.

Gold inventory change

The gold inventory credit to costs from continuing operations of US$70 million in 2017 compared with US$46 million in 2016.

At South Deep, the gold inventory credit of R21 million (US$2 million) in 2017 compared with R11 million (US$1 million) in 2016, due to higher gold produced not sold at year-end.

At Tarkwa, the gold inventory credit of US$42 million in 2017 compared with US$18 million in 2016, both due to a buildup of stockpiles due to a strategy to mill higher grade ore and stockpile lower grade ore.

At Damang, the gold inventory charge to costs of US$1 million in 2017 compared with a credit of US$nil in 2016, due to a drawdown of stockpiles in 2017.

At Cerro Corona, the gold inventory charge to costs of US$3 million in 2017 compared with a credit of US$4 million in 2016, due to a buildup of concentrate inventory in 2016 compared with a drawdown in 2017.

At St Ives, the credit to costs of A$38 million (US$29 million) in 2017 compared with A$15 million (US$11 million) in 2016, due to a buildup of stockpiles in both years. This was mainly due to increased productivity and equipment utilisation achieved in the open pits as St Ives had a strategic shift to a primarily open pit operation in these years.

At Agnew, the credit to costs of A$6 million (US$5 million) in 2017 compared with A$7 million (US$5 million) in 2016, both due to a buildup of stockpiles.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

At Granny Smith, the charge to costs of A$5 million (US$4 million) in 2017 compared with a credit of A$10 million (US$7 million) in 2016 due to a drawdown of stockpiles in 2017 compared with a buildup of stockpiles in 2016.

Amortisation and depreciation

Amortisation and depreciation is calculated on the units-of-production method and is based on current gold production as a percentage of total expected gold production over the lives of the different mines.

The table below depicts the changes from 31 December 2016 to 31 December 2017 for proven and probable managed gold and equivalent reserves and for the life-of-mine for each operation and the resulting impact on the amortisation charge in 2017. The amortisation in 2017 was based on the reserves as at 31 December 2016. The life-of-mine information is based on the operations' strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortisation is calculated using the life-of-mine for each operation, which is based on: (1) the proven and probable reserves for the operation at the start of the relevant year (which are taken to be the same as at the end of the prior fiscal year and using reserves); and (2) the amount of gold produced by the operation during the year. The ore reserve statement as at 31 December 2017 became effective on 1 January 2018.

	Proved and probable mineral reserves as of			Life-of-mine		Amortisation for the year ended	
	31 December 2017 ('000oz)	31 December 2016 ('000oz)	31 December 2015 ('000oz)	31 December 2017 (years)	31 December 2016 (years)	31 December 2017 (US$ million)	31 December 2016 (US$ million)
South Africa region							
South Deep[1]	**37,400**	37,300	37,300	**78**	79	**74.2**	71.5
West Africa region							
Tarkwa[2]	**5,900**	6,100	6,700	**14**	15	**220.0**	184.4
Damang[3]	**1,700**	1,700	1,000	**8**	8	**22.3**	17.8
South America region							
Cerro Corona[4]	**3,700**	2,400	2,800	**13**	7	**130.9**	115.6
Australia region							
St Ives	**1,600**	1,700	1,500	**5**	5	**172.3**	154.0
Agnew/Lawlers	**500**	500	700	**4**	3	**82.3**	74.6
Granny Smith	**2,200**	1,700	1,300	**11**	9	**43.5**	45.0
Gruyere[5]	**1,900**	1,800	–	**13**	–	**–**	–
Corporate and other	**–**	–	–	**–**	–	**2.7**	8.6
Total reserves continuing operations[6]	**54,900**	53,200	51,300			**748.1**	671.4

[1] *As of 31 December 2015, 31 December 2016 and 31 December 2017 91.3%, 91.3% and 91.0% of mineral reserves amounting to 34.027 million ounces, 34.072 million ounces and 34.023 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the South Deep operation.*

[2] *As of 31 December 2015, 31 December 2016 and 31 December 2017 90% of mineral reserves amounting to 6.071 million ounces, 5.473 million ounces and 5.315 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Tarkwa operation.*

[3] *As of 31 December 2015, 31 December 2016 and 31 December 2017 90% of mineral reserves amounting to 0.876 million ounces, 1.506 million ounces and 1.555 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Damang operation.*

[4] *As of 31 December 2015, 31 December 2016 and 31 December 2017 99.53% of mineral reserves amounting to 2.763 million ounces, 2.356 million ounces and 3.710 million ounces of equivalent gold were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Cerro Corona operation.*

[5] *As of 31 December 2017 mineral reserves at Gruyere represent the 50% portion attributable to Gold Fields only.*

[6] *As of 31 December 2015, 31 December 2016 and 31 December 2017 reserves of 47.292 million ounces, 49.172 million ounces and 50.787 million ounces of equivalent gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Ghanaian and Peruvian operations.*

Amortisation and depreciation from the continuing operations increased by 11% from US$671 million in 2016 to US$748 million in 2017.

At South Deep in South Africa, amortisation and depreciation decreased by 6% from R1,051 million (US$72 million) in 2016 to R989 million (US$74 million) in 2017 mainly due to a decrease in production, marginal increase in reserves and lower equipment purchases.

At the Ghanaian operations, amortisation and depreciation increased by 20% from US$202 million in 2016 to US$242 million in 2017. Tarkwa increased by 20% from US$184 million to US$220 million mainly due to a reduction in reserves as well as an increase in ore mined and stockpiled. Damang increased by 22% from US$18 million to US$22 million mainly due to increased ounces mined from the more expensive Amoanda pit.

At Cerro Corona in Peru, amortisation and depreciation increased by 13% from US$116 million in 2016 to US$131 million in 2017. This increase was due to reduction in gold and copper reserves, as well as an increase in production. In addition, the methodology for amortisation and depreciation was amended in 2017 changing to gold ounces produced from tonnes mined. Gold ounces are considered a better reflection of the pattern in which the mine's future economic benefits are expected to be consumed by the entity in line with the declining grade over the life-of-mine.

During the year ended 31 December 2017, the Group corrected the amortisation and depreciation methodology for the mineral rights asset at the Australian operations to reduce the level of estimation required in calculating amortisation. Prior to the correction of the methodology, the total mineral rights asset capitalised at the Australian operation was amortised on a units-of-production basis over a useful life that exceeded proved and probable reserves. The amortisation methodology was revised in order to divide the total mineral rights asset capitalised at the respective operations into a depreciable and a non-depreciable component. The mineral rights are initially capitalised to the mineral rights asset as a non-depreciable component.

Annually, as part of the preparation of the updated reserve and resource statement and preparation of the updated life-of-mine plan, a portion of resources will typically be converted to reserves as a result of ongoing resource definition drilling, resultant geological model updates and subsequent mine planning. Based on this conversion of resources to reserves a portion of the historic cost is allocated from the non-depreciable component of the mineral rights asset to the depreciable component of the mineral rights asset. Therefore, the category of non-depreciable mineral rights asset is expected to reduce and will eventually be fully allocated within the depreciable component of the mineral rights asset.

Each operation typically comprises a number of mines and the depreciable component of the mineral rights asset is therefore allocated on a mine-by-mine basis at the operation and is amortised over the estimated proved and probable ore reserves of the respective mine on the units-of-production method. The remaining non-depreciable component of the mineral rights asset is not depreciated but, in combination with the depreciable component of the mineral rights asset and other assets included in the cash-generating unit, is evaluated for impairment when events and changes in circumstances indicate that the carrying amount may not be recoverable.

At 1 January 2017, as a result of this correction of methodology, management identified an understatement of the amortisation and depreciation charge in prior periods. The understatement has been corrected by restating each of the affected financial statement line items for prior periods (refer note 40 of the consolidated financial statements for further details).

As a result of the correction of the methodology, the amortisation and depreciation at the Australian operations in 2016 increased by 3% from A$358 million (US$267 million) to A$368 million (US$274 million). At St Ives, amortisation and depreciation increased by 7% from A$194 million (US$145 million) to A$207 million (US$154 million). Agnew/Lawlers decreased by 3% from A$103 million (US$77 million) to A$100 million (US$75 million). Amortisation and depreciation at Granny Smith remained flat at A$61 million (US$45 million).

At the Australian operations, amortisation and depreciation increased by 5%, from A$368 million (US$274 million) in 2016 to A$388 million (US$298 million) in 2017. At St Ives, amortisation and depreciation increased by 8% from A$207 million (US$154 million) in 2016 to A$223 million (US$172 million) in 2017 due to a decrease in reserves. Agnew/Lawlers increased by 8% from A$100 million (US$75 million) in 2016 to A$108 million (US$82 million) in 2017 mainly due to a decrease in reserves. At Granny Smith, amortisation and depreciation decreased by 7% from A$61 million (US$45 million) to A$57 million (US$44 million) due to lower production as well as an increase in reserves.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

All-in sustaining and total all-in costs

The following table sets out for each operation and the Group, total gold sales in ounces, all-in sustaining costs and total all-in costs, net of by-product revenue, in US$/oz for 2017 and 2016:

	2017			2016		
Figures in thousands unless otherwise stated	Gold only ounces sold	All-in sustaining costs – US$/oz	Total all-in costs – US$/oz	Gold only ounces sold	All-in sustaining costs – US$/oz	Total all-in costs – US$/oz
South Deep	**281.8**	**1,340**	**1,400**	289.4	1,207	1,234
South African operation	**281.8**	**1,340**	**1,400**	289.4	1,207	1,234
Tarkwa	**566.4**	**940**	**940**	568.1	959	959
Damang	**143.6**	**1,027**	**1,827**	147.7	1,254	1,254
Ghanaian operations	**710.0**	**958**	**1,119**	715.8	1,020	1,020
Cerro Corona[1]	**164.7**	**203**	**203**	149.1	499	499
Peruvian operation	**164.7**	**203**	**203**	149.1	499	499
St Ives	**363.9**	**916**	**916**	362.9	949	949
Agnew/Lawlers	**241.2**	**977**	**977**	229.3	971	971
Granny Smith	**290.3**	**896**	**896**	283.8	834	834
Australian operations	**895.4**	**926**	**926**	876.0	917	917
Corporate and other	**–**	**10**	**81**	–	7	31
Continuing operations	**2,051.9**	**945**	**1,081**	2,030.4	972	998

All-in costs are calculated in accordance with the World Gold Council Industry standard. Refer to pages 38 to 46 for detailed calculations and discussion of non-IFRS measures.

[1] Gold sold at Cerro Corona excludes copper equivalents of 149,100 ounces in 2017 and 119,800 ounces in 2016.

Figures above may not add as they are rounded independently.

AISC and AIC

AISC net of by-product revenues from continuing operations decreased by 3% from US$972 per ounce of gold in 2016 to US$945 per ounce of gold in 2017, mainly due to higher by-product credits, lower royalties, a higher gold inventory credit, higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation. AIC net of by-product revenues from continuing operations increased by 8% from US$998 per ounce of gold in 2016 to US$1,081 per ounce of gold in 2017 due to higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

At South Deep in South Africa, all-in sustaining costs increased by 1% from R570,303 per kilogram (US$1,207 per ounce) in 2016 to R574,406 per kilogram (US$1,340 per ounce) in 2017 mainly due to lower gold sold and higher cost of sales before gold inventory change and amortisation and depreciation, partially offset by lower sustaining capital expenditure and a higher gold inventory credit. The total all-in costs increased by 3% from R583,059 per kilogram (US$1,234 per ounce) in 2016 to R600,109 per kilogram (US$1,400 per ounce) in 2017 due to the same reasons as for all-in sustaining costs as well as higher non-sustaining capital expenditure.

At the Ghanaian operations, all-in sustaining costs decreased by 6% from US$1,020 per ounce in 2016 to US$958 per ounce in 2017 mainly due to lower cost of sales before gold inventory change and amortisation and depreciation, a higher gold inventory credit and lower sustaining capital expenditure, partially offset by lower gold sold. All-in costs increased by 10% from US$1,020 per ounce in 2016 to US$1,119 per ounce in 2017 mainly due to non-sustaining capital expenditure of US$115 million on the Damang reinvestment project compared to US$nil in 2016. At Tarkwa, all-in sustaining costs and total all-in costs decreased by 2% from US$959 per ounce in 2016 to US$940 per ounce in 2017 due to a higher gold inventory credit, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation, higher sustaining capital expenditure and lower gold sold. At Damang, all-in sustaining costs decreased by 18% from US$1,254 per ounce in 2016 to US$1,027 per ounce in 2017 due to lower cost of sales before gold inventory change and amortisation and depreciation and lower sustaining capital expenditure, partially offset by lower gold sold and a gold inventory charge to cost. At Damang, all-in costs increased by 46% from US$1,254 per ounce in 2016 to US$1,827 per ounce in 2017 mainly due to non-sustaining capital expenditure of US$115 million on the Damang reinvestment project.

At Cerro Corona in Peru, all-in sustaining costs and total all-in costs decreased by 59% from US$499 per ounce in 2016 to US$203 per ounce in 2017 mainly due to higher by-product credits, lower sustaining capital expenditure and higher gold sold, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation and a gold inventory charge to costs. All-in sustaining costs and total all-in costs per equivalent ounce decreased by 12% from US$762 per equivalent ounce to US$673 per equivalent ounce mainly due to the same reasons as above.

At the Australian operations, all-in sustaining costs and total all-in costs decreased by 2% from A$1,231 per ounce (US$917 per ounce) in 2016 to A$1,210 per ounce (US$926 per ounce) in 2017 mainly due to higher gold sold and a higher gold inventory credit, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation and higher capital expenditure. At St Ives, all-in sustaining costs and total all-in costs decreased by 6% from A$1,273 per ounce (US$949 per ounce) in 2016 to A$1,198 per ounce (US$916 per ounce) in 2017 due to lower cost of sales before gold inventory change and amortisation and depreciation, a higher gold inventory credit and higher gold sold, partially offset by higher capital expenditure. At Agnew, all-in sustaining costs and total all-in costs decreased by 2% from A$1,301 per ounce (US$971 per ounce) in 2016 to A$1,276 per ounce (US$977 per ounce) in 2017 due to higher gold sold, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation and higher capital expenditure. At Granny Smith, all-in sustaining costs and total all-in costs increased by 5% from A$1,119 per ounce (US$834 per ounce) in 2016 to A$1,171 per ounce (US$896 per ounce) in 2017 mainly due to higher cost of sales before gold inventory change and amortisation and depreciation and a gold inventory charge to costs compared to a credit to costs in 2016, partially offset by higher gold sold and lower capital expenditure.

Investment income

Income from investments decreased by 25% from US$8 million in 2016 to US$6 million in 2017. The decrease was mainly due to lower cash balances at the international operations in 2017.

The investment income in 2017 of US$6 million comprised US$1 million interest on monies invested in the South African rehabilitation trust fund and US$5 million interest on other cash and cash equivalent balances.

The investment income in 2016 of US$8 million comprised US$1 million interest on monies invested in the South African rehabilitation trust fund and US$7 million interest on other cash and cash equivalent balances.

Interest received on the South African rehabilitation trust fund remained flat at US$1 million.

Interest on other cash balances decreased by 29% from US$7 million in 2016 to US$5 million in 2017 mainly due to lower cash balances at the international operations in 2017.

Finance expense

Finance expense increased by 4% from US$78 million in 2016 to US$81 million in 2017.

The finance expense of US$81 million in 2017 comprised US$12 million relating to the accretion of the environmental rehabilitation liability, US$1 million relating to the unwinding of the silicosis provision and US$91 million on various Group borrowings, partially offset by borrowing costs capitalised of US$23 million.

The finance expense of US$78 million in 2016 comprised US$11 million relating to the accretion of the environmental rehabilitation liability and US$82 million on various Group borrowings, partially offset by borrowing costs capitalised of US$15 million.

The environmental rehabilitation liability accretion expense increased by 9% from US$11 million in 2016 to US$12 million in 2017 mainly due to marginally higher present values of the rehabilitation liabilities and an increase in discount rates used in unwinding in Ghana.

Capitalised interest increased by 53% from US$15 million in 2016 to US$23 million in 2017 due to higher borrowings. This interest was capitalised in terms of IAS 23 *Borrowing* Cost. IAS 23 requires capitalisation of borrowing costs whenever general borrowings are used to finance qualifying projects. The qualifying projects were South Deep's mine development (US$20 million), Damang reinvestment project (US$2 million) and the Gruyere project (US$1 million). South Deep was the only qualifying project in 2016. An average interest capitalisation rate of 5.3% (2016: 4.7%) was applied.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Below is an analysis of the components making up the interest on the various Group borrowings, stated on a comparative basis:

	2017 US$ million	2016 US$ million
Interest on borrowings to fund capital expenditure and operating costs at the South African operation	**12**	6
Interest on US$1 billion notes issue	**43**	44
Interest on US$70 million revolving senior secured credit facility	**1**	2
Interest on US$100 million revolving senior secured credit facility	**2**	—
Interest on US$150 million revolving senior secured credit facility (old)	**2**	3
Interest on US$150 million revolving senior secured credit facility (new)	**1**	—
Interest on US$1,510 million term loan and revolving credit facilities	**–**	12
Interest on US$1,290 million term loan and revolving credit facilities	**27**	14
Other interest charges	**3**	1
	91	82

Interest on borrowings to fund capital expenditure and operating costs at the South African operation increased from US$6 million in 2016 to US$12 million in 2017 due to drawdowns of South African borrowings in 2017.

Interest on the US$1 billion notes issue decreased marginally from US$44 million in 2016 to US$43 million in 2017.

Interest on the US$70 million senior secured revolving credit facility decreased from US$2 million in 2016 to US$1 million in 2017. The decrease is due to the US$70 million revolving senior secured credit facility being cancelled and refinanced through the US$100 million revolving senior secured credit facility on 21 July 2017. Interest on the US$100 million term revolving senior secured credit facility from the date of refinancing was US$2 million.

Interest on the US$150 million revolving senior secured credit facility (old) decreased from US$3 million in 2016 to US$2 million in 2017. The decrease is due to the US$150 million revolving senior secured credit facility being cancelled and refinanced through the US$150 million revolving senior secured credit facility (new) on 22 September 2017. Interest on the US$150 million revolving senior secured credit facility (new) from the date of refinancing was US$1 million.

Interest on the US$1,510 million term loan and revolving credit facilities decreased from US$12 million in 2016 to US$nil in 2017. The decrease is due to the US$1,510 million term loan and revolving credit facilities being cancelled and refinanced through the US$1,290 million term loan and revolving credit facilities on 6 June 2016.

Interest on the US$1,290 million term loan and revolving credit facilities increased from US$14 million in 2016 to US$27 million in 2017. The increase is due to the interest charge being for five months in 2016 compared to 12 months in 2017.

Gain on financial instruments
The gain on financial instruments increased by 143% from US$14 million in 2016 to US$34 million in 2017.

	2017 US$ million	2016 US$ million
South Deep gold hedge	**11**	–
Australia gold hedge	**15**	–
Ghana oil hedge	**9**	–
Australia oil hedge	**5**	–
Peru copper hedge	**(6)**	–
South Deep currency hedge	**–**	14
	34	14

South Deep gold hedge
In November 2017, South Deep entered into zero-cost collars for the period January 2018 to December 2018 for 63,996 ounces of gold. The strike prices are R600,000 per kilogram on the floor and R665,621 per kilogram on the cap. At 31 December 2017, the mark-to-market value of the hedge was a positive R137 million (US$11 million).

Australia gold hedge
In April 2017 and June 2017, the Australian operations entered into a combination of zero-cost collars and forward sales transactions for the period July 2017 to December 2017 for 295,000 ounces of gold. The average strike prices on the collars were A$1,695.9 on the floor and A$1,754.2 on the cap. The average forward price was A$1,719.9. At 31 December 2017, there were no open positions and the total realised gain was US$15 million.

Ghana oil hedge
In May 2017 and June 2017, the Ghanaian operations entered into fixed price ICE Gasoil cash settled swap transaction for a total of 125.8 million litres of diesel for the period June 2017 to December 2019. The average swap price is US$457.2 per metric tonne (equivalent US$61.4 per barrel). At the time of the transactions, the average Brent swap equivalent over the tenor was US$49.8 per barrel. At 31 December 2017, the mark-to-market value on the hedge was a positive US$9 million.

Australia oil hedge
In May 2017 and June 2017, the Australian operations entered into fixed price Singapore 10ppm Gasoil cash settled swap transactions for a total of 77.5 million litres of diesel for the period June 2017 to December 2019. The average swap price is US$61.15 per barrel. At the time of the transactions, the average Brent swap equivalent over the tenor was US$49.92 per barrel. At 31 December 2017, the mark-to-market value on the hedge was a positive US$5 million.

Peru copper hedge
In July 2017, Peru entered into zero-cost collars for the period August 2017 and December 2017 for 8,250 tonnes of copper. The average floor price was US$5,867 per tonne and the average cap was US$6,300 per tonne. The total realised loss was US$3 million.

In November 2017, further zero-cost collars were entered into for the period January 2018 to December 2018. A total volume of 29,400 tonnes was hedged, at an average floor price of US$6,600 per tonne and an average cap price of US$7,431 per tonne. At 31 December 2017, the mark-to-market value on the hedge was a negative US$3 million.

South Deep currency hedge
On 25 February 2016, South Deep entered into US$/Rand forward exchange contracts for a total delivery of US$69.8 million starting at July 2016 to December 2016. The average forward rate achieved over the six-month period was R16.8273. The hedge was delivered into in July and August and the balance closed out in September 2016. The average rate achieved on delivery and close out was R13.8010, resulting in a positive cash flow of US$14 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Hedges entered into subsequent to year-end

Ghana gold hedge

In January 2018, 409,000 ounces of gold were hedged by the Ghanaian operations for the period January 2018 to December 2018 using zero cost collars with an average floor price of US$1,300.00 per ounce and an average cap price of US$1,409.34 per ounce.

Australia gold hedge

In February and March 2018, the Australian operations entered into a combination of forward sales agreements and zero-cost collars for the period February 2018 to December 2018 for 321,000 ounces of gold. The average forward price on 221,000 ounces is A$1,713.83 per ounce and on 100,000 ounces the cap price is A$1,750 per ounce and the floor price is A$1,700 per ounce.

Foreign exchange loss

The foreign exchange loss decreased by 33% from US$6 million in 2016 to US$4 million in 2017.

These gains and losses on foreign exchange related to the conversion of offshore cash holdings into their functional currencies. The exchange loss of US$4 million was due to the weakening of the Ghanaian Cedi and the strengthening of the Australian Dollar, while US$6 million in 2016 were mainly due to the weakening of the Ghanaian Cedi.

Other costs, net

Other costs, net increased by 12% from US$17 million in 2016 to US$19 million in 2017.

The costs in 2017 are mainly made up of:

- Social contributions and sponsorships of US$20 million;
- Offshore structure costs of US$11 million;
- Corporate related costs of US$1 million;
- Rehabilitation income of US$14 million as a result of changes in estimates relating to the provision for environmental rehabilitation costs recognised in profit or loss.

The costs in 2016 are mainly made up of:

- Social contributions and sponsorships of US$19 million;
- Facility charges of US$8 million on borrowings;
- Offshore structure costs of US$9 million;
- Corporate related costs of US$4 million;
- GFA margin improvement project of US$5 million;
- Profit of US$18 million on the buy-back of notes; and
- Rehabilitation income of US$10 million as a result of changes in estimates relating to the provision for environmental rehabilitation costs recognised in profit or loss.

Share-based payments

Gold Fields recognises the cost of share options granted (share-based payments) in terms of IFRS 2 *Share-based payment.*

Gold Fields has adopted appropriate valuation models (Black-Scholes and Monte Carlo simulation) to fair value share-based payments. The value of the share options is determined at the grant date of the options and depending on the rules of the plan expensed on a straight-line basis over a three-year vesting period, adjusted for forfeitures as appropriate.

Share-based payments increased by 93% from US$14 million in 2016 to US$27 million in 2017. The corresponding entry for the share-based payment expense was the share-based payment reserve within shareholders' equity.

The charge in 2017 related to a new allocation in 2017 in addition to the 2016 allocation, as well as positive mark-to-market adjustments relating to the free cash flow margin portion of the awards. The charge in 2016 related only to the 2016 share-based payment allocation and a marginal positive mark-to-market adjustment.

Long-term incentive plan expense

Gold Fields recognises the long-term incentive plan expense in terms of IAS 19 *Employee benefits.*

On 1 March 2014, the Remuneration Committee approved the Gold Fields Limited long-term incentive plan ("LTIP"). The plan provides for executive directors, certain officers and employees to receive a cash award conditional on the achievement of specified performance conditions relating to total shareholder return and free cash flow margin. The conditions are assessed over the performance cycle which runs over three calendar years. The expected timing of the cash outflows in respect of each grant is at the end of three years after the original award was made.

These awards are measured on the date the award is made and re-measured at each reporting period. The total shareholder return portion of the award is measured using the Monte Carlo simulation valuation model, which requires assumptions regarding the share price volatility and expected dividend yield. The fair value of the free cash flow portion of the award is valued based on the actual and expected achievement of the cash flow targets set out in the plan. The assumptions used in the Monte Carlo model and the expected cash flow targets are reviewed at each reporting date.

No allocations were made under the LTIP in 2016 and 2017 following the introduction of the revised Gold Fields Limited 2012 share plan.

The LTIP expense decreased by 55% from US$11 million in 2016 to US$5 million in 2017. The decrease was due to negative mark-to-market adjustments relating to the share price portion of the incentive scheme as well as expensing of only one LTIP allocation in 2017 due to the scheme coming to an end. The charge in 2016 related to two LTIP allocations and negative mark-to-market adjustments.

Exploration expense
The exploration expense increased by 28% from US$86 million in 2016 to US$110 million in 2017.

	2017 US$ million	2016 US$ million
Australia	**52**	42
Salares Norte	**53**	39
Arctic Platinum Project ("APP")	**1**	1
Exploration office costs	**4**	5
Total exploration expense	**110**	86

In 2017, Australia spent US$75 million on exploration of which US$52 million was expensed in the income statement.

In 2016, Australia spent US$69 million on exploration of which US$42 million was expensed in the income statement.

Share of results of equity accounted investees, net of taxation
Share of results of equity accounted investees, net of taxation decreased by 50% from a loss of US$2 million in 2016 to a loss of US$1 million in 2017 and related mainly to activities at FSE.

During 2017, Gold Fields equity accounted for Far South East Resources Incorporated ("FSE") and Maverix Metals Incorporated ("Maverix"). During 2016, Gold Fields accounted for FSE only.

FSE's share of results of equity accounted investees, net of taxation decreased by 50% from a loss of US$2 million in 2016 to a loss of US$1 million in 2017.

On 23 December 2016, Gold Fields sold a portfolio of 11 producing and non-producing royalties to Maverix in exchange for 42.85 million common shares and 10.0 million common share purchase warrants of Maverix. The share of results of equity accounted investees, net of taxation for Maverix was US$nil for 2017, representing 27.9% (2016: 32.3%) shareholding.

Restructuring costs
Restructuring costs decreased by 25% from US$12 million in 2016 to US$9 million in 2017. The cost in 2017 relates mainly to separation packages in South Deep, Damang (related to the conversion from owner to contractor mining implemented in 2017) and Tarkwa and the cost in 2016 relates mainly to separation packages in Damang and Granny Smith.

Silicosis settlement costs
Silicosis settlement costs were US$30.2 million in 2017 compared to US$nil in 2016.

A consolidated application was brought against several South African mining companies, including Gold Fields, for certification of a class action on behalf of current or former mineworkers (and their dependants) who have allegedly contracted silicosis and/or tuberculosis while working for one or more of the mining companies listed in the application.

During 2017, as a result of the ongoing work of the Working Group (refer note 34 of the consolidated financial statements for further details) and engagements with affected stakeholders since 31 December 2016, Gold Fields provided an amount of US$30 million for its share of the estimated cost in relation to the Working Group of a possible settlement of the class action claims and related costs. The nominal value of this provision was US$41 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Impairment, net of reversal of impairment of investments and assets
Impairment, net of reversal of impairment of investments and assets increased by 160% from US$77 million in 2016 to US$200 million in 2017.

	2017 US$ million	2016 US$ million
Cerro Corona redundant assets	**1**	–
Tarkwa mining fleet	**7**	–
Damang Rex pit assets	**4**	–
South Deep goodwill	**278**	–
Listed and unlisted investments	**4**	–
Cerro Corona CGU	**(53)**	66
APP	**(39)**	–
Damang mining fleet	**–**	2
Damang write down to net realisable value	**–**	8
	200	77

The impairment charge of US$200 million in 2017 comprises:
- US$1 million impairment of redundant assets at Cerro Corona;
- US$7 million asset specific impairment at Tarkwa, relating to aged, high maintenance and low effectiveness mining fleet that is no longer used;
- US$4 million asset specific impairment at Damang, relating to all assets at the Rex pit. Following a series of optimisations, the extensional drilling, completed in 2017, failed to deliver sufficient tonnages at viable grades to warrant further work;
- US$278 million cash-generating unit impairment at South Deep, the impairment is due to a reduction in the gold price assumptions, a lower resource price and a deferral of production. The main assumptions used were
  - Gold price of R525,000 per kilogram;
  - Resource price of US$17 per ounce at a Rand/US$ exchange rate of R12.58;
  - Resource ounces of 29.0 million ounces;
  - Life-of-mine of 77 years.
  - Discount rate of 13.5% nominal.
- US$4 million impairment of listed and unlisted investments.

The above were partially offset by the following reversal of impairments:
- US$53 million reversal of cash-generating unit impairment at Cerro Corona. The reversal of the impairment is due to a higher net present value due to the completion of a pre-feasibility study in 2017 extending the life-of-mine from 2023 to 2030 by optimising the tailings density and increasing the tailings capacity by using in-pit tailings after mining activities end. The main assumptions used were:
  - Gold price of US$1,200 per ounce for 2018 and US$1,300 per ounce for 2019 onwards;
  - Copper price of US$2.50 per pound for 2018 and US$2.80 per pound for 2019 onwards;
  - Resource price of US$41 per ounce;
  - Life-of-mine of 13 years; and
  - Discount rate of 4.8%.
- US$39 million reversal of APP impairment. During 2017, active marketing activities continued for APP and as a result, a sale agreement was completed comprising a purchase offer of US$40 million cash and a 2% net smelter refiner royalty on all metals. As a result, the impairment previously recorded, was reversed up to the value of the selling price.

The impairment charge of US$77 million in 2016 comprises:
- US$2 million asset specific impairment at Damang, relating to inoperable mining fleet that is no longer used under the current life-of-mine plan;
- US$8 million write down of assets held for sale. Following the Damang re-investment plan, a decision was taken to sell certain mining fleet assets and related spares. The sale of the assets was concluded during 2017. As a result, the assets were classified as held for sale and valued at the lower of fair value less costs of disposal ("FVLCOD") or carrying value which resulted in an impairment; and
- US$66 million cash-generating unit impairment at Cerro Corona. The impairment was due to the reduction in gold and copper reserves due to depletion, a decrease in the gold and copper price assumptions for 2017 and 2018, a lower resource price and an increase in the Peru tax rate from 2017 onwards.

Profit on disposal of investments
The profit on the disposal of investments was US$nil in 2017 compared with US$2 million in 2016.

The profit on disposal of investments of US$2 million in 2016 related mainly the profit on disposal of shares in Sibanye Gold Limited.

Profit/(loss) on disposal of assets
Profit on disposal of assets decreased by 92% from US$48 million in 2016 to US$4 million in 2017.

The major disposals in 2017 related mainly to the sale of redundant assets at Agnew and Tarkwa.

Profit on disposal of assets of US$48 million in 2016 related to the sale of royalties as part of the Maverix transaction.

Royalties
Royalties decreased by 21% from US$78 million in 2016 to US$62 million in 2017 and are made up as follows:

	2017 US$ million	2016 US$ million
South Africa	**2**	2
Ghana	**27**	44
Peru	**5**	5
Australia	**28**	27
	62	78

The royalty in South Africa remained flat at US$2 million.

The royalty in Ghana decreased by 39% from US$44 million in 2016 to US$27 million in 2017 due to the introduction in 2017 of a sliding scale for royalty rates, linked to the prevailing gold price. The royalty rate per the sliding scale for 2017 was 3% (2016: fixed at 5% of total revenue earned from minerals obtained).

The royalty in Peru remained flat at US$5 million.

The royalty in Australia decreased in Australian Dollar terms from A$39 million in 2016 to A$36 million in 2017, however, increased in United States Dollar terms due to the strengthening of the Australian Dollar against the United States Dollar.

Mining and income tax
Mining and income tax charge decreased by 9% from US$190 million in 2016 to US$173 million in 2017.

As a result of the correction of the amortisation and depreciation methodology at the Australian operations, mining and income tax in 2016 decreased by 1% from US$192 million to US$190 million.

The table below indicates Gold Fields' effective tax rate in 2017 and 2016:

	2017	2016
Income and mining tax charge – US$ million	**(173)**	(190)
Effective tax rate – %	**113.6**	53.0

In 2017, the effective tax rate of 113.6% was higher than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:
- US$19 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- US$13 million deferred tax assets not recognised on reversal of impairment of APP;
- US$5 million deferred tax movement on Peruvian Nuevo Sol devaluation against US Dollar;
- US$7 million utilisation of tax losses not previously recognised at Damang; and
- US$20 million deferred tax assets recognised at Cerro Corona and Damang.

The above were offset by the following tax-effected charges:
- US$29 million non-deductible charges comprising share-based payments (US$9 million) and exploration expense (US$20 million);
- US$24 million non-deductible interest paid;
- US$95 million impairment of South Deep goodwill;
- US$13 million deferred tax assets not recognised at Cerro Corona and Damang;
- US$5 million of net non-deductible expenditure and non-taxable income;
- US$10 million deferred tax raised on unremitted earnings at Tarkwa; and
- US$5 million of various Peruvian non-deductible expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

In 2016, the effective tax rate of 53.0% was higher than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:
- US$22 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- US$9 million deferred tax released on the reduction of corporate tax rate at the Ghanaian operations, partially offset by the increase in tax rate at Cerro Corona;
- US$6 million non-taxable profit on the buy-back of notes; and
- US$1 million non-taxable profit on disposal of investments.

The above were offset by the following tax-effected charges:
- US$20 million non-deductible charges comprising share-based payments (US$5 million) and exploration expense (US$15 million);
- US$24 million non-deductible interest paid;
- US$1 million deferred tax charge on Peruvian Nuevo Sol devaluation against US Dollar;
- US$35 million deferred tax assets not recognised at Cerro Corona and Damang;
- US$10 million of net non-deductible expenditure and non-taxable income;
- US$1 million of non-deductible share of results of associates after taxation; and
- US$8 million of various Peruvian non-deductible expenses.

(Loss)/profit from continuing operations
As a result of the factors discussed above, a loss from continuing operations of US$21 million in 2017 compared with a profit from continuing operations of US$168 million in 2016.

As a result of the correction of the amortisation and depreciation methodology at the Australian operations, the profit from continuing operations in 2016 decreased by 3% from US$173 million to US$168 million.

DISCONTINUED OPERATIONS

Profit from discontinued operations, net of tax
Profit from discontinued operations was US$13 million in 2017 compared to US$1 million in 2016.

The main reason for the increase was the profit on disposal of Darlot of US$24 million (US$16 million after tax) partially offset by the loss from operating activities relating to nine months to 30 September 2017 (disposal date) of US$3 million in 2017 as compared to profit from operating activities of US$1 million in 2016.

Revenue decreased by 41% from US$83 million in the 12 months to December 2016 to US$49 million in the nine months to September 2017. Gold sales decreased by 41% from 66,400 ounces for the 12 months to December 2016 to 39,200 ounces for the nine months to September 2017 due to lower grades mined and a three-month shorter period accounted for in 2017.

Cost of sales before gold inventory change and amortisation and depreciation decreased by 21% from A$77 million (US$57 million) in the 12 months to December 2016 to A$61 million (US$46 million) for the nine months to September 2017 due to a three-month shorter period in 2017.

In terms of gold inventory change, the charge to costs of A$1 million (US$1 million) for the nine months to September 2017 compared with A$1 million (US$nil million) for the 12 months to December 2016.

Amortisation and depreciation decreased by 79% from A$19 million (US$14 million) for the 12 months to December 2016 to A$4 million (US$4 million) to the nine months to September 2017 due to a lower property, plant and equipment balance at end of 2016 due to limited life-of-mine as well as a three-month shorter period accounted for in 2017.

Other costs decreased by 71% from US$7 million in 2016 to US$2 million in 2017 in line with reduction of activities.

Royalties decreased by 50% from US$2 million in 2016 to US$1 million in 2017 in line with lower revenue on which they are calculated.

Mining and income tax increased by 500% from US$1 million in 2016 to US$6 million in 2017 due to the taxation charge on the profit realised on disposal of Darlot of US$24 million.

AISC and AIC – Discontinued operation

At the discontinued operation, Darlot, all-in sustaining costs and total all-in costs increased by 13% from A$1,662 per ounce (US$1,238 per ounce) in for the 12 months in 2016 to A$1,874 per ounce (US$1,432 per ounce) for the nine months to December 2017 due to lower gold sold and a higher gold inventory charge to costs compared to a credit to costs in 2016, partially offset by lower cost of sales before gold inventory change and amortisation and depreciation and lower capital expenditure.

(Loss)/profit for the year (continuing and discontinued operations)
A loss of US$8 million in 2017 compared with a profit of US$169 million in 2016.

As a result of the correction of the amortisation and depreciation methodology at the Australian operations, the profit for the year in 2016 decreased by 3% from US$174 million to US$169 million.

(Loss)/profit attributable to owners of the parent
A loss attributable to owners of the parent of US$19 million in 2017 compared to a profit of US$158 million in 2016.

The loss attributable to owners of the parent of US$19 million in 2017 comprised US$32 million loss attributable to owners of the parent from continuing operations and US$13 million profit attributable to owners of the parent from discontinued operations.

The profit attributable to owners of the parent of US$158 million in 2016 comprised US$157 million profit attributable to owners of the parent from continuing operations and US$1 million profit attributable to owners of the parent from discontinued operations.

Profit attributable to non-controlling interests
Profit attributable to non-controlling interests remained flat at US$11 million.

The non-controlling interest consists of Gold Fields Ghana (Tarkwa) and Abosso Goldfields (Damang) at 10% each at the end of 2017 and 2016 and Gold Fields La Cima (Cerro Corona) at 0.47% at the end of 2017 and 2016.

The amount making up the non-controlling interest is shown below:

	2017 Minority interest Effective*	2016 Minority interest Effective*	2017 US$ million	2016 US$ million
Gold Fields Ghana Limited – Tarkwa	**10.0%**	10.0%	**9**	12
Abosso Goldfields – Damang	**10.0%**	10.0%	**2**	(1)
Gold Fields La Cima – Cerro Corona	**0.47%**	0.47%	**–**	–
			11	11

** Average for the year.*

(Loss)/earnings per share from continuing operations
As a result of the above, Gold Fields loss of US$0.04 per share from continuing operations in 2017 compared with earnings of US$0.19 per share from continuing operations in 2016.

Earnings per share from discontinued operations
Earnings of US$0.02 per share from discontinued operations in 2017 compared with US$0.00 earnings per share from discontinued operations in 2016.

RESULTS FOR THE YEAR – Years ended 31 December 2016 and 31 December 2015

Profit/(loss) attributable to owners of the parent from continuing operations was a profit of US$158 million (or US$0.19 per share) for 2016 compared to a loss of US$247 million (or US$0.31 per share) for 2015. The reasons for this increase are discussed below.

CONTINUING OPERATIONS

Revenue
Revenue increased by 9% from US$2,454 million in 2015 to US$2,666 million in 2016.

The increase in revenue was mainly due to the increase of 9% from US$1,140 per equivalent ounce in 2015 to US$1,241 per equivalent ounce in 2016 in the average US Dollar gold price achieved by the Group. The average Rand gold price increased by 22% from R478,263 per kilogram to R584,894 per kilogram. The average Australian Dollar gold price increased by 9% from A$1,541 per ounce to A$1,675 per ounce. The average US Dollar gold price for the Ghanaian operations increased by 7% from US$1,161 per ounce in 2015 to US$1,247 per ounce in 2016. The average equivalent US Dollar gold price, net of treatment and refining charges, for Cerro Corona increased by 20% from US$996 per equivalent ounce in 2015 to US$1,199 per equivalent ounce in 2016. The average US Dollar/Rand exchange rate weakened by 16% from R12.68 in 2015 to R14.70 in 2016. The average Australian/US Dollar exchange rate was similar at A$1.00 = US$0.75.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Gold sales decreased marginally from 2,154,900 equivalent ounces in 2015 to 2,150,000 equivalent ounces in 2016.

Gold sales at the South African operation increased by 46% from 6,160 kilograms (198,000 ounces) to 9,001 kilograms (289,400 ounces). Gold sales at the Ghanaian operations decreased by 5% from 753,900 ounces to 715,800 ounces. Gold equivalent sales at the Peruvian operation (Cerro Corona) decreased by 8% from 293,300 equivalent ounces to 268,900 equivalent ounces. At the Australian operations, gold sales decreased by 4% from 909,600 ounces to 876,000 ounces. As a general rule, Gold Fields sells all the gold it produces.

	2016			2015		
	Revenue US$ million	Gold sold ('000oz)	Gold produced ('000oz)	Revenue US$ million	Gold sold ('000oz)	Gold produced ('000oz)
South Deep	358.2	289.4	290.4	232.3	198.0	198.0
Tarkwa	708.9	568.1	568.1	680.7	586.1	586.1
Damang	183.4	147.7	147.7	194.8	167.8	167.8
Cerro Corona	322.3	268.9	270.2	292.2	293.3	295.6
St Ives	452.3	362.9	362.9	431.8	371.9	371.9
Agnew/Lawlers	285.4	229.3	229.3	273.9	236.6	236.6
Granny Smith	355.8	283.8	283.8	348.4	301.1	301.1
Continuing operations	2,666.4	2,150.0	2,152.3	2,454.1	2,154.9	2,157.2

At South Deep in South Africa, gold sales increased by 46% from 6,160 kilograms (198,000 ounces) to 9,001 kilograms (289,400 ounces) mainly due to increased volumes and grades.

At the Ghanaian operations, gold sales at Tarkwa decreased by 3% from 586,100 ounces to 568,100 ounces due to the lower yield. Damang's gold sales decreased by 12% from 167,800 ounces to 147,700 ounces mainly due to lower yield.

At Cerro Corona in Peru, copper sales increased by 6% from 28,221 tonnes to 29,905 tonnes and gold sales decreased by 6% from 158,805 ounces to 149,105 ounces. As a result gold equivalent sales decreased by 8% from 293,300 ounces to 268,900 ounces due to lower copper to gold price ratio as well as lower gold head grades treated and lower gold recovery.

At the Australian operations, gold sales at St Ives decreased by 2% from 371,900 ounces to 362,900 ounces due to lower grade or ore milled following the closure of the Cave Rocks and Athena underground mines and transition to a predominantly open pit operation. At Agnew/Lawlers, gold sales decreased by 3% from 236,600 ounces to 229,300 ounces mainly due to a reduction in ore processed. At Granny Smith, gold production decreased by 6% from 301,100 ounces to 283,800 ounces due to lower grades mined and an increase in stockpiled ore as a consequence of the timing of the December milling campaign.

Cost of sales

Cost of sales, which comprises cost of sales before gold inventory change and amortisation and depreciation, gold inventory change and amortisation and depreciation, increased by 1% from US$1,989 million in 2015 to US$2,001 million in 2016.

Cost of sales before gold inventory change and amortisation and depreciation

Cost of sales before gold inventory change and amortisation and depreciation increased marginally from US$1,372 million in 2015 to US$1,376 million in 2016.

At South Deep in South Africa, cost of sales before gold inventory change and amortisation and depreciation increased by 33% from R3,000 million (US$237 million) to R4,003 million (US$272 million). This increase of R1,003 million was mainly due to the 47% increase in production, annual salary increases, the electricity increase and an increase in employees and contractors in line with the strategy to sustainably improve all aspects of the operation and to position the mine to achieve the targets set out in the rebase plan.

At the Ghanaian operations, cost of sales before gold inventory change and amortisation and depreciation decreased by 7% from US$519 million in 2015 to US$481 million in 2016. This decrease of US$38 million was mainly at Damang due to lower mining and consumable costs in line with the lower production. It was partially offset by increased costs at Tarkwa. At Tarkwa, cost of sales before gold inventory change and amortisation and depreciation increased by 3% from US$334 million to US$345 million and at Damang, cost of sales before gold inventory change and amortisation and depreciation decreased by 26% from US$184 million to US$136 million.

At Cerro Corona in Peru, cost of sales before gold inventory change and amortisation and depreciation of US$144 million in 2016 was similar to 2015.

At the Australian operations, cost of sales before gold inventory change and amortisation and depreciation increased by 2% from A$629 million (US$473 million) in 2015 to A$643 million (US$480 million) in 2016. At St Ives, cost of sales before gold inventory change and amortisation and depreciation remained similar at A$259 million (US$195 million). At Agnew/Lawlers, cost of sales before gold inventory change and amortisation and depreciation increased by 3% from A$190 million (US$143 million) to A$195 million (US$146 million). At Granny Smith, cost of sales before gold inventory change and amortisation and depreciation increased by 4% from A$181 million (US$136 million) to A$189 million (US$141 million) due to additional volumes.

Gold inventory change

The gold inventory credit to costs of US$46 million from 2016 compared with a charge to costs of US$26 million in 2015.

At South Deep, the gold inventory credit of Rnil (US$nil) in 2015 compared with R11 million (US$1 million) in 2016, due to gold produced not sold at year-end.

At Tarkwa, the gold inventory credit of US$7 million in 2015 compared with US$18 million in 2016, both due to a buildup of stockpiles.

At Damang, the gold inventory charge of US$2 million in 2015 compared with a credit to costs of US$nil in 2016, due to a drawdown of stockpiles and gold in circuit in 2015 compared to a buildup of gold in circuit in 2016.

At Cerro Corona, the gold inventory charge of US$1 million in 2015 compared with a credit to costs of US$4 million in 2016, due to a buildup of concentrate inventory in 2016 compared with a US$1 million drawdown in 2015.

At St Ives, the charge to costs of A$34 million (US$25 million) in 2015 compared with a credit to costs of A$15 million (US$11 million), due to a buildup on stockpiles in 2016 compared with a drawdown of stockpiles in 2015.

At Agnew, the credit to costs of A$2 million (US$1 million) in 2015 increased to A$7 million (US$5 million) in 2016, both due to a buildup of stockpiles.

At Granny Smith, the charge of A$7 million (US$5 million) in 2015 compared to a credit to costs of A$10 million (US$7 million) due to a buildup of stockpiles in 2016 compared to a drawdown of stockpiles in 2015.

Amortisation and depreciation

Amortisation and depreciation is calculated on the units-of-production method and is based on current gold production as a percentage of total expected gold production over the lives of the different mines.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

The table below depicts the changes from 31 December 2015 to 31 December 2016 for proven and probable managed gold and equivalent reserves and for the life-of-mine for each operation and the resulting impact on the amortisation charge in 2016. The amortisation in 2016 was based on the reserves as at 31 December 2015. The life-of-mine information is based on the operations' strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortisation is calculated using the life-of-mine for each operation, which is based on: (1) the proven and probable reserves for the operation at the start of the relevant year (which are taken to be the same as at the end of the prior fiscal year and using reserves); and (2) the amount of gold produced by the operation during the year. The ore reserve statement as at 31 December 2016 became effective on 1 January 2017.

	Proved and probable mineral reserves as of			Life-of-mine		Amortisation for the year ended	
	31 December 2016 ('000oz)	31 December 2015 ('000oz)	31 December 2014 ('000oz)	31 December 2016 (years)	31 December 2015 (years)	31 December 2016 (US$ million)	31 December 2015 (US$ million)
South Africa region							
South Deep[1]	37,300	37,300	38,000	79	81	71.5	67.9
West Africa region							
Tarkwa[2]	6,100	6,700	7,500	15	16	184.4	162.3
Damang[3]	1,700	1,000	1,200	8	5	17.8	26.4
South America region							
Cerro Corona[4]	2,400	2,800	3,000	7	8	115.6	100.1
Australia region							
St Ives	1,700	1,500	1,800	5	5	154.0	121.6
Agnew/Lawlers	500	700	900	3	4	74.6	58.0
Granny Smith	1,700	1,300	900	9	9	45.0	53.8
Gruyere	1,800	–	–			–	–
Corporate and other	–	–	–	–	–	8.6	1.4
Total reserves[5]	53,200	51,300	53,300			671.5	591.5

[1] *As of 31 December 2014, 31 December 2015 and 31 December 2016 mineral reserves of 34.896 million ounces, 34.027 million ounces and 34.072 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the South Deep operation.*

[2] *As of 31 December 2014, 31 December 2015 and 31 December 2016 mineral reserves of 6.742 million ounces, 6.071 million ounces and 5.473 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Tarkwa operation.*

[3] *As of 31 December 2014, 31 December 2015 and 31 December 2016 mineral reserves of 1.111 million ounces, 0.876 million ounces and 1.506 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Damang operation.*

[4] *As of 31 December 2014, 31 December 2015 and 31 December 2016 mineral reserves of 2.988 million ounces, 2.763 million ounces and 2.356 million ounces of equivalent gold were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Cerro Corona operation.*

[5] *As of 31 December 2014, 31 December 2015 and 31 December 2016 reserves of 49.468 million ounces, 47.258 million ounces and 49.116 million ounces of equivalent gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the South African, Ghanaian and Peruvian operations.*

Amortisation and depreciation increased by 13% from US$592 million in 2015 to US$671 million in 2016.

At South Deep in South Africa, amortisation and depreciation increased by 22% from R861 million (US$68 million) in 2015 to R1,051 million (US$72 million) mainly due to an increase in production.

At the Ghanaian operations, amortisation and depreciation increased by 7% from US$189 million in 2015 to US$202 million in 2016. Tarkwa increased by 14% from US$162 million to US$184 million mainly due to a reduction in reserves. Damang decreased by 31% from US$26 million to US$18 million mainly due to the asset specific impairment at Damang at the end of 2015 and a decrease in production in 2016.

At Cerro Corona in Peru, amortisation and depreciation increased by 16% from US$100 million in 2015 to US$116 million in 2016. This increase is due to reduction in gold and copper reserves.

As a result of the correction of the methodology, the amortisation and depreciation of the Australian operations in 2015 increased by 3% from A$301 million (US$226 million) to A$311 million (US$233 million). At St Ives, amortisation and depreciation increased by 11% from A$146 million (US$110 million) to A$162 million (US$122 million). Agnew/Lawlers decreased by 6% from A$82 million (US$62 million) to A$77 million (US$58 million). Amortisation and depreciation at Granny Smith remained flat at A$72 million (US$54 million).

At the Australian operations, amortisation and depreciation increased by 18%, from A$311 million (US$233 million) in 2015 to A$368 million (US$274 million) in 2016. At St Ives, amortisation and depreciation increased by 28% from A$162 million (US$122 million) in 2015 to A$207 million (US$154 million) due to a decrease in reserves. Agnew/Lawlers increased by 30% from A$77 million (US$58 million) in 2015 to A$100 million (US$75 million) mainly due to a decrease in reserves. At Granny Smith, amortisation and depreciation decreased by 15% from A$72 million (US$54 million) to A$61 million (US$45 million) due to lower production.

All-in sustaining and total all-in costs

The following table sets out for each operation and the Group, total gold sales in ounces, all-in sustaining costs and total all-in costs, net of by-product revenue, in US$/oz for 2016 and 2015:

	2016			2015		
	Gold only ounces sold	All-in sustaining costs – US$/oz	Total all-in costs – US$/oz	Gold only ounces sold	All-in sustaining costs – US$/oz	Total all-in costs – US$/oz
South Deep	289.4	1,207	1,234	198.0	1,490	1,559
South African operation	289.4	1,207	1,234	198.0	1,490	1,559
Tarkwa	568.1	959	959	586.1	970	970
Damang	147.7	1,254	1,254	167.8	1,326	1,326
Ghanaian operations	715.8	1,020	1,020	753.9	1,049	1,049
Cerro Corona[1]	149.1	499	499	158.8	718	718
Peruvian operation	149.1	499	499	158.8	718	718
St Ives	362.9	949	949	371.9	969	969
Agnew/Lawlers	229.3	971	971	236.6	959	959
Granny Smith	283.8	834	834	301.1	764	764
Australian operations	875.9	917	917	909.6	899	899
GIP and Corporate	–	7	31	–	6	19
Continuing operations	2,030.2	972	998	2,020.4	1,005	1,025

All-in costs are calculated in accordance with the World Gold Council Industry standard. Refer to pages 38 to 46 for detailed calculations and discussion of non-IFRS measures.

[1] Gold sold at Cerro Corona excludes copper equivalents of 119,800 ounces in 2016 and 134,500 ounces in 2015.

Figures above may not add as they are rounded independently.

All-in sustaining costs decreased by 3% from US$1,005 per ounce in 2015 to US$972 per ounce in 2016 mainly due to a gold in inventory credit, lower losses on commodity cost hedges and higher by-product credits, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation, higher non-cash and cash remuneration and higher sustaining capital expenditure. AISC in 2015 included US$8 million of inventory written off at Damang. Total all-in costs decreased by 3% from US$1,025 per ounce in 2015 to US$998 per ounce in 2016 for the same reasons as all-in sustaining costs, as well as lower non-sustaining capital expenditure, partially offset by higher exploration, feasibility and evaluation costs.

At South Deep in South Africa, all-in sustaining costs decreased by 6% from R607,429 per kilogram (US$1,490 per ounce) to R570,303 per kilogram (US$1,207 per ounce) mainly due to increased gold sold, partially offset by higher cost of sales before gold inventory change and amortisation and depreciation and higher sustaining capital expenditure. The total all-in costs decreased by 8% from R635,622 per kilogram (US$1,559 per ounce) to R583,059 per kilogram (US$1,234 per ounce) due to the same reasons as for all-in sustaining costs as well as lower non-sustaining capital expenditure.

At the Ghanaian operations, all-in sustaining costs and total all-in costs decreased by 3% from US$1,049 per ounce in 2015 to US$1,020 per ounce in 2016 mainly due to lower cost of sales before gold inventory change and amortisation and depreciation, higher gold inventory credit and lower capital expenditure, partially offset by lower gold sold. At Tarkwa, all-in sustaining costs and total all-in costs decreased by 1% from US$970 per ounce in 2015 to US$959 per ounce in 2016 due to lower capital expenditure and higher gold inventory credit, partially offset by lower gold sold and higher cost of sales before gold inventory change and amortisation and depreciation. At Damang, all-in sustaining costs and total all-in costs decreased by 5% from US$1,326 per ounce in 2015 to US$1,254 per ounce in 2016 due to lower cost of sales before gold inventory change and amortisation and depreciation, partially offset by lower gold sold and higher capital expenditure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

At Cerro Corona in Peru, all-in sustaining costs and total all-in costs decreased by 31% from US$718 per ounce to US$499 per ounce mainly due to higher gold inventory credit, lower sustaining capital expenditure and higher by-product credits, partially offset by lower gold sold. All-in sustaining costs and total all-in costs per equivalent ounce decreased by 2% from US$777 per equivalent ounce to US$762 per equivalent ounce mainly due to the same reasons as above.

At the Australian operations, all-in sustaining costs and total all-in costs increased by 3% from A$1,199 per ounce (US$899 per ounce) in 2015 to A$1,231 per ounce (US$917 per ounce) in 2016 mainly due to higher capital expenditure, higher cost of sales before gold inventory change and amortisation and depreciation and lower gold sold, partially offset by a higher gold inventory credit. At St Ives, all-in sustaining costs and total all-in costs decreased by 1% from A$1,287 per ounce (US$969 per ounce) in 2015 to A$1,273 per ounce (US$949 per ounce) in 2016 due to a higher gold inventory credit, lower cost of sales before gold inventory change and amortisation and depreciation, partially offset by lower gold sold and higher capital expenditure. At Agnew, all-in sustaining costs and total all-in costs increased by 2% from A$1,276 per ounce (US$959 per ounce) in 2015 to A$1,301 per ounce (US$971 per ounce) in 2016 due to lower gold sold and higher cost of sales before gold inventory change and amortisation and depreciation, partially offset by lower capital expenditure and a higher gold inventory credit. At Granny Smith, all-in sustaining costs and total all-in costs increased by 10% from A$1,017 per ounce (US$764 per ounce) in 2015 to A$1,119 per ounce (US$834 per ounce) in 2016 mainly due to lower gold sold, higher cost of sales before gold inventory change and amortisation and depreciation and higher capital expenditure, partially offset by a higher gold inventory credit.

Investment income
Income from investments increased by 33% from US$6 million in 2015 to US$8 million in 2016. The increase was mainly due to higher cash balances at the international operations in 2016.

The investment income in 2016 of US$8 million comprised US$1 million interest on monies invested in the South African rehabilitation trust fund and US$7 million interest on other cash and cash equivalent balances.

The investment income in 2015 of US$6 million comprised US$nil interest on monies invested in the South African rehabilitation trust fund and US$6 million interest on other cash and cash equivalent balances.

Interest received on the South African rehabilitation trust fund increased marginally from US$nil in 2015 to US$1 million in 2016.

Interest on other cash balances increased by 17% from US$6 million in 2015 to US$7 million in 2016 mainly due to higher cash balances at the international operations in 2016.

Finance expense
Finance expense decreased by 6% from US$83 million in 2015 to US$78 million in 2016.

The finance expense of US$78 million in 2016 comprised US$11 million relating to the accretion of the environmental rehabilitation liability and US$82 million on various Group borrowings, partially offset by borrowing costs capitalised of US$15 million.

The finance expense of US$83 million in 2015 comprised US$12 million relating to the accretion of the environmental rehabilitation liability and US$88 million on various Group borrowings, partially offset by borrowing costs capitalised of US$17 million.

The environmental rehabilitation liability accretion expense decreased from US$12 million in 2015 to US$11 million in 2016 mainly due to lower present values of the rehabilitation liabilities which resulted from an increase in discount rates used in the 2015 rehabilitation liabilities calculation.

During 2016, US$15 million (2015: US$17 million) of borrowing costs were capitalised in terms of IAS 23 *Borrowing Cost.* IAS 23 requires capitalisation of borrowing costs whenever general borrowings are used to finance qualifying projects. The only qualifying project was South Deep's mine development. An average interest capitalisation rate of 4.7% (2015: 4.8%) was applied.

Below is an analysis of the components making up the interest on the various Group borrowings, stated on a comparative basis:

	2016 US$ million	2015 US$ million
Interest on borrowings to fund capital expenditure and operating costs at the South African operation	6	3
Interest on US$1 billion notes issue	44	50
Sibanye Gold guarantee fee	—	1
Interest on US$70 million senior secured revolving credit facility	2	2
Interest on US$150 million revolving senior secured credit facility	3	3
Interest on US$1,510 million term loan and revolving credit facilities	12	28
Interest on US$1,290 million term loan and revolving credit facilities	14	—
Other interest charges	1	1
	82	88

Interest on borrowings to fund capital expenditure and operating costs at the South African operation increased from US$3 million in 2015 to US$6 million in 2016 due to drawdowns of South African borrowings in 2016.

Interest on the US$1 billion notes issue decreased from US$50 million in 2015 to US$44 million in 2016. The decrease is due to the buy-back of notes amounting to US$148 million during 2016.

The yearly guarantee fee of US$5 million became payable to Sibanye Gold in 2013 after the unbundling of Sibanye Gold. On 24 April 2015, Sibanye Gold was released as guarantor, resulting in a pro rata guarantee fee of US$1 million in 2015.

Interest on the US$70 million senior secured revolving credit facility remained flat at US$2 million.

Interest on the US$150 million revolving senior secured credit facility remained flat at US$3 million.

Interest on the US$1,510 million term loan and revolving credit facilities decreased from US$28 million in 2015 to US$12 million in 2016. The decrease is due to the US$1,510 million term loan and revolving credit facilities being cancelled and refinanced through the US$1,290 million term loan and revolving credit facilities on 6 June 2016. Interest on the US$1,290 million term loan and revolving credit facilities from the date of refinancing was US$14 million.

Gain/(loss) on financial instruments
The gain/(loss) on financial instruments was a gain of US$14 million in 2016 compared to a loss of US$5 million in 2015.

The gain on financial instruments of US$14 million in 2016 comprised the profit on the South Deep currency hedge.

On 25 February 2016, South Deep entered into US$/Rand forward exchange contracts for a total delivery of US$69.8 million starting at July 2016 to December 2016. The average forward rate achieved over the six month period was R16.8273. The hedge was delivered into in July and August and the balance closed out in September 2016. The average rate achieved on delivery and close out was R13.8010, resulting in a positive cash flow of US$14 million.

The loss on financial instruments of US$5 million in 2015 comprised the loss on the Australian diesel hedges.

