2018

Annual Financial Report including Governance Report

GOLD FIELDS

Contents

The audited financial statements for the year ended 31 December 2018 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.

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.

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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 consolidated statement of financial position at 31 December 2018, and the consolidated income statement and consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and the accounting policies and the notes to the consolidated financial statement, as well as the Directors' Report. These financial statements presented on p129 – 212 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the South African Companies Act No 71 of 2008 (as amended) (Companies Act), 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 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 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 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 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 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. (KPMG), audited the financial statements, and their auditor's report is presented on p125 – 128.

Approval of consolidated annual financial statements

The consolidated annual financial statements of Gold Fields Limited, as identified in the first paragraph, were approved by the Board of Directors on 25 March 2019 and are signed on its behalf by:

N Holl

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, 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.

MMokoka

MML Mokoka
Company Secretary
25 March 2019

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 are essential to our ultimate operational and strategic success. A key element of the approach is to ensure that the Company complies with all laws and regulations, as well as the highest levels of corporate governance. 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 2018, the Board continued to ensure compliance and uphold the principles recommended in the King IV Code.

Details of our compliance with King IV can be found on p15 – 16.

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, 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 conduct business in an ethical and fair manner. The Board's Audit, and Social, Ethics and Transformation (SET) committees are tasked with ensuring the consistent application of, and adherence to, the Code. The Code is on our website at **www.goldfields.com/code-of-conduct.**	Our primary listing is on the Johannesburg Stock Exchange Limited (JSE), and we are therefore subject to the JSE Listings Requirements. Gold Fields has a secondary listing on the New York Stock Exchange (NYSE) and, 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). The Board is committed to upholding the principles and recommended practices of King IV and ensured compliance with the code during 2018.	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 (UN) 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 2018 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 King IV, 48 non-binding rules, codes and standards have been adopted by the Audit Committee. During 2019, 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 Organisation for Economic Co-operation and Development (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: King IV 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's 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 (NEDs). 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 November 2018 Board meeting.

The role of NEDs, 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 Group's Chief Executive Officer (CEO) are kept separate. NEDs Cheryl Carolus was the Chairperson of the Board, with Rick Menell the Deputy Chairperson and lead independent director. Nick Holland was Gold Fields' CEO 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.

NEDs 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, as well as to the external auditors, when necessary. A brief curriculum vitae (CV) for each Board member is set out on p12 – 14 of this report.

Chief Financial Officer

Paul Schmidt was appointed as the Company's Chief Financial Officer (CFO) from 1 January 2009. In accordance with the JSE Listings Requirements, the Audit Committee considered and agreed unanimously that the level of expertise and experience of Mr Schmidt was satisfactory during 2018.

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 2018 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 Chairperson and Deputy Chairperson are appointed on an annual basis by the Board after a review of their performance and independence. In line with recommendations by King IV, 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. 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, Phuti Mahanyele-Dabengwa was appointed to the Board on 1 September 2018. Don Ncube retired at the Annual General Meeting held in May 2018. At the November 2018 Board meeting, the Board approved that Ms Mahanyele-Dabengwa become a member of the Safety, Health and Sustainable Development (SHSD), Social, Ethics and Transformation (SET), and Capital Projects, Control and Review committees. The Board also approved that Yunus Suleman resign from the SHSD and SET committees and become a member of the Nominating and Governance Committee. The composition of the Investment Committee was reviewed and Cheryl Carolus, Rick Menell and Steven Reid became additional members of this Committee.

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.

The Board in 2017 adopted a policy on race and gender diversity at Board level. During 2018 it set a target of appointing an additional South African black female director and a South African black male director. The appointment of Phuti Mahanyele-Dabengwa was completed in 2018 and the search for a black male director is ongoing.

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 2018. 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 NEDs' and executive directors' remuneration can be found on p42 – 60.

Board of Directors' Charter

The Board Charter and committees' terms of reference are reviewed on an annual basis. In 2017, the Board reviewed the Board of Directors' Charter and committees' terms of reference to align with the recommendations of King IV. A summary of the application of the King IV principles by Gold Fields can be found on p15 – 16.

Company Secretary

The Company Secretary provides company secretarial services, oversees Board governance processes in relation to the Board (in accordance with the 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 relevant Board governance matters 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 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. The King IV gap analysis process conducted in 2017 revealed that the Company was materially compliant with the Code. The Board continued to review and refine governance processes to enhance compliance with the Code in 2018.

As such, a full register of the King IV principles, and the extent of the Company's compliance therewith, is available on p15 – 16, and will also be placed on our 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 nine times during 2018 as five special/ad hoc Board meetings were held to deliberate on urgent substantive matters. In terms of the Board Charter, a meeting may also be conducted by electronic communication.

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 NEDs. 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 2018

Directors	Board meetings	Special Board meetings	Ad-hoc Investment Committee	Audit Committee	SHSD Committee	Capital Projects, Control and Review Committee	Remune-ration Committee	SET Committee	Nominating and Governance Committee	Risk Committee
No of meetings per year	4	5	4	7	5	4	4	4	4	2
CA Carolus[1]	4	5	2	–	4	4	4	4	4	–
A Andani[1]	4	5	3	7	–	–	4	4	–	–
PJ Bacchus[1]	4	4	4	7	–	4	4	3	–	2
TP Goodlace[1]	4	4	–	–	5	4	–	.	–	2
C Letton	4	5	–	–	4	4	–	4	–	2
NJ Holland	4	5	4	7	5	4	4	4	4	2
RP Menell[1]	4	4	2	7	4	4	4	4	4	–
DMJ Ncube[1]	2	2	–	3	2	–	4	4	4	–
SP Reid[1]	4	5	2	–	5	4	4	2	4	–
PA Schmidt	4	5	4	7	–	2	–	–	–	2
YGH Suleman[1]	4	5	3	7	5	4	–	4	–	2
P Mahanyele- Dabengwa[2]	1	1	–	1	1	1	–	1	–	–

[1] *CA Carolus attended the Capital Projects, Control and Review Committee meetings by invitation*
PJ Bacchus attended the SET Committee meetings by invitation
RP Menell and PJ Bacchus recused themselves from the March 2018 Special Board Meeting due to a conflict of interest
TP Goodlace submitted an apology for the October Special Board Meeting
A Andani and YGH Suleman submitted apologies for the May 2018 and November 2018 Investment Committee meetings respectively
C Carolus, R Menell and S Reid became members of the Investment Committee with effect from the 27 November 2018 Board meeting. They attended the 1 November Investment Committee meeting by invitation
DMJ Ncube attended the SHSD Committee meetings by invitation. He retired from the Board with effect from the Annual General Meeting in May 2018

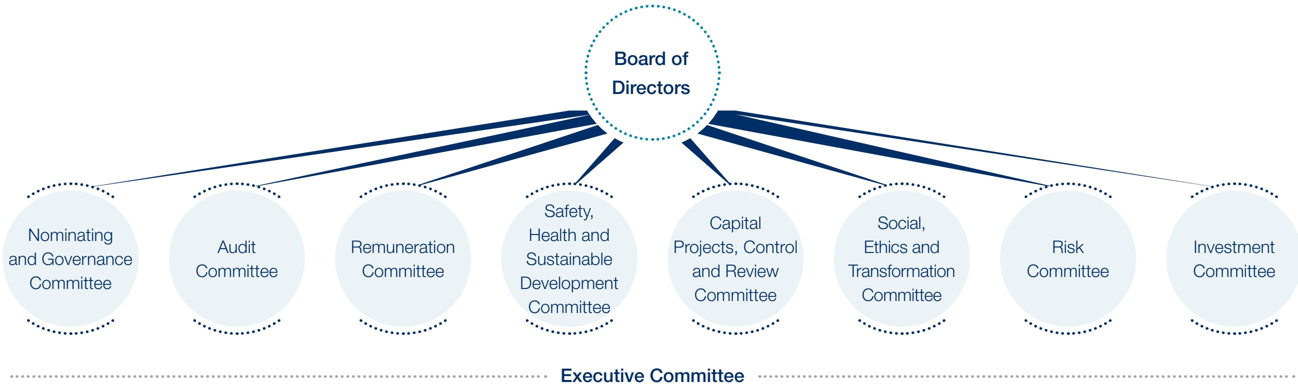
[2] *P Mahanyele-Dabengwa was appointed to the Board with effect from 1 September 2018.*

The full Directors' Report is detailed on p19 – 23.

Board committees

The Board has established a number of standing committees in compliance with the Companies Act and JSE Listings Requirements with delegated authority from the Board. Committee members are all independent NEDs, and the CEO, CFO and various members of management are permanent invitees to committee meetings. (The CEO is a permanent member of the SET Committee). Each Board committee is chaired by an independent NED.

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 can be found at **www.goldfields.co.za/au_standards.php.**

The Investment Committee is an ad hoc committee of the Board, established in 2017 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 King IV. The written terms of reference and responsibilities of the Board and its committees are set out below. The composition of the committees refers to the position as at 25 March 2019:

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
- Reviewing 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

Key areas of focus during 2018

- Recomposition of a number of Board committees
- Considered outcomes of Independent Board Evaluation conducted by the Institute of Directors (IoD)
- Deliberation on South Deep performance and approval of South Deep restructuring process
- A decision was made to appoint PricewaterhouseCoopers Inc (PwC) as the Company's new external auditors
- Approval of remuneration philosophy and policy, as well as cash-settled long-term incentive (LTI) plan
- Approval of additional gold price hedges
- Completed Asanko joint venture transaction and approved funding strategy to finance the deal

Corporate Governance Report continued

- Deliberation on the impact of scope changes, force majeure and cost escalation of the Gruyere project
- Continued focus on capital allocation and approval of capital framework
- Approval of the Group Stakeholder Relationship and Engagement Policy Statement, the Environmental Policy Statement, as well as the Occupational Health and Safety Policy Statement

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, 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 Chairperson, Deputy Chairperson and lead independent director, and the CEO, and make recommendations to the Board
- Consider the Board committee mandates, the selection and rotation of the Chairpersons 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 2018

- Recommended appointment of additional Board members
- Board skills, diversity and composition assessment
- Independent Board Evaluation (conducted by the IoD) in line with King IV requirements
- Succession planning for directors and senior executives

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 four 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, King IV and the JSE Listings Requirements.

The full duties and responsibilities of the Audit Committee, as well as the Audit Committee Statement, appear on p24 – 27 of this report, respectively. It is the responsibility of this Committee, among other things, to:
- Nominate external registered auditors 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 Companies 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
- Delegate 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 carried 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 Gold Fields, and recommendations regarding supplementary reports that shareholders may require in the course of their relationship with Gold Fields

Key areas of focus during 2018

- Reviewed KPMG's appointment as the Group's external auditors, and subsequently resolved to recommend to the Board and shareholders to appoint PwC as the Company's external auditors
- Hedging of gold and copper prices for all our regions in 2018
- External assurance of non-financial data
- Review of Integrated Annual Report, Annual Financial Report and Form 20-F
- Reviewed and approved a revised treasury framework
- Considered the impact of IFRS 16, *Leases*, which became effective on 1 January 2019

Disclosures

- Approval of the appointment of PwC as the Group's external auditors at the conclusion of KPMG's responsibilities relating to the 2018 year-end audit
- 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 (Exco) members
- Determine the total individual remuneration package of the CEO and Group Exco members, including bonuses, incentive payments, retention payments, long-term incentive awards and any other benefits
- Ensure that contractual terms on potential termination of the CEO and Group Exco 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 NEDs' fees for approval by shareholders

Key areas of focus during 2018

- Reviewed and approved 2018 bonuses and salary packages for the Group
- Reviewed executive remuneration and incentive policies
- Appointment of principal officer of the Company
- Approval of executive remuneration packages for 2019 after peer review
- Approval of remuneration philosophy and policy, as well as cash-settled LTI plan
- Identification of a committee independent advisor (following the appointment of PwC as Group external auditors)

The Company's remuneration policies, as well as details of directors' fees and equity-settled instruments, are in the Remuneration Report on p28 – 60.

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

SHSD Committee

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 six independent directors (one additional director attended by invitation during 2018). 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
- Scrutinise investigations into any incidents related to safety, health and sustainable development
- Recommend, to the Board, policies and guidelines on matters relating to safety, health and sustainable development
- Review reports, policies and the performance of the Company's implementation of its safety, health and sustainable development policy statements
- Assess and approves the sustainable development policies that are applicable to the Group's operations
- Monitor compliance of Gold Fields' operations against regulations, policies and standards and makes specific recommendations regarding the investigation of incidents

Corporate Governance Report continued

- Ensure risk management assessment processes on sustainable development matters are effectively applied
- Identify key indicators or trends relating to accidents and/or incidents and offer appropriate solutions for due consideration
- Consider national and international regulatory and technical developments that relate to sustainable development when making recommendations to the Board on these matters
- Offer recommendations to the Board on the engagement of external assurance partners with the requisite credentials

Key areas of focus during 2018
- Reviewed Group and regional safety, health and sustainable development policy statements and strategies
- Investigated two fatalities (one mining and one non-mining related) at Group mines during the year, and reviewed action plans to mitigate similar risks
- Approved the updated Group Stakeholder Relationship and Engagement Policy Statement, Environmental Policy Statement, as well as Occupational Health and Safety Policy Statement
- Approved Group and regional safety, health and sustainable development strategies
- Adopted the ICMM's 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 2018:
- Implementation of the South Deep capital project, Gruyere Gold project, Damang Reinvestment project, as well as Tarkwa contractor mining
- Reviewed and approved the Group capital framework
- Approved the 2018 budget for Salares Norte and transition to full feasibility study

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.

SET Committee
It is the responsibility of this Committee, which consists of six independent directors (one additional director attended by invitation during 2018) and one executive director (in line with King IV recommendations), 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, as well as 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 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 2018
- 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, ethics and governance
- The Committee also has oversight over the South Deep Education Trust, the South Deep Community Trust and the Westonaria Community Trust

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

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 to, among other things:

- 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 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 2018

- 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.

Ad-Hoc Investment Committee

The objective of the Committee is to consider and, where appropriate, make recommendations to the Board on strategic, organisational and structuring options including investment and divestment opportunities to achieve the Company's strategic objective of maximising shareholder returns sustainably.

It is the responsibility of this Committee to:

- Consider strategic alternative corporate organisational options and structures
- Assess new material investment or divestment opportunities, on the basis set out in the above paragraph
- Review the outcomes of all options/opportunities against specified work plans identified amongst the Committee members and Management
- Provide recommendations to management in relation to their functions and duties
- Monitor progress throughout the process
- Periodically report its findings and recommendations to Management and the Board.

Executive Committee

The Exco is not a subcommittee 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 have been disseminated throughout the Company. 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.

Corporate Governance Report continued

Directors

Independent, Non-executive directors

Cheryl Carolus (60)
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 of many not-for-profit organisations, including the International Crisis Group, Soul City, World Wildlife Fund (South Africa and internationally), The British Museum (appointed by Her Majesty Queen Elizabeth), and is Chairperson of the SA Constitution Hill Education Trust.

Previously, 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 (UK) 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 (63)
Deputy Chairperson
MA (Natural Sciences Geology), Cambridge; MSc (Mineral Exploration and Management), Stanford University, California

Appointed to the Board: Director 2008, Deputy Chairperson 2015, Lead Independent Director 2017
Experience and expertise: Executive management, geology

Mr Menell became a NED of Sibanye-Stillwater in 2013. He has over 38 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 and Mining, as well as Executive Chairperson of Anglovaal Mining and Avgold. He is a director of Weir Group Plc, as well as a Senior Advisor to Credit Suisse. He also serves as a director for a number of unlisted companies and not-for-profit organisations.

Peter Bacchus (50)
MA (Economics), Cambridge University

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

Mr Bacchus is Chairperson 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 NED of UK-listed mining group Kenmare Resources, Australian-listed Galaxy Resources, and Chairperson of Space for Giants, an African-focused conservation charity.

Alhassan Andani (57)
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 Chairperson of the Ghana Council for Scientific and Industrial Research (CSIR), a director of SOS Villages Ghana, and has held other corporate directorships in the past.

Carmen Letton (53)
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 33 years of global mining exposure, working for major and mid-tier mining houses in senior management and leadership roles, with experience in operations, corporate strategy development, engineering and design, asset and business development, continuous improvement, mergers and acquisitions.

Currently, Dr Letton is the Head Open Resource Development Planning and Life of Asset Planning for the Technical and Sustainability Group in Anglo American. Dr Letton has experience in large and medium-sized projects in both the Australian and international mining environment; challenging operations leadership, complex technical roles; expertise in due diligence, corporate governance, risk management, corporate strategy and asset development.

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 (61)
BCom, University of KwaZulu-Natal (formerly Durban Westville); BCompt (Hons), University of South Africa; CA(SA)

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

Mr Suleman serves as an independent NED of Liberty Holdings Limited, Liberty Group Limited, and Albaraka Bank Limited, and is the Global Treasurer of the World Memon Organisation. He was previously Chairperson of KPMG South Africa (resigned February 2015) and Director of Tiger Brands Limited (resigned November 2018).

Terence Goodlace (59)
MBA (Business Administration), University of Wales; BCom, University of South Africa; NH-Dip (Metalliferous Mining), Witwatersrand Technikon; MDP, University of Cape Town

Appointed to the Board: 2016
Experience and expertise: 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 41 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 Chief Operating Officer 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 NED and four and a half years as CEO. He is currently an independent NED of Kumba Iron Ore Limited and AfriTin Mining Limited.

Corporate Governance Report continued

Phuti Mahanyele-Dabengwa (48)
Executive Development Programme, Kennedy School of Government, Harvard University, US; MA Business Administration, De Montford University, Leicester, UK; BA Economics, The State University of New Jersey, US

Appointed to the Board: 2018
Experience and expertise: Financial, infrastructure development and commercial

Ms Mahanyele runs her own finance capital, Sigma Capital, which she founded in 2016 after spending 12 years with the Shanduka Group. At Shanduka, she first managed Shanduka Energy before becoming CEO of the company. Prior to Shanduka she worked at international investment banking firm Fieldstone for six years.

Ms Mahanyele currently holds NEDs at Blue Label, Comair and Discovery Insure, and is on the advisory board of Stellenbosch University's Business School. In 2014 she was chosen as Forbes' Africa Business Woman of the Year.

Steven Reid (63)
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 42 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 as 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.