On 10 September 2014, Gold Fields Australia Proprietary Limited ("GFA") entered into a Singapore Gasoil 10ppm cash settled swap transaction contract for a total of 136,500 barrels, effective 15 September 2014 until 31 March 2015 at a fixed price of US$115.00 per barrel. The 136,500 barrels are based on 50% of usage for the seven-month period September 2014 to March 2015. Brent Crude at the time of the transaction was US$99.10 per barrel. On 26 November 2014, GFA entered into further contracts. A contract for 63,000 barrels for the period January to March 2015 was committed at a fixed price of US$94.00 per barrel and a further 283,500 barrels was committed at a price of US$96.00 per barrel for the period April to December 2015. Brent Crude at the time of the transaction was US$78.50 per barrel. By entering into the above contracts, the Australian region hedged its full diesel requirements for 2015.

At 31 December 2015, the fair value of these oil derivative contracts was negative US$2 million. At 31 December 2016, there were no derivative contracts outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Foreign exchange (loss)/gain

The foreign exchange (loss)/gain was a loss of US$6 million in 2016 compared to a gain of US$10 million in 2015.

These gains and losses on foreign exchange related to the conversion of offshore cash holdings into their functional currencies. The exchange loss of US$6 million was mainly due to the weakening of the Ghanaian Cedi, while the gains of US$10 million in 2015 were mainly due to the weakening of the Australian Dollar.

Other costs, net

Other costs, net decreased by 23% from US$22 million in 2015 to US$17 million in 2016.

The costs in 2016 are mainly made up of:
- Social contributions and sponsorships of US$19 million;
- Facility charges of US$8 million on borrowings;
- Offshore structure costs of US$9 million;
- Corporate related costs of US$4 million;
- GFA margin improvement project of US$5 million;
- Profit of US$18 million on the buy-back of notes; and
- Rehabilitation income of US$10 million as a result of changes in estimates relating to the provision for environmental rehabilitation costs recognised in profit or loss.

The costs in 2015 are mainly made up of:
- Social contributions and sponsorships of US$12 million;
- Facility charges of US$2 million on borrowings;
- Offshore structure costs of US$13 million;
- Global compliance costs of US$4 million; and
- Rehabilitation income of US$15 million as a result of changes in estimates relating to the provision for environmental rehabilitation costs recognised in profit or loss.

Share-based payments

Gold Fields recognises the cost of share options granted (share-based payments) in terms of IFRS 2 *Share-based payment.*

Gold Fields has adopted appropriate valuation models (Black-Scholes and Monte Carlo simulation) to fair value share-based payments. The value of the share options is determined at the grant date of the options and depending on the rules of the plan expensed on a straight-line basis over a three-year vesting period, adjusted for forfeitures as appropriate.

Share-based payments increased by 27% from US$11 million in 2015 to US$14 million in 2016. The corresponding entry for the above adjustments was share-based payment reserve within shareholders' equity.

The increase in share-based payments was due to the adoption of the revised Gold Fields Limited 2012 Share Plan during 2016 to replace the Gold Fields Limited long-term incentive plan ("LTIP").

Long-term incentive plan expense

Gold Fields recognises the long-term incentive plan expense in terms of IAS 19 *Employee benefits.*

On 1 March 2014, the Remuneration Committee approved the Gold Fields Limited long-term incentive plan ("LTIP"). The plan provides for executive directors, certain officers and employees to receive a cash award conditional on the achievement of specified performance conditions relating to total shareholder return and free cash flow margin. The conditions are assessed over the performance cycle which runs over three calendar years. The expected timing of the cash outflows in respect of each grant is at the end of three years after the original award was made.

These awards are measured on the date the award is made and re-measured at each reporting period. The total shareholder return portion of the award is measured using the Monte Carlo simulation valuation model, which requires assumptions regarding the share price volatility and expected dividend yield. The fair value of the free cash flow portion of the award is valued based on the actual and expected achievement of the cash flow targets set out in the plan. The assumptions used in the Monte Carlo model and the expected cash flow targets are reviewed at each reporting date.

No allocations were made under the LTIP in 2016 following the introduction of the revised Gold Fields Limited 2012 share plan.

The LTIP expense increased by 120% from US$5 million in 2015 to US$11 million in 2016. The increase was due to marked-to-market adjustments, as well as additional vestings under the plan.

Exploration expense
The exploration expense increased by 65% from US$52 million in 2015 to US$86 million in 2016.

	2016 US$ million	2015 US$ million
Australia	42	29
Salares Norte	39	16
APP	1	1
Exploration office costs	5	6
Total exploration expense	86	52

In 2016, Australia spent US$69 million on exploration of which US$42 million was expensed in the income statement.

In 2015, Australia spent US$61 million on exploration of which US$29 million was expensed in the income statement.

Share of results of equity accounted investees, net of taxation
Share of results of equity accounted investees, net of taxation decreased by 67% from a loss of US$6 million in 2015 to a loss of US$2 million in 2016.

The decrease relates mainly to the reclassification of Hummingbird and Bezant to available-for-sale investments during 2015 and 2016, respectively, when they no longer qualified as equity-accounted investees. During 2016, Gold Fields only equity accounted for FSE.

Restructuring costs
Restructuring costs increased by 33% from US$9 million in 2015 to US$12 million in 2016. The cost in 2016 relates mainly to separation packages in Damang and Granny Smith and the cost in 2015 relates mainly to separation packages in Tarkwa and St Ives.

Impairment of investments and assets
Impairment of investments and assets decreased by 63% from US$207 million in 2015 to US$77 million in 2016.

The impairment charge of US$77 million in 2016 comprises:
- US$2 million asset specific impairment at Damang, relating to inoperable mining fleet that is no longer used under the current life-of-mine plan;
- US$8 million write down of assets held for sale. Following the Damang re-investment plan, a decision was taken to sell certain mining fleet assets and related spares. The sale of the assets is expected to be concluded during 2017. As a result, the assets were classified as held for sale and valued at the lower of FVLCOD or carrying value which resulted in an impairment; and
- US$66 million cash-generating unit impairment at Cerro Corona. The impairment was due to the reduction in gold and copper reserves due to depletion, a decrease in the gold and copper price assumptions for 2017 and 2018, a lower resource price and an increase in the Peru tax rate from 2017 onwards.

The impairment charge of US$207 million in 2015 comprises:
- US$8 million net realisable write-downs of stockpiles at Damang;
- US$7 million impairment of redundant assets at Cerro Corona;
- US$36 million asset specific impairment at Damang, relating to immovable mining assets that would no longer be used under the current life-of-mine;
- US$39 million at APP. This project is valued at the lower of fair value less cost of disposal or carrying value after a decision was made to dispose of APP and it was reclassified as held for sale in 2013. The carrying value at 31 December 2014 was US$40 million based on an offer made as part of the ongoing sale process during 2014. This offer was not realised and during 2015, APP was further impaired by US$39 million to its fair value less cost of disposal;
- US$101 million impairment of the Group's investment in FSE to its recoverable amount;
- US$8 million impairment of Hummingbird was recognised to adjust the carrying value of the investment to its fair value upon derecognition of the investment as an equity accounted investee; and
- US$8 million related to impairment of listed investments (Hummingbird, Bezant and various junior exploration companies) to their fair values.

Profit on disposal of investments
The profit on the disposal of investments was US$2 million in 2016 compared with US$nil in 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

The profit on disposal of investments of US$2 million in 2016 related mainly to the profit on disposal of shares in Sibanye Gold Limited.

Profit/(loss) on disposal of assets
Profit on disposal of assets was US$48 million in 2016 compared to US$nil in 2015.

Profit on disposal of assets of US$48 million in 2016 related to the sale of royalties as part of the Maverix transaction.

Royalties
Royalties increased by 5% from US$74 million in 2015 to US$78 million in 2016 and are made up as follows:

	2016 US$ million	2015 US$ million
South Africa	2	1
Ghana	44	44
Peru	5	3
Australia	27	26
	78	74

The royalty in South Africa and Australia increased in line with the increase in gold revenues.

The royalty in Ghana remained flat at US$44 million.

The royalty in Peru increased due to the higher operating margin of Cerro Corona.

Mining and income tax
Mining and income tax charge decreased by 24% from US$249 million in 2015 to US$190 million in 2016.

As a result of the correction of the amortisation and depreciation methodology at the Australian operations, mining and income tax in 2015 decreased by 1% from US$251 million to US$249 million.

The table below indicates Gold Fields' effective tax rate in 2016 and 2015:

	2016	2015
Income and mining tax charge – US$ million	190	249
Effective tax rate – %	53.0	2,792.1

In 2016, the effective tax rate of 53.0% was higher than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:
- US$22 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- US$9 million deferred tax release on the reduction of corporate tax rate at the Ghanaian operations, partially offset by the increase in tax rate at Cerro Corona;
- US$6 million non-taxable profit on the buy-back of notes; and
- US$1 million non-taxable profit on disposal of investments.

The above were offset by the following tax-effected charges:
- US$20 million non-deductible charges comprising share-based payments (US$5 million) and exploration expense (US$15 million);
- US$24 million non-deductible interest paid;
- US$1 million deferred tax charge on Peruvian Nuevo Sol devaluation against US Dollar;
- US$35 million deferred tax assets not recognised at Cerro Corona and Damang;
- US$10 million of net non-deductible expenditure and non-taxable income;
- US$1 million of non-deductible share of results of associates after taxation; and
- US$8 million of various Peruvian non-deductible expenses.

In 2015, the effective tax rate of 2,792.1% was higher than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:
- US$22 million adjustment to reflect the actual realised company tax rates in South Africa and offshore; and
- US$5 million deferred tax release on the change of tax rate at the Peruvian operation.

The above were offset by the following tax-effected charges:

- US$12 million non-deductible charges comprising share-based payments (US$4 million) and exploration expense (US$8 million);
- US$53 million non-deductible impairment charges of assets relating mainly to listed investment, Hummingbird, APP and FSE;
- US$27 million non-deductible interest paid;
- US$41 million deferred tax charge on Peruvian Nuevo Sol devaluation against US Dollar;
- US$113 million derecognition of deferred tax assets at Cerro Corona and Damang;
- US$9 million of net non-deductible expenditure and non-taxable income;
- US$2 million of non-deductible share of results of associates after taxation; and
- US$8 million of various Peruvian non-deductible expenses.

Profit/(loss) from continuing operations

As a result of the factors discussed above, a profit from continuing operations of US$168 million in 2016 compared with a loss from continuing operations of US$240 million in 2015.

As a result of the correction of the amortisation and depreciation methodology at the Australian operations, the loss from continuing operations in 2015 increased by 3% from US$234 million to US$240 million.

DISCONTINUED OPERATIONS

Profit/(loss) from discontinued operations, net of tax

Profit/(loss) from discontinued operations, net of tax was US$1 million in 2016 compared to a loss of US$8 million in 2015.

Revenue from discontinued operation decreased by 9% from US$91 million in 2015 to US$83 million in 2016. Gold sales decreased by 15% from 78,400 ounces to 66,400 ounces due to lower grades mined.

Cost of sales before gold inventory change and amortisation and depreciation decreased by 4% from A$80 million (US$60 million) to A$77 million (US$57 million) due to cost reduction measures applied to mining activities.

The gold inventory charge to costs of A$1 million (US$nil) in 2016 compared with a credit to costs of A$1 million (US$1 million) in 2015 due to a drawdown of gold in circuit in 2016 compared to a build up in 2015.

Amortisation and depreciation decreased by 44% from A$34 million (US$26 million) in 2015 to A$19 million (US$14 million) in 2016 mainly due to the cash-generating unit impairment at the end of 2015 and lower production in 2016.

Other costs decreased by 56% from US$16 million in 2015 to US$7 million in 2016 due to the impairment of the Darlot cash-generating unit in 2015 partially offset by higher exploration expense in 2016.

Royalties remained similar at US$2 million.

Mining and income tax decreased by 500% from a credit of US$4 million in 2015 to a charge of US$1 million in 2016 due to the increase in taxable income.

AISC and AIC – Discontinued operation

All-in sustaining costs and all-in costs increased by 18% from A$1,403 per ounce (US$1,057 per ounce) in 2015 to A$1,662 per ounce (US$1,238 per ounce) in 2016 due to lower gold sold, gold inventory charge to cost and higher capital expenditure, partially offset by lower cost of sales before gold inventory change and amortisation and depreciation.

Profit/(loss) for the year (continuing and discontinued operations)

A profit of US$169 million in 2016 compared with a loss of US$248 million in 2015.

As a result of the correction of the amortisation and depreciation methodology at the Australian operations, the loss for the year in 2015 increased by 2% from US$243 million to US$248 million.

Profit/(loss) attributable to owners of the parent

A profit attributable to owners of the parent of US$158 million in 2016 compared to a loss of US$247 million in 2015.

The profit attributable to owners of the parent of US$158 million in 2016 comprised US$157 million profit attributable to owners of the parent from continuing operations and US$1 million profit attributable to owners of the parent from discontinued operations.

The loss attributable to owners of the parent of US$247 million in 2015 comprised US$239 million loss attributable to owners of the parent from continuing operations and US$8 million loss attributable to owners of the parent from discontinued operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Profit/(loss) attributable to non-controlling interests
Profit/(loss) attributable to non-controlling interests was a profit of US$11 million in 2016 compared to a loss of US$1 million in 2015.

The non-controlling interest consists of Gold Fields Ghana (Tarkwa) and Abosso Goldfields (Damang) at 10% each at the end of 2016 and 2015 and Gold Fields La Cima (Cerro Corona) at 0.47% at the end of 2016 and 2015.

The amount making up the non-controlling interest is shown below:

	2016 Minority interest Effective*	2015 Minority interest Effective*	2016 US$ million	2015 US$ million
Gold Fields Ghana Limited – Tarkwa	10.0%	10.0%	12	9
Abosso Goldfields – Damang	10.0%	10.0%	(1)	(9)
Gold Fields La Cima – Cerro Corona	0.47%	0.47%	—	(1)
			11	(1)

**Average for the year.*

Earnings/(loss) per share from continuing operations
As a result of the above, Gold Fields' earnings of US$0.19 per share from continuing operations in 2016 compared with a loss of US$0.31 per share from continuing operations in 2015.

Loss per share from discontinued operations
Gold Fields' earnings per share of US$0.00 from discontinued operations in 2016 compared with US$0.01 loss per share from discontinued operations in 2015.

LIQUIDITY AND CAPITAL RESOURCES – YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

CASH RESOURCES

Cash flows from operating activities
Cash inflows from operating activities decreased by 17% from US$918 million in 2016 to US$762 million in 2017. The items comprising these are discussed below.

CONTINUING OPERATIONS

Cash inflows from operating activities from continuing operations decreased by 16% from US$896 million in 2016 to US$756 million in 2017.

The decrease of US$140 million was due to:

	US$ million
Increase in cash generated from operations due to higher revenue	42
Decrease in interest received due to lower cash balances	(2)
Increase in investment in working capital[1]	(67)
Increase in interest paid due to higher borrowings	(9)
Decrease in royalties paid due to lower royalty rates in Ghana	10
Increase in taxes paid	(84)
Increase in dividends paid due to higher normalised earnings and higher dividends paid/advanced to non-controlling interests	(30)
	(140)

[1] Mainly due to A$78 million (US$60 million) payment made in respect of the deferred portion of the purchase price of the Group's 50% share of the Gruyere Gold Project.

Dividends paid increased from US$41 million in 2016 to US$71 million in 2017. The dividends paid of US$71 million in 2017 comprised dividends paid to ordinary shareholders of US$63 million, dividends paid/advanced to non-controlling interests in Ghana and Peru of US$6 million and South Deep BEE dividend of US$2 million.

The dividends paid of US$41 million in 2016 comprised dividends paid to ordinary shareholders of US$39 million, non-controlling interests in Peru of US$1 million and South Deep BEE dividend of US$1 million.

DISCONTINUED OPERATIONS

Cash inflows from discontinued operating activities decreased by 68% from US$22 million in 2016 to US$7 million in 2017 mainly due to higher tax paid as well as the three-month shorter period accounted for in 2017.

Cash flows from investing activities
Cash outflows from investing activities increased by 5% from US$868 million in 2016 to US$909 million in 2017.

The increase of US$41 million comprises an increase of US$55 million for continuing operations and a decrease of US$14 million for discontinued operations. The increase of US$55 million was due to:

	US$ million
Increase in additions to property, plant and equipment	(205)
Increase in proceeds on disposal of property, plant and equipment	21
Purchase of Gruyere Gold Project assets	197
Increase in purchase of investments	(67)
Decrease in proceeds on disposal of investments	(4)
Proceeds on disposal of Darlot	5
Increase in environmental trust funds and rehabilitation payments	(2)
	(55)

CONTINUING OPERATIONS

Cash outflows from investing activities from continuing operations increased by 7% from US$846 million in 2016 to US$902 million in 2017. The increase of US$56 million was due to reasons described below.

Additions to property, plant and equipment

Capital expenditure increased by 33% from US$629 million in 2016 to US$834 million in 2017.

	2017			2016		
	Sustaining capital	Growth capital	Total capital	Sustaining capital	Growth capital	Total capital
South Deep	**66**	**17**	**82**	70	8	78
South African region	**66**	**17**	**82**	70	8	78
Tarkwa	**181**	**–**	**181**	168	–	168
Damang	**17**	**115**	**132**	38	–	38
Ghanaian region	**198**	**115**	**313**	206	–	206
Cerro Corona	**34**	**–**	**34**	43	–	43
South American region	**34**	**–**	**34**	43	–	43
St Ives	**156**	**–**	**156**	140	–	140
Agnew/Lawlers	**74**	**–**	**74**	70	–	70
Granny Smith	**87**	**–**	**87**	90	–	90
Australian region	**317**	**–**	**317**	300	–	300
Gruyere	**–**	**81**	**81**	–	–	–
Other	**3**	**4**	**7**	–	1	1
Capital expenditure	**617**	**217**	**834**	620	9	629

Capital expenditure at South Deep in South Africa decreased by 4% from R1,145 million (US$78 million) in 2016 to R1,099 million (US$82 million) in 2017. The capital expenditure of R1,099 million (US$82 million) in 2017 comprised R874 million (US$66 million) sustaining capital and R225 million (US$17 million) growth capital. The capital expenditure of R1,145 million (US$78 million) in 2016 comprised R1,030 million (US$70 million) sustaining capital and R115 million (US$8 million) growth capital:

- This decrease was due to lower spending on fleet, partially offset by higher expenditure on new mine development infrastructure and refrigeration infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Capital expenditure at the Ghanaian operations increased by 52% from US$206 million in 2016 to US$313 million in 2017:

- Tarkwa increased by 8% from US$168 million to US$181 million mainly due to the higher spend on mining fleet in 2017. All capital related to sustaining capital; and
- Damang increased by 247% from US$38 million to US$132 million with the majority spent on waste stripping with the commencement of the reinvestment project. The capital expenditure of US$132 million in 2017 comprised US$17 million sustaining capital and US$115 million growth capital. The capital expenditure of US$38 million in 2016 comprised US$38 million sustaining capital and US$nil million growth capital.

Capital expenditure at Cerro Corona in Peru decreased by 21% from US$43 million in 2016 to US$34 million in 2017. All capital related to sustaining capital:

- The decrease is due to lower expenditure on construction of the tailings dam and waste storage facilities, as a result of optimising the design and scope of the tailings dam and waste storage facilities as well as the renegotiation of the construction contract in 2017.

Capital expenditure at the Australian operations increased by 3% from A$403 million (US$300 million) in 2016 to A$414 million (US$317 million) in 2017:

- St Ives increased by 9% from A$188 million (US$140 million) to A$204 million (US$156 million) due to increased expenditure on pre-stripping at the Invincible underground mine. All capital related to sustaining capital;
- Agnew/Lawlers increased by 2% from A$94 million (US$70 million) to A$96 million (US$74 million) due to the crushing facility purchased for A$5 million (US$4 million). All capital related to sustaining capital;
- Granny Smith decreased by 6% from A$121 million (US$90 million) to A$114 million (US$87 million). The majority of expenditure related to development and infrastructure at the Wallaby mine, exploration and purchases of mobile equipment. All capital related to sustaining capital;
- Gruyere increased by 9% from A$nil million (US$nil million) to A$106 million (US$81 million) due to project construction activities. All capital related to growth capital.

Proceeds on disposal of property, plant and equipment

Proceeds on the disposal of property, plant and equipment increased by 1,050% from US$2 million in 2016 to US$23 million in 2017. In 2017, the US$23 million related mainly to the proceeds on disposal of fleet in Damang of US$17 million and the balance related to the sale of various redundant assets. In 2016, the US$2 million related to the sale of various redundant assets.

Purchase of Gruyere Gold Project assets

On 13 December 2016, Gold Fields purchased 50% of the Gruyere Gold Project and entered into a 50:50 unincorporated joint venture with Gold Road Resources Limited ("Gold Road") for the development and operation of the Gruyere Gold Project in Western Australia, which comprises the Gruyere gold deposit as well as additional resources including Central Bore and Attila/Alaric.

Gold Fields acquired a 50% interest in the Gruyere Gold Project for a total purchase consideration of A$350.0 million payable in cash and a 1.5% royalty on Gold Fields' share of production after total mine production exceeds 2 million ounces. The cash consideration is split with A$250.0 million payable on effective date and A$100.0 million payable according to an agreed construction cash call schedule. Transaction and stamp duty costs of US$19 million were incurred.

At 31 December 2016, Gruyere mining assets of US$276 million (A$372 million) were capitalised of which US$197 million (A$266 million) were cash additions and US$79 million (A$106 million) were non-cash additions.

The US$197 million (A$266 million) cash additions comprise the initial cash consideration of A$250 million payable, as well as additional development costs. The US$79 million (A$106 million) non-cash additions comprise the initial A$100 million payable, as well as stamp duties payable. Of the initial A$100 million payable, A$7 million was paid in 2016, A$78 million in 2017 and A$15 million remains outstanding at 31 December 2017.

Purchase of investments
Investment purchases increased by 515% from US$13 million in 2016 to US$80 million in 2017.

The purchase of investments of US$80 million in 2017 comprised:

	US$ million
Red 5 Limited	**5**
Cardinal Resources Limited	**20**
Gold Road Resources Limited	**55**
	80

The purchase of investments of US$13 million in 2016 comprised:

	US$ million
Cardinal Resource Limited	13
	13

Proceeds on disposal of investments
Proceeds on the disposal of investments decreased from US$4 million in 2016 to US$nil in 2017.

The proceeds on disposal of investments of US$4 million in 2016 comprised:

	US$ million
Sale of shares in Sibanye Gold Limited	2
Sale of shares in Tocqueville Bullion Reserve Limited	2
	4

Proceeds on disposal of Darlot
Gold Fields sold the Darlot mine in Western Australia, through a wholly owned subsidiary, to ASX-listed Red 5 Limited ("Red 5") for a total consideration of A$18.5 million, comprising A$12 million in cash and 130 million Red 5 shares. The cash component was made up of an upfront amount of A$7 million (US$5 million) which could be converted into participation in a Red 5 rights issue and A$5 million deferred for up to 24 months. The deferred consideration may be taken as additional shares in Red 5 or as cash at Gold Fields' election. The gain on disposal of Darlot was A$31 million (US$24 million).

The sale of Darlot was completed on 2 October 2017. Gold Fields received the relevant cash consideration of US$5 million and converted it into participation in a rights issue, as well as the issue of the Red 5 shares as part of the consideration. Gold Fields participated in a rights issue by Red 5 and received 117 million additional shares valued at A$6 million (US$5 million). Gold Fields has a 19.9% shareholding in Red 5 with a market value of A$15 million (US$11 million).

Environmental trust funds and rehabilitation payments
The environmental trust fund and rehabilitation payments increased by 13% from US$15 million in 2016 to US$17 million in 2017.

During 2017, Gold Fields paid US$3 million into its South Deep mine environmental trust fund and US$6 million into its Tarkwa mine environmental trust fund and spent US$8 million on ongoing rehabilitation at the international operations, resulting in a total cash outflow of US$17 million for the year.

During 2016, Gold Fields paid US$2 million into its South Deep mine environmental trust fund and US$6 million into its Tarkwa mine environmental trust fund and spent US$7 million on ongoing rehabilitation at the international operations, resulting in a total cash outflow of US$15 million for the year.

DISCONTINUED OPERATIONS
Cash outflows from discontinued operating activities decreased by 68% from US$22 million in 2016 to US$7 million in 2017 due to three-months shorter period accounted for in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Cash flow from operating activities less net capital expenditure and environmental payments
Cash flow from operating activities less net capital expenditure and environmental payments is defined as net cash from operations adjusted for South Deep BEE dividend, additions to property, plant and equipment, proceeds on disposal of property, plant and equipment and environmental trust funds and rehabilitation payments per the statement of cash flows. This is a measure that management uses to measure the cash generated by the core business.

The cash outflow of US$2 million in 2017 compared with an inflow of US$294 million in 2016. The main reasons for the decrease was that net cash from operations decreased from US$937 million in 2016 to US$826 million in 2017 due to higher taxes paid and higher investment in working capital. Included in the working capital investment was the Gruyere deferred payment of US$60 million. Additions to property plant and equipment increased from US$629 million in 2016 to US$834 million in 2017 due to an increase in growth capital, being growth capital at Damang of US$115 million (2016: US$nil), the growth capital at South Deep of US$17 million (2016: US$8 million) and Gruyere project capital of US$81 million (2016: US$nil).

Below is a table reconciling the cash flow from operating activities less net capital expenditure and environmental payments to the statement of cash flows.

	2017	2016
Net cash from operations	**826**	937
South Deep BEE dividend	**(1)**	(1)
Additions to property, plant and equipment	**(834)**	(629)
Proceeds on disposal of property, plant and equipment	**23**	2
Environmental trust funds and rehabilitation payments	**(16)**	(15)
Cash flow from operating activities less net capital expenditure and environmental payments	**(2)**	294

Below is a table providing a breakdown of how the cash (utilised in)/generated by the Group.

	2017 US$ million	2016 US$ million
Net cash generated by mines before growth capital	**441**	452
Damang growth capital	**(115)**	—
South Deep growth capital	**(17)**	(8)
Net cash generated after growth capital	**309**	444
Gruyere project capital	**(81)**	—
Gruyere deferred payment	**(60)**	—
Salares Norte	**(53)**	(39)
Other exploration	**(5)**	(8)
Interest paid	**(72)**	(69)
Other corporate costs and South Deep BEE dividend	**(40)**	(34)
Net (outflow)/inflow from operating activities less net capital expenditure and environmental payments	**(2)**	294

CASH FLOWS FROM FINANCING ACTIVITIES
Cash inflows from financing activities increased by 127% from US$37 million in 2016 to US$84 in 2017. The items comprising these numbers are discussed below.

CONTINUING OPERATIONS
Cash inflows from financing activities from continuing operations increased by 127% from US$37 million in 2016 to US$84 in 2017. The increase of US$47 million was due to the reasons below.

Share issue
During 2016, Gold Fields completed a US$152 million (R2.3 billion) accelerated equity raising by way of a private placement to institutional investors. A total number of 38,857,913 new Gold Fields shares were placed at a price of R59.50 per share which represented a 6% discount to the 30-day volume weighted average traded price, for the period 17 March 2016 and a 0.7% discount to the 50-day moving average.

The net proceeds from the placement were used to finance the buy-back of the notes.

Loans raised

Loans raised decreased by 40% from US$1,299 million in 2016 to US$780 million in 2017.

The US$780 million loans raised in 2017 comprised:

	US$ million
US$150 million revolving senior secured credit facility – new[1]	**84**
US$100 million revolving senior secured credit facility[2]	**45**
A$500 million syndicated revolving credit facility[3]	**237**
US$1,290 million term loan and revolving credit facilities	**73**
R1,500 million Nedbank revolving credit facility	**79**
Short-term Rand uncommitted credit facilities	**262**
	780

Credit facilities financing and refinancing

[1] *On 19 September 2017, Gold Fields La Cima S.A. entered into a US$150 million revolving senior secured credit facility with Banco de Crédito del Perú and Scotiabank Perú S.A.A. which became available on 20 September 2017. The purpose of this facility was (i) to refinance the US$200 million revolving senior secured credit facility; (ii) to finance the working capital requirements of the borrower; and (iii) for the general corporate purposes of the borrower. The final maturity date of this facility is three years from the date of the agreement, namely 19 September 2020.*

[2] *On 12 June 2017, Gold Fields Ghana Limited and Abosso Goldfields Limited entered into a US$100 million senior secured revolving credit facility with the Standard Bank of South Africa Limited (acting through its Isle of Man branch) which became available on 17 July 2017. The purpose of this facility was (i) to refinance the outstanding balance of US$45 million under the US$70 million senior secured revolving credit facility (which matured on 17 July 2017); (ii) to finance working capital requirements; (iii) for general corporate purposes; and (iv) for capital expenditure purposes of each borrower. The final maturity date of this facility is three years from the financial close date, namely 17 July 2020.*

[3] *On 24 May 2017, Gruyere Holdings entered into a A$500 million revolving credit facility which became available on 13 June 2017 with a syndicate of international banks and financial institutions. The purpose of this facility is to finance capital expenditure in respect of the Gruyere Gold Project and to fund general working capital requirements. The final maturity date of this facility is three years from the agreement date, namely 13 June 2020.*

The US$1,299 million loans raised in 2016 comprised:

	US$ million
US$150 million revolving senior secured credit facility	40
US$1,510 million term loan and revolving credit facilities	174
US$1,290 million term loan and revolving credit facilities[1]	708
R1,500 million Nedbank revolving credit facility	21
Short-term Rand uncommitted credit facilities	356
	1,299

Credit facilities financing and refinancing

[1] *Gold Fields successfully refinanced its US$1,440 million credit facilities due in November 2017. The new facilities amount to US$1,290 million and comprise three tranches:*

- *US$380 million: three-year term loan maturing in June 2019 – margin 250 basis points ("bps") over LIBOR;*
- *US$360 million: three-year revolving credit facility ("RCF") also maturing in June 2019 (with an option to extend to up to five years) – margin 220bps over Libor; and*
- *US$550 million: five year RCF maturing in June 2021 – margin 245bps over LIBOR.*

The new facilities were concluded with a syndicate of 15 banks. On average, the interest rate on the new facilities is similar to the interest rate on the existing facilities. A total of US$645 million was drawn down from the new facilities on 13 June 2016 to repay the Group's existing US$ facilities, with US$645 million remaining unutilised. The refinancing is a key milestone in Gold Fields' balance sheet management and increases the maturity of its core debt, with the first maturity now only in June 2019 (previously November 2017).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Loans repaid

Loans repaid decreased by 51% from US$1,413 million in 2016 to US$696 million in 2017.

The US$696 million loans repaid in 2017 comprised:

	US$ million
US$150 million revolving senior secured credit facility – old	**82**
US$70 million revolving senior secured credit facility	**45**
US$1,290 million term loan and revolving credit facility	**352**
Short-term Rand uncommitted credit facilities	**217**
	696

The US$1,413 million loans repaid in 2016 comprised:

	US$ million
US$1 billion notes issue[1]	130
US$1,510 million term loan and revolving credit facility	898
US$1,290 million term loan and revolving credit facility	49
R1,500 million Nedbank revolving credit facility	21
Short-term Rand uncommitted credit facilities	315
	1,413

[1] *Bond buy-back*
On 19 February 2016, Gold Fields announced an offer to purchase US$200 million of the US$1 billion notes outstanding. Gold Fields accepted the purchase of an aggregate principal amount of notes equal to US$148 million at the purchase price of US$880 per US$1,000 in principal amount of notes. A profit of US$18 million was recognised on the buy-back of the notes.

Net cash (utilised)/generated

As a result of the above, net cash utilised of US$62 million in 2017 compared to net cash generated of US$87 million in 2016.

Cash and cash equivalents decreased from US$527 million at 31 December 2016 to US$479 million at 31 December 2017.

LIQUIDITY AND CAPITAL RESOURCES – YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015

CASH RESOURCES

Cash flows from operating activities

Cash inflows from operating activities increased by 23% from US$744 million in 2015 to US$918 million in 2016. The items comprising these are discussed below.

CONTINUING OPERATIONS

Cash inflows from operating activities from continuing operations increased by 24% from US$724 million in 2015 to US$896 million in 2016.

The increase of US$172 million was due to:

	US$ million
Increase in cash generated from operations due to higher revenue	263
Increase in interest received due to higher cash balances	1
Increase in investment in working capital	(46)
Decrease in interest paid due to lower borrowings	5
Increase in royalties paid due to higher revenue	(1)
Increase in taxes paid	(38)
Increase in dividends paid due to higher normalised earnings	(12)
	172

Dividends paid increased from US$29 million in 2015 to US$41 million in 2016. The dividends paid of US$41 million in 2016 comprised dividends paid to ordinary shareholders of US$39 million, non-controlling interests in Peru of US$1 million and South Deep BEE dividend of US$1 million.

The dividends paid of US$29 million in 2015 comprised dividends paid to ordinary shareholders of US$15 million, non-controlling interests in Ghana and Peru of US$12 million and South Deep BEE dividend of US$2 million.

DISCONTINUED OPERATIONS

Cash inflows from discontinued operating activities increased by 10% from US$20 million in 2015 to US$22 million in 2016.

Cash flows from investing activities

Cash outflows from investing activities increased by 33% from US$652 million in 2015 to US$868 million in 2016. The items comprising these numbers are discussed below.

CONTINUING OPERATIONS

Cash outflows from investing activities from continuing operations increased by 34% from US$632 million in 2015 to US$846 million in 2016.

The increase of US$214 million was due to the reasons below.

Additions to property, plant and equipment

Capital expenditure increased by 2% from US$614 million in 2015 to US$629 million in 2016.

Capital expenditure at South Deep in South Africa increased by 35% from R848 million (US$67 million) in 2015 to R1,145 million (US$78 million) in 2016:

- This increase was due to higher spending on fleet, the refurbishment of the man winder at Twin shaft and higher spend on mining employee accommodation.

Capital expenditure at the Ghanaian operations decreased by 7% from US$221 million in 2015 to US$206 million in 2016:

- Tarkwa decreased by 18% from US$204 million to US$168 million mainly due to the purchase of mining fleet for replacement in 2015; and
- Damang increased by 124% from US$17 million to US$38 million with the majority spent on waste stripping at the Amoanda pit.

Capital expenditure at Cerro Corona in Peru decreased by 34% from US$65 million in 2015 to US$43 million in 2016:

- The decrease is due to higher expenditure on construction of the tailings dam, waste storage facilities and once-off capital projects in 2015.

Capital expenditure at the Australian operations increased by 16% from A$346 million (US$261 million) in 2015 to A$402 million (US$301 million) in 2016:

- St Ives increased by 24% from A$152 million (US$115 million) to A$188 million (US$140 million) due to increased expenditure on pre-stripping at the Invincible and Neptune open pits;
- Agnew/Lawlers decreased by 3% from A$97 million (US$73 million) to A$94 million (US$70 million) due to increased development of Fitzroy Bengal Hastings at Waroonga in 2015, partially offset by increased exploration expenditure in 2016.
- Granny Smith increased by 26% from A$96 million (US$72 million) to A$121 million (US$90 million). The majority of expenditure related to capital development, exploration and the establishment of new fresh air intake ventilation raises.

Proceeds on disposal of property, plant and equipment

Proceeds on the disposal of property, plant and equipment decreased by 33% from US$3 million in 2015 to US$2 million in 2016. In both 2016 and 2015, this related to the sale of various redundant assets.

Purchase of Gruyere Gold Project assets

On 13 December 2016, Gold Fields purchased 50% of the Gruyere Gold Project and entered into a 50:50 unincorporated joint venture with Gold Road Resources Limited ("Gold Road") for the development and operation of the Gruyere Gold Project in Western Australia, which comprises the Gruyere gold deposit as well as additional resources including Central Bore and Attila/Alaric.

Gold Fields acquired 50% interest in the Gruyere Gold Project for a total purchase consideration of A$350.0 million payable in cash and a 1.5% royalty on Gold Fields' share of production after total mine production exceeds 2 million ounces. The cash consideration is split with A$250.0 million payable on effective date and A$100.0 million payable according to an agreed construction cash call schedule. Transaction costs of US$19 million were incurred.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

At 31 December 2016, Gruyere mining assets of US$276 million (A$372 million) were capitalised of which US$197 million (A$266 million) were cash additions and US$79 million (A$106 million) were non-cash additions.

The US$197 million (A$266 million) cash additions comprise the initial cash consideration of A$250 million payable, as well as additional development costs. The US$79 million (A$106 million) non-cash additions comprise the initial A$100 million payable, as well as stamp duties payable.

Purchase of investments

Investment purchases increased by 333% from US$3 million in 2015 to US$13 million in 2016.

The purchase of investments of US$13 million in 2016 comprised:

	US$ million
Cardinal Resource Limited	13
	13

The purchase of investments of US$3 million in 2015 comprised:

	US$ million
Mine Vision Systems	3
	3

Proceeds on disposal of investments

Proceeds on the disposal of investments increased from US$nil in 2015 to US$4 million in 2016.

The proceeds on disposal of investments of US$4 million in 2016 comprised:

	US$ million
Sale of shares in Sibanye Gold Limited	2
Sale of shares in Tocqueville Bullion Reserve Limited	2
	4

Environmental trust funds and rehabilitation payments

The environmental trust fund and rehabilitation payments decreased by 17% from US$18 million in 2015 to US$15 million in 2016.

During 2016, Gold Fields paid US$2 million into its South Deep mine environmental trust fund and US$6 million into its Tarkwa mine environmental trust fund and spent US$7 million on ongoing rehabilitation at the international operations, resulting in a total cash outflow of US$15 million for the year.

During 2015, Gold Fields paid US$1 million into its South Deep mine environmental trust fund and US$7 million into its Tarkwa mine environmental trust fund and spent US$10 million on ongoing rehabilitation at the international operations, resulting in a total cash outflow of US$18 million for the year.

DISCONTINUED OPERATIONS

Cash inflows from discontinued investing activities increased by 10% from US$20 million in 2015 to US$22 million in 2016.

Cash flows from financing activities

Cash outflows from financing activities was an inflow of US$37 million in 2016 compared to an outflow of US$88 million in 2015.

CONTINUING OPERATIONS

Cash inflows from financing activities from continuing operations was an inflow of US$37 million in 2016 compared to an outflow of US$88 million in 2015.

Share issue

During 2016, Gold Fields completed a US$152 million (R2.3 billion) accelerated equity raising by way of a private placement to institutional investors. A total number of 38,857,913 new Gold Fields shares were placed at a price of R59.50 per share which represented a 6% discount to the 30-day volume weighted average traded price, for the period 17 March 2016 and a 0.7% discount to the 50-day moving average.

The net proceeds from the placement were used to finance the buy-back of the notes.

Loans raised

Loans raised increased by 157% from US$506 million in 2015 to US$1,299 million in 2016.

The US$1,299 million loans raised in 2016 comprised:

	US$ million
US$150 million revolving senior secured credit facility	40
US$1,510 million term loan and revolving credit facilities	174
US$1,290 million term loan and revolving credit facilities[1]	708
R1,500 million Nedbank revolving credit facility	21
Short-term Rand uncommitted credit facilities	356
	1,299

[1] *Credit facilities refinancing*

Gold Fields successfully refinanced its US$1,440 million credit facilities due in November 2017. The new facilities amount to US$1,290 million and comprise three tranches:

- US$380 million: three-year term loan maturing in June 2019 – margin 250 basis points ("bps") over LIBOR;
- US$360 million: three-year revolving credit facility ("RCF") also maturing in June 2019 (with an option to extend to up to five years) – margin 220bps over LIBOR; and
- US$550 million: five year RCF maturing in June 2021 – margin 245bps over LIBOR.

The new facilities were concluded with a syndicate of 15 banks. On average, the interest rate on the new facilities is similar to the interest rate on the existing facilities. A total of US$645 million was drawn down from the new facilities on 13 June 2016 to repay the Group's existing US$ facilities, with US$645 million remaining unutilised. The refinancing is a key milestone in Gold Fields' balance sheet management and increases the maturity of its core debt, with the first maturity now only in June 2019 (previously November 2017).

The US$506 million loans raised in 2015 comprised:

	US$ million
US$70 million senior secured revolving credit facility	10
US$1,510 million term loan and revolving credit facilities	400
Short-term Rand uncommitted credit facilities	96
	506

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Loans repaid

Loans repaid increased by 138% from US$594 million in 2015 to US$1,413 million in 2016.

The US$1,413 million loans repaid in 2016 comprised:

	US$ million
US$1 billion notes issue[1]	130
US$1,510 million term loan and revolving credit facility	898
US$1,290 million term loan and revolving credit facility	49
R1,500 million Nedbank revolving credit facility	21
Short-term Rand uncommitted credit facilities	315
	1,413

[1] ***Bond buy-back***
On 19 February 2016, Gold Fields announced an offer to purchase US$200 million of the US$1 billion notes outstanding. Gold Fields accepted the purchase of an aggregate principal amount of notes equal to US$148 million at the purchase price of US$880 per US$1,000 in principal amount of notes. A profit of US$18 million was recognised on the buy-back of the notes.

The US$594 million loans repaid in 2015 comprised:

	US$ million
US$1,510 million term loan and revolving credit facility	302
R1,500 million Nedbank revolving credit facility	129
R500 million Rand Merchant Bank revolving credit facility	21
Short-term Rand uncommitted credit facilities	142
	594

Net cash generated

As a result of the above, net cash generated increased by 2,075% from US$4 million in 2015 to US$87 million in 2016.

Cash and cash equivalents increased from US$440 million at 31 December 2015 to US$527 million at 31 December 2016.

STATEMENT OF FINANCIAL POSITION

Borrowings

Total debt (short and long term) increased from US$1,693 million at 31 December 2016 to US$1,782 million at 31 December 2017. Net debt (total debt less cash and cash equivalents) increased from US$1,166 million at 31 December 2016 to US$1,303 million at 31 December 2017 as a result of higher debt and lower cash balances.

The Group monitors capital using the ratio of net debt to adjusted EBITDA. Adjusted EBITDA is defined as revenue less cost of sales before amortisation and depreciation, adjusted for exploration expenses and certain other costs. The definition of adjusted EBITDA is as defined in the US$1,290 million term loan and revolving credit facilities agreement. Net debt is defined as total borrowings less cash and cash equivalents. The Group's long-term target is a ratio of net debt to adjusted EBITDA of one times or lower. The bank covenants on external borrowings require a net debt to adjusted EBITDA ratio of 2.5 or below and the ratio is measured based on amounts in United States Dollar. Net debt to adjusted EBITDA at 31 December 2017 was 1.03 (2016: 0.95). Refer to note 38.

Provisions

Long-term provisions increased from US$292 million at 31 December 2016 to US$321 million at 31 December 2017 and included the following.

	2017	2016
Provision for environmental rehabilitation costs	**282**	283
Silicosis settlement costs	**32**	–
Other provisions	**8**	9
Total long-term provisions	**321**	292

Provision for environmental rehabilitation costs

The amount provided for environmental rehabilitation costs decreased marginally from US$283 million at 31 December 2016 to US$282 million at 31 December 2017. The decrease is largely due to the disposal of the Darlot mine in Western Australia. This provision represents the present value of closure, rehabilitation and other environmental obligations up to 31 December 2017. This provision is updated annually to take account of inflation, the time value of money and any new environmental obligations incurred.

The inflation and range of discount rates applied in 2017 and 2016 for each region are shown in the table below:

	South Africa	Ghana	Australia	Peru
Inflation rates				
2017	**5.5%**	**2.2%**	**2.5%**	**2.2%**
2016	5.5%	2.2%	2.5%	2.2%
Discount rates				
2017	**9.8%**	**9.2 – 9.3%**	**2.6 – 2.9%**	**3.8%**
2016	9.7%	9.7 – 9.8%	1.9 – 3.0%	3.7%

The interest charge increased by 9% from US$11 million in 2016 to US$12 million in 2017 mainly due to marginally higher present values of the rehabilitation liabilities and an increase from 2015 discount rates to 2016 discount rates used in unwinding in Ghana.

Adjustments for new disturbances and changes in environmental legislation during 2017 and 2016, after applying the above inflation and discount rates were:

	2017 US$ million	2016 US$ million
South Africa	**–**	(2)
Ghana	**–**	8
Australia	**(3)**	(8)
Peru	**(2)**	7
Total	**(5)**	5

The South African and Ghanaian operations contribute to a dedicated environmental trust fund and a dedicated bank account, respectively, to provide financing for final closure and rehabilitation costs. The amount invested in the fund is shown as a non-current asset in the financial statements and increased from US$45 million at 31 December 2016 to US$56 million at 31 December 2017. The increase is mainly as a result of contributions amounting to US$9 million and interest income of US$1 million. The South African and Ghanaian operations are required to contribute annually to the trust fund over the remaining lives of the mines, to ensure that sufficient funds are available to discharge commitments for future rehabilitation costs.

Silicosis settlement costs provision

The principal health risks associated with Gold Fields' mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting Gold Fields' workforce include lung diseases (such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease ("COAD") as well as noise induced hearing loss ("NIHL").

A consolidated application was brought against several South African mining companies, including Gold Fields, for certification of a class action on behalf of current or former mineworkers (and their dependants) who have allegedly contracted silicosis and/or tuberculosis while working for one or more of the mining companies listed in the application.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

The Occupational Lung Disease Working Group was formed in fiscal 2014 to address issues relating to compensation and medical care for occupational lung disease in the South African gold mining industry.

The Working Group, made up of African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater, has had extensive engagements with a wide range of stakeholders since its formation, including government, organised labour, other mining companies and the legal representatives of claimants who have filed legal actions against the companies.

The members of the Working Group are among respondent companies in a number of legal proceedings related to occupational lung disease, including the class action referred to above. The Working Group is, however, of the view that achieving a comprehensive settlement which is both fair to past, present and future employees and sustainable for the sector, is preferable to protracted litigation.

This matter was previously disclosed as a contingent liability as the amount could not be estimated reliably. As a result of the ongoing work of the Working Group and engagements with affected stakeholders since 31 December 2016, it has now become possible for Gold Fields to reliably estimate its share in the estimated cost in relation to the Working Group of a possible settlement of the class action claims and related costs. As a result, Gold Fields has provided an amount of US$32 million (R402 million) for this obligation in the statement of financial position at 31 December 2017. The nominal amount of this provision is US$41 million (R509 million).

The assumptions that were made in the determination of the provision include silicosis prevalence rates, estimated settlement per claimant, benefit take-up rates and disease progression rates. A discount rate of 8.24% was used, based on government bonds with similar terms to the anticipated settlement costs.

The ultimate outcome of these matters remains uncertain, with a possible failure to reach a settlement or to obtain the requisite court approval for a potential settlement. The provision is consequently subject to adjustment in the future, depending on the progress of the Working Group discussions, stakeholder engagements and the ongoing legal proceedings. Refer note 34 for further details.

Other long-term provisions
Other long-term provisions decreased marginally from US$9 million at 31 December 2016 to US$8 million at 31 December 2017 and include the South Deep dividend of US$7 million (2016: US$7 million) and other provisions of US$1 million (2016: US$2 million).

Credit facilities
At 31 December 2017, the Group had unutilised committed banking facilities available under the following facilities, details of which are discussed in note 24:

- US$910 million available under the US$1,290 million term loan and revolving credit facilities;
- US$67 million available under the US$150 million revolving senior secured credit facility;
- US$55 million available under the US$100 million senior secured revolving credit facility;
- US$148 million available under the US$1 billion notes;
- A$200 million (US$154 million) under the A$500 million syndicated revolving credit facility;
- R500 million (US$40 million) available under the R1,500 million Nedbank revolving credit facility;
- R500 million (US$40 million) available under the R500 million Standard Bank revolving credit facility (refer below); and
- R500 million (US$40 million) available under the R500 million Absa Bank revolving credit facility (refer below).

R500 million Standard Bank revolving credit facility
On 27 March 2017, Gold Fields Operations Limited and GFI Joint Venture Holdings Proprietary Limited entered into a R500 million revolving credit facility with the Standard Bank of South Africa Limited which became available on 31 March 2017. The purpose of this facility was to fund (i) capital expenditure of the Gold Fields group, and (ii) general corporate and working requirement of the Gold Fields group. The final maturity date of this facility is three years from the financial close date, namely 31 March 2020.

R500 million Absa Bank revolving credit facility
On 27 March 2017, Gold Fields Operations Limited and GFI Joint Venture Holdings Proprietary Limited entered into a R500 million revolving credit facility with Absa Bank Limited which became available on 31 March 2017. The purpose of this facility was to fund (i) capital expenditure of the Gold Fields group, and (ii) general corporate and working requirement of the Gold Fields group. The final maturity date of this facility is three years from the financial close date, namely 31 March 2020.

Substantial contractual arrangements for uncommitted borrowing facilities are maintained with several banking counterparties to meet the Group's normal contingency funding requirements.

As of the date of this report, the Group was not in default under the terms of any of its outstanding credit facilities.

Contractual obligations and commitments as at 31 December 2017

	Payments due by period				
	Total	Less than 12 months	12 – 36 months	36 – 60 months	After 60 months
	(US$ millions)				
Long-term debt					
Notes issue					
Capital	**852.4**	—	852.4	—	—
Interest	**115.6**	41.6	74.0	—	—
US$150 million revolving senior secured credit facility					
Capital	**83.5**	—	83.5	—	—
Interest	**6.3**	2.3	4.0	—	—
US$1,290 million term loan and revolving credit facility					
Capital	**380.0**	—	380.0	—	—
Interest	**22.0**	15.4	6.6	—	—
US$100 million senior secured revolving credit facility					
Capital	**45.0**	—	45.0	—	—
Interest	**5.2**	2.0	3.2	—	—
A$500 million syndicated revolving credit facility					
Capital	**231.5**	—	231.5	—	—
Interest	**23.4**	9.5	13.9	—	—
R1,500 million Nedbank revolving credit facility					
Capital	**79.5**	79.5	—	—	—
Interest	**1.3**	1.3	—	—	—
Short-term Rand credit facilities					
Capital	**114.1**	114.1	—	—	—
Interest	**9.5**	9.5	—	—	—
Operating lease obligations	**603.3**	66.6	134.3	123.6	278.8
Other long-term obligations					
Environmental obligations[1]	**381.0**	6.5	14.9	9.9	349.7
Total contractual obligations	**2,953.6**	**348.3**	**1,843.3**	**133.5**	**628.5**

[1] *Gold Fields makes full provision for all environmental obligations based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Management believes that the provisions made for environmental obligations are adequate to cover the expected volume of such obligations.*

	Amounts of commitments expiring by period				
	Total	Less than 12 months	12 – 36 months	36 – 60 months	After 60 months
	(US$ millions)				
Other commercial commitments					
Guarantees[1]	—	—	—	—	—
Capital expenditure	**46.8**	46.8	—	—	—
Total commercial commitments	**46.8**	46.8	—	—	—

[1] *Guarantees consist of numerous obligations. Guarantees consisting of US$112.1 million committed to guarantee Gold Fields' environmental obligations with respect to its West African, American and Australasian operations are fully provided for under the provision for environmental rehabilitation and are not included in the amount above.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS continued

Working capital
Following its going concern assessment performed, which takes into account the 2018 operational plan, net debt position and unutilised loan facilities, management believes that Gold Fields' working capital resources, by way of internal sources and banking facilities, are sufficient to fund Gold Fields' currently foreseeable future business requirements.

Off-balance sheet items
At 31 December 2017, Gold Fields had no material off-balance sheet items except for as disclosed under operating lease obligations, guarantees and capital commitments.

INFORMATION COMMUNICATION AND TECHNOLOGY ("ICT")

ICT at Gold Fields is a strategic partner to the business supporting the business in achieving its strategy. The focus remains on optimising the use of resources by maintaining effective and efficient management.

ICT focuses on:
- Managing the delivery of strategic projects;
- Maintaining ICT governance and achieving operational targets;
- Sustaining cost savings;
- Maintaining key systems and infrastructure availability; and
- Evaluating cyber security operating models, and planning implementation.

ICT continued to produce satisfactory results in these areas.

The Gold Fields ICT Charter and associated key performance metrics outline the following goals and achievements for ICT in 2017:
- **Continuous alignment of the ICT strategy to the Gold Fields business strategy** – through the governance model established, ICT remains aligned to the business strategy;
- **Management of ICT risks** – the ICT focus on governance and risk management and the realignment of the governance model in line with the regionalisation strategy;
- **High availability and recoverability of all critical systems and information** – ability to ensure 99% availability and recoverability of all critical systems and information;
- **Compliance with internal policies, selected industry standards, external laws and regulations** – all systems, processes, and information are maintained in a manner that is compliant with all policies, standards and regulations;
- **High performance of all business systems through service level adherence** – service levels consistently delivered at an average of 98% to ensure high performance of critical systems;
- **ICT resources adequately secured** – continuous reassessment of security posture and response in a pragmatic manner in maintaining an acceptable level of risk balanced with a suitable and appropriate level of security;
- **Monitoring and evaluating ICT investment and expenditure** – the ICT financial targets met with a focus on sustaining cost saving; and
- **Innovation** – continuous innovation as one of the cornerstones of the philosophy of operations with many innovative ideas becoming projects and delivering on the business case.

The ICT operating model which is based on industry best practice has been reviewed and validated for its relevance to the changing technology and digital landscape. The operating model enables ICT to focus on business imperatives and business support, while the non-core services are outsourced.

Significant work has been done to ensure the protection of the information within the Gold Fields environment and with the ongoing cyber threats that exist globally and the continuous waves of cyber-attacks, which increase in complexity, a key focus for ICT in 2017 was to establish a suitable cyber security posture. An information security programme was initiated which is underpinned by the ISO 27001 information security management standards and the National Institute for Standards and Technology Cyber Security framework. This programme enables Gold Fields to align the Information Security Management System to the relevant industry standards and embed mining centric information security processes within the ICT Management Framework. As part of this management framework, an ICT Governance Risk and Security committee exists whose mandate is to ensure that ICT security policies, processes, risks and related mitigations as well as procedures are in place and managed appropriately.

In addition to security, numerous ICT strategic initiatives were concluded in 2017. The overall improvement of ICT services and the delivery of ICT strategic projects were achieved.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Gold Fields management is responsible for establishing and maintaining adequate internal control over financial reporting. The United States Securities Exchange Act of 1934 defines internal control over financial reporting in Rule 13a-15(f) and 15d-15(f) as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:
- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

In light of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Gold Fields management assessed the effectiveness of its internal control over financial reporting as of 31 December 2017. In making this assessment, Gold Fields management used the criteria set forth in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The results of this assessment are outlined below:

During 2017, management identified a material weakness in internal control over financial reporting related to the inappropriate continued application of the accounting methodology used to amortise the mineral rights asset at the Australian operations. Specifically, management's controls were not adequately designed to develop sufficiently precise estimates over the endowment portion of the useful life of the mineral rights to prevent or detect a potential material error in the Company's consolidated financial statements. However, the deficiency was remediated at year-end.

As of 31 December 2017, management has selected an accounting methodology to reduce the estimation uncertainty in the amortisation of the mineral rights at the Australian operations. The controls relating to the initial selection and continued application of accounting policies were tested as of 31 December 2017 and management has concluded, through this testing, that these controls were operating effectively. Based on these efforts, the identified material weakness relating to internal controls over the selection of accounting policies has been remediated as of 31 December 2017.

The change in accounting methodology resulted in a retrospective adjustment of immaterial errors in the prior periods presented in the 31 December 2017 consolidated financial statements. Refer to the accounting policies and note 40 to the consolidated financial statements for further details.

Conclusion on effectiveness of controls as of 31 December 2017
Based upon its assessment, Gold Fields management concluded that, as of 31 December 2017, its internal control over financial reporting is effective based upon the criteria set out in the COSO framework.

TREND AND OUTLOOK

Attributable equivalent gold production for the Group for 2018 is expected to be between 2.08 million ounces and 2.10 million ounces. AISC is expected to be between US$990 per ounce and US$1,010 per ounce. AIC is planned to be between US$1,190 per ounce and US$1,210 per ounce. These expectations assume exchange rates of R/US$:12.00 and A$/US$:0.80.

AISC is planned to increase by between 4% to 6%, 4% of which is due to stronger exchange rates and 2% of which is due to increases in costs in local currency. AIC is planned to increase by between 9% to 11%, 4% of which is due to stronger exchange rates and 6% which is due to increases in growth capital expenditure in local currency.

Capital expenditure for the Group is planned at US$835 million. Sustaining capital expenditure for the Group is planned at US$549 million and growth capital expenditure is planned at US$286 million. The US$286 million growth capital expenditure comprises US$105 million for Damang, A$181 million (US$145 million) for Gruyere, as well as R434 million (US$36 million) at South Deep.

In 2017, total capital expenditure was US$840 million with sustaining capital expenditure of US$624 million and growth capital expenditure was US$216 million. Expenditure on Salares Norte of US$53 million in 2017 compares with US$83 million planned for 2018.

The above is subject to safety performance which limits the impact of safety-related stoppages and the forward looking statement.

Paul Schmidt
Chief Financial Officer

27 March 2018

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Gold Fields Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Gold Fields Limited (the Group and Company) set out on pages 135 to 224, which comprise the consolidated and separate statements of financial position at 31 December 2017, the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, the accounting policies and the notes to the consolidated and separate financial statements and the executive directors' and prescribed officers' remuneration, unvested award and cash-flow on settlement and the non-executive directors' fees sections of the remuneration report, as set out on pages 126 to 134.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Gold Fields Limited at 31 December 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors ("IRBA Code"),* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have identified the following key audit matters pertaining to the consolidated financial statements:

Impairment assessment of cash-generating units at South Deep and Cerro Corona

Property, plant and equipment of South Deep – US$1 838.5 million
Property, plant and equipment of Cerro Corona – US$616.6 million
Goodwill – US$76.6 million
Impairment of South Deep goodwill – US$277.8 million
Reversal of impairment at Cerro Corona – US$53.4 million

Refer to the Accounting policies (significant accounting judgements and estimates pages 138 to 139, carrying value of property, plant and equipment and goodwill) and notes 6, 13 and 14 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
The Group performs impairment assessments when events or changes in circumstances occur in respect of cash-generating units ("CGUs") as well as annually in respect of goodwill. Significant judgements, assumptions and estimates are used by the Group in determining the recoverable amounts of the Group's CGUs. The recoverable amount is determined as the higher of the value in use or fair value less costs of disposal ("FVLCOD"). The recoverable amount is based on expected future cash flows which are inherently uncertain, and are affected by a number of factors including reserves and resources estimates, production estimates, economic factors such as gold and copper prices, discount rates, foreign currency exchange rates, resource valuations, estimates of production costs, future capital expenditure and taxation. In the current year given that the South Deep CGU fell short of targeted production, the Rand gold price was lower than forecast and the resource price decreased, management critically re-evaluated and challenged the assumptions applied to their impairment assessment. Based on the impairment assessment performed, management impaired the South Deep CGU by US$277.8 million. The full impairment was allocated against goodwill. In the prior year, the Group impaired the Cerro Corona CGU by US$66.4 million, primarily due to the reduction in gold and copper reserves. In the current year, the Group extended the life-of-mine by seven years as a result of the completed pre-feasibility study with the assistance from external specialists. The life-of-mine extension necessitated management to assess whether any of the impairment recognised in the prior year should be reversed. The recoverable amount of the CGU based on the FVLCOD exceeded the carrying value of the CGU and thus it was appropriate for management to reverse US$53.4 million of the impairment previously recognised. The impairment assessment of the CGUs of South Deep and Cerro Corona was considered a key audit matter in the audit of the consolidated financial statements due to the inherent uncertainty, significant judgements, assumptions and estimates applied in determining the recoverable amounts of the CGUs.	Our team included senior audit team members and finance and valuation experts, who understand the Group's business, industry and the economic environment in which it operates. Our audit procedures included, among others: • we evaluated the design, implementation and operating effectiveness of internal controls applied by management to ensure that its impairment assessments were appropriately performed and reviewed; • we tested the integrity of the cash flow projections included in the life-of-mine plans for the South Deep and Cerro Corona CGUs and challenged the appropriateness of the key assumptions used in preparing those cash flow projections by evaluating the cash flows with reference to our knowledge of the industry, accuracy of historical forecasts in respect of production, operating costs and capital expenditure and evaluated the potential risk of management bias; • we compared the mineable reserves assumptions used in the cash flow models to the reserves assessed by the competent persons employed by the Group to produce the estimates of proven and probable reserves at 31 December 2017; • we evaluated the conclusions contained in the pre-feasibility study completed by management with the assistance from external specialists on the extension of the life-of-mine at Cerro Corona; • we evaluated the objectivity, competence and capabilities of the external specialists and competent persons. We further obtained an understanding of the work performed by the external specialists and competent persons, and evaluated the appropriateness of the conclusions reached; • we evaluated the appropriateness of the discount rate used to calculate the recoverable amount of the CGUs with reference to a range of acceptable discount rates we derived from market data; and • we performed sensitivity analyses to consider the impact of changes in key judgements, assumptions and estimates on the recoverable amount and the impact on the impairment assessment of the CGUs. Specifically, for externally derived inputs, our procedures included the following: • we evaluated the reasonableness of the key assumptions with reference to external forecasts by comparing projected commodity prices against external analyst reports, both regionally and globally; and • we evaluated the reasonableness of the Group's resource value per ounce, used to determine the value of the CGU beyond its proved and probable reserves, against a range of acceptable prices for comparable transactions in emerging markets. We considered the adequacy of the Group's disclosures in respect of the asset carrying values and the impairment assessments, including those disclosures related to significant accounting judgements and estimates used to determine the recoverable amounts in accordance with the financial reporting framework.

INDEPENDENT AUDITOR'S REPORT continued

Key audit matters (continued)

Recoverability of deferred tax assets

Deferred taxation asset – US$72.0 million

Refer to the Accounting policies (significant accounting judgements and estimates – income taxes page 141) and notes 9, 23 and 34 to the consolidated financial statements.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
The Group operates across numerous jurisdictions which have different applicable tax legislation.
The Group recognises the future tax benefits related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future.
Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to the quantum and timing of future taxable income. Estimates of future taxable income are based on forecast cash projections from the operations, the reversal of temporary differences and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.
South Deep (jointly owned and operated by GFI Joint Venture Holdings Proprietary Limited and Gold Fields Operations Limited has significant tax losses and unredeemed capital expenditure resulting in a net deferred tax asset of US$66.2 million. Included in this balance is an amount of US$54.7 million which is in dispute by the South African Revenue Service ("SARS"). The tax position taken by management to recognise the related deferred tax asset is based on management's judgement of the most probable outcome of the dispute.
The recoverability of the deferred tax assets for the Group was considered a key audit matter in the audit of the consolidated financial statements due to the significant estimation of the future cash flow projections, the reversal of temporary differences and the application of existing tax laws in each jurisdiction.
</td><td>
Our team included senior audit team members and tax experts with knowledge of both the international and local operations.
Our audit procedures included, among others:

we evaluated the design, implementation and operating effectiveness of internal controls applied by the Group to ensure that its deferred tax asset recoverability assessments were appropriately performed and reviewed;
we obtained an understanding of the tax position taken by the Group relating to the SARS dispute for South Deep, by considering the correspondence between the Group and SARS and between the Group and its lawyers and challenged management's judgement of the most probable outcome of the dispute based on our understanding of the applicable tax legislation; and
we evaluated the basis of accounting for recognising deferred tax assets based on our knowledge of the tax environment in which the Group operates and work performed on the cash flow projections used in forecasting future taxable income and the reversal of temporary differences.

We considered the adequacy of the Group's disclosures in respect of recognised and unrecognised deferred tax assets and the disclosures related to South Deep tax dispute in accordance with the financial reporting framework.
</td></tr>
</table>

Key audit matters (continued)

We have identified the following key audit matter pertaining to the separate financial statements:

Recognition and measurement of financial guarantees

Financial guarantee liability R218.7 million.

Refer to Accounting policies (4.1.1 Financial guarantees on page 213) and note 5 to the separate financial statements.

Key audit matter	How the matter was addressed in our audit
Gold Fields Limited ("the Company") acts as a guarantor for certain of its subsidiaries borrowings, including the US$1 billion notes, the A$500 million syndicated revolving credit facility, the US$1.29 billion term loan facility and the R1.5 billion revolving credit facilities held by various parties across the Gold Fields Limited Group. Financial guarantee contracts are accounted for as financial instruments and are recognised initially at fair value. The fair value is determined based on the probability of the subsidiaries defaulting on their obligations which involves judgement and estimation. During the 2017 year a new A$500 million facility and a R1.5 billion revolving credit facility were secured. Management has recognised new financial guarantees amounting to R94.3 million relating to these two new loans and applied assumptions in order to measure the fair value of the guarantees associated with such facilities. The recognition and measurement of the financial guarantees for the Company was considered a key audit matter, due to the significant judgements, estimates and assumptions regarding the fair value of the financial guarantees.	Our audit procedures included, among others: • we evaluated the design and implementation of internal controls applied by management to ensure that its financial guarantees were appropriately recognised, valued and reviewed; • we challenged, through the use of our valuation expert, the appropriateness of management's assumptions used in the valuation of the new financial guarantees relating to its refinanced loan and revolving credit facilities; and • our valuation experts independently determined the fair value of the new financial guarantees and compared the results to the fair value calculated by management. We considered the adequacy of the disclosures in the separate financial statements in accordance with the financial reporting framework.

Other information

The directors are responsible for the other information. The other information comprises the Company Secretary's certificate, the Directors' report and the Audit Committee report as required by the Companies Act of South Africa as well as all other information included in the Annual Financial Report as well as the Integrated Annual Report. Other information does not include the consolidated and separate financial statements, our auditor's report thereon and the executive directors' and prescribed officers' remuneration, unvested award and cash-flow on settlement and the non-executive directors' fees sections of the remuneration report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT continued

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

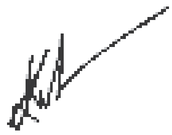
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that KPMG Inc. has been the auditor of Gold Fields Limited for eight years.



KPMG Inc.
Registered Auditor

Per ML Watson
Chartered Accountant (SA)
Registered Auditor
Director
27 March 2018

KPMG Crescent
85 Empire Road
Parktown
2193
Gauteng, South Africa

REMUNERATION COMMITTEE REPORT

Remuneration Report

Message from the RemCo Chairperson

The Remuneration Committee (RemCo), is pleased to present the Gold Fields Limited 2017 Remuneration Committee report. We have focused this year on further refining our remuneration policy which is the foundation of this report and which has strong links to the deliverables as set out in our group strategy to ensure that the remuneration and rewards we offer employees is closely aligned to the delivery of our strategic objectives and thus the interests of shareholders.

RemCo has been mandated by the Gold Fields Limited Board to oversee all aspects of remuneration in a fair, transparent and responsible way and to ensure feedback to the Board on all decisions taken by RemCo. During 2017, RemCo complied with all relevant regulatory and legal requirements as relates to remuneration of employees in all our jurisdictions. RemCo also notes there was compliance with the Gold Fields Remuneration Policy and no deviations were noted. Furthermore, during 2017, the King IV Code was released in South Africa and specific focus has been placed on Principle 14 that relates to remuneration. In particular, it emphasises that remuneration practices should be equitable, responsible and transparent, linked to the company strategy and the result should be continued stakeholder value creation.

As illustrated throughout this report, our general pay structure comprises a combination of base cash pay, industry aligned benefits and short and long-term incentives designed to ensure the delivery of our strategy. We regularly review the terms of reference of RemCo to ensure they align with regulatory requirements and best practice.

RemCo has worked closely with management and our external advisers to improve on these valuable and relevant practices and we believe the work we have done has been very positive and not only meets our objectives, but ensures our interests are aligned to those of our stakeholders.

Over the last few years, RemCo together with members of management, have engaged on numerous occasions, with our large institutional stakeholders to discuss the Remuneration Policy and in particular, the focus on transparent disclosure that highlights fair and responsible remuneration practices. A 96.98% approval of the 2016 Remuneration Policy was obtained at the AGM held in May 2017.

Gold Fields values the engagement with shareholders and their support. I would like to take the opportunity to thank them.

Gold Fields remuneration practices

We do:

- Provide pay for performance
  - 75% of the Chief Executive Officer's (CEOs) total remuneration comprises pay-at-risk
  - A significant percentage of the CEO's short-term incentive is based on corporate performance
  - The CEO's long-term incentive is entirely performance-based through performance shares
  - Performance share awards are earned based on absolute and relative total shareholder return (TSR) and free cash-flow margin (FCFM)
  - Threshold (partial) performance share payouts require relative TSR performance at least at the median when compared to the performance comparator group and absolute TSR to exceed the cost of equity
- Have a clawback policy
- Have executive director share ownership guidelines through the executive minimum shareholding plan
- Require a double-trigger for executives severance upon a change of control
- Have appropriate controls in place to mitigate undue risk in remuneration programmes
- Promote retention with equity awards that vest over three years
- Have an independent Remuneration Committee, with all members being independent directors
- Retain an independent remuneration consultant whose primary purpose is to advise the Remuneration Committee
- Conduct annual advisory votes on our remuneration policy and implementation report, as they appear in the remuneration report

We do not:

- Reprice underwater share options
- Pay dividends on unearned performance shares
- Provide guaranteed bonuses
- Grant share awards to non-executive directors

What we have focused on over the year

- Revision of the annual long-term incentive scheme for implementation in the 2018 financial year
- Completed a peer survey for executive remuneration
- Finalised executive remuneration for 2017
- Set bonus targets for 2017
- Appointed PricewaterhouseCoopers (PwC) as independent adviser to RemCo
- Approved and implemented the clawback policy
- Awarded long-term incentives to eligible management level employees
- Approved executive appointments
- Adopted King IV remuneration principles
- Approved the RemCo Charter

The fundamental principles of our Remuneration Policy remain unchanged, namely that the policy should:

- Provide competitive rewards to encourage ownership in the business by employees, as well as setting stretched performance targets for the delivery of reward-based, variable, short-term and long-term incentive plans
- Provide focused alignment to the corporate strategy through cascading scorecards to different levels of the organisation (the graphic on the next page illustrates the link between strategy and deliverables and our pay-for-performance approach)
- Motivate and reinforce individual, team and business performances in the short, medium and long term
- Promote an environment that embeds an ethical culture and promotes the Company values
- Encourage remuneration incentives that attract and retain motivated, high-calibre executives and senior managers
- Ensure that the Company's executive Remuneration Policy encourages, reinforces and rewards the delivery of sustainable shareholder value

Aligned with these fundamentals, RemCo, together with management, continuously considers ways to better align remuneration with our Group strategy and the interest of our shareholders; this year we have introduced a clawback policy, reviewed and aligned the minimum shareholding policy and introduced more relevance to the long-term incentive plan in relation to senior management as how best to encourage improved performance at regional level through improved incentives. In doing so, we have re-assessed the objectives and measures that drive Group, regional and individual performance and in particular have focused on four key strategic objectives in order to maximise total shareholder returns sustainably. These four strategic objectives are:

- Protect our licence and enhance our reputation
- Instil capital discipline through managing our balance sheet and maximising capital returns
- Promote safe operational delivery ensuring sustainable cash-flows
- Improving the quality of our portfolio

We believe that we have achieved closer alignment between strategy and remuneration through the introduction of the new long-term cash incentive plan, based on line-of-sight regional performance conditions, through which eligible senior management level employees will receive awards going forward.

Performance

Annual benchmarking is conducted to compare levels of pay at the market median to companies of comparable size, complexity within the industry and taking into account affordability, performance and economic conditions. A bespoke, global mining industry peer group survey will be conducted in 2018 to determine the evolution and global market trends of executive remuneration, policies and practices.

RemCo also had a comprehensive independent review and analysis of the Group Executive Committee's remuneration packages, which confirmed that executive compensation was aligned to our Group strategy and that our executives are realistically positioned against executives in comparative peer companies.

RemCo will continue to ensure fair, equitable and responsible remuneration processes are implemented throughout Gold Fields as it relates to overall employee remuneration, linked to the Group strategy of the Company and therefore promoting stakeholder value creation. RemCo believes that the Remuneration Policy was enforced in a way that remunerated employees of Gold Fields fairly, transparently and reasonably for the achievement of the Group strategic objectives set for the 2017 financial year and promoted positive outcomes in the short, medium and long term.

REMUNERATION COMMITTEE REPORT continued

Pay-for-performance model

OUR STRATEGY

Strategic objective: Maximise shareholder return sustainably

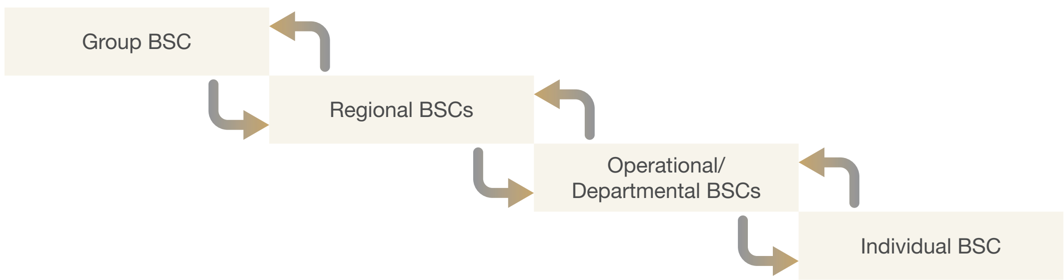
Strategic aspiration: AIC of US$900/oz by 2020

Annual target: Free cash-flow margin of 15% at US$1,300 gold price

Strategic goal	
1 Deliver free cash-flow margin 2 Safely meet guidance for operations 3 Safely deliver strategic projects	MAKE MONEY
4 Manage balance sheet and maximise capital returns 5 Improve quality of our portfolio	SPEND IT WISELY
6 Protect licence to operate and enhance reputation	DO IT SUSTAINABLY

OUR DELIVERABLES

Our deliverables, contained in our balanced scorecards, are derived from – and directly support the achievement of – our group strategy. The group balanced scorecard cascades to the Regional, Operational/Departmental and the Individual BSCs. Delivery on the items in each BSC supports the delivery in the BSC above it – thereby ultimately supporting the achievement of the group strategy



OUR REWARDS

We are rewarded for the achievement of BSC objectives and the group strategy. The elements informing each reward are outlined below.

SALARY INCREASE	SHORT-TERM INCENTIVE (ANNUAL BONUS)	LONG-TERM INCENTIVE (LTIP)
Informed by: • Individual BSC performance • Affordability • Economic conditions	• Individual BSC performance • Company's performance conditions: – Safety – Total gold production – AIC per ounce – Development or waste mined	**Executive level:** • Absolute total shareholder return • Relative total shareholder return • Sustainable free cash-flow margin **Regional level:** • All in Cost reduction • Reserve/Rebase Plan South Deep • Safety engagements and host community job creation

Remuneration Report

Remuneration Policy

Introduction

The Gold Fields Remuneration Committee (RemCo) is mandated by the Gold Fields Board to assist in exercising its responsibilities, by overseeing all aspects of remuneration and ensuring feedback on all decisions taken by RemCo are presented to the Board.

These duties are carried out in accordance with the approved terms of reference that are reviewed and approved annually. These terms of reference can be viewed on the Gold Fields website at **www.goldfields.com**. A 96.98% approval of the 2017 Remuneration Policy was obtained at the AGM held in May 2017.

As part of the Gold Fields Board assessment processes RemCo and the Chairperson of RemCo are assessed regularly in light of their agreed work plan. RemCo met four times during 2017. Full attendance details of the members of this Committee can be found on p6 of this Report.

During 2017, King IV for South Africa was introduced and in line with international developments, remuneration was a key focus area. The provisions of King IV have been applied together with compliance with remuneration legal standards and regulations in the various jurisdictions in which we operate.

During 2017, PricewaterhouseCoopers (PwC), an independent remuneration consultancy, was appointed remuneration advisers to RemCo to provide external advisory services on global best practice, trends and related governance matters relating to remuneration. Mercer Consulting South Africa was engaged to provide comprehensive analysis of Group Executive Committee's remuneration packages. In addition, Deloitte Consulting were appointed to advise RemCo on the cash-settled long-term incentive for implementation in 2018. RemCo are of the opinion that PwC, Mercer Consulting and Deloitte display ethical behaviour and have appropriate internal controls and codes of conduct, which allows for objectivity, and provides adequate evidence to foster reasonable conclusions on which RemCo may base its opinions.

King IV places emphasis on the fact that the Board, through the mandated Committee, is tasked to ensure fair, equitable and responsible executive remuneration practices as it relates to overall employee remuneration. Gold Fields Remuneration Policy ultimately encourages the achievement of the Company's strategy, and continuously supports the creation of shareholder value by aligning performance with the interests of all key stakeholders. The philosophy endorses the Company's values, ethics and beliefs and is aimed at attracting and retaining motivated, high-calibre executives and managers.

Gold Fields, through management and RemCo, regularly engages with larger institutional shareholders to consider the basis of performance and value creation for purposes of the Remuneration Policy and consideration on how to evaluate the implementation thereof. Recently shareholders have commended Gold Fields on the level of reporting disclosures for executive remuneration.

Risk management

RemCo has responsibility for oversight and management of compensation related risk. As part of its mandate, RemCo annually, and otherwise as considered necessary, reviews risks associated with the Company's remuneration philosophy, structure, policies and practices. RemCo is satisfied that the Company's executive compensation structure does not create undue risks or promote inappropriate risk-taking behaviour.

The following are key risk mitigation features of our remuneration policies and practices:

- RemCo together with management are actively involved in the structuring and preparation of the Remuneration Policy to ensure it is aligned with the Group strategy, consequently improving employee performance, and maximising total shareholder returns sustainably. The Remuneration Policy is approved by RemCo after due consideration of input from management
- RemCo makes use of external experts at any time, as and when required, to ensure that the Remuneration Policy meets the latest best global practices and that incentive plans and targets meet the Company's needs
- The Remuneration Policy is available online at **www.goldfields.com**
- Executive Remuneration is disclosed annually as reflected in the Implementation Report and in accordance with the Remuneration Policy. Executives are not involved in the approval process relating to remuneration, rewards, clawbacks or benefits that affects them personally
- RemCo approves remuneration of the Executive Committee and the Company Secretary after recommendations from the CEO and independent external advisers, who have done the necessary benchmarking to ensure there is alignment with the appropriate peers particular to the industry and jurisdictions in which we operate

REMUNERATION COMMITTEE REPORT continued

Remuneration Report (continued)

Remuneration Policy continued

- The performance conditions governing the vesting of the long-term incentives have a significant portion based on free cash-flow, which aligns the cost of settlement of the long-term incentive with this important affordability measure
- Variable pay is subject to eligibility criteria and is capped both on award and on settlement in line with performance outcomes. Limits are placed on variable pay awards (short-term incentives and performance shares), based on predefined plan provisions and calculation formulae, including caps on payouts
- The pay mix contains a proportionately greater weighting towards award opportunities derived from the long-term incentive plan, compared to the short-term incentive plan, creating a greater focus on sustained Company performance over time
- Performance shares, awarded annually, vest over a three-year period. Each allocation of the awards has overlapping performance periods that encourages sustained performance in the long term
- Minimum share ownership requirements for the CEO, CFO and executives, monitored annually by the RemCo, to ensure alignment with shareholder interests over the long term;
- RemCo and Board discretion to adjust payouts to, among other things, take into account the risks undertaken to achieve performance
- Formal recovery (clawback) policy applicable to both cash and equity compensation of executives
- Performance metrics and targets for the year are agreed upfront with the RemCo for all executives and these are the basis upon which executives are assessed at the end of each performance cycle. This ensures that executives are assessed objectively

The key reward components of the Remuneration Policy

The Remuneration Policy is linked to the Gold Fields strategy and is essential in achieving and exceeding the Groups performance goals and commitments. The figure below shows the relationships between the Group strategy, the Group scorecard and how they are used to feed into the bonus parameters, balanced scorecard process and the long-term incentives. There is clear alignment between each element ensuring that the remuneration approach clearly delivers on the overall Gold Fields' strategy.

The Remuneration Policy aims to reward all employees, transparently, fairly and responsibly according to their roles and individual contributions to the Company performance.

The key elements of the total remuneration mix are set out below.

	Reward component	Policy and strategic intent
We have a mix of guaranteed remuneration package (GRP) inclusive of all benefits applicable in South Africa, and a base rate of pay (BRP) where benefits are paid over and above the BRP for the rest of the Group	• GRP is an all-inclusive total-cost-to-company package for South African employees • BRP is applied to international employees • The guaranteed pay benchmark is the market median, with a significant proportion of performance-related variable pay comprising short and long-term incentives • For exceptional performance, the Company positions overall remuneration, including short- and long-term incentives, at the 75th percentile of the market • RemCo retains the discretion to determine whether and to what extent specific over-performance levels warrant total pay at the 75th percentile	• Competitive base salaries to attract and retain high-calibre employees and executives, based on personal performance and experience are paid monthly • Benchmarks to peer group mining companies are used to determine external parity and design competitive remuneration scales • Base salaries are reviewed annually by RemCo (effective 1 March each year), taking account of Company performance, economic circumstances, affordability, individual performance, changes in responsibility and levels of increase for the broader employee population • Global mobility of key employees around our operations is governed by our Expatriate Policy, which is aligned to the Group Remuneration Policy. Consideration is given to cost-of-living in the various jurisdictions and tax effects for the employees. This policy is reviewed annually by the Executive Vice President People and Organisational Effectiveness, and periodically by RemCo
Benefits and allowances	• Flexible standard benefits may include, but not be limited to, membership to health insurance, retirement plans and disability/incapacity and death cover which both the employee and the Company will contribute towards • Any allowances are paid in accordance with specific applicable legislation • The expatriate policy provides that special allowances may be made, in respect of amongst others, relocation costs, cost of living, cost of education for children and their families	• The provision of benefits comply with legislation across jurisdictions in which we operate and benchmarking ensures that there are competitive benefits aimed at attracting and retaining key employees • Benefits are provided based on affordability to both the employees and the Company

REMUNERATION COMMITTEE REPORT continued

Remuneration Report (continued)

Remuneration Policy continued

	Reward component	Policy and strategic intent
Short-term incentive (annual performance bonus)	• Performance based Group annual incentive scheme • RemCo approves annual payments of the short-term incentives paid in February of every year • Where applicable, production bonuses are paid • Regional and on mine schemes are considered and implemented, if applicable. In Peru, a statutory bonus scheme is applied in compliance with applicable legislation where the delta between the Group annual performance bonus is paid should the annual performance bonus be higher than the legislated bonus	• Safety • Total gold production • All-in Cost (AIC) per ounce • Development or waste mined • Short-term view (12 months) include individual targets and then company specific objectives as noted above. • Improved performance at corporate, regional, operational and individual level • Regional and mine specific targets are set in line with Group business plans
Long-term incentive (LTI) plan (management)	• This is a new cash-settled LTI plan for Management Level employees effective for 2018, and awards under this plan replaces awards that participants received under the current LTI plan. In some instances, participants will receive a mix of awards under the cash-settled LTI plan and the Gold Fields Limited 2012 Share Plan (Share Plan) amended. However, overall levels of LTI will not increase • The cash-settled LTI plan will ensure closer alignment with long-term regional and individual contributions • This LTI plan is offered to senior, middle and lower management to cater for closer alignment with long-term performance predominantly in the region • The cash-settled LTI plan will be a cash-based scheme except members of Regional Executive Committees will be entitled to 30% of their award in the form of shares. This portion is still linked to the overall long-term performance for the Group in terms of free cash-flow margin, absolute and relative total shareholder returns. The cash settled LTI plan forms part of variable compensation.	• Sustainable free cash-flow as manifested in the longer life, lower cost and improved social compact • The line of sight performance objectives will be based on: – AIC reduction (40% weighting) – Gold reserves/rebase plan for South Deep (40% weighting) – Safety engagement and other region specific and appropriate measures ensuring a continuous licence to operate (20%)
Long-term incentive plan (executives and regional executives)	• The LTI plan forms part of variable compensation and ensures that executives have a longer-term performance focus for the Company performance • 100% of the executive LTI plan award is awarded under the Share Plan for Executive Committee members, and 30% is awarded under the Share Plan and 70% under the cash-settled LTI plan for Regional Executive Committee members	• Long-term view (36 months and beyond) • Market performance of the Company • Shareholder alignment – total shareholder return (absolute and relative) • Sustainable free cash-flow • The Share Plan also seeks to instill a sense of ownership among key employees and executives

	Reward component	Policy and strategic intent
Executive minimum shareholding requirement (MSR)	• Members of the Executive Committee are required to hold a specified value of shares in Gold Fields Limited in accordance with the terms of the approved MSR Policy • The CEO is required to build up a holding of 200% of his salary, on a pre-tax basis, by 31 December 2020, and all other members of the Executive Committee are required to build up to 100% of the salary (GRP or BRP) five years from date of entry to the plan • RemCo shall in terms of the MSR make an award of matching shares at a ratio of one share for every three shares (capped at the matching share limit) committed to the MSR (at the discretion of RemCo)	• The Company wishes to encourage executives to hold shares in the Company, thus reinforcing the alignment between the executive and shareholder interests • The MSR plan is in line with international best market practice and emerging best practice within South Africa

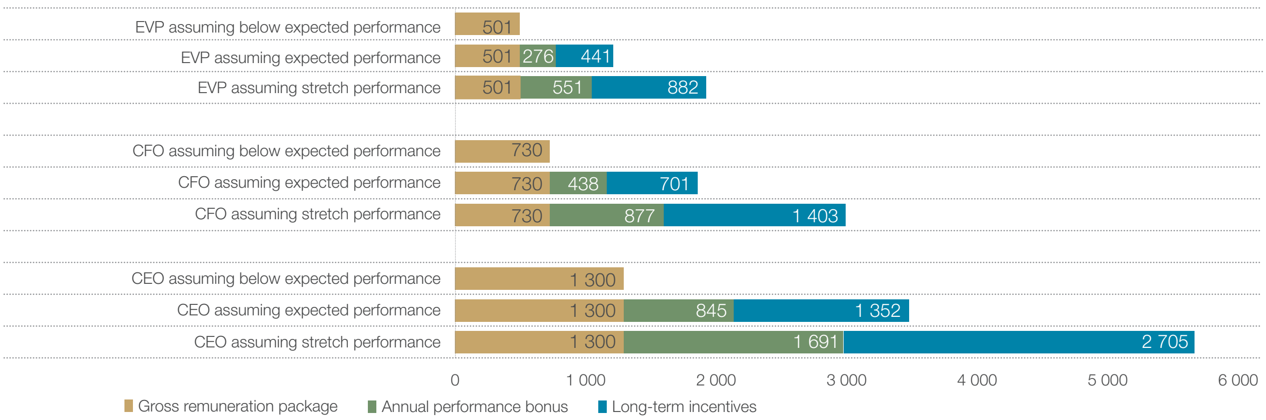
Benchmarking against peers

The pay mix of guaranteed and variable remuneration differs according to performance and the grading of the employee. In line with international best practice, the more senior the employee, the higher the proportion of variable pay in their total remuneration package. As a global company, we compete for talent in a global marketplace, and our approach to remuneration takes into account the need for competitive remuneration in the various jurisdictions in which we operate. Hence, there is a requirement to establish a basis for comparing remuneration across currencies and geographies.

Gold Fields engaged Mercer Consulting South Africa to provide a comprehensive analysis of the Group Executive Committee's remuneration packages. The Mercer Consulting study and PwC's review thereof confirmed that the Executive Committee's compensation was aligned to Group strategy and that they are ideally positioned in a basket of comparative peer companies.

The graph below is an illustration based on the assumption of the delivery of minimum; or on target; or maximum performance achievement on the total remuneration for the Executive Committee, on a single total figure basis of the 2018 Remuneration Policy.

Assuming below expected, expected and stretch performance for 2018 (US$'000)



REMUNERATION COMMITTEE REPORT continued

Remuneration Report (continued)

Remuneration Policy continued

Pay for performance – linking executive pay to group strategy

RemCo and management aims to better align remuneration with the Group strategy (see figure on page 102) and Company performance according to the annual Group Scorecard. In 2018 a step change will be made on how performance in Gold Fields is measured. Whilst our strategy was well defined and the balanced scorecard concept had been entrenched and understood in the business and was supported by a solid performance management system, we introduced a number of improvements to enhance the link between performance and strategy including:

- Simplifying the Gold Fields strategy to a simple "strategy on a page", which can be communicated with ease and allows for easy alignment to performance objectives
- Including and communicating an aspirational target of $900/oz for AIC that is cascaded down to our incentive and reward schemes (which is discussed in this report)
- Changing the four key strategic objectives in our performance management system in order to maximise total shareholder returns sustainably. These areas are different from previous years – the four strategic objectives are:
  - Protect our licence to operate and enhance reputation, which refers to all the activities we do to enhance our reputation with stakeholders and the lives of our people. It includes driving our governance and compliance programmes and building confidence with analysts and investors
  - Instil capital discipline through managing our balance sheet and maximising capital returns making sure we invest money in the best possible way
  - Promote safe operational delivery, which is ensuring we deliver our projects and free cash-flow margin and meet guidance at our operations safely. It includes most of the day-to-day activities at our operations including how we manage our people, but the focus is on doing this safely and sustainably
  - Drive portfolio management, which is focusing on ensuring we have the best quality of assets through optimising the assets we have using technology and innovation to be more efficient or cost effective, as well as making good decisions on the assets we buy or sell, and extending the life-of-mine we have in Gold Fields through mergers and acquisitions or brownfields exploration on existing mine sites
- Driving strategy cascading and alignment into the regional scorecards with the regional EVPs and ensuring goals set were more outcomes focused and not initiative focused to drive the culture of focusing on delivery
  - For executive scorecards ensuring that the objectives set are more outcomes focused when goals are cascaded, and targets are appropriately set with stretch targets being sufficiently flexed taking into account the incremental reward
- Strategy management - the Group and regional scorecard process would now form part of the day-to-day management of the business and quarterly review business process in addition to the performance management process. This will then further support the delivery-based culture that Gold Fields is creating

The additional rigour added to our performance management process will indeed cascade down to all our management employees and enhance the way we measure and reward performance in Gold Fields.

The Group strategy on a page is shown alongside and this was a key input into the creation of the 2018 Group scorecard depicted thereafter. From the Group scorecard shown on p108, regional scorecards, as shown on p109 – 111 were crafted and individual scorecards are then created by cascading the relevant goals and deliverables. The direct link to the Gold Fields' strategy is therefore created in individual balanced scorecards through which we measure personal performance.

Gold Fields' **strategy on a page**

Vision: To be the global leader in sustainable gold mining

Medium-term aspiration: AIC of

US$900/oz

by 2020

Annual target:

Free cash-flow margin of 15% at a

US$1,300/oz

gold price

The Gold Fields Values:
How we do things

Safety
If we cannot mine safely, we will not mine

Integrity
We act with honesty, fairness and transparency

Respect
We treat all stakeholders with trust, dignity and respect

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

Innovation
We encourage innovation and an entrepreneurial spirit

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

Our Balanced SCORECARD (BSC)

Enablers:

Finance and accounting	Fit-for-purpose operating model and structures	Effective leadership

REMUNERATION COMMITTEE REPORT continued

Remuneration Report (continued)

Remuneration Policy continued

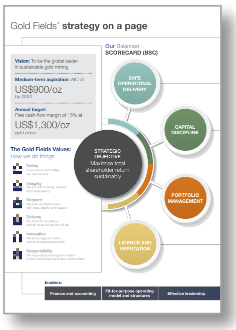
2018 BSC targets

SAFE OPERATIONAL DELIVERY

- Production and cost/oz better than yearly guidance with spatial compliance to plan
- No fatalities and a reduction in TRIFR by 10% in the long term (due to regression in 2017, stretch target is 12% for 2018)
- Reduce energy usage by 5% to 10% against a future baseline through energy saving initiatives and implement renewable energy initiative at South Deep
- Implement ICMM critical controls guidelines on safety, health and environmental stewardship and stakeholder management
- Project delivery: deliver Damang, South Deep and Gruyere in accordance with key metrics for 2018 year
- Manage talent pipeline and succession cover for critical roles
- Reinvigorate vision and values to a winning culture that rewards teamwork and delivery of Group strategy

CAPITAL DISCIPLINE

- Pay dividends in line with policy
- Maintain net debt to EBITDA ratio of under 1.25x and extend debt maturity
- All new capital spend to have appropriate returns taking into account risks and cost of capital ranked and prioritised in accordance with an agreed matrix and in line with internal capital control standards and study guidelines. Accordingly all growth capital expenditure on existing mines, new projects or acquisitions to have hurdle rates of 15% at a US$1,300/oz gold price



Our Balanced Scorecard is derived from and aligned to our business strategy

PORTFOLIO MANAGEMENT

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

LICENCE AND REPUTATION

- Improve total shareholder return by positioning share price between median and upper quartile of peer group
- Increase the proportion of sustainable host community procurement and employment to drive shared value
- No level 3 or above environmental incidents and a 10% reduction in level 2 incidents
- Align management practices with ICMM tailings and water position statements
- Deliver and manage a robust and transparent group governance and compliance programme
- Maintain position in top five of the Dow Jones Sustainability Index

Americas BSC targets

SAFE OPERATIONAL DELIVERY

- Production of 280Koz eq. and cost/oz of US$810/oz on a gold-equivalent basis, with 95% spatial compliance to plan
- 95% alignment between strategic plan and 2019 business plan, production and AIC profiles
- Ensure no fatalities and maintain good TRIFR rates by implementing:
  - Leading indicators
  - Critical control
  - Visible leadership
  - Safety engineering
- Reduce energy consumption by 2% against the 2017 baseline (fuel and power)
- Implement ICMM critical controls guidelines on safety, health and environment stewardship and stakeholder management
- Manage talent pipeline to ensure 100% succession cover for critical roles (60% internal, 40% identified externally)
- Reinforce values and Gold Fields Group programme using communication tools as per Group schedule
- Eradicate coca leaf consumption to improve safety, health and wellness of employees

CAPITAL DISCIPLINE

- Establish mine investment committee to vet application for expenditures for approval
- Ensure capital spend tracks plan and complies with physical targets

PORTFOLIO MANAGEMENT

- Include innovation and technology as blue sky case for inclusion in strategic plan
- Implement the improvement and innovation programme as part of operational activities:
  - Vehicles proximity detection system
  - Remote pumping control system at external ponds to reduce risk of unauthorised discharges
- Complete scoping study at the tailings for dry stacking options to extend mine life beyond 2030
- Confirm and secure new exploration field in Peru by 2018
- Deliver positive Salares Norte feasibility study, appropriately peer-reviewed, that exceeds metrics set for the project
- Complete all mine closure studies according to new regulations and company guidelines, focusing on reducing liabilities, and incorporate into strategic plans

LICENCE AND REPUTATION

- Increase proportion of sustainable host community procurement spend from 7% to 9% to drive shared value
- Environmental management system to achieve no level 3 incidents and no more than two level 2 incidents
- Deploy ICMM tailings and water position statements as part of ISO 14001 certification and ensure 100% compliance
- Continuously improve, and adhere to, the Gold Fields governance and compliance programme

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Remuneration Policy continued

West Africa BSC targets

SAFE OPERATIONAL DELIVERY

- 95% alignment between strategic plan and 2019 business plan production and AIC. 2018 AIC is US$1099/oz
- Production and cost/oz equal to or greater than guidance with 80% spatial compliance to plan
- Deliver Damang reinvestment execution plan within timeframe and budget
- No fatalities and reduce TRIFR by 10%
- Full commissioning of Genser plant to ensure reliable power supply to Tarkwa and Damang
- Implement Tarkwa contract mining and reduce all-in-mining cost per ton to sustain the operation for longer
- Implement ICMM critical controls guidelines on safety, health and environment stewardship and stakeholder management
- Manage talent pipeline to ensure 80% succession cover for critical roles
- Manage union and company relations to ensure peaceful industrial climate with no strikes
- Conduct renewable energy studies and other energy saving initiatives to reduce energy spend by 5%

CAPITAL DISCIPLINE

- Establish mine investment committee to vet Application for expenditures (AFEs) for approval
- Ensure that capital spend tracks plan with compliance to physical targets

PORTFOLIO MANAGEMENT

- Increase LoM by:
  - Keeping AISC for 2018 at US$944/oz
  - Damang brownfields exploration – Amoanda North: deliver >125koz of resource
  - Tarkwa brownfields exploration: deliver >400koz of additional inferred resource
  - Pit optimisation: deliver 350koz reserve ounce for Tarkwa
  - Incorporate updated mine closure costs with concurrent rehabilitation plans into strategic plans by year-end
- Leverage innovation and technology (I&T) to improve efficiency and productivity (Horizon 1):
  - Mine management reporting system (MMRS) upgrade at Tarkwa and Damang to improve mine data management for enhanced decision-making
  - Pit communication evaluation and solution execution (Wireless Mesh)
  - Include I&T case for operating sites as blue sky case to include into strategic plan

LICENCE AND REPUTATION

- Increase the proportion of sustainable host community procurement by 10% and employment by 5% to drive shared value
- Increase female employment by 5%
- Deliver and manage a robust and transparent regional governance and compliance programme
- Manage community relations and grievances to ensure that 80% of reported grievances are resolved within the specified and agreed timeframe
- No level 3 or above environmental incident and reduce level 2 incidents by 10%
- Align management practices with ICMM tailings and water position statements to be compliant by year-end
- 100% alignment with identified controls from regional climate change vulnerability assessment

South Deep BSC targets

SAFE OPERATIONAL DELIVERY

- Improve TRIFR by 18%
- Improve Safety Engagement Index through implementing Visible Felt Leadership, the effective functioning of the Isometrix incident management system and bowtie risk assessments on all major unwanted events
- Ensure mine is resourced, set up to deliver the business plan and striving to achieve the rebase plan
- 100% compliance to occupational health and hygiene dashboard actions
- Increase face time and reduce mining cycle times (including destress development, long hole stoping, ground support and backfill)
- Improve employee engagement index through 50% participation in survey and 75% compliance to plan to address gaps
- Right people in the right roles doing the right things:
  - Fill all key vacancies, identify critical roles and conduct talent assessments before engagement
  - Reduce absenteeism
  - Implement talent and performance management
- Improve daily performance and support it with implementation of a management operating system
- Improve employee relations processes, discipline and compliance to policies and procedures

CAPITAL DISCIPLINE

- Complete and independently assure critical infrastructure projects (including capital development meters, main crusher, conveyors, and fridge plants) on schedule and within budget
- Drive OPEX and CAPEX efficiency and discipline across the operation by tracking expenditure against budget and improving forecasting accuracy

PORTFOLIO MANAGEMENT

- Improve spatial compliance to plan from 65% to 75%
- Initiate Horizon 1 technical solutions by implementing:
  - The mine management system (Newtrax) in 95L 3W, enabling spatial visualisation of equipment locations and activities in real time, providing granularity of production data and collecting machine health data with connectivity at the working face
  - An integrated 3D spatial data base in Mine Technical Services integrating activities and creating seamless workflows
  - Deploying tele-remote capabilities to remove employees from harm and increase equipment face time
- Develop and implement business improvement framework including:
  - Analysis and improvement
  - Implementation of impact and rapid results programmes
  - Activity-based management reporting

LICENCE AND REPUTATION

- 100% compliance to 2018 Social and Labour Plan (SLP) implementation plan
- Increase host community employment from 15% to 20%
- Manage social risks and incidents – as measured by external assurance – proactively to enhance our reputation and minimise business impact/disruptions
- No level 3 or above environmental incidents and reduce level 2 incidents by 10%
- Align management practices with ICMM tailings and water position statements
- Manage and align governance and compliance framework to support Group focus areas

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Remuneration Policy continued

Australia BSC targets

SAFE OPERATIONAL DELIVERY

- Meet production of 865koz and AIC/oz of A$1,263/oz with 80% spatial compliance to plan
- Deliver management operating system
- 95% alignment of business plan and strategic plan for metal and AIC
- Maintain no fatalities and reduce TRIFR by 12%
- Reduce energy usage by 10% against a future baseline through energy saving initiatives
- Implement ICMM critical controls guidelines on safety, health and environment stewardship and stakeholder management
- Deliver Gruyere 2018 commitment on schedule and within budget
- Strengthen branding along with performance and talent management by maintaining turnover levels within 5% of 2017 levels and strive for a 10% improvement in gender equality
- Create a high performance culture through further communication embodied in the vision and values of the Group and measured by engagement levels in the climate survey

CAPITAL DISCIPLINE

- Ensure scoping, pre-feasibility and feasibility studies comply with capital guidelines
- Ensure capital spend tracks plan with compliance to physical targets

PORTFOLIO MANAGEMENT

- Ensure business improvement programme delivers 4% AISC/oz improvement on the business plan
- Include innovation and technology case for operating sites as blue sky case for inclusion into strategic plan
- Increase reserve life in the region to 150% replacement of depletion
- Delivery of 100% of Horizon plans to schedule:
  - Project 1: Proximity detection system (PDS) implemented at St Ives open pit and underground. Trial of Newtrax completed at Granny Smith
  - Project 2: Complete feasibility of long-term evolution (LTE 4G network) for remote loading on multiple equipment at Granny Smith by end-Q3 2018
- Progressive rehabilitation plan and cost schedule to be updated in mine closure plans and included in business planning process to optimise/reduce liabilities

LICENCE AND REPUTATION

- Increase host community procurement spend from 17% to 19%
- No level 3 or above environmental incidents and reduce level 2 incidents by 10%
- Align management practices with ICMM tailings and water position statements to be compliant by year-end
- Deliver and manage a robust and transparent Group governance and compliance programme with 100% deployment of Group programmes according to Group timeframes

Gold Fields has a strong pay for performance culture in which our remuneration philosophy and practices are built. The tables below depicts how our short-term and long-term incentives, our salary process and MSR policy embeds the pay for performance culture that will be detailed throughout this report. The theme of individual and company performance is weaved throughout our remuneration schemes and the alignment of these schemes with our overall strategy is highly evident in the metrics and indicators within these schemes.

Pay for performance

<table>
<tr><th colspan="3">Salary process</th><th>Short-term annual bonus</th><th>Long-term cash incentive</th><th>Long-term shares</th><th>MSR</th></tr>
<tr><td colspan="2" rowspan="2">Informed by</td><td>Individual performance</td><td>Individual performance</td><td>Individual performance</td><td>Individual performance</td><td rowspan="2">Executive position in Gold Fields</td></tr>
<tr><td>Market conditions and comparisons</td><td>Company performance conditions (bonus parameters)</td><td>LTI plan performance conditions</td><td>Company performance</td></tr>
<tr><td rowspan="2">Metrics</td><td>Lag Indicators</td><td rowspan="2">CPI
Market conditions and comparisons</td><td>Safety, gold production and cost</td><td>All-In-cost</td><td>Free cash-flow margin</td><td>Ownership and long-term performance driven</td></tr>
<tr><td>Lead Indicators</td><td>Development and waste stripping</td><td>Gold reserves, safety engagement and job creation</td><td>Absolute and Relative TSR</td><td></td></tr>
</table>

Short-term incentives (annual performance bonus metrics)

The on-target bonus eligibility percentage is linked to on-target performance achievement whilst stretch-target bonus eligibility percentage is linked to exceptional performance achievement for annual bonuses for the CEO, CFO and Executive Vice Presidents (EVPs), calculated as a percentage of guaranteed remuneration, are set out below:

Role	On-target earning potential as % of guaranteed remuneration	Stretch-target earning potential (maximum cap) as % of guaranteed remuneration
CEO	65	130
CFO	60	120
EVPs	55	110

Earning potential between on-target and stretch performance is interpolated on a linear basis.

Executives also have the option to elect, in advance of the short-term incentive determination, to defer some or all of their short-term incentive towards the achievement of their MSR. See p118 for further detail on the MSR.

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Remuneration Policy continued

Using bonus eligibility percentage ranges set out on page 113, organisational and personal performance regulate actual bonus outcomes for the Company. The CEO's and CFO's organisational objectives together with Corporate Executives are based on Group performance. Regional Executive Vice-Presidents' performances are based on a combination of Group and regional performance. This is illustrated in the table below:

	Organisational objectives			
Employee category	**Group**	**Region**	**Operation**	**Personal objectives**
CEO	65%			35%
CFO	65%			35%
Corporate executives	65%			35%
Regional executives	20%	45%		35%
General managers		20%	45%	35%
Regional offices		65%		35%
Mines			65%	35%

Performance drivers against which performance is assessed are set and approved annually in advance by RemCo. Operational objectives for each mine are measured against the plans approved by RemCo. They comprise of safety, production, costs and physical mine development (ore and waste). The operational objectives form the basis of the regional objectives and subsequently feed into Group objectives. If individual, operational, regional or Group objectives do not exceed threshold targets, no bonus is payable.

Group bonus parameters

(Target performance is linked to the annual business plan approved by the Board)

Safety (TRIFR)	Ensuring the safety and wellbeing of our workforce	20%
Total gold production	The productive measure of our operations	20%
All-in Cost (AIC) per ounce	The financial measure of our operations	40%
Development or waste mined	Ensuring the future of our operations	20%

This year we embarked on a process to realign our performance management process to our Group strategy. Through this process we have categorised our balanced scorecard (BSC) measurement areas into four key strategic objectives: safe operational delivery; social licence to operate; capital discipline; and portfolio management. This realignment process also included the addition of a balance between lead and lag indicators into all scorecards and ensuring that appropriate stretch targets have been set for all management level employees. This alignment process builds on our previous balanced scorecard process but ensures a stronger alignment between our strategy and our BSC process by moving from the standard BSC performance quadrants to the highly customised strategic focus areas described above to ensure our strategy is cascaded into objectives that are measured in our performance management process.

The CEO scorecard below demonstrates the changes that have been made to our performance measurement specifically that lead and lag objectives are part of his deliverables.

2018 performance scorecard for the CEO				
Strategic objective measurement area	**Key result area**	**Weighting**	**Lead indicator**	**Lag indicator**
Safe operational delivery	Delivery of South Deep infrastructure projects and improvement in the mining cycle whilst ensuring we have the right people in the right roles	45%	*	
	Deliver Damang reinvestment project in accordance with project budget and schedule	10%		*
	Deliver Gruyere project in accordance with approved budget and schedule	10%		*
	Integrated and aligned human resource strategy across the employee value chain to ensure leadership lives the delivery and teamwork culture	5%	*	
Portfolio management	Replacement of depletion of reserves in Australia	5%	*	
	Increase reserves for West Africa	5%	*	
	Drive innovation and technology throughout the Group by implementing key initiatives focused on installing IT backbones and technologies to enable digital mining for the mine of the future	10%	*	
Capital discipline	Capital allocation and ranking with hurdle rates to optimise capital expenditure and improve capital efficiency	5%		*
Licence to operate and reputation	Complete, audit and roll out of improved governance and compliance programme for the Gold Fields Group, with a review against national and international best practice	5%	*	*

Long-term incentive (LTI) plan
Gold Fields Limited Amended 2012 Share Plan (Share Plan)

The Share Plan is a conditional share plan which provides for annual awards of performance shares, which vest subject to performance conditions. Participants receive real shares under the Share Plan.

Previously, all eligible management level employees who participated in the long-term incentive plan received performance shares under the Share Plan. From 2018 onwards, with the introduction of the cash-settled LTI plan, only the Executive Committee members (including regional Executive Committee members) will receive awards under the Share Plan, with Regional Executive Committee members receiving 30% of their total long-term incentive award under the Share Plan, and 70% under the new cash-settled LTI plan.

The long-term incentive plan seeks to instil a sense of ownership among employees and executives and enables:
- Alignment of executive rewards with shareholder interests
- Retention of key people
- Alignment of people costs with business results
- Achievement of MSR objectives

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Remuneration Policy continued

The standard award of performance shares determined by role, performance and guaranteed remuneration are set out in the table below where stretch-target eligibility % is twice that of the on-target eligibility for exceptional performance:

Role	On-target award as % of guaranteed remuneration	Stretch-target award as % of guaranteed remuneration[1]
CEO	104	208
CFO	96	192
Executive Committee	88	176
Regional Executive Committee members	18 – 20	36 – 40

[1] *The annual award is adjusted to reflect participant's personal performance for the year. Those with inadequate performance achievements will not receive awards, whereas those exceeding expectations will receive higher awards.*

The long-term incentives vesting occurs on the third anniversary of the initial award and is dependent on the extent to which the Company has met specified performance conditions over the three-year period. Vesting is capped at 200% of the award. Executives also have the option to elect, in advance of the vesting date, to defer some or all of their vested awards towards the achievement of their MSR. See p118 for further detail on the MSR.

Vesting conditions of performance shares for Executive Committee

Performance condition	Weighting	Threshold (0% vesting)	Target (100% vesting)	Stretch (200% vesting)
Absolute US Dollar total shareholder return (TSR)	33%	N/a – no vesting below target	The US Dollar (nominal) Cost of Equity[1] over the three-year performance period	US Dollar Cost of Equity + 6% pa over the three-year performance period
Relative US Dollar total Shareholder Return (TSR)	33%	Median of the peer group	Median of the peer group	Upper quartile of the peer group
Free cash-flow margin (FCFM)	34%	Average FCFM over performance period of 5% at a gold price of $1,300/oz – margin to be adjusted relative to the actual gold price for the three-year period	Average FCFM over performance period of 15% at a gold price of $1,300/oz – margin to be adjusted relative to the actual gold price for the three-year period	Average FCFM over performance period of 20% at a gold price of $1,300/oz – margin to be adjusted relative to the actual gold price for the three-year period

[1] *Cost of Equity is determined by the external consultant, PwC.*

Linear interpolation will be applied between threshold and target and target and stretch performance. The vesting profile based on performance over the three-year period is as follows:

Performance condition	Threshold	Target	Stretch and cap
Absolute TSR	0%	100%	200%
Relative TSR	0%	100%	200%
FCFM	0%	100%	200%

Given the three-year performance period over which the share award is evaluated, awards will not vest until the third anniversary of the award dates.

Cash-settled long-term incentive plan (cash-settled LTI plan 2018)

Whilst the members of the Gold Fields Group Executive Committee will only receive awards in terms of the Share Plan, the cash-settled LTI plan will provide for awards to senior and middle management from 2018 onwards and has been revised to ensure closer alignment with long-term business strategy, and specific emphasis on regional performance. With the implementation of a new scheme, where the cash-settled LTI plan is directly linked to the manager's line-of-sight actions, greater focus will be placed on creating a high performance culture.

The plan seeks to incentivise regional participants to deliver the Group strategy over the long term, in the same manner as the current Share Plan objectives. Eligible senior managers, as defined in the cash-settled LTI plan rules will now participate in both the long-term share incentive (30% weighting) and the new cash-settled LTI plan (70% weighting) according to the rules of each plan. Other eligible employees will participate 100% in the new cash-settled LTI plan, where participant's performance outcomes are designed to drive regional long-term strategic objectives aligned directly to their line-of-sight performance achievement conditions.

Regional fundamental value driving performance conditions will be set and agreed with RemCo at the beginning of the three-year performance period. The intent of the introduction of the cash-settled LTI plan is to create fundamental organisational value at all levels and to incentivise, motivate and retain management.

The measurement period for awards will be from 1 January of the year of award to 31 December of the third year. Performance conditions will be determined by the Group Executive team who are not assessed on these targets but on total shareholder return and cash-flow measures as referred to in the Share Plan above. These performance conditions must be approved annually by RemCo.

For the March 2018 award, RemCo-approved fundamental performance outcomes which include:

- Decreasing actual AIC for each of our regions (40%)
- Sustainably extending reserves at the international operations and in the case of South Deep achieving targets as set out in the rebase plan (40%)
- Safety and protecting our licence to operate and enhancing our reputation (20%)

The cash-settled LTI plan awards essentially have three strata. Firstly, the imperative is to align the measures with our long-term strategic aspiration of improving the portfolio by decreasing AIC per ounce to under $900 by 2020 in a sustainable manner. This comprises three primary components; 1) decreasing actual AICs for each of our regions; 2) doing so sustainably by extending mine life as measured by gold reserves at the same time or achieving targets as set in the South Deep rebase plan; and importantly 3) doing it in a manner which promotes safety engagement and protects our licence to operate and enhances our reputation.

The second imperative for the changes, is to align regional targets to regional targets performance outcomes ensuring clarity in relation to what each region needs to deliver and also promotes line of sight alignment. The consolidation of all targets shows how each region contributes to the Group's long-term aspirations in 2020, which we believe will enhance total shareholder returns. The regional targets also help provide better line of sight for the cash-settled LTI plan, which would drive the regions (and employees) to understand their contributions to the overall strategy and assist in aligning all parties to achieve these. In short, the revised LTI plan measures proposed would become an improved performance lever for the Company.

The third imperative for the changes, is to ensure that the targets were stretching the regions to ensure that the Group is working towards a real step change increase in portfolio quality. This was done by looking at our latest strategic planning profiles and ensuring that the long-term targets assigned to each region were linked to long-term strategic planning profiles. Whilst, our current recommended profiles show a strong healthy Company, RemCo and management believe that the cash-settled LTI plan should be used as a catalyst for further improvement in our portfolio quality and ultimately in a differentiated share price performance.

Included in the metrics of the cash-settled LTI plan are two lead indicators 1) licence to operate measured by the positive contribution to community employment and 2) safety engagement. These two factors are lead indicators which have been introduced into the long-term incentive scheme in line with the Gold Field's strategy to be the global leader in sustainable gold mining.

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Remuneration Policy continued

Executive Minimum Shareholding Requirements (MSR) policy

The policy requires executives to build up sustainably and to hold a target minimum shareholding by the end of five years starting from 1 January 2016 in the case of the current CEO, and from 18 May 2016, or the date of appointment of the Executive Committee member if their appointment was after 18 May 2016.

The target minimum shareholding, on a pre-tax basis, of vested and unencumbered shares for the executives are:

- CEO: 200% of GRP
- CFO and other executives: 100% of annual GRP/BRP (target minimum shareholding)

To encourage and reward this commitment and investment by the Executives the Company will make an award of conditional rights to matching shares on an annual basis, at a ratio of one share for every three shares committed that year. The matching shares vest at the end of the five-year period provided that the participant remains in the employment of the Group and has retained the committed shares. The value of the ultimate number of matching shares that will vest will be limited to 67% of salary in the case of the CEO or 34% salary for the other executives.

Retention and sign-on bonuses

RemCo has the discretion based on the recommendation from management, to follow a retention strategy including the ad-hoc approval of sign-on payments and/or retention payments to be used in the recruitment of candidates who are highly skilled or fulfil specialised roles or scarce resource positions at executive level. The minimum work back periods for these retention payments are two years.

Clawback policy

The Board has approved the clawback policy entitling the Board to, in specific instances, seek repayment of remuneration amounts which have been made in error. The policy allows RemCo the right to recover all forms of remuneration from executives. This is applicable but not limited to remuneration relating to base pay, the achievement of financial or performance goals or similar conditions for any award, or payment under the annual incentive plan or long-term incentive plan or any bonus payment, whether vesting is based on the achievement of performance conditions, the passage of time, or both.

The right of recovery may be exercised within three years from the restatement date and the policy sets out the procedures to be followed depending on whether the remuneration has been paid, transferred or otherwise made available to the executive as well as the steps to take where the amount is not immediately recoverable, despite demand.

To date, there has been no requirement for this policy to be applied in terms of fund recovery from management.

Termination provisions applicable to Executive Committee service contracts

Gold Fields can also terminate the executive's employment summarily for any reason recognised by law in the respective jurisdiction. The general principles governing the settlement of employment benefits and rewards is that employees who resign voluntarily or are dismissed for disciplinary reasons forfeit all unvested benefits and awards. Employees who separate from the Company for reasons of death, disability, retirement, or redundancy for operational reasons retain a portion of unvested benefits and awards where this portion is based on the principles of time pro ration and performance testing where applicable, in line with the King IV principles.

Executive Committee's service contracts

Executive directors are party to permanent employment agreements with Gold Fields Group Services (Pty) Ltd (GFGS), Gold Fields Ghana Holdings BVI Limited (GF Ghana) and Gold Fields Orogen BVI Limited (Orogen) and the EVP: Strategy, planning and corporate development is party to permanent employment agreements with Gold Fields Group Services (GFGS) and Gold Fields Orogen BVI Limited (Orogen).

In terms of the South African employment contracts (the Orogen and GF Ghana contracts have substantially the same terms for the executive directors) for the Group Executive Committee, employment continues until terminated upon (i) notice by either party i.e. twenty four months or twelve months' respectively for the CEO and CFO together with all related incentives that vest in the notice period, or (ii) six months in the case of the remaining members of the Group Executive Committee or (iii) retirement (currently provided for at age sixty three).

Change of control provisions

Executive directors' and eligible prescribed officers' employment contracts also provide that, in the event of the executive's employment being terminated as a result of a change of control as defined below, and such termination occurring within 12 months of the change of control, the director is entitled to:

- Payment of an amount equal to two-and-a-half times annual GRP in the case of the CEO, two times annual GRP in the case of the CFO and the Executive Vice President: Sustainable Development
- A bonus payment in the amount equal to the average percentage of incentive bonuses achieved during the previous two completed financial years, pro-rated for time
- Full vesting of all long-term incentive awards

The employment contracts further provide that these payments cover any compensation or damages the executive directors may have under applicable employment legislation.

A change of control for the above is defined as the acquisition by a third party or concert parties of 30% or more of Gold Fields' ordinary shares.

In the event of the finalisation of an acquisition, merger, consolidation, scheme of arrangement or other reorganisation, whether or not there is a change of control and if the executive directors services are terminated, the change of control provisions also apply.

In 2012, RemCo resolved to discontinue the remuneration entitlement in the event of a change of control for senior executives appointed after 1 January 2013. Therefore the only members of the executive with change of control provisions are the CEO, CFO and Executive Vice President: Sustainable Development. The senior executives who are currently entitled to the change of control remuneration benefits will retain their rights under the previous policy.

Non-executive directors (NEDs) fees

As Gold Fields is a global company with operations around the world, the Company requires its NEDs to have the necessary competence, experience and skill to assist the Group to set and deliver the objectives of the Group strategy. Therefore, its remuneration practices should take account of international, as well as local norms, in determining the appropriate remuneration to attract and retain NEDs that will add value due to their own particular sought after expertise. NEDs do not participate in any of the short- or long-term incentive plans and there are no arrangements in place for compensation to be awarded in the case of loss of office.

RemCo seeks to align NED fees to the median of an appropriate peer group and reviews fee structures for NEDs on an annual basis. NEDs are paid monthly based on annual fees for their Board membership as well as additional fees for their specific Board committee memberships. As advised by our external advisers, PwC, for the period 1 June 2018 to 31 May 2019, annual fee increases will be linked to prevailing country-specific inflation rates. On this basis approval will be sought from shareholders after recommendation by the Board at the AGM to be held on the 23 May 2018 for a 5.4% increase to be applied to the fees of South Africa-resident NEDs and 2.7% increase to be applied to the fees of non-resident NEDs paid in US Dollars, both effective 1 June 2018 (exclusive of VAT).

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Remuneration Policy continued

Therefore, if approved by shareholders at the AGM, the following fixed annual fees shall be payable to NEDs of the Company with effect from 1 June 2018 (excluding VAT).

	Per annum – 2017 approved fees in Rand[1]	Per annum – proposed fees for 2018 in Rand	Per annum – approved fees for 2017 in US$	Per annum – Proposed fees for 2018 in US$
The Chair of the Board (all-inclusive fee)	2,960,000	3,120,000		
The Deputy Chair of the Board (all-inclusive fee)	1,926,000	2,031,000		
The Chair of the Audit Committee	352,000	372,000		
The Chairs of the Capital Projects Control and Review Committee, Nominating and Governance Committee, Remuneration Committee, Risk Committee, Social, and Ethics and Transformation Committee and Safety, Health and Sustainable Development Committee (excluding the Chair of the Board and the Deputy Chair of the Board)	217,200	228,960	17,200	17,676
Members of the Board (excluding the Chair and the Deputy Chair of the Board)	971,500	1,024,080	77,200	79,296
Members of the Audit Committee (excluding the Chair of the Audit Committee and the Deputy Chair of the Board)	182,000	191,880	14,500	14,892
Members of the Capital Projects Control and Review Committee, Nominating and Governance Committee, Remuneration Committee, Risk Committee, Social and Ethics and Transformation Committee and Safety, Health and Sustainable Development Committee (excluding the Chairs of the relevant Committees, Chair of the Board and the Deputy Chair of the Board)	137,000	144,480	11,000	11,304
Chair of ad hoc Committee (fee per meeting)		58,000		4,430
Member of ad hoc Committee (fee per meeting)		36,000		2,835

[1] *Shareholders approved the 2017/2018 fees for the period 1 June 2017 to 31 May 2018 at the Annual General Meeting held on 24 May 2017.*

Non-binding advisory vote

As set out in King IV, the Remuneration Policy and the Implementation Report will be put to a non-binding advisory shareholder vote at the Gold Fields Annual General Meeting (AGM) on 23 May 2018. Should there be a 25% or higher advisory vote against the adoption of the policy or implementation plan, Gold Fields will engage with shareholders to ascertain the reasons for the dissenting votes and discuss measures to deal with reasonable objections and concerns raised. Gold Fields will disclose in future remuneration reports the detail of any engagement and the nature of the steps taken to address reasonable objections and concerns.

Implementation report

This report sets out the performance outcomes achieved for the period ending December 2017, against the respective targets set in terms of the various aspects of the remuneration elements discussed in the Remuneration Policy.

Guaranteed pay (GRP and BRP) adjustments

The annual remuneration review takes place in March of each year. All eligible employees received a salary increase on 1 March 2017 and the average increase for executives during 2017 was 6.5%. The overall increase in labour costs during 2017 was within the approved mandate of RemCo.

Short-term incentives (annual performance bonus)

The total 2017 annual incentive award payment of US$29m is based on the Company's achievement of an overall average performance rating of 3.5 out of a maximum of 5 against Committee approved performance measures set at the beginning of the year.

Executives achieved an average performance rating of 3.85 (excluding the CEO's rating). The performance linked incentive bonus payment for the Executive Committee is 16% of the total bonus awarded for 2017 in the amount of US$4.5m. The overall company multiplier based on performance for the year is 130% in terms of the approved incentive award conditions. Two executives committed a portion of their incentive bonus payment to be deferred towards the achievement of the minimum shareholding requirement (MSR) and one elected to commit a number of personal investment shares towards the MSR. Remuneration awarded to executives is also subject to clawback for a period of up to three years as described in more detail on p118.