Executive directors

Nicholas Holland (60)
CEO
BCom, BAcc, University of the Witwatersrand; CA(SA)

Appointed to the Board: Executive Director, 1998; 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 39 years' experience in financial management, of which 29 years were in the mining industry. Before joining Gold Fields, he was Financial Director and Senior Manager of Corporate Finance at Gencor.

Paul Schmidt (51)
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 23 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 Chairperson 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 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 SET Committee comprises non-executive members 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 SHSD Committee ensures conformity with this principle. The SHSD Committee is committed to the 10 principles of the ICMM and the Global Compact's 10 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 insofar 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 Nominating 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; SET Committee; Remuneration Committee; SHSD 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 Chairperson 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 NEDs. The Board further evaluates the independence of its independent NEDs, which evaluation is rigorously tested in respect of the independent NEDs 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 Chairperson 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.
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 and ensures that adopted, non-binding rules, codes and standards are aligned to applicable laws and regulations. The following policies are applicable: Group Code of Conduct, Group Policy Register, Anti-Bribery and Corruption Governance Framework, Group Governance and Compliance Framework, Group Compliance Management Guideline, and Group Governance and 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 assists the Board in overseeing all aspects of remuneration practices for the Group to ensure employees are remunerated fairly, responsibly 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 King IV 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 King IV.	Gold Fields' CEO and Chairperson positions are held by different people, and the Chairperson is an independent NED.
3.84(c)	All issuers must, in compliance with King IV, appoint an Audit Committee.	The Board appointed an Audit Committee that is chaired by an independent NED. Audit Committee members are all independent NEDs.
	Issuers must appoint a Remuneration Committee; and issuers must appoint a Social and Ethics Committee.	Gold Fields' Remuneration Committee comprises independent NEDs and is chaired by an independent Chairperson. Gold Fields' SET Committee has been aligned with King IV and comprises majority independent NEDs and one executive director.
	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.	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 (CV) of each director standing for election or re-election must accompany the relevant notice of the meeting.	Brief CVs of our directors are listed on p12 to 14 of this report.
3.84(e)	The capacity of each director must be categorised as executive, non-executive or independent.	The CVs 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 King IV. 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 2018, 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 12-month period ended 31 December 2018.

Profile

Business of the Company

Gold Fields is a globally diversified gold producer with eight operating mines in Australia, Ghana, Peru and South Africa, and a total attributable annual gold-equivalent production of approximately 2.04 million ounces (Moz). It has attributable gold Mineral Reserves of around 48.1Moz and gold Mineral Resources of around 96.6Moz. Attributable copper Mineral Reserves total 691 million pounds and Mineral Resources 4,816 million pounds.

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 period ended 31 December 2018 is set out in the financial statements on p129 to 212. The income statement for the Group shows a loss attributable to Gold Fields shareholders of US$348m for the 12-month period ended 31 December 2018, compared with a loss of US$19m in 2017.

Compliance with Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with the International Accounting Standards Board, the South African Institute of Chartered Accountants (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 No 71 of 2008 (as amended) (Companies Act).

Listings

The abbreviated name under which the Company is listed on the Johannesburg Stock Exchange 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.

At 31 December 2018, the Company had in issue, through The Bank of New York Mellon on the NYSE, 388,735,882 American Depository Receipts (ADRs) (31 December 2017: 350,110,923). 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 (NEDs). At the May 2018 Annual General Meeting (AGM), Don Ncube retired from the Board and as the Chairperson of the Social, Ethics and Transformation (SET) Committee. Subsequently, Carmen Letton was appointed the Chairperson of the SET Committee at the 2018 AGM. In September 2018, Phuti Mahanyele-Dabengwa joined the Board as an independent NED.

Rotation of directors

Directors retiring in terms of the Company's Memorandum of Incorporation (MoI), all of whom are eligible and offer themselves for re-election, are Phuti Mahanyele-Dabengwa, Paul Schmidt, Alhassan Andani, Peter Bacchus and Carmen Letton, 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 NEDs 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 2018, the directors' beneficial interest in the issued share capital and listed share capital of the Company (see table below) was 0.202%. No one director individually exceeded 1% of the issued share capital or voting control of the Company.

Share ownership of directors and executive officers

	Beneficial			
	Direct[1]		Indirect[2]	
	31-Dec-18	31-Dec-17	**31-Dec-18**	31-Dec-17
Director				
Nick Holland	**610,877**	610,877	**916,090**	916,090
Paul Schmidt	**122,549**	122,549	**–**	–
Cheryl Carolus	**3,129**	3,129	**–**	–
Richard Menell	**5,850**	5,850	**–**	–
Steven Reid	**–**	–	**–**	–
Alhassan Andani	**–**	–	**–**	–
Carmen Letton	**–**	–	**–**	–
Terence Goodlace	**–**	–	**–**	–
Peter Bacchus	**–**	–	**–**	–
Yunus Suleman	**–**	–	**–**	–
Phuti Mahanyele-Dabengwa	**–**	–	**–**	–
Prescribed Officer				
Naseem Chohan	**42,023**	42,023	**4,298**	–
Brett Mattison	**43,103**	43,103	**–**	–
Taryn Harmse	**16,302**	16,302	**–**	–
Alfred Baku	**40,404**	40,404	**–**	–
Avishkar Nagaser	**–**	–	**11,168**	–
Martin Preece	**32,500**	–	**–**	–
Luis Rivera	**–**	–	**–**	–
Richard Butcher	**–**	–	**–**	–
Stuart Mathews	**–**	–	**–**	–
Rosh Bardien[3]	**–**	–	**–**	–
Total	**916,737**	884,237	**931,556**	916,090

[1] *Direct ownership - shares owned outright; includes personal investment shares (excluding Nick Holland). Subject to tax gross-up at top marginal rate of individual taxation for Minimum Shareholder Requirement purposes*

[2] *Indirect ownership - restricted shares, not grossed-up for taxes*

[3] *Rosh Bardien appointed 1 February 2018*

Related party information is disclosed on p203 to 204 of the Annual Financial 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 normalised earnings (as set out in the dividend policy). On 15 February 2019, the Company declared a final cash dividend number 89 of 20 South African cents per ordinary share (2018: 50 South African cents) to shareholders reflected in the register of the Company on 15 March 2019. The dividend was declared in the currency of the Republic of South Africa. This dividend was paid on 18 March 2018. The dividend resulted in a total dividend declared of 40 South African cents per share for the year ended 31 December 2018 (2017: 90 South African cents), with the final dividend being accounted for in 2019.

Borrowing powers

In terms of the provisions of Section 19(1) of the Companies Act, read together with Clause 4 of the Company's MoI, the borrowing powers of the Company are unlimited. As at 31 December 2018, the Company's net debt totalled US$1,612m, compared to total borrowings of US$1,303m at 31 December 2017.

Capital expenditure

Capital expenditure for the year ended 31 December 2018 amounted to US$814m compared with US$834m for 2017. Estimated capital expenditure for 2019 is US$633m and is intended to be funded from internal sources and, to the extent necessary, borrowings.

Significant announcements in 2018

Sale of Arctic Platinum Project (APP) to CD Capital

24 January 2018

Gold Fields announces the sale of its polymetallic APP in northern Finland to London-based private equity fund CD Capital Natural Resources for US$40m in cash along with a royalty on future production.

Tarkwa mine transitions to contractor mining

8 March 2018

Gold Fields Ghana begins the transition from owner mining to contractor mining at its Tarkwa gold mine. About 1,850 employees are affected by the transition. As per an agreement between Gold Fields Ghana and the two contractors, about 85% of employees are re-engaged by the contractors.

Joint venture with Asanko Gold in Ghana

29 March 2018

Gold Fields agrees to acquire a 50% stake in Asanko Gold Ghana's 90% interest in the Asanko Gold mine, a multi-deposit complex, with two main deposits, Nkran and Esaase. The purchase consideration comprises an upfront payment of US$165m and a deferred payment of US$20m. In addition, Gold Fields subscribes to a 9.9% share placement in the holding company Toronto Stock Exchange-listed Asanko Gold. The transaction is completed on 31 July 2018.

Notification of change in auditor

23 July 2018

After a formal tender process, Gold Fields appoints PricewaterhouseCoopers Inc (PwC) as its new external auditors to replace KPMG on conclusion of its responsibilities relating to the 31 December 2018 financial year audit, expected in April 2019.

South Deep restructuring and trading statement

14 August 2018

Gold Fields announces the restructuring of its South Deep operation, aimed at consolidating mining activity to increase focus and to match the cost structure to the current level of performance. As part of the restructuring management commences with consultations in terms of Section 189 of the Labour Relations Act with its two trade unions, the National Union of Mineworkers (NUM) and UASA (formerly named the United Association of South Africa). It is envisaged that approximately 1,100 permanent employees could potentially be impacted by the proposed restructuring.

Gold Fields appoints new non-executive director

28 August 2018

Gold Fields announces the appointment of Phuti Mahanyele-Dabengwa as an independent NED to the Board of Directors of Gold Fields with effect from 1 September 2018.

Gold Fields top South African mining company on Dow Jones Sustainability Index (DJSI)

13 September 2018

Gold Fields is again ranked the top South African mining company on the prestigious DJSI benchmarking database. Gold Fields is ranked fourth among around 60 mining companies assessed, and the third best global gold company.

Directors' Report continued

NUM commences strike notice at South Deep

2 November 2018

The NUM embarks on a protected strike at South Deep to protest planned retrenchments at the mine. About 80% of the mine's workforce are members of the union and the 45-day strike stops all production at the mine.

South Deep and NUM reach agreement to end strike action

18 December 2018

Gold Fields reaches agreement with the national and regional offices of the NUM to officially end the strike at South Deep, after having called an end to the strike five days earlier. In terms of the agreement, the retrenchments of 1,082 employees and 420 contractors goes ahead.

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 Group has 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.

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 or relevant court rulings, such as the ruling by the Gauteng High Court in 2016 in favour of a class action suit brought on behalf of ex-mineworkers and current mineworkers suffering from silicosis and tuberculosis, among others. The Company is monitoring developments and has already taken comprehensive action in this regard. For more details see p189 – 190.

Environmental obligations

The Company's total gross closure liability for environmental rehabilitation costs amounted to US$400m at 31 December 2018 compared with US$381m at 31 December 2017. The regional gross closure liabilities are as follows:

- Australia: US$178m
- South Africa: US$42m
- Peru: US$79m
- Ghana: US$101m

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

- Australia – existing cash and resources
- South Africa – contributions into environmental trust funds and guarantees
- Peru – bank guarantees
- Ghana – reclamation security agreement bonds underwritten by banks along with restricted cash

Contingent liabilities and litigation

A Material Group Litigation Report is presented at each Audit Committee meeting for discussion and consideration on whether the matter remains contingent or whether a provision has to be recognised. Details of Gold Fields contingent liabilities and litigation matters can be found in note 35 to the financial statements, p189 and 190.

Administration

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

Computershare Investor Services (Pty) Limited are the Company's South African transfer secretaries and Link Asset Services are the United Kingdom registrars of the Company.

Auditors

The Audit Committee has recommended to the Board that PwC be appointed as the external auditors of the Company, until the conclusion of the next AGM, in accordance with Section 90(1) of the Companies Act.

KPMG's appointment as external auditors will end on conclusion of its responsibilities relating to the 31 December 2018 financial year audit, which is expected to be concluded on or about the middle of May 2019, and PwC's appointment as external auditors will be effective immediately after KPMG's appointment concludes, subject to shareholder approval at the AGM for the year ending 31 December 2018.

Subsidiary companies

Details of major subsidiary companies in which the Company has a direct or indirect interest are set out on p211 and 212.

Audit Committee Report

for the year ended 31 December

The Audit Committee (the Committee) was appointed by the shareholders at the Annual General Meeting (AGM) in May 2018. Yunus Suleman was reappointed as the Chairperson of the Committee at the May 2018 AGM.

The members of the Committee are all independent non-executive directors (NEDs), and no new members were appointed to the Committee during 2018. 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, as set out in the Audit Committee Charter, are reviewed annually and incorporate the Committee's statutory obligations as set out in the South African Companies Act No 71 of 2008 (as amended) (Companies Act), 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 these obligations are fulfilled.

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 Companies Act, and recommending same to the Board for approval
- The integrity of the Integrated Annual Report (IAR) by ensuring that its content is reliable, includes all relevant operational, financial and other non-financial information, risks and other relevant factors
- Quarterly, interim and operational reports and all other widely distributed documents
- The Form 20-F filing with the United States (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
- The recommendation and appointment of the external auditor, approving remuneration of external auditors, 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 (CFO)
- 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.

Following a formal tender process to appoint a new firm of external auditors, PricewaterhouseCoopers Inc (PwC) was appointed as the Company's external auditors, with Pieter Hough as the designated audit partner, for the financial year ending 31 December 2019. KPMG Inc's (KPMG) appointment as external auditors will end on conclusion of its responsibilities relating to the 31 December 2018 financial audit, which is expected to be concluded on or about the end of April 2019. PwC's appointment as external auditor will be effective immediately after the conclusion of KPMG's appointment, subject to shareholder approval at the AGM for the year ending 31 December 2018, the Board having resolved to fill the vacancy in the office of auditor that so arises with PwC.

An external audit fee of R38.8m (US$2.7m) for the period was approved, as well as R8.1m (US$570,000) for audit-related fees.

The Committee has a documented policy on the nature and extent of non-audit services that the external auditors 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 2018, including the scope, materiality levels and significant risk areas, and established 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 information technology (IT) governance. The plan was approved.

The Committee monitors progress against the plan and KPMG presented its first progress report during the November 2018 committee meeting. The auditors presented all issues identified during the audit, particularly on the results of the work performed on high-risk areas, significant estimates and judgements, as well as significant and unusual transactions.

Throughout the year, KPMG had direct access to the Committee and met with the Committee Chairperson before each meeting and on an ad hoc basis, when required. KPMG reported to the Committee at each quarterly meeting as well as at the year-end meeting. In addition, the Committee regularly met with KPMG separately without other invitees being present. The Committee is satisfied that KPMG is independent of the Group.

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 the South Deep cash-generating unit of US$481.5m recorded in June 2018, mainly due to a deferral of production. Of the total impairment, US$71.7m was firstly allocated against goodwill and the remainder of US$409.8m was allocated against other assets
- Impairment of the Far Southeast (FSE) project of US$36.9m
- Asset specific impairments at Cerro Corona of US$1.9m

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 to note 9 in the financial statements, p164 – 165).

The Committee discussed the detailed papers on deferred tax presented at year end. An additional deferred tax asset amounting to US$6.2m was recognised at Damang to the extent that there will be sufficient future taxable income available. Deferred tax liabilities of US$7.2m and US$2.1m were recognised in respect of unremitted earnings at Tarkwa and Cerro Corona, respectively.

The South Deep expected tax rate reduced from 30% to 29%, which had the effect of reducing the deferred tax asset by R127m (US$9m) at 31 December 2018.

Asanko accounting

The Committee is satisfied with management's assessment and the resultant accounting for the Asanko transaction as disclosed in note 15. This transaction resulted in a gain on acquisition of US$51.8m and the following assets being recognised:

- Redeemable preference shares of US$129.9m
- Equity accounted investees of US$86.9m

Adoption of new accounting standards

The Committee is satisfied with management's assessment and implementation of IFRS 9 and IFRS 15. These standards did not have a material impact on the Group.

Contingent liabilities

A number of contingent liabilities are disclosed in detail in note 35 to the financial statements. The contingent liabilities cover the silicosis matter, acid mine drainage, and the Randgold and Exploration summons. No new contingent liabilities were identified in 2018. In terms of the South Deep tax dispute, the Group announced that on 30 May 2018, GFI Joint Venture Holdings Proprietary Limited (GFIJVH) and the South African Revenue Service (SARS) entered into a confidential settlement agreement (as provided for in the Tax Administration Act) in full and final settlement of this matter. As a result of the settlement, GFIJVH recognised an additional R2,708m (US$185.1m) of capital allowance with a tax benefit on this amount of R785m (US$53.7m).

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, 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 Chairperson, members of the Committee and the Chairperson of the Board. The Chairperson 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

Audit Committee Report continued

for the year ended 31 December

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 plan presented by GFIA and monitors progress against the plan reported to the Committee each quarter. GFIA has ensured its framework is aligned with the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) 2013 internal control framework.

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.

GFIA has provided the Audit Committee with a written assurance statement on the adequacy and effectiveness of governance, risk management and controls. No significant event has occurred or has any been brought to Internal Audit's attention, to believe that governance, risk management and the control environment is inadequate or ineffective.

I&T governance

I&T governance remains a key focus for the Group, and the Committee is responsible for information and communication technology (ICT) governance on behalf of the Board. The Committee works with the Risk Committee on ICT matters.

The Vice President and Group Head of 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 Field's ICT is operating at an overall maturity level of between three and four, 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 I&T governance and forms part of the Group's ICT governance and risk agenda.

The Governance, Risk, Architecture, Standards, and Security Compliance (GRASSC) Committee is responsible for ensuring compliance and adherence to the Group's ICT policies and procedures. 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 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 Group – a key focus area for the Board and management as a whole.

The Group Compliance Officer has a detailed, systemic and risk-based framework in place which are overseen, managed and maintained by an online and interactive Group Governance and Compliance Portal. The framework is applied to identify all statutes, rules, codes and standards applicable to Gold Fields in all jurisdictions in which the Group operates. Updates on regulatory changes are sourced from external legal sources and internally assessed for application and 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, and the adequacy of recorded controls. 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 suppliers and contractors are screened on a monthly basis, based on an array of predefined risk criteria and adverse media exposure. A screening risk calculator is applied to those assessed entities posing a risk to Gold Fields, based on the outcome of the screening due diligence.

The Committee also ensures that the Gold Fields Code of Conduct is effective and implemented diligently throughout the 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 of Conduct training and awareness have remained a key focus area during 2018, following the launch of an e-learning programme in late 2017 to reinforce the provisions and application of the Code of Conduct.

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 Chairperson of the Audit Committee, together with GFIA, are custodians of the formalised and documented investigation procedure 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 are reported at the quarterly Committee meetings. The details, including the detail of the action taken, are also reported by the Chairperson to the Social, Ethics and Transformation (SET) 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, within the ambit of a formal Group Anti-Bribery and Corruption Framework.

Risk management

A separate Risk Committee exists which deals with Group operational and financial risks, as well as 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 p10 – 13 of the IAR.

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.