Group objectives

For the year ended 31 December 2017, the Group performance targets and how senior executives performed against these targets were as follows:

CORPORATE PERFORMANCE	Weight	2016 Actual	2017 Actual	2017 Threshold 0.0%	Target +100%	Maximum +200%	Achieved
Safety improvement – TRIFR	20%	**2.27**	**2.42**	**2.27**	2.16	2.05	0%
Gold (equivalent) production – koz	20%	**2,222**	**2,232**	**2,096**	2,177	2,257	169%
All-in Cost – $/oz	40%	**1,006**	**1,088**	**1,201**	1,158	1,121	200%
Development and waste mined[1]	20%	**200%**		**–**	100	200	80%
	100%						130%

[1] *The development and waste mined targets are made up: International operations – open pit waste 40% and underground development 40%, South Deep destress mining 10% and South Deep development 10%.*

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Implementation report continued

Personal objectives

In addition to the Group objectives listed above, the CEO and CFO were also assessed on their individual objectives for 2017. These objectives are set every year based on key performance areas and are approved by RemCo. Performance against these objectives is reviewed by RemCo towards the end of the year.

Nick Holland – 2017 BSC				
Category	**Weight**	**Objective**	**Achievements**	**Rating Score out of 5**
Financial	10%	Capital allocation and management tracking well against capital project milestones	Investment committee established Estimating and Scheduling standards implemented More rigorous AFE process implemented Spend vs Plan – 2017 Actual – 96.79% with a 3.2% reduction in planned spend	3.0
	15%	Marketing South Deep rebase plan; reaffirming reinvestment strategy; as measured by improved rating based on consensus view Increase investor and analyst confidence to drive shareholder value	a) Current message of reinvesting for the future has been well received by the market. b) In our peer group of 12 companies Gold Fields was the top performing stock in our peer group (+43%) for the year	a) 3.5 b) 5.0
Business Optimisation	40%	South Deep – Deliver year 1 of rebase plan	• Missed production and development targets • Write-down of carrying value • Good cost control with cost savings of R599m (AIC) (capital and opex) more than offset by gold production being 11% below plan • A good second half of the year (with gold production up 36% on the first half of the year) • Unit All in Costs were just 3% ahead of plan despite the low production. • Multiple visits by the independent Geotechnical Review Board reaffirmed the mining method and geotechnical design as fit for purpose	2.0
	30%	Capital projects Deliver year 1 of Damang reinvestment plan Ensure Gruyere development occurs within schedule Salares – pre feasibility study and new R&R statement with incremental resources	a) Damang produced 143,000 oz against the plan of 110,000oz and mined 39M tons against the plan of 32.6M tons. Year 1 of the Damang reinvestment plan has been significantly exceeded b) Gruyere project construction as at 31 December 2017 was 33.9% against a plan of 32.2% Engineering progress was 72.0% against a plan of 71.9% and all critical engineering is on track c) Salares Norte feasibility study substantially complete ahead of schedule with new R&R statement with 10 years mine life resources at 95% indicated level	a) 4.5 b) 4.0 c) 4.0
	5%	Life extension of Cerro Corona	Life-of-mine was extended by seven years. This included new work on the TSF and in pit tails capacity. Actual Eq-Au Reserves increased from 2.3Moz Au in Dec 2016 to 3.7Moz Au in Dec 2017 (+70%).	5.0

The CEO received a personal performance score of 3.3 out of 5. The bonus paid to the CEO was 81.8% of his annual salary. For purposes of the calculation, the personal rating is converted into a percentage on the basis of 3 = 100% and 5 = 200%. 3.3 = 118%. The CEO's bonus is therefore calculated as follows: [Group objectives (65% x 130%) + personal objectives (35% x 118%)] x 65% = 81.8%

RemCo considered the objectives set at the beginning of 2017 and the decisions taken by the Company during 2017 to meet these objectives, in determining the CEO's Bonus and how they aligned to his personal BSC and performance during the year.

The CFO received a personal performance score of 4.0 out of 5 which yields a multiplier of 160%. The bonus paid to the CFO was 84.3% of his annual salary, calculated as follows: [Group objectives (65% x 130%) + personal objectives (35% x 160%)] x 60% = 84.3%

Long-term incentive plan

Performance share awards

Awards made in terms of the Share Plan were subject to the following performance conditions:

1. Absolute and relative shareholder return (66% weighting) over the three-year measurement period.

Absolute total shareholder return (Absolute TSR) – 33% of the initial award value will vest on the following basis:

Target	TSR performance	TSR factor
Below target	0%	n/a
Target	Average USD Cost of Equity as measured over a three-year period and independently assessed	100%
Stretch	Target + 6% per annum	200%
Above stretch	Capped at 200%	200%

Relative total shareholder return (Relative TSR) – 33% of the initial award value will vest on the following basis:

Target	TSR performance	TSR factor
Below target	0%	n/a
Target	Median of the peer group	100%
Stretch	Upper quartile of the peer group	200%
Above stretch	Capped at 200%	200%

2. Free cash-flow margin (34% weighting) – an average free cash-flow margin of 15% for target and an average free cash-flow margin of 20% for stretch for the three-year measurement period, at a gold price of US$1,300/oz.

Free cash-flow margin (FCFM) – 34% of the initial award value will vest on the following basis:

Target	FCFM performance	FCFM factor
Threshold	Average FCFM over performance period of 5% at a gold price of US$1,300/oz – margin to be adjusted relative to actual gold price for the performance period	0%
Target	Average FCFM over performance period of 15% at a gold price of US$1,300/oz – margin to be adjusted relative to actual gold price for the performance period	100%
Stretch	Average FCFM over Performance period of 20% at a gold price of US$1,300/oz – margin to be adjusted relative to actual gold price for the Performance Period	200%

In terms of the provisions of the Share Plan, eligible employees were awarded performance shares on 1 March 2016 and 1 March 2017 which vest on 1 March 2019 and 1 March 2020 respectively.

Further details of the 2012 Share Plan amended are disclosed in notes 5 and 26 respectively of the financial statements.

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Implementation report continued

In terms of the provisions of the (cash-settled) 2015 long-term incentive plan employees were awarded long-term incentives on 1 March 2015. Vesting of these awards were subject to achievement of performance conditions set and approved by RemCo.

The portion of the award subject to the free cash-flow margin vested partially based on achievement of performance conditions above threshold but below the target. The total shareholder return portion of the award did not vest as the performance target for this was not achieved. There is no vesting between threshold and target for this portion of the award. The final outcome of the achievement of the corporate performance conditions in terms of the LTI plan is tabulated below:

2015 LTI plan award – 1 January 2015 to 31 December 2017 (full performance period completed)

Award	TSR – 50%		FCFM – 50%		Final vesting % of the 2015 award
	Achieved	Vesting	Achieved	Vesting	
2015 LTI plan award performance period – 1 Jan 2015 to 31 Dec 2017	Below Threshold Performance	0%	14%	90%	45%

The table below reflects the actual values settled for the Group Executive Committee in respect of the 2015 LTI plan award, which was paid on 28 February 2018.

Name	Designation	US$m value of initial LTI award	US$m value of awards vested
NJ Holland	Chief Executive Officer	1.03	0.46
PA Schmidt	Chief Financial Officer	1.02	0.46
A Baku	EVP: West Africa	1.03	0.46
BJ Mattison	EVP: Strategy, Planning and Corporate Development	0.66	0.30
NA Chohan	EVP: Sustainable Development	0.28	0.13
TL Harmse	EVP: Group Head Legal and Compliance	0.56	0.25
A Nagaser	EVP: Investor Relations and Corporate Affairs	0.20	0.09
S Mathews	EVP: Australasia	0.44	0.20
R Weston	EVP: Australasia	0.72	0.22
LN Samuel	EVP: People and Organisational Effectiveness[1]	0.57	0.00
N Muller	EVP: South Africa region	0.38	0.00
		6.90	**2.57**

[1] *Separated during 2017*

2016 Performance share award – 1 January 2016 to 31 December 2017 (24 months of the 36-month performance period completed)

The number of awards, the value on the award date, and the estimated value at year-end for the 2016 grant of performance shares is tabulated below.

Name	Designation	Number of awards	US$m value on the award date	Estimated US$m fair value at year-end
NJ Holland	Chief Executive Officer	272,735	1.29	1.22
PA Schmidt	Chief Financial Officer	171,619	0.81	0.77
A Baku	EVP: West Africa	165,123	0.78	0.74
R Butcher	EVP: Technical	23,964	0.11	0.11
S Mathews	EVP: Australasia	72,802	0.34	0.33
TL Harmse	EVP: Group Head Legal and Compliance	88,048	0.42	0.39
BJ Mattison	EVP: Strategy, Planning and Corporate Development	108,877	0.51	0.49
NA Chohan	EVP: Sustainable Development	66,035	0.31	0.30
A Nagaser	EVP: Investor Relations	33,136	0.16	0.15
		1,002,339	4.73	4.50

2017 performance share award – 1 January 2017 to 31 December 2017 (12 months of the 36-month performance period completed)

The number of awards, the value on the award date, and the estimated value at year-end for the 2017 grant of performance shares is tabulated below.

Name	Designation	Number of awards	US$m value on the award date	Estimated US$m fair value at year-end
NJ Holland	Chief Executive Officer	370,042	1.00	2.41
PA Schmidt	Chief Financial Officer	178,808	0.55	1.17
A Baku	EVP: West Africa	156,967	0.49	1.02
R Butcher	EVP: Technical	98,389	0.30	0.64
S Mathews	EVP: Australasia	107,533	0.33	0.70
L Rivera	EVP: Americas	67,182	0.21	0.44
TL Harmse	EVP: Group Head Legal and Compliance	95,126	0.29	0.62
BJ Mattison	EVP: Strategy, Planning and Corporate Development	116,641	0.36	0.76
NA Chohan	EVP: Sustainable Development	70,907	0.22	0.46
A Nagaser	EVP: Investor Relations	48,673	0.15	0.32
M Preece	EVP: South Africa	53,462	0.17	0.35
		1,310,268	**4.07**	**8.89**

Minimum shareholding requirement as at 31 December 2017

Refer to the share ownership table on p22 for details of the Directors' beneficial interest in the issued and listed share capital of the Company.

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Implementation report continued

Executive directors' and prescribed officers' remuneration

The table of remuneration for the executive directors and prescribed officers on the basis of the total single figure of remuneration (2016 figures have been revised and represented due to adoption of King IV) as prescribed by King IV is disclosed below.

As a result of the adoption of the remuneration reporting requirements under King IV the terminology used in the table below has been assigned the following meanings:

Reflected – King IV requires the disclosure of a total single figure of remuneration, received and receivable for the reporting period which ties remuneration to the individuals performance for the period. In respect of the cash LTI plan and matching shares the remuneration is reflected given that the company performance conditions have been met during the reporting period. The continued service and/ or continued employment requirements of the cash LTI plan and matching

All figures stated in US$'000		Salary[1] US$	Pension fund contri-bution US$	Cash incentive[2] US$	Cash LTI plan reflected[3] US$
EXECUTIVE DIRECTORS					
Current					
NJ Holland	**2017**	**1,186.9**	**26.3**	**1,002.2**	**463.5**
NJ Holland[8]	2016	1,030.0	40.9	1,355.2	500.5
PA Schmidt	**2017**	**588.6**	**48.2**	**542.7**	**459.0**
PA Schmidt	2016	496.7	54.4	648.6	242.6
PRESCRIBED OFFICERS					
Current					
L Rivera[9]	**2017**	**626.3**	**–**	**270.4**	**–**
L Rivera[9]	2016	154.5	–	111.0	–
A Baku[10]	**2017**	**784.7**	**180.5**	**719.8**	**463.5**
A Baku[10]	2016	746.1	156.4	620.2	304.2
R Butcher	**2017**	**353.0**	**37.9**	**278.5**	**–**
R Butcher[11]	2016	275.1	27.5	323.2	–
NA Chohan[12]	**2017**	**342.8**	**26.3**	**288.3**	**126.0**
NA Chohan	2016	284.0	27.7	328.6	88.6
B Mattison	**2017**	**426.7**	**26.3**	**369.9**	**297.0**
B Mattison	2016	362.4	25.5	429.7	192.5
T Harmse	**2017**	**344.7**	**26.3**	**290.1**	**252.0**
T Harmse	2016	282.3	29.5	345.7	138.6
A Nagaser[14]	**2017**	**228.1**	**25.3**	**192.0**	**90.0**
A Nagaser	2016	193.9	21.5	221.1	–
S Mathews[15]	**2017**	**397.5**	**21.2**	**326.1**	**–**
M Preece[16]	**2017**	**338.2**	**16.6**	**–**	**–**
Separated					
L Samuel[17]	**2017**	**384.3**	**17.5**	**–**	**–**
L Samuel	2016	288.4	24.8	339.9	181.0
R Weston[18]	**2017**	**102.0**	**4.5**	**–**	**216.0**
R Weston	2016	576.4	64.2	570.7	350.4
E Balarezo[19]	2016	332.5	–	–	–
M Diaz[20]	2016	136.1	–	1.2	–
N Muller[13]	**2017**	**129.4**	**6.6**	**–**	**–**
N Muller	2016	450.4	26.4	477.0	23.1

Average exchange rates were US$1=R13.33 for the FY2017 and US$1 = R14.70 for the FY2016.

1 *The total US$ amounts paid for 2017, and included in salary, were as follows: NJ Holland US$396,500, P Schmidt US$121,000, B Mattison US$86,000. The total US$ amounts paid for 2016, and included in salary, were as follows: N Holland US$384,333, P Schmidt US$115,833, B Mattison US$70,417.*

2 *The annual bonus accruals for the year ended 31 December 2016 and 31 December 2017, paid in February 2017 and February 2018 respectively.*

3 *The value of the 2014 cash LTI plan with a performance period ending on 31 December 2016 is reflected in the 2016 total single figure of remuneration. The value of the 2015 cash LTI plan with a performance period ending on 31 December 2017 is reflected in the 2017 total single figure of remuneration.*

4 *The 2017 total single figure of remuneration includes the cash equivalent value of matching shares awarded in terms of the MSR policy during 2017.*

5 *Other includes special bonuses, incidental and severance payments unless otherwise stated.*

6 *Includes cash Incentive, cash LTI plan and matching shares reflected for the year.*

7 *The 2017 figure includes the bonus related to the 2016 financial year, paid in February 2017 and the 2014 cash LTI plan vested and settled in March 2017. The 2016 figure includes the bonus related to the 2015 financial year, paid in February 2016 and the 2013 performance shares vested and settled in March 2016. For NJ Holland, the 2017 figure does not include the 2014 cash LTI plan as well as 50% of the 2016 bonus, because he elected to receive restricted shares in lieu of these amounts, and the 2016 figure does not include the 2013 performance shares and 50% of the 2015 bonus because he elected to receive restricted shares in lieu of these amounts.*

8 *NJ Holland elected prior to the determination of his annual performance bonus for 2016 to receive 50% of his annual performance bonus (US$677,600 = 50%) in restricted shares. He also elected prior to the vesting of the 2014 cash-settled LTI plan award to receive 100% of this amount(US$500,500 = 100%) in restricted shares. The full bonus and cash LTI plan calculated for NJ Holland is reflected in the total single figure of remuneration and thus the receipt of restricted shares has been disregarded in calculating the total single figure of remuneration in line with King IV.*

shares are not considered a factor for including the remuneration in the total single figure of remuneration. Remuneration included may not have legally transferred to the individual and the individual may not yet have the unconditional right to enjoy the benefits therefrom.

Settlement – This refers to remuneration that has been included in the total single figure of remuneration in respect of any prior period, but has only been unconditionally transferred to the individual concerned in the current period.

Not yet settled – This refers to remuneration that has been included in the total single figure of remuneration in the current period, but has not been unconditionally transferred to the individual concerned in the current period, or where an election has been made by the individual to defer the settlement thereof in fulfilment of their minimum shareholding requirement.

Unconditional transfer – Means (excluding any applicable malus or claw back) that the individual now enjoys full right to the remuneration, and it is no longer subject to any further service, employment or other conditions.

Matching shares reflected[4] US$	Other[5] US$	Total single figure of remuneration US$	Less: Amounts not yet settled[6] US$	Add: Cash value on settlement[7] US$	Total cash remuneration US$
942.8	**–**	**3,621.7**	**(2,408.5)**	**677.6**	**1,890.8**
–	–	2,926.6	(1,855.7)	618.9	1,689.8
157.5	**4.0**	**1,800.0**	**(1,159.2)**	**891.2**	**1,532.0**
–	4.0	1,446.3	(891.2)	1,162.3	1,717.4
–	**253.3**	**1,150.0**	**(486.7)**	**111.0**	**774.3**
–	246.4	511.9	(111.0)	–	400.9
51.9	**150.2**	**2,350.6**	**(1,235.2)**	**924.4**	**2,039.8**
–	314.5	2,141.4	(924.4)	726.9	1,943.9
–	**–**	**669.4**	**(278.5)**	**323.2**	**714.1**
–	110.7	736.5	(323.2)	–	413.3
54.0	**3.3**	**840.7**	**(468.3)**	**417.2**	**789.6**
–	2.9	731.8	(417.2)	540.3	854.9
55.4	**1.0**	**1,176.3**	**(722.3)**	**622.2**	**1,076.2**
–	0.6	1,010.7	(622.2)	620.2	1,008.7
10.0	**6.8**	**929.9**	**(552.1)**	**484.3**	**862.1**
–	4.3	800.4	(484.3)	422.1	738.2
–	**0.7**	**536.1**	**(282.0)**	**221.1**	**475.2**
–	0.3	436.8	(221.1)	208.5	424.2
–	**10.0**	**754.8**	**(326.1)**	**–**	**428.7**
–	**–**	**354.8**	**–**	**–**	**354.8**
–	**198.9**	**600.7**	**–**	**520.9**	**1,121.6**
–	3.7	837.8	(520.9)	667.2	984.1
44.8	**7.6**	**374.9**	**(260.8)**	**921.1**	**1,035.2**
–	7.4	1,569.1	(921.1)	1,044.2	1,692.2
–	1,644.4	1,976.9	–	425.7	2,402.6
–	–	137.3	(1.2)	–	136.1
–	**34.0**	**170.0**	**–**	**500.1**	**670.1**
–	2.4	979.3	(500.1)	423.5	902.7

[9] *L Rivera - Appointed on 1 October 2016, other payments for 2016 relates to sign-on and legislated bonuses and 2017 to legislated bonuses.*
[10] *A Baku - Other payments for 2016 relates to leave allowance and final payment of a retention bonus. 2017 relates to leave allowance.*
[11] *R Butcher - Appointed on 8 February 2016 - other payments for 2016 relates to sign-on bonus.*
[12] *NA Chohan elected prior to the determination of his annual performance bonus for 2017 to receive 5% of his annual performance bonus (US$15,004 = 5%) in restricted shares. The full bonus calculated for NA Chohan is reflected in the total single figure of remuneration and thus the receipt of restricted shares has been disregarded in calculating the total single figure of remuneration in line with King IV.*
[13] *N Muller - Resigned 31 March 2017.*
[14] *A Nagaser elected prior to the determination of his annual performance bonus for 2017 to receive 20% of his annual performance bonus (US$38,401 = 20%) in restricted shares. The full bonus calculated for A Nagaser is reflected in the total single figure of remuneration and thus the receipt of restricted shares has been disregarded in calculating the total single figure of remuneration in line with King IV.*
[15] *S Mathews - Appointed on 1 February 2017.*
[16] *M Preece - Appointed on 15 May 2017.*
[17] *L Samuel - Resigned 31 July 2017. Other payments for 2017 include a payment in lieu of notice.*
[18] *R Weston - Retired 28 February 2017. His pro-rated performance shares will be settled on the final vesting date at the end of the three-year performance period.*
[19] *E Balarezo - Terminated employment by mutual agreement during 2016. Other payments for 2016 includes a payment in lieu of notice.*
[20] *M Diaz - Terminated employment by mutual agreement during 2016.*

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Implementation report continued

Unvested award and cash-flow on settlement

Executive	Opening number of awards on 1 Jan 2016[3]	Granted/ enhanced vesting during 2016	Forfeited/ lapsed during 2016	Vested during 2016	Closing number of awards on 31 Dec 2016	Cash value on settlement during 2016 US$	Closing estimated fair Value at 31 Dec 2016 US$[4]
NJ Holland							
2010 SARS	65,045	–	65,045	–	–	–	–
2011 SARS	44,012	–	–	–	44,012	–	–
2013 Performance shares[1]	187,498	187,498	–	374,996	–	–	–
2014 Cash LTI plan	1,300,000	–	–	–	1,300,000	–	500,500
2015 Cash LTI plan	1,030,000	–	–	–	1,030,000	–	386,250
2016 Performance shares PS9	–	272,735	–	–	272,735	–	799,808
2017 Performance shares PS10	–	–	–	–	–	–	–
2017 MSR matching shares award	–	–	–	–	–	–	–
TOTAL						–	1,686,558
PA Schmidt							
2010 SARS	24,640	–	24,640	–	–	–	–
2011 SARS	29,686	–	–	–	29,686	–	–
2013 Performance shares	69,326	69,326	–	138,652	–	545,836	–
2014 Cash LTI plan	630,000	–	–	–	630,000	–	242,550
2015 Cash LTI plan	1,020,000	–	–	–	1,020,000	–	382,500
2016 Performance shares PS9	–	171,619	–	–	171,619	–	503,281
2017 Performance shares PS10	–	–	–	–	–	–	–
2017 MSR matching shares award	–	–	–	–	–	–	–
TOTAL						545,836	1,128,331
L Rivera							
2017 Performance shares	–	–	–	–	–	–	–
TOTAL						–	–
A Baku							
2010 SARS	9,674	–	9,674	–	–	–	–
2011 SARS	8,069	–	–	–	8,069	–	–
2013 Performance shares	17,559	17,559	–	35,118	–	154,925	–
2014 Cash LTI plan	790,000	–	–	–	790,000	–	304,150
2015 Cash LTI plan	1,030,000	–	–	–	1,030,000	–	386,250
2016 Performance shares PS9	–	165,123	–	–	165,123	–	484,231
2017 Performance shares PS10	–	–	–	–	–	–	–
2017 Restricted share PS10 – Damang	–	–	–	–	–	–	–
2017 MSR matching shares award	–	–	–	–	–	–	–
TOTAL						154,925	1,174,631
NA Chohan							
2010 SARS	4,752	–	4,752	–	–	–	–
2011 SARS	14,929	–	–	–	14,929	–	–
2013 Performance shares	26,452	26,452	–	52,904	–	233,389	–
2014 Cash LTI plan	230,000	–	–	–	230,000	–	88,550
2015 Cash LTI plan	280,000	–	–	–	280,000	–	105,000
2016 Performance shares PS9	–	66,035	–	–	66,035	–	193,651
2017 Performance shares PS10	–	–	–	–	–	–	–
2017 MSR matching shares award	–	–	–	–	–	–	–
TOTAL						233,389	387,201

Granted during 2017	Forfeited/ lapsed during 2017	Vested during 2017	Closing number on 31 Dec 2017	Cash value on settlement during 2017 US$	Closing estimated Fair Value at 31 Dec 2017 US$[4]	Strike price US$
–	–	–	–	–	–	6.03
–	44,012	–	–	–	–	8.23
–	–	–	–	–	–	n/a
–	799,500	500,500	–	–	–	n/a
–	–	–	1,030,000	–	463,500	n/a
–	–	–	272,735	–	1,220,991	n/a
370,042	–	–	370,042	–	2,411,913	n/a
244,574	–	–	244,574	–	966,133	n/a
				–	5,062,537	
–	–	–	–	–	–	6.03
–	29,686	–	–	–	–	8.23
–	–	–	–	–	–	n/a
–	387,450	242,550	–	242,550	–	n/a
–	–	–	1,020,000	–	459,000	n/a
–	–	–	171,619	–	768,311	n/a
178,808	–	–	178,808	–	1,165,461	n/a
40,850	–	–	40,850	–	161,367	n/a
				242,550	2,554,139	
67,182	–	–	67,182	–	437,889	n/a
				–	437,889	
–	–	–	–	–	–	6.03
–	8,069	–	–	–	–	8.23
–	–	–	–	–	–	n/a
–	485,850	304,150	–	304,150	–	n/a
–	–	–	1,030,000	–	463,500	n/a
–	–	–	165,123	–	739,229	n/a
156,967	–	–	156,967	–	1,023,102	n/a
133,311	–	–	133,311	–	526,614	n/a
13,468	–	–	13,468	–	53,202	n/a
				304,150	2,805,647	
–	–	–	–	–	–	8.18
–	14,929	–	–	–	–	8.23
–	–	–	–	–	–	n/a
–	141,450	88,550	–	88,550	–	n/a
–	–	–	280,000	–	126,000	n/a
–	–	–	66,035	–	295,628	n/a
70,907	–	–	70,907	–	462,168	n/a
14,008	–	–	14,008	–	55,335	n/a
				88,550	939,131	

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Implementation report continued

Unvested award and cash-flow on settlement continued

Executive	Opening number of awards on 1 Jan 2016[3]	Granted/ enhanced vesting during 2016	Forfeited/ lapsed during 2016	Vested during 2016	Closing number of awards on 31 Dec 2016	Cash value on settlement during 2016 US$	Closing estimated fair Value at 31 Dec 2016 US$[4]
A Nagaser							
2015 Cash LTI plan	200,000	–	–	–	200,000	–	75,000
2016 Performance shares PS9	–	33,136	–	–	33,136	–	97,173
2017 Performance shares PS10	–		–	–	–	–	–
TOTAL						–	172,173
T Harmse							
2010 SARS	7,441	–	7,441	–	–	–	–
2011 SARS	6,212	–	–	–	6,212	–	–
2011(b) SARS	3,077	–	–	–	3,077	–	–
2013 Performance shares	12,662	12,662	–	25,324	–	99,694	–
2014 Cash LTI plan	360,000	–	–	–	360,000	–	138,600
2015 Cash LTI plan	560,000	–	–	–	560,000	–	210,000
2016 Performance shares PS9	–	88,048	–	–	88,048	–	258,205
2017 Performance shares PS10	–		–	–	–	–	–
2017 MSR matching shares award	–	–	–	–	–	–	–
TOTAL						99,694	606,805
B Mattison							
2010 SARS	14,111	–	14,111	–	–	–	–
2011 SARS	11,736	–	–	–	11,736	–	–
2013 Performance shares	30,601	30,601	–	61,202	–	240,936	–
2014 Cash LTI plan	500,000	–	–	–	500,000	–	192,500
2015 Cash LTI plan	660,000	–	–	–	660,000	–	247,500
2016 Performance shares PS9	–	108,877	–	–	108,877	–	319,287
2017 Performance shares PS10	–		–	–	–	–	–
2017 MSR matching shares award	–	–	–	–	–	–	–
TOTAL						240,936	759,287
M Preece							
2017 Performance shares PS10	–	–	–	–	–	–	–
TOTAL						–	–
R Butcher							
2016 Performance shares PS9	–	23,964	–	–	23,964	–	70,276
2017 Performance shares PS10	–	–	–	–	–	–	–
TOTAL						–	70,276
S Mathews							
2013 Performance shares PS7	9,582	1,533	–	11,115	–	43,756	–
2014 Cash LTI plan	200,000	–	–	–	200,000	–	77,000
2015 Cash LTI plan	440,000	–	–	–	440,000	–	165,000
2016 Performance shares PS9	–	72,802	–	–	72,802	–	213,495
2017 Performance shares PS10	–		–	–	–	–	–
TOTAL						43,756	455,495

Granted during 2017	Forfeited/ lapsed during 2017	Vested during 2017	Closing number on 31 Dec 2017	Cash value on settlement during 2017 US$	Closing estimated Fair Value at 31 Dec 2017 US$[4]	Strike price US$
–	–	–	200,000	–	90,000	n/a
–	–	–	33,136	–	148,345	n/a
48,673	–	–	48,673	–	317,248	n/a
				–	555,593	
–	–	–	–	–	–	6.03
–	6,212	–	–	–	–	8.23
–	3,077	–	–	–	–	7.92
–	–	–	–	–	–	n/a
–	221,400	138,600	–	138,600	–	n/a
–	–	–	560,000	–	252,000	n/a
–	–	–	88,048	–	394,177	n/a
95,126	–	–	95,126	–	620,026	n/a
2,592	–	–	2,592	–	10,239	n/a
				138,600	1,276,442	
–	–	–	–	–	–	6.03
–	11,736	–	–	–	–	8.23
–	–	–	–	–	–	n/a
–	307,500	192,500	–	192,500	–	n/a
–	–	–	660,000	–	297,000	n/a
–	–	–	108,877	–	487,425	n/a
116,641	–	–	116,641	–	760,260	n/a
14,368	–	–	14,368	–	56,757	n/a
				192,500	1,601,442	
53,462	–	–	53,462	–	348,462	n/a
				–	348,462	
–	–	–	23,964	–	107,283	n/a
98,389	–	–	98,389	–	641,294	n/a
				–	748,577	
–	–	–	–	–	–	n/a
–	123,000	77,000	–	77,000	–	n/a
–	–	–	440,000	–	198,000	n/a
–	–	–	72,802	–	325,923	n/a
107,533	–	–	107,533	–	700,894	n/a
				77,000	1,224,817	

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Implementation report continued

Unvested award and cash-flow on settlement continued

Executive	Opening number of awards on 1 Jan 2016[3]	Granted/ enhanced vesting during 2016	Forfeited/ lapsed during 2016	Vested during 2016	Closing number of awards on 31 Dec 2016	Cash value on settlement during 2016 US$	Closing estimated fair Value at 31 Dec 2016 US$[4]
LN Samuel							
2011 SARS	3,835	–	–	–	3,835	–	–
2013 Performance shares	39,113	39,113	–	78,226	–	345,099	–
2014 Cash LTI plan	470,000	–	–	–	470,000	–	180,950
2015 Cash LTI plan	570,000	–	–	–	570,000	–	213,750
2016 Performance shares PS9	–	66,092	–	–	66,092	–	193,818
2017 Performance shares PS10	–	–	–	–	–	–	–
2017 MSR matching shares award	–	–	–	–	–	–	–
TOTAL						345,099	588,518
N Muller							
2014 Cash LTI plan	60,000	–	–	–	60,000	–	23,100
2015 Cash LTI plan	380,000	–	–	–	380,000	–	142,500
2015 Performance shares PS1-SD	245,208	–	–	–	245,208	–	719,084
2016 Performance shares PS9	–	137,280	–	–	137,280	–	402,580
TOTAL						–	1,287,264
R Weston							
2010 SARS	12,333	–	12,333	–	–	–	–
2011 SARS	20,969	–	–	–	20,969	–	–
2013 Performance shares	62,466	62,466	–	124,932	–	562,194	–
2014 Cash LTI plan	910,000	–	–	–	910,000	–	350,350
2015 Cash LTI plan[2]	720,000	–	–	–	720,000	–	270,000
2016 Performance shares PS9[2]	–	158,913	–	–	158,913	–	466,020
2017 MSR matching shares award	–	–	–	–	–	–	–
TOTAL						562,194	1,086,370

- SARS represents vested but unexercised awards and have all lapsed during the 2016 and 2017 financial years, as applicable. Strike prices were converted using US$1 = R12.58 rate of exchange (based on year-end closing rate).
- For the purposes of the 2014 and 2015 cash LTI plan it was assumed that US$1 represents 1 unit.
- The 2014 cash LTI plan vested at 38.5%.
- The 2015 cash LTI plan vested at 45%. In 2016 it was estimated to vest at 37.5%.
- The 2016 performance shares awarded on 1 March 2016, vesting on 1 March 2019 was valued at the share prices noted below with an estimated vesting in 2016 of 100% and 2017 of 113%.
- The 2017 performance shares awarded on 1 March 2017, vesting on 1 March 2020 was valued at the share prices noted below with an estimated vesting in 2017 of 165%.
- The 2017 matching shares awarded on 23 May 2017, were valued at the share prices noted below with an estimated vesting of 100%.
- The 20-day volume weighted average price, for determining the estimated fair value of unvested awards at 31 December 2016 is US$2.93.
- The 20-day volume weighted average price, for determining the estimated fair value of unvested awards at 31 December 2017 is US$3.95.
- Share prices used are based on the US ADR share price.
- Cash value of settlements were converted to US$ based on a rate of US$1 = R14.70 for the financial year 2016.

Specific notes

1 *NJ Holland elected prior to vesting date to receive 100% of the 2013 performance share award as restricted shares. The performance conditions achieved resulted in the initial award being enhanced to 200% of the initial award. A share price of R66.15 and a rate of exchange of US$1 = R14.70 was used to show the cash equivalent value.*

2 *Due to his retirement, R Weston will forfeit a portion of his 2015 cash LTI plan, 2016 performance shares and 2017 MSR matching shares. The 2015 cash LTI plan and 2016 performance shares will vest following the end of the respective three-year performance periods.*

3 *The opening value of the cash LTI plan awards has been trued-up/down to take into account exchange rate fluctuations since the award.*

4 *The closing estimated fair value represents the determined value of the award at financial period end assuming on-target performance for non-market vesting conditions. This value is an estimate and may not represent the cash value on settlement when all the conditions have been met.*

Granted during 2017	Forfeited/ lapsed during 2017	Vested during 2017	Closing number on 31 Dec 2017	Cash value on settlement during 2017 US$	Closing estimated Fair Value at 31 Dec 2017 US$[4]	Strike price US$
–	3,835	–	–	–	–	7.58
–	–	–	–	–	–	n/a
–	289,050	180,950	–	180,950	–	n/a
–	570,000	–	–	–	–	n/a
–	66,092	–	–	–	–	n/a
94,978	94,978	–	–	–	–	n/a
25,508	25,508	–	–	–	–	n/a
				180,950	–	
–	36,900	23,100	–	23,100	–	n/a
–	380,000	–	–	–	–	n/a
–	245,208	–	–	–	–	n/a
–	137,280	–	–	–	–	n/a
				23,100	–	
–	–	–	–	–	–	7
–	20,969	–	–	–	–	8
–	–	–	–	–	–	n/a
–	559,650	350,350	–	350,350	–	n/a
–	504,000	–	216,000	–	216,000	n/a
–	105,942	–	52,971	–	236,436	n/a
58,047	46,438	11,609	–	35,980	–	n/a
				386,330	452,436	

REMUNERATION COMMITTEE REPORT continued

Remuneration Report

Implementation report continued

Non-executive directors' fees

The non-executive directors' were paid the following Committee and Board fees as per the fees approved by shareholders on 18 May 2016 for the period 1 January 2017 to 31 May 2017 and on the 24 May 2017 for the period 1 June 2017 to 31 December 2017.

	Board fees			
All figures stated in US$'000	Directors' fees	Committee fees	Total	Total received for the 12-month period ended 31 December 2016
NON-EXECUTIVE DIRECTORS				
Cheryl A. Carolus	216.0	–	216.0	183.0
Richard P Menell	140.5	–	140.5	112.2
Donald M.J. Ncube	70.9	49.1	120.0	101.7
Yunus Suleman	70.9	53.3	124.2	33.2
Peter Bacchus	76.5	53.1	129.6	37.3
Steve Reid	76.5	54.1	130.6	89.3
Terence Goodlace	70.9	40.6	111.5	46.0
Alhassan Andani	76.5	53.3	129.8	43.1
Carmen Letton[1]	51.0	20.0	71.0	–
Gayle M. Wilson[2]	28.4	26.3	54.7	114.7
Alan R. Hill	–	–	–	114.4
Kofi Ansah	–	–	–	82.7
David N. Murray	–	–	–	36.3
Total	**878.1**	**349.8**	**1,227.9**	**993.9**

[1] Fees in respect of the 2017 year were paid as a lump sum in January 2018
[2] GM Wilson retired from the Board at end-May 2017

Steven Reid
Chair of RemCo
On behalf of RemCo, which approved the report on 27 March 2018.

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of new and revised standards and interpretations.

Gold Fields Limited (the "Company" or "Gold Fields") is a company domiciled in South Africa. The registration number of the Company is 1968/004880/06. The address of the Company is 150 Helen Road, Sandton, Johannesburg. The consolidated financial statements of the Company as at 31 December 2017 and 2016 and for each of the years in the three-year period ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") as well as the Group's share of the assets, liabilities, income and expenses of its joint operation and the Group's interest in associates and its joint venture. The Group is primarily involved in gold mining.

1. BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, assets held for sale and financial assets and liabilities (including derivative instruments), which have been brought to account at fair value through profit or loss or through other comprehensive income.

As required by the United States Securities and Exchange Commission, the financial statements include the consolidated statements of financial position as at 31 December 2017 and 2016, and the consolidated income statements and statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2017, 2016 and 2015 and the related notes.

The consolidated financial statements were authorised for issue by the Board of Directors on 27 March 2018.

Standards, interpretations and amendments to published standards effective for the year ended 31 December 2017

During the financial year, the following new and revised accounting standards, amendments to standards and new interpretations were adopted by the Group:

Standard(s) Amendment(s) Interpretation(s)	Nature of the Change	Salient features of the changes	Impact on financial position or performance
IAS 7 *Statement of cash flows*	Amendments	• The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.	No impact
IAS 12 *Income taxes*	Amendments	• The amendments provide additional guidance on the existence of deductible temporary differences; and • The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.	No impact

ACCOUNTING POLICIES continued

Standards, interpretations and amendments to published standards which are not yet effective
Certain new standards, amendments and interpretations to existing standards have been published that apply to the Group's accounting periods beginning on 1 January 2018 or later periods but have not been early adopted by the Group.

These standards, amendments and interpretations that are relevant to the Group are:

Standard(s) Amendment(s) Interpretation(s)	Nature of the Change	Salient features of the changes	Effective date*
IFRS 2 *Share-based payments*	Amendments	• The amendments cover three accounting areas: – Measurement of cash-settled share-based payments; – Classification of share-based payments settled net of tax withholdings; and – Accounting for a modification of a share-based payment from cash-settled to equity-settled. • The amendment does not have a material impact on the Group.	1 January 2018
IFRS 9 *Financial Instruments*	New standard	• This IFRS sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments*. The Group will adopt IFRS 9 on 1 January 2018; • This IFRS contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics. The three principal classification categories for financial assets are: measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"); • Based on the Group's assessment, the Group believes that the new classification if applied at 31 December 2017, would not have a significant impact on its accounting for financial assets. The Group's available-for-sale financial assets will be designated at FVOCI; and • The new measurement principles will not have a material impact on the Group.	1 January 2018
IFRS 15 *Revenue from contracts with customers*	New standard	• This IFRS introduces a new revenue recognition model for contracts with customers and establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 also includes extensive new disclosure requirements; • The Group has assessed the impact of adopting IFRS 15 and has determined the impact as follows: – Revenue will be recognised when the customer takes control of the gold, copper and silver. The timing of recognition of revenue will no longer be when risks and rewards of ownership pass to the customer; – The change in timing of revenue recognition will result in revenue at the South African and Australian operations being recognised on settlement date (date when control passes) and not contract date (previous date when risks and rewards of ownership pass). There is no change to the revenue recognition at any of the other operations given that the date of control is the same date as when risks and rewards of ownership pass. The change in timing of revenue recognition for the South African and Australian operations will be that revenue will be recognised approximately two days later than it currently is recognised. As approximately 0.3% of 2017 revenue will now be recognised in 2018, the adoption of IFRS 15 will not have a material impact on the revenue of the Group; and • The Group will adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard at the date of initial application (i.e. 1 January 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative periods presented.	1 January 2018

Standard(s) Amendment(s) Interpretation(s)	Nature of the Change	Salient features of the changes	Effective date*
IFRS 16 *Leases*	New standard	• This IFRS sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'); • IFRS 16 replaces the previous leases Standard, IAS 17 *Leases,* and related Interpretations; • IFRS 16 has one model for lessees which will result in almost all leases being included on the statement of financial position. No significant changes have been included for lessors; and • Management has commenced compiling a list of all potential leases and is in the process of reviewing all such contracts in order to assess the impact the standard will have on the Group.	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	New interpretation	• This interpretation clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities; • IFRIC 23 specifically clarifies how to incorporate this uncertainty into the measurement of tax as reported in the financial statements; • IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about judgements made, assumptions and other estimates used and the potential impact of uncertainties that are not reflected • The interpretation will not have a material impact on the Group.	1 January 2019

** Effective date refers to annual period beginning on or after said date.*

Significant accounting judgements and estimates
Use of estimates: The preparation of the financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves and resources that are the basis of future cash flow estimates used for impairment assessments and units-of-production depreciation and amortisation calculations, asset impairments, production start date, estimates of recoverable gold and other materials in heap leach and stockpiles inventories, write-downs of inventory to net realisable value, provision for environmental rehabilitation costs, provision for silicosis settlement costs, income taxes, share-based payments, the fair value and accounting treatments of derivative financial instruments, contingencies and business combinations.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Mineral reserves and resources estimates
Mineral reserves are estimates of the amount of product, inclusive of diluting materials and allowances for losses, which can be economically and legally extracted from the Group's properties, as determined by life-of-mine schedules or pre-feasibility studies.

Mineral resources are estimates, based on specific geological evidence and knowledge, including sampling, of the amount of product in situ, for which there is a reasonable prospect for eventual legal and economic extraction.

In order to calculate the reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, capital expenditure, transport costs, commodity demand, commodity prices and exchange rates.

ACCOUNTING POLICIES continued

Estimating the quantity and grade of the mineral reserves and resources is based on exploration and sampling information gathered through appropriate techniques (primarily diamond drilling, reverse circulation drilling, air-core and sonic drilling), surface three-dimensional reflection seismics, ore body faces modelling, structural modelling, geological mapping, detailed ore zone wireframes and geostatistical estimation. This process may require complex and difficult geological judgements and calculations to interpret the data.

The Group is required to determine and report on the mineral reserves and resources in accordance with the South African Mineral Resource Committee ("SAMREC") code on an annual basis.

Estimates of mineral reserves and resources may change from year to year due to the change in economic, regulatory, infrastructural or social assumptions used to estimate ore reserves and resources, and due to additional geological data becoming available.

Changes in reported proven and probable reserves may affect the Group's financial results and position in a number of ways, including the following:
- The recoverable amount used in the impairment calculations may be affected due to changes in estimated cash flows or timing thereof;
- Amortisation and depreciation charges to profit or loss may change as these are calculated on the units-of-production method, or where the useful economic lives of assets change;
- Provision for environmental rehabilitation costs may change where changes in ore reserves affect expectations about the timing or cost of these activities; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Changes in reported measured and indicated resources may affect the Group's financial results and position in a number of ways, including the following:
- The recoverable amount used in the impairment calculations may be affected due to changes in estimated market value of resources exclusive of reserves; and
- Amortisation and depreciation charges for the mineral rights asset at the Australian operations may change as a result of the change in the portion of mineral rights asset being transferred from the non-depreciable component to the depreciable component.

Carrying value of property, plant and equipment and goodwill
All mining assets are amortised using the units-of-production method where the mine operating plan calls for production from proved and probable mineral reserves.

Mobile and other equipment are depreciated over the shorter of the estimated useful life of the asset or the estimate of mine life based on proved and probable mineral reserves.

The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally result from the extent that there are significant changes in any of the factors or assumptions used in estimating mineral reserves. These factors could include:
- Changes in proved and probable mineral reserves;
- Differences between actual commodity prices and commodity price assumptions;
- Unforeseen operational issues at mine sites;
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign currency exchange rates; and
- Changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The Group reviews and tests the carrying value of long-lived assets annually or when events or changes in circumstances suggest that the carrying amount may not be recoverable by comparing the recoverable amounts to these carrying values. In addition, goodwill is tested for impairment on an annual basis. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of recoverable amounts of each group of assets. The recoverable amounts of cash-generating units ("CGU") and individual assets have been determined based on the higher of value-in-use and fair value less cost of disposal ("FVLCOD") calculations. Expected future cash flows used to determine the value in use or FVLCOD of property, plant and equipment and goodwill are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the gold and copper prices, discount rates, foreign currency exchange rates, resource valuations (determined based on comparable market transactions), estimates of costs to produce reserves and future capital expenditure.

An individual operating mine does not have an indefinite life because of the finite life of its reserves. The allocation of goodwill to an individual mine will result in an eventual goodwill impairment due to the wasting nature of the mine. In accordance with the provisions of IAS 36 *Impairment of Assets,* the Group performs its annual impairment review of goodwill at each financial year-end.

The Group generally used FVLCOD to determine the recoverable amount of each CGU.

Significant assumptions used in the Group's impairment assessments (FVLCOD calculations) include:

	2017	2016
US$ Gold price per ounce – year 1	**US$1,200**	US$1,100
US$ Gold price per ounce – year 2	**US$1,300**	US$1,200
US$ Gold price per ounce – year 3 onwards	**US$1,300**	US$1,300
Rand Gold price per kilogram – year 1	**R525,000**	R500,000
Rand Gold price per kilogram – year 2	**R525,000**	R550,000
Rand Gold price per kilogram – year 3 onwards	**R525,000**	R600,000
A$ Gold price per ounce – year 1	**A$1,600**	A$1,500
A$ Gold price per ounce – year 2	**A$1,700**	A$1,600
A$ Gold price per ounce – year 3 onwards	**A$1,700**	A$1,700
US$ Copper price per tonne – year 1	**US$5,512**	US$5,512
US$ Copper price per tonne – year 2	**US$6,171**	US$5,512
US$ Copper price per tonne – year 3 onwards	**US$6,171**	US$6,171
Resource value per ounce (used to calculate the value beyond proved and probable reserves)		
• South Africa (with infrastructure)	**US$17**	US$60
• Ghana (with infrastructure)	**US$41**	US$60
• Peru (with infrastructure)	**US$41**	US$60
• Australia (without infrastructure)	**US$293**	US$60
Discount rates		
• South Africa – nominal	**13.5%**	13.5%
• Ghana – real	**9.7%**	9.7%
• Peru – real	**4.8%**	4.8%
• Australia – real	**3.8%**	3.8%
Inflation rate – South Africa[1]	**5.5%**	5.5%
Long-term exchange rates		
ZAR/US$ – year 1	**13.61**	14.14
ZAR/US$ – year 2 (2016: year 2)	**13.16**	14.26
ZAR/US$ – year 3 onwards	**13.16**	14.36
US$/A$ – year 1	**0.75**	0.73
US$/A$ – year 2 (2016: year 2)	**0.76**	0.75
US$/A$ – year 3 onwards	**0.76**	0.76

[1] *Due to the availability of unredeemed capital for tax purposes over several years into the life of the South Deep mine, nominal cash flows are used for South Africa. In order to determine nominal cash flows in South Africa, costs are inflated by the current South African inflation rate. Cash flows for all other operations are in real terms and as a result are not inflated.*

The FVLCOD calculations are very sensitive to the gold price assumptions and an increase or decrease in the gold price could materially change the FVLCOD.

Should there be a significant decrease in the gold price, the Group would take actions to assess the implications on the life-of-mine plans, including the determination of reserves and resources and the appropriate cost structure for the CGUs.

The carrying amount of property, plant and equipment at 31 December 2017 was US$4,892.9 million (2016: US$4,524.6 million and 2015: US$4,295.6 million). The carrying value of goodwill at 31 December 2017 was US$76.6 million (2016: US$317.8 million and 2015: US$295.3 million).

An impairment of US$277.8 million (2016: US$nil and 2015: US$nil) was recognised in respect of the South Deep CGU at 31 December 2017.

ACCOUNTING POLICIES continued

Production start date

The Group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to the following:

- The level of capital expenditure compared to the construction cost estimates;
- Ability to produce metal in saleable form (within specifications); and
- Ability to sustain commercial levels of production of metal.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalisable costs related to mining asset additions or improvements, underground mine development, deferred stripping activities or ore reserve development.

Stockpiles, gold in process and product inventories

Costs that are incurred in or benefit the productive process are accumulated as stockpiles, gold in process, ore on leach pads and product inventories. Net realisable value tests are performed on a monthly basis for short-term stockpiles, gold in process and product inventories and at least annually for long-term stockpiles and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale. If any inventories are expected to be realised in the long term, estimated future sales prices are used for valuation purposes.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metals actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor the recoverability levels. As a result, the metallurgical balancing process is constantly monitored and engineering estimates are refined based on actual results over time.

Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write downs to net realisable value are accounted for on a prospective basis.

The carrying amount of total gold-in-process and stockpiles (non-current and current) at 31 December 2017 was US$305.4 million (2016: US$234.3 million).

Provision for environmental rehabilitation costs

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for the provision of environmental rehabilitation costs in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life-of-mine estimates and discount rates could affect the carrying amount of this provision.

Refer note 25.1 of the consolidated financial statements for details of key assumptions used to estimate the provision.

The carrying amounts of the provision for environmental rehabilitation costs at 31 December 2017 was US$281.5 million (2016: US$283.1 million).

Provision for silicosis settlement costs

The Group has an obligation in respect of a possible settlement of the silicosis class action claims and related costs. The Group recognises management's best estimate for the provision of silicosis settlement costs.

The ultimate outcome of the class action remains uncertain, with a possible failure to reach a settlement or to obtain the requisite court approval for a potential settlement. The provision is consequently subject to adjustment in the future, depending on the progress of the Working Group discussions, stakeholder engagements and the ongoing legal proceedings.

Refer notes 25.3 and 34 of the consolidated financial statements for further details.

The carrying amounts of the provision for silicosis settlement costs at 31 December 2017 was US$31.9 million (2016: US$nil).

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the liability for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the future tax benefits related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Carrying values at 31 December 2017:
- Deferred taxation liability: US$453.9 million (2016: US$458.6 million and 2015: US$482.2 million)
- Deferred taxation asset: US$72.0 million (2016: US$48.7 million and 2015: US$54.1 million)
- Taxation payable: US$77.5 million (2016: US$107.9 million)

Refer note 9 for details of unrecognised deferred tax assets.

Share-based payments

The Group issues equity-settled share-based payments to executive directors, certain officers and employees. The fair value of these instruments is measured at grant date, using the Black-Scholes and Monte Carlo simulation valuation models, which require assumptions regarding the estimated term of the option, share price volatility and expected dividend yield. While Gold Fields' management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the option granted and the related recognition of the share-based payments expense in the consolidated income statement. Gold Fields' options have characteristics significantly different from those of traded options and therefore fair values may also differ.

The income statement charge from continuing operations for the year ended 31 December 2017 was US$26.8 million (2016: US$14.0 million and 2015: US$10.7 million).

Financial instruments

The estimated fair value of financial instruments is determined at discrete points in time, based on the relevant market information. The fair value is calculated with reference to market rates using industry valuation techniques and appropriate models. The carrying values of derivative financial instruments included in trade and other receivables at 31 December 2017 was US$25.0 million (2016: US$nil) and included in trade and other payables US$3.3 million (2016: US$nil).

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Such contingencies include, but are not limited to environmental obligations, litigation, regulatory proceedings, tax matters and losses resulting from other events and developments.

When a loss is considered probable and reasonably estimable, a liability is recorded based on the best estimate of the ultimate loss. The likelihood of a loss with respect to a contingency can be difficult to predict and determining a meaningful estimate of the loss or a range of losses may not always be practicable based on the information available at the time and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency. It is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information is continuously evaluated to determine both the likelihood of any potential loss and whether it is possible to reasonably estimate a range of possible losses. When a loss is probable but a reasonable estimate cannot be made, disclosure is provided.

Refer note 34 for details on contingent liabilities.

ACCOUNTING POLICIES continued

Business combinations
Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Group to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 *Business Combinations.* Based on an assessment of the relevant facts and circumstances, the Group concluded that the acquisition of the Gruyere Gold Project (refer note 15.2 for details of the acquisition) did not meet the criteria for accounting as a business combination and the transaction was accounted for as an acquisition of an asset at 31 December 2016.

2. CONSOLIDATION

2.1 Business combinations

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred, other than those associated with the issue of debt or equity securities. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

If a transaction does not meet the definition of a business under IFRS, the transaction is recorded as an asset acquisition. Accordingly, the identifiable assets acquired and liabilities assumed are measured at the fair value of the consideration paid, based on their relative fair values at the acquisition date. Acquisition-related costs are included in the consideration paid and capitalised. Any contingent consideration payable that is dependent on the purchaser's future activity is not included in the consideration paid until the activity requiring the payment is performed. Any resulting future amounts payable are recognised in profit or loss when incurred. No goodwill and no deferred tax asset or liability arising from the assets acquired and liabilities assumed are recognised upon the acquisition of assets.

2.2 Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date on which control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.4 Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and the other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Results of associates and joint ventures are equity accounted using the results of their most recent audited financial statements. Any losses from associates or joint ventures are brought to account in the consolidated financial statements until the interest in such associates or joint ventures is written down to zero. Thereafter, losses are accounted for only insofar as the Group is committed to providing financial support to such associates or joint ventures.

The carrying value of an investment in associate and joint ventures represents the cost of the investment, including goodwill, a share of the post-acquisition retained earnings and losses, any other movements in reserves and any accumulated impairment losses. The carrying value is assessed annually for existence of indicators of impairment and if such exist, the carrying amount is compared to the recoverable amount, being the higher of value in use or fair value less cost of disposal. If an impairment in value has occurred it is recognised in profit or loss in the period in which the impairment arose.

2.5 Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the use of assets and obligations for the liabilities of the arrangement. The Group accounts for activities under joint operations by recognising in relation to the joint operation, the assets it controls and the liabilities it incurs, the expenses it incurs and the revenue from the sale or use of its share of the joint operations output.

3. FOREIGN CURRENCIES

3.1 Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US Dollar.

3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Translation differences on available-for-sale equities are included in other comprehensive income.

3.3 Foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities are translated at the exchange rate ruling at the reporting date (ZAR/US$: 12.58; US$/A$: 0.77 (2016: ZAR/US$: 14.03; US$/A$: 0.72 and 2015: ZAR/US$: 15.10; US$/A$: 0.73)). Equity items are translated at historical rates. The income and expenses are translated at the average exchange rate for the year (ZAR/US$: 13.33; US$/A$: 0.77 (2016: ZAR/US$: 14.70; US$/A$: 0.75 and 2015: ZAR/US$: 12.68; US$/A$: 0.75)), unless this average was not a reasonable approximation of the rates prevailing on the transaction dates, in which case these items were translated at the rate prevailing on the date of the transaction. Exchange differences on translation are accounted for in other comprehensive income. These differences will be recognised in profit or loss upon realisation of the underlying operation.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (i.e. the reporting entity's interest in the net assets of that operation), and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are recognised in profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at each reporting date at the closing rate.

ACCOUNTING POLICIES continued

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Mine development and infrastructure

Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost less accumulated depreciation and accumulated impairment losses.

Expenditure incurred to evaluate and develop new orebodies, to define mineralisation in existing orebodies and to establish or expand productive capacity, is capitalised until commercial levels of production are achieved, at which times the costs are amortised as set out below.

Development of orebodies includes the development of shaft systems and waste rock removal that allows access to reserves that are economically recoverable in the future. Subsequent to this, costs are capitalised if the criteria for recognition as an asset are met.

4.2 Borrowing costs

Borrowing costs incurred in respect of assets requiring a substantial period of time to prepare for their intended future use are capitalised to the date that the assets are substantially completed.

4.3 Mineral and surface rights

Mineral and surface rights are recorded at cost less accumulated amortisation and accumulated impairment losses. When there is little likelihood of a mineral right being exploited, or the fair value of mineral rights has diminished below cost, an impairment loss is recognised in profit or loss in the year that such determination is made.

4.4 Land

Land is shown at cost and is not depreciated.

4.5 Other assets

Non-mining assets are recorded at cost less accumulated depreciation and accumulated impairment losses. These assets include the assets of the mining operations not included in mine development and infrastructure, borrowing costs, mineral and surface rights and land and all the assets of the non-mining operations.

4.6 Amortisation and depreciation of mining assets

Amortisation and depreciation is determined to give a fair and systematic charge to profit or loss taking into account the nature of a particular ore body and the method of mining that ore body. To achieve this, the following calculation methods are used:

- Mining assets, including mine development and infrastructure costs, mine plant facilities and evaluation costs, are amortised over the life of the mine using the units-of-production method, based on estimated proved and probable ore reserves;
- Stripping activity assets are amortised on a units-of-production method, based on the estimated proved and probable ore reserves of the ore body to which the assets relate; and
- The mineral rights asset at the Australian operations are divided at the respective operations into a depreciable and a non-depreciable component. The mineral rights asset is initially capitalised to the mineral rights asset as a non-depreciable component.

  Subsequently, and on an annual basis, as part of the preparation of the updated reserve and resource statement and preparation of the updated life-of-mine plan, a portion of resources will typically be converted to reserves as a result of ongoing resource definition drilling, resultant geological model updates and subsequent mine planning. Based on this conversion of resources to reserves a portion of the historic cost is allocated from the non-depreciable component of the mineral rights asset to the depreciable component of the mineral rights asset. Therefore, the category of non-depreciable mineral rights asset is expected to reduce and will eventually be fully allocated within the depreciable component of the mineral rights asset.

  Each operation typically comprises a number of mines and the depreciable component of the mineral rights asset is therefore allocated on a mine-by-mine basis at the operation and is transferred at this point to mine development and infrastructure and is then amortised over the estimated proved and probable ore reserves of the respective mine on the units-of-production method. The remaining non-depreciable component of the mineral rights asset is not amortised but, in combination with the depreciable component of the mineral rights asset and other assets included in the CGU, is evaluated for impairment when events and changes in circumstances indicate that the carrying amount may not be recoverable.

Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.

Certain mining plant and equipment included in mine development and infrastructure is depreciated on a straight-line basis over the lesser of their estimated useful lives or life-of-mine.

Correction of amortisation for Australian mineral rights asset

During the year ended 31 December 2017, the Group corrected the amortisation methodology for the mineral rights asset at the Australian operations to reduce the level of estimation uncertainty required in calculating amortisation. Prior to the correction of methodology, the total mineral rights asset capitalised at the Australian operations was amortised on a units-of-production basis over a useful life that exceeded proved and probable reserves. The revised amortisation methodology for the mineral rights assets is set out on page 144.

At 1 January 2017, as a result of this correction of methodology, management identified an understatement of the amortisation and depreciation charge in prior periods. The understatement has been corrected by restating each of the affected financial statement line items for prior periods (refer note 40 for further details).

The impact of the correction of the amortisation methodology resulted in an increase in amortisation of US$5.7 million for the 2017 year.

4.7 Depreciation of non-mining assets

Non-mining assets are recorded at cost and depreciated on a straight-line basis over their current expected useful lives to their residual values as follows:

- Vehicles – 20%
- Computers – 33.3%
- Furniture and equipment – 10%

The assets' useful lives, depreciation methods and residual values are reassessed at each reporting date and adjusted if appropriate.

4.8 Mining exploration

Expenditure on advances solely for exploration activities is charged against profit or loss until the viability of the mining venture has been proven. Expenditure incurred on exploration "farm-in" projects is written off until an ownership interest has vested. Exploration expenditure to define mineralisation at existing ore bodies is considered mine development costs and is capitalised until commercial levels of production are achieved.

Exploration activities at certain of the Group's non-South African operations are broken down into defined areas within the mining lease boundaries. These areas are generally defined by structural and geological continuity. Exploration costs in these areas are capitalised to the extent that specific exploration programmes have yielded targets and/or results that warrant further exploration in future years.

4.9 Impairment

Recoverability of the carrying values of long-term assets or CGUs of the Group are reviewed annually or whenever events or changes in circumstances indicate that such carrying values may not be recoverable. To determine whether a long-term asset or CGU may be impaired, the higher of "value in use" (defined as: "the present value of future cash flows expected to be derived from an asset or CGU") or "fair value less costs of disposal" (defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date") is compared to the carrying value of the asset/CGU. Impairment losses are recognised in profit or loss.

A CGU is defined by the Group as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Generally for the Group this represents an individual operating mine, including mines which are part of a larger mine complex. The costs attributable to individual shafts of a mine are impaired if the shaft is closed.

Exploration targets in respect of which costs have been capitalised at certain of the Group's international operations are evaluated on an annual basis to ensure that these targets continue to support capitalisation of the underlying costs. Those that do not are impaired.

When any infrastructure is closed down during the year, any carrying value attributable to that infrastructure is impaired.

ACCOUNTING POLICIES continued

4.10 Gain or loss on disposal of property, plant and equipment

Any gain or loss on disposal of property, plant and equipment (calculated as the net proceeds from disposal less the carrying amount of the item) is recognised in profit or loss.

4.11 Leases

At the inception of an arrangement, the Group determines whether the arrangement contains a lease. Leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases and are not recognised in the statement of financial position.

Operating lease costs are charged against profit or loss on a straight-line basis over the period of the lease.

4.12 Deferred stripping

Production stripping costs in a surface mine are capitalised to property, plant and equipment if, and only if, all of the following criteria are met:
- It is probable that the future economic benefit associated with the stripping activity will flow to the entity;
- The entity can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

If the above criteria are not met, the stripping costs are recognised directly in profit or loss.

The Group initially measures the stripping activity asset at cost, this being the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore.