The Committee is of the opinion that the internal controls are effective and 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 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 and 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
Chairperson: Audit Committee
25 March 2019

Remuneration Report

Our people determine our success through their execution of our strategy

Our total reward package motivates and rewards performance, is compliant with applicable laws and has a multi-stakeholder perspective

We consider various stakeholder interests in enforcing performance standards and ensure that we continue to be cognisant of and, where practical, adapt to prevailing trends and leading practice

We aim to be competitive for talent in operating markets, in an industry where talent is scarce and markets competitive

Our practices are localised with Group guidance and common frameworks

Our 2018 Remuneration Report is presented against this backdrop and contains the following three sections:

SECTION 1: Message from the Chairperson of the Remuneration Committee (RemCo), providing a background statement and context for 2018 from the RemCo perspective

SECTION 2: Overview of Gold Fields' Remuneration Policy

SECTION 3: Implementation of the Remuneration Policy in 2018

Section 1: Message from the RemCo Chairperson

Introduction

On behalf of the Remuneration Committee (RemCo) it gives me pleasure to present the Gold Fields Limited (Gold Fields) 2018 Remuneration Report.

Steven Reid

The Gold Fields Board is responsible for ensuring the Group's remuneration arrangements are equitable and aligned with the long-term interests of Gold Fields and its shareholders. In performing this function, it is critical that the Board is independent of management when making decisions affecting remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), other executives and the Group's employees. The Board has appointed a RemCo to assist it in making such decisions. RemCo is comprised solely of independent non-executive directors (NEDs).

The activities of the RemCo, including the issuing of this report, are governed by terms of reference, approved annually by the Board, which are available on our website together with the Gold Fields Remuneration Policy, at **www.goldfields.com**.

To ensure that it is fully informed, RemCo periodically invites the CEO and Executive Vice President (EVP): People and Organisational Effectiveness to attend meetings to provide reports and updates. These individuals are not present when matters associated with their own remuneration are considered. RemCo can draw on services from a range of external sources, including remuneration advisors as detailed later in this report.

RemCo ensures that the remuneration philosophy and policy support the Group's strategy – this, in turn, enables the recruitment, motivation and retention of executives who drive value creation while always complying with all relevant legislation and regulations around the globe.

Gold Fields compensates people in line with its overall business value creation model and rewards people in relation to sustained value, delivered consistently, in a fair and transparent manner. With this in mind, Gold Fields paid remuneration to the executive directors (CEO and CFO), prescribed officers and NEDs in 2018 as detailed in sections 2 and 3 in line with the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

The four pillars of the Gold Fields balanced scorecard (BSC) support the delivery of our strategic objective:

Gold Fields' remuneration practices

We do:

- Provide pay for performance
  - 75% of CEO pay at risk
  - The CEO's short-term incentives (STIs) are heavily based on Group performance
  - The CEO's long-term incentives (LTIs) consist entirely of performance shares
  - Performance shares are based on absolute and relative total shareholder return (TSR) and free cash-flow margin (FCFM)
  - Performance shares target at least median of comparator group for relative TSR, absolute TSR to exceed cost of equity, and minimum 5% FCF margin
- Have a minimum shareholding requirement (MSR) policy
- Have a double trigger for CEO and CFO severance upon change of control
- Have risk mitigation controls in place for remuneration programmes
- Promote retention with LTIs that vest after three years
- Have a RemCo made up of only independent directors
- Retain an independent remuneration consultant whose primary purpose is to advise the RemCo

We do not:

- Reprice underwater shares
- Pay dividends for performance shares
- Provide guaranteed bonuses
- Grant shares to NEDs
- Allow the use of unvested LTI awards as collateral, or protect the value of any unvested awards, or the value of shares and securities held as part of meeting MSR provisions
- Provide financial assistance to directors or prescribed officers

Remuneration Report continued

Gold Fields has a remuneration philosophy in which we have embedded performance linked to the above Group BSC. We believe that the link between Gold Fields' strategy and the individual outcomes is critical to the delivery of our strategic objectives and have aligned these through the development of the Group's BSC. This BSC has then been cascaded throughout the organisation, ensuring that each individual's objectives are aligned to the Gold Fields strategy and all employees understand how their daily actions contribute to the overall value creation of the Group.

During 2018, the overall framework of our Remuneration Policy remained unchanged and no changes were made to the remuneration mix for executives. We did, however, make a number of enhancements and refinements to the implementation, including:

- Enhancing the link between performance and strategy by:
  - Simplifying the Gold Fields strategy to a "strategy-on-a-page" to improve communication
  - Implementing the cash-settled LTI plan for management-level employees, complete with localised targets
  - Refreshing the four drivers of the strategic objectives to maximise TSR sustainably
  - Ensuring strategic alignment between Group, regional and personal scorecards
- Clarifying policies, where appropriate, to remove ambiguity and to cater to the numerous jurisdictions in which Gold Fields operates

RemCo notes that it has again worked closely with management and our external advisors to continue to improve practices and believes that the work we have done not only meets our objectives, but also ensures the alignment of interests across a diverse set of stakeholders. We sincerely believe that engagement with stakeholders is part of overall value creation, and generally consider such shareholder feedback as part of our ongoing policy reviews.

During 2018, the second year of the Gold Fields reinvestment programme aimed to ensure that our portfolio of mines continues to generate cash sustainably into the foreseeable future. We further embedded the related strategic drivers into our performance-based variable pay programmes (STIs and LTIs). The fatality rate, the benchmark total recordable injury frequency rate (TRIFR), and the total number of recordable injuries continued their overall improvements over the past few years. At 1.83 incidents per million hours worked, the Gold Fields 2018 TRIFR is at its best level ever and has improved by 55% since 2014. It is still a major disappointment though that we experienced one fatality at our mines during 2018 (three in 2017), a tragic reminder that we cannot ever let our guard down when it comes to safety at our operations. Each region significantly exceeded its host community procurement spend targets and the regional host community employment targets were met by Ghana, South Africa and Australia. Gold Fields was ranked fourth in the mining and metals sector of the Dow Jones Sustainability Index (DJSI) in 2018, and an independent verification of Gold Fields' alignment with the International Council on Mining and Metals (ICMM) Water Position Statement found that we are indeed aligned.

Gold Fields achieved 2.036 Moz of attributable gold production, which is ahead of revised guidance on 9 November 2018 and within 4% of original guidance (excluding Asanko). Both All-in Sustainable Costs (AISC) and All-in Costs (AIC) ended the year below original guidance, at US$981/oz and US$1,173/oz, respectively. Gruyere was 89% complete at the year-end with the first ore put through the crusher in Q1 2019. The restructuring of South Deep was completed, Damang life extension project was ahead of plan and a positive Salares Norte feasibility study was completed. The Group spent total project capital of US$502m over the past two years, primarily on Damang and Gruyere, ensuring that Gold Fields is now on track for international operations to produce over 2Moz a year for the next decade. We anticipate reaching this milestone for the first time in FY2019 as Damang grows production; Gruyere commences production and our Asanko joint venture contributes for the full year. Of the four operating regions, the international operations all performed in excess of 150% achievement levels in 2018, while restructuring and resetting for the longer term impacted South Deep's performance.

In light of these summarised highlights, which the executive team have been instrumental in guiding, the performance-linked pay outcomes are in line with the approved frameworks for linking variable pay with performance within Gold Fields.

Advisors

PricewaterhouseCoopers Inc (PwC) continued their association with Gold Fields during 2018 as independent remuneration advisors to RemCo. The mandate of PwC was to provide external independent services in relation to global best practice, trends and related governance matters regarding remuneration.

Deloitte & Touche (Deloitte) supported Gold Fields with a review of the proposed regional 2018 cash-settled LTI plan, which the Board approved, and management implemented effective March 2018, as well as with an executive remuneration benchmarking exercise used in support of our 2019 salary increases. As a further point of reference, Mercer provided us with an executive benchmarking survey report in February 2018 which did not require any specific actions and broadly confirmed our overall pay position to market. With the appointment of PwC as Gold Fields' external auditors effective from 2019, PwC will no longer be able to continue with their services to the RemCo for the forthcoming year, in line with auditor independence regulations. As such, the role of RemCo independent remuneration advisors will pass to Khokhela Remuneration and Performance, a reputable and independent South African firm selected after an independent tender process.

Shareholder engagement

RemCo is committed to working diligently on behalf of the Board and overseeing all remuneration matters in the best interest of Gold Fields and its shareholders. The feedback from our shareholders on our approach to executive remuneration was very positive last year and we continue to monitor developments in executive remuneration and evolving solid practices to ensure our programmes and decisions are appropriate. Overall, shareholders voted favourably with regard to the NEDs' fees (98%) and the Remuneration Policy, and the implementation thereof (96%), at the Annual General Meeting held on 22 May 2018. Gold Fields values the engagement with, and support of, shareholders. On behalf of RemCo, I would like to express my thanks to them.

Risk management

RemCo has responsibility for oversight and management of compensation-related risk. As part of its mandate, RemCo annually, and otherwise when considered necessary, reviews risks associated with the remuneration philosophy, structure, policies and practices. RemCo is satisfied that the 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
- RemCo makes use of external experts, as and when required, to ensure that its Remuneration Policy meets the latest best global practices and that incentive plans and targets meet the Group strategy
- Executive remuneration is disclosed annually, as reflected in Section 3: 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 affect them personally
- RemCo approves remuneration of the Executive Committee (Exco) and the Company Secretary after recommendations from the CEO and independent external advisors, 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.

Conclusion

The Committee has concluded that any risks arising from our employee remuneration policies and practices are not reasonably likely to have a material adverse impact. RemCo will continue to monitor that fair, equitable and responsible remuneration processes are in place throughout Gold Fields in a manner that links robustly to Gold Fields strategy, thereby promoting stakeholder value creation. RemCo is of the opinion that the Gold Fields Remuneration Policy, philosophy and practices for 2018 supported fair, transparent and reasonable pay in return for the achievement of strategic objectives underpinned by sustainability.

Steven Reid
Chairperson of the RemCo
On behalf of RemCo, which approved the report on 25 March 2019

Remuneration Report continued

Section 2: Remuneration Policy

Section 2 deals with Gold Fields' Remuneration Policy and philosophy as applicable to the CEO, CFO (in their respective capacities as executive directors), and the Exco members (as Gold Fields' prescribed officers). In addition, we discuss certain remuneration principles that are applicable on a Group-wide basis.

Introduction

The Gold Fields total reward programme and policy starts with and flows from our Group strategy and values as illustrated below.

The Group's BSC process forms part of the day-to-day management of the business, as well as the quarterly review business process and the performance management process, and is not simply an input to reward-related decision-making. This approach supports the delivery-based culture that Gold Fields seeks to create.

For all executive scorecards, we ensure that cascaded objectives are more outcomes-focused and that targets are appropriately set with stretch targets established taking into account the incremental reward. Each year, management and the Board assess the Group's key objectives for the year ahead to ensure the Group achieves its medium-term target. The 2019 BSC goals are captured in the infographic alongside, the contents of which flow into the various reward elements.

Remuneration framework

Gold Fields is committed to ensuring fair, equitable, sustainable and responsible executive remuneration practices. We believe in compensating our people in relation to sustained value, delivered consistently, in a fair and transparent manner. Our values, ethics and beliefs underpin this philosophy, which aims to attract, retain and motivate top talent.

The Gold Fields Remuneration Policy drives and incentivises the achievement of Gold Fields' strategy, and continuously supports the creation of shareholder value by aligning performance with commensurate levels of reward. In this way, there is stakeholder interest alignment. King IV principles relating to fair and responsible remuneration guide the fair and responsible application of the Remuneration Policy across all operations. In addition, compliance with all relevant laws and regulations in the various jurisdictions we operate is non-negotiable and strictly enforced. A key design principle of the Remuneration Policy is to ensure a clear link between the Gold Fields' strategy and our employees' work-related efforts, illustrated below together with our remuneration framework.

2019 BSC: Targets for the year ahead

1 ORGANISATIONAL CAPACITY

Make sure the company has the capacity to deliver

1. IMPROVE IMPACT OF I&T

- Put in place dedicated senior Innovation & Technology leadership team per region that drive the initiatives to improve cost, safety and productivity
- Upgrade infrastructure to improve connectivity and real-time information
- Increase the use of technology to improve safety performance, including people tracking and traffic management
- Automate or semi-automate equipment to improve efficiencies
- Implement of integrated technical systems to enhance planning and delivery

2. IMPROVE QUALITY OF PORTFOLIO

- **South Deep:** 477 tonnes mined/employee as per business plan
  Develop Individual development plans for mission critical positions and execute 2019 activities
- **Damang:** Deliver Damang at a cumulative cost of US$365m
  Spend project capital of US$68.6m for Damang and deliver ore from saddle pit area
- **Gruyere:** Deliver Gruyere first gold by Q2 at a cost of $621m
- **Australia:** Replace 100%-120% of depleted reserves
- **Americas:** >50% completion of pre-feasibility study for Cerro Corona on life extension beyond 2040

3. IMPROVE GOVERNANCE, COMPLIANCE & RISK

- No material deviations from guidelines / corporate standards as per the 2019 compliance framework
- Independent verification of safety, health, environmental and community critical controls
- Carry out 1 self-assessment of the ICMM Performance Expectations Guidance
- Maintain certification to OHSAS 18001 / ISO 45001 (Safety) ISO 14001 and Cyanide code
- Australia, Ghana and South Africa: conduct gap analysis, develop and implement 60% of remedial actions to align to ISO 50001 (Energy); GFLC to maintain ISO 150001 certification

4. IMPROVE SECURITY OF UTILITIES

- Reduce freshwater withdrawal by 3% (or 415ML)
- Increase recycling of total water use from 57% to 65%
- Energy-saving initiatives between 5% to 7% against the baseline set in January 2019 (GJ savings)

5. IMPROVE PEOPLE CAPACITY & CULTURE

- 5% increase in productivity against the business plan (ounce / TEC)
- Decrease turnover of critical roles to 5%
- Reduce time to fill critical roles to between 90 and 100 days
- Enhance and further improve leadership capability and subsequent assessment and development to drive ethical and socially responsible leadership, with a strong focus on living the Gold Fields values, and embracing cultural diversity
- HDSA % in South Deep management >54%
- Localisation in Ghana <4% expats
- Improve Bloomberg Gender Equality Index ranking to >75% and 20% women in management
- Develop a baseline for measurement of the employment of vulnerable people across regions

2 INTERNAL BUSINESS PROCESS

Build the processes required for delivery

1. Increase total shareholder return
   - Achieve market guidance
2. Improve liquidity and profile of debt
   - No fatalities
   - Establish and maintain environment health and safety scorecard with leading and lagging indicators
   - Roll out Courageous Safety Leadership programme to Exco and regional leadership teams
   - Roll out Vital Behaviour safety programme to Exco and regional leadership teams

3 STAKEHOLDERS

Maintain stakeholder support by delivering value

1. Increase stakeholder engagement
   - Increase the number of informal and formal engagements with key community, government and investor stakeholders
   - Extend sell-side coverage and undertake timely detailed analysis of all sell-side reports
   - Maintain top 5 position in DJSI
   - Consolidate sustainability of host community procurement spend at between 23%-25% of total procurement spend
   - Maintain host community employment at 54%-56% of direct and indirect employment

4 FINANCIALS

Make money

1. Increase total shareholder return
   - Share price between median and upper quartile of peer group
2. Improve liquidity and profile of debt
   - Reduce net debt by a range of US$100m – US$150m
   - Extend maturity of debt profile
3. Improve free cash flow
   - 15% FCM at US$1,200/oz
4. Improve capital returns
   - 15% return on project capital spend at US$1,300/oz
   - 100% compliance to approved capital budget

Remuneration Report continued

Pay for performance

Gold Fields competes for talent on a global scale. With the increase in global project activity, this requires us to have a competitively positioned talent attraction approach.

As such, our remuneration practices have a business need to be competitive in the various jurisdictions we operate, balanced with our pay-for-performance philosophy and overall strategy to maximise total shareholder return (TSR) sustainably.

Our annual benchmarking efforts reflect this and translate to comparisons at the market median of our comparator group. Final pay decisions consider benchmarking results in combination with performance, affordability and economic conditions.

Deloitte conducted an independent comparison of executive pay against an appropriate peer market during 2018. This peer group is not the same as the one used for Relative TSR due to the availability of guaranteed pay data. The composition of this group was position-specific and included:

- Agnico-Eagle Mines
- AngloGold Ashanti
- Evolution
- Harmony Gold
- Kinross
- Newcrest
- Newmont
- Northern Star
- Randgold Resources
- Sibanye Stillwater
- Yamana

The Deloitte study confirmed general alignment of the CEO and CFO target pay mix with that of local and international mining peers and market cap comparators and provided valuable information to RemCo in assessing other executive remuneration levels.

Key reward components of the Remuneration Policy

Gold Fields' Employee Value Proposition balances financial reward with non-financial reward to drive desired levels of performance. The financial reward component of the Employee Value Proposition include:

- GRP or BRP being the total of base pay, allowances and benefits
- Variable pay that includes STI, LTI and MSR

Remuneration Policy				
Guaranteed remuneration package (GRP), or base rate of pay (BRP)		Variable pay STIs and LTIs designed to align performance with strategy and value creation		
Base pay	**Benefits**	**STIs**	**LTIs**	**MSR**
Market-related salaries, dependent on performance, roles and responsibilities	Market-related benefits guided by local legislation and internal policies	Performance-based Group annual incentive scheme	Longer-term plans that instil a sense of ownership and strategic alignment ■ Share plans ■ Cash-settled plan	Encourages executives to hold shares in Gold Fields, in line with best practice

Guaranteed remuneration package

The GRP (BRP for international employees) elements for Gold Fields are:

Base pay (either GRP/BRP)

Objective and link to strategy	Operation	Policy and practice	Performance measures
A competitive salary provided to executives to ensure that their experience, contribution and appropriate market comparisons are fairly reflected also allows us to attract and retain the skills required to deliver on our strategic goals.	Base pay for all employees are reviewed annually after considering benchmarks against comparator group, Group performance, economic circumstances, affordability, individual performance, changes in responsibility and levels of increase for the broader employee population. Changes are effective from 1 March each year. The CEO makes Exco recommendations excluding his own base salary to the RemCo for approval by the Board.	We seek close alignment between executive salary increases and increases for all non-bargaining unit employees where practical. This is informed by inflation, which can be matched directly or above/below consumer price index. The guaranteed pay benchmark is the market median, with a significant proportion of performance-related variable pay comprising STIs and LTIs, especially for senior employees.	Both Group performance and individual performance in line with BSC informs the individual base salary review, in addition to economic circumstances, affordability, changes in job responsibility and alignment across employee group.

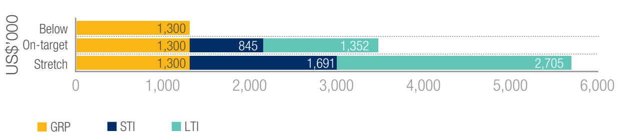
Benefits and allowances

Objective and link to strategy	Operation	Policy and practice	Performance measures
Provided to ensure local market competitiveness benefits are provided based on affordability to both the employees and the Group.	Based on local market trends and can include items such as group life insurance, disability and accidental death insurance, etc. The expatriate policy provides that special allowances may be made in respect of, among others, relocation costs, cost of living, and the cost of education for children and their families.	In line with approved policy, the provision of benefits complies with legislation across the jurisdictions in which we operate, and benchmarking ensures that there are competitive benefits aimed at attracting and retaining key employees.	Not applicable.

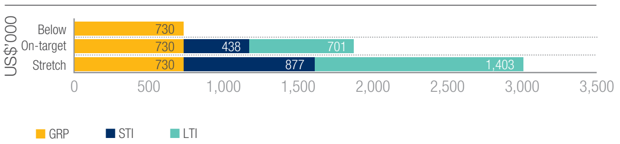
Remuneration Report continued

Remuneration scenarios at different levels[1]

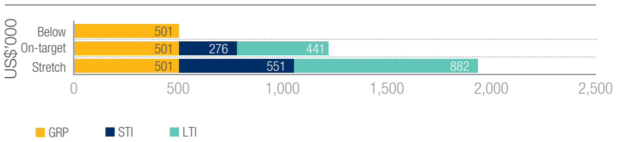
Chief Executive Officer



Chief Financial Officer



Executive Committee



[1] For theoretical purposes of displaying the pay policy remuneration mix. Assumes LTI award at target levels. 'Below' assumes no annual LTI; 'On-target' assumes 50% vesting; 'Stretch' assumes 200% vesting.
For Executive Committee: GRP is an average value not intended to reflect any actual executive's earnings and used as the basis for calculating STI and LTI values. A South Africa pension contribution assumption of R350,000 included, being the maximum annual tax deduction.

Remuneration mix

- Gold Fields' total reward model links financial reward to a combination of job type and performance – therefore the mix of GRP and variable pay differs according to level of performance and the grade of the job held. To entrench a high-performance culture, and in line with international best practice, the more senior the role, the higher the proportion of variable pay (at-risk pay) and focus on longer-term performance in the remuneration package. Pay-at-risk comprises 75% of our CEO's total reward
- For exceptional performance, the Group aims to position overall remuneration, including STIs and LTIs, at the 75th percentile of our comparator market. This aligns with our total reward strategy of ensuring a market-competitive reward mix, rewarding employees for exceptional performance, and the retention of high-performing employees. RemCo retains the discretion to determine whether, and to what extent, specific performance levels warrant total pay at the 75th percentile
- The graphs illustrate different scenarios of performance achievement on the total remuneration for the Exco, on a single total figure basis, of the 2018 Remuneration Policy

Remuneration policies and procedures are designed with features that mitigate risk without diminishing the incentive nature of the remuneration. We believe our remuneration policies and practices encourage and reward prudent business judgement and appropriate risk-taking over the long term to increase shareholder value.

Short-term incentives

Our STI is a performance-based Group annual incentive scheme that supports value creation and motivates our people to help us achieve success.

All Group executives, regional executives and management-level employees (Patterson D band and above) categories are eligible to participate in the STI, subject to the achievement of applicable performance conditions.

Individual performance (BSC)
- Linked to team/ department strategy

Company performance conditions (Group bonus parameters - 2018)
- Safety (TRIFR, 20%)[1]
- Gold production (20%)
- AIC (40%)
- Development and waste stripping (20%)

CATEGORY	INDIVIDUAL	GROUP	REGION	OPERATIONS
CEO				
CFO		65%		
Group executive				
Regional executive	35%	20%	45%	
General manager			20%	45%
Regional office			65%	
Mines				65%

[1] New safety conditions set for 2019, p37

- Target performance for bonus parameters links to the annual business plan approved by the Board
- Operational objectives for each mine are measured against plans approved by RemCo, and comprise safety, production, costs and physical mine development (ore and waste) goals
- The operational objectives form the basis of the regional objectives and subsequently feed into the Group objectives
- If individual, operational, regional or Group objectives do not exceed threshold targets, no bonus is payable
- Based on the above, RemCo approves annual payments of STI in February of every year
- Where applicable, production bonuses are paid
- We consider regional and on-mine schemes, where required. For example, in Peru, we apply a statutory bonus scheme in compliance with legislation, and pay the difference between a higher calculated STI and legislated bonus if applicable
- Achievement falling between on-target and stretch is calculated on a straight-line basis between these two reference points
- Executives may elect in advance of the STI outcome, to defer some or all of their STI towards the achievement of their MSR

Threshold, on-target bonus and stretch amounts expressed as a percentage of GRP (or BRP) are as below:

Job grade	Bonus target incentive as % of GRP		
	Threshold	On-target	Stretch
EVP	0%	55%	110%
CFO	0%	60%	120%
CEO	0%	65%	130%

Group performance measures

This is made up of the following bonus parameters:

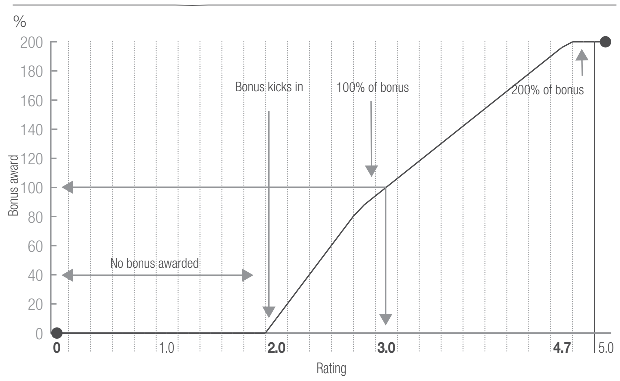
- Safety (20%)
  Up to 2018, our safety performance was measured by a change in the TRIFR. As from 2019, the safety performance measure will be made up of a mix of leading and lagging indicators (fatalities, serious injuries, Safety Engagement Rate, the change in near-miss reporting and timely close-out of corrective actions on serious potential incidents). Fatalities act as a negative modifier with any fatality resulting in a forfeiture of the entire safety element (20%) for bonus purposes; for the operation, region and Group, including Corporate. This change is intended to emphasise the importance of our number one value, safety, by introducing more leading indicators and fostering a proactive approach to safety.
- Gold production (20%)
- AIC (40%)
- Development and waste stripping (20%)

Individual performance

In 2018 we embarked on a process to realign our performance management process with our Group strategy. This realignment process also included the addition of a balance between leading and lagging indicators into all scorecards and ensuring that we set appropriate stretch targets for all management level employees. This new approach builds on our previous BSC process but ensures a stronger alignment between our strategy and our BSC by moving from the standard BSC performance quadrants to our customised strategic focus areas, i.e. licence and reputation, safe operational delivery, capital discipline and portfolio management. This ensures that our strategy is cascaded into measurable objectives that we track through our performance management process.

The following chart shows how performance rating scores on the 5-point scale translate to percentages used for bonus calculation purposes. Up to a score of 2 results in no bonus payable, and between 4.7 and the maximum of 5 results in the capped achievement of 200%.

Personal performance rating correlation to percentage bonus achievement



Remuneration Report continued

The CEO's condensed 2019 personal scorecard follows, made up of a balance between leading and lagging indicators.

Category	Weight	Key result themes
Financial	10%	Improve liquidity and profile of debt by reducing net debt by US$100m
Internal business process	15%	Deliver the 2019 South Deep business plan through disciplined execution and improving productivity towards achieving 477 tonnes mined per employee
	15%	Improve internal business planning processes at South Deep by achieving at least 85% compliance to mining plan in terms of drilling, blasting, support, cleaning and backfill
	10%	Delivery of Gruyere project within the revised A$621.4m cost plan and by the scheduled dates for project completion
	10%	Delivery of Damang project against plan: Total material mined: 31.8Mt; Gold: 218koz; Mill throughput of 4.3Mt; 75% spatial compliance to plan
	5%	Delivery of Salares Norte project against plan. Extended feasibility study peer reviewed by March 2019; total engineering about 63%; completed district exploration plan with 12.9km drilled; EIA Addendum 2 presented to Regulator by December 2019
Organisational capacity	10%	Improve impact of innovation and technology (I&T). Complete and embed 2019 I&T programmes in accordance with the regional defined strategies with clear, approved business cases
	5%	Improve governance, compliance and risk by having no material deviations from 2019 compliance guidelines
	10%	Improve people capacity and culture by developing the leadership competency framework aligned with strategic objectives and our values
	10%	Living the Gold Fields values and demonstrating these values as described by the various descriptors

Long-term incentives

Gold Fields Limited Amended 2012 Share Plan (Share Plan)

A conditional share plan that provides for annual awards of performance shares, which vest after three years subject to performance conditions. Participants receive real shares under the Share Plan, which aims to instil a sense of ownership among employees and executives, enabling:
- Alignment of executive rewards with shareholder interests
- Retention of key people
- Alignment of people costs with business results

Previously, all eligible management-level employees who participated in the LTI plan received performance shares under the Share Plan. From 2018 onwards, the following changes apply:
- Exco members: 100% of LTI award under the Share Plan
- Regional Exco: 30% of LTI award under the Share Plan and 70% under the cash-settled LTI plan
- Other participants under the LTI receive 100% under the cash-settled LTI plan

Differentiating the LTI award types and only awarding shares to executives and specified senior managers ensures future sustainability of the share scheme and limits the issuance of shares under the plan.

The standard award of performance shares determined by job grade, performance and guaranteed remuneration are set out below:

Role	On-target award as % of GRP or BRP	Stretch-target award as % of GRP or BRP
CEO	104	208
CFO	96	192
Exco	88	176
Regional Exco[2]	18 – 20	36 – 40

[2] *This represents 30% of LTI participation, as 70% of LTI is under the cash-settled plan*

The Share Plan performance conditions for vesting:

Performance condition	Weighting	Threshold (0% vesting)	Target (100%) vesting	Stretch (200% vesting)
Absolute US Dollar TSR	33%	N/a – no vesting below target	The US Dollar (nominal) cost of equity[3] over the three-year performance period	US Dollar cost of equity + 6% per annum over the three-year performance period
Relative US Dollar TSR	33%	Below median of the peer group[4]	Median of the peer group	Upper quartile of the peer group
Free cash flow margin (FCFM)[5]	34%	Average FCFM over the three-year performance period of 5% at a gold price of US$1,200/oz – margin to be adjusted relative to the actual gold price for the three-year performance period	Average FCFM over the three-year performance period of 15% at a gold price of US$1,200/oz – margin to be adjusted relative to the actual gold price for the three-year performance period	Average FCFM over the three-year performance period of 20% at a gold price of US$1,200/oz – margin to be adjusted relative to the actual gold price for the three-year performance period

[3] *Cost of equity is determined by an external consultant. Previously PwC conducted this determination, but will no longer do so from 2019 onwards due to auditor independence restrictions. A new service provider will therefore be appointed for this purpose*
[4] *AngloGold Ashanti, Goldcorp, Barrick, Eldorado Gold, Randgold Resources, Yamana, Agnico Eagle, Kinross, Newmont, Newcrest*
[5] *This is a non-IFRS measure which is defined and reconciled to IFRS in management's discussion and analysis of the financial statements*

- The LTIs vesting occurs on the third anniversary of the award and is dependent on the extent to which the Group has met the above 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
- Linear interpolation will be applied between threshold and target and target to stretch performance

The vesting profile based on performance over the three-year period is as follows:

Performance condition	Threshold	Target	Stretch
Absolute TSR	0%	100%	200%
Relative TSR	0%	100%	200%
FCFM	0%	100%	200%

The award is subject to the degree of achievement of the Group performance conditions and may result in a vesting of 0% to 200% of the award.

Remuneration Report continued

Cash-settled long-term incentive plan (LTI)

The cash-settled LTI plan will ensure closer alignment between regional and individual contributions and our long-term business strategy and is directly linked to the manager's line-of-sight actions, ensuring greater focus is placed on creating a high-performance culture, as well as incentivising, motivating and retaining management. The use of cash as opposed to shares also reduces the number of shares required while still ensuring a longer-term focus for participants.

Regional Exco members have 30% of their LTI award under the Share Plan and 70% under the cash-settled LTI plan. Other eligible management-level employees have full 100% participation in the cash-settled LTI plan.

The cash-settled plan's design links a participant's performance to regional long-term strategic objectives, aligned with Group objectives. Regional fundamental value-driving performance conditions are set and agreed with RemCo at the beginning of the three-year performance period. While awards are made in March each year and are settled in March three years later, the measurement periods are from 1 January of the year of the award to 31 December of the third year. The Group executive team recommends performance conditions for approval by RemCo on an annual basis.

Performance conditions for the regional cash-settled plan

For the March 2018 award, RemCo approved performance outcomes per regions that included:

- 40% decreasing actual AIC for each of our regions
- 40% sustainably extending reserves at the international operations and, in the case of South Deep, achieving three-year production targets
- 20% safety, protecting our licence to operate, and enhancing our reputation

Approximately 550 eligible employees participate in the cash-settled plan. Group participants in the cash-settled plan have the same performance conditions as for the Share Plan.

Other key features of our Remuneration Policy

Minimum shareholding requirement (MSR)

We understand that the alignment between executives' and shareholders' interests is critical to sustained value creation. As such, we encourage executives to hold shares in Gold Fields, in line with international best practice and emerging best practice within South Africa.

Members of the Exco are required to hold shares in Gold Fields in accordance with the terms of the approved MSR policy. The CEO is required to build up a holding of 200% of his GRP, on a pre-tax basis, by 31 December 2020. As at 31 December 2018, Gold Fields' CEO held a value equivalent to approximately 250% of the target GRP (i.e. he holds 125% of the amount required by the policy). All other members of the Exco are required to build up a holding of 100% of their GRP or BRP within five years of date of entry to the plan.

RemCo makes an award of matching shares at a ratio of 1:3 (one share for every three held, capped at the matching share limit) committed to the MSR (at the discretion of RemCo). The value of the ultimate number of matching shares that will vest is limited to 67% of the annual salary in the case of the CEO, and 33% of the annual salary for the other executives. 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.

Retention and sign-on bonuses

Based on the recommendation from management, RemCo has the discretion to approve sign-on payments and/or retention payments to recruit and/or retain candidates who are highly skilled or fulfil specialised roles or scarce resource positions at certain levels. Below these levels, management has the discretion to approve these payments. The minimum work back periods for these retention payments are two years. No such bonuses were awarded in 2018.

Clawback

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.

Executive Committee service contracts and termination provisions

Gold Fields can terminate an executive's employment summarily for any reason recognised by law in the respective jurisdictions. 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 Group for reasons of death, disability, retirement, or redundancy for operational reasons, retain a portion of unvested benefits and awards. This portion is based on the principles of time (pro rata) and performance testing at on-target levels, and in line with the King IV principles.

Executive directors have 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 Group Development have permanent employment agreements with GFGS and Orogen.

In terms of the South African employment contracts for the Group Exco, employment continues until terminated upon notice by either party or retirement age, which is currently 63 years. Orogen and GF Ghana have substantially similar terms.

The notice period is 24 months for the CEO, 12 months for the CFO, and six months for Group Exco.

Change of control provisions

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. The senior executives appointed before this date are entitled to the change of control remuneration benefits and retained their rights under the previous policy. Therefore, the only members of the executive with a change of control provisions are the CEO, CFO and EVP: Sustainable Development.

A change of control 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. For these employees, their employment contracts provide that, in the event of their employment being terminated as a result of a change of control (which is defined above), and such termination occurs 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, and two times the annual GRP in the case of the CFO and the EVP: 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 LTI awards

Their employment contracts also provide that these payments cover any compensation or damages the executive directors may have under applicable employment legislation.

Non-binding advisory vote – Remuneration Policy

As set out in King IV, shareholders are required to cast a non-binding advisory vote on the Remuneration Policy at the Gold Fields AGM on 21 May 2019.

Should there be a 25% or higher vote against the adoption of the above, we will embark upon a process of shareholder engagement in order to understand the drivers of the dissenting votes, and to discuss potential remedial measures.

A summary of the recent shareholder advisory endorsement of the Remuneration Policy follows.

	Votes for (%)	Votes against (%)	Abstentions
24 May 2017	97%	3%	—
22 May 2018	96%	4%	—

Remuneration Report continued

Non-executive directors (NEDs)

NEDs' Remuneration Policy

NEDs are not eligible to receive any STIs or LTIs. Gold Fields pays NEDs based solely on their role within the Board and/or Committee and there is no differentiation by nationality. We apply the policy using the following principles:

- Payment of a Board fee for the six annual Board meetings and Board committee members receive annual committee fees for participation
- We review fees annually and implement increases in July. The review references a global comparator group of companies with similar size, complexity, business operations and geographic spread
- Travel expenses are paid to NEDs for travel for site visits and Board meetings

NEDs' fee review

We do not intend to seek approval for increases to be applied to the fees of NEDs for the period 1 June 2019 to 31 May 2020.

The following fixed annual fees shall be payable to NEDs with effect from 1 June 2019 (excluding VAT), if approved by shareholders at the AGM on 21 May 2019.

These fees are the same as those approved by shareholders for the 1 June 2018 to 31 May 2019 period at the AGM on 22 May 2018 that included adjustments for inflation and market alignment.