After initial recognition, the stripping activity asset is carried at cost less accumulated amortisation and accumulated impairment losses.

5. GOODWILL

Goodwill is stated at cost less accumulated impairment losses. Goodwill on acquisition of equity accounted investees is tested for impairment as part of the carrying amount of the investment in associate or joint venture whenever there is any objective evidence that the investment may be impaired. Goodwill on acquisition of a subsidiary is assessed annually or whenever there are impairment indicators to establish whether there is any indication of impairment to goodwill. A write-down is made if the carrying amount exceeds the recoverable amount. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

6. TAXATION

Income tax comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is measured on taxable income at the applicable statutory rate substantively enacted at the reporting date.

Deferred taxation is provided on temporary differences existing at each reporting date between the tax values of assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation.

Deferred taxation is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

These temporary differences are expected to result in taxable or deductible amounts in determining taxable profits for future periods when the carrying amount of the asset is recovered or the liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and equity accounted investees except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets relating to the carry forward of unutilised tax losses and/or deductible temporary differences are recognised to the extent it is probable that future taxable profit will be available against which the unutilised tax losses and/or deductible temporary differences can be recovered. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Except for Tarkwa, no provision is made for any potential taxation liability on the distribution of retained earnings by Group companies as it is probable that the related taxable temporary differences will not reverse in the foreseeable future.

7. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Gold on hand represents production on hand after the smelting process.

Cost is determined on the following basis:

- Gold on hand and gold-in-process is valued using weighted average cost. Cost includes production, amortisation and related administration costs;
- Heap leach and stockpiles inventories are valued using weighted average cost. Cost includes production, amortisation and related administration costs. The cost of materials on the heap leach and stockpiles from which metals are expected to be recovered in a period longer than 12 months is classified as non-current assets; and
- Consumable stores are valued at weighted average cost, after appropriate provision for redundant and slow-moving items.

Net realisable value is determined with reference to relevant market prices or the estimated future sales price of the product if it is expected to be realised in the long term.

8. FINANCIAL INSTRUMENTS

8.1 Non-derivative financial assets and liabilities

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

The Group initially recognises loans and receivables on the date they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Any interest in such transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability. The particular recognition and measurement methods adopted are disclosed in the individual policy statements associated with each item.

A financial asset not classified as fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against loans and receivables. When an event occurring after the impairment loss was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. A significant or prolonged decline in the fair value of an available-for-sale financial asset below its cost is objective evidence of impairment. Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value adjustment reserve in other comprehensive income to profit or loss. Impairment losses charged to profit or loss on available-for-sale financial assets are not reversed.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a currently legally enforceable right to offset the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ACCOUNTING POLICIES continued

8.1.1 Investments

Investments comprise (1) investments in listed companies which are classified as available-for-sale and are accounted for at fair value, with unrealised gains and losses subsequent to initial recognition recognised in other comprehensive income and included in other reserves, and released to profit or loss when the investments are sold or impaired; and (2) investments in unlisted companies which are accounted for at cost and adjusted for impairment where appropriate.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. The fair value of listed investments is based on quoted bid prices.

On disposal or impairment of available-for-sale financial assets, cumulative unrealised gains and losses previously recognised in other comprehensive income are included in determining the profit or loss on disposal, or the impairment charge relating to, that financial asset, respectively, which is recognised in profit or loss.

8.1.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at amortised cost which is deemed to be fair value as they have a short-term maturity.

Bank overdrafts are included within current liabilities in the statement of financial position and within cash and cash equivalents in the statement of cash flows.

8.1.3 Trade receivables

Trade receivables are initially recognised at fair value and subsequently carried at amortised cost less allowance for impairment, except for trade receivables from provisional copper and gold concentrate sales. Estimates made for impairment are based on a review of all outstanding amounts at year-end. Irrecoverable amounts are written off during the year in which they are identified.

The trade receivables from provisional copper and gold concentrate sales are carried at fair value through profit or loss and are marked-to-market at the end of each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of revenue.

8.1.4 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

8.1.5 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, where applicable and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Interest payable on borrowings is recognised in profit or loss over the term of the borrowings using the effective interest method.

Finance expense comprises interest on borrowings and environmental rehabilitation costs offset by interest capitalised on qualifying assets.

Cash flows from interest paid are classified under operating activities in the statement of cash flows.

8.2 Derivative financial instruments

The Group's general policy with regards to its exposure to the dollar gold price is to remain unhedged. The Group may from time to time establish currency and/or interest rate and/or commodity financial instruments to protect underlying cash flows.

On the date a derivative contract is entered into, the Group designates the derivative as (1) a hedge of the fair value of a recognised asset or liability (fair value hedge), (2) a hedge of a forecast transaction or a firm commitment (cash flow hedge), (3) a hedge of a net investment in a foreign entity, or (4) should the derivative not fall into one of the three categories above it is not regarded as a hedge.

Derivative financial instruments are initially recognised in the statement of financial position at fair value and subsequently remeasured at their fair value, unless they meet the criteria for the normal purchases normal sales exemption.

Provided the Group's derivative transactions do not qualify for hedge accounting, changes in the fair value of such derivatives are recognised immediately in profit or loss.

8.3 Embedded derivatives

The Group assesses whether an embedded derivative is required to be separated from a host contract and accounted for as a derivative when the Group first becomes a party to a contract.

Embedded derivatives are separated from the host contract and accounted for separately if:
- The economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The combined instrument is not measured at fair value through profit or loss.

Subsequent reassessment is not performed unless there is a change in the terms of the contract that significantly modifies the cash flows.

9. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

10. PROVISION FOR ENVIRONMENTAL REHABILITATION COSTS

Long-term provisions for environmental rehabilitation costs are based on the Group's environmental management plans, in compliance with applicable environmental and regulatory requirements.

Rehabilitation work can include facility decommissioning and dismantling, removal or treatment of waste materials, site and land rehabilitation, including compliance with and monitoring of environmental regulations, security and other site-related costs required to perform the rehabilitation work and operations of equipment designed to reduce or eliminate environmental effects.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The unwinding of the obligation is accounted for in profit or loss.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure.

Changes in estimates are capitalised or reversed against the relevant asset, except where a reduction in the provision is greater than the remaining net book value of the related asset, in which case the value is reduced to nil and the remaining adjustment is recognised in profit or loss. In the case of closed sites, changes in estimates and assumptions are recognised in profit or loss. Estimates are discounted at the risk-free rate in the jurisdiction of the obligation.

Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. These increases are accounted for on a net present value basis.

For the South African and Ghanaian operations, annual contributions are made to a dedicated rehabilitation trust fund and dedicated bank account, respectively, to fund the estimated cost of rehabilitation during and at the end of the life-of-mine. The amounts contributed to this trust fund/bank account are included under non-current assets. Interest earned on monies paid to rehabilitation trust fund/bank account is accrued on a time proportion basis and is recorded as interest income.

In respect of the South African, Ghanaian and Peruvian operations, bank and other guarantees are provided for funding of the environmental rehabilitation obligations.

11. EMPLOYEE BENEFITS

11.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

11.2 Pension and provident funds

The Group operates a defined contribution retirement plan and contributes to a number of industry-based defined contribution retirement plans. The retirement plans are funded by payments from employees and Group companies.

Contributions to defined contribution funds are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

ACCOUNTING POLICIES continued

11.3 Share-based payments

The Group operates a number of equity-settled compensation plans. The fair value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted which in turn is determined using the Black-Scholes and Monte Carlo simulation models on the date of grant.

Fair value is based on market prices of the equity-settled instruments granted, if available, taking into account the terms and conditions upon which those equity-settled instruments were granted. Fair value of equity-settled instruments granted is estimated using appropriate valuation models and appropriate assumptions at grant date. Non-market vesting conditions (service period prior to vesting) are not taken into account when estimating the fair value of the equity-settled instruments at grant date. Market conditions are taken into account in determining the fair value at grant date.

The fair value of the equity-settled instruments is recognised as an employee benefit expense over the vesting period based on the Group's estimate of the number of instruments that will eventually vest, with a corresponding increase in equity. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Where the terms of an equity-settled award are modified, the originally determined expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the participant as measured at the date of the modification.

11.4 Long-term incentive plan

The Group operates a long-term incentive plan.

The Group's net obligation in respect of the long-term incentive plan is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is estimated using appropriate assumptions and is discounted to determine its present value at each reporting date. Re-measurements are recognised in profit or loss in the period in which they arise.

11.5 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are expensed at the earlier of the date the Group can no longer withdraw the offer of those benefits or the date the Group recognises costs for a restructuring. Benefits falling due more than 12 months after the reporting date are discounted to present value.

12. SHARE CAPITAL

12.1 Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

12.2 Repurchase and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are deducted from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

13. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured. Revenue is stated at the fair value of the consideration received or receivable.

Revenue arising from gold, copper and silver sales is recognised when the significant risks and rewards of ownership pass to the buyer. The price of gold, copper and silver is determined by market forces.

Copper and gold concentrate revenue is calculated, net of refining and treatment charges, on a best estimate basis on shipment date, using forward metal prices to the estimated final pricing date, adjusted for the specific terms of the agreements. Variations between the price recorded at the shipment date and the actual final price received are caused by changes in prevailing copper and gold prices, and result in an embedded derivative in the trade receivable. The embedded derivative is marked-to-market each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of revenue.

14. INVESTMENT INCOME

Investment income comprises interest income on funds invested and dividend income from listed and unlisted investments.

Investment income is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of investment income can be reliably measured. Investment income is stated at the fair value of the consideration received or receivable.

14.1 Dividends, which include capitalisation dividends, are recognised when the right to receive payment is established.

14.2 Interest income is recognised on a time proportion basis taking account the principal outstanding and the effective rate over the period to maturity.

Cash flows from dividends and interest received are classified under operating activities in the statement of cash flows.

15. DIVIDENDS DECLARED

Dividends and the related taxation thereon are recognised only when such dividends are declared.

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends paid. The Group withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends paid. Amounts withheld are not recognised as part of the Group's tax charge but rather as part of the dividend paid recognised directly in equity.

Cash flows from dividends paid are classified under operating activities in the statement of cash flows.

16. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share. Basic earnings per share is calculated based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is determined by adjusting the profit attributable to ordinary shareholders, if applicable, and the weighted average number of ordinary shares in issue for ordinary shares that may be issued in the future.

17. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups) comprising assets and liabilities, are classified as held for sale if it is highly probable they will be recovered primarily through sale rather than through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. Once classified as held for sale or distribution, property, plant and equipment is no longer amortised or depreciated.

18. DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- Represents a separate major line of business or geographic area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative income statement and statement of cash flows are re-presented as if the operation had been discontinued from the start of the comparative period.

19. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and is based on individual mining operations. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

20. HEADLINE EARNINGS

Headline earnings is an additional earnings number that is permitted by IAS 33 *Earnings per Share* ("IAS 33") as set out in the SAICA Circular 2/2015 (Circular). The starting point is earnings as determined in IAS 33, excluding separately identifiable remeasurements net of related tax (both current and deferred) and related non-controlling interest, other than re-measurements specifically included in headline earnings. A remeasurement is an amount recognised in profit or loss relating to any change (whether realised or unrealised) in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability. Included remeasurement items are included in Section C of the Circular.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

		United States Dollar		
Figures in millions unless otherwise stated	Notes	2017	2016 Restated[1]	2015 Restated[1]
CONTINUING OPERATIONS				
Revenue	1	**2,761.8**	2,666.4	2,454.1
Cost of sales	2	**(2,105.1)**	(2,001.2)	(1,988.5)
Investment income	3	**5.6**	8.3	6.3
Finance expense	4	**(81.3)**	(78.1)	(82.9)
Gain/(loss) on financial instruments		**34.4**	14.4	(4.5)
Foreign exchange (loss)/gain		**(3.5)**	(6.4)	9.5
Other costs, net		**(19.0)**	(16.8)	(21.7)
Share-based payments	5	**(26.8)**	(14.0)	(10.7)
Long-term incentive plan	26	**(5.0)**	(10.5)	(5.1)
Exploration expense		**(109.8)**	(86.1)	(51.8)
Share of results of equity-accounted investees, net of taxation	15.1	**(1.3)**	(2.3)	(5.7)
Restructuring costs		**(9.2)**	(11.7)	(9.3)
Silicosis settlement costs	25.3	**(30.2)**	–	–
Impairment, net of reversal of impairment of investments and assets	6	**(200.2)**	(76.5)	(206.9)
Profit on disposal of investments		**–**	2.3	0.1
Profit/(loss) on disposal of assets		**4.0**	48.0	(0.1)
Profit before royalties and taxation	7	**214.4**	435.8	82.8
Royalties	8	**(62.0)**	(78.4)	(73.9)
Profit before taxation		**152.4**	357.4	8.9
Mining and income taxation	9	**(173.2)**	(189.5)	(248.5)
(Loss)/profit from continuing operations		**(20.8)**	167.9	(239.6)
DISCONTINUED OPERATIONS				
Profit/(loss) from discontinued operations, net of taxation	12.1	**13.1**	1.2	(8.2)
(Loss)/profit for the year		**(7.7)**	169.1	(247.8)
(Loss)/profit attributable to:				
Owners of the parent		**(18.7)**	158.2	(247.3)
– Continuing operations		**(31.8)**	157.0	(239.1)
– Discontinued operations		**13.1**	1.2	(8.2)
Non-controlling interests		**11.0**	10.9	(0.5)
– Continuing operations		**11.0**	10.9	(0.5)
		(7.7)	169.1	(247.8)
(Loss)/earnings per share attributable to owners of the parent:				
Basic (loss)/earnings per share from continuing operations – cents	10.1	**(4)**	19	(31)
Basic earnings/(loss) per share from discontinued operations – cents	10.2	**2**	–	(1)
Diluted basic (loss)/earnings per share from continuing operations – cents	10.3	**(4)**	19	(31)
Diluted basic earnings/(loss) per share from discontinued operations – cents	10.4	**2**	–	(1)

The accompanying notes form an integral part of these financial statements.

[1] Refer note 40 for further details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	United States Dollar		
Figures in millions unless otherwise stated	2017	2016 Restated[1]	2015 Restated[1]
(Loss)/profit for the year	**(7.7)**	169.1	(247.8)
Other comprehensive income, net of tax[2, 3]	**279.2**	121.4	(635.5)
Marked-to-market valuation of listed investments	**(0.7)**	(8.3)	0.4
Foreign currency translation adjustments	**279.9**	129.7	(635.9)
Total comprehensive income for the year	**271.5**	290.5	(883.3)
Attributable to:			
– Owners of the parent	**260.5**	279.6	(882.8)
– Non-controlling interests	**11.0**	10.9	(0.5)
	271.5	290.5	(883.3)

The accompanying notes form an integral part of these financial statements.

[1] *Refer note 40 for further details.*

[2] *All items can be subsequently reclassified to the income statement.*

[3] *Includes deferred tax of US$nil (2016: US$nil and 2015: US$nil).*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December

Figures in millions unless otherwise stated	Notes	United States Dollar 2017	2016 Restated[1]
ASSETS			
Non-current assets		**5,505.7**	5,258.8
Property, plant and equipment	13	**4,892.9**	4,524.6
Goodwill	14	**76.6**	317.8
Inventories	19	**132.8**	132.8
Equity-accounted investees	15.1	**171.3**	170.7
Investments	17	**104.6**	19.7
Environmental trust funds	18	**55.5**	44.5
Deferred taxation	23	**72.0**	48.7
Current assets		**1,114.4**	1,052.7
Inventories	19	**393.5**	329.4
Trade and other receivables	20	**201.9**	170.2
Cash and cash equivalents	21	**479.0**	526.7
Assets held for sale	12.2	**40.0**	26.4
Total assets		**6,620.1**	6,311.5
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent		**3,275.8**	3,050.7
Share capital	22	**3,622.5**	59.6
Share premium	22	**–**	3,562.9
Other reserves		**(1,817.8)**	(2,124.4)
Retained earnings		**1,471.1**	1,552.6
Non-controlling interests		**127.2**	122.6
Total equity		**3,403.0**	3,173.3
Non-current liabilities		**2,363.1**	2,278.8
Deferred taxation	23	**453.9**	458.6
Borrowings	24	**1,587.9**	1,504.9
Provisions	25	**321.3**	291.7
Long-term incentive plan	26	**–**	23.6
Current liabilities		**854.0**	859.4
Trade and other payables	27	**548.5**	543.3
Royalties payable	30	**16.3**	20.2
Taxation payable	31	**77.5**	107.9
Current portion of borrowings	24	**193.6**	188.0
Current portion of long-term incentive plan	26	**18.1**	–
Total equity and liabilities		**6,620.1**	6,311.5

The accompanying notes form an integral part of these financial statements.

[1] *Refer note 40 for further details.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	United States Dollar							
Figures in millions unless otherwise stated	Number of ordinary shares in issue	Share capital	Accumulated other comprehensive income[2]	Other reserves[3]	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 31 December 2014	**771,416,491**	**3,470.8**	**(1,766.8)**	**130.3**	**1,704.5**	**3,538.8**	**124.5**	**3,663.3**
Impact of correction of error	–	–	0.9	–	(8.5)	**(7.6)**	–	**(7.6)**
Restated balance at 31 December 2014[1]	**771,416,491**	**3,470.8**	**(1,765.9)**	**130.3**	**1,696.0**	**3,531.2**	**124.5**	**3,655.7**
Restated loss for the year[1]	–	–	–	–	(247.3)	**(247.3)**	(0.5)	**(247.8)**
Other comprehensive income	–	–	(635.5)	–	–	**(635.5)**	–	**(635.5)**
Total comprehensive income	–	–	(635.5)	–	(247.3)	**(882.8)**	(0.5)	**(883.3)**
Transactions with owners of the Company								
Dividends declared	–	–	–	–	(15.1)	**(15.1)**	(12.1)	**(27.2)**
Share-based payments from continuing operations	–	–	–	10.7	–	**10.7**	–	**10.7**
Share-based payments from discontinued operations	–	–	–	0.2	–	**0.2**	–	**0.2**
Exercise of employee share options	5,177,671	0.2	–	–	–	**0.2**	–	**0.2**
Restated balance at 31 December 2015[1]	**776,594,162**	**3,471.0**	**(2,401.4)**	**141.2**	**1,433.6**	**2,644.4**	**111.9**	**2,756.3**
Restated profit for the year[1]	–	–	–	–	158.2	**158.2**	10.9	**169.1**
Other comprehensive income	–	–	121.4	–	–	**121.4**	–	**121.4**
Total comprehensive income	–	–	121.4	–	158.2	**279.6**	10.9	**290.5**
Transactions with owners of the Company								
Dividends declared	–	–	–	–	(39.2)	**(39.2)**	(0.2)	**(39.4)**
Share-based payments from continuing operations	–	–	–	14.0	–	**14.0**	–	**14.0**
Share-based payments from discontinued operations	–	–	–	0.4	–	**0.4**	–	**0.4**
Shares issued[4]	38,857,913	151.5	–	–	–	**151.5**	–	**151.5**
Exercise of employee share options	5,154,870	–	–	–	–	**–**	–	**–**
Restated balance at 31 December 2016[1]	**820,606,945**	**3,622.5**	**(2,280.0)**	**155.6**	**1,552.6**	**3,050.7**	**122.6**	**3,173.3**
(Loss)/profit for the year	–	–	–	–	(18.7)	**(18.7)**	11.0	**(7.7)**
Other comprehensive income	–	–	279.2	–	–	**279.2**	–	**279.2**
Total comprehensive income	–	–	279.2	–	(18.7)	**260.5**	11.0	**271.5**
Transactions with owners of the Company								
Dividends declared	–	–	–	–	(62.8)	**(62.8)**	(0.6)	**(63.4)**
Dividends advanced	–	–	–	–	–	**–**	(5.8)	**(5.8)**
Share-based payments from continuing operations	–	–	–	26.8	–	**26.8**	–	**26.8**
Share-based payments from discontinued operations	–	–	–	0.6	–	**0.6**	–	**0.6**
Exercise of employee share options	7,272	–	–	–	–	**–**	–	**–**
Balance at 31 December 2017	**820,614,217**	**3,622.5**	**(2,000.8)**	**183.0**	**1,471.1**	**3,275.8**	**127.2**	**3,403.0**

The accompanying notes form an integral part of these financial statements.

[1] *Refer note 40 for further details.*

[2] *Accumulated other comprehensive income mainly comprises foreign currency translation.*

[3] *Other reserves include share-based payments and share of equity accounted investee's other comprehensive income. The aggregate of Accumulated other comprehensive income and Other reserves in the consolidated statement of changes in equity is disclosed in the Consolidated statement of financial position as other reserves.*

[4] *During 2016, Gold Fields completed a US$151.5 million (R2.3 billion) accelerated equity raising by way of a private placement to institutional investors.*

A total number of 38,857,913 new Gold Fields shares were placed at a price of R59.50 per share which represented a 6% discount to the 30-day volume weighted average traded price, for the period 17 March 2016 and a 0.7% discount to the 50-day moving average.

The net proceeds from the placement were used to refinance the US$1,510 million term loan and revolving credit facilities. The new facilities amount to US$1,290 million. Refer note 24 for further details.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December

		United States Dollar		
Figures in millions unless otherwise stated	Notes	2017	2016 Restated[1]	2015 Restated[1]
Cash flows from operating activities		**762.4**	917.5	743.9
Cash generated by operations	28	**1,286.5**	1,245.4	982.6
Interest received		**5.1**	7.3	5.9
Change in working capital	29	**(69.4)**	(2.3)	43.3
Cash generated by operating activities		**1,222.2**	1,250.4	1,031.8
Interest paid		**(90.4)**	(81.7)	(86.8)
Royalties paid	30	**(66.0)**	(76.4)	(75.0)
Taxation paid	31	**(239.5)**	(155.6)	(117.2)
Net cash from operations		**826.3**	936.7	752.8
Dividends paid/advanced		**(70.7)**	(40.7)	(28.9)
– Owners of the parent		**(62.8)**	(39.2)	(15.1)
– Non-controlling interest holders		**(6.4)**	(0.2)	(12.1)
– South Deep BEE dividend		**(1.5)**	(1.3)	(1.7)
Cash generated by continuing operations		**755.6**	896.0	723.9
Cash generated by discontinued operations		**6.8**	21.5	20.0
Cash flows from investing activities		**(908.6)**	(867.9)	(651.5)
Additions to property, plant and equipment		**(833.6)**	(628.5)	(614.1)
Proceeds on disposal of property, plant and equipment		**23.2**	2.3	3.1
Purchase of Gruyere Gold Project assets	15.2	**–**	(197.1)	–
Purchase of investments		**(80.1)**	(12.7)	(3.0)
Proceeds on disposal of investments		**–**	4.4	–
Proceeds on disposal of Darlot		**5.4**	–	–
Environmental trust funds and rehabilitation payments		**(16.7)**	(14.8)	(17.5)
Cash utilised in continuing operations		**(901.8)**	(846.4)	(631.5)
Cash utilised in discontinued operations		**(6.8)**	(21.5)	(20.0)
Cash flows from financing activities		**84.2**	37.0	(88.3)
Shares issued		**–**	151.5	–
Loans raised		**779.7**	1,298.7	506.0
Loans repaid		**(695.5)**	(1,413.2)	(594.3)
Cash generated by/(utilised in) continuing operations		**84.2**	37.0	(88.3)
Cash generated by discontinued operations		**–**	–	–
Net cash (utilised)/generated		**(62.0)**	86.6	4.1
Effect of exchange rate fluctuation on cash held		**14.3**	0.1	(22.1)
Cash and cash equivalents at beginning of the year		**526.7**	440.0	458.0
Cash and cash equivalents at end of the year	21	**479.0**	526.7	440.0

The accompanying notes form an integral part of these financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December

		United States Dollar		
Figures in millions unless otherwise stated		2017	2016 Restated[1]	2015 Restated[1]
1.	**REVENUE**			
	Revenue from mining operations	**2,761.8**	2,666.4	2,454.1
2.	**COST OF SALES**			
	Salaries and wages	**(414.7)**	(388.1)	(368.0)
	Consumable stores	**(346.7)**	(346.3)	(380.7)
	Utilities	**(150.1)**	(169.8)	(162.4)
	Mine contractors	**(307.4)**	(308.4)	(284.9)
	Other	**(207.6)**	(163.1)	(175.5)
	Cost of sales before gold inventory change and amortisation and depreciation	**(1,426.5)**	(1,375.7)	(1,371.5)
	Gold inventory change	**69.5**	45.9	(25.5)
	Cost of sales before amortisation and depreciation	**(1,357.0)**	(1,329.8)	(1,397.0)
	Amortisation and depreciation[2]	**(748.1)**	(671.4)	(591.5)
	Total cost of sales	**(2,105.1)**	(2,001.2)	(1,988.5)
3.	**INVESTMENT INCOME**			
	Interest received – environmental trust funds	**0.5**	1.0	0.4
	Interest received – cash balances	**5.1**	7.3	5.9
	Total investment income	**5.6**	8.3	6.3
4.	**FINANCE EXPENSE**			
	Interest expense – environmental rehabilitation	**(12.1)**	(10.7)	(11.7)
	Unwinding of discount on silicosis settlement costs	**(0.9)**	–	–
	Interest expense – borrowings	**(91.2)**	(82.5)	(87.8)
	Borrowing costs capitalised	**22.9**	15.1	16.6
	Total finance expense	**(81.3)**	(78.1)	(82.9)

[1] Refer note 40 for further details.

[2] The methodology for amortisation and depreciation at Cerro Corona was amended in 2017, changing to gold ounces produced from tonnes mined. Gold ounces are considered a better reflection of the pattern in which the mine's future economic benefits are expected to be consumed by the mine in line with the declining grade over the life-of-mine.

The impact of the change in useful life at Cerro Corona resulted in an increase in amortisation and depreciation of US$24.5 million for the 2017 year.

The methodology for amortisation of the mineral rights asset at the Australian operations was corrected during the year. Refer note 40 for further details.

The impact of the correction of the amortisation methodology at the Australian operations resulted in an increase in amortisation of US$5.7 million for the 2017 year.

Given the nature of the inputs used to calculate the amortisation and depreciation, namely future production as well as proven and probable reserves, it is not practicable to estimate the future impact the change in useful life and correction in methodology will have on amortisation and depreciation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued
for the year ended 31 December

5. SHARE-BASED PAYMENTS

The Group granted equity-settled instruments comprising share options and restricted shares to executive directors, certain officers and employees. During the year ended 31 December 2017, the following share plans were in place: The Gold Fields Limited 2005 Share Plan, the Gold Fields Limited 2012 Share Plan and the Gold Fields Limited 2012 Share Plan as amended in 2016. During 2016, the Gold Fields Limited 2012 Share Plan as amended in 2016 was introduced to replace the long-term incentive plan ("LTIP"). Allocations under this plan were made during 2016 and 2017.

The following information is available for each plan:

	United States Dollar					
	2017		2016		2015	
Figures in millions unless otherwise stated	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
(a) Gold Fields Limited 2005 Share Plan	**–**	**–**	–	–	–	–
(b)(i) Gold Fields Limited 2012 Share Plan						
– Performance shares	**–**	**–**	1.9	–	8.0	0.2
– Bonus shares	**–**	**–**	–	–	2.7	–
(b)(ii) Gold Fields Limited 2012 Share Plan amended						
– Performance shares	**24.5**	**0.6**	12.1	0.4	–	–
– Retention shares	**2.1**	**–**	–	–	–	–
– Restricted/Matching shares	**0.2**	**–**	–	–	–	–
Total included in profit or loss for the year	**26.8**	**0.6**	14.0	0.4	10.7	0.2

(a) Gold Fields Limited 2005 Share Plan

At the Annual General Meeting on 17 November 2005, shareholders approved the adoption of the Gold Fields Limited 2005 Share Plan to replace the GF Management Incentive Scheme approved in 1999. The plan provided for two methods of participation, namely the Performance Allocated Share Appreciation Rights Method ("SARS") and the Performance Vesting Restricted Share Method ("PVRS"). This plan sought to attract, retain, motivate and reward participating employees on a basis which sought to align the interests of such employees with those of the Company's shareholders. No further allocations of options under this plan are being made following the introduction of the Gold Fields Limited 2012 Share Plan (see below) and the plan will be closed once all options have been exercised or forfeited.

The following table summarises the movement of share options under the Gold Fields Limited 2005 Share Plan during the years ended 31 December 2017, 2016 and 2015:

	2017		2016		2015	
	Share appreciation rights (SARS)	Average instrument price (US$)	Share appreciation rights (SARS)	Average instrument price (US$)	Share appreciation rights (SARS)	Average instrument price (US$)
Outstanding at beginning of the year	**530,611**	**7.39**	1,025,178	6.03	1,818,261	7.89
Movement during the year:						
Forfeited	**(519,090)**	**7.75**	(494,567)	5.27	(793,083)	7.34
Outstanding at end of the year (vested)	**11,521**	**9.42**	530,611	7.39	1,025,178	6.03

5. SHARE-BASED PAYMENTS (continued)

(b)(i) Gold Fields Limited 2012 Share Plan – awards prior to 1 March 2016

At the Annual General Meeting on 14 May 2012 shareholders approved the adoption of the Gold Fields Limited 2012 Share Plan to replace the Gold Fields Limited 2005 Share Plan. The plan provided for two methods of participation, namely the Performance Share Method ("PS") and the Bonus Share Method ("BS"). This plan sought to attract, retain, motivate and reward participating employees on a basis which sought to align the interests of such employees with those of the Company's shareholders. No further allocations of options under this plan are being made following the introduction of the Gold Fields Limited 2012 Share Plan amended – awards after 1 March 2016 (see below) and the plan was closed.

The salient features of the plan were:

- PS were offered to participants annually in March. Quarterly allocations of PS were also made in June, September and December on a pro rata basis to qualifying new employees. PS were performance-related shares, granted at zero cost (the shares are granted in exchange for the rendering of service by participants to the Group during the three-year restricted period prior to the share vesting period);
- Based on the rules of the plan, the actual number of PS which would be settled to a participant three years after the original award date was determined by the Group's performance measured against the performance of seven other major gold mining companies ("the peer group") based on the relative change in the Gold Fields share price compared to the basket of respective US Dollar share prices of the peer group. Furthermore, for PS awards to be settled to members of the Executive Committee, an internal Company performance target is required to be met before the external relative measure is applied. The internal target performance criterion has been set at 85% of the Group's planned gold production over the three-year measurement period as set out in the business plans of the Group approved by the Board. In the event that the internal target performance criterion is met the full initial target award shall be settled on the settlement date. In addition, the Remuneration Committee has determined that the number of PS to be settled may be increased by up to 200% of the number of the initial target PS conditionally awarded, depending on the performance of the Company relative to the performance of the peer group, based on the relative change in the Gold Fields share price compared to the basket of respective US Dollar share prices of the peer group;
- The performance of the Company that resulted in the settlement of shares was measured by the Company's share price performance relative to the share price performance of the following peer gold mining companies, collectively referred to as "the peer group", over the three-year period:
  - AngloGold Ashanti;
  - Barrick Gold Corporation;
  - Goldcorp Incorporated;
  - Harmony Gold Mining Company;
  - Newmont Mining Corporation;
  - Newcrest Mining Limited; and
  - Kinross Gold Corporation.
- The performance of the Company's shares against the shares of the peer group was measured for the three-year period running from the relevant award date;
- BS were offered to participants annually in March; and
- Based on the rules of the plan, the actual number of BS which would be settled in equal proportions to a participant over a nine-month and a 18-month period after the original award date was determined by the employee's annual cash bonus calculated with reference to actual performance against predetermined targets for the financial year ended immediately preceding the award date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued

for the year ended 31 December

5. SHARE-BASED PAYMENTS (continued)

(b)(i) Gold Fields Limited 2012 Share Plan – awards prior to 1 March 2016 (continued)

The following table summarises the movement of share options under the Gold Fields Limited 2012 Share Plan during the years ended 31 December 2017, 2016 and 2015:

	2017	2016	2015	
	Performance shares (PS)	Performance shares (PS)	Performance shares (PS)	Bonus shares (BS)
Outstanding at beginning of the year	**393,178**	2,446,922	4,316,657	2,161,922
Movement during the year:				
Granted	**–**	393,178	–	–
Exercised and released	**–**	(2,428,904)	(1,704,704)	(2,094,343)
Forfeited	**(393,178)**	(18,018)	(165,031)	(67,579)
Outstanding at end of the year	**–**	393,178	2,446,922	–

(b)(ii) Gold Fields Limited 2012 Share Plan amended – awards after 1 March 2016

At the Annual General Meeting on 18 May 2016, shareholders approved the adoption of the revised Gold Fields Limited 2012 Share Plan to replace the LTIP. The plan provides for four types of participation, namely Performance Shares ("PS"), Retention Shares ("RS"), Restricted Shares ("RSS") and Matching Shares ("MS"). This plan is in place to attract, retain, motivate and reward participating employees on a basis which seeks to align the interests of such employees with those of the Company's shareholders. Allocations of options under this plan were made during 2016 and 2017. Currently, the last vesting date is 28 February 2020.

The salient features of the plan were:
- PS are offered to participants annually in March. PS are performance-related shares, granted at zero cost (the shares are granted in exchange for the rendering of service by participants to the Group during the three-year restricted period prior to the share vesting period);
- Based on the rules of the plan, the actual number of PS which will be settled to a participant three years after the original award date is determined by the following performance conditions:

Performance condition	Weighting	Threshold	Target	Stretch and cap
Absolute total shareholder return ("TSR")	33%	N/A – No vesting below target	Compounded cost of equity in real terms over three-year performance period	Compounded cost of equity in real terms over three-year performance period +6% per annum
Relative TSR	33%	Median of the peer group	Linear vesting to apply between median and upper quartile performance and capped at upper quartile performance	
Free cash flow margin ("FCFM")	34%	Average FCFM over performance period of 5% at a gold price of $1,300/oz – margin to be adjusted relative to the actual gold price for the three-year period	Average FCFM over performance period of 15% at a gold price of $1,300/oz – margin to be adjusted relative to the actual gold price for the three-year period	Average FCFM over performance period of 20% at a gold price of $1,300/oz – margin to be adjusted relative to the actual gold price for the three-year period

5. SHARE-BASED PAYMENTS (continued)

(b)(ii) Gold Fields Limited 2012 Share Plan amended – awards after 1 March 2016 (continued)

The vesting profile will be as follows:

Performance condition	Threshold	Target	Stretch and cap
Absolute TSR[1, 4]	0%	100%	200%
Relative TSR[1, 3, 4]	0%	100%	200%
FCFM[2]	0%	100%	200%

[1] *Absolute TSR and relative TSR: Linear vesting will occur between target and stretch (no vesting occurs for performance below target).*

[2] *FCFM: Linear vesting will occur between threshold, target and stretch.*

[3] *The peer group consists of 10 companies: AngloGold Ashanti, Goldcorp, Barrick, Eldorado Gold, Randgold, Yamana, Agnico Eagle, Kinross, Newmont and Newcrest.*

[4] *TSR will be calculated as the compounded annual growth rate ("CAGR") of the TSR index between the average of the 60 trading days up to the first day of the performance period and the average of the 60 trading days up to the last day of the performance period. TSR will be defined as the return on investing in ordinary shares in the Company at the start of the performance period, holding the shares and reinvesting the dividends received on the portfolio in Gold Fields shares over the performance period. The USD TSR index, provided by external service providers will be based on the US$ share price.*

- RS can be awarded on an ad hoc basis to key employees where a retention risk has been identified. These will be subject to the vesting condition of service over a period of three years only;
- RSS: In 2016, Gold Fields implemented a Minimum Shareholding Requirement ("MSR") where executives are required to build and to hold a percentage of their salary in Gold Fields shares over a period of five years. Executives will be given the opportunity (as at the approval date of the MSR), prior to the annual bonus being communicated or the upcoming vesting date of the LTIP award or PS, to elect to receive all or a portion of their annual bonus or cash LTIP in restricted shares or to convert all or a portion of their unvested PS into restricted shares towards fulfilment of the MSR. These shares are subject to the holding period as set out below.

  This holding period will mean that the restricted shares may not be sold or disposed of and that the beneficial interest must be retained therein until the earlier of:
  - Notice given by the executive, provided that such notice may only be given after five years from the start of the holding period;
  - Termination of employment of that employee, i.e. retirement, retrenchment, ill health, death, resignation or dismissal;
  - Abolishment of the MSR; or
  - In special circumstances such as proven financial hardship or compliance with the MSR, upon application by the employee and approval by the Remuneration Committee.
- MS: To facilitate the introduction of the MSR policy and to compensate executives for participating in RSS and holding their shares for an additional five years, thus exposing themselves to further market volatility, the Company intends to make a matching award. This is intended to entail a conditional award of shares of one share for every three shares committed towards the MSR (matching shares), rounded to the nearest full share. The matching shares will vest on a date that corresponds with the end of the holding period of the shares committed towards the MSR provided the executive is still in the employment of the Company and has met the MSR requirements of the MSR policy, including having sustainably accumulated shares to reach the MSR over the five-year holding period.

  At 31 December 2017, the maximum number of matching shares that could vest, based on shares already committed to MSR, at the end of five years was 403,027 (2016: 169,158) shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued
for the year ended 31 December

5. SHARE-BASED PAYMENTS (continued)

(b)(ii) Gold Fields Limited 2012 Share Plan amended – awards after 1 March 2016 (continued)

The following table summarises the movement of share options under the Gold Fields Limited 2012 Share Plan as amended in 2016 during the years ended 31 December 2017 and 2016:

	2017 Performance shares (PS)	2016 Performance shares (PS)
Outstanding at beginning of the year	**8,138,472**	–
Movement during the year:		
Granted	**11,744,152**	8,196,037
Exercised and released	**(34,827)**	–
Forfeited	**(1,568,667)**	(57,565)
Outstanding at end of the year	**18,279,130**	8,138,472

None of the outstanding options of 18,279,130 above have vested.

	2017	2016
The fair value of equity instruments granted during the year ended 31 December 2017 and 2016 were valued using the Monte Carlo simulation model:		
Monte Carlo simulation		
Performance shares		
This model is used to value the performance shares. The inputs to the model for options granted during the year were as follows:		
– weighted average historical volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	**64.3%**	58.1%
– expected term (years)	**3 years**	3 years
– dividend yield[1]	**n/a**	n/a
– weighted average three-year risk free interest rate (based on US interest rates)	**1.6%**	0.5%
– weighted average fair value (United States dollars)	**4.2**	2.6

[1] There is no dividend yield applied to the Monte Carlo simulation model as the performance conditions follow a total shareholder return method.

5. SHARE-BASED PAYMENTS (continued)

(b)(ii) Gold Fields Limited 2012 Share Plan amended – awards after 1 March 2016 (continued)

Summary:

The following table summarises information relating to the options and equity-settled instruments under all plans outstanding at 31 December 2017, 2016 and 2015:

	2017			2016			2015		
Range of exercise prices for outstanding equity instruments (US$)	Number of instruments	Price (US$)	Contractual life (years)	Number of instruments	Price (US$)	Contractual life (years)	Number of instruments	Price (US$)	Contractual life (years)
n/a*	**18,279,130**	**–**	**–**	8,531,650	–	–	2,446,922	–	–
4.28 – 6.06	**–**	**–**	**–**	–	–	–	448,296	5.03	0.22
6.07 – 7.84	**–**	**–**	**–**	3,835	6.79	0.50	33,641	5.86	0.60
7.85 – 9.62	**–**	**–**	**–**	515,255	7.37	0.34	531,720	6.84	1.35
9.63 – 11.40	**11,521**	**9.42**	**–**	11,521	8.44	1.00	11,521	7.84	2.01
Total outstanding at end of the year	**18,290,651**			9,062,261			3,472,100		
** Restricted shares ("PVRS") are awarded for no consideration.*									
Weighted average share price during the year on the Johannesburg Stock Exchange (US$)	**3.76**			4.29			3.55		

The compensation costs related to awards not yet recognised under the above plans at 31 December 2017, 2016 and 2015 amount to US$53.0 million, US$36.6 million and US$1.5 million, respectively, and are to be recognised over four years.

The directors were authorised to issue and allot all or any of such shares required for the plans, but in aggregate all plans may not exceed 41,076,635 of the total issued ordinary shares capital of the Company. An individual participant may also not be awarded an aggregate of shares from all or any such plans exceeding 4,107,663 of the Company's total issued ordinary share capital. The unexercised options and shares under all plans represented 2.2% of the total issued ordinary share capital at 31 December 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued

for the year ended 31 December

	United States Dollar		
Figures in millions unless otherwise stated	**2017**	**2016**	**2015**
6. IMPAIRMENT, NET OF REVERSAL OF IMPAIRMENT OF INVESTMENTS AND ASSETS			
Investments	**(3.7)**	(0.1)	(117.4)
Listed investments	**(0.5)**	(0.1)	(8.5)
Unlisted investments	**(3.2)**	–	–
Equity accounted investees			
– Hummingbird Resources Plc ("Hummingbird")[1]	**–**	–	(7.5)
– Far Southeast Gold Resources Incorporated ("FSE")[2]	**–**	–	(101.4)
Property, plant and equipment	**81.3**	(76.4)	(81.5)
Reversal of impairment of Arctic Platinum ("APP")[3]	**39.0**	–	(39.0)
Reversal of impairment and impairment of property, plant and equipment – other[4]	**42.3**	(76.4)	(42.5)
Goodwill	**(277.8)**	–	–
South Deep goodwill[5]	**(277.8)**	–	–
Inventories	**–**	–	(8.0)
Stockpiles and consumables[6]	**–**	–	(8.0)
Impairment, net of reversal of impairment of investments and assets	**(200.2)**	(76.5)	(206.9)

[1] *Following the identification of impairment indicators at 30 June 2015, the investment in Hummingbird was valued at its recoverable amount, which resulted in an impairment of US$7.5 million. The recoverable amount was based on the investment's fair value at the time, being its quoted market price (level 1 of the fair value hierarchy). The impairment is included in the "Corporate and other" segment.*

[2] *Following the identification of impairment indicators at 31 December 2015, FSE was valued at its recoverable amount which resulted in an impairment of US$101.4 million. The recoverable amount was based on the fair value less cost of disposal ("FVLCOD") of the investment (level 2 of the fair value hierarchy). FVLCOD was indirectly derived from the market value of Lepanto Consolidated Mining Company, being the 60% shareholder of FSE. The impairment is included in the "Corporate and other" segment.*

[3] *Following the Group's decision during 2013 to dispose of non-core projects, APP was classified as held for sale and, accordingly, valued at the lower of fair value less cost of disposal or carrying value which resulted in impairments of US$89.7 million and US$3.2 million during 2013 and 2014, respectively. APP's carrying value at 31 December 2014 after the above impairments was US$40.0 million which was based on an offer received close to the 2014 year-end. During 2015, active marketing activities for the disposal of the project continued after the 2014 offer was not realised. During 2015, APP was further impaired by US$39.0 million, resulting in a carrying value of US$1.0 million at 31 December 2015. The impairment is included in the "Corporate and other" segment. At 31 December 2016, APP no longer met the definition of an asset held for sale and was reclassified to property, plant and equipment at a recoverable amount of US$1.0 million. During 2017, active marketing activities continued and as a result, a sale agreement was concluded comprising a purchase offer of US$40.0 million cash and a 2% net smelter refiner royalty on all metals. As a result, the impairment of US$39.0 million previously recorded, was reversed and APP was reclassified as an asset held for sale at 31 December 2017. Refer note 12 for further details.*

Figures in millions unless otherwise stated	United States Dollar 2017	2016	2015
6. IMPAIRMENT, NET OF REVERSAL OF IMPAIRMENT OF INVESTMENTS AND ASSETS (continued)			
[4] *Reversal of impairment and impairment of property, plant and equipment is made up as follows:*			
– Redundant assets at Cerro Corona (2015: Cerro Corona)	**(0.8)**	–	(6.7)
– Reversal of cash-generating unit impairment at Cerro Corona (2016: impairment of $66.4 million)	**53.4**	(66.4)	–
(The impairment in 2016 was due to the reduction in gold and copper reserves due to depletion, a decrease in the gold and copper price assumptions for 2017 and 2018, a lower resource price and an increase in the Peru tax rate. The reversal of the impairment in 2017 was due to a higher value-in-use following the completion of a pre-feasibility study in 2017, with the assistance of external specialists, extending the life-of-mine from 2023 to 2030 by optimising the tailings density and increasing the tailings capacity by using in-pit tailings after mining activities end. After taking into account one year amortisation, the reversal of impairment amounted to US$53.4 million (2016: The recoverable amount was based on its FVLCOD calculated using a combination of the market and the income approach (level 3 of the fair value hierarchy)). Refer to accounting policies on page 139 for assumptions).			
– Damang assets held for sale	**–**	(7.6)	–
(Following the Damang re-investment plan, a decision was taken to sell certain mining fleet assets and related spares. The sale of the assets is expected to be concluded during 2017. As a result, the assets were classified as held for sale (refer note 12) and valued at the lower of FVLCOD or carrying value which resulted in an impairment of US$7.6 million).			
– Asset-specific impairment at Tarkwa	**(6.8)**	–	–
(Relating to aged, high maintenance and low effectiveness mining fleet that is no longer used).			
– Asset-specific impairment at Damang	**(3.5)**	(2.4)	(35.8)
(Relating to all assets at the Rex pit. Following a series of optimisations, the extensional drilling, completed in 2017, failed to deliver sufficient tonnages at viable grades to warrant further work (2016: inoperable mining fleet that is no longer used under the current life-of-mine plan, 2015: Immovable mining assets written off to nil that would no longer be used under the current life-of-mine plan)).			
Reversal of impairment and impairment of property, plant and equipment – other	**42.3**	(76.4)	(42.5)

[5] *At 31 December 2017, the Group recognised an impairment of R3,495.0 billion (US$277.8 million) at South Deep. The recoverable amount was based on its FVLCOD calculated using a combination of the market and the income approach (level 3 of the fair value hierarchy). The impairment calculation was based on the 2017 life-of-mine plan using the following assumptions:*

– Gold price of R525,000 per kilogram;
– Resource price of US$17 per ounce at the Rand/Dollar exchange rate of R12.58;
– Resource ounces of 29.0 million ounces;
– Life-of-mine: 78 years; and
– Discount rate: 13.5% nominal.

The impairment is due to a reduction in the gold price assumptions, a lower resource price and a deferral of production.

[6] *Net realisable value write-down of stockpiles at Damang.*

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Figures in millions unless otherwise stated	United States Dollar 2017	2016	2015
7. INCLUDED IN PROFIT BEFORE ROYALTIES AND TAXATION ARE THE FOLLOWING:			
Operating lease charges[1]	**(2.4)**	(2.8)	(2.7)
Regulatory legal fees[1]	**–**	–	(0.1)
Profit on buy-back of notes[1]	**–**	17.7	–
Social contributions and sponsorships[1]	**(19.6)**	(19.3)	(12.2)
Global compliance costs[1]	**–**	(0.1)	(3.6)
Rehabilitation income – continuing operations[1]	**13.5**	9.7	14.6
Rehabilitation income – discontinued operations[1]	**–**	0.2	0.5
8. ROYALTIES			
South Africa	**(1.8)**	(1.8)	(1.2)
Foreign	**(60.2)**	(76.6)	(72.7)
Total royalties	**(62.0)**	(78.4)	(73.9)
Royalty rates			
South Africa (effective rate)[2]	**0.5%**	0.5%	0.5%
Australia[3]	**2.5%**	2.5%	2.5%
Ghana[4]	**3.0%**	5.0%	5.0%
Peru[5]	**4.6%**	6.4%	4.0%

[1] *Included under "Other costs, net" in the consolidated income statement.*

[2] *The Mineral and Petroleum Resource Royalty Act 2008 ("Royalty Act") was promulgated on 24 November 2008 and became effective from 1 March 2010. The Royalty Act imposes a royalty on refined (mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Act) and unrefined (mineral resources that have undergone limited beneficiation as defined in Schedule 2 of the Act) minerals payable to the state. The royalty in respect of refined minerals (which include gold refined to 99.5% and above and platinum) is calculated by dividing earnings before interest and taxes ("EBIT") by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% has been introduced on refined minerals. The effective rate of royalty tax payable for the year ended 31 December 2017 was 0.5% of mining revenue (2016: 0.5% and 2015: 0.5%) equalling the minimum charge per the formula.*

[3] *The Australian operations are subject to a 2.5% (2016: 2.5% and 2015: 2.5%) gold royalty on revenue as the mineral rights are owned by the state.*

[4] *Minerals are owned by the Republic of Ghana and held in trust by the President. During 2016, Gold Fields signed a Development Agreement ("DA") with the Government of Ghana for both the Tarkwa and Damang mines. This agreement stated that the Ghanaian operations will be subject to a sliding scale for royalty rates, linked to the prevailing gold price (effective 1 January 2017). The sliding scale is as follows:*

Average gold price			
Low value		High value	Royalty rate
US$0.00	**–**	**US$1,299.99**	**3.0%**
US$1,300.00	**–**	**US$1,499.99**	**3.5%**
US$1,450.00	**–**	**US$2,299.99**	**4.1%**
US$2,300.00	**–**	**Unlimited**	**5.0%**

During 2016 and 2015, the Ghanaian operations were subject to a 5.0% gold royalty on revenue.

[5] *The Peruvian operations are subject to a mining royalty calculated on a sliding scale with rates ranging from 1% to 12% of the value of operating profit.*

Figures in millions unless otherwise stated	United States Dollar 2017	2016 Restated[1]	2015 Restated[1]
9. MINING AND INCOME TAXATION			
The components of mining and income tax are the following:			
South African taxation			
– non-mining tax	**(1.2)**	(1.0)	–
– company and capital gains taxation	**(1.1)**	(3.9)	(3.5)
– prior year adjustment – current taxation	**0.2**	0.3	0.5
– deferred taxation	**12.1**	(9.5)	17.1
Foreign taxation			
– current taxation	**(199.8)**	(193.3)	(138.7)
– prior year adjustment – current taxation	**(2.8)**	(6.3)	–
– deferred taxation	**19.4**	24.2	(118.7)
– prior year adjustment – deferred taxation	**–**	–	(5.2)
Total mining and income taxation	**(173.2)**	(189.5)	(248.5)
Major items causing the Group's income taxation to differ from the maximum South African statutory mining tax rate of 34.0% (2016: 34.0% and 2015: 34.0%) were:			
Taxation on profit before taxation at maximum South African statutory mining tax rate	**(51.8)**	(121.5)	(3.0)
Rate adjustment to reflect the actual realised company tax rates in South Africa and offshore	**19.2**	22.4	21.5
Non-deductible share-based payments	**(9.1)**	(4.8)	(3.6)
Non-deductible exploration expense	**(19.7)**	(15.2)	(7.7)
Deferred tax assets not recognised on impairment and reversal of impairment of investments[2]	**13.3**	–	(53.2)
Impairment of South Deep goodwill	**(94.5)**	–	–
Non-deductible interest paid	**(24.2)**	(24.2)	(26.9)
Non-taxable profit on disposal of investments	**–**	0.8	–
Non-taxable profit on buy-back of notes	**–**	6.0	–
Share of results of equity-accounted investees, net of taxation	**(0.4)**	(0.8)	(1.9)
Net non-deductible expenditure and non-taxable income	**(5.3)**	(9.7)	(8.5)
Deferred tax raised on unremitted earnings at Tarkwa	**(9.5)**	–	–
Deferred taxation movement on Peruvian Nuevo Sol devaluation against US Dollar[3]	**5.2**	(1.1)	(41.0)
Various Peruvian non-deductible expenses	**(5.3)**	(8.3)	(7.8)
Deferred tax assets not recognised at Cerro Corona and Damang[4]	**(12.9)**	(34.9)	(112.5)
Utilisation of tax losses not previously recognised at Damang	**7.1**	–	–
Deferred tax assets recognised at Cerro Corona and Damang[5]	**19.8**	–	–
Deferred tax release on change of tax rate (2016: Peruvian and Ghanaian operations and 2015: Peruvian operations)	**–**	8.6	4.5
Prior year adjustments	**(2.6)**	(6.0)	(4.4)
Other	**(2.5)**	(0.8)	(4.0)
Total mining and income taxation	**(173.2)**	(189.5)	(248.5)

[1] Refer note 40 for further details.

[2] Deferred tax assets not recognised on impairment of investments relate to the impairment and reversal of impairment of FSE, Hummingbird and APP. Refer to note 6 for details of impairments.

[3] The functional currency of Cerro Corona is US Dollar, however, the Peruvian tax base is based on values in Peruvian Nuevo Sol.

[4] Deferred tax assets amounting to US$12.9 million (2016: US$34.9 million and 2015: US$112.5 million) were not recognised during the year at Cerro Corona and Damang to the extent that there is insufficient future taxable income available. At Cerro Corona, deferred tax assets amounting to US$12.9 million (2016: US$33.5 million and 2015: US$76.9 million) were not recognised during the year related to deductible temporary differences on additions to fixed assets in the current financial year that would only reverse after the end of the life-of-mine ("LoM") of Cerro Corona. At Damang, deferred tax assets amounting to US$nil (2016: US$1.4 million and 2015: US$35.6 million) were not recognised during the year related to net deductible temporary differences reversing in the current financial year. In making this determination, the Group analysed, among others, forecasts of future earnings and the nature and timing of future deductions and benefits represented by deferred tax assets.

[5] Due to year-end assessments, deferred tax assets amounting to US$17.3 million and US$2.5 million were recognised at Cerro Corona and Damang, respectively, to the extent that there is sufficient future taxable income available. During 2017, Cerro Corona completed a pre-feasibility study extending the life-of-mine ("LoM") from 2023 to 2030. A significant portion of the deductible temporary differences on fixed assets that were scheduled to reverse after the end of the LoM at Cerro Corona will now reverse over the extended LoM, resulting in the recognition of deferred tax assets amounting to US$17.3 million. At Damang, the LoM indicated that the mine would make taxable profits in the future that would support the write back of a portion of the deferred tax asset amounting to US$2.5 million. In making this determination, the Group analysed, among others, forecasts of future earnings and the nature and timing of future deductions and benefits represented by deferred tax assets.

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9. MINING AND INCOME TAXATION (continued)

	2017	2016	2015
South Africa – current tax rates			
Mining tax[1]	**Y = 34 – 170/X**	Y = 34 – 170/X	Y = 34 – 170/X
Non-mining tax[2]	**28.0%**	28.0%	28.0%
Company tax rate	**28.0%**	28.0%	28.0%
International operations – current tax rates			
Australia	**30.0%**	30.0%	30.0%
Ghana[3]	**32.5%**	32.5%	35.0%
Peru	**29.5%**	30.0%	30.0%

[1] *South African mining tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. Accounting depreciation is ignored for the purpose of calculating South African mining taxation. The effective mining tax rate for Gold Fields Operations Limited ("GFO") and GFI Joint Venture Holdings Proprietary Limited ("GFIJVH"), owners of the South Deep mine, has been calculated at 30% (2016: 30% and 2015: 30%).*

In the formula above, Y is the percentage rate of tax payable and X is the ratio of mining profit, after the deduction of redeemable capital expenditure, to mining revenue expressed as a percentage.

[2] *Non-mining income of South African mining operations consists primarily of interest income.*

[3] *On 11 March 2016, Gold Fields signed a development agreement with the Government of Ghana for both the Tarkwa and Damang mines. This agreement resulted in a reduction in the corporate tax rate from 35.0% to 32.5%, effective 17 March 2016.*

Deferred tax is provided at the expected future rate for mining operations arising from temporary differences between the carrying values and tax values of assets and liabilities.

At 31 December 2017, the Group had the following estimated amounts available for set-off against future income (pre-tax):

	2017			2016		
Figures in millions unless otherwise stated	Gross unredeemed capital expenditure US$ million	Gross tax losses US$ million	Gross deferred tax asset not recognised US$ million	Gross unredeemed capital expenditure US$ million	Gross tax losses US$ million	Gross deferred tax asset not recognised US$ million
South Africa[1]						
Gold Fields Operations Limited	**716.4**	**192.5**	**–**	606.4	182.3	–
GFI Joint Venture Holdings Proprietary Limited[2, 3]	**2,427.1**	**–**	**1,501.6**	1,929.2	–	1,132.6
	3,143.5	**192.5**	**1,501.6**	2,535.6	182.3	1,132.6
International operations						
Exploration entities[4]	**–**	**445.9**	**445.9**	–	388.8	388.8
Gold Fields Australia Proprietary Limited[5]	**–**	**–**	**–**	–	1.2	–
Abosso Goldfields Limited[6]	**–**	**201.4**	**63.5**	88.8	68.7	157.5
	–	**647.3**	**509.4**	88.8	458.7	546.3

[1] *These deductions are available to be utilised against income generated by the relevant tax entity and do not expire unless the tax entity concerned ceases to operate for a period of longer than one year. Under South African mining tax ring-fencing legislation, each tax entity is treated separately and as such these deductions can only be utilised by the tax entities in which the deductions have been generated. South African tax losses and unredeemed capital expenditure have no expiration date.*

[2] *The above R2,427.1 million (2016: R1,929.2 million) comprises US$925.5 million gross recognised capital allowance and US$1,501.6 million gross unrecognised capital allowance (2016: US$796.6 million gross recognised capital allowance and US$1,132.6 million gross unrecognised capital allowance).*

[3] *During 2014, the South African Revenue Services ("SARS") issued a Finalisation of Audit Letter ("the Audit Letter") stating that SARS has disallowed US$182.2 million of GFIJVH's gross recognised capital allowance of US$925.5 million. Refer note 34 on Contingent Liabilities for further details.*

[4] *The total tax losses of US$445.9 million (2016: US$388.8 million) comprise US$22.9 million (2016: US$10.9 million) tax losses that expire between one and two years, US$57.6 million (2016: US$58.9 million) tax losses that expire between two and five years, US$30.4 million (2016: US$41.2 million) tax losses that expire between five and 10 years, US$43.2 million (2016: US$40.6 million) tax losses that expire after 10 years and US$291.8 million (2016: US$237.2 million) tax losses that have no expiry date.*

[5] *The tax losses are available to be utilised against income generated by the relevant tax entity and do not expire.*

[6] *Tax losses may be carried forward for five years. These losses expire on a first-in-first-out basis. Tax losses of US$44.5 million (2016: US$46.3 million) expire in two years, tax losses of US$19.0 million (2016: US$nil) expire in three years, tax losses of US$91.7 million (2016: US$19.4 million) expire in four years and tax losses of US$46.2 million (2016: US$3.0 million) expire in five years.*

Figures in millions unless otherwise stated	2017	2016 Restated[1]	2015 Restated[1]
	United States Dollar		
10. EARNINGS PER SHARE			
10.1 Basic (loss)/earnings per share from continuing operations – cents	**(4)**	19	(31)
Basic (loss)/earnings per share is calculated by dividing the loss attributable to owners of the parent from continuing operations of US$31.8 million (2016: profit of US$157.0 million and 2015: loss of US$239.1 million) by the weighted average number of ordinary shares in issue during the year of 820,611,806 (2016: 809,889,990 and 2015: 774,763,151).			
10.2 Basic earnings/(loss) per share from discontinued operations – cents	**2**	–	(1)
Basic earnings/(loss) per share is calculated by dividing the earnings attributable to owners of the parent from discontinued operations of US$13.1 million (2016: profit of US$1.2 million and 2015: loss of US$8.2 million) by the weighted average number of ordinary shares in issue during the year of 820,611,806 (2016: 809,889,990 and 2015: 774,763,151).			
10.3 Diluted basic (loss)/earnings per share from continuing operations – cents	**(4)**	19	(31)
Diluted basic (loss)/earnings per share is calculated on the basis of loss attributable to owners of the parent from continuing operations of US$31.8 million (2016: profit of US$157.0 million and 2015: loss of US$239.1 million) and 826,920,421 (2016: 810,082,191 and 2015: 774,763,151) shares being the diluted number of ordinary shares in issue during the year.			
The weighted average number of shares has been adjusted by the following to arrive at the diluted number of ordinary shares:			
Weighted average number of shares	**820,611,806**	809,889,990	774,763,151
Share options in issue	**6,308,615**	192,201	–[2]
Diluted number of ordinary shares	**826,920,421**	810,082,191	774,763,151
10.4 Diluted basic earnings/(loss) per share from discontinued operations – cents	**2**	–	(1)
Diluted basic earnings/(loss) per share is calculated on the basis of earnings attributable to owners of the parent from discontinued operations of US$13.1 million (2016: profit of US$1.2 million and 2015: loss of US$8.2 million) and 826,920,421 (2016: 810,082,191 and 2015: 774,763,151) shares being the diluted number of ordinary shares in issue during the year.			

[1] Refer note 40 for further details.

[2] Share option adjustments of 1,804,321 were excluded from the dilutive number of ordinary shares as they were anti-dilutive.