NED fees

Per annum unless specified	Approved 2018/2019 fees in Rand	Proposed 2019/2020 fees in Rand	Approved 2018/2019 fees in US$	Proposed 2019/2020 fees in US$
The Chairperson of the Board (all-inclusive fee)	3,120,000	3,120,000		
The Deputy Chairperson of the Board (all-inclusive fee)	2,031,000	2,031,000		
The Chairperson of the Audit Committee	372,000	372,000		
The Chairpersons of the Capital Projects, Control and Review Committee, Nominating and Governance Committee, Remuneration Committee (RemCo), Risk Committee, Social, Ethics and Transformation (SET) Committee and Safety, Health and Sustainable Development (SHSD) Committee (excluding the Chairperson and Deputy Chairperson of the Board)	228,960	228,960	17,676	17,676
Members of the Board (excluding the Chairperson and Deputy Chairperson of the Board)	1,024,080	1,024,080	79,296	79,296
Members of the Audit Committee (excluding the Chairperson of the Audit Committee and the Deputy Chairperson of the Board)	191,880	191,880	14,892	14,892
Members of the Capital Projects, Control and Review Committee, Nominating and Governance Committee, Remuneration Committee (RemCo), Risk Committee, SET Committee and SHSD Committee (excluding the Chairpersons of the relevant committees, Chairperson and Deputy Chairperson of the Board)	144,480	144,480	11,304	11,304
Chairperson of the ad hoc committee (per meeting)	58,000	58,000	4,430	4,430
Member of the ad hoc committee (per meeting)	36,000	36,000	2,835	2,835

Section 3: Implementation Report

This section of the Remuneration Report explains the implementation of our Remuneration Policy by providing details of the remuneration paid to executives and NEDs for the financial year ended 31 December 2018. There were no deviations from the Remuneration Policy during this period. Also set out in this section are the period's performance outcomes against targets for the various individual remuneration programmes as discussed in Section 2: Remuneration Policy.

Average exchange rates of US$1:R13.20 (2017:R13.33) and A$1:R9.88 (2017:R10.2) have been applied for calculation purposes in this section.

Guaranteed remuneration package

Guaranteed pay (GRP and BRP) adjustments

Key facts	Policy application
▪ The annual remuneration review takes place in March of each year ▪ All eligible employees received a salary increase on 1 March 2018. The average increase for executives during 2018 was 4.8% ▪ The overall increase in employment costs during 2018 was within the approved mandate of RemCo ▪ Executive packages were increased only by country-specific inflation rates for the 2018 review period	▪ Across the Group, salary increase mandates were set at the prevailing country-specific inflation rate, with an additional percentage for internal and/or external parity, where applicable ▪ Salaries in Ghana are determined in US Dollars, and the US Dollar inflation rate is applied to salaries ▪ For South Deep, management only elected to award increases of between 2% and 3% to certain employees in March 2018 for parity, taking performance and affordability into consideration

Short-term incentives

Key facts

- Bonus parameters for the FY2018 year were approved as detailed in section 2
- The total 2018 annual incentive award payment was US$26m (2017: US$29m) with 509 (2017: 511) eligible employees participating
- The incentive is based on the Group's achievement of a Group overall individual performance rating of 3.5 (2017: 3.8) out of a maximum of 5 against Committee-approved performance measures set at the beginning of the year

Policy application

- Incentive bonus parameters and targets are agreed and approved at the beginning of each cycle
- Bonus parameter performance achievement is peer reviewed internally, and by independent external advisors prior to approval and payment
- There is alignment between individual performance ratings and Group or Company performance, as applicable
- Regional incentives are aligned to operation and regional performance achievements
- Performance calculations are formulaic, however, RemCo does have the discretion to adjust the outcome if required
- Operational objectives form the basis of the regional objectives and subsequently feed into Group objectives
- Actual performance achievement is confirmed by the Group's external auditors

Group objectives

For the year ended 31 December 2018, the Group performance was 71%, with targets and achievements below:

	Weight	Threshold	Target	Stretch	Achieved	Percentage achieved	Bonus outcome
Safety improvement – TRIFR	20%	0%	6%	12%	26%	186%	37%
Gold (equivalent) production – koz	20%	2,082	2,158	2,231	2,046	0%	0%
AIC US$/oz	40%	1,170	1,131	1,091	1,160	25%	10%
Development and waste mined[6]	20%					120%	24%

[6] *This 20% is made up of: development (4%) and distress mining (4%) for South Deep, and open pit waste mined (6%) and underground development (6%) for international operations*

Note:
Published AIC US$1,173/oz – adjusted by -13 for STI purposes – to result in US$1,160/oz. This is made up of:
- *Calculation performed at budget exchange rates (-5)*
- *Workers participation at Cerro Corona (-7)*
- *Asanko not included in bonus calculation (-1)*

Remuneration Report continued

Personal objectives

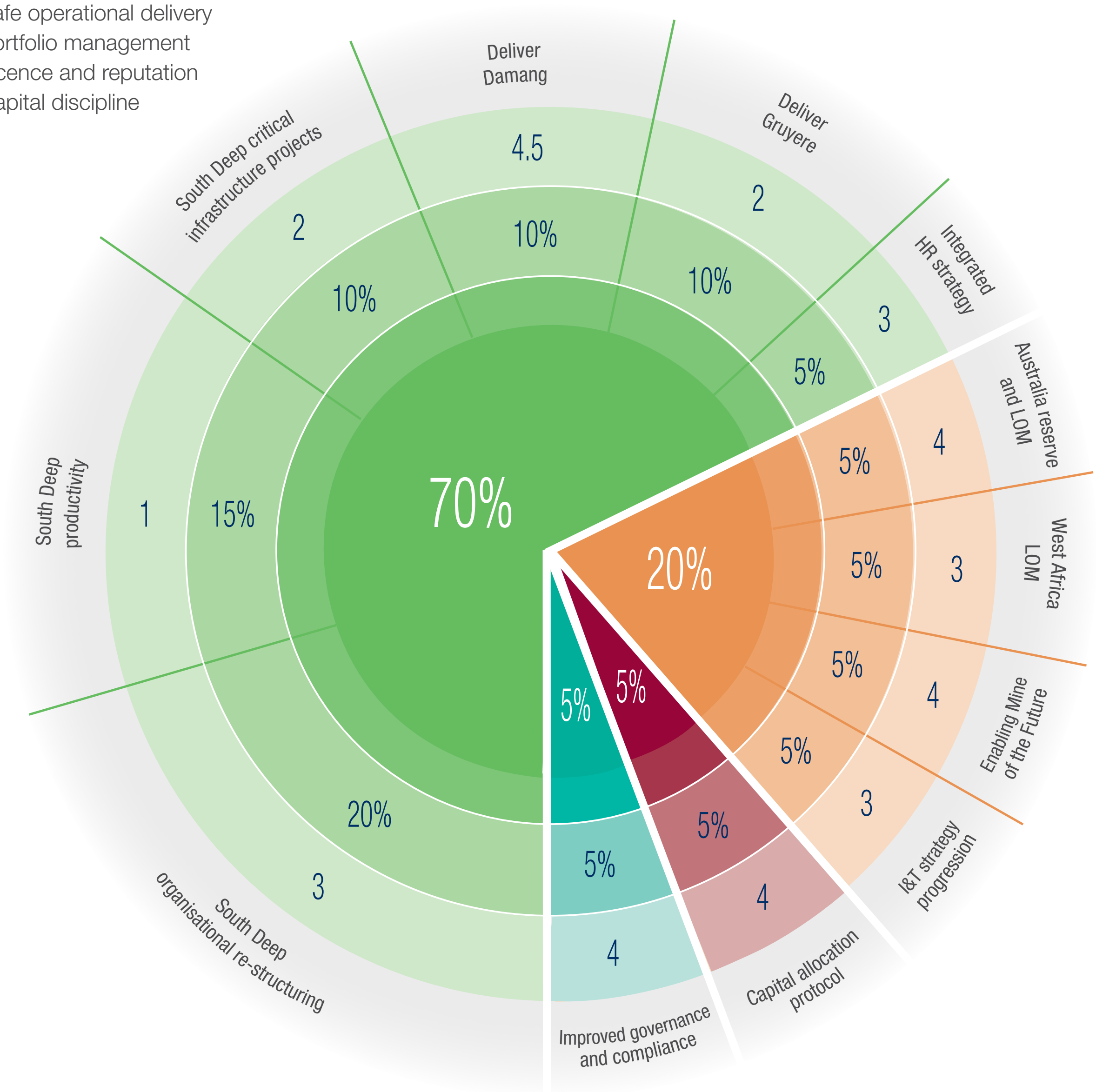
In addition to the Group objectives listed above, the RemCo assessed the CEO and CFO on their personal objectives for 2018. These objectives are set every year based on key performance areas for RemCo to review and approve. Subsequently, RemCo reviews performance against these objectives towards the end of the year.

2018 CEO scorecard

Objectives, weighting and performance rating

CATEGORY KEY:

- Safe operational delivery
- Portfolio management
- Licence and reputation
- Capital discipline



PERFORMANCE RATING SCALE:

1 / Target not achieved *(less than 60% of goals achieved)*

2 / Underperformance *(60% - 90% of goals achieved)*

2.5 / Development required *(91% - 99% of goals achieved)*

3 / Good performance *(100% - 105% of goals achieved)*

3.5 / Great performance *(106% - 110% of goals achieved)*

4 / High performance *(111% - 120% of goals achieved)*

4.5 / Top performance *(121% -125% of goals achieved)*

5 / Exceptional performance *(126% or more of goals achieved)*

CEO 2018 scorecard

Category	Weight	Objectives	Achievements	Rating
Safe operational delivery (70%)	20%	Delivery of South Deep infrastructure projects and improvement in the mining cycle while ensuring we have the right people in the right roles Implement appropriate organisational structures, manning and layers while taking into account the required spans of control and resources required to achieve the production buildup	Removed approximately R900m in fixed costs (operating costs R520m, reduction in capital R320m) Reset relationship with organised labour, gave notice on legacy costly labour agreements. The settlement agreement provides for new recognition agreement to be finalised 50% of critical roles in D band and above capably filled	3
	15%	South Deep: Improve overall productivity by improving face time and mining cycle times (including destress, development, long hole stoping cycle) as measured by tonnes/employee and contractor	Actual 289 tonnes mined per employee versus a target of 515 tonnes per employee.	1
	10%	South Deep: Critical infrastructure projects completed and independently assured including capital development meters, main crusher, conveyors, fridge plants, roads underground and rail	Against a target of all material critical infrastructure projects being substantially complete (85%) and with a variance against budget of no more than 10%, only New Mine Development performed above plan: 918m was achieved against 749m planned	2
	10%	Deliver Damang: Project execution against KPIs and project detailed cost management and reporting	This KPI is measured against the Damang reinvestment plan: TRIFR: 0.49 Waste: 33.2Mt (24% above stretch) Unit cost of US$3.38/t (1% below target) Gold production of 180koz (3% above stretch) AISC of US$814/oz (3% below stretch of US$841/oz) AIC of US$1,519/oz (on par with stretch of US$1,519/oz)	4.5
	10%	Deliver Gruyere: Project execution against KPIs and project detailed cost management and reporting	Project cost escalation up to A$621.4m versus original budget of A$532m. Changed Project Director and Project Controls Manager; new definitive estimate at a cost of A$621m approved by the Board in August 2018. Date change from 2 March 2019 to 25 June 2019 for substantial completion, which is when the plant looks set to be ready to commence production. Ramp-up approved at the August 2018 Board meeting	2
	5%	Integrated and aligned human resources (HR) strategy across the employee value chain to ensure leadership lives the delivery and teamwork culture by year end. Roll out of culture change programme	HR strategy completed with engagement from regions, Exco and the Board, and aligned with the Group strategy and the modernisation (I&T plan) Strategy, vision and links to performance rolled out across Group in March 2018 and tested in the climate survey: Strong results in Australia and Corporate; West Africa still to be started Exco 360-degree assessment rescoped to include a culture component. Draft competency model developed in line with industry benchmarks and Exco interviews. Additional engagements and input will continue in 2019	3

Remuneration Report continued

CEO 2018 scorecard

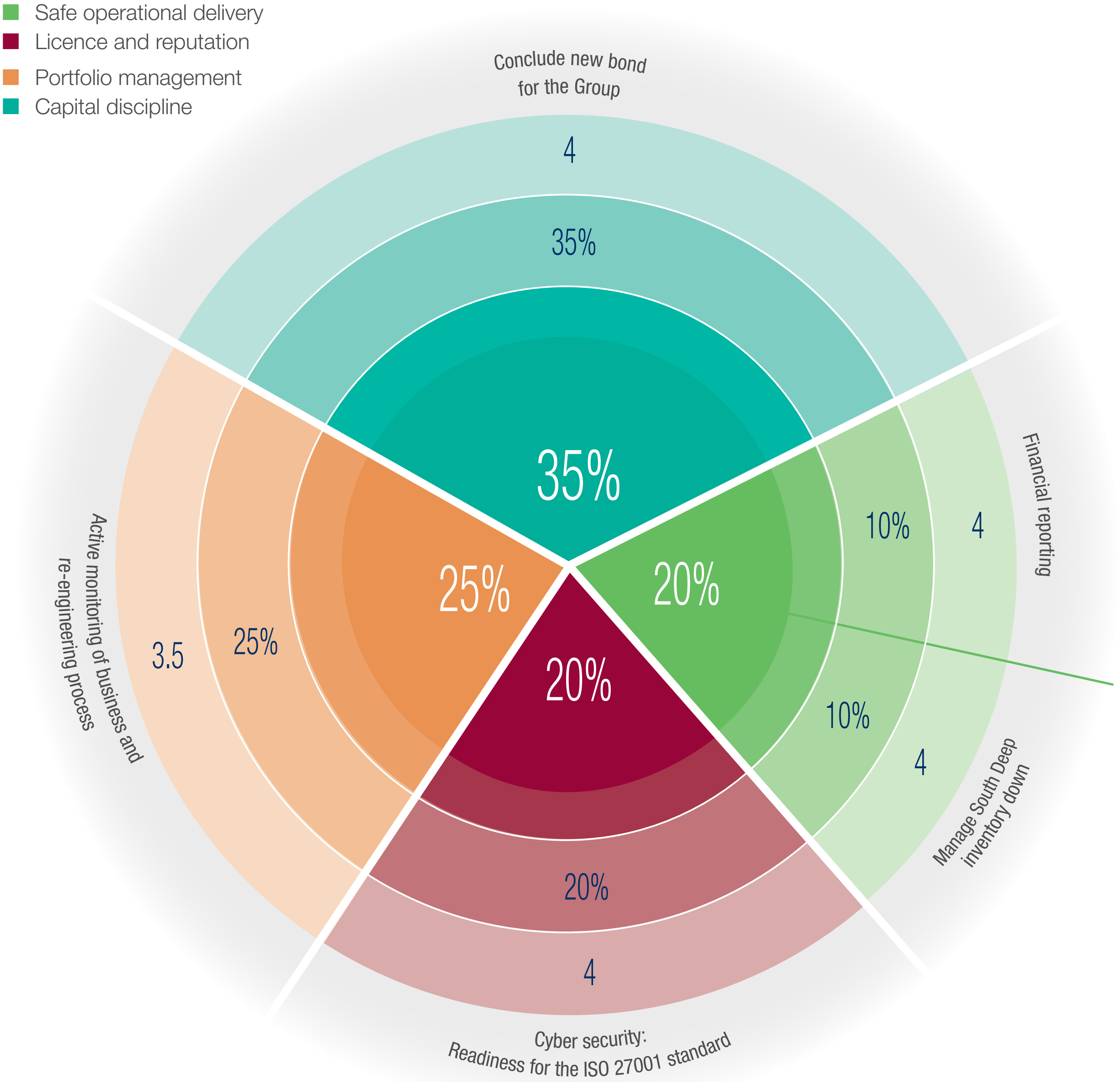
Category	Weight	Objectives	Achievements	Rating
Portfolio management (20%)	5%	Australia Reserves and life of mine	Achieved 127.6%, target was 100% replacement of depletion of reserves across all sites (excluding Gruyere)	4
	5%	Increase life of mine in West Africa	Against the target the following was achieved: Damang: Amanda North Extension targets of 100koz, and converting the unconstrained case into Reserves of 1Moz: 196koz was added to the inferred Resource at Amoanda Tarkwa: Target was to delineate initial inferred Resource of 400koz from targeted exploration on the lease or, alternatively, add 400koz to Reserves through the conversion of existing Resources through business improvement initiatives, or a combination of the above Against this, the inferred Resource at Tarkwa increased by 412koz year on year Overall Resources increased by 1.2Moz due to the change to contractor mining and pit wall steepening Tarkwa and Damang combined Resources increased from 14.8Moz in 2017 to 16.4Moz in 2018 Tarkwa and Damang combined Reserves reduced to 7.4Moz in 2018 from 7.6Moz in 2017	3
	5%	Enabling a mine of the future environment by investigating and commencing/installing IT/OT backbones to allow digital mining to occur across the group by end 2018	Against the target of creating connectivity and a technology backbone, the following was achieved: Third workshop on I&T conducted in Perth and technical benchmark visit to Sweden successfully completed. Upgrade of infrastructure commenced. Newtrax rolled out successfully at South Deep. Safety systems enhanced in Australia. Cap lamp tracking systems implemented at St Ives. Tele-remote loading from surface enhanced at Granny Smith and St Ives. Tele-remote loading and rock breaking in preparatory phase at South Deep.	4
	5%	Progress the I&T strategy to have key proven technologies deployed with demonstrated success across the Group to enable a mine of the future, completed by end 2018	Against the target of progressing Horizon 1 of the I&T strategy, the following was achieved: West Africa – Mine Management Reporting System Project 95% complete; Modular Upgrade is complete (fleet management). Tele-remote / autonomous trial on drill rigs commenced before year end. Australia – proximity detection systems in place at Granny Smith and St. Ives. Implemented Newtrax system and embedding LTE and internet at Granny Smith. Americas – Cerro Corona I&T road map and strategy launched. South Deep – Newtrax expanding to drill rigs (95% complete); Drill system to be installed in January 2019; MineRP integration started in Q4; Tele-remote units were installed on equipment.	3
Capital discipline (5%)	5%	Capital allocation and ranking protocol: Implementation of capital allocation system and improved control of capital expenditure costs	Against the target this was achieved: Capital management system strengthened and embedded. Capital management in line with budget with the exception of the out of scope Agnew projects. Project management training completed.	4
Licence and reputation (5%)	5%	Continued improvement of, and adherence to, a robust governance and compliance programme for the Gold Fields Group, to be reviewed against national and international best practice	Governance programme was completed Engagements and workshops held on human rights issues and other salient aspects Voluntary Principles review was completed and approved by Exco	4
			Overall performance rating	**2.9**

2018 CFO scorecard

Objectives, weighting and performance rating

CATEGORY KEY:

- Safe operational delivery
- Licence and reputation
- Portfolio management
- Capital discipline



PERFORMANCE RATING SCALE:

1 / Target not achieved
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4.5 / Top performance
(121% -125% of goals achieved)

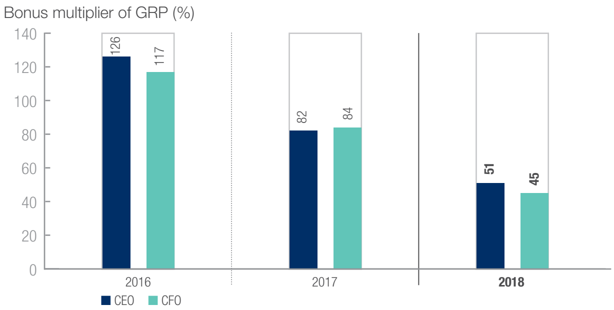
5 / Exceptional performance
(126% or more of goals achieved)

Remuneration Report continued

CFO 2018 scorecard				
Category	**Weight**	**Objectives**	**Achievements**	**Rating**
Safe operational delivery	10%	Financial reporting	Target was minimal unresolved late material issues and exceptions in KPMG audit report, with achievement being a clear audit report and adequate management of SEC issue	4
	10%	Manage South Deep inventory down	Consumable inventory down by 19.3% against a target of 5%	4
Capital discipline	35%	Conclude new bond for the Group	Against the target to issue a bond at a market-related spread with reference to our credit rating and sector, a favourable term loan extension was done on US$380m to mid-2020, after the bond was cancelled due to market conditions	4
Portfolio management	25%	Active monitoring of business and re-engineering process	Actual net operating costs in respective local currencies, adjusted for increases or decreases in production, generally on budget and as per individual region targets	3.5
Licence and reputation	20%	Cyber security: Achieve readiness for the ISO 27001 Information Security Management System certification	Certification readiness achieved for international mines/operations. Actual certification achieved for South Deep, corporate and regional offices	4
	100%		**Overall performance rating**	**3.9**

In line with the above and in accordance with the Remuneration Policy and the Group's annual STI scheme policy, the RemCo awarded the CEO and CFO bonuses equal to 51.4% and 45% of their annual GRP, respectively. The following chart shows the historical performance outcomes for the CEO and CFO over a three-year period through the percentage of GRP paid as bonus.