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Figures in millions unless otherwise stated	United States Dollar 2017	2016 Restated[1]	2015 Restated[1]
10. EARNINGS PER SHARE (continued)			
10.5 Headline earnings/(loss) per share from continuing operations – cents	**26**	24	(5)
Headline earnings/(loss) per share is calculated on the basis of adjusted net earnings attributable to owners of the parent from continuing operations of US$212.3 million (2016: earnings of US$198.3 million and 2015: loss of US$36.4 million) and 820,611,806 (2016: 809,889,990 and 2015: 774,763,151) shares being the weighted average number of ordinary shares in issue during the year.			
Net (loss)/profit attributable to owners of the parent from continuing operations is reconciled to headline earnings as follows:			
Long-form headline earnings/(loss) reconciliation			
(Loss)/profit attributable to owners of the parent from continuing operations	**(31.8)**	157.0	(239.1)
Profit on disposal of investments, net	**–**	(2.3)	(0.1)
Gross	**–**	(2.3)	(0.1)
Taxation effect	**–**	–	–
(Profit)/loss on disposal of assets, net	**(2.6)**	(41.0)	0.5
Gross	**(4.0)**	(48.0)	0.1
Taxation effect	**1.2**	7.0	0.2
Non-controlling interest effect	**0.2**	–	0.2
Impairment, reversal of impairment and write-off of investments and assets and other, net	**246.7**	84.6	202.3
Impairment, net of reversal of impairment of investments and assets	**200.2**	76.5	198.9
Write-off of exploration and evaluation assets	**51.5**	41.4	29.1
Taxation effect	**(4.3)**	(32.1)	(23.4)
Non-controlling interest effect	**(0.7)**	(1.2)	(2.3)
Headline earnings/(loss)	**212.3**	198.3	(36.4)
10.6 Headline (loss)/earnings per share from discontinued operations – cents	**–**	1	–
Headline (loss)/earnings per share is calculated on the basis of adjusted net loss attributable to owners of the parent from discontinued operations of US$2.4 million (2016: earnings of US$5.5 million and 2015: earnings of US$3.0 million) and 820,611,806 (2016: 809,889,990 and 2015: 774,763,151) shares being the weighted average number of ordinary shares in issue during the year.			
Net profit/(loss) attributable to owners of the parent from discontinued operations is reconciled to headline earnings as follows:			
Long-form headline (loss)/earnings reconciliation			
Profit/(loss) attributable to owners of the parent from discontinued operations	**13.1**	1.2	(8.2)
Impairment and write-off of investments and assets and other, net	**(15.5)**	4.3	11.2
Impairment of assets	**–**	–	14.2
Gain on sale of discontinued operation	**(23.5)**	–	–
Write-off of exploration and evaluation assets	**1.5**	6.1	1.7
Taxation effect	**6.5**	(1.8)	(4.7)
Headline (loss)/earnings	**(2.4)**	5.5	3.0

[1] *Refer note 40 for further details.*

Figures in millions unless otherwise stated	United States Dollar 2017	2016 Restated[1]	2015 Restated[1]
10. EARNINGS PER SHARE (continued)			
10.7 Diluted headline earnings/(loss) per share from continuing operations – cents	**26**	24	(5)
Diluted headline earnings/(loss) per share is calculated on the basis of headline earnings attributable to owners of the parent continuing operations of US$212.3 million (2016: earnings of US$198.3 million and 2015: loss of US$36.4 million) and 826,920,421 (2016: 810,082,191 and 2015: 774,763,151) shares being the diluted number of ordinary shares in issue during the year.			
10.8 Diluted headline (loss)/earnings per share from discontinued operations – cents	**–**	1	–
Diluted headline (loss)/earnings per share is calculated on the basis of headline loss attributable to owners of the parent discontinued operations of US$2.4 million (2016: earnings of US$5.5 million and 2015: earnings of US$3.0 million) and 826,920,421 (2016: 810,082,191 and 2015: 774,763,151) shares being the diluted number of ordinary shares in issue during the year.			
11. DIVIDENDS			
2016 final dividend of 60 SA cents per share (2015: 21 SA cents and 2014: 20 SA cents) declared on 16 February 2017.	**37.5**	10.6	12.8
2017 interim dividend of 40 SA cents was declared during 2017 (2016: 50 SA cents and 2015: 4 SA cents).	**25.3**	28.6	2.3
A final dividend in respect of the financial year ended 31 December 2017 of 50 SA cents per share was approved by the Board of Directors on 13 February 2018. This dividend payable is not reflected in these financial statements.			
Dividends are subject to dividend withholding tax.			
Total dividends	**62.8**	39.2	15.1
Dividends per share – cents	**8**	5	2

[1] *Refer note 40 for further details.*

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12.1 DISCONTINUED OPERATIONS

Gold Fields disposed of its Darlot mine to ASX-listed Red 5 Limited ("Red 5") for a total consideration of A$18.5 million, comprising A$12.0 million in cash and 130 million Red 5 shares. The cash component was made up of an upfront amount of A$7.0 million and A$5.0 million deferred for up to 24 months. The deferred consideration could be taken as additional shares in Red 5 or as cash at Gold Fields' election.

Red 5 undertook a rights issue to assist with the funding of the cash component and for general working capital purposes. Gold Fields used the A$7.0 million to underwrite the rights issue. Gold Fields received a total number of 116,875,821 Red 5 shares under the underwriting agreement for a consideration of A$5.8 million.

All conditions precedent in terms of the sales agreement were met on 2 October 2017 and as a result Gold Fields accounted for a profit on the sale of Darlot of A$30.8 million (US$23.5 million). Post the completion of the sale, Gold Fields had a 19.9% shareholding in Red 5. Gold Fields does not have significant influence over Red 5 as the shareholding is below 20% and there are no qualitative factors indicating that significant influence exists.

The financial results of Darlot have been presented as a discontinued operation in the consolidated financial statements and comparative income statements and statements of cash flows have been restated as if Darlot had been discontinued from the start of the comparative period.

	United States Dollar		
Figures in millions unless otherwise stated	2017	2016	2015
Below is a summary of the results of the discontinued operation for the year ended 31 December:			
Revenue	**49.0**	83.1	91.3
Cost of sales	**(50.7)**	(72.1)	(85.0)
Cost of sales before gold inventory change and amortisation and depreciation	**(46.3)**	(57.3)	(59.8)
Gold inventory change	**(0.9)**	(0.4)	0.6
Amortisation and depreciation	**(3.5)**	(14.4)	(25.8)
Other costs, net	**(1.9)**	(7.2)	(16.0)
(Loss)/profit before royalties and taxation	**(3.6)**	3.8	(9.7)
Royalties	**(1.1)**	(2.0)	(2.1)
(Loss)/profit before taxation	**(4.7)**	1.8	(11.8)
Mining and income taxation	**1.4**	(0.6)	3.6
(Loss)/profit for the year from operating activities	**(3.3)**	1.2	(8.2)
Gain on sale of discontinued operation	**23.5**	–	–
Income tax on gain on sale of discontinued operation	**(7.1)**	–	–
Profit/(loss) from discontinued operation, net of tax	**13.1**	1.2	(8.2)

Figures in millions unless otherwise stated	2017 US$	2017 A$
12.1 DISCONTINUED OPERATIONS (continued)		
Below is a summary of assets and liabilities of the discontinued operation at 2 October 2017:		
Property, plant and equipment	**3.3**	4.3
Inventories	**7.2**	9.4
Trade and other receivables	**0.1**	0.1
Trade and other payables	**(8.7)**	(11.3)
Environmental rehabilitation costs provision	**(12.9)**	(16.9)
Net liabilities	**(11.0)**	(14.4)
Total consideration received less costs to sell[1]	**12.5**	16.4
Gain on sale of discontinued operations	**23.5**	30.8

[1] Due to the discounting of the deferred consideration and the transaction costs incurred, the total consideration of A$16.4 million used in the determination of the gain on sale of discontinued operations is less than the A$18.5 million per the agreement.

12.2 ASSETS HELD FOR SALE

	United States Dollar 2017	United States Dollar 2016
Damang mining fleet and related spares[1]	**–**	26.4
APP[2]	**40.0**	–
Total assets held for sale	**40.0**	26.4

[1] Following the Damang re-investment plan, a decision was taken during 2016 to sell certain mining fleet assets and related spares. As a result, the assets were classified as held for sale at 31 December 2016 and valued at the lower of FVLCOD or carrying value which resulted in an impairment of US$7.6 million. The sale of the assets concluded during 2017.

Mining fleet and related spares with carrying values of US$18.6 million and US$7.8 million, respectively, were reclassified to assets held for sale. Refer note 13 and 19 for further details.

[2] At 31 December 2016, APP no longer met the definition of an asset held for sale and was reclassified to property, plant and equipment at a recoverable amount of US$1.0 million. During 2017, active marketing activities continued and as a result, a sale agreement was concluded comprising a purchase offer of US$40.0 million cash and a 2% net smelter refiner royalty on all metals. As a result, the impairment previously recorded, was reversed up to the value of the selling price and APP was reclassified as an asset held for sale at 31 December 2017. Refer note 6 for further details.

APP is included as part of corporate and other in the segment note. Refer note 41 for further details.

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United States Dollar

31 December 2016					31 December 2017		
Land, mineral rights and rehabilitation assets	Mine development, infrastructure and other assets[1]	Total		*Figures in millions unless otherwise stated*	Total	Mine development, infrastructure and other assets[1]	Land, mineral rights and rehabilitation assets
			13.	**PROPERTY, PLANT AND EQUIPMENT**			
				Cost			
735.6	7,913.2	8,648.8		Balance at beginning of the year	**9,566.2**	**8,929.4**	**636.8**
(384.3)	384.3	–		Impact of correction of error[2]	**–**	**–**	**–**
351.3	8,297.5	8,648.8		Restated balance at beginning of the year[3]	**9,566.2**	**8,929.4**	**636.8**
(10.6)	11.6	1.0		Reclassifications	**(20.5)**	**1.8**	**(22.3)**
1.3	627.2	628.5		Additions for continuing operations	**833.6**	**833.3**	**0.3**
–	21.4	21.4		Additions for discontinued operations	**6.8**	**6.8**	**–**
275.9	–	275.9		Gruyere Gold Project asset acquisition[4]	**–**	**–**	**–**
–	43.2	43.2		Reclassification (to)/from assets held for sale (refer note 12)	**(43.2)**	**(43.2)**	**–**
–	(79.1)	(79.1)		Reclassification to assets held for sale (refer note 12)	**–**	**–**	**–**
–	15.1	15.1		Borrowing costs capitalised[5]	**22.9**	**22.9**	**–**
(3.1)	(157.3)	(160.4)		Disposals	**(215.1)**	**(202.5)**	**(12.6)**
–	–	–		Disposal of subsidiary (refer note 12)	**(79.1)**	**(77.7)**	**(1.4)**
14.9	–	14.9		Changes in estimates of rehabilitation assets	**8.3**	**–**	**8.3**
–	3.0	3.0		Other	**–**	**–**	**–**
7.1	146.8	153.9		Translation adjustment	**480.8**	**415.6**	**65.2**
636.8	8,929.4	9,566.2		**Balance at end of the year**	**10,560.7**	**9,886.4**	**674.3**
				Accumulated depreciation and impairment			
301.3	4,035.1	4,336.4		Balance at beginning of the year	**5,041.6**	**5,014.8**	**26.8**
(281.9)	298.7	16.8		Impact of correction of error[2]	**–**	**–**	**–**
19.4	4,333.8	4,353.2		Restated balance at beginning of the year[3]	**5,041.6**	**5,014.8**	**26.8**
–	1.0	1.0		Reclassifications	**(20.5)**	**(20.5)**	**–**
8.0	663.4	671.4		Charge for the year continuing operations	**748.1**	**732.4**	**15.7**
–	14.4	14.4		Charge for the year discontinued operations	**3.5**	**3.3**	**0.2**
3.3	73.1	76.4		Impairment and reversal of impairment, net[6]	**(81.3)**	**(78.4)**	**(2.9)**
–	41.4	41.4		Write-off of exploration and evaluation assets – continuing operations[7]	**51.5**	**51.5**	**–**
–	6.1	6.1		Write-off of exploration and evaluation assets – discontinued operations[7]	**1.5**	**1.5**	**–**
–	42.2	42.2		Reclassification (to)/from assets held for sale (refer note 12)	**(3.2)**	**(3.2)**	**–**
–	(60.5)	(60.5)		Reclassification to assets held for sale (refer note 12)	**–**	**–**	**–**
(3.1)	(155.0)	(158.1)		Disposals	**(213.1)**	**(200.9)**	**(12.2)**
				Disposal of subsidiary (refer note 12)	**(75.8)**	**(74.5)**	**(1.3)**
(0.8)	54.9	54.1		Translation adjustment	**215.5**	**207.1**	**8.4**
26.8	5,014.8	5,041.6		**Balance at end of the year**	**5,667.8**	**5,633.1**	**34.7**
610.0	3,914.6	4,524.6		**Carrying value at end of the year[8]**	**4,892.9**	**4,253.3**	**639.6**

[1] *Included in the cost of mine development, infrastructure and other assets are exploration and evaluation assets amounting to US$10.8 million (2016: US$9.1 million).*

[2] *Based on conversion of resources to reserves a portion of the cost of the mineral rights asset at the Australian operations is allocated from the non-depreciable component of the mineral rights asset to a depreciable component, at this point the mineral rights asset is reclassified from land, mineral rights and rehabilitation assets to mine development, infrastructure and other assets on a mine-by-mine basis. This reclassification relates to the transfer from the non-depreciable to the depreciable component for all periods from acquisition of the mineral rights to the year ended 31 December 2015 given the correction in methodology of the mineral rights asset. On an annual basis transfers are reflected as reclassifications.*

[3] *Refer note 40 for further details.*

[4] *The additions of US$275.9 million (A$372.4 million) are made up of US$197.1 million (A$266.0 million) cash additions and US$78.8 million (A$106.4 million) non-cash additions. Refer note 15.2 for further details.*

[5] *Borrowing costs of US$22.9 million (2016: US$15.1 million) arising on Group general borrowings were capitalised during the period and comprised US$19.4 million (US$15.1 million) borrowing costs related to the qualifying projects at South Deep, US$2.1 million (2016: US$nil) borrowing costs related to the Damang reinvestment project and US$1.4 million (2016: US$nil) borrowing costs related to the Gruyere project. An average interest capitalisation rate of 5.3% (2016: 4.7%) was applied.*

[6] *The impairment reversal of US$81.3 million (2016: charge of US$76.4 million) is made up of US$11.1 million (2016: US$76.4 million) impairment of property, plant and equipment, offset by the reversal of APP impairment amounting to US$39.0 million (refer note 6 for details) and the reversal of the Cerro Corona cash-generating unit impairment of US$53.4 million (refer note 6 for further details).*

[7] *The write-off of exploration and evaluation assets is due to specific exploration programmes not yielding results to warrant further exploration at the Group's Australian operations and the US$51.5 million (2016: US$41.4 million) for continuing operations is included in the US$109.8 million (2016: US$86.1 million) "Exploration expense" in the consolidated income statement.*

[8] *Fleet assets and carbon-in-leach ("CIL") plant in Ghana amounting to US$183.6 million (2016: US$95.5 million) have been pledged as security for the US$100 million senior secured revolving credit facility (refer note 24).*

Figures in millions unless otherwise stated	United States Dollar 2017	United States Dollar 2016
14. GOODWILL		
Balance at beginning of the year	**317.8**	295.3
Impairment	**(277.8)**	–
Translation adjustment	**36.6**	22.5
Balance at end of the year	**76.6**	317.8

The goodwill arose on the acquisition of South Deep and was attributable to the upside potential of the asset, synergies, deferred tax and the gold multiple.

The total goodwill is allocated to South Deep, the cash-generating unit ("CGU"), where it is tested for impairment. At 31 December 2017, the Group recognised an impairment of R3,495.0 million (US$277.8 million) at South Deep. Refer note 6 for further details.

In line with the accounting policy, the recoverable amount was determined with reference to "fair value less costs of disposal" ("FVLCOD"). Management's estimates and assumptions used in the 31 December 2017 FVLCOD calculation include:

- Long-term gold price of R525,000 per kilogram (US$1,300 per ounce) for the life-of-mine of 78 years (2016: R600,000 per kilogram (US$1,300 per ounce) for the life-of-mine of 79 years);
- A nominal discount rate of 13.5% (2016: 13.5%);
- Fair value of US$17 per resource ounce (2016: US$60.0 per resource ounce), used for resource with infrastructure to calculate the expected cash flows associated with value beyond proved and probable reserves;
- Resource ounce of 29.0 million (2016: 26.0 million) ounces; and
- The annual life-of-mine plan takes into account the following:
  - proved and probable ore reserves of South Deep;
  - cash flows are based on the life-of-mine plan which exceeds a period of five years; and
  - capital expenditure estimates over the life-of-mine plan.

Following the impairment loss recognised, the recoverable amount was equal to the carrying value of the South Deep CGU. Therefore, any adverse movement in a key assumption would lead to a further impairment.

Refer accounting policies on pages 138 to 139 for further discussion on the significant judgements and estimates associated with assessing the carrying value of property, plant and equipment and goodwill.

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		United States Dollar		
Figures in millions unless otherwise stated		**2017**	**2016**	**2015**
15.1	**EQUITY-ACCOUNTED INVESTEES**			
	Investment in joint venture			
(a)	Far Southeast Gold Resources Incorporated (“FSE”)	**128.6**	128.6	
	Investments in associates			
(b)	Maverix Metals Incorporated (“Maverix”)	**42.7**	42.1	
(c)	Other	**–**	–	
	Total equity-accounted investees	**171.3**	170.7	
	Share of results of equity-accounted investees, net of taxation recognised in the consolidated income statement are made up as follows:			
(a)	Far Southeast Gold Resources Incorporated	**(1.6)**	(2.3)	(3.3)
(b)	Maverix Metals Incorporated	**0.3**	–	–
(c)	Other	**–**	–	(2.4)
		(1.3)	(2.3)	(5.7)

(a) Far Southeast Gold Resources Incorporated (“FSE”)

Gold Fields’ interest in FSE, an unlisted entity, was 40% (2016: 40%) at 31 December 2017.

Gold Fields paid US$10.0 million in option fees to Lepanto Consolidated Mining Company (“Lepanto”) during the six months ended 31 December 2010. In addition, Gold Fields paid non-refundable down payments of US$66.0 million during the year ended 31 December 2011 and US$44.0 million during the six months ended 31 December 2010 to Liberty Express Assets in accordance with the agreement concluded whereby the Group has the option to acquire 60% of FSE. On 31 March 2012, Gold Fields acquired 40% of the issued share capital and voting rights of FSE by contributing an additional non-refundable down payment of US$110.0 million. Lepanto owns the remaining 60% shareholding in FSE.

The remaining 20% option is not likely to be exercised until such time as FSE obtains a Foreign Technical Assistance Agreement (“FTAA”) which allows for direct majority foreign ownership and control.

FSE has a 31 December year-end and has been equity accounted since 1 April 2012. FSE’s equity accounting is based on results to 31 December 2017.

	2017	2016	2015
Investment in joint venture consists of:			
Unlisted shares at cost	**230.0**	230.0	
Equity contribution	**79.3**	77.7	
Cumulative impairment[1]	**(101.4)**	(101.4)	
Share of accumulated losses brought forward	**(77.7)**	(75.4)	
Share of loss after taxation[2]	**(1.6)**	(2.3)	
Total investment in joint venture[3]	**128.6**	128.6	

[1] *Refer note 6 for details of impairment.*

[2] *Gold Fields’ share of loss after taxation represents exploration and other costs, including work completed on a scoping study, which is fully funded by Gold Fields as part of their equity contribution.*

[3] *FSE is a company incorporated under the laws of the Philippines and owns the gold-copper Far Southeast exploration project (the “FSE project”). During the exploration phase of the FSE project and as long as the 20% option remains exercisable, the Group has joint control over the FSE project. The Group will only have the power to direct the activities of FSE once it exercises the option to acquire the additional 20% shareholding in FSE, which is only exercisable once an FTAA is obtained. FSE has no revenues or significant assets or liabilities. Assets included in FSE represent the rights to explore and eventually mine the FSE project.*

Figures in millions unless otherwise stated	United States Dollar 2017	2016	2015
15.1 EQUITY ACCOUNTED INVESTEES (continued)			
(b) Maverix Metals Incorporated ("Maverix")			
Gold Fields' interest in Maverix, listed on the Toronto Stock Exchange, was 28% (2016: 32%) at 31 December 2017.			
On 23 December 2016, Gold Fields sold a portfolio of 11 producing and non-producing royalties to Maverix in exchange for 42.85 million common shares and 10.0 million common share purchase warrants of Maverix, realising a profit on disposal of US$48.0 million. The warrants are classified as derivative instruments and are included in investments (refer note 17).			
Maverix has a 31 December year-end and has been equity-accounted since 23 December 2016. Equity accounting for Maverix is based on the latest available published results to 30 September 2017.			
Investment in associate consists of:			
Listed shares at cost	**42.1**	42.1	
Transaction costs capitalised	**0.3**	–	
Share of profit after taxation	**0.3**	–	
Investment in associate – Maverix	**42.7**	42.1	
The fair value of the investment in Maverix at 31 December 2017 is US$57.2 million (2016: US$42.1 million).			
(c) Other			
Bezant Resources PLC ("Bezant")[1]	**–**	–	
Rusoro Mining Limited ("Rusoro")[2]	**–**	–	
Investment in associates – Other	**–**	–	
Total investments in associates	**42.7**	42.1	

[1] During 2016, the Group's holding was diluted from 21.6% to 8.8% following the issue of new shares by Bezant. In line with the Group's accounting policy, this resulted in Bezant no longer being accounted for as an equity-accounted investee and was re-classified to available-for-sale financial investments.

[2] Represents a holding of 25.7% in Rusoro.

The carrying value of Rusoro was written down to US$nil at 31 December 2010 due to losses incurred by the entity. The fair value, based on the quoted market price of the investment was US$7.7 million and US$23.9 million at 31 December 2017 and 31 December 2016, respectively. The unrecognised share of loss of Rusoro for the year amounted to US$2.0 million (2016: unrecognised shares of profits of US$18.7 million and 2015: unrecognised share of loss of US$3.6 million). The cumulative unrecognised share of losses of Rusoro amounted to US$196.0 million (2016: US$194.0 million).

On 22 August 2016, the Arbitration Tribunal, operating under the Additional Facility Rules of the World Bank's International Centre for the Settlement of Investment Disputes, awarded Rusoro damages of US$967.8 million plus pre and post-award interest which currently equates to in excess of US$1.2 billion in the arbitration brought by Rusoro against the Bolivarian Republic of Venezuela ("Venezuela").

Venezuela has not complied with the arbitration award terms, which were issued on 22 August 2016. On 6 December 2017, Rusoro obtained a judgement against Venezuela in the Superior Court of Justice in Ontario, Canada, in excess of US$1.3 billion. The judgement, which was issued on default as a result of Venezuela's failure to appear before the Ontario court, arose out of Rusoro's ongoing dispute with Venezuela over the South American nation's seizure of its gold mining properties in the country. The Canadian judgement, which confirmed an arbitration award issued in Rusoro's favour in the same amount, was issued on 25 April 2017. Venezuela did not appeal or seek to vacate the judgement, and its time to do so expired.

Rusoro further filed a suit in the Supreme Court of the State of New York, seeking recognition of the Canadian judgement. Rusoro brought the New York lawsuit in addition to an action it filed in the US District Court for the District of Columbia, which seeks recognition of and the entry of judgement on the original arbitration award. A favourable ruling from either the New York or DC court will entitle Rusoro to use all legal procedures – including broad discovery from both Venezuela and third parties – that US law provides judgement creditors. Any judgement issued in New York will also accrue interest at 9% per annum until the judgement is fully paid.

Management has not recognised this amount due to the uncertainty over its recoverability.

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15.2 INTEREST IN JOINT OPERATION

On 13 December 2016, Gold Fields purchased 50% of the Gruyere Gold Project and entered into a 50:50 unincorporated joint operation with Gold Road Resources Limited ("Gold Road") for the development and operation of the Gruyere Gold Project in Western Australia, which comprises the Gruyere gold deposit as well as additional resources including Central Bore and Attila/Alaric.

Gold Fields acquired 50% interest in the Gruyere Gold Project for a total purchase consideration of A$350.0 million payable in cash and a 1.5% royalty on Gold Fields' share of production after total mine production exceeds 2 million ounces. The cash consideration is split with A$250.0 million payable on the effective date and A$100.0 million payable according to an agreed construction cash call schedule. Transaction costs of A$18.5 million (US$13.3 million) were incurred.

Below is a summary of Gold Fields' share of the joint operation and includes inter-company transactions and balances:

	2017		2016	
Figures in millions unless otherwise stated	US$	A$	US$	A$
Statement of financial position				
Non-current assets				
Property, plant and equipment	**374.9**	**485.7**	268.6[1]	372.4[1]
Current assets	**7.2**	**9.3**	3.9	5.4
Cash and cash equivalents	**5.3**	**6.8**	–	–
Prepayments	**1.9**	**2.5**	3.9	5.4
Total assets	**382.1**	**495.0**	272.5	377.8
Total equity				
Retained earnings	**(2.3)**	**(2.9)**	–	–
Non-current liabilities	**11.8**	**15.2**	0.1	0.2
Deferred taxation	**4.2**	**5.4**	0.1	0.2
Long-term incentive plan	**7.6**	**9.8**	–	–
Current liabilities	**372.6**	**482.7**	272.4	377.6
Related entity loans payable	**347.3**	**449.9**	191.7	265.8
Trade and other payables	**14.1**	**18.3**	–	–
Deferred consideration	**11.2**	**14.5**	67.7	93.8
Stamp duty payable	**–**	**–**	13.0	18.0
Total equity and liabilities	**382.1**	**495.0**	272.5	377.8

[1] *The Gruyere Gold Project assets of A$372.4 million were capitalised at the exchange rate on the effective date of the transaction resulting in additions to property, plant and equipment of US$275.9 million (at 2016 closing exchange rate, the A$372.4 million assets amounted to US$268.6 million). The additions of US$275.9 million (A$372.4 million) are made up of US$197.1 million (A$266.0 million) cash additions and US$78.8 million (A$106.4 million) non-cash additions. Refer note 13.*

Figures in millions unless otherwise stated	United States Dollar 2017	2016
16. FINANCIAL INSTRUMENTS		
Financial instruments are split per categories below and the accounting policies for financial instruments have been applied to these line items:		
(a) Financial assets		
Loans and receivables		
– Environmental trust funds	**55.5**	44.5
– Trade and other receivables	**45.3**	57.9
– Cash and cash equivalents	**479.0**	526.7
Fair value through profit or loss		
– Trade receivables from provisional copper and gold concentrate sales	**21.2**	10.6
Available for sale		
– Investments	**99.1**	13.8
Derivative instruments		
– Warrants	**5.5**	5.9
– Gold and oil derivative contracts	**25.0**	–
(b) Financial liabilities		
Other financial liabilities		
– Borrowings	**1,781.5**	1,692.9
– Trade and other payables	**451.0**	459.3
– South Deep dividend	**6.4**	6.4
Derivative instruments		
– Copper derivative contracts	**3.3**	–
17. INVESTMENTS		
Listed		
Cost	**143.0**	62.9
Less: Accumulated impairments	**(45.5)**	(45.0)
Net unrealised loss on revaluation	**(8.1)**	(7.4)
Translation adjustment	**9.6**	–
Carrying value	**99.0**	10.5
Market value	**99.0**	10.5
Unlisted		
Carrying value at cost	**0.1**	3.3
Derivative instruments		
Warrants[2]	**5.5**	5.9
Total investments[1]	**104.6**	19.7

[1] *All listed investments are classified as available for sale. Refer note 42 for details of major investments.*

[2] *Consists of 10.0 million common share purchase warrants of Maverix. Refer note 15.1 for further details.*

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Figures in millions unless otherwise stated	United States Dollar 2017	United States Dollar 2016
18. ENVIRONMENTAL TRUST FUNDS		
Balance at beginning of the year	**44.5**	35.0
Contributions from continuing operations	**8.6**	7.5
Interest earned	**0.5**	1.0
Translation adjustment	**1.9**	1.0
Balance at end of the year	**55.5**	44.5

The trust funds consist of term deposits amounting to US$15.9 million (2016: US$11.3 million) in South Africa, as well as secured cash deposits amounting to US$39.6 million (2016: US$33.2 million) in Ghana.

These funds are intended to fund environmental rehabilitation obligations of the Group's South African and Ghanaian mines and are not available for general purposes of the Group. All income earned in these funds is re-invested or spent to meet these obligations. The funds are invested in money market and fixed deposits. The obligations which these funds are intended to fund are included in environmental rehabilitation costs under long-term provisions (Refer note 25.1).

Figures in millions unless otherwise stated	2017	2016
19. INVENTORIES		
Gold-in-process and stockpiles	**305.4**	234.3
Consumable stores[1]	**220.9**	227.9
Total inventories[2]	**526.3**	462.2
Heap leach and stockpiles inventories included in non-current assets[3]	**(132.8)**	(132.8)
Total current inventories[4]	**393.5**	329.4
20. TRADE AND OTHER RECEIVABLES		
Trade receivables – gold sales and copper concentrate	**46.6**	58.2
Trade receivables – other	**15.6**	4.5
Gold and oil derivative contracts[5]	**25.0**	–
Deposits	**0.1**	0.3
Payroll receivables	**11.6**	10.7
Prepayments	**51.5**	50.1
Value added tax and import duties	**45.9**	39.6
Diesel rebate	**1.4**	1.3
Other	**4.2**	5.5
Total trade and other receivables	**201.9**	170.2
21. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**479.0**	526.7
Total cash and cash equivalents	**479.0**	526.7

[1] *Consumable stores with a fair value of US$7.8 million were reclassified to assets held for sale at 31 December 2016 and sold during 2017. Refer note 12.2 for further details.*

[2] *Refer note 6 for details on the net realisable value write-downs of inventories.*

[3] *Heap leach and stockpiles inventories will only be processed at the end of life-of-mine.*

[4] *The cost of consumable stores consumed during the year and included in cost of sales amounted to US$346.7 million (2016: US$346.3 million and 2015: US$380.7 million).*

[5] *Comprises US$5.1 million (2016: US$nil) relating to Australian oil derivative contracts, US$9.0 million (2016: US$nil) relating to Ghanaian oil derivative contracts and US$10.9 million (2016: US$nil) relating to gold derivative contracts at South Deep. Refer note 37 for further details.*

22. SHARE CAPITAL

Authorised and issued

As approved by shareholders at the Annual General Meeting ("AGM") on 24 May 2017, the 1,000,000,000 authorised shares of the Company at the time having a par value of 50 cents each were converted into 1,000,000,000 ordinary no par value shares. Furthermore, subsequent to the conversion to no par value shares, in terms of s36(2)(a) of the South African Companies Act, the 1,000,000,000 ordinary no par value shares were increased to 2,000,000,000 ordinary no par value shares.

The issued share capital of the Company at 31 December 2017 is 820,614,217 (2016: 820,606,945) ordinary no par value shares.

During 2016, Gold Fields successfully completed a US$151.5 million (R2.3 billion) accelerated equity raising by way of a private placement to institutional investors.

A total number of 38,857,913 new Gold Fields shares were placed at a price of R59.50 per share which represented a 6.0% discount to the 30-day volume weighted average traded price, for the period ended 17 March 2016 and a 0.7% discount to the 50-day moving average.

In terms of the general authority granted by shareholders at the AGM on 24 May 2017, the authorised but unissued ordinary share capital of the Company representing not more than 5% of the issued share capital of the Company from time to time at that date, after setting aside so many ordinary shares as may be required to be allotted and issued pursuant to the share incentive schemes, was placed under the control of the directors. This authority expires at the next Annual General Meeting where shareholders will be asked to place under the control of the directors the authorised but unissued ordinary share capital of the Company representing not more than 5% of the issued share capital of the Company from time to time.

In terms of the JSE Listing Requirements, shareholders may, subject to certain conditions, authorise the directors to issue the shares held under their control for cash, other than by means of a rights offer, to shareholders. In order that the directors of the Company may be placed in a position to take advantage of favourable circumstances which may arise for the issue of such shares for cash, without restriction, for the benefit of the Company, shareholders will be asked to consider a special ordinary resolution to this effect at the forthcoming AGM.

Repurchase of shares

The Company has not exercised the general authority granted to buy back shares from its issued ordinary share capital granted at the AGM held on 24 May 2017. Currently, the number of ordinary shares that may be bought back in any one financial year may not exceed 20% of the issued ordinary share capital as of 24 May 2017. At the next AGM, shareholders will be asked to renew the general authority for the acquisition by the Company, or a subsidiary of the Company, of its own shares.

Beneficial shareholders

The following beneficial shareholders hold 5% or more of the Company's listed ordinary shares:

Beneficial shareholder	Number of shares	% of issued ordinary shares
Government Employees Pension Fund	63,107,220	7.68
Market Vectors Junior Gold Mines ETF	48,899,163	5.95

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Figures in millions unless otherwise stated	United States Dollar 2017	United States Dollar 2016 Restated[1]
23. DEFERRED TAXATION		
The detailed components of the net deferred taxation liability which results from the differences between the carrying amounts of assets and liabilities recognised for financial reporting and taxation purposes in different accounting periods are:		
Liabilities		
– Mining assets	**1,014.1**	966.3
– Investment in environmental trust funds	**3.4**	2.8
– Inventories	**12.1**	13.7
– Unremitted earnings	**9.1**	–
– Other	**12.6**	3.5
Liabilities	**1,051.3**	986.3
Assets		
– Provisions	**(108.4)**	(100.8)
– Tax losses	**(69.1)**	(54.7)
– Unredeemed capital expenditure	**(491.9)**	(420.9)
Assets	**(669.4)**	(576.4)
Net deferred taxation liabilities	**381.9**	409.9
Included in the statement of financial position as follows:		
Deferred taxation assets	**(72.0)**	(48.7)
Deferred taxation liabilities	**453.9**	458.6
Net deferred taxation liabilities	**381.9**	409.9
Balance at beginning of the year	**409.9**	428.1
Recognised in profit or loss – continuing operations	**(31.5)**	(14.7)
Recognised in profit or loss – discontinued operations	**3.4**	0.1
Translation adjustment	**0.1**	(3.6)
Balance at end of the year	**381.9**	409.9

[1] *Refer note 40 for further details.*

24. BORROWINGS

The terms and conditions of outstanding loans are as follows:

Figures in millions unless otherwise stated	Notes	United States Dollar 2017	2016	Borrower	Nominal interest rate	Commitment fee	Maturity date
US$1 billion notes issue (the notes)[1]	(a)	**847.9**	846.4	Orogen	4.875%	–	7 October 2020
US$150 million revolving senior secured credit facility – old[2]	(b)	**–**	82.0	La Cima	LIBOR plus 1.63%	0.65%	19 December 2017
US$150 million revolving senior secured credit facility – new[2]	(c)	**83.5**	–	La Cima	LIBOR plus 1.20%	0.50%	19 September 2020
US$70 million revolving senior secured credit facility[3]	(d)	**–**	45.0	Ghana	LIBOR plus 2.40%	1.00%	6 May 2017
US$100 million revolving senior secured credit facility[3]	(e)	**45.0**	–	Ghana	LIBOR plus 2.95%	1.20%	21 June 2020
A$500 million syndicated revolving credit facility[4]	(f)	**231.5**	–	Gruyere	BBSY plus 2.35%	0.94%	24 May 2020
US$1,510 million term loan and revolving credit facilities[5]	(g)	**–**	–				
– Facility A (US$75 million)		**–**	–	Orogen	LIBOR plus 2.45%	–	28 November 2015
– Facility A (US$45 million)		**–**	–	Orogen	LIBOR plus 2.45%	–	–
– Facility B (US$720 million)		**–**	–	Orogen	LIBOR plus 2.25%	0.90%	–
– Facility C (US$670 million)		**–**	–	Orogen	LIBOR plus 2.00%	0.80%	–
US$1,290 million term loan and revolving credit facilities[6]	(h)	**380.0**	658.5				
– Facility A (US$380 million)		**380.0**	380.0	Orogen	LIBOR plus 2.50%	–	6 June 2019
– Facility B (US$360 million)		**–**	278.5	Orogen	LIBOR plus 2.20%	0.77%	6 June 2020
– Facility C (US$550 million)		**–**	–	Orogen	LIBOR plus 2.45%	0.86%	6 June 2021
R1,500 million Nedbank revolving credit facility[7]	(i)	**79.5**	–	GFIJVH/GFO	JIBAR plus 2.50%	0.85%	7 March 2018
Short-term Rand uncommitted credit facilities[8]	(j)	**114.1**	61.0	–	–	–	–
Total borrowings		**1,781.5**	1,692.9				
Current borrowings		**(193.6)**	(188.0)				
Non-current borrowings		**1,587.9**	1,504.9				

[1] The balance is net of unamortised transaction costs amounting to US$4.5 million (2016: US$6.0 million) which will unwind over the remaining period of the notes as an interest expense.

The payment of all amounts due in respect of the Notes is unconditionally and irrevocably guaranteed by Gold Fields Limited ("Gold Fields"), Sibanye-Stillwater (up to 24 April 2015), Gold Fields Operations Limited ("GFO") and Gold Fields Holdings Company (BVI) Limited ("GF Holdings") (collectively "the Guarantors"), on a joint and several basis.

The notes and guarantees constitute direct, unsubordinated and unsecured obligations of Orogen and the Guarantors, respectively, and rank equally in right of payment among themselves and with all other existing and future unsubordinated and unsecured obligations of Orogen and the Guarantors, respectively.

Gold Fields Australasia Proprietary Limited ("GFA") offered and accepted the purchase of an aggregate principal amount of notes equal to US$147.6 million at the purchase price of US$880 per US$1,000 in principal amount of notes. GFA intends to hold the notes acquired until their maturity on 7 October 2020. The purchase of the notes amounting to US$147.6 million was financed by drawing down under the US$1,510 million term loan and revolving credit facilities. The Group recognised a profit of US$17.7 million on the buy back of the notes.

[2] Borrowings under the revolving senior secured credit facility are secured by first-ranking assignments of all rights, title and interest in all of La Cima's concentrate sale agreements. In addition, the offshore and onshore collection accounts of La Cima are subject to an account control agreement and a first-ranking charge in favour of the lenders. This facility is non-recourse to the rest of the Group. The old revolving senior secured credit facility matured in 2017 and was refinanced through the new revolving credit facility on 22 September 2017.

[3] Borrowings under the facility are guaranteed by Gold Fields Ghana Limited and Abosso Goldfields Limited. Borrowings under this facility are also secured by the registration of security over certain fleet vehicles owned by GF Ghana and Abosso ("Secured Assets"). In addition, the lenders are noted as first loss payees under the insurance contracts in respect of the Secured Assets and are assigned the rights under the maintenance contracts between certain suppliers of the Secured Assets. This facility is non-recourse to the rest of the Group. The US$70 million revolving senior secured credit facility matured in 2017 and was refinanced through the US$100 million revolving senior secured credit facility on 21 July 2017.

Fleet assets and CIL plant in Ghana amounting to US$183.6 million (2016: US$95.5 million) have been pledged as security for this facility.

[4] Borrowings under this facility are guaranteed by Gold Fields, GF Holdings, Orogen, GFO, GFIJVH and Gold Fields Ghana Holdings (BVI) Limited ("GF Ghana").

[5] Borrowings under these facilities were guaranteed by Gold Fields, GF Holdings, Orogen, GFO and GFIJVH.

These facilities were cancelled and refinanced through the US$1,290 million term loan and revolving credit facilities on 6 June 2016, resulting in the total amount available to be US$nil at 31 December 2016.

[6] Borrowings under this facility are guaranteed by Gold Fields, GF Holdings, Orogen, GFO, GFIJVH and Gold Fields Ghana Holdings (BVI) Limited ("GF Ghana").

[7] Borrowings under this facility are guaranteed by Gold Fields, GFO, GF Holdings, Orogen and GFIJVH

[8] The Group utilised uncommitted loan facilities from some of the major banks to fund the capital expenditure and working capital requirements of the South African operation. These facilities have no fixed terms, are short-term in nature and interest rates are market related. Borrowings under these facilities are guaranteed by Gold Fields.

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Figures in millions unless otherwise stated	United States Dollar 2017	2016
24. BORROWINGS (continued)		
(a) US$1 billion notes issue		
Balance at beginning of the year	**846.4**	992.6
Buy-back of US$200 million notes	**–**	(129.9)
Profit on buy-back of notes	**–**	(17.7)
Unwinding of transaction costs	**1.5**	1.4
Balance at end of the year	**847.9**	846.4
(b) US$150 million revolving senior secured credit facility – old		
Balance at beginning of the year	**82.0**	42.0
Loans advanced	**–**	40.0
Repayments	**(82.0)**	–
Balance at end of the year	**–**	82.0
(c) US$150 million revolving senior secured credit facility – new		
Balance at beginning of the year	**–**	–
Loans advanced	**83.5**	–
Balance at end of the year	**83.5**	–
(d) US$70 million revolving senior secured credit facility		
Balance at beginning of the year	**45.0**	45.0
Repayments	**(45.0)**	–
Balance at end of the year	**–**	45.0
(e) US$100 million revolving senior secured credit facility		
Balance at beginning of the year	**–**	–
Loans advanced	**45.0**	–
Balance at end of the year	**45.0**	–
(f) A$500 million syndicated revolving credit facility		
Balance at beginning of the year	**–**	–
Loans advanced	**236.6**	–
Translation adjustment	**(5.1)**	–
Balance at end of the year	**231.5**	–
(g) US$1,510 million term loan and revolving credit facilities		
Balance at beginning of the year	**–**	724.0
Loans advanced	**–**	174.0
Repayments	**–**	(898.0)
Balance at end of the year	**–**	–
(h) US$1,290 million term loan and revolving credit facilities		
Balance at beginning of the year	**658.5**	–
Loans advanced	**73.5**	707.5
Repayments	**(352.0)**	(49.0)
Balance at end of the year	**380.0**	658.5

Figures in millions unless otherwise stated	United States Dollar 2017	United States Dollar 2016
24. BORROWINGS (continued)		
(i) R1,500 million Nedbank revolving credit facility		
Balance at beginning of the year	**–**	–
Loans advanced	**78.5**	20.8
Repayments	**–**	(21.3)
Translation adjustment	**1.0**	0.5
Balance at end of the year	**79.5**	–
(j) Short-term Rand uncommitted credit facilities		
Balance at beginning of the year	**61.0**	16.7
Loans advanced	**262.6**	356.4
Repayments	**(216.5)**	(315.0)
Translation adjustment	**7.0**	2.9
Balance at end of the year	**114.1**	61.0
Total borrowings	**1,781.5**	1,692.9
The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:		
Variable rate with exposure to repricing (six months or less)	**933.6**	846.5
Fixed rate with no exposure to repricing (US$1 billion notes issue)	**847.9**	846.4
	1,781.5	1,692.9
The carrying amounts of the Group's borrowings are denominated in the following currencies:		
US Dollar	**1,356.4**	1,631.9
Australian Dollar	**231.5**	–
Rand	**193.6**	61.0
	1,781.5	1,692.9
The Group has the following undrawn borrowing facilities:		
Committed	**1,452.7**	979.0
Uncommitted	**17.1**	56.6
	1,469.8	1,035.6
All of the above undrawn committed facilities have floating rates. The uncommitted facilities have no expiry dates and are open ended. Undrawn committed facilities have the following expiry dates:		
– within one year	**39.7**	93.0
– later than one year and not later than two years	**–**	106.9
– later than two years and not later than three years	**863.0**	81.5
– later than three years and not later than five years	**550.0**	697.6
	1,452.7	979.0

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Figures in millions unless otherwise stated		United States Dollar 2017	United States Dollar 2016
25.	**PROVISIONS**		
25.1	**Environmental rehabilitation costs**	**281.5**	283.1
25.2	**South Deep dividend**	**6.4**	6.4
25.3	**Silicosis settlement costs**	**31.9**	–
25.4	**Other**	**1.5**	2.2
	Total provisions	**321.3**	291.7
25.1	**Environmental rehabilitation costs**		
	Balance at beginning of the year	**283.1**	275.4
	Changes in estimates – continuing operations[1]	**(5.4)**	4.9
	Changes in estimates – discontinued operations[1]	**–**	0.1
	Interest expense – continuing operations	**12.1**	10.7
	Interest expense – discontinued operations	**0.2**	0.2
	Payments	**(8.1)**	(7.4)
	Disposal of subsidiary	**(12.9)**	–
	Translation adjustment	**12.5**	(0.8)
	Balance at end of the year[2]	**281.5**	283.1
	The provision is calculated using the following gross closure cost estimates:		
	South Africa	**41.8**	37.1
	Ghana	**98.1**	105.3
	Australia	**179.2**	181.8
	Peru	**61.9**	56.6
	Total gross closure cost estimates	**381.0**	380.8

The provision is calculated using the following assumptions:	Inflation rate	Discount rate
2017		
South Africa	**5.5%**	**9.8%**
Ghana	**2.2%**	**9.2% – 9.3%**
Australia	**2.5%**	**2.6% – 2.9%**
Peru	**2.2%**	**3.8%**
2016		
South Africa	5.5%	9.7%
Ghana	2.2%	9.7% – 9.8%
Australia	2.5%	1.9% – 3.0%
Peru	2.2%	3.7%

[1] Changes in estimates are defined as changes in reserves and corresponding changes in life-of-mine as well as changes in laws and regulations governing environmental matters, closure cost estimates and discount rates.

[2] South African, Ghanaian, Australian and Peruvian mining companies are required by law to undertake rehabilitation as part of their ongoing operations. These environmental rehabilitation costs are funded as follows:
– Ghana – reclamation bonds underwritten by banks and restricted cash (refer note 18);
– South Africa – contributions into environmental trust funds (refer note 18) and guarantees;
– Australia – mine rehabilitation fund levy; and
– Peru – bank guarantees.

Refer to note 37 for expected timing of cash outflows in respect of the gross closure cost estimates. Certain current rehabilitation costs are charged to this provision as and when incurred.

Figures in millions unless otherwise stated	United States Dollar 2017	2016
25. PROVISIONS (continued)		
25.2 South Deep dividend		
Total provision	**8.0**	7.8
Current portion included in trade and other payables	**(1.6)**	(1.4)
Balance at end of the year	**6.4**	6.4

During the six-month period ended 31 December 2010, a wholly owned subsidiary company of Gold Fields, Newshelf 899 Proprietary Limited, was created to acquire 100% of the South Deep net assets from Sibanye Gold. Sibanye Gold was a wholly owned subsidiary of Gold Fields at the time. The new company then issued 10 million Class B ordinary shares representing 10% of South Deep's net worth to a consortium of BEE partners. Class B ordinary shareholders are entitled to a dividend of R2 per share and can convert the Class B to Class A ordinary shares over a 20-year period from the effective date of the transaction, 6 December 2010. The Class B ordinary shares will convert one-third after 10 years and a third thereafter on each fifth year anniversary.

This transaction was made up of a preferred BEE dividend (R151.4 million) and an equity component (R673.4 million). The preferred dividend represents a liability of Gold Fields to the Class B ordinary shareholders and was valued at R151.4 million, of which R20.0 million or US$1.5 million was declared on 23 March 2017 (16 March 2016: R20.0 million or US$1.3 million) and R20.0 million or US$1.6 million (2016: R20.0 million or US$1.4 million) is classified as a short-term portion under trade and other payables.

25.3 Silicosis settlement costs[1]		
Provision raised	**30.2**	
Unwinding of provision recognised as finance expense	**0.9**	
Translation	**0.8**	–
Balance at end of the year	**31.9**	–

[1] *The principal health risks associated with Gold Fields' mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting Gold Fields' workforce include lung diseases (such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease ("COAD") as well as noise-induced hearing loss ("NIHL")).*

A consolidated application was brought against several South African mining companies, including Gold Fields, for certification of a class action on behalf of current or former mineworkers (and their dependants) who have allegedly contracted silicosis and/or tuberculosis while working for one or more of the mining companies listed in the application.

The Occupational Lung Disease Working Group was formed in fiscal 2014 to address issues relating to compensation and medical care for occupational lung disease in the South African gold mining industry.

The Working Group, made up of African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater, has had extensive engagements with a wide range of stakeholders since its formation, including government, organised labour, other mining companies and the legal representatives of claimants who have filed legal actions against the companies.

The members of the Working Group are among respondent companies in a number of legal proceedings related to occupational lung disease, including the class action referred to above. The Working Group is, however, of the view that achieving a comprehensive settlement which is fair to both past, present and future employees and sustainable for the sector, is preferable to protracted litigation.

This matter was previously disclosed as a contingent liability as the amount could not be estimated reliably. As a result of the ongoing work of the Working Group and engagements with affected stakeholders since 31 December 2016, it has now become possible for Gold Fields to reliably estimate its share in the estimated cost in relation to the Working Group of a possible settlement of the class action claims and related costs. As a result, Gold Fields has provided an amount of US$31.9 million (R401.6 million) for this obligation in the statement of financial position at 31 December 2017. The nominal amount of this provision is US$40.5 million (R509.0 million)

The assumptions that were made in the determination of the provision include silicosis prevalence rates, estimated settlement per claimant, benefit take-up rates and disease progression rates. A discount rate of 8.24% was used, based on government bonds with similar terms to the anticipated settlements.

The ultimate outcome of these matters remains uncertain, with a possible failure to reach a settlement or to obtain the requisite court approval for a potential settlement. The provision is consequently subject to adjustment in the future, depending on the progress of the Working Group discussions, stakeholder engagements and the ongoing legal proceedings (refer note 34 for further details).

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Figures in millions unless otherwise stated	United States Dollar 2017	2016 Restated[1]	2015 Restated[1]
26. LONG-TERM INCENTIVE PLAN			
Opening balance	**23.6**	12.6	
Charge to income statement – continuing operations	**5.0**	10.5	
Charge to income statement – discontinued operations	**0.1**	0.5	
Payments	**(11.5)**	–	
Translation adjustment	**0.9**	–	
Balance at end of the year	**18.1**	23.6	
Current portion of long-term incentive plan	**(18.1)**	–	
Non-current portion of long-term incentive plan	**–**	23.6	

On 1 March 2014, the Remuneration Committee approved the Gold Fields Limited Long-Term Incentive Plan ("LTIP"). The plan provides for executive directors, certain officers and employees to receive a cash award conditional on the achievement of specified performance conditions relating to total shareholder return and free cash flow margin. The conditions are assessed over the performance cycle which runs over three calendar years. The expected timing of the cash outflows in respect of each grant is at the end of three years after the original award was made. The fair value of the free cash flow portion of the awards are valued based on the actual and expected achievement of the cash flow targets set out in the plan. No allocations were made under the LTIP in 2016 following the introduction of the Gold Fields Limited 2012 share plan as amended (refer note 5 for further details).

	2017	2016 Restated[1]	2015 Restated[1]
27. TRADE AND OTHER PAYABLES			
Trade payables	**190.8**	169.3	
Accruals and other payables	**238.8**	199.6	
Payroll payables	**51.7**	46.3	
Copper derivative contracts[2]	**3.3**	–	
Leave pay accrual	**42.5**	37.7	
Interest payable on loans	**10.2**	9.7	
Deferred consideration – refer note 15.2	**11.2**	67.7	
Stamp duty payable – refer note 15.2	**–**	13.0	
Total trade and other payables	**548.5**	543.3	
28. CASH GENERATED BY OPERATIONS			
(Loss)/profit from continuing operations	**(20.8)**	167.9	(239.6)
Mining and income taxation	**173.2**	189.5	248.5
Royalties	**62.0**	78.4	73.9
Interest expense	**91.2**	82.5	87.8
Interest received	**(5.1)**	(7.3)	(5.9)
Amortisation and depreciation	**748.1**	671.4	591.5
Interest expense – environmental rehabilitation	**12.1**	10.7	11.7
Non-cash rehabilitation income	**(13.5)**	(9.7)	(14.6)
Interest received – environmental trust funds	**(0.5)**	(1.0)	(0.4)
Impairment, net of reversal of impairment of investments and assets	**200.2**	76.5	206.9
Write-off of exploration and evaluation assets	**51.5**	41.4	29.1
(Profit)/loss on disposal of assets	**(4.0)**	(48.0)	0.1
Profit on disposal of investments	**–**	(2.3)	(0.1)
Share-based payments	**26.8**	14.0	10.7
Long-term incentive plan expense	**5.0**	10.5	5.1
Payment of long-term incentive plan	**(11.5)**	–	–
Borrowing costs capitalised	**(22.9)**	(15.1)	(16.6)
Share of results of equity-accounted investees, net of taxation	**(0.3)**	–	2.4
Other	**(5.0)**	(14.0)	(7.9)
Total cash generated by operations	**1,286.5**	1,245.4	982.6

[1] *Refer note 40 for further details.*

[2] *This relates to the Peruvian copper derivative contracts. Refer note 37 for further details.*

Figures in millions unless otherwise stated	United States Dollar 2017	2016 Restated[1]	2015 Restated[1]
29. CHANGE IN WORKING CAPITAL			
Inventories	**(55.1)**	(39.2)	47.5
Trade and other receivables	**(2.2)**	2.8	36.5
Trade and other payables	**(12.1)**	34.1	(40.7)
Total change in working capital	**(69.4)**	(2.3)	43.3
30. ROYALTIES PAID			
Amount owing at beginning of the year – continuing operations	**(19.8)**	(17.8)	(19.9)
Royalties – continuing operations	**(62.0)**	(78.4)	(73.9)
Amount owing at end of the year – continuing operations	**16.3**	19.8	17.8
Translation	**(0.5)**	–	1.0
Total royalties paid – continuing operations	**(66.0)**	(76.4)	(75.0)
31. TAXATION PAID			
Amount owing at beginning of the year – continuing operations	**(107.9)**	(59.3)	(37.8)
SA and foreign current taxation – continuing operations	**(204.7)**	(204.2)	(141.7)
Amount owing at end of the year – continuing operations	**77.5**	107.9	59.3
Translation	**(4.4)**	–	3.0
Total taxation paid – continuing operations	**(239.5)**	(155.6)	(117.2)

32. RETIREMENT BENEFITS

All employees are members of various defined contribution retirement schemes.

Contributions to the various retirement schemes are fully expensed during the period in which they are incurred. The cost of providing retirement benefits for the year amounted to US$33.7 million (2016: US$30.0 million and 2015: US$32.8 million).

33. COMMITMENTS

	2017	2016 Restated[1]	2015 Restated[1]
Capital expenditure			
Contracted for	**44.5**	46.2	
Operating leases[2]			
– within one year	**66.6**	42.5	
– later than one and not later than five years	**257.9**	229.9	
– later than five years	**448.0**	277.3	

Guarantees

The Group provides environmental obligation guarantees with respect to its South African, Peruvian and Ghanaian operations. These guarantees amounted to US$112.1 million at 31 December 2017 (2016: US$100.1 million) (refer note 25.1).

[1] *Refer note 40 for further details.*

[2] *The operating lease commitments consists mainly of power purchase agreements entered into at Tarkwa, Damang, Granny Smith and Gruyere. Included in these amounts are payments for non-lease elements of the arrangement.*

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34. CONTINGENT LIABILITIES

Randgold and Exploration summons

On 21 August 2008, Gold Fields Operations Limited, or GFO, formerly known as Western Areas Limited, a subsidiary of Gold Fields, received a summons from Randgold and Exploration Company Limited, or R&E, and African Strategic Investment (Holdings) Limited. The summons claims that during the period that GFO was under the control of Brett Kebble, Roger Kebble and others, GFO assisted in the unlawful disposal of shares owned by R&E in Randgold Resources Limited, or Resources, and Afrikander Lease Limited, now Uranium One.

The claims have been computed in various ways. The highest claims have been computed on the basis of the highest prices of Resources and Uranium One between the dates of the alleged thefts and May 2017 (approximately R43.7 billion). The alternative claims will be computed based on the value of the shares as at the date of judgement (which is not yet calculable), plus dividend amounts that would have been received and based on the market value of the shares at the time they were allegedly misappropriated, plus dividends that would have been received (cumulatively equating to approximately R26.9 billion).

Simultaneously with delivering its plea, GFO joined certain third parties to the action (namely JCI Limited, JC Lamprecht, RAR Kebble and the deceased and insolvent estate of BK Kebble), in order to enable it to claim compensation against such third parties in the event that the plaintiffs are successful in one or more of their claims. In addition, notices in terms of section 2(2)(b) of the Apportionment of Damages Act, 1956 were served on various parties by GFO, in order to enable it to make a claim for a contribution against such parties in terms of the Apportionment of Damages Act, should the plaintiffs be successful in one or more of its claims.

A case manager has been appointed to manage the process to ensure that it progresses and that a trial date is allocated in due course.

GFO's assessment remains that it has sustainable defences to these claims and, accordingly, GFO's attorneys were instructed to vigorously defend the claims.

The ultimate outcome of the claims cannot presently be determined and, accordingly, no adjustment for any effects on the Company that may result from these claims, if any, has been made in the consolidated financial statements.

Silicosis

Class action

A consolidated application has been brought against several South African mining companies, including Gold Fields, for certification of a class action on behalf of current or former mineworkers (and their dependants) who have allegedly contracted silicosis and/or tuberculosis while working for one or more of the mining companies listed in the application.

In May 2016, the South African South Gauteng High Court ordered, among other things, the certification of a silicosis class and a tuberculosis class.

The High Court ruling did not represent a ruling on the merits of the cases brought against the mining companies. The Supreme Court of Appeal granted the mining companies leave to appeal against all aspects of the May 2016 judgement. The appeal hearing before the Supreme Court of Appeal was scheduled to be heard in March 2018.

On 10 January 2018, it was announced that attorneys representing all appellants and all respondents involved in the above appeal hearing before the Supreme Court of Appeal have written to the Registrar of the Supreme Court of Appeal asking that the appeal proceedings be postponed until further notice. The Supreme Court of Appeal has granted approval for the postponement. The joint letter written to the Registrar of the Supreme Court of Appeal explained that good faith settlement negotiations between the Occupational Lung Disease Working Group (see below) and claimants' legal representatives have reached an advanced stage. In view of that, all parties consider it to be in the best interests of judicial economy and the efficient administration of justice that the matter be postponed.

Individual action

In addition to the class action above, an individual silicosis-related action has been instituted against Gold Fields and another mining company. In February 2018, the defendants (including Gold Fields) and the plaintiff entered into a confidential settlement agreement in full and final settlement of this matter.

34. CONTINGENT LIABILITIES (continued)

Occupational Lung Disease Working Group

The Occupational Lung Disease Working Group was formed in fiscal 2014 to address issues relating to compensation and medical care for occupational lung disease in the South African gold mining industry.

The Working Group, made up of African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater, has had extensive engagements with a wide range of stakeholders since its formation, including government, organised labour, other mining companies and the legal representatives of claimants who have filed legal actions against the companies.

The members of the Working Group are among respondent companies in a number of legal proceedings related to occupational lung disease, including the class action referred to above. The Working Group is however of the view that achieving a comprehensive settlement which is both fair to past, present and future employees and sustainable for the sector, is preferable to protracted litigation.

The Working Group will continue with its efforts to find common ground with all stakeholders, including government, labour and the claimants' legal representatives.

Financial provision

As at 30 June 2017, as a result of the ongoing work of the Working Group and engagements with affected stakeholders since 31 December 2016, Gold Fields provided an amount of US$30.2 million in the statement of financial position for its share of the estimated cost in relation to the Working Group of a possible settlement of the class action claims and related costs. The nominal value of this provision was US$40.5 million.

Gold Fields believes that this remains a reasonable estimate of its share of the estimated cost in relation to the Working Group of a possible settlement of the class action claims and related costs. The provision at 31 December 2017 of US$31.9 million increased due to the effect of unwinding and translation. The nominal value of this provision remains unchanged at US$40.5 million.

The ultimate outcome of these matters remains uncertain, with a possible failure to reach a settlement or to obtain the requisite court approval for a potential settlement. The provision is consequently subject to adjustment in the future, depending on the progress of the Working Group discussions, stakeholder engagements and the ongoing legal proceedings.

Acid mine drainage

Acid mine drainage ("AMD") or acid rock drainage ("ARD"), collectively called acid drainage ("AD") is formed when certain sulphide minerals in rocks are exposed to oxidising conditions (such as the presence of oxygen, combined with water). AD can occur under natural conditions or as a result of the sulphide minerals that are encountered and exposed to oxidation during mining or during storage in waste rock dumps, ore stockpiles or tailings dams. The acidic water that forms usually contains iron and other metals if they are contained in the host rock.

Gold Fields has identified incidences of AD, and the risk of potential short-term and long-term AD issues, specifically at its Cerro Corona, South Deep and Damang mines and, at currently immaterial levels, its Tarkwa and St Ives mines. The AD issues at Damang mine are confined to the Rex open pit.

Gold Fields commissioned additional technical studies during 2015 to identify the steps required to prevent or mitigate the potentially material AD impacts at its Cerro Corona, Damang and South Deep operations, but none of these studies have allowed Gold Fields to generate a reliable estimate of the total potential impact on the Group. Gold Fields' mine closure cost estimates for 2017 contain costs for the aspects of AD management which the Group has reliably been able to estimate.

Gold Fields continues to investigate technical solutions at its South Deep, Cerro Corona and Damang mines to better inform appropriate short- and long-term mitigation strategies for AD management and to work towards a reasonable cost estimate of these potential issues. Further studies are planned for 2018.