CEO and CFO three-year bonus as percentage of GRP



Long-term incentives

The Group currently has the following LTI plans in place:

- Share plans:
  - The Group currently has three share awards in operation, namely the 2016 Share Plan (vesting 2019), 2017 Share Plan (vesting 2020), and the 2018 Share Plan (vesting 2021)
  - Each award is subject to slightly different vesting conditions and all vest after three years
  - Details on the 2012 Share Plan amended are disclosed in notes to the financial statements
- The cash-settled plan
- The MSR policy

Performance share awards

Performance conditions

Absolute and relative total shareholder return (TSR)

This had a 66% weighting broken down as below and measured over the three-year measurement period.

Absolute TSR – 33% of the initial award value vested on the following:

Target	TSR performance	TSR factor
Below target	0%	n/a
Target	Average US$ 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 TSR – 33% of the initial award value vested 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%

Remuneration Report continued

Free cash flow margin (FCFM)

This had a 34% weighting and targeted an average FCFM of 15% with an average FCFM of 20% for stretch for the three-year measurement period, at a gold price of US$1,300/oz. The FCFM is expressed as a percentage and defined as revenue less: AIC, excluding share-based payments and LTIP charges (AIC, subject to any add-backs on exploration and projects), the realised portion of revenue hedges, taxation paid and LTIP payments divided by revenue. (Greenfields exploration, acquisitions, projects, dividends and debt service costs are excluded.)

The use of a constant gold price benchmark over the period allows us to measure those elements within our control only, since gold price is outside of this control.

FCFM – 34% of the initial award value vested on the following basis:

Target	FCFM performance	FCFM factor
Threshold	Average FCFM over the performance period of 5% at a gold price of US$1,300/oz – margin adjusted relative to actual gold price for the performance period	0%
Target	Average FCFM over the performance period of 15% at a gold price of US$1,300/oz – margin adjusted relative to actual gold price for the performance period	100%
Stretch	Average FCFM over the performance period of 20% at a gold price of US$1,300/oz – margin 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 will vest on 1 March 2019 and 1 March 2020 respectively.

2016 performance share vesting

Performance period: 1 January 2016 to 31 December 2018 – performance period completed.

Relative TSR – 33%		Absolute TSR – 33%		FCFM – 34%	
Achieved	Vesting	Achieved	Vesting	Achieved	Vesting
0%	0%	152.7%	50.4%	18.3%	166%

Overall achievement: 107%

The number of awards, the value on the award date, and the value at year end for this award of performance shares are tabulated below.

Executive	Title	No. of shares awarded	No. of shares vesting	US$m value on award date	US$m fair value at year end
NJ Holland	CEO	272,735	291,826	1.3	0.96
PA Schmidt	CFO	171,619	183,632	0.82	0.6
A Baku	EVP: West Africa	165,123	176,682	0.79	0.58
R Butcher	EVP: Technical	23,964	25,641	0.11	0.08
S Mathews	EVP: Australasia	72,802	77,898	0.35	0.26
TL Harmse	EVP: Group Head of Legal and Compliance	88,048	94,211	0.42	0.31
BJ Mattison	EVP: Strategy, Planning and Group Development	108,877	116,498	0.52	0.38
NA Chohan	EVP: Sustainable Development	66,035	70,657	0.31	0.23
A Nagaser	EVP: Investor Relations and Group Affairs	33,136	35,456	0.16	0.12
		1,002,339	**1,072,501**	**4.78**	**3.52**

2017 performance share vesting

Performance period: 1 January 2017 to 31 December 2019

The number of awards, the value on the award date, and the estimated value at year end 2018 (for illustrative purposes) for the 2017 grant of performance shares are tabulated below:

Executive	Title	Award	US$m value on award date	Estimated US$m fair value at year end[1]
NJ Holland	CEO	370,042	1.16	1.46
PA Schmidt	CFO	178,808	0.56	0.71
A Baku	EVP: West Africa	156,967	0.49	0.62
R Butcher	EVP: Technical	98,389	0.31	0.39
S Mathews	EVP: Australasia	107,533	0.34	0.42
L Rivera	EVP: Americas	67,182	0.21	0.27
TL Harmse	EVP: Group Head of Legal and Compliance	95,126	0.3	0.38
BJ Mattison	EVP: Strategy, Planning and Group Development	116,641	0.36	0.46
NA Chohan	EVP: Sustainable Development	70,907	0.22	0.28
A Nagaser	EVP: Investor Relations and Group Affairs	48,673	0.15	0.19
M Preece	EVP: South Africa	53,462	0.17	0.21
		1,363,730	**4.27**	**5.39**

[1] *Assuming 100% vesting*

2018 performance share vesting

Performance period: 1 January 2018 to 31 December 2020

The number of awards, the value on the award date of 1 March 2018, and the estimated value at year end for the 2018 grant of performance shares are tabulated below.

Executive	Title	Award	US$m value on award date[1]	Estimated US$m fair value at year end[2]
NJ Holland	CEO	380,207	1.33	1.5
PA Schmidt	CFO	278,594	0.98	1.1
A Baku	EVP: West Africa	305,617	1.07	1.21
R Butcher	EVP: Technical	98,523	0.35	0.39
S Mathews	EVP: Australasia	161,520	0.57	0.64
L Rivera	EVP: Americas	196,218	0.69	0.78
TL Harmse	EVP: Group Head of Legal and Compliance	150,434	0.53	0.59
BJ Mattison	EVP: Strategy, Planning and Group Development	242,291	0.85	0.96
NA Chohan	EVP: Sustainable Development	149,513	0.52	0.59
A Nagaser	EVP: Investor Relations and Group Affairs	102,633	0.36	0.41
M Preece	EVP: South Africa	75,153	0.26	0.3
R Bardien	EVP: People and Organisational Effectiveness	81,760	0.29	0.32
		2,222,463	**7.79**	**8.78**

[1] *Award based on ZAR-denominated value converted to US$ at average rate of exchange for 2018 period as described on p43*
[2] *Assumes 100% vesting*

Remuneration Report continued

A self-imposed special closed period for executives and selected employees was in place since the beginning of 2018 due to the specific work that was initiated around South Deep and consideration of alternative options to increase shareholder value for the Gold Fields Group. Due to this special closed period, the executives did not receive the 2018 awards during the year, and this was effected in early 2019 after the lifting of such special closed period. Notwithstanding this, the performance periods, dates of award and values above are all calculated as at the initial dates in regard to the original awards.

Cash-settled long-term incentive plan

The Group executives do not participate in the cash-settled LTI plan. The 2018 cash-settled LTI plan is a three-year performance plan intended to provide alignment between employee's performance and Group strategy. Each performance cycle starts on 1 January of the first year and ends on 31 December of the third year. Participants include employees from level DL to EU and regional Exco members participate 70% in the cash plan and 30% in the Share Plan. The cash plan has approximately 550 participants.

Minimum shareholding requirement (MSR)

	Requirement (shares)	Actual holdings (shares)	MSR achievement %	Initial holding period end date*
NJ Holland (CEO)	733,703	916,090	125	31 December 2020
PA Schmidt (CFO)	191,575	204,248	107	17 May 2021
NA Chohan (EVP: Sustainable Development)	110,153	74,336	67	17 May 2022
A Baku (EVP: West Africa)	247,954	53,872	22	17 May 2022
BJ Mattison (EVP: Strategy, Planning and Group Development))	136,343	71,838	53	17 May 2022
TL Harmse (EVP: Group Head of Legal and Compliance)	110,833	27,170	25	17 May 2022
A Nagaser (EVP: Investor Relations and Group Affairs)	75,614	11,168	15	17 May 2022
M Preece (EVP: South Africa)	166,107	54,167	33	14 May 2023
L Rivera (EVP: Americas)	159,187	—	0	31 October 2022
S Mathews (EVP: Australasia)	127,572	—	0	31 January 2023
R Butcher (EVP: Technical)	116,718	—	0	17 May 2022
R Bardien (EVP: People and Organisational Effectiveness)	95,235	—	0	31 January 2024

* During 2018, the Company entered into a self-imposed special closed period for executive management to, inter alia, trade in shares, which has slowed down the rate of achievement of the MSR policy targets for some individuals. Further, this closed period has resulted in an extension in the MSR holding target date by an equivalent period of one year.

Executives may elect to defer certain cash or equity awards to increase their MSR holdings. Any contribution purchased using post-tax income is grossed-up for taxes at the top prevailing marginal rate of individual tax when determining the contribution.

Also refer to the share ownership table on p20 for full share ownership details. The number of shares subject to tax gross-up for the following executives are as follows:
- PA Schmidt, Chief Financial Officer, 122,549
- NA Chohan, EVP: Sustainable Development, 42,023
- BJ Mattison, EVP: Strategy Planning and Corporate Development, 43,103
- TL Harmse, EVP: Group Head of Legal and Compliance, 16,302
- A Baku, EVP: West Africa, 40,404 (tax rate of 25%)
- M Preece, EVP: South Africa, 32,500

Executive directors' and prescribed officers' remuneration

The table of remuneration for executive directors and prescribed officers based on the total single-figure remuneration prescribed by King IV is included in this section. The table is on the following two pages overleaf (p54 and 55). King IV requires the disclosure of a total single figure of remuneration, received and receivable for the reporting period that ties remuneration to the individual's performance for the period.

The definitions used in the adoption of these remuneration reporting requirements under King IV follow below. These should assist in a clearer understanding of the values and related terminology used in the table of remuneration.

Reflected

In respect of the LTI plans, remuneration is reflected when performance conditions have been met during the reporting period. If the only remaining vesting condition is continued employment, the remuneration is reflected in the period when all other performance conditions have been met. Remuneration included may not have legally transferred to the individual, and the individual may not yet have the unconditional right to enjoy the benefits thereof.

Settlement

This refers to remuneration that has been included in the total-single figure 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 that the individual now enjoys full right to the remuneration (excluding any applicable clawback), and it is no longer subject to any further service, employment or other conditions.

For the two executive directors, the 2018 total single figure of remuneration reported is lower than was reported for the 2017 period. The reasons are as follows:

- Matching shares awarded (US$942,800 and US$157,500 for the CEO and CFO respectively) were included in the reporting for the 2017 period as required, with none in 2018
- Both the CEO and CFO have lower cash-incentives in 2018 than in 2017 due to these being performance-related outcomes as described in section 2

These two factors were somewhat offset by the LTI values in 2018 being higher than those in 2017, due to the three-year performance period to end of 2018 yielding strong results on the absolute TSR and FCFM metrics. Further individual comments in regard to the Prescribed Officers are included as footnotes to the Remuneration table.

Remuneration Report continued

Remuneration for executive directors and prescribed officers – All figures in US$'000

Name	Status		Salary[1]	Pension fund contribution	Cash incentives[2]
N Holland	Executive Director	2018	1,251.6	26.5	661.5
		2017	1,186.9	26.3	1,002.2
P Schmidt	Executive Director	2018	626.6	48.2	306.2
		2017	588.6	48.2	542.7
L Rivera[8]	Prescribed Officer	2018	668.6	72.8	134.0
		2017	626.3	48.4	270.4
A Baku[9]	Prescribed Officer	2018	808.0	185.8	634.8
		2017	784.7	180.5	719.8
R Butcher	Prescribed Officer	2018	384.5	37.3	192.4
		2017	353.0	37.9	278.5
N Chohan	Prescribed Officer	2018	367.2	26.5	213.9
		2017	342.8	26.3	288.3
B Mattison[10]	Prescribed Officer	2018	453.6	26.5	271.9
		2017	426.7	26.3	369.9
T Harmse	Prescribed Officer	2018	369.7	26.5	215.3
		2017	344.7	26.3	290.1
A Nagaser	Prescribed Officer	2018	243.3	27.0	131.1
		2017	228.1	25.3	192.0
S Mathews[11]	Prescribed Officer	2018	438.2	29.5	289.4
		2017	397.5	21.2	326.1
M Preece	Prescribed Officer	2018	541.7	26.5	168.8
		2017	338.2	16.6	—
R Bardien[12]	Prescribed Officer	2018	274.3	24.3	150.5

Average exchange rates were US$1 = R13.20 for FY2018 and US$1 = R13.33 for FY2017. No termination payments during the year

[1] *The total US$ amounts paid for 2018, and included in salary were as follows: NJ Holland US$406,700; PD Schmidt US$124,150; and BJ Mattison US$88,200. The total US$ amounts paid for 2017, and included in salary were as follows: NJ Holland US$396,500; PD Schmidt US$121,000; and BJ Mattison US$86,000*

[2] *The annual bonus accruals for the year ended 31 December 2017 and 31 December 2018, paid in February 2018 and February 2019, respectively*

[3] *The values of the 2015 LTI plan with a performance period ending 31 December 2017 is reflected in the 2017 figures*
The values of the 2016 performance shares with a performance period ending 31 December 2018 is reflected in the 2018 total single figure of remuneration based on a US$3.29 price as at 31 December 2018. The vesting date is 1 March 2019 and will be reflected in the 2019 cash value equivalent on settlement

[4] *The 2017 total single figure of remuneration includes the cash equivalent value of matching shares awarded in terms of the MSR policy in 2017*

LTI plan reflected[3]	Matching shares reflected[4]	Other[5]	Total single figure of remuneration	Less: amounts not yet settled[6]	Add: cash value on settlement[7]	Total cash equivalent remuneration
1,027.2	—	—	2,966.8	(1,688.7)	1,475.6	2,753.7
463.5	942.8	-	3,621.7	(2,408.5)	677.6	1,890.8
646.4	—	2.1	1,629.4	(952.6)	1,011.2	1,688.0
459.0	157.5	4.0	1,800.0	(1,159.2)	891.2	1,532.0
—	—	385.7	1,261.3	(519.7)	481.3	1,222.9
—	—	253.3	1,198.4	(486.7)	111.0	822.7
621.9	—	68.0	2,318.6	(1,256.8)	1,237.2	2,299.0
463.5	51.9	150.2	2,350.6	(1,235.2)	924.4	2,039.8
90.3	—	—	704.5	(282.7)	267.6	689.4
—	—	—	669.4	(278.5)	323.2	714.1
248.7	—	1.8	858.2	(462.7)	403.5	799.0
126.0	54.0	3.3	840.7	(468.3)	417.2	789.6
410.1	—	2.5	1,164.6	(681.9)	672.5	1,155.1
297.0	55.4	1.0	1,176.3	(722.3)	622.2	1,076.2
331.6	—	7.8	950.8	(546.9)	548.0	951.9
252.0	10.0	6.8	929.9	(552.1)	484.3	862.1
124.8	—	0.4	526.6	(255.9)	245.1	515.8
90.0	—	0.7	536.1	(282.0)	221.1	475.2
274.2	—	4.9	1,036.3	(563.6)	514.2	986.9
—	—	10.0	754.8	(326.1)	—	428.7
—	—	0.4	737.3	(168.8)	—	568.6
—	—	—	354.8	—	—	354.8
—	—	106.1	555.2	(150.5)	—	404.7

[5] *Other includes special bonuses and incidental payments unless otherwise stated*
[6] *Includes cash incentive, cash LTI plan and matching shares reflected for the year*
[7] *The 2018 figure includes the bonus related to the 2017 financial year paid in February 2018 and the 2015 cash LTIP vested and settled in March 2018. The 2017 figure includes the bonus related to the 2016 financial year paid in February 2017 and the 2014 cash LTIP vested and settled in March 2017.*
[8] *L Rivera – other payments for 2018 relate to cash in lieu of 2016 share award payable upon vesting in March 2019. His appointment package and conditions were approved by RemCo but the LTI award was inadvertently not executed hence he was never physically awarded. This value reflects the equivalent cash compensation in this regard. Cash incentives include legislated bonus portion. Company contributions to pension erroneously not reported previously*
[9] *A Baku – other payments for 2018 relate to approved profit share bonus payment approved and 2017 relates to leave allowance in line with related policy*
[10] *BJ Mattison – other payments for 2018 relate to a service award in line with Company practice*
[11] *S Mathews – other payments for 2018 relate to bonus payment in lieu of most improved operation bonus scheme*
[12] *R Bardien – appointed on 1 February 2018; other payments relate to sign on bonus*