No adjustment for any effects on the Group that may result from AD, if any, has been made in the consolidated financial statements other than through the Group's normal environmental rehabilitation costs provision (refer note 25.1).

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34. CONTINGENT LIABILITIES (continued)

Native Claim

On 14 October 2016, the High Court denied a request which affirmed that while St. Ives' rights as tenement holder and the Ngadju people's native title rights shall coexist, St. Ives' rights shall prevail should there be any inconsistencies. This decision left no other opportunity for review or appeal and therefore, the matter is now considered closed in respect of Gold Fields.

South Deep tax dispute

The South Deep mine ("South Deep") is jointly owned and operated by GFIJVH (50%) and GFO (50%).

At 31 December 2017, South Deep's gross deductible temporary differences amounted to US$1,834.4 million (R23,076.4 million), resulting in a deferred tax asset balance of US$550.4 million (R6,923.0 million) in addition to other taxable temporary differences. This amount is included in the consolidated deferred tax asset of US$72.0 million on Gold Fields' statement of financial position. South Deep's gross deductible temporary differences comprises unredeemed capital expenditure balances of US$743.3 million (R9,350.3 million) (tax effect: US$223.0 million (R2,805.1 million)) at GFIJVH and US$716.4 million (R9,011.9 million) (tax effect: US$214.9 million (R2,703.6 million)) at GFO, a capital allowance balance (additional capital allowance) of US$182.2 million (R2,292.0 million) (tax effect: US$54.7 million (R687.6 million)) at GFIJVH and an assessed loss balance of US$192.5 million (R2,422.2 million) (tax effect: US$57.8 million (R726.7 million)) at GFO.

During the September 2014 quarter, the South African Revenue Services ("SARS") issued a Finalisation of Audit Letter ("the Audit Letter") stating that SARS has restated GFIJVH's Additional Capital Allowance balance reflected on its 2011 tax return from US$182.2 million (R2,292.0 million) to nil. The tax effect of this amount is US$54.7 million (R687.6 million), that being referred to above as the "Additional Capital Allowance".

The Additional Capital Allowance was claimed by GFIJVH in terms of section 36(11)(c) of the South African Income Tax Act, 1962 (the Act). The Additional Capital Allowance provides an incentive for new mining development and only applies to unredeemed capital expenditure. The Additional Capital Allowance allows a 12% capital allowance over and above actual capital expenditure incurred on developing "a deep level gold mine, as well as a further annual 12% allowance on the mine's unredeemed capital expenditure balance brought forward, until the year that the mine starts earning mining taxable income (i.e. when all tax losses and unredeemed capital expenditure have been fully utilised).

In order to qualify for the Additional Capital Allowance, South Deep must qualify as a "post-1990 gold mine" as defined in the Act. A "post-1990 gold mine", according to the Act, is defined as a gold mine which, in the opinion of the Director-General: Mineral and Energy Affairs, is an independent workable proposition and in respect of which a mining authorisation for gold mining was issued for the first time after 14 March 1990".

During 1999, the Director-General: Minerals and Energy Affairs ("DME") and SARS confirmed, in writing, that GFIJVH is a "post-1990 gold mine" as defined, and therefore qualified for the Additional Capital Allowance. Relying on these representations, GFIJVH subsequently filed its tax returns on this basis, as was confirmed by the DME and SARS.

In the Audit Letter, SARS stated that both the DME and SARS erred in issuing the confirmations as mentioned above and that GFIJVH does not qualify as a "post-1990 gold mine" and therefore does not qualify for the Additional Capital Allowance.

The Group has taken legal advice on the matter and was advised by external Senior Counsel that SARS should not be allowed to disallow the claiming of the additional capital allowance. GFIJVH has in the meantime not only formally appealed against the position taken by SARS, but also filed an application in the High Court and will vigorously defend its position. No resolution was achieved during the year as the Tax Court allowed SARS to amend its grounds of assessment in the days leading up to the commencement of the trial. Consequently the Tax Court proceedings could not be completed in the time allotted for the hearing. The continuance of the Tax Court hearing is expected to take place during 2019.

The Group is currently reviewing all its legal remedies, which include approaching the High Court for a declaratory order.

Accordingly, no adjustment for any effects on the Group that may result from the proceedings, if any, has been made in the consolidated financial statements.

35. EVENTS AFTER THE REPORTING DATE

Final dividend

On 14 February 2018, Gold Fields declared a final dividend of 50 SA cents per share.

Sale of Arctic Platinum Project ("APP")

On 24 January 2018, Gold Fields sold APP to Finnish subsidiary of private equity fund CD Capital Natural Resources Fund III.

The purchase consideration comprises US$40.0 million cash and royalty (2% NSR (net smelter return) on all metals, with 1% capped at US$20.0 million and 1% uncapped).

The sale includes all of the project assets for APP including the Suhanko mining licence (and associated real estate), all other mining and exploration properties, project permits and all other project-related assets.

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36. FAIR VALUE OF ASSETS AND LIABILITIES

The estimated fair values of the Group's financial assets and liabilities are:

Figures in millions unless otherwise stated	2017 Carrying amount US$ million	2017 Fair value US$ million	2016 Carrying amount US$ million	2016 Fair value US$ million
Financial assets				
Cash and cash equivalents	**479.0**	**479.0**	526.7	526.7
Trade and other receivables	**66.5**	**66.5**	68.5	68.5
Gold and oil derivative contracts	**25.0**	**25.0**	–	–
Environmental trust fund	**55.5**	**55.5**	44.5	44.5
Investments	**104.6**	**104.6**	19.7	19.7
Financial liabilities				
Trade and other payables	**451.0**	**451.0**	459.3	459.3
Borrowings	**1,587.9**	**1,611.5**	1,504.9	1,496.7
Current portion of borrowings	**193.6**	**193.6**	188.0	188.0
Copper derivative contracts	**3.3**	**3.3**	–	–
South Deep dividend	**6.4**	**6.4**	6.4	6.4

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Trade and other receivables, trade and other payables and cash and cash equivalents

The carrying amounts approximate fair values due to the short maturity of these instruments.

Investments

The fair value of publicly traded instruments (listed investments) is based on quoted market values. Unlisted investments are accounted for at cost with adjustments for write-downs where appropriate and the fair value approximates their carrying value. Derivative instruments are accounted for at fair value with adjustments to the fair value being recognised in profit or loss.

Environmental trust fund

The environmental trust fund is stated at fair value based on the nature of the fund's investments.

Borrowings and current portion of borrowings

The fair value of borrowings and current portion of borrowings, except for the US$1 billion notes issued at a fixed interest rate, approximates their carrying amount as the impact of credit risk is included in the measurement of carrying amounts. The fair value of the US$1 billion notes issue is based on listed market prices.

South Deep dividend

The carrying amount approximates the fair value.

Gold, oil and copper derivative contracts

The fair value of these contracts are determined by using available market contract values for each trading date's settlement volume.

36. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

The Group uses the following hierarchy for measuring the fair value of assets and liabilities at the reporting date:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers during the years ended 31 December 2017 and 2016.

The following table sets out the Group's assets and liabilities measured at fair value by level within the fair value hierarchy at the reporting date:

2016				United States Dollar	2017			
Level 1	Level 2	Level 3	Total	*Figures in millions unless otherwise stated*	Total	Level 1	Level 2	Level 3
				Assets measured at fair value				
–	10.6	–	10.6	Trade receivables from provisional copper and gold concentrate sales	**21.2**	**–**	**21.2**	**–**
10.5	–	–	10.5	Listed investments	**99.0**	**99.0**	**–**	**–**
–	5.9	–	5.9	Derivative instruments	**5.5**	**–**	**5.5**	**–**
–	–	–	–	Oil derivative contracts	**14.1**	**–**	**14.1**	**–**
–	–	–	–	Gold derivative contracts	**10.9**	**–**	**10.9**	**–**
				Liabilities measured at fair value				
–	–	–	–	Copper derivative contracts	**3.3**	**–**	**3.3**	**–**

Trade receivables from provisional copper and gold concentrate sales

Valued using quoted market prices based on the forward London Metal Exchange ("LME") and, as such, is classified within level 2 of the fair value hierarchy.

Listed investments

Comprise equity investments in listed entities and are therefore valued using quoted market prices in active markets.

Derivative instruments

Derivative instruments are measured at fair value through profit or loss. The fair value is determined using a standard European call option format based on a standard option theory model.

Oil, gold and copper derivative contracts

The fair values of these contracts are determined by using available market contract values for each trading date's settlement volume.

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37. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Group is exposed to commodity price, currency, interest rate, liquidity, equity price and credit risk. In order to manage these risks, the Group has developed a comprehensive risk management process to facilitate control and monitoring of these risks.

Controlling and managing risk in the Group

Gold Fields has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by Gold Fields' Board of Directors. Management of financial risk is centralised at Gold Fields' treasury department ("Treasury"), which acts as the interface between Gold Fields' operations and counterparty banks. Treasury manages financial risk in accordance with the policies and procedures established by the Gold Fields' Board of Directors and Executive Committee.

Gold Fields' Board of Directors has approved dealing limits for money market, foreign exchange and commodity transactions, which Gold Fields' Treasury is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as indicating counterparty credit related limits. The dealing exposure and limits are checked and controlled each day and reported to the Chief Financial Officer.

The objective of Treasury is to manage all financial risks arising from the Group's business activities in order to protect profit and cash flows. Treasury activities of Gold Fields Limited and its subsidiaries are guided by the Treasury Policy, the Treasury Framework as well as domestic and international financial market regulations. Treasury activities are currently performed within the Treasury Framework with appropriate resolutions from the Board of Gold Fields Limited, which are reviewed and approved annually by the Audit Committee.

The financial risk management objectives of the Group are defined as follows:

Liquidity risk management: The objective is to ensure that the Group is able to meet its short-term commitments through the effective and efficient usage of credit facilities and cash resources.

Currency risk management: The objective is to maximise the Group's profits by minimising currency fluctuations.

Funding risk management: The objective is to meet funding requirements timeously and at competitive rates by adopting reliable liquidity management procedures.

Investment risk management: The objective is to achieve optimal returns on surplus funds.

Interest rate risk management: The objective is to identify opportunities to prudently manage interest rate exposures.

Counterparty exposure: The objective is to only deal with approved counterparts that are of a sound financial standing and who have an official credit rating. The Group is limited to a maximum investment of 2.5% of the financial institutions' equity, which is dependent on the institutions' credit rating. The credit rating used is Fitch Ratings' short-term credit rating for financial institutions.

Commodity price risk management: Commodity price risk management takes place within limits and with counterparts as approved in the Treasury Framework.

Operational risk management: The objective is to implement controls to adequately mitigate the risk of error and/or fraud.

Banking relations management: The objective is to maintain relationships with credible financial institutions and ensure that all contracts and agreements related to risk management activities are co-ordinated and consistent throughout the Group and that they comply where necessary with all relevant regulatory and statutory requirements.

37. RISK MANAGEMENT ACTIVITIES (continued)

Credit risk

Credit risk represents risk that an entity will suffer a financial loss due to the other party of a financial instrument not discharging its obligation.

The Group has reduced its exposure to credit risk by dealing with a number of counterparties. The Group approves these counterparties according to its risk management policy and ensures that they are of good credit quality.

Receivables are reviewed on a regular basis and an allowance for impairment is raised when they are not considered recoverable.

The combined maximum credit risk exposure of the Group is as follows:

	United States Dollar	
Figures in millions unless otherwise stated	2017	2016
Environmental trust funds	**55.5**	44.5
Trade and other receivables	**66.5**	68.5
Cash and cash equivalents	**479.0**	526.7

Trade receivables comprise banking institutions purchasing gold bullion and refineries purchasing copper concentrate. These receivables are in a sound financial position and no impairment has been recognised.

Trade and other receivables above exclude VAT, import duties, prepayments, payroll receivables, derivative contracts and diesel rebates amounting to US$135.4 million (2016: US$101.7 million).

Receivables that are past due but not impaired total US$nil (2016: US$nil). At 31 December 2017, receivables of US$0.1 million (2016: US$0.2 million) are considered impaired and are provided for.

Concentration of credit risk on cash and cash equivalents and non-current assets is considered minimal due to the above mentioned investment risk management and counterparty exposure risk management policies.

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37. RISK MANAGEMENT ACTIVITIES (continued)

Liquidity risk

In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns while ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions.

Uncommitted borrowing facilities are maintained with several banking counterparties to meet the Group's normal and contingency funding requirements.

The following are the contractually due undiscounted cash flows resulting from maturities of all financial liabilities, including interest payments:

	United States Dollar			
Figures in millions unless otherwise stated	Within one year	Between one and five years	After five years	Total
2017				
Trade and other payables	**451.0**	**–**	**–**	**451.0**
Copper derivative contracts	**3.3**	**–**	**–**	**3.3**
Borrowings[1]				
– US$ borrowings[2]				
– Capital	**–**	**1,360.9**	**–**	**1,360.9**
– Interest	**61.3**	**87.8**	**–**	**149.1**
– A$ borrowings[3]				
– Capital	**–**	**231.5**	**–**	**231.5**
– Interest	**9.5**	**13.9**	**–**	**23.4**
– Rand borrowings[4]				
– Capital	**193.6**	**–**	**–**	**193.6**
– Interest	**10.8**	**–**	**–**	**10.8**
Environmental rehabilitation costs[5]	**6.5**	**24.8**	**349.7**	**381.0**
South Deep dividend	**1.6**	**5.3**	**5.8**	**12.7**
Total	**737.6**	**1,724.2**	**355.5**	**2,817.3**
2016				
Trade and other payables	459.3	–	–	459.3
Borrowings[1]				
– US$ borrowings[2]				
– Capital	127.0	1,510.9	–	1,637.9
– Interest	64.6	145.1	–	209.7
– Rand borrowings[4]				
– Capital	61.0	–	–	61.0
– Interest	5.1	–	–	5.1
Environmental rehabilitation costs[5]	3.6	29.8	347.4	380.8
South Deep dividend	1.4	5.2	6.2	12.8
Total	722.0	1,691.0	353.6	2,766.6

[1] *Spot Rate: R12.58 = US$1.00 (2016: R14.03 = US$1.00).*

[2] *US$ borrowings – Spot LIBOR (one month fix) rate adjusted by specific facility agreement: 1.5638% (2016: 0.75611% (one month fix)).*

[3] *AU$ borrowings – Spot Bank Bill Swap Bid Rate (BBSY) (one month fix) rate adjusted by specific facility agreement: 1.76%.*

[4] *ZAR borrowings – Spot JIBAR (one month fix) rate adjusted by specific facility agreement: 6.908% and bank overnight borrowing rate on uncommitted credit facilities: average of 8.3% (2016: 8.3%).*

[5] *Although environmental rehabilitation costs do not meet the definition of a financial liability, the Group included the gross closure cost estimate in the undiscounted cash flows as it represents a future cash outflow (refer note 25.1). In South Africa and Ghana, US$55.5 million (2016: US$44.5 million) of the environmental rehabilitation costs is funded through the environmental trust funds.*

37. RISK MANAGEMENT ACTIVITIES (continued)

Market risk

Gold Fields is exposed to market risks, including foreign currency, commodity price, equity securities price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, Gold Fields may enter into derivative financial instruments to manage some of these exposures.

IFRS 7 sensitivity analysis

IFRS 7 requires sensitivity analysis that shows the effects of reasonably possible changes of relevant risk variables on profit or loss or shareholders' equity. The Group is exposed to commodity price, currency, interest rate and equity price risks. The effects are determined by relating the reasonably possible change in the risk variable to the balance of financial instruments at reporting date.

The amounts generated from the sensitivity analysis below are forward looking estimates of market risks assuming certain adverse or favourable market conditions occur. Actual results in the future may differ materially from those projected results and therefore should not be considered a projection of likely future events and gains/losses.

Foreign currency sensitivity

General and policy

In the ordinary course of business, Gold Fields enters into transactions, such as gold sales, denominated in foreign currencies, primarily US Dollar. In addition, Gold Fields has investments and indebtedness in US Dollar, as well as South African Rand.

Gold Fields may from time to time establish currency financial instruments to protect underlying cash flows.

Gold Fields' revenues and costs are very sensitive to the Australian Dollar/US Dollar and South African Rand/US Dollar exchange rates because revenues are generated using a gold price denominated in US Dollar, while costs of the Australian and South African operations are incurred principally in Australian Dollar and South African Rand, respectively. Depreciation of the Australian Dollar and/or South African Rand against the US Dollar reduces Gold Fields' average costs when they are translated into US Dollar, thereby increasing the operating margin of the Australian and/or South African operations. Conversely, appreciation of the Australian Dollar and/or South African Rand results in Australian and/or South African operating costs increasing when translated into US Dollar, resulting in lower operating margins. The impact on profitability of changes in the value of the Australian Dollar and South African Rand against the US Dollar could be substantial.

Although this exposes Gold Fields to transaction and translation exposure from fluctuations in foreign currency exchange rates, Gold Fields does not generally hedge its foreign currency exposure, although it may do so in specific circumstances, such as financing projects or acquisitions. Also, Gold Fields on occasion undertakes currency hedging to take advantage of favourable short-term fluctuations in exchange rates when management believes exchange rates are at unsustainable levels.

Currency risk only exists on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. The Group had no significant exposure to currency risk relating to financial instruments at 31 December 2017 and 2016. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into account.

Foreign currency hedging experience

On 25 February 2016, South Deep entered into US$/Rand forward exchange contracts for a total delivery of US$69.8 million starting at July 2016 to December 2016. The average forward rate achieved over the six-month period was R16.8273. The hedge was delivered into in July and in August and the balance closed out in September 2016. The average rate achieved on delivery and close out was R13.8010, resulting in a profit of R211.2 million (US$14.4 million). At 31 December 2017 and 2016, there were no material foreign currency contract positions.

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37. RISK MANAGEMENT ACTIVITIES (continued)

Commodity price hedging policy

Gold and copper

The market prices of gold and to a lesser extent copper have a significant effect on the results of operations of Gold Fields, the ability of Gold Fields to pay dividends and undertake capital expenditures, and the market price of Gold Fields' ordinary shares. Gold and copper prices have historically fluctuated widely and are affected by numerous industry factors over which Gold Fields does not have any control. The aggregate effect of these factors on the gold and copper price, all of which are beyond the control of Gold Fields, is impossible for Gold Fields to predict.

Oil

The market price of oil has a significant effect on the results of the offshore operations of Gold Fields. The offshore operations consume large quantities of diesel in the running of their mining fleets. Oil prices have historically fluctuated widely and are affected by numerous factors over which Gold Fields does not have any control.

Commodity price hedging experience

The Group's policy is to remain unhedged to the gold and copper price. However, hedges are sometimes undertaken as follows:
- to protect cash flows at times of significant expenditure;
- for specific debt servicing requirements; and
- to safeguard the viability of higher cost operations.

To the extent that it enters into commodity hedging arrangements, Gold Fields seeks to use different counterparty banks consisting of local and international banks to spread risk. None of the counterparties is affiliated with, or related parties of, Gold Fields.

Gold and copper

In November 2017, South Deep entered into zero-cost collars for the period January 2018 to December 2018 for 63,996 ounces of gold. The strike prices are R600,000 per kilogram on the floor and R665,621 per kilogram on the cap. At 31 December 2017, the mark-to-market value of the hedge was a positive US$10.9 million.

In April 2017 and June 2017, the Australian operations entered into a combination of zero-cost collars and forward sales transactions for the period July 2017 to December 2017 for 295,000 ounces of gold. The average strike prices on the collars were A$1,695.9 per ounce on the floor and A$1,754.2 per ounce on the cap. The average forward price was A$1,719.9 per ounce. At 31 December 2017, there were no open positions and the total realised gain was US$15.3 million.

In July 2017, Peru entered into zero-cost collars for the period August 2017 and December 2017 for 8,250 tonnes of copper. The average floor price was US$5,867 per tonne and the average cap was US$6,300 per tonne. In November 2017, further zero-cost collars were entered into for the period January 2018 to December 2018. A total volume of 29,400 tonnes was hedged, at an average floor price of US$6,600 per tonne and an average cap price of US$7,431 per tonne. At 31 December 2017, the mark-to-market value on the hedge was a negative US$3.3 million.

Oil

In May 2017 and June 2017, the Ghanaian operations entered into fixed price ICE Gasoil cash settled swap transactions for a total of 125.8 million litres of diesel for the period June 2017 to December 2019. The average swap price is US$457.2 per metric tonne (equivalent US$61.4 per barrel). At the time of the transactions, the average Brent swap equivalent over the tenor was US$49.8 per barrel. At 31 December 2017, the mark-to-market value on the hedge was a positive US$9.0 million.

In May 2017 and June 2017, the Australian operations entered into fixed price Singapore 10ppm Gasoil cash settled swap transactions for a total of 77.5 million litres of diesel for the period June 2017 to December 2019. The average swap price is US$61.15 per barrel. At the time of the transactions, the average Brent swap equivalent over the tenor was US$49.92 per barrel. At 31 December 2017, the mark-to-market value on the hedge was a positive US$5.1 million.

37. RISK MANAGEMENT ACTIVITIES (continued)

Equity securities price risk

General

The Group is exposed to equity securities price risk because of investments held by the Group which are classified as available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

The Group's equity investments are publicly traded and are listed on one of the following exchanges:
- JSE Limited
- Toronto Stock Exchange
- Australian Stock Exchange
- London Stock Exchange

The table below summarises the impact of increases/decreases of the exchanges on the Group's shareholders' equity in case of shares (sensitivity to equity security price). The analysis is based on the assumption that the share prices quoted on the exchange have increased/decreased with all other variables held constant and the Group's investments moved according to the historical correlation with the index.

	United States Dollar			
	(Decrease)/increase in equity price			
Figures in millions unless otherwise stated	(10.0%)	(5.0%)	5.0%	10.0%
2017				
(Decrease)/increase in other comprehensive income[1]	**(9.9)**	**(5.0)**	**5.0**	**9.9**
2016				
(Decrease)/increase in other comprehensive income[1]	(1.1)	(0.5)	0.5	1.1

[1] *Spot rate: R12.58 = US$1.00 (2016: R14.03 = US$1.00).*

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37. RISK MANAGEMENT ACTIVITIES (continued)

Interest rate sensitivity

General

As Gold Fields has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Gold Fields' interest rate risk arises from borrowings.

As of 31 December 2017, Gold Fields' borrowings amounted to US$1,781.5 million (2016: US$1,692.9 million). Gold Fields generally does not undertake any specific action to cover its exposure to interest rate risk, although it may do so in specific circumstances.

Interest rate sensitivity analysis

The portion of Gold Fields' interest-bearing borrowings at year-end that is exposed to interest rate fluctuations is US$933.6 million (2016: US$846.5 million). These borrowings are normally rolled for periods between one and three months and are therefore exposed to the rate changes in this period. The remainder of the borrowings bear interest at a fixed rate.

US$508.5 million (2016: US$785.5 million) of the total borrowings at reporting date is exposed to changes in the LIBOR rate, US$79.5 million (2016: US$nil) is exposed to the JIBAR rate, US$114.1 million (2016: US$61.0 million) is exposed to the South African Prime ("Prime") interest rate and US$231.5 million (2016: US$nil) is exposed to the BBSY rate. The relevant interest rates for each facility are described in note 24.

The table below summarises the effect of a change in finance expense on the Group's profit or loss had LIBOR, JIBAR, Prime and BBSY differed as indicated (sensitivity to interest rates). The analysis is based on the assumption that the applicable interest rate increased/decreased with all other variables held constant. All financial instruments with fixed interest rates that are carried at amortised cost are not subject to the interest rate sensitivity analysis.

United States Dollar

Figures in millions unless otherwise stated	Change in interest expense for a nominal change in interest rates					
	(1.5%)	(1.0%)	(0.5%)	0.5%	1.0%	1.5%
2017						
Sensitivity to LIBOR interest rates	**(11.3)**	**(7.5)**	**(3.8)**	**3.8**	**7.5**	**11.3**
Sensitivity to BBSY interest rates[1]	**(0.8)**	**(0.5)**	**(0.3)**	**0.3**	**0.5**	**0.8**
Sensitivity to JIBAR and prime interest rates[2]	**(2.0)**	**(1.3)**	**(0.7)**	**0.7**	**1.3**	**2.0**
Change in finance expense	**(14.1)**	**(9.3)**	**(4.8)**	**4.8**	**9.3**	**14.1**
2016						
Sensitivity to LIBOR interest rates	(12.0)	(8.0)	(4.0)	4.0	8.0	12.0
Sensitivity to JIBAR and prime interest rates[2]	(0.6)	(0.4)	(0.2)	0.2	0.4	0.6
Change in finance expense	(12.6)	(8.4)	(4.2)	4.2	8.4	12.6

[1] *Average rate: A$0.77 = US$1.00 (2016: A$0.75: US$1.00).*

[2] *Average rate: R13.33 = US$1.00 (2016: R14.7 = US$1.00).*

38. CAPITAL MANAGEMENT

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that:

- optimises the cost of capital;
- maximises shareholders' returns; and
- ensures that the Group remains in a sound financial position.

There were no changes to the Group's overall capital management approach during the current year.

The Group manages and makes adjustments to the capital structure as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. Opportunities in the market are also monitored closely to ensure that the most efficient funding solutions are implemented.

The Group monitors capital using the ratio of net debt to adjusted EBITDA. Adjusted EBITDA is defined as profit or loss for the year adjusted for interest, taxation, amortisation and depreciation and certain other costs. The definition of adjusted EBITDA is as defined in the US$1,290 million term loan and revolving credit facilities agreement. Net debt is defined as total borrowings less cash and cash equivalents. The Group's long-term target is a ratio of net debt to adjusted EBITDA of one times or lower. The bank covenants on external borrowings require a net debt to adjusted EBITDA ratio of 2.5 or below and the ratio is measured based on amounts in United States Dollar.

		United States Dollar	
Figures in millions unless otherwise stated	Notes	2017	2016
Borrowings		**1,781.5**	1,692.9
Less: Cash and cash equivalents		**479.0**	526.7
Net debt		**1,302.5**	1,166.2
Adjusted EBITDA		**1,263.7**	1,232.2
Net debt to adjusted EBITDA		**1.03**	0.95
Reconciliation of (loss)/profit for the year to adjusted EBITDA:			
(Loss)/profit for the year (continuing and discontinued operations)		**(7.7)**	169.1
Mining and income taxation from continuing operations		**173.2**	189.5
Mining and income taxation from discontinued operations	12.1	**(1.4)**	0.6
Royalties from continuing operations		**62.0**	78.4
Royalties from discontinued operations	12.1	**1.1**	2.0
Finance expense from continuing operations		**81.3**	78.1
Investment income from continuing operations		**(5.6)**	(8.3)
Gain on financial instruments from continuing operations		**(34.4)**	(14.4)
Foreign exchange loss from continuing operations		**3.5**	6.4
Amortisation and depreciation from continuing operations	2	**748.1**	671.4
Amortisation and depreciation from discontinued operations	2	**3.5**	14.4
Share-based payments from continuing operations		**26.8**	14.0
Long-term incentive plan from continuing operations		**5.0**	10.5
Restructuring costs from continuing operations		**9.2**	11.7
Silicosis settlement costs from continuing operations		**30.2**	–
Impairment, net of reversal of impairment of investments and assets from continuing operations		**200.2**	76.5
Profit on disposal of investments from continuing operations		**–**	(2.3)
Profit on disposal of assets from continuing operations		**(4.0)**	(48.0)
Gain on sale of discontinued operation, net of taxation	12.1	**(16.4)**	–
Share of results of equity-accounted investees, net of taxation		**1.3**	2.3
Rehabilitation income from continuing operations	7	**(13.5)**	(9.7)
Profit on buy-back of notes	7	**–**	(17.7)
Other		**1.3**	7.7
		1,263.7	1,232.2

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Figures in millions unless otherwise stated	United States Dollar 2017	2016	2015
39. RELATED PARTIES			

The subsidiaries, associates and joint venture of the Company are disclosed in note 42.

All transactions and balances with these related parties have been eliminated in accordance with and to the extent required by IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates and Joint Ventures*.

For the year ended 31 December 2017, US$1.2 million (2016: US$1.0 million and 2015: US$0.8 million) was paid in non-executive directors' fees.

None of the directors and officers of Gold Fields or, to the knowledge of Gold Fields, their families, had any interest, direct or indirect, in any transaction during the last three fiscal periods or in any proposed transaction which has affected or will materially affect Gold Fields or its investment interests or subsidiaries, other than as stated below.

None of the directors or officers of Gold Fields or any associate of such director or officer is currently or has been at any time during the past three fiscal periods indebted to Gold Fields.

At 31 December 2017, the Executive Committee and non-executive directors' beneficial interest in the issued and listed share capital of the Company was 0.2%% (2016: 0.2%). No one director's interest individually exceeds 1% of the issued share capital or voting control of the Company.

Key management remuneration (Executive Committee)	2017	2016	2015
Short-term employee benefits	**11.0**	11.4	10.7
Severance	**0.2**	1.6	–
Pension scheme contribution	**0.5**	0.5	0.7
Share-based payments	**3.7**	1.4	2.3
Long-term incentive plan	**1.0**	1.1	1.1
	16.4	16.0	14.8

40. CORRECTION OF METHODOLOGY

During the year ended 31 December 2017, the Group corrected the amortisation methodology for the mineral rights asset at the Australian operations to reduce the level of estimation required in calculating amortisation. Prior to the correction of the methodology, the total mineral rights asset capitalised at the Australian operation was depreciated on a units-of-production basis over a useful life that exceeded proved and probable reserves. The amortisation estimation methodology was corrected in order to divide the total mineral rights asset capitalised at the respective operations into a depreciable and a non-depreciable component. The mineral rights are initially capitalised to the mineral rights asset as a non-depreciable component. The depreciable component is amortised over the estimated proved and probable ore reserves on a units-of-production method. For further details, refer to accounting policies pages 144 to 145.

As a result of this correction of the methodology, management identified an understatement of the amortisation and depreciation charge relating to prior periods. In order to assess the impact of the understatement, the Group applied SEC Staff Accounting Bulletin ("SAB") No 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. SAB No 108 states that registrants must quantify the impact of correcting all misstatements on all periods presented, including both the carryover (iron curtain method) and reversing (rollover method) effects of prior year misstatements on the current year financial statements, and by evaluating the misstatement measured under each method in light of quantitative and qualitative factors.

Under SAB No 108, prior year misstatements which, if corrected in the current year would be material to the current year, must be corrected by adjusting prior year financial statements, even though such correction previously was and continues to be immaterial to the prior year financial statements. Correcting prior year financial statements for such immaterial errors does not require previously issued or filed financial statements to be amended.

In accordance with SAB No 99 *Materiality*, the Group assessed the materiality of the understatement and concluded that it was not material to any of the Group's previously issued or filed financial statements taken as a whole. The cumulative understatement was material in 2017 if corrected in the current year.

The conclusions above in terms of SAB No 99 and No 108 are consistent with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, as well as principles of IFRS. As a result, the immaterial misstatements were corrected by restating each of the affected financial statement line items for prior periods (all unaffected financial statement line items have been grouped together as "other").

The following table summarises the cumulative impact of the correction of the amortisation methodology:

	Property, plant and equipment				Deferred tax balance[1]				Equity			
	St Ives	Agnew	Granny Smith	Total	St Ives	Agnew	Granny Smith	Total	St Ives	Agnew	Granny Smith	Total
Balance at 31 December 2014	**(19.6)**	**7.8**	**0.9**	**(10.9)**	**5.9**	**(2.3)**	**(0.3)**	**3.3**	**(13.7)**	**5.5**	**0.6**	**(7.6)**
Profit or loss	(11.7)	4.0	0.3	(7.4)	3.5	(1.2)	(0.1)	2.2	(8.2)	2.8	0.2	(5.2)
Translation	2.6	(1.0)	(0.1)	1.5	(0.8)	0.3	0.1	(0.4)	1.8	(0.7)	–	1.1
Balance at 31 December 2015	**(28.7)**	**10.8**	**1.1**	**(16.8)**	**8.6**	**(3.2)**	**(0.3)**	**5.1**	**(20.1)**	**7.6**	**0.8**	**(11.7)**
Profit or loss	(9.2)	2.5	0.1	(6.6)	2.8	(0.8)	–	2.0	(6.5)	1.7	0.1	(4.7)
Translation	0.3	(0.1)	–	0.2	(0.1)	–	(0.1)	(0.2)	0.3	(0.1)	(0.1)	0.1
Balance at 31 December 2016	**(37.6)**	**13.2**	**1.2**	**(23.2)**	**11.3**	**(4.0)**	**(0.4)**	**6.9**	**(26.3)**	**9.2**	**0.8**	**(16.3)**

[1] *For the purpose of this analysis, deferred tax has been calculated at 30%.*

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40. CORRECTION OF METHODOLOGY (continued)

The following tables summarise the impact on the Group's consolidated financial statements:

(i) Consolidated income statement

United States Dollar

Figures in millions unless otherwise stated	31 December 2016 As previously reported	31 December 2016 Adjustments	31 December 2016 As restated before reclassification of discontinued operations	31 December 2016 Discontinued operations reclassification	31 December 2016 As restated	31 December 2015 As previously reported	31 December 2015 Adjustments	31 December 2015 As restated before reclassification of discontinued operations	31 December 2015 Discontinued operations reclassification	31 December 2015 As restated
Revenue	2,749.5	–	2,749.5	(83.1)	2,666.4	2,545.4	–	2,545.4	(91.3)	2,454.1
Cost of sales	(2,066.7)	(6.6)	(2,073.3)	72.1	(2,001.2)	(2,066.1)	(7.4)	(2,073.5)	85.0	(1,988.5)
Others	(317.0)	–	(317.0)	9.2	(307.8)	(474.8)	–	(474.8)	18.1	(456.7)
Profit before taxation	365.8	(6.6)	359.2	(1.8)	357.4	4.5	(7.4)	(2.9)	11.8	8.9
Mining and income taxation	(192.1)	2.0	(190.1)	0.6	(189.5)	(247.1)	2.2	(244.9)	(3.6)	(248.5)
Profit/(loss) from continuing operations	173.7	(4.6)	169.1	(1.2)	167.9	(242.6)	(5.2)	(247.8)	8.2	(239.6)
Profit/(loss) from discontinued operations, net of taxation	–	–	–	1.2	1.2	–	–	–	(8.2)	(8.2)
Profit/(loss) for the year	173.7	(4.6)	169.1	–	169.1	(242.6)	(5.2)	(247.8)	–	(247.8)
Profit/(loss) attributable to:										
– Owners of the parent	162.8	(4.6)	158.2	–	158.2	(242.1)	(5.2)	(247.3)	–	(247.3)
– Non-controlling interest holders	10.9	–	10.9	–	10.9	(0.5)	–	(0.5)	–	(0.5)
	173.7	(4.6)	169.1	–	169.1	(242.6)	(5.2)	(247.8)	–	(247.8)
Earnings/loss per share attributable to owners of the parent:										
Basic earnings/(loss) per share from continuing operations – cents	20	(1)	19	–	19	(31)	(1)	(32)	1	(31)
Diluted earnings/(loss) per share from continuing operations – cents	20	(1)	19	–	19	(31)	(1)	(32)	1	(31)

(ii) Consolidated statement of comprehensive income

	2016 As previously reported	2016 Adjustments	2016 As restated before reclassification of discontinued operations	2016 Discontinued operations reclassification	2016 As restated	2015 As previously reported	2015 Adjustments	2015 As restated before reclassification of discontinued operations	2015 Discontinued operations reclassification	2015 As restated
Profit/(loss) for the year	173.7	(4.6)	169.1	–	169.1	(242.6)	(5.2)	(247.8)	–	(247.8)
Others comprehensive income, net of tax	121.4	–	121.4	–	121.4	(636.6)	1.1	(635.5)	–	(635.5)
Foreign currency translation adjustments	129.7	–	129.7	–	129.7	(637.0)	1.1	(635.9)	–	(635.9)
Others	(8.3)	–	(8.3)	–	(8.3)	0.4	–	0.4	–	0.4
Total comprehensive income for the year	295.1	(4.6)	290.5	–	290.5	(879.2)	(4.1)	(883.3)	–	(883.3)
Attributable to:										
– Owners of the parent	284.2	(4.6)	279.6	–	279.6	(878.7)	(4.1)	(882.8)	–	(882.8)
– Non-controlling interest holders	10.9	–	10.9	–	10.9	(0.5)	–	(0.5)	–	(0.5)
	295.1	(4.6)	290.5	–	290.5	(879.2)	(4.1)	(883.3)	–	(883.3)

40. CORRECTION OF METHODOLOGY (continued)

United States Dollar

Figures in millions unless otherwise stated	31 December 2016					1 January 2016				
	As previously reported	Adjustments	As restated before reclassification of discontinued operations	Discontinued operations reclassification	As restated	As previously reported	Adjustments	As restated before reclassification of discontinued operations	Discontinued operations reclassification	As restated
(iii) Consolidated statement of financial position										
ASSETS										
Property, plant and equipment	4,547.8	(23.2)	4,524.6	–	4,524.6	4,312.4	(16.8)	4,295.6	–	4,295.6
Others	1,786.9	–	1,786.9	–	1,786.9	1,565.3	–	1,565.3	–	1,565.3
Total assets	6,334.7	(23.2)	6,311.5	–	6,311.5	5,877.7	(16.8)	5,860.9	–	5,860.9
LIABILITIES										
Deferred taxation	465.5	(6.9)	458.6	–	458.6	487.3	(5.1)	482.2	–	482.2
Others	2,679.6	–	2,679.6	–	2,679.6	2,622.4	–	2,622.4	–	2,622.4
Total liabilities	3,145.1	(6.9)	3,138.2	–	3,138.2	3,109.7	(5.1)	3,104.6	–	3,104.6
EQUITY										
Retained earnings	1,570.9	(18.3)	1,552.6	–	1,552.6	1,447.3	(13.7)	1,433.6	–	1,433.6
Other reserves	(2,126.4)	2.0	(2,124.4)	–	(2,124.4)	(2,262.2)	2.0	(2,260.2)	–	(2,260.2)
Others	3,745.1	–	3,745.1	–	3,745.1	3,582.9	–	3,582.9	–	3,582.9
Total equity	3,189.6	(16.3)	3,173.3	–	3,173.3	2,768.0	(11.7)	2,756.3	–	2,756.3
Total equity and liabilities	6,334.7	(23.2)	6,311.5	–	6,311.5	5,877.7	(16.8)	5,860.9	–	5,860.9

(iv) Consolidated statement of cash flows

There is no impact on the total operating, investing or financing cash flows for the years ended 31 December 2016 and 2015 relating to the above adjustments. The consolidated statement of cash flows have been restated in respect of the discontinued operations reclassification.

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41. SEGMENT REPORT
Financial summary

United States Dollar

Figures in millions unless otherwise stated	South Africa	Ghana			Peru	Australia									
	South Deep[1]	Tarkwa	Damang	Total Ghana	Cerro Corona	St Ives	Agnew/ Lawlers	Granny Smith	Gruyere	Total Australia	Corporate and other[2]	Continuing operations	Darlot	Discon- tinued operations	Group
INCOME STATEMENT															
for the year ended 31 December 2017															
Revenue	**354.1**	710.8	180.3	**891.1**	**392.9**	457.3	302.6	363.8	–	**1,123.7**	–	**2,761.8**	49.0	**49.0**	**2,810.8**
Cost of sales	**(379.0)**	(526.0)	(144.5)	**(670.5)**	**(285.2)**	(330.9)	(232.7)	(203.9)	(1.3)	**(768.8)**	(1.8)	**(2,105.1)**	(50.7)	**(50.7)**	**(2,155.8)**
Cost of sales before gold inventory change and amortisation and depreciation	**(306.3)**	(348.0)	(121.3)	**(469.3)**	**(151.2)**	(187.6)	(154.9)	(156.8)	(1.3)	**(500.6)**	0.9	**(1,426.5)**	(46.3)	**(46.3)**	**(1,472.8)**
Gold inventory change	**1.5**	42.0	(0.9)	**41.1**	**(3.1)**	29.0	4.5	(3.6)	–	**29.9**	–	**69.5**	(0.9)	**(0.9)**	**68.6**
Amortisation and depreciation	**(74.2)**	(220.0)	(22.3)	**(242.3)**	**(130.9)**	(172.3)	(82.3)	(43.5)	–	**(298.1)**	(2.7)	**(748.1)**	(3.5)	**(3.5)**	**(751.6)**
Other income/(costs)	**7.6**	(3.1)	(0.6)	**(3.7)**	**(12.1)**	18.0	6.4	4.6	–	**29.0**	(10.3)[3]	**10.6**	(0.2)	**(0.2)**	**10.4**
Share-based payments	**(3.5)**	(4.8)	(1.3)	**(6.1)**	**(3.6)**	(2.2)	(1.7)	(2.1)	–	**(6.0)**	(7.6)	**(26.8)**	(0.6)	**(0.6)**	**(27.4)**
Long-term incentive plan	**–**	(0.9)	(0.3)	**(1.2)**	**(0.7)**	(0.7)	(0.5)	(0.6)	–	**(1.8)**	(1.3)	**(5.0)**	(0.1)	**(0.1)**	**(5.1)**
Exploration expense	**–**	–	–	**–**	**(0.5)**	(23.0)	(15.9)	(10.8)	(1.8)	**(51.5)**	(57.8)	**(109.8)**	(1.5)	**(1.5)**	**(111.3)**
Restructuring costs	**(2.3)**	(4.7)	(2.2)	**(6.9)**	**–**	–	–	–	–	**–**	–	**(9.2)**	–	**–**	**(9.2)**
Silicosis settlement costs	**–**	–	–	**–**	**–**	–	–	–	–	**–**	(30.2)	**(30.2)**	–	**–**	**(30.2)**
Impairment, net of reversal of impairment of investments and assets	**–**	(6.8)	(3.5)	**(10.3)**	**52.6**	–	–	–	–	**–**	(242.5)	**(200.2)**	–	**–**	**(200.2)**
Profit/(loss) on disposal of assets	**0.3**	2.9	(0.2)	**2.7**	**–**	(0.2)	1.5	–	–	**1.3**	(0.3)	**4.0**	–	**–**	**4.0**
Investment income	**0.8**	3.4	0.2	**3.6**	**–**	0.9	0.6	0.7	–	**2.2**	(1.0)	**5.6**	0.4	**0.4**	**6.0**
Finance expense	**(12.4)**	(5.2)	(5.1)	**(10.3)**	**(4.7)**	(2.8)	(1.0)	(1.0)	–	**(4.8)**	(49.1)	**(81.3)**	–	**–**	**(81.3)**
Gain on sale of discontinued operations	**–**	–	–	**–**	**–**	–	–	–	–	**–**	–	**–**	23.5	**23.5**	**23.5**
Royalties	**(1.8)**	(21.7)	(5.5)	**(27.1)**	**(5.3)**	–[4]	–[4]	–[4]	–[4]	**(27.8)**	–	**(62.0)**	(1.1)	**(1.1)**	**(63.1)**
Mining and income taxation	**10.9**	(58.6)	3.1	**(55.5)**	**(36.1)**	–[4]	–[4]	–[4]	–[4]	**(89.5)**	(3.0)	**(173.2)**	(5.7)	**(5.7)**	**(179.0)**
Current taxation	**–**	(58.0)	–	**(58.0)**	**(50.8)**	–[4]	–[4]	–[4]	–[4]	**(91.7)**	(4.2)	**(204.7)**	(2.3)	**(2.3)**	**(207.0)**
Deferred taxation	**10.9**	(0.6)	3.1	**2.5**	**14.7**	–[4]	–[4]	–[4]	–[4]	**2.2**	1.2	**31.5**	(3.3)	**(3.3)**	**28.0**
(Loss)/profit for the year	**(25.3)**	85.4	20.4	**105.8**	**97.4**	–[4]	–[4]	–[4]	–[4]	**206.1**	(404.9)	**(20.8)**	13.1	**13.1**	**(7.7)**
(Loss)/profit attributable to:															
– Owners of the parents	**(25.3)**	76.9	18.4	**95.3**	**96.9**	–[4]	–[4]	–[4]	–[4]	**206.1**	(404.9)	**(31.8)**	13.1	**13.1**	**(18.7)**
– Non-controlling interests	**–**	8.5	2.0	**10.5**	**0.5**	–[4]	–[4]	–[4]	–[4]	**–**	–	**11.0**	–	**–**	**11.0**
STATEMENT OF FINANCIAL POSITION															
at 31 December 2017															
Total assets (excluding deferred taxation)	**1,220.5**	1,765.2	184.9	**1,950.1**	**774.0**	693.7	500.0	392.0	34.9	**1,620.6**	982.9	**6,548.1**	–	**–**	**6,548.1**
Total liabilities (excluding deferred taxation)	**1,352.1**	232.3	130.0	**362.3**	**188.7**	138.2	71.5	78.1	32.9	**320.7**	539.4	**2,763.2**	–	**–**	**2,763.2**
Net deferred taxation (assets)/liabilities	**(47.6)**	283.1	(3.1)	**280.0**	**80.8**	–[4]	–[4]	–[4]	–[4]	**87.0**	(18.3)	**381.9**	–[4]	**–[4]**	**381.9**
Capital expenditure[5]	**82.4**	180.6	132.1	**312.8**	**34.0**	156.2	73.7	87.0	81.1	**398.0**	6.4	**833.6**	6.8	**6.8**	**840.4**

The above is a geographical analysis presented by location of assets.

The Group's continuing operations are primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside South Africa. The segment results have been prepared and presented based on management's reporting format. Gold mining operations are managed and internally reported based on the following geographical areas: in South Africa, South Deep mine, in Ghana, Tarkwa and Damang mines, in Australia, St Ives, Agnew/Lawlers, Granny Smith and Gruyere Gold Project and in Peru, the Cerro Corona mine. While the Gruyere Gold Project does not meet the quantitative criteria for disclosure as a separate segment, it is expected to become a significant contributor to the Group's performance in future years as the project is being developed. The Group also has exploration interests which are included in the "Corporate and other" segment. Refer to accounting policies on segment reporting on page 151.

The Group's discontinued operation was primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held in Australia.

US Dollar figures may not add as they are rounded independently.

[1] *The income statement and statement of financial position of South Deep is that of the operating mine and does not include any of the adjustments made in respect of the purchase price allocation relating to the acquisition of South Deep (refer note 14). South Deep Gold mine, being an unincorporated joint venture, is not liable for taxation. Taxation included in South Deep is indicative, as tax is provided in the holding companies at a rate of 30%.*

[2] *"Corporate and other" represents the items to reconcile segment data to consolidated financial statement totals, including the elimination of intercompany transactions and balances as well as the Group's exploration interests. This does not represent a separate segment as it does not generate revenue. Included in "Corporate and other" is the adjustment made in respect of the purchase price allocation, including goodwill relating to the acquisition of South Deep.*

[3] *Other costs "Corporate and other" comprise share of loss of associates, net of taxation of US$1.3 million and the balance of US$9.0 million consists mainly of corporate related costs.*

[4] *The Australian operations are entitled to transfer and off-set profits and losses from one company to another, therefore it is not meaningful to split the royalties, income or deferred taxation.*

[5] *Capital expenditure for the year ended 31 December 2017.*

41. SEGMENT REPORT – RESTATED (continued)

Financial summary (continued)

United States Dollar

Figures in millions unless otherwise stated	South Africa: South Deep[1]	Ghana: Tarkwa	Ghana: Damang	Total Ghana	Peru: Cerro Corona	Australia: St Ives	Australia: Agnew/ Lawlers	Australia: Granny Smith	Australia: Gruyere	Total Australia	Corporate and other[2]	Continuing operations	Darlot	Discon-tinued operations	Group
INCOME STATEMENT															
for the year ended 31 December 2016															
Revenue	**358.2**	708.9	183.4	**892.3**	**322.3**	452.3	285.4	355.8	–	**1,093.6**	–	**2,666.4**	83.1	**83.1**	**2,749.5**
Cost of sales	**(343.1)**	(511.6)	(153.8)	**(665.6)**	**(255.5)**	(335.8)	(215.2)	(178.7)		**(729.7)**	(7.5)	**(2,001.2)**	(72.1)	**(72.1)**	**(2,073.4)**
Cost of sales before gold inventory change and amortisation and depreciation	**(272.3)**	(344.7)	(136.4)	**(481.2)**	**(143.7)**	(192.8)	(145.7)	(141.1)	–	**(479.6)**	1.1	**(1,375.7)**	(57.3)	**(57.3)**	**(1,433.0)**
Gold inventory change	**0.7**	17.5	0.4	**17.8**	**3.8**	11.0	5.1	7.4	–	**23.5**	–	**45.9**	(0.4)	**(0.4)**	**45.5**
Amortisation and depreciation	**(71.5)**	(184.4)	(17.8)	**(202.2)**	**(115.6)**	(154.0)	(74.6)	(45.0)	–	**(273.6)**	(8.6)	**(671.4)**	(14.4)	**(14.4)**	**(685.9)**
Other income/(costs)	**13.4**	(7.8)	(0.6)	**(8.4)**	**(13.0)**	13.6	6.1	2.6	–	**22.3**	(23.1)[3]	**(8.8)**	–	**–**	**(8.8)**
Share-based payments	**(2.3)**	(2.5)	(0.3)	**(2.8)**	**(2.0)**	(1.2)	(0.8)	(0.9)	–	**(2.9)**	(4.0)	**(14.0)**	(0.4)	**(0.4)**	**(14.4)**
Long-term incentive plan	**(1.0)**	(2.3)	(0.5)	**(2.8)**	**(1.8)**	(0.8)	(0.7)	(0.8)	–	**(2.3)**	(2.6)	**(10.5)**	(0.5)	**(0.5)**	**(11.0)**
Exploration expense	**–**	–	–	**–**	**–**	(21.1)	(9.6)	(10.6)	–	**(41.3)**	(44.8)	**(86.1)**	(6.1)	**(6.1)**	**(92.2)**
Restructuring costs	**–**	(0.2)	(9.9)	**(10.1)**	**–**	–	–	(1.2)	–	**(1.2)**	(0.4)	**(11.7)**	–	**–**	**(11.7)**
Impairment of investments and assets	**–**	–	(10.0)	**(10.0)**	**(66.4)**	–	–	–	–	**–**	(0.1)	**(76.5)**	–	**–**	**(76.5)**
Profit/(loss) on disposal of assets	**0.1**	–	–	**–**	**(0.1)**	–	0.2	(0.3)	–	**(0.1)**	48.1	**48.0**	–	**–**	**48.0**
Investment income	**1.1**	1.8	–	**1.8**	**–**	–	–	–	–	**–**	5.4	**8.3**	–	**–**	**8.3**
Finance expense	**(5.5)**	(3.9)	(3.5)	**(7.4)**	**(4.7)**	(2.7)	(1.0)	(1.0)	–	**(4.7)**	(55.8)	**(78.1)**	(0.2)	**(0.2)**	**(78.3)**
Royalties	**(1.8)**	(35.4)	(9.2)	**(44.6)**	**(4.6)**	–[4]	–[4]	–[4]	–[4]	**(27.3)**	–	**(78.4)**	(2.0)	**(2.0)**	**(80.4)**
Mining and income taxation	**(6.0)**	(29.8)	–	**(29.8)**	**(47.4)**	–[4]	–[4]	–[4]	–[4]	**(92.8)**	(13.5)	**(189.5)**	(0.6)	**(0.6)**	**(190.1)**
Current taxation	**–**	(52.4)	–	**(52.4)**	**(45.9)**	–[4]	–[4]	–[4]	–[4]	**(95.2)**	(10.7)	**(204.2)**	(0.5)	**(0.5)**	**(204.7)**
Deferred taxation	**(6.0)**	22.6	–	**22.6**	**(1.5)**	–[4]	–[4]	–[4]	–[4]	**2.4**	(2.8)	**14.7**	(0.1)	**(0.1)**	**14.6**
Profit/(loss) for the year	**13.0**	116.9	(4.5)	**112.5**	**(73.1)**	–[4]	–[4]	–[4]	–[4]	**213.6**	(98.3)	**167.9**	1.2	**1.2**	**169.1**
Profit/(loss) attributable to:															
– Owners of the parent	**13.0**	105.2	(4.0)	**101.3**	**(72.8)**	–[4]	–[4]	–[4]	–[4]	**213.6**	(98.3)	**157.0**	1.2	**1.2**	**158.2**
– Non-controlling interests	**–**	11.7	(0.5)	**11.2**	**(0.3)**	–[4]	–[4]	–[4]	–[4]	**–**	–	**10.9**	–	**–**	**10.9**
STATEMENT OF FINANCIAL POSITION															
at 31 December 2016															
Total assets (excluding deferred taxation)	**1,075.0**	1,667.0	132.6	**1,799.6**	**822.5**	584.7	439.6	293.9	272.5	**1,590.7**	964.9	**6,252.8**	10.1	**10.1**	**6,262.8**
Total liabilities (excluding deferred taxation)	**1,162.0**	219.0	96.3	**315.3**	**195.4**	136.3	66.3	63.1	272.4	**538.1**	446.3	**2,657.1**	22.5	**22.5**	**2,679.6**
Net deferred taxation (assets)/liabilities	**(32.4)**	282.4	–	**282.4**	**95.6**	–[4]	–[4]	–[4]	–[4]	**80.1**	(15.7)	**409.9**	–[4]	**–[4]**	**409.9**
Capital expenditure[5]	**77.9**	168.4	37.9	**206.3**	**42.8**	140.0	70.0	90.3	–	**300.3**	1.3	**628.5**	21.4	**21.4**	**649.9**

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The Group's discontinued operation was primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held in Australia.

US Dollar figures may not add as they are rounded independently.

[1] *The income statement and statement of financial position of South Deep is that of the operating mine and does not include any of the adjustments made in respect of the purchase price allocation relating to the acquisition of South Deep (refer note 14). South Deep Gold mine, being an unincorporated joint venture, is not liable for taxation. Taxation included in South Deep is indicative, as tax is provided in the holding companies at a rate of 30%.*

[2] *"Corporate and other" represents the items to reconcile segment data to consolidated financial statement totals, including the elimination of intercompany transactions and balances as well as the Group's exploration interests. This does not represent a separate segment as it does not generate revenue. Included in "Corporate and other" is the adjustment made in respect of the purchase price allocation, including goodwill relating to the acquisition of South Deep.*

[3] *Other costs "Corporate and other" comprise share of loss of associates net of taxation of US$2.3 million, profit on disposal of investments of US$2.3 million and the balance of US$23.1 million consists mainly of corporate related costs.*

[4] *The Australian operations are entitled to transfer and off-set profits and losses from one company to another, therefore it is not meaningful to split the royalties, income or deferred taxation.*

[5] *Capital expenditure for the year ended 31 December 2016.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

for the year ended 31 December

41. SEGMENT REPORT – RESTATED (continued)

Financial summary (continued)

United States Dollar

Figures in millions unless otherwise stated	South Africa	Ghana			Peru	Australia								
	South Deep[1]	Tarkwa	Damang	Total Ghana	Cerro Corona	St Ives	Agnew/ Lawlers	Granny Smith	Total Australia	Corporate and other[2]	Continuing operations	Darlot	Discon-tinued Operations	Group
INCOME STATEMENT														
for the year ended 31 December 2015														
Revenue	**232.3**	680.7	194.8	**875.5**	**292.2**	431.8	273.9	348.4	**1,054.1**	–	**2,454.1**	91.3	**91.3**	**2,545.4**
Cost of sales	**(304.5)**	(489.2)	(212.8)	**(702.0)**	**(244.9)**	(341.9)	(199.5)	(195.1)	**(736.4)**	(0.6)	**(1,988.5)**	(85.0)	**(85.0)**	**(2,073.5)**
Cost of sales before gold inventory change and amortisation and depreciation	**(236.6)**	(334.2)	(184.3)	**(518.5)**	**(143.8)**	(195.0)	(142.6)	(135.9)	**(473.4)**	0.8	**(1,371.5)**	(59.8)	**(59.8)**	**(1,431.3)**
Gold inventory change	**–**	7.3	(2.1)	**5.2**	**(1.0)**	(25.3)	1.1	(5.4)	**(29.6)**	–	**(25.5)**	0.6	**0.6**	**(24.9)**
Amortisation and depreciation	**(67.9)**	(162.3)	(26.4)	**(188.7)**	**(100.1)**	(121.6)	(58.0)	(53.8)	**(233.4)**	(1.4)	**(591.5)**	(25.8)	**(25.8)**	**(617.3)**
Other income/(costs)	**1.7**	(3.9)	(2.4)	**(6.1)**	**(10.0)**	2.4	3.2	(1.8)	**3.8**	(11.8)[3]	**(22.4)**	0.3	**0.3**	**(22.0)**
Share-based payments	**(1.0)**	(1.5)	(0.3)	**(1.8)**	**(1.2)**	(1.2)	(0.7)	(0.4)	**(2.3)**	(4.4)	**(10.7)**	(0.2)	**(0.2)**	**(10.9)**
Long-term incentive plan	**(0.7)**	(1.1)	(0.3)	**(1.4)**	**(0.8)**	(0.2)	(0.5)	(0.3)	**(1.0)**	(1.2)	**(5.1)**	(0.2)	**(0.2)**	**(5.3)**
Exploration expense	**–**	–	–	**–**	**–**	(21.5)	(4.0)	(3.6)	**(29.1)**	(22.7)	**(51.8)**	(1.7)	**(1.7)**	**(53.5)**
Restructuring costs	**(0.7)**	(5.3)	(0.3)	**(5.6)**	**–**	(3.0)	–	(0.1)	**(3.1)**	–	**(9.3)**	–	**0.0**	**(9.3)**
Impairment of investments and assets	**–**	–	(43.8)	**(43.8)**	**(6.7)**	–	–	–	**–**	(156.4)	**(206.9)**	(14.2)	**(14.2)**	**(221.1)**
Profit/(loss) on disposal of assets	**–**	3.2	–	**3.2**	**(4.7)**	2.5	(1.0)	–	**1.5**	(0.1)	**(0.1)**	–	**–**	**(0.1)**
Investment income	**0.9**	1.3	0.1	**1.4**	**–**	–	–	–	**–**	4.0	**6.3**	–	**–**	**6.3**
Finance expense	**(4.1)**	(3.4)	(2.9)	**(6.3)**	**(5.5)**	(2.9)	(1.3)	(1.1)	**(5.3)**	(61.7)	**(82.9)**	–	**–**	**(82.9)**
Royalties	**(1.2)**	(34.0)	(9.7)	**(43.8)**	**(3.1)**	–[4]	–[4]	–[4]	**(25.8)**	–	**(73.9)**	(2.1)	**(2.1)**	**(76.0)**
Mining and income taxation	**22.1**	(59.3)	(11.7)	**(71.1)**	**(108.7)**				**(77.6)**	(13.2)	**(248.5)**	3.6	**3.6**	**(244.9)**
Current taxation	**–**	(34.6)	(0.7)	**(35.4)**	**(33.0)**	–[4]	–[4]	–[4]	**(65.5)**	(7.8)	**(141.7)**	(1.2)	**(1.2)**	**(142.9)**
Deferred taxation	**22.1**	(24.7)	(11.0)	**(35.7)**	**(75.7)**	–[4]	–[4]	–[4]	**(12.1)**	(5.4)	**(106.8)**	4.8	**4.8**	**(102.0)**
(Loss)/profit for the year	**(55.2)**	87.5	(89.3)	**(1.8)**	**(93.4)**	–[4]	–[4]	–[4]	**178.8**	(268.1)	**(239.6)**	(8.2)	**(8.2)**	**(247.8)**
(Loss)/profit attributable to:														
– Owners of the parents	**(55.2)**	78.8	(80.5)	**(1.7)**	**(93.0)**	–[4]	–[4]	–[4]	**178.8**	(268.1)	**(239.1)**	(8.2)	**(8.2)**	**(247.3)**
– Non-controlling interests	**–**	8.7	(8.8)	**(0.1)**	**(0.4)**	–[4]	–[4]	–[4]	**–**	–	**(0.5)**	–	**–**	**(0.5)**
STATEMENT OF FINANCIAL POSITION														
at 31 December 2015														
Total assets (excluding deferred taxation)	**976.8**	1,546.7	139.0	**1,685.7**	**880.5**	526.6	404.5	222.8	**1,153.9**	1,100.8	**5,797.7**	9.1	**9.1**	**5,806.8**
Total liabilities (excluding deferred taxation)	**1,078.4**	195.6	98.5	**294.1**	**133.7**	135.2	66.9	61.5	**263.6**	829.4	**2,599.2**	23.2	**23.2**	**2,622.4**
Net deferred taxation (assets)/liabilities	**(36.0)**	305.0	–	**305.0**	**94.1**	–[4]	–[4]	–[4]	**82.5**	(17.5)	**428.1**	–[4]	**–[4]**	**428.1**
Capital expenditure for the year ended 31 December 2015	**66.9**	204.2	16.9	**221.1**	**64.8**	114.5	73.0	72.4	**259.9**	1.4	**614.1**	20.0	**20.0**	**634.1**

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The Group's discontinued operation was primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held in Australia.