Remuneration Report continued

Unvested awards and cash-flow on settlement

Executive	Opening number of awards on 1 January 2017	Granted/ enhanced vesting during 2017	Fair value at grant date	Forfeited/ lapsed during 2017	Vested during 2017	Closing number of awards on 31 December 2017	Cash value on settlement during 2017 US$
NJ Holland							
2011 SARS	44,012	–	–	44,012	–	–	–
2014 Cash LTI plan	1,300,000	–	–	799,500	500,500	–	–
2015 Cash LTI plan	1,030,000	–	–	–	–	1,030,000	–
2016 Performance shares PS9	272,735	–	–	–	–	272,735	–
2017 Performance shares PS10	–	370,042	1,146,333	–	–	370,042	–
2017 MSR Matching Shares	–	244,574	828,427	–	–	244,574	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
2018 MSR Matching Shares*	–	–	–	–	–	–	–
Total			**1,974,760**				**–**
PA Schmidt							
2011 SARS	29,686	–	–	29,686	–	–	–
2014 Cash LTI plan	630,000	–	–	387,450	242,550	–	242,550
2015 Cash LTI plan	1,020,000	–	–	–	–	1,020,000	–
2016 Performance shares PS9	171,619	–	–	–	–	171,619	–
2017 Performance shares PS10	–	178,808	553,920	–	–	178,808	–
2017 MSR Matching Shares	–	40,850	138,368	–	–	40,850	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
2018 MSR Matching Shares*	–	–	–	–	–	–	–
Total			**692,288**				**242,550**
L Rivera							
2017 Performance shares PS10	–	67,182	208,120	–	–	67,182	–
2018 Performance Shares PS11*	–	–		–	–	–	–
Total			**208,120**				**–**
A Baku							
2011 SARS	8,069	–	–	8,069	–	–	–
2014 Cash LTI plan	790,000	–	–	485,850	304,150	–	304,150
2015 Cash LTI plan	1,030,000	–	–	–	–	1,030,000	–
2016 Performance shares PS9	165,123	–	–	–	–	165,123	–
2017 Performance shares PS10	–	156,967	486,260	–	–	156,967	–
2017 Restricted Shares PS10 – Damang	–	133,311	412,977	–	–	133,311	–
2017 MSR Matching Shares	–	13,468	45,619	–	–	13,468	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
2018 MSR Matching Shares*	–	–	–	–	–	–	–
Total			**944,856**				**304,150**
NA Chohan							
2011 SARS	14,929	–	–	14,929	–	–	–
2014 Cash LTI plan	230,000	–	–	141,450	88,550	–	88,550
2015 Cash LTI plan	280,000	–	–	–	–	280,000	–
2016 Performance shares PS9	66,035	–	–	–	–	66,035	–
2017 Performance shares PS10	–	70,907	219,659	–	–	70,907	–
2017 MSR Matching Shares	–	14,008	47,448	–	–	14,008	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
2018 MSR Matching Shares*	–	–	–	–	–	–	–
Total			**267,107**				**88,550**
A Nagaser							
2015 Cash LTI plan	200,000	–	–	–	–	200,000	–
2016 Performance shares PS9	33,136	–	–	–	–	33,136	–
2017 Performance shares PS10	–	48,673	150,782	–	–	48,673	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
2018 MSR Matching Shares*	–	–	–	–	–	–	–
Total			**150,782**				**–**

Closing estimated fair value at 31 December 2017 US$	Strike price	Granted during 2018	Forfeited/ lapsed during 2018	Vested during 2018	Closing number on 31 December 2018	Cash value on settlement during 2018 US$	Closing estimated fair value at 31 December 2018 US$	Strike price US$
–	8.23	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
463,500	n/a	–	566,500	463,500	–	–	–	n/a
1,220,991	n/a	–	–	–	272,735	–	960,401	n/a
2,411,913	n/a	–	–	–	370,042	–	1,266,521	n/a
966,133	n/a	–	–	–	244,574	–	804,893	n/a
–	–	–	–	–	–	–	–	n/a
–	–	–	–	–	–	–	–	n/a
5,062,537						**–**	**3,031,814**	
–	8.23	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
459,000	n/a	–	561,000	459,000	–	459,000	–	n/a
768,311	n/a	–	–	–	171,619	–	604,334	n/a
1,165,461	n/a	–	–	–	178,808	–	611,995	n/a
161,369	n/a	–	–	–	40,850	–	134,437	n/a
–	n/a	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
2,554,140						**459,000**	**1,350,767**	
437,889	n/a	–	–	–	67,182	–	229,940	n/a
–	n/a	–	–	–	–	–	–	n/a
437,889						**–**	**229,940**	
–	8.23	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
463,500	n/a	–	566,500	463,500	–	463,500	–	n/a
739,229	n/a	–	–	–	165,123	–	581,459	n/a
1,023,102	n/a	–	–	–	156,967	–	537,242	n/a
526,614	n/a	–	–	–	133,311	–	438,727	n/a
53,202	n/a	–	–	–	13,468	–	44,323	n/a
–	n/a	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
2,805,648						**463,500**	**1,601,750**	
–	8.23	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
126,000	n/a	–	154,000	126,000	–	126,000	–	n/a
295,628	n/a	–	–	–	66,035	–	232,534	n/a
462,168	n/a	–	–	–	70,907	–	242,689	n/a
55,335	n/a	–	–	–	14,008	–	46,100	n/a
–	n/a	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
939,131						**126,000**	**521,323**	
90,000	n/a	–	110,000	90,000	–	90,000	–	n/a
148,345	n/a	–	–	–	33,136	–	116,684	n/a
317,248	n/a	–	–	–	48,673	–	166,590	n/a
–	n/a	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
555,592						**90,000**	**283,274**	

Remuneration Report continued

Unvested awards and cash-flow on settlement continued

Executive	Opening number of awards on 1 January 2017	Granted/ enhanced vesting during 2017	Fair value at grant date	Forfeited/ lapsed during 2017	Vested during 2017	Closing number of awards on 31 December 2017	Cash value on settlement during 2017 US$
T Harmse							
2011 SARS	6,212	–	–	6,212	–	–	–
2011 (b) SARS	3,077	–	–	3,077	–	–	–
2014 Cash LTI plan	360,000	–	–	221,400	138,600	–	138,600
2015 Cash LTI plan	560,000	–	–	–	–	560,000	–
2016 Performance shares PS9	88,048	–	–	–	–	88,048	–
2017 Performance shares PS10	–	95,126	294,686	–	–	95,126	–
2017 MSR Matching Shares	–	2,592	8,780	–	–	2,592	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
2018 MSR Matching Shares*	–	–	–	–	–	–	–
Total			**303,465**				**138,600**
B Mattison							
2011 SARS	11,736	–	–	11,736	–	–	–
2014 Cash LTI plan	500,000	–	–	307,500	192,500	–	192,500
2015 Cash LTI plan	660,000	–	–	–	–	660,000	–
2016 Performance shares PS9	108,877	–	–	–	–	108,877	–
2017 Performance shares PS10	–	116,641	361,336	–	–	116,641	–
2017 MSR Matching Shares	–	14,368	48,668	–	–	14,368	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
2018 MSR Matching Shares*	–	–	–	–	–	–	–
Total			**410,004**				**192,500**
M Preece							
2017 Performance shares PS10	–	53,462	165,617	–	–	53,462	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
2018 MSR Matching Shares*	–	–	–	–	–	–	–
Total			**165,617**				**–**
R Butcher							
2016 Performance shares PS9	23,964	–	–	–	–	23,964	–
2017 Performance shares PS10	–	98,389	304,794	–	–	98,389	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
Total			**304,794**				**–**
S Mathews							
2014 Cash LTI plan	200,000	–	–	123,000	77,000	–	77,000
2015 Cash LTI plan	440,000	–	–	–	–	440,000	–
2016 Performance shares PS9	72,802	–	–	–	–	72,802	–
2017 Performance shares PS10	–	107,533	333,121	–	–	107,533	–
2018 Performance Shares PS11*	–	–	–	–	–	–	–
Total			**333,121**				**77,000**
R Bardien[1]							
2018 Performance Shares PS11*	–	–	–	–	–	–	–
Total			**–**				**–**

Specific notes

[1] *R Bardien appointed on 1 February 2018*

* *2018 Performance and matching share awards were postponed due to a trade restricted period. The awards will be included in the 2019 period. Performance period remains 1 March 2018 to 31 December 2020*

General notes

a. *The 2016 performance shares awarded on 1 March 2016, vesting on 1 March 2019, were valued at the share prices noted below with an estimated vesting in 2016 of 100%, 2017 of 113% and a final vesting in 2018 of 107%*

b. *The 2017 performance shares awarded on 1 March 2017, vesting on 1 March 2020, were valued at the share price noted below with an estimated vesting in 2018 of 104%*

c. *The 2017 Matching shares awarded on 23 May 2017 were valued at the share prices noted below with an estimated vesting of 100%*

d. *The 20-day volume-weighted average price, for determining the value of the unvested awards as at 31 December 2016, is US$2.93*

e. *The 20-day volume-weighted average price, for determining the value of the unvested awards as at 31 December 2016, is US$3.95*

f. *The 20-day volume-weighted average price, for determining the value of the unvested awards as at 31 December 2018, is US$3.29*

g. *Share prices used are based on the ADR share price*

Closing estimated fair value at 31 December 2017 US$	Strike price	Granted during 2018	Forfeited/ lapsed during 2018	Vested during 2018	Closing number on 31 December 2018	Cash value on settlement during 2018 US$	Closing estimated fair value at 31 December 2018 US$	Strike price US$
–	8.23	–	–	–	–	–	–	n/a
–	7.92	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
252,000	n/a	–	308,000	252,000	–	252,000	–	n/a
394,177	n/a	–	–	–	88,048	–	310,050	n/a
620,026	n/a	–	–	–	95,126	–	325,582	n/a
10,239	n/a	–	–	–	2,592	–	8,530	n/a
–	n/a	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
1,276,442						**252,000**	**644,162**	
–	8.23	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
297,000	n/a	–	363,000	297,000	–	297,000	–	n/a
487,425	n/a	–	–	–	108,877	–	383,396	n/a
760,260	n/a	–	–	–	116,641	–	399,220	n/a
56,757	n/a	–	–	–	14,368	–	47,285	n/a
–	n/a	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
1,601,442						**297,000**	**829,901**	
348,462	n/a	–	–	–	53,462	–	188,259	n/a
–	n/a	–	–	–	–	–	–	n/a
–	n/a	–	–	–	–	–	–	n/a
348,462						**–**	**188,259**	
107,283	n/a	–	–	–	23,964	–	84,386	n/a
641,294	n/a	–	–	–	98,389	–	346,464	n/a
–	n/a	–	–	–	–	–	–	n/a
748,577						**–**	**430,850**	
–	n/a	–	–	–	–	–	–	n/a
198,000	n/a	–	242,000	198,000	–	198,000	–	n/a
325,923	n/a	–	–	–	72,802	–	256,363	n/a
700,894	n/a	–	–	–	107,533	–	378,663	n/a
–	n/a	–	–	–	–	–	–	n/a
1,224,817						**198,000**	**635,026**	
–	n/a	–	–	–	–	–	–	n/a
–						**–**	**–**	

Remuneration Report continued

Non-binding advisory vote – Implementation Report

As set out in King IV, shareholders are required to cast a non-binding advisory vote on the Implementation Report at the Gold Fields AGM on 21 May 2019.

Should there be a 25% or higher vote against the adoption of the above, we will embark upon a process of shareholder engagement in order to understand the drivers of the dissenting votes, and to discuss potential remedial measures.

Non-Executive Director (NED) fees

NEDs were paid the following committee and Board fees as per the fees approved by shareholders on 24 May 2017 for the period 1 January 2018 to 31 May 2018; and on 22 May 2018 for the period 1 June 2018 to 31 December 2018.

US$'000	Board fees 2018			Total received for the period ending 31 December 2017
Name	Director's fees	Committee fees	Total	
Cheryl Carolus	231.3	–	231.3	216.0
Rick Menell	150.5	–	150.5	140.5
Don Ncube[1]	30.7	21.3	51.9	120.0
Yunus Suleman	75.9	72.4	148.4	124.2
Peter Bacchus	80.6	61.1	137.0	129.6
Steven Reid	80.6	55.4	136.0	130.6
Terence Goodlace	75.9	38.4	114.3	111.5
Alhassan Andani	80.6	40.2	120.8	129.8
Carmen Letton	80.6	49.8	130.4	71.0
Phuti Mahanyele-Dabengwa[2]	25.9	2.7	28.6	–

[1] *D Ncube retired from the Board at end May 2018*
[2] *P Mahanyele-Dabengwa was appointed to the Board in September 2018*

We intend to seek approval from shareholders at the AGM on 21 May 2019 for NED fees for the period 1 June 2019 to 31 December 2019 to be the same as the fees previously approved for the period 1 January 2019 to 31 May 2019.

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 jointly 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 2018, the South African, Ghanaian, Peruvian and Australian operations produced 7%, 36%, 15% 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 and Granny Smith gold mining operations in Australia, a 90.0% interest in the Tarkwa and Damang mines in Ghana and a 45% interest in the Asanko mine in Ghana. Gold Fields also owns a 99.5% interest in the Cerro Corona mine in Peru.

Asanko

On 29 March 2018, Gold Fields entered into certain definitive agreements with Asanko Gold Inc. ("Asanko") pursuant to which, among other things, Gold Fields and Asanko will each own a 45% interest in Asanko Gold Ghana Limited ("AGGL"), the Asanko subsidiary that currently owns the Asanko Gold mine, with the government of Ghana continuing to retain a 10% free-carried interest in AGGL.

On 20 June 2018, Gold Fields and Asanko received approval of the joint venture transaction ("JV transaction") from the Ghanaian Minister of Lands and Natural Resources and the JV transaction closed on 31 July 2018 once all conditions precedent were met.

In consideration for its interests in the joint venture, Gold Fields contributed US$165 million. An additional US$20 million will be invested in the redeemable preference shares on an agreed Esaase development milestone, but in any event no later than 31 December 2019.

Gold Fields and Asanko have joint control as each party has equal representation on the management committee that governs the relevant activities of the arrangement.

For the purpose of the review of the Group's results by the Chief Operating Decision Maker ("CODM"), in terms of IFRS 8 *Operating Segments*, Asanko is proportionately consolidated. As a result, the management's discussion and analysis includes analysis of Asanko's results where appropriate. Where reference is made to "excluding equity-accounted investees" or "excluding Asanko", this refers to amounts determined in accordance with IFRS. All other references to Asanko are non-IFRS.

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 upfront cash consideration (converted into participation in a Red 5 rights issue) as well as the issue of the Red 5 shares as part of the consideration during 2017. In 2017, 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). The deferred consideration was received in cash during 2018.

Darlot has been disclosed as a discontinued operation.

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 in 2018. Transaction costs of A$19 million (US$13 million) were incurred.

Management's discussion and analysis of the financial statements (continued)

Reserves and resources

As of 31 December 2018, Gold Fields reported attributable proved and probable gold and copper reserves of 48 million ounces of gold and 691 million pounds of copper, as compared to the 49 million ounces of gold and 764 million pounds of copper reported as of 31 December 2017.

Gold production

	2018		2017		2016	
Figures in thousands unless otherwise stated	**Gold produced – oz Managed**	**Gold produced – oz Attributable**	Gold produced – oz Managed	Gold produced – oz Attributable	Gold produced – oz Managed	Gold produced – oz Attributable
South Deep	**157.1**	**157.1**	281.3	281.3	290.4	290.4
South Africa region	**157.1**	**157.1**	281.3	281.3	290.4	290.4
Tarkwa	**524.9**	**472.4**	566.4	509.8	568.1	511.3
Damang	**180.8**	**162.7**	143.6	129.2	147.7	132.9
Asanko	**44.5**	**44.5**	–	–	–	–
Ghanaian region	**750.2**	**679.6**	710.0	639.0	715.8	644.2
Cerro Corona	**314.1**	**312.6**	306.7	305.3	270.2	268.9
South America region	**314.1**	**312.6**	306.7	305.3	270.2	268.9
St Ives	**366.9**	**366.9**	363.9	363.9	362.9	362.9
Agnew/Lawlers	**239.1**	**239.1**	241.2	241.2	229.3	229.3
Granny Smith	**280.4**	**280.4**	290.3	290.3	283.8	283.8
Australia region	**886.4**	**886.4**	895.4	895.4	875.9	875.9
Continuing operations	**2,107.8**	**2,035.7**	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 (excluding Asanko)	**2,063.2**	**1,991.2**	2,232.5	2,160.2	2,218.7	2,145.8
Total Group (including Asanko)	**2,107.8**	**2,035.7**	2,232.5	2,160.2	2,218.7	2,145.8

Gold production for the Group (continuing and discontinued operations, including Asanko) was 2.108 million ounces (2017: 2.233 million ounces) of gold equivalents in 2018, 2.036 million ounces (2017: 2.160 million ounces) of which were attributable to Gold Fields with the remainder attributable to non-controlling shareholders in Ghana and Peru.

Gold production for the Group (continuing and discontinued operations, excluding Asanko) was 2.063 million ounces (2017: 2.233 million ounces) of gold equivalents in 2018, 1.991 million ounces (2017: 2.160 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 (including Asanko) was 2.108 million ounces (2017: 2.193 million ounces) of gold equivalents in 2018, 2.036 million ounces (2017: 2.121 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 (excluding Asanko) was 2.063 million ounces (2017: 2.193 million ounces) of gold equivalents in 2018, 1.991 million ounces (2017: 2.121 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, all of which were attributable to Gold Fields.

At South Deep in South Africa, production decreased by 44% from 8,748 kilograms (281,300 ounces) in 2017 to 4,885 kilograms (157,100 ounces) in 2018 due to decreased volumes and grades. This was mainly due to the industrial action, the restructuring process as well as the fatal accident, further exacerbated by poor ground conditions in the high grade areas of the mine.