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[1] The income statement and statement of financial position of South Deep is that of the operating mine and does not include any of the adjustments made in respect of the purchase price allocation relating to the acquisition of South Deep (refer note 14). South Deep Gold mine, being an unincorporated joint venture, is not liable for taxation. Taxation included in South Deep is indicative, as tax is provided in the holding companies at a rate of 30%.

[2] "Corporate and other" represents the items to reconcile segment data to consolidated financial statement totals, including the elimination of intercompany transactions and balances as well as the Group's exploration interests. This does not represent a separate segment as it does not generate revenue. Included in "Corporate and other" is the adjustment made in respect of the purchase price allocation, including goodwill relating to the acquisition of South Deep.

[3] Other costs "Corporate and other" comprise share of loss of associates net of taxation of US$5.7 million, profit on disposal of investments of US$0.1 million and the balance of US$6.2 million consists mainly of corporate related costs.

[4] The Australian operations are entitled to transfer and off-set profits and losses from one company to another, therefore it is not meaningful to split the royalties, income or deferred taxation.

42. MAJOR GROUP INVESTMENTS – DIRECT AND INDIRECT

						Carrying value in holding company			
		Shares held		Group beneficial interest		Shares		Loans[6]	
	Notes	2017	2016	2017 %	2016 %	2017 R million	2016 R million	2017 R million	2016 R million
SUBSIDIARIES									
Unlisted									
Abosso Goldfields Ltd[7]									
– Class "A" shares	1	**49,734,000**	49,734,000	**90.0**	90.0	**–**	–	**–**	–
– Class "B" shares	1	**4,266,000**	4,266,000	**90.0**	90.0	**–**	–	**–**	–
Agnew Gold Mining Company Pty Ltd	2	**54,924,757**	54,924,757	**100.0**	100.0	**–**	–	**–**	–
Beatrix Mines Ltd	3	**96,549,020**	96,549,020	**100.0**	100.0	**206.8**	206.8	**–**	–
Beatrix Mining Ventures Ltd	3	**9,625,001**	9,625,001	**100.0**	100.0	**120.4**	120.4	**(136.8)**	(136.8)
Darlot Mining Company Pty Ltd	2	**1**	1	**100.0**	100.0	**–**	–	**–**	–
Driefontein Consolidated (Pty) Ltd	3	**1,000**	1,000	**100.0**	100.0	**–**	–	**(13.1)**	(13.1)
GFI Joint Venture Holdings (Pty) Ltd	3	**311,668,564**	311,668,564	**100.0**	100.0	**–**	–	**(0.4)**	(0.4)
GFL Mining Services Ltd	3	**235,676,387**	235,676,387	**100.0**	100.0	**18,790.5**	18,790.5	**(8,331.2)**	(8,004.2)
Gold Fields Ghana Ltd[8]	1	**900**	900	**90.0**	90.0	**–**	–	**–**	–
Gold Fields Group Services (Pty) Ltd	3	**1**	1	**100.0**	100.0	**–**	–	**(224.8)**	355.5
Gold Fields Holdings Company (BVI) Ltd	5	**4,084**	4,084	**100.0**	100.0	**–**	–	**–**	–
Gold Fields La Cima S.A.[9]	4	**1,426,050,205**	1,426,050,205	**99.5**	99.5	**–**	–	**–**	–
Gold Fields Operations Ltd	3	**156,279,947**	156,279,947	**100.0**	100.0	**–**	–	**(0.4)**	(0.4)
Gold Fields Orogen Holdings (BVI) Ltd	5	**356**	356	**100.0**	100.0	**–**	–	**–**	–
Gruyere Mining Company Pty Ltd	2	**1**	1	**100.0**	100.0	**–**	–	**–**	–
GSM Mining Company Pty Ltd	2	**1**	1	**100.0**	100.0	**–**	–	**–**	–
Kloof Gold Mining Company Ltd	3	**138,600,000**	138,600,000	**100.0**	100.0	**602.8**	602.8	**(610.2)**	(610.2)
Newshelf 899 (Pty) Ltd[10]	3	**90,000,000**	90,000,000	**100.0**	100.0	**23,210.9**	23,210.9	**–**	–
St Ives Gold Mining Company Pty Ltd	2	**281,051,329**	281,051,329	**100.0**	100.0	**–**	–	**–**	–
Total						**42,931.4**	42,931.4	**(9,316.9)**	(8,409.6)

1 *Incorporated in Ghana.*
2 *Incorporated in Australia.*
3 *Incorporated in the Republic of South Africa.*
4 *Incorporated in Peru.*
5 *Incorporated in the British Virgin Islands.*
6 *The loans are unsecured, interest free and have no fixed repayment terms.*
7 *Abosso Goldfields Ltd ("Abosso") owns the Damang operation in Ghana. The accumulated non-controlling interest of Abosso at 31 December 2017 amounts to US$5.8 million (2016: US$3.6 million). No dividends were paid to the non-controlling interest during 2017 or 2016. Refer to the segment reporting, note 41, for summarised financial information of Damang.*
8 *Gold Fields Ghana Ltd ("GFG") owns the Tarkwa operation in Ghana. The accumulated non-controlling interest of GFG at 31 December 2017 amounts to US$119.2 million (2016: US$116.6 million). A dividend of US$5.8 million was advanced to the non-controlling interest during 2017 (2016: US$nil). Refer to the segment reporting, note 41, for summarised financial information of Tarkwa.*
9 *Gold Fields La Cima S.A. ("La Cima") owns the Cerro Corona operation in Peru. The accumulated non-controlling interest of La Cima at 31 December 2017 amounts to US$2.4 million (2016: US$2.5 million). A dividend of US$0.6 million was paid to the non-controlling interest during 2017 (2016: US$0.2 million). Refer to the segment reporting, note 41, financial information of Cerro Corona.*
10 *Refer note 25.2. Newshelf is the holding company of GFIJVH and GFO which own the South Deep mine. In terms of the South Deep BEE agreement, there is an agreed phase-in participation of BEE partners over 20 years. The BEE partners' stake will ultimately be 10%, resulting in a 90% holding by Newshelf.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
continued
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42. MAJOR GROUP INVESTMENTS – DIRECT AND INDIRECT (continued)

	Shares held		Group beneficial interest	
	2017	2016	2017 %	2016 %
OTHER[1]				
Listed associates				
Maverix Metals Incorporated ("Maverix")	**42,850,000**	42,850,000	**27.9**	32.3
Rusoro Mining Limited	**140,000,001**	140,000,001	**25.7**	25.7
Joint venture				
Far Southeast Gold Resources Incorporated	**1,737,699**	1,737,699	**40.0**	40.0
Listed equity investments				
Bezant Resources PLC	**17,945,922**	17,945,922	**2.9**	8.8
Cardinal Resources Limited	**42,818,182**	13,700,270	**11.5**	4.5
Cardinal Resources Limited (Options)	**38,220,051**	19,705,790	**33.0[2]**	17.0
Cascadero Copper Corporation	**2,025,000**	2,025,000	**1.1**	1.1
Clancy Exploration Limited	**17,764,783**	17,764,783	**0.6**	0.7
Consolidated Woodjam Copper Corporation	**12,848,016**	12,848,016	**17.2**	17.8
Fjordland Exploration Incorporated	**363,636**	1,818,182	**0.8**	1.8
Gold Road Resources Limited	**87,117,909**	–	**9.9**	–
Hummingbird Resources PLC	**21,258,503**	21,258,503	**6.2**	6.2
Orsu Metals Corp	**2,613,491**	26,134,919	**7.3**	19.7
Radius Gold Incorporated	**3,625,124**	3,625,124	**4.2**	4.2
Red 5 Limited	**246,875,821**	–	**19.9[3]**	–

[1] *Only major investments are listed individually.*

[2] *If the Group was to exercise all the Cardinal Resources options, the Group's effective interest would be below 20% and therefore does not have significant influence over Cardinal Resources Limited.*

[3] *An assessment has been performed and the Group does not have significant influence over Red 5 Limited.*

SEPARATE ACCOUNTING POLICIES

for the year ended 31 December

The principal accounting policies applied in the preparation of the separate financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of new and revised standards and interpretations.

Gold Fields Limited (the "Company" or "Gold Fields") is a company domiciled in South Africa. The registration number of the Company is 1968/004880/06. The address of the Company is 150 Helen Road, Sandton, Johannesburg.

1. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act. The separate financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, assets held for sale and financial assets and liabilities (including derivative instruments), which have been brought to account at fair value through profit or loss or through other comprehensive income.

The separate financial statements were authorised for issue by the Board of Directors on 27 March 2018.

The Company applied the accounting policies included on pages 135 to 151, where the reference is made to the "Group" and "consolidated" in those accounting policies, it should be interpreted as also referring to the Company where the context requires. In addition to those accounting policies, the following accounting policies were applied by the Company:

2. CONSOLIDATION

2.1 Subsidiaries

Investment in subsidiaries are stated at cost less accumulated impairment losses.

3. FOREIGN CURRENCIES

3.1 Functional and presentation currency

The Company's functional and presentation currency is South African Rand and the separate financial statements are presented in South African Rand.

4. FINANCIAL INSTRUMENTS

4.1 Non-derivative financial assets and liabilities

4.1.1 Financial guarantees

Financial guarantee contracts are accounted for as financial instruments and are recognised initially at fair value and are subsequently measured at the higher of the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Assets*, and the initial amount recognised less cumulative amortisation.

5. REVENUE

Revenue is dividend income received from subsidiaries and is recognised on the date on which the Company's right to receive payment is established.

SEPARATE INCOME STATEMENT

for the year ended 31 December

		South African Rand	
Figures in millions unless otherwise stated	Notes	**2017**	**2016**
Investment income	1	**0.3**	–
Amortisation of financial guarantees		**207.8**	368.6
Foreign exchange gain on revaluation of financial guarantees		**30.9**	32.6
Other costs		**(57.5)**	(85.2)
Profit before taxation		**181.5**	316.0
Income taxation	2	**(0.6)**	(19.1)
Profit for the year		**180.9**	296.9

The accompanying notes form an integral part of these financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	South African Rand	
Figures in millions unless otherwise stated	2017	2016
Profit for the year	**180.9**	296.9
Other comprehensive income, net of tax[1,2]	**(0.1)**	0.1
Marked-to-market valuation of listed investments	**(0.1)**	0.1
Total comprehensive income for the year	**180.8**	297.0

The accompanying notes form an integral part of these financial statements.

[1] All items can subsequently reclassified to the income statement.

[2] Includes deferred tax of Rnil (2016: Rnil).

SEPARATE STATEMENT OF FINANCIAL POSITION

at 31 December

		South African Rand	
Figures in millions unless otherwise stated	Notes	2017	2016
ASSETS			
Non-current assets		**44,595.9**	44,857.2
Investments	4	**44,595.9**	44,501.7
Related party loans receivable	4	**–**	355.5
Current asset			
Trade and other receivables		**13.9**	8.3
Total assets		**44,609.8**	44,865.5
EQUITY AND LIABILITIES			
Total equity		**35,069.0**	35,709.7
Share capital		**407.0**	407.0
Share premium		**23,933.5**	23,933.5
Other reserves		**276.0**	276.1
Retained earnings		**10,452.5**	11,093.1
Current liabilities		**9,540.8**	9,155.8
Related party loans payable	4	**9,316.9**	8,765.1
Trade and other payables		**2.4**	1.5
Financial guarantees	5	**218.7**	363.1
Taxation payable		**2.8**	26.1
Total equity and liabilities		**44,609.8**	44,865.5

The accompanying notes form an integral part of these financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	South African Rand					
Figures in millions unless otherwise stated	Number of ordinary shares issued	Share capital	Share premium	Other reserves[1]	Retained earnings	Total equity
Balance at 31 December 2015	777,450,492	387.6	21,640.9	276.0	11,371.3	**33,675.8**
Profit for the year	–	–	–	–	296.9	**296.9**
Other comprehensive income	–	–	–	0.1	–	**0.1**
Total comprehensive income	–	–	–	0.1	296.9	**297.0**
Transactions with owners of the Company						
Dividends paid	–	–	–	–	(575.1)	**(575.1)**
Shares issued[2]	38,857,913	19.4	2,292.6	–	–	**2,312.0**
Exercise of employee share options	4,298,540	–	–	–	–	**–**
Balance at 31 December 2016	**820,606,945**	**407.0**	**23,933.5**	**276.1**	**11,093.1**	**35,709.7**
Profit for the year	–	–	–	–	180.9	**180.9**
Other comprehensive income	–	–	–	(0.1)	–	**(0.1)**
Total comprehensive income	–	–	–	(0.1)	180.9	**180.8**
Transactions with owners of the Company						
Dividends paid	–	–	–	–	(821.5)	**(821.5)**
Exercise of employee share options	7,272	–	–	–	–	**–**
Balance at 31 December 2017	**820,614,217**	**407.0**	**23,933.5**	**276.0**	**10,452.5**	**35,069.0**

The accompanying notes form an integral part of these financial statements.

[1] Other reserves include fair value adjustments and share-based payments.

[2] During 2016, Gold Fields completed a R2.3 billion accelerated equity raising by way of a private placement to institutional investors.

A total number of 38,857,913 new Gold Fields shares were placed at a price of R59.50 per share which represented a 6% discount to the 30-day volume weighted average traded price, for the period 17 March 2016 and a 0.7% discount to the 50-day moving average.

The net proceeds from the placement were used to refinance the US$1,510 million term loan and revolving credit facilities. The new facilities amount to US$1,290 million. Refer note 24 in the Gold Fields consolidated financial statements for further details.

SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 December

		South African Rand	
Figures in millions unless otherwise stated	Notes	2017	2016
Cash flows from operating activities		**(907.3)**	(673.7)
Cash utilised in operations	6	**(57.5)**	(85.2)
Interest received		**0.3**	–
Change in working capital	7	**(4.7)**	(4.4)
Cash utilised in operating activities		**(61.9)**	(89.6)
Taxation paid	8	**(23.9)**	(9.0)
Net cash utilised in operations		**(85.8)**	(98.6)
Dividends paid	3	**(821.5)**	(575.1)
Cash flows from financing activities		**907.3**	673.7
Shares issued		**–**	2,312.0
Related party loans advanced to subsidiaries		**–**	(355.5)
Related party loans advanced by subsidiaries		**551.8**	–
Related party loans receivable repaid by subsidiaries		**355.5**	–
Related party loans payable repaid to subsidiaries		**–**	(1,282.8)
Net cash generated/(utilised)		**–**	–
Cash and cash equivalents at beginning of the year		**–**	–
Cash and cash equivalents at end of the year		**–**	–

The accompanying notes form an integral part of these financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December

Figures in millions unless otherwise stated	South African Rand 2017	2016
1. INVESTMENT INCOME		
Interest received	**0.3**	–
Total investment income	**0.3**	–
2. INCOME TAXATION		
South African current taxation		
– Company tax	**(2.9)**	(19.1)
– Prior year adjustment	**2.3**	–
Total income taxation	**(0.6)**	(19.1)
The Company's income taxation differs from the maximum South African statutory rate of 28% primarily due to non-taxable amortisation of financial guarantees of R58.1 million (2016: R103.2 million), non-deductible foreign exchange gain on revaluation of financial guarantees of R8.7 million (2016: R9.1 million), other non-deductible expenses of R14.9 million (2016: R21.4 million), other imputed taxable income of R5.3 million (2016: R16.7 million) and a prior year adjustment of R2.3 million (2016: Rnil).		
3. DIVIDENDS PAID		
2016 final dividend of 60 SA cents per share (2015: 21 SA cents) declared on 16 February 2017.	**492.9**	164.4
2017 interim dividend of 40 SA cents was declared during 2017 (2016: 50 SA cents).	**328.6**	410.7
A final dividend in respect of the financial year ended 31 December 2017 of 50 SA cents per share was approved by the Board of Directors on 13 February 2018. This dividend payable is not reflected in these financial statements.		
Dividends are subject to Dividend Withholding Tax.		
Total dividends	**821.5**	575.1
4. INVESTMENTS		
Listed		
Cost	**0.3**	0.3
Less: Other than temporary impairments	**(0.1)**	–
Carrying value	**0.2**	0.3
Market value	**0.2**	0.3
Unlisted		
Investments in subsidiaries	**42,931.4**	42,931.4
Financial guarantees	**1,664.3**	1,570.0
Total investments	**44,595.9**	44,501.7
Related party loans payable[1]	**(9,316.9)**	(8,765.1)
Related party loans receivable[1]	**–**	355.5
Total	**35,279.0**	36,092.1

Details of major investments and related party loans payable are included in note 42 to the consolidated financial statements, refer pages 211 to 212.

[1] Related party loans are unsecured, interest-free and with no fixed repayment terms.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS continued

for the year ended 31 December

		South African Rand	
Figures in millions unless otherwise stated		**2017**	**2016**
5.	**FINANCIAL GUARANTEES**		
	Gold Fields Limited and certain of its subsidiaries have guaranteed all payments and other obligations of Orogen Holdings ("BVI") Limited related to the US$1 billion notes issue and the US$1,290 million term loan and revolving credit facilities, all payments and other obligations of Gold Fields Operations Limited and GFI Joint Venture Holdings Proprietary Limited related to the R1,500 million Nedbank revolving credit facility, R500 million Standard Bank revolving credit facility and R500 million Absa revolving credit facility, all payments and obligation of the South African operations related to the short-term Rand uncommitted credit facilities and all payments and other obligations of Gruyere Holdings Proprietary Limited related to the A$500 million syndicated revolving credit facility (2016: US$1 billion notes issue, the US$1,290 million term loan and revolving credit facilities, the R1,500 million Nedbank revolving credit facility and the short-term Rand uncommitted credit facilities). The fair value of the guarantees issued during 2017 was R94.3 million (2016: R301.3 million). Refer note 24 of the Gold Fields consolidated financial statements for details of the guaranteed borrowings.		
	Carrying value of financial guarantees	**218.7**	363.1
	Total financial guarantees	**218.7**	363.1
6.	**CASH UTILISED IN OPERATIONS**		
	Profit for the year	**180.9**	296.9
	Taxation	**0.6**	19.1
	Interest received	**(0.3)**	–
	Profit before non-cash items	**181.2**	316.0
	Non-cash items:		
	Amortisation of financial guarantees	**(207.8)**	(368.6)
	Foreign exchange gain on revaluation of financial guarantees	**(30.9)**	(32.6)
	Total cash utilised in operations	**(57.5)**	(85.2)
7.	**CHANGE IN WORKING CAPITAL**		
	Trade and other receivables	**(5.6)**	(4.0)
	Trade and other payables	**0.9**	(0.4)
	Total change in working capital	**(4.7)**	(4.4)
8.	**TAXATION PAID**		
	Amount owing at beginning of the year	**(26.1)**	(16.0)
	SA current taxation	**(0.6)**	(19.1)
	Amount owing at end of the year	**2.8**	26.1
	Total taxation paid	**(23.9)**	(9.0)

Figures in millions unless otherwise stated	South African Rand 2017	2016
9. RELATED PARTY TRANSACTIONS AND BALANCES		

None of the directors, officers or major shareholders of Gold Fields or, to the knowledge of Gold Fields, their families, had any interest, direct or indirect, in any transaction during the last two fiscal periods or in any proposed transaction which has affected or will materially affect Gold Fields or its investment interests or subsidiaries, other than as stated below.

None of the directors or officers of Gold Fields or any associate of such director or officer is currently or has been at any time during the past two fiscal periods indebted to Gold Fields.

Refer to notes 4, 5 and 10 for further details relating to related party transactions and balances.

Compensation to directors		
Executive directors[1,2]	**20.5**	12.6
Non-executive directors[3]	**14.4**	14.6
	34.9	27.2

[1] Executive directors' fees relate to services performed for the holding company only.

[2] Refer to the Remuneration report (pages 126 to 127) for total remuneration paid to executive directors, which include amounts paid by the Company as well as by subsidiary companies.

[3] Refer to the Remuneration report (page 134) for further details of remuneration paid to non-executive directors.

10. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Company is exposed to commodity price, currency, interest rate, liquidity, equity price and credit risk. In order to manage these risks, the Company has developed a comprehensive risk management process to facilitate control and monitoring of these risks.

Controlling and managing risk in the Company

Gold Fields has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by Gold Fields' Board of Directors. Management of financial risk is centralised at Gold Fields' treasury department ("Treasury"), which acts as the interface between Gold Fields' operations and counterparty banks. Treasury manages financial risk in accordance with the policies and procedures established by the Gold Fields' Board of Directors and Executive Committee.

Gold Fields' Board of Directors has approved dealing limits for money market, foreign exchange and commodity transactions, which Gold Fields' Treasury is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as indicating counterparty credit-related limits. The dealing exposure and limits are checked and controlled each day and reported to the Chief Financial Officer.

The objective of Treasury is to manage all financial risks arising from the Company's business activities in order to protect profit and cash flows. Treasury activities of Gold Fields Limited are guided by the treasury policy, the treasury framework as well as domestic and international financial market regulations. Treasury activities are currently performed within the treasury framework with appropriate resolutions from the Board of Gold Fields Limited, which are reviewed and approved annually by the Audit Committee.

The financial risk management objectives of the Company are defined as follows:

Liquidity risk management: The objective is to ensure that the Company is able to meet its short-term commitments through the effective and efficient usage of credit facilities.

Currency risk management: The objective is to maximise the Company's profits by minimising currency fluctuations.

Funding risk management: The objective is to meet funding requirements timeously and at competitive rates by adopting reliable liquidity management procedures.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS continued

for the year ended 31 December

10. RISK MANAGEMENT ACTIVITIES (continued)

Investment risk management: The objective is to achieve optimal returns on surplus funds.

Interest rate risk management: The objective is to identify opportunities to prudently manage interest rate exposures.

Counterparty exposure: The objective is to only deal with approved counterparts that are of a sound financial standing and who have an official credit rating. The Company is limited to a maximum investment of 2.5% of the financial institutions' equity, which is dependent on the institutions credit rating. This credit rating is Fitch Ratings' short-term credit rating for financial institutions.

Commodity price risk management: Commodity price risk management takes place within limits and with counterparts as approved in the treasury framework.

Operational risk management: The objective is to implement controls to adequately mitigate the risk of error and/or fraud.

Banking relations management: The objective is to maintain relationships with credible financial institutions and ensure that all contracts and agreements related to risk management activities are co-ordinated and consistent throughout the Company and that they comply where necessary with all relevant regulatory and statutory requirements.

Credit risk

Credit risk represents risk that an entity will suffer a financial loss due to the other party of a financial instrument not discharging its obligation.

The Company has reduced its exposure to credit risk by dealing with a number of counterparties. The Company approves these counterparties according to its risk management policy and ensures that they are of good credit quality.

Receivables are reviewed on a regular basis and a provision for impairment is raised when they are not considered recoverable.

The combined maximum credit risk exposure of the Company is as follows:

	South African Rand	
Figures in millions unless otherwise stated	**2017**	**2016**
Trade and other receivables[1,2]	**8.9**	8.3
Related party loans receivable	**–**	355.5
Financial guarantees[3]	**23,014.6**	25,033.0

[1] None of the receivables are past due or impaired.

[2] Trade and other receivables exclude VAT amounting to R5.0 million (2016: Rnil).

[3] Gold Fields Limited and certain of its subsidiaries have guaranteed all payments and other obligations of Orogen Holdings ("BVI") Limited related to the US$1 billion notes issue and the US$1,290 million term loan and revolving credit facilities, all payments and other obligations of Gold Fields Operations Limited and GFI Joint Venture Holdings Proprietary Limited related to the R1,500 million Nedbank revolving credit facility, R500 million Standard Bank revolving credit facility and R500 million Absa revolving credit facility, all payments and obligation of the South African operations related to the short-term Rand uncommitted credit facilities and all payments and other obligations of Gruyere Holdings Proprietary Limited related to the A$500 million syndicated revolving credit facility (2016: US$1 billion notes issue, the US$1,290 million term loan and revolving credit facilities, the R1,500 million Nedbank revolving credit facility and the short-term Rand uncommitted credit facilities). The maximum possible exposure is the total amount the entity would have to pay if the guarantee is called on and if none of the other subsidiaries that provided guarantees were able to pay the amount called on. At 31 December 2017 and 2016, there was no indication that the guarantees will be called upon.

10. RISK MANAGEMENT ACTIVITIES (continued)

Liquidity risk

In the ordinary course of business, the Company receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns while ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions.

Uncommitted borrowing facilities are maintained with several banking counterparties to meet the Company's normal and contingency funding requirements.

The Company's current liabilities exceeded its current assets by R9,526.9 million at 31 December 2017 (2016: R9,147.5 million). Included in current liabilities are related party loans payable to subsidiary companies of R9,316.9 million (2016: R8,765.1 million) (refer note 4), as well as the carrying value of financial guarantees of R218.7 million (2016: R363.1 million) (refer note 5). The individual subsidiary companies have confirmed that they will not demand repayment of the loans owing to them until such time as the Company can repay its other liabilities in the normal course of business. Gold Fields Limited has access to the Group's undrawn loan facilities (refer note 24 of the Gold Fields consolidated financial statements). The directors believe that the subordination of the related party loans payable, in conjunction with the utilisation of the Group's existing undrawn loan facilities, will enable the Company to continue to meet its obligations as they fall due for a period of at least 12 months from 31 December 2017.

The following are the contractually due undiscounted cash flows resulting from maturities of all financial liabilities, including interest payments:

Figures in millions unless otherwise stated	Within one year R million	Between one and five years R million	After five years R million	Total R million
2017				
Trade and other payables	**2.4**	**–**	**–**	**2.4**
Financial guarantees[1]	**23,014.6**	**–**	**–**	**23,014.6**
Related party loans payable	**9,316.9**	**–**	**–**	**9,316.9**
Total	**32,333.9**	**–**	**–**	**32,333.9**
2016				
Trade and other payables	1.5	–	–	1.5
Financial guarantees[1]	25,033.0	–	–	25,033.0
Related party loans payable	8,765.1	–	–	8,765.1
Total	33,799.6	–	–	33,799.6

[1] Gold Fields Limited and certain of its subsidiaries have guaranteed all payments and other obligations of Orogen Holdings ("BVI") Limited related to the US$1 billion notes issue and the US$1,290 million term loan and revolving credit facilities, all payments and other obligations of Gold Fields Operations Limited and GFI Joint Venture Holdings Limited related to the R1,500 million Nedbank revolving credit facility, R500 million Standard Bank revolving credit facility and R500 million Absa revolving credit facility, all payments and obligation of the South African operations related to the short-term Rand uncommitted credit facilities and all payments and other obligations of Gruyere Holdings Proprietary Limited related to the A$500 million syndicated revolving credit facility (2016: US$1 billion notes issue, the US$1,290 million term loan and revolving credit facilities, the R1,500 million Nedbank revolving credit facility and the short-term Rand uncommitted credit facilities). The maximum possible exposure is the total amount the entity would have to pay if the guarantee is called on and if none of the other subsidiaries that provided guarantees were able to pay the amount called on. At 31 December 2017 and 2016, there was no indication that the guarantees will be called upon.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS continued

for the year ended 31 December

10. RISK MANAGEMENT ACTIVITIES (continued)

Market risk

Gold Fields is exposed to market risks, including foreign currency, commodity price, equity securities price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, Gold Fields may enter into derivative financial instruments to manage some of these exposures.

IFRS 7 *Sensitivity Analysis*

IFRS 7 requires sensitivity analysis that shows the effects of hypothetical changes of relevant risk variables on profit or loss or shareholders' equity. The Company is exposed to commodity price, currency, interest rate, liquidity, equity price and credit risks. The effects are determined by relating the hypothetical change in the risk variable to the balance of financial instruments at reporting date.

The amounts generated from the sensitivity analyses below are forward looking estimates of market risks assuming certain adverse or favourable market conditions occur. Actual results in the future may differ materially from those projected results and therefore should not be considered a projection of likely future events and gains/losses.

Interest rate sensitivity

General

As Gold Fields has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate sensitivity analysis

At 31 December 2017 and 31 December 2016, there were no interest-bearing borrowings and thus no sensitivity analysis was performed.

11. CAPITAL MANAGEMENT

Capital is managed on a Group basis only and not on a Company basis. Refer to note 38 in the Gold Fields consolidated financial statements.

12. CONTINGENT LIABILITIES

Refer note 34 of the Gold Fields consolidated financial statements.

13. EVENTS AFTER THE REPORTING DATE

Final dividend

On 14 February 2018, Gold Fields declared a final dividend of 50 SA cents per share.

OPERATING AND FINANCIAL INFORMATION BY MINE

for the year ended 31 December

SOUTH AFRICA REGION

	SOUTH DEEP						
	Gold produced					Net earnings	
	Tonnes milled	Yield* g/ton	Kilograms	'000 ounces	Cash cost** US$/oz	SA Rand million	US$ million
Year to 30 June							
2007#	1,104,000	4.6	5,076	163	595	(46.8)	(6.5)
2008	1,367,000	5.3	7,220	232	727	(143.1)	(19.7)
2009	1,241,000	4.4	5,434	175	717	(10.9)	(1.2)
2010	1,681,000	4.9	8,236	265	811	(81.0)	(10.7)
Six months to December 2010	1,101,000	4.1	4,547	146	939	(96.5)	(13.5)
Year to 31 December							
2011	2,440,000	3.5	8,491	273	1,073	146.4	20.3
2012	2,106,000	4.0	8,411	270	1,105	122.1	14.9
2013	2,347,000	4.0	9,397	302	1,045	(206.9)	(21.6)
2014	1,323,000	4.7	6,236	200	1,732	(897.7)	(83.0)
2015	1,496,000	4.1	6,160	198	1,559	(700.5)	(55.2)
2016	2,248,000	4.0	9,032	290	1,234	191.1	13.0
2017	2,081,000	4.2	8,748	281	1,400	(337.6)	(25.3)
Total	**20,535,000**	**4.2**	**86,988**	**2,797**			

 # For the seven months ended 30 June 2007, since acquisition control.
** Combined surface and underground yield.*
*** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013.*

WEST AFRICA REGION

	GHANA DIVISION TARKWA MINE — TOTAL MANAGED					
	Gold produced					Net earnings (before minorities)
	Tonnes treated	Yield g/ton	Kilograms	'000 ounces	Cash cost** US$/oz	US$ million
Year to 30 June						
1994 – 2005	91,612,600	1.2	108,546	3,490	n/a	210.9
2006	21,487,000	1.0	22,060	709	292	97.8
2007	22,639,000	1.0	21,684	697	333	116.9
2008	22,035,000	0.9	20,095	646	430	147.8
2009	21,273,000	0.9	19,048	612	521	100.0
2010	22,716,000	1.0	22,415	721	536	187.9
Six months to December 2010	11,496,000	1.0	11,261	362	562	135.6
Year to 31 December						
2011	23,138,000	1.0	22,312	717	556	401.4
2012	22,910,000	1.0	22,358	719	673	263.7
2013	19,275,000	1.0	19,664	632	816	(16.2)
2014	13,553,000	1.3	17,363	558	1,068	83.7
2015	13,520,000	1.3	18,229	586	970	87.5
2016	13,608,000	1.3	17,669	568	959	116.9
2017	13,527,000	1.3	17,617	566	940	85.4
Total	**332,789,600**	**1.1**	**360,322**	**11,585**		

Surface operation from F1999.
*** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013.*

OPERATING AND FINANCIAL INFORMATION BY MINE continued

for the year ended 31 December

	DAMANG MINE — total managed					
			Gold produced			
	Tonnes treated	Yield g/ton	Kilograms	'000 ounces	Cash cost** US$/oz	Net earnings SA Rand million
Year to 30 June						
2002# – 2005	17,279,000	1.8	30,994	996	n/a	76.1
2006	5,328,000	1.4	7,312	235	341	27.2
2007	5,269,000	1.1	5,843	188	473	16.0
2008	4,516,000	1.3	6,041	194	551	25.9
2009	4,991,000	1.2	6,233	200	660	9.0
2010	5,028,000	1.3	6,451	207	660	45.9
Six months to December 2010	2,491,000	1.5	3,637	117	636	39.4
Year to 31 December						
2011	4,942,000	1.4	6,772	218	701	100.5
2012	4,416,000	1.2	5,174	166	918	36.3
2013	3,837,000	1.2	4,760	153	1,060	(118.3)
2014	4,044,000	1.4	5,527	178	1,175	3.4
2015	4,295,000	1.2	5,220	168	1,326	(89.3)
2016	4,268,000	1.1	4,594	148	1,254	(4.5)
2017	4,590,000	1.0	4,467	144	1,827	20.4
Total	**75,294,000**	**1.4**	**103,025**	**3,312**		

 # F2002 – For the five months ended 30 June, since acquisition.
*** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013.*

AUSTRALASIA REGION

	AUSTRALIA DIVISION St IVES MINE					
			Gold produced			
	Tonnes treated	Yield g/ton	Kilograms	'000 ounces	Cash cost** US$/oz	Cash cost** A$/oz
Year to 30 June						
2002# – 2005	21,960,000	2.7	59,838	1,924	254	379
2006	6,690,000	2.3	15,440	496	339	453
2007	6,759,000	2.2	15,146	487	424	540
2008	7,233,000	1.8	12,992	418	582	649
2009	7,262,000	1.8	13,322	428	596	805
2010	6,819,000	1.9	13,097	421	710	806
Six months to December 2010	3,284,000	2.3	7,557	243	710	757
Year to 31 December						
2011	6,745,000	2.1	14,449	465	901	873
2012	7,038,000	2.0	13,992	450	931	899
2013	4,763,000	2.6	12,525	403	833	861
2014	4,553,000	2.5	11,246	362	1,164	1,289
2015	3,867,000	3.0	11,566	372	969	1,287
2016	4,046,000	2.8	11,290	363	949	1,273
2017	4,198,000	2.7	11,319	364	916	1,198
Total	**95,217,000**	**2.4**	**223,779**	**7,195**		

 # F200-For the seven months ended 30 June, since acquisition.
*** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013.*

	AGNEW MINE					
			Gold produced			
	Tonnes treated	Yield g/ton	Kilograms	'000 ounces	Cash cost** US$/oz	Cash cost** A$/oz
Year to 30 June						
2002# – 2005	4,299,000	4.6	19,911	640	236	357
2006	1,323,000	5.2	6,916	222	266	355
2007	1,323,000	5.0	6,605	212	295	377
2008	1,315,000	4.8	6,336	204	445	496
2009	1,066,000	5.6	5,974	192	401	541
2010	883,000	5.8	5,140	165	539	611
Six months to December 2010	417,000	5.9	2,477	80	621	662
Year to 31 December						
2011	935,000	6.5	6,035	194	696	675
2012	943,000	5.8	5,494	177	827	799
2013	974,000	6.9	6,705	216	625	646
2014	1,246,000	6.8	8,419	271	990	1,096
2015	1,218,000	6.0	7,360	237	959	1,276
2016	1,176,000	6.1	7,134	229	971	1,301
2017	1,235,000	6.1	7,502	241	977	1,276
Total	**18,353,000**	**5.6**	**102,009**	**3,280**		

 # For the seven months ended 30 June, since acquisition.
*** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013.*

	DARLOT MINE					
			Gold produced			
	Tonnes treated	Yield g/ton	Kilograms	'000 ounces	Cash cost** US$/oz	Cash cost** A$/oz
Year to 31 December						
2013 from Oct	158,000	3.9	613	20	1,025	1,059
2014	525,000	5.0	2,601	84	1,222	1,353
2015	457,000	5.3	2,440	78	1,057	1,403
2016	454,000	4.6	2,066	66	1,238	1,662
2017#	338,000	3.6	1,219	39	1,432	1,874
Total	**1,932,000**	**4.6**	**8,939**	**287**		

*** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013.*
 # Sale completed on 2 October 2017.

	GRANNY SMITH MINE					
			Gold produced			
	Tonnes treated	Yield g/ton	Kilograms	'000 ounces	Cash cost** US$/oz	Cash cost** A$/oz
Year to 31 December						
2013 from Oct	330,000	5.9	1,935	62	786	812
2014	1,472,000	6.7	9,804	315	809	896
2015	1,451,000	6.5	9,365	301	764	1,017
2016	1,446,000	6.1	8,827	284	834	1,119
2017	1,726,000	5.2	9,030	290	896	1,171
Total	**6,425,000**	**6.1**	**38,961**	**1,252**		

*** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013.*

OPERATING AND FINANCIAL INFORMATION BY MINE continued

for the year ended 31 December

	ST IVES/AGNEW/LAWLERS/ DARLOT/GRANNY SMITH Net earnings	
	US$ million	A$ million
Year to 30 June		
2002# – 2005	181.2	296.2
2006	39.3	52.6
2007	41.5	52.8
2008	36.8	41.2
2009	69.8	94.3
2010	81.0	89.9
Six months to December 2010	60.9	64.9
Year to 31 December		
2011	189.6	183.8
2012	88.9	85.8
2013	(138.9)	(143.6)
2014	94.5	104.7
2015	175.5	233.3
2016	219.5	294.4
2017	219.2	266.8
Total	**1,358.8**	**1,717.1**

F2002 – For the seven months ended 30 June 2002, since acquisition.

SOUTH AMERICA REGION

	PERU DIVISION CERRO CORONA — TOTAL MANAGED					
			Gold produced — note 1			
	Tonnes treated	Yield g/ton	Kilograms	'000 ounces	Cash cost** US$/oz	Net earnings (before minorities) US$ million
Year to 30 June						
2009#	4,547,000	1.5	6,822	219	369	25.4
2010	6,141,000	2.0	12,243	394	348	90.8
Six months to December 2010	3,102,000	2.0	6,206	200	395	93.3
Year to 31 December						
2011	6,593,000	1.8	11,915	383	437	208.5
2012	6,513,000	1.6	10,641	342	492	217.6
2013	6,571,000	1.5	9,851	317	491	80.5
2014	6,797,000	1.5	10,156	327	702	66.5
2015	6,710,000	1.4	9,196	296	777	(93.4)
2016	6,977,000	1.2	8,405	270	762	(73.1)
2017	6,796,000	1.4	9,540	307	673	97.4
Total	**60,747,000**	**1.6**	**94,975**	**3,053**		

Transition from Project to Operation from September 2008.

Note 1 – Cerro Corona is a gold and copper mine. As such gold produced is based on gold equivalent ounces.

SHAREHOLDERS' INFORMATION

Register date: 29 December 2017
Issued share capital: 821,532,707 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1000 shares	11,349	84.11	1,545,499	0.19
1001 – 10 000 shares	1,301	9.64	4,232,444	0.52
10 001 – 100 000 shares	507	3.76	19,692,741	2.40
100 001 – 1 000 000 shares	263	1.95	84,183,929	10.25
Over 1 000 000 shares	73	0.54	711,878,094	86.65
Total	**13,493**	**100.00**	**821,532,707**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
American Depositary Receipts	3	0.02	350 110 920	42.62
Banks	223	1.65	148,274,267	18.05
Brokers	95	0.70	33,416,785	4.07
Close Corporations	83	0.62	74,154	0.01
Control Account	1	0.01	933,958	0.11
Endowment Funds	21	0.16	1,486,967	0.18
Individuals	11,661	86.42	8,027,987	0.98
Insurance Companies	19	0.14	7,786,553	0.95
Investment Companies	22	0.16	5,993,245	0.73
Medical Aid Schemes	12	0.09	368,641	0.04
Mutual Funds	407	3.02	138,569,897	16.87
Nominees and Trusts	509	3.77	21,184,218	2.58
Other Corporations	53	0.39	888,343	0.11
Own Holdings	4	0.03	2,497,809	0.30
Pension Funds	193	1.43	87,503,493	10.65
Private Companies	180	1.33	855,979	0.10
Public Companies	6	0.04	34,097	0.00
Share Trust	1	0.01	13,525,394	1.65
Total	**13,493**	**100.00**	**821,532,707**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholders	9	0.07	16,762,007	2.04
Directors of the Company	4	0.03	742,405	0.09
Share Trust	1	0.01	13,525,394	1.65
Own Holdings	4	0.03	2,497,809	0.30
Public Shareholders	**13,484**	**99.93**	**804,770,700**	**97.96**
Total	**13,493**	**100.00**	**821,532,707**	**100.000**

SHAREHOLDERS' INFORMATION continued

BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE	Number of shares	%
Government Employees Pension Fund	63,107,220	7.68
Market Vectors Junior Gold Miners ETF	48,899,163	5.95
VanEck Vectors Gold Miners ETF	37,211,379	4.53
Total	**149,217,762**	**18.16**

FUND MANAGERS HOLDING 3% OR MORE	Number of shares	%
VanEck Global	87,422,717	10.64
Allan Gray Proprietary Limited	64,284,135	7.82
Public Investment Corporation	56,494,408	6.88
BlackRock Investment Mgt – Index	48,058,418	5.85
Dimensional Fund Advisors	43,656,914	5.31
Vanguard Group	28,404,553	3.46
Total	**328,321,145**	**39.96**

FOREIGN CUSTODIAN HOLDING 3% OR MORE	Number of shares	%
State Street Bank & Trust Company	82,599,551	10.05
JPMorgan Chase Bank, National Association	34,611,923	4.21
Brown Brothers Harriman & Co	27,911,786	3.40
The Bank of New York Mellon	27,125,875	3.30
Total	**172,249,135**	**20.96**

GLOSSARY OF TERMS

ABET	Adult Basic Education and Training
AISC	All-in Sustaining Costs. AISC comprises On-Site Mining Costs (on a sales basis); On-Site General & Administrative costs; Royalties & Production Taxes; Realised Gains/Losses on Hedges due to operating costs; Community Costs related to current operations; Permitting Costs related to current operations; 3rd party smelting, refining and transport costs; Non-Cash Remuneration (Site-Based); Stock-piles/product inventory write down; Operational Stripping Costs; By-Product Credits; Corporate General & Administrative costs (including share-based remuneration); Reclamation & remediation – accretion & amortisation (operating sites); Exploration and study costs (sustaining); and Capital exploration (sustaining)
AIC	All-in Costs. AIC is AISC plus Community Costs not related to current operations; Community Costs not related to current operations; Reclamation and remediation costs not related to current operations; Exploration and study costs (non-sustaining); Capital exploration (non-sustaining); Capitalised stripping & underground mine development (non-sustaining); and Capital expenditure (non-sustaining)
AS/NZ 4801	Australian occupational health and safety management standards
Backfill	Material generally sourced from processing plant mine residues and utilised for the filling of mined voids, to ensure long-term stability of excavations and minimise the effects of seismic activity
BEE	Black Economic Empowerment. BEE seeks to ensure that black persons within South Africa gain a significant degree of control in the economy through the possession of equity stakes and the holding of management positions within an institution
Blasthole	The hole into which a blasting charge is inserted in order to blast loose a quantity of rock
Borehole or drill hole	Hole bored or drilled in rock, usually to obtain representative samples (see diamond drill)
Box-hole	A cross raise, normally from the access cross-cut to the reef horizon, for the purpose of drawing broken rock and ore from the reef horizon into a conveyance in the cross-cut
Bulk mining	Any large-scale, mechanised method of mining involving many thousands of tonnes of ore being blasted or caved and transported to a processing plant
BVQI	Bureau Veritas Qualite International is a leading global and independent certification body that audits and certifies whether company systems meet the requirements of ISO standards
Carbon-in-leach (“CIL”)	The recovery process in which gold is leached from gold ore pulp by cyanide and simultaneously adsorbed onto activated carbon granules in the same vessel. The loaded carbon is then separated from the pulp for subsequent gold removal by elution. The process is typically employed where there is a naturally occurring gold adsorbent in the ore
Capital expenditure (or capex)	Specific project or ongoing expenditure for replacement or additional equipment, materials or infrastructure
Carbon-in-pulp (“CIP”)	The recovery process in which gold is first leached from gold ore pulp by cyanide and then adsorbed onto activated carbon granules in separate vessels. The loaded carbon is then separated from the pulp for subsequent gold removal by elution
Channel	Historic water course into which sediments consisting of gravel and sand are/have been deposited
Collective Bargaining Agreement	Collective Bargaining Agreement means a written agreement concerning terms and conditions of employment or any other matter of mutual interest concluded by a trade union(s) and the Company

GLOSSARY OF TERMS continued

Comminution	The term used to describe the process by which ore is reduced in size in order to liberate the desired mineral from the gangue material in preparation for further processing
Co-morbidity	Medical term for diseases that commonly co-exist, which increase the risk of morbidity
Concentrate	A metal-rich product resulting from a mineral enrichment process such as gravity concentration or flotation, in which most of the desired mineral has been separated from the waste material in the ore
Conglomerate	Sedimentary rocks comprising eroded subangular to rounded pebbles within a finer-grained matrix
Cross-cut	A horizontal underground drive developed perpendicular to the strike direction of the stratigraphy and reef
Cut-off grade	The lowest grade of mineralised ore, which determines whether or not it is economic to mine and send to the processing plant
Decline	An excavation from surface or subsurface, in the form of a tunnel, which is developed downwards
Depletion	The decrease in quantity of ore, in a deposit or property resulting from extraction or mining
Development	Is any tunnelling operation that is developed for either exploration, exploitation or both
Diamond drill	A rotary type of rock drill that cuts a core of rock by diamond bits and is recovered in long cylindrical sections
Dilution	Waste or material below the cut-off grade that contaminates the ore during the course of mining operations and thereby reduces the average grade mined
Dip	Angle of inclination of a geological feature/rock from the horizontal
Dyke	Tabular, vertical or near vertical body of igneous rock formed by the intrusion of magma generally into planar structural zones of weakness
Elution	The chemical process of desorbing gold from activated carbon
Face	The end of a development end, drift, cross-cut or stope at which work is taking place
Facies	The characteristics of a rock unit defined by its composition, lithology, physical properties and geochemical parameters, usually reflecting the conditions of its origin
Fatality rate	Number of deaths normally expressed as a ratio per million man-hours worked
Fault	The surface or plane of a fracture along which movement has occurred
Feasibility study	A comprehensive design and costing study of the selected option for the development of a mineral project in which appropriate assessments have been made of realistically assumed geological, mining, metallurgical, economic, marketing, legal, environmental, social, governmental, engineering, operational and all other modifying factors, which are considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable) and the factors reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The overall confidence of the study should be stated

Filtration	Process of separating usually valuable solid material from a liquid
Flotation	The process by which the surface chemistry of the desired mineral particles is chemically modified such that they preferentially attach themselves to bubbles and float to the surface of the pulp in specially designed vessels. The gangue or waste minerals are chemically depressed and do not float, thus allowing the valuable minerals to be concentrated and separated from the undesired material
Footwall	The underlying side of an ore body or stope
Free cash flow margin	The free cash flow ("FCF") margin is revenue less cash outflow divided by revenue expressed as a percentage
Gold equivalent	A quantity of metal (such as copper) converted to an amount of gold in ounces, based on accepted gold and other metal prices, ie the accepted total value of the metal based on its weight and value thereof divided by the accepted value of one troy ounce of gold
Grade	The quantity of gold or other metal contained within a unit weight of one metric tonne, generally expressed in grams per metric tonne ("g/t") or percent metal per metric tonne (%)
Hanging wall	The overlying side of an ore body or slope
Haulage	A horizontal underground excavation which is used to transport mined ore
Head grade	The grade of the material delivered to the processing facility (such as heap leach pad, mill, etc.) The Mineral Reserve declaration is for material as delivered to the processing facility
Hedging	Taking a buy or sell position in futures market opposite to a position held in the cash/spot market to minimise the risk of financial loss from an adverse price change
Hydrothermal	Process of injection of hot, aqueous, generally mineral-rich solutions into existing rocks or geological features
ICVCT	Informed Consented Voluntary Counselling and Testing
Indicated Mineral Resources	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes which may be limited or of uncertain quality and reliability
ISO 14000	International standards for organisations to implement sound environmental management systems

GLOSSARY OF TERMS continued

Lock-up gold	Gold trapped as a temporary inventory within a processing plant, or sections thereof, typically milling circuits
LTIFR	Lost-Time Injury Frequency Rate, expressed in million man-hours worked
Measured Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
Milling	A general term used to describe the process in which the ore is crushed and ground and subjected to physical or chemical treatment to extract the valuable metals to a concentrate or finished product
Mine Health and Safety Act (“MHSA”)	The South African Mine Health and Safety Act, No 29 of 1996
Mineralised	Rock in which minerals have been introduced
Mineral Reserve	A ‘Mineral Reserve’ is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and a Life-of-Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed
Mineral Resource	A ‘Mineral Resource’ is a concentration or occurrence of material of economic interest in or on the earth’s crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories
Net cash flow	Cash flow from operating activities less net capital expenditure and environmental payments
Normal fault	Fault in which the hanging wall moves downward relative to the footwall, under extensional tectonic conditions
Normalised earnings	Net earnings excluding gains or losses on foreign exchange, financial instruments and non-recurring items after royalties and taxation
Nugget effect	A measure of the randomness of the grade distribution within a mineralised zone
NUM	National Union of Mine Workers
OHSAS	Management system standards, developed in order to facilitate the integration of quality and occupational health and safety management systems by organisations
Payshoot	Linear to sublinear zone within a reef for which gold grades or accumulations are predominantly above the cut-off grade
Pillar	Rock left behind to help support the excavations in an underground mine
Probable Mineral Reserve	The economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is estimated with a lower level of confidence than a Proved Mineral Reserve. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, to a minimum of a pre-feasibility study for a project, have been carried out, including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified

Project capital	Capital expenditure that is associated with specific projects
Proved Mineral Reserve	The economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, to a minimum of a pre-feasibility study for a project, have been carried out, including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified
Reef	A general term for metalliferous mineral deposit (gold) within a geological zone or unit
Remuneration Report	• The term **Executive Directors** refers to the CEO and the CFO, who are members of the Board of Gold Fields Limited • The term **Executive Committee or Executives** refers to the Gold Fields Limited Executive Committee, which for purposes of King IV™ is the executive management of the Company. The Executive Committee is made up of the CEO, CFO, the Corporate Executive Vice Presidents ("EVPs") and the Regional EVPs • **Corporate EVPs** refers to those members of the Executive Committee who are based at the Corporate Office of the Company based in Sandton, Johannesburg, South Africa • **Regional EVPs** are those members of the Executive Committee who are heads of their respective regions, namely South Africa, West Africa, Americas and Australia • **LTIP** – Long Term Incentive Plan • **LTI** – Long Term Incentive • **MSR** – Minimum Shareholding Requirements • **STI** – Short Term Incentive Plan • **RemCo** – Remuneration Committee • **BSC** – Balance Scorecard • **GRP** – Gross Remuneration Package • **BRP** – Base Rate of Pay • **MSR** – Minimum Shareholding Requirement • **RexCo** – Regional Executive Committee • **EVP** – Executive Vice President • **ROE** – Rate of exchange • **CEO** – Chief Executive Officer • **CFO** – Chief Financial Officer • **TSR** – Absolute and Relative Total Shareholder Return • **FCFM** – Free Cash-Flow Margin • **ExCo** – Executive Committee • **NED** – Non-Executive Director
SADC	Southern African Development Community
SAMREC Code	The South African code for the reporting of exploration results, Mineral Resources and Mineral Reserves (the SAMREC Code) 2016 Edition
Seismic	Earthquake or earth vibration including those artificially induced by mining operations
Shaft	An opening cut downwards from the surface for transporting personnel, equipment, supplies, ore and waste
Shear	A deformation resulting from stresses that cause contiguous parts of a body of rock to slide relative to each other in a direction parallel to their plane of contact
Stope	The working area from which ore is extracted in an underground mine
Stripping	The process of removing overburden or waste rock to expose ore
Stripping ratio	The ratio of waste tonnes to ore tonnes mined, calculated as total tonnes mined less ore tonnes mined, divided by ore tonnes mined
Stratigraphy	The science of rock strata, including arrangement according to geographical location lithological composition, geophysical and geochemical and chronological order of sequence
Strike	Direction or trend of geological structures such as bedding or fault planes defined by the intersection with the horizontal plane and is always perpendicular to the dip direction

GLOSSARY OF TERMS continued

Subvertical shaft	An opening cut below the surface downwards from an established surface shaft
Surface sources	Ore sources, usually dumps, tailings dams and stockpiles, located at the surface
TEBA	The Employment Bureau of Africa
Tertiary shaft	An opening cut below the surface downwards from an established subvertical shaft
Trade union	An association of employees whose principal purpose is to regulate relations between employees and the Company, which has been registered; whose officials have been elected to represent the interests of employees within the workplace; and which is recognised for collective bargaining by the Company

Abbreviations and units

ABET	Adult Basic Education and Training
ADS	American Depository Shares
AIDS	Acquired Immune Deficiency Syndrome
ARC	Assessment and Rehabilitation Centres
ART	Antiretroviral therapy
A$	Australian Dollar
CBO	Community-based organisation
CIL	Carbon-in-leach
CIP	Carbon-in-pulp
CIS	Carbon-in-solution
DCF	Discounted cash flow
ETF	Exchange-traded fund
GFHS	Gold Fields Health Service
GFLC	Gold Fields La Cima
GRI	Global Reporting Initiative
HBC	Home-based care
HDSA	Historically disadvantaged South African
HIV	Human immunodeficiency virus
LoM plan	Life-of-mine plan
LTIFR	Lost-Time Injury Frequency Rate, quoted in million man-hours
MCF	Mine Call Factor
NGO	Non-governmental organisation
NUM	National Union of Mineworkers
NYSE	New York Stock Exchange
OHC	Occupational Health Centre
OT	Occupational therapy
PHC	Primary health clinic
PPI	Producer price index
SAMREC	South African code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves

SEC	United States Securities Exchange Commission
STI	Sexually transmitted infection
TB	Tuberculosis
TEC	Total employees costed
UASA	United Association of South Africa (a labour organisation)
VCT	Voluntary counselling and testing (for HIV)
cm	centimetre
cm.g/t	gold accumulation
g	gram
g/t	grams per metric tonne – gold grade
ha	hectare
kg	kilogram
km	kilometre
koz	thousand ounces
kt	thousand metric tonnes
ktpa	thousand metric tonnes per annum
ktpm	thousand tonnes per month
m2	square metre
Moz	million ounces
oz	fine troy ounce equalling 31.10348 grams
R	South African Rand
R/kg	South African Rand per kilogram
Rm	million South African Rand
R/t	South African Rand per metric tonne
t	metric tonne
US$	United States Dollar
US$m	million United States Dollars
US$/oz	United States Dollar per ounce

GLOSSARY OF TERMS – SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT

- **United Nations Global Compact** – is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The Global Compact is a principle-based framework for businesses, stating 10 principles in the areas of human rights, labour, the environment and anti-corruption. www.unglobalcompact.org
- **Global Reporting Initiative ("GRI")** – produces one of the world's most prevalent standards for sustainability reporting. www.globalreporting.org
- **ICMM (International Council on Mining and Metals)** – CEO-led organisation of mining companies that seeks to continually entrench best practice with regard to sustainable development and to provide a platform for member companies to share experiences. www.icmm.com

HEALTH, SAFETY AND WELLBEING

- **Total Recordable Injury Frequency Rate ("TRIFR")** TRIFR = (Fatalities + Lost Time Injuries + Restricted Work Injuries + Medically Treated Injuries) x 1,000,000/number of man-hours worked.
- A Lost Time Injury ("LTI") is a work-related injury resulting in the employee or contractor being unable to attend work for a period of one or more days after the day of the injury. The employee or contractor is unable to perform any of his/her duties.
- A Restricted Work Injury ("RWI") is a work-related injury sustained by an employee or contractor which results in the employee or contractor being unable to perform one or more of their routine functions for a full working day, from the day after the injury occurred. The employee or contractor can still perform some of his/her duties.
- **A Medically Treated Injury ("MTI")** is a work-related injury sustained by an employee or contractor which does not incapacitate that employee and who, after having received medical treatment, is deemed fit to immediately resume his/her normal duties on the next calendar day, immediately following the treatment or re-treatment.
- **OHSAS 18001 –** An international voluntary standard for occupational health and safety management systems. As with other standards, it is based around the identification and control of risks and monitoring of the business performance against these.
- **Noise-Induced Hearing Loss ("NIHL") –** is an increasingly prevalent disorder that results from exposure to high-intensity sound, especially over a long period of time.
- **Silicosis –** is a form of occupational lung disease caused by inhalation of crystalline silica dust, and is marked by inflammation and scarring in the form of nodular lesions in the upper lobes of the lungs.
- **Chronic Obstructive Airway Disease ("COAD") –** refers to chronic bronchitis and emphysema, a pair of commonly co-existing diseases of the lungs in which the airways become narrowed.
- **Highly active antiretroviral therapy ("HAART") –** Treatment of people infected with HIV, to suppress the growth of HIV, the retrovirus responsible for AIDS. The standard treatment consists of a combination of at least three drugs.

ENVIRONMENT

- **ISO 14001 –** an international voluntary standard for environmental management systems. This is one standard in the ISO 14000 series of international standards on environmental management.
- **Environmental incidents –** these are incidents that are classified in accordance with a system designed by Gold Fields (based on the GRI definition) that classifies the incident based on its severity. Incidents are classified as follows:
  - Not classified – Incidents below the level 1 classification threshold and with no environmental impact: No classification or administrative action required, but it can be logged.
  - Level 1 environmental incident – Incident that involves minor non-conformance that results in minimal or no environmental impact.
  - Level 2 environmental incident – Incident that involves minor non-conformance that results in short-term, limited and non-ongoing adverse environmental impacts.
  - Level 3 environmental incident – Incident that results in limited non-conformance or non-compliance. The non-compliance results in ongoing (as per the timeframes defined in Gold Fields Guidelines), but limited environmental impact.
  - Level 4 environmental incident – Incident resulting in significant non-conformance or non-compliance with significant short-term or medium-term environmental impact. Such events are likely to be operation-threatening in isolation and cumulatively (i.e. if the incidents are repeated) is very likely to threaten a licence to operate or social licence to operate. In addition, such incidents also have the potential to cause reputational damage.
  - Level 5 environmental incident – Incident that results in major non-conformance or non-compliance. The non-compliance or non-conformance results in either catastrophic short-term impact or medium to long-term environmental impact. Company or operation threatening implications and potential major damage to the Company's reputation are almost inevitable.

Water withdrawal: The sum of all water drawn into the boundaries of Gold Fields from all sources (including surface water, ground water, rainwater, waste water from another organisation and municipal water supply) for any use/impact over the course of the calendar year.

- **Recycled water:** Refers to the act of processing used water/waste water through the same or another cycle at the same facility. The water/waste water is treated before being recycled.

- **Reused water:** Refers to water/waste water that is re-used without treatment at the same facility or at another of the reporting organisations' facilities.

- **Acid mine drainage ("AMD")** or acid rock drainage ("ARD"), collectively called acid drainage ("AD") is formed when certain sulphide minerals in rocks are exposed to oxidising conditions, such as the presence of oxygen, combined with water. AD can occur under natural conditions or as a result of the sulphide minerals that are encountered and exposed to oxidation during mining or during storage in waste rock dumps, ore stockpiles or tailings dams. The acidic water that forms usually contains iron and other metals if they are contained in the host rock.

SUPPLY CHAIN MANAGEMENT AND MATERIAL STEWARDSHIP

International Cyanide Management Code ("ICMC") – is a voluntary industry programme for the manufacture, transport and use of cyanide in gold production. It focuses on the safe management of cyanide and cyanidation mill tailings and leach solutions. Companies that adopt the Code must have their mining operations that use cyanide to recover gold audited by an independent third party to determine the status of Code implementation, and must use certified manufacturers and transporters.

SOCIAL RESPONSIBILITIES

Socio-economic development spend ("SED") – Payments made to communities and community investments that are not inherent to the functioning of the operation. This may include payments related to infrastructure, health and well-being, education and training, local environment, scholarships and donations. This definition is aligned to the World Gold Council ("WGC") definition.

Host communities – are identified by each operation for the purpose of securing our mining licences – both legal and social. These communities are directly affected by and have an expectation regarding our activities.

Local Economic Development ("LED") – refers to initiatives and monies disbursed to uplift socio-economic conditions in the communities in which we operate, in particular job creation and enterprise development

AA1000SES – is a generally applicable, open-source framework for improving the quality of the assessment, design, implementation and communication of stakeholder engagement.

OUR PEOPLE

HDSA – Historically disadvantaged South Africans.

ENERGY AND CARBON MANAGEMENT

Greenhouse gas emission ("GHG emission") – Gas which absorbs outgoing terrestrial radiation, such as methane, CFCs and carbon dioxide.

Scope 1 carbon dioxide equivalent ("CO_2e") emissions – are those directly occurring from sources that are owned or controlled by the institution, including: on-site stationary combustion of fossil fuels; mobile combustion of fossil fuels by company-owned/controlled vehicles; and fugitive emissions. Fugitive emissions result from intentional or unintentional releases of GHGs.

Scope 2 CO_2e emissions – are indirect emissions generated in the production of electricity consumed by the company.

Scope 3 CO_2e emissions – are all the other indirect emissions that are a consequence of the activities of the institution, but occur from sources not owned or controlled by the institution such as commuting, air travel, waste disposal; embodied emissions from extraction, production and transportation of purchased goods; outsourced activities; contractor-owned vehicles; and line loss from electricity transmission and distribution.

Equivalent carbon dioxide ("CO_2e") – measures for describing how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide ("CO_2") as the reference.

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