At the Ghanaian operations (including Asanko), gold production increased by 6% from 710,000 ounces in 2017 to 750,200 ounces in 2018 due to higher production at Damang as well as the inclusion of 44,500 ounces from Asanko for the five months ended December 2018. At the Ghanaian operations (excluding Asanko), gold production decreased by 1% from 710,000 ounces in 2017 to 705,700 ounces in 2018 due to lower production at Tarkwa partially offset by higher production at Damang. At Tarkwa, gold production decreased by 7% from 566,400 ounces in 2017 to 524,900 ounces in 2018 mainly due to lower volumes mined in line with the 2018 planned strategy to reduce mining and optimise margins and cash flow. At Damang, gold production increased by 26% from 143,600 ounces in 2017 to 180,800 ounces in 2018 mainly due to higher head grade and yield. Production at Asanko amounted to 44,500 ounces for the five months ended December 2018.

Gold equivalent production at Cerro Corona increased by 2% from 306,700 ounces in 2017 to 314,100 ounces in 2018, mainly due to the higher copper price relative to the gold price (price factor) and higher copper production as a result of higher copper head grade.

At the Australian continuing operations, gold production decreased by 1% from 895,400 ounces in 2017 to 886,400 ounces in 2018 due to marginally lower production at Agnew and Granny Smith. St Ives' gold production increased by 1% from 363,900 ounces in 2017 to 366,900 ounces in 2018. At Agnew, gold production decreased by 1% from 241,200 ounces in 2017 to 239,100 ounces in 2018, mainly due to decreased ore processed. At Granny Smith, gold production decreased by 3% from 290,300 ounces in 2017 to 280,400 ounces in 2018 due to lower grades mined.

In 2017, gold production at Darlot amounted to 39,200 ounces for the nine months to September 2017.

NON-IFRS MEASURES

The following table sets out the non-IFRS measures disclosed throughout the Annual Financial Report and where they are reconciled to IFRS:

Non-IFRS measure	Purpose of measure	Reference to where reconciled to IFRS
All-in sustaining costs ("AISC")	Intended to provide transparency into the costs associated with producing and selling an ounce of gold.	p68
All-in costs ("AIC")	Intended to provide transparency into the costs associated with producing and selling an ounce of gold.	p68
Adjusted EBITDA Net debt Net debt to adjusted EBITDA	Used in the ratio to monitor the capital of the Group.	p202
Net cash flow	Management uses net cash flow to measure the cash generated by the core business.	p113
Adjusted free cash flow and adjusted free cash flow margin	Used as a key metric in the determination of the long-term incentive plan.	p75
Sustaining and non-sustaining capital expenditure	Used in the determination of AISC and AIC.	p69

Management's discussion and analysis of the financial statements (continued)

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 ("LME") cash settlement price for copper in US Dollar for the past 12 calendar years (2007 to 2018):

	Price per ounce[1]		
	High	**Low**	**Average**
Gold		**(US$/oz)**	
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
2018	**1,355**	**1,178**	**1,269**

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

On 22 March 2019, the London afternoon fixing price of gold was US$1,311/oz.

	Price per tonne[1]		
	High	**Low**	**Average**
Copper		**(US$/t)**	
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
2018	**7,263**	**5,823**	**6,539**

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

On 22 March 2019, the LME cash settlement price for copper was US$6,375/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 LME 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. Changes in the fair value as a result of changes in forward metal prices are classified as provisional price adjustments and included as a component of revenue.

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]	2018	2017	2016
Average	**1,269**	1,257	1,250
High	**1,355**	1,346	1,355
Low	**1,178**	1,151	1,077
Gold Fields' average realised gold price[2]	**1,252**	1,255	1,241

[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 LME cash settlement price per tonne for copper and Gold Fields' average US Dollar realised copper price for 2016, 2017 and 2018.

Realised copper price[1]	2018	2017	2016
Average	**6,539**	6,166	4,863
High	**7,263**	7,216	5,936
Low	**5,823**	5,466	4,311
Gold Fields' average realised copper price[2]	**6,547**	6,131	4,913

[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.*

IFRS 15 REVENUE FROM CONTRACT WITH CUSTOMERS

The Group applied IFRS 15 *Revenue from contract with customers* from 1 January 2018.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods.

Revenue is now recognised when the customer takes control of the gold, copper and silver. The timing of recognition of revenue is no longer when risks and rewards of ownership pass to the customer.

The change in the timing of revenue recognition results in revenue at the South African and Australian operations being recognised on settlement date (when control passes) and not contract date (previous date when risks and rewards of ownership pass to the customer). 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 Group adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Refer to note 41 for the impact of transitioning to IFRS 15. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

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 (including Asanko) decreased by 5% from 2.233 million ounces in 2017 to 2.108 million ounces in 2018. Total managed production (excluding Asanko) decreased by 8% from 2.233 million ounces in 2017 to 2.063 million ounces in 2018.

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.

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 rightsizing the number of employees and contractors when conditions require this. In early 2018, Gold Fields announced a move by Tarkwa to contractor mining. The restructuring was completed successfully and the contractors started operations on 24 March 2018.

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.

South Deep embarked on a restructuring process on 14 August 2018. The prescribed consultation process was concluded on 28 October 2018 culminating in the retrenchment of 1,092 permanent employees and 420 contractors. The majority union, the NUM, obtained a certificate of non-resolution from the Commission for Conciliation, Mediation and Arbitration ("CCMA") and issued a notice of intended industrial action on 31 October 2018. The protected industrial action commenced on 2 November 2018 and lasted six weeks. Employees participating in the industrial action blocked all roads to the mine, limiting access and the ability to continue with any mining operations. Production was therefore suspended and essential services continued on an intermittent basis when access was possible. Negotiations with all levels of the union (branch, regional and national) concluded on 18 December 2018 with the signing of a new agreement that ended the industrial action. The mine gradually resumed operations from 15 December 2018. The process had a profound impact on production with the operations suspended for 41 days with a preceding "go slow" and acts of sabotage as from the announcement of restructuring. It took an additional eight days to start up the underground sections post-15 December 2018.

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.

There were no work stoppages as a result of strikes during 2017 and 2016 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 2018, Gold Fields' operations suffered nine work safety-related stoppages, one related to the fatality in October at South Deep and eight 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 the above 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.

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 38% of all-in costs ("AIC"), as defined on page 68, at the South African operation. In 2018, labour represented 36% of AIC at the South African operation.

In 2018, South Deep concluded a three-year wage agreement with organised labour which provides for an annual increase of 7.3%.

At the South African operation, power and water made up on average 8% of AIC over the last three years. In 2018, power and water costs made up 9% of AIC. The 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. Although Eskom applied to NERSA for a 19.9% average increase in electricity tariffs for Eskom's 2018 to 2019 financial year, NERSA granted Eskom a 5.23% electricity tariff increase for this period. During 2018, NERSA granted Eskom an additional 4.41% tariff increase adjustment, from the Regulatory Clearing Account ("RCA"), for 2019/2020. In the same period, Eskom submitted their Multi Year Price Determination ("MYPD") application to NERSA for 2018/2019 to 2021/2022 tariff basis, initially requesting 15% for the three years, later revising the application to 17%, 15% and 15% for 2019/2020, 2020/2021 and 2021/2022, respectively. NERSA granted Eskom tariff increases of 9.41%, 8.1% and 5.2%, for financial years 2019/2020, 2020/2021 and 2021/2022, respectively, thus for 2019/2020, the total approved tariff increase is 13.82%. Since December 2018, Eskom has declared load shedding, rising to stage 4 (short of 4,000MW), for the first time since 2010. Since then, the country continued to experience load shedding, albeit reduced to stages 1 and 2. During this period, Eskom burns significant amounts of diesel to run their gas turbines and called on large power users to curtail power demand. In February 2019, the President of South Africa announced the vertical unbundling of Eskom. This unbundling, while maintaining full-state ownership, is expected to result in the separation of Eskom's generation, transmission and distribution functions, which will require legislative and possibly policy reform. Gold Fields expects this process will take time to implement causing continued poor reliability of the supply of electricity, instability in prices and a possible increase in the tariff. Should Gold Fields experience further power tariff increases, its business, operating results and financial condition may be adversely impacted.

West Africa region

In Ghana, Tarkwa and Damang are supplied power by VRA and ECG, respectively. Tarkwa 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 2017 was US$0.167/kWh and for 2018 was US$0.136/kWh.

The ECG's tariff for the period 1 February 2016 to 31 December 2016 was US$0.23/kWh, 1 January to 31 December 2017 was US$0.23/kWh and 1 January to 31 December 2018 was US$0.21/kWh.

In order to reduce their reliance on power supplied by VRA and ECG, Tarkwa and Damang entered into a power purchasing agreement with independent power producer Genser (the "Genser PPA"). Under the Genser PPA, Genser agreed to commission a gas power generation facility at Tarkwa and Damang. This power supply has replaced a significant proportion of Tarkwa and Damang's current supply from the VRA and ECG. Genser has installed a 27.5MW power plant comprised 5 units of Centrax gas turbines owned and operated by Genser on the Damang mine, and a 44MW power plant comprised 4 units of Solar Mars ("Caterpillar") gas turbines, owned and operated Genser on the Tarkwa mine. Both plants will seek to expand with the inclusion of the steam turbines technology. The fourth turbine was commissioned at Genser's Tarkwa plant in 2018 to bring the installed capacity at the Tarkwa mine to 44MW. Genser operational performance has been good and therefore no periods of downtime are expected. Both the Tarkwa and Damang mines can revert to state-owned utilities for their power supply if needed.

During 2018, Genser started construction of a 77km buried gas pipeline to supply Tarkwa and Damang with natural gas, instead of trucking in liquid petroleum gas ("LPG") via national roads. Genser expects to commission the pipeline in 2019.

Power and water costs represented on average 9% of AIC at Tarkwa over the last three years, and 9% of AIC during 2018. Over the last three years, power and water costs represented on average 11% of AIC at Damang with 8% in 2018.

Contractor costs represented on average 10% of AIC at Tarkwa over the last three years, and 20% of AIC during 2018. The increase in 2018 at Tarkwa is due to the transition to contractor mining. Over the last three years, contractor costs represented on average 20% of AIC at Damang with 18% in 2018. Following the restructuring concluded in the first half of 2016 in Damang and first quarter of 2018 for Tarkwa, 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 12% in 2018. Over the last three years, direct labour costs represented on average 11% at Damang and 8% in 2018.

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 12% of AIC at the Ghana operations. In 2018, 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 costs represented on average 27% of AIC over the last three years and 28% of AIC during 2018. Direct labour costs represent on average a further 19% of AIC over the last three years and 18% in 2018. Power and water made up on average a further 6% of AIC over the last three years and 6% in 2018.

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 35% at Agnew of AIC and direct labour costs represented on average a further 16% at St Ives and 16 at Agnew of AIC. In 2018, contractors and direct labour costs represented 18% and 13% at St Ives and 29% and 14% at Agnew/Lawlers, respectively. Power and water made up, on average, a further 8% and 5% of AIC over the last three years and 5% and 3% of AIC in 2018 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 costs represented, on average, 15% and 23%, respectively, at Granny Smith. In 2018, contractors and direct labour costs represented 12% and 20% at Granny Smith. Power and water made up, on average, a further 7% of AIC over the last three years and 6% of AIC in 2018 at Granny Smith.

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 ("AISC") and AIC. 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. AISC and AIC 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 AISC incorporates costs related to sustaining current production. The AIC include additional costs which relate to the growth of the Group. AISC, 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. AIC starts with AISC 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.

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 2018, 2017 and 2016. The following tables also set out AISC and AIC gross of by-product revenue on a gold equivalent ounce basis for 2018, 2017 and 2016.

United States Dollar

	AISC and AIC, net of by-product revenue per ounce of gold										
	For the year ended 31 December 2018										
Figures in millions unless otherwise stated	South Deep	Tarkwa	Damang	Asanko[1]	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and projects	Total Group including equity accounted joint venture	Total Group excluding equity accounted joint venture
Cost of sales before gold inventory change and amortisation and depreciation	**262.0**	**298.7**	**143.5**	**41.6**	**200.9**	**159.7**	**166.3**	**160.3**	**(0.6)**	**1,432.4**	**1,390.8**
Gold inventory change	9.6	10.1	(19.1)	(4.2)	(14.9)	1.7	1.8	(5.5)	–	(20.4)	(16.2)
Royalties	1.0	21.2	7.3	2.8	11.6	7.4	8.8	5.1	–	65.2	62.5
Realised gains or losses on commodity cost hedges	–	(5.5)	(2.1)	–	(2.9)	(0.9)	(0.8)	–	–	(12.2)	(12.2)
Community/social responsibility costs	1.3	6.7	0.4	–	–	–	-	6.3	–	14.6	14.6
Non-cash remuneration (share-based payments)	4.7	6.7	2.1	–	3.5	2.6	3.1	4.3	10.6	37.5	37.5
Cash remuneration (long-term employee benefits)	0.9	–	0.2	–	0.4	0.1	0.3	(0.4)	(0.5)	1.1	1.1
Other[6]	–	–	–	1.0	–	–	–	1.1	7.9	10.0	9.0
By-product revenue[2]	(0.3)	(0.7)	(0.2)	(0.2)	(0.5)	(0.3)	(0.1)	(169.2)	–	(171.4)	(171.2)
Rehabilitation, amortisation and interest	0.2	5.5	1.3	0.2	4.4	1.5	1.3	3.7	–	18.1	17.9
Sustaining capital expenditure[3]	40.0	156.1	13.5	7.9	127.2	72.8	78.8	33.2	2.2	531.5	523.6
Lease payments	–	–	–	–	1.4	–	–	0.9	–	2.3	2.3
All-in sustaining costs[4]	**319.4**	**498.9**	**147.0**	**49.1**	**331.0**	**244.7**	**259.6**	**39.8**	**19.6**	**1,908.9**	**1,859.8**
Exploration, feasibility and evaluation costs[5]	–	–	0.4	–	–	–	–	–	77.8	78.2	78.2
Non-sustaining capital expenditure[3]	18.3	–	125.0	4.9	–	–	–	–	147.1	295.3	290.4
All-in costs[4]	**337.7**	**498.9**	**272.3**	**54.0**	**331.0**	**244.7**	**259.6**	**39.8**	**244.6**	**2,282.3**	**2,228.3**
Gold only ounces sold ('000oz)	167.8	524.9	180.8	45.9	367.0	238.5	280.5	141.0	–	1,946.4	1,900.5
All-in sustaining costs	319.4	498.9	147.0	49.1	331.0	244.7	259.6	39.8	19.6	1,908.9	1,859.8
All-in sustaining costs net of by-product revenue per ounce of gold sold (US$/oz)	**1,903**	**951**	**813**	**1,069**	**902**	**1,026**	**925**	**282**	**–**	**981**	**979**
All-in costs	337.7	498.9	272.3	54.0	331.0	244.7	259.6	39.8	244.6	2,282.3	2,228.3
All-in costs net of by-product revenue per ounce of gold sold (US$)	**2,012**	**951**	**1,506**	**1,175**	**902**	**1,026**	**925**	**282**	**–**	**1,173**	**1,172**

[1] Equity accounted joint venture.
[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 of US$814.2 million per note 42 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] This total may not reflect the sum of the line items due to rounding.
[5] Includes exploration, feasibility and evaluation and share of equity accounted losses of Far Southeast Gold Resources Incorporated ("FSE").
[6] Other includes offshore structure costs and management fees.

Management's discussion and analysis of the financial statements (continued)

United States Dollar

Figures in millions unless otherwise stated	South Deep	Tarkwa	Damang	Asanko[1]	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and projects	Total Group including equity accounted joint venture	Total Group excluding equity accounted joint venture
	AISC and AIC, gross of by-product revenue per ounce of gold										
	For the year ended 31 December 2018										
All-in sustaining costs (per table above)	319.4	498.9	147.0	49.1	331.0	244.7	259.6	39.8	19.6	1,908.9	1,859.8
Add back by-product revenue[2]	0.3	0.7	0.2	0.2	0.5	0.3	0.1	169.2	–	171.4	171.2
All-in sustaining costs gross of by-product revenue[3]	319.7	499.6	147.2	49.3	331.5	245.0	259.7	209.0	19.6	2,080.3	2,031.0
All-in costs (per table above)	337.7	498.9	272.3	54.0	331.0	244.7	259.6	39.8	244.6	2,282.3	2,228.3
Add back by-product revenue[2]	0.3	0.7	0.2	0.2	0.5	0.3	0.1	169.2	–	171.4	171.2
All-in costs gross of by-product revenue[3]	338.0	499.6	272.5	54.2	331.5	245.0	259.7	208.9	244.6	2,453.7	2,399.5
Gold equivalent ounces sold	167.8	524.9	180.8	45.9	367.0	238.5	280.5	299.1	–	2,104.5	2,058.6
All-in sustaining costs gross of by-product revenue (US$/equivalent oz)	1,905	952	812	1,073	903	1,027	926	699	–	988	987
All-in costs gross of by-product revenue (US$ equivalent oz)	2,014	952	1,506	1,179	903	1,027	926	699	–	1,166	1,166

[1] Equity accounted joint venture.
[2] By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.
[3] This total may not reflect the sum of the line items due to rounding.

United States Dollar

AISC and AIC, net of by-product revenue per ounce of gold

For the year ended 31 December 2017

Figures in millions unless otherwise stated	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group
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 or 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[5]	–	–	–	–	–	–	1.0	9.8	10.8	–	10.8
By-product revenue[1]	(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[2]	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[3]	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[2]	16.9	–	114.9	–	–	–	–	84.7	216.5	–	216.5
All-in costs[3]	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] *By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.*

[2] *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 of US$840.4 million per note 42 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.*

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

[4] *Includes exploration, feasibility and evaluation and share of equity accounted losses of FSE.*

[5] *Other includes offshore structure costs and management fees.*

Management's discussion and analysis of the financial statements (continued)

United States Dollar

Figures in millions unless otherwise stated	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
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[1]	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[2]	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[1]	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[2]	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] *By-product revenue at Cerro Corona relates to copper. For all the other operations, by-product revenue relates to silver.*
[2] *This total may not reflect the sum of the line items due to rounding.*

AISC and AIC – continuing operations
AISC net of by-product revenues (including Asanko) from continuing operations increased by 4% from US$945 per ounce of gold in 2017 to US$981 per ounce of gold in 2018, mainly due to lower gold sold, partially offset by lower cost of sales before amortisation and depreciation and lower sustaining capital expenditure. AIC net of by-product revenues (including Asanko) from continuing operations increased by 9% from US$1,081 per ounce of gold in 2017 to US$1,173 per ounce of gold in 2018 due to the same reasons as for all-in sustaining costs as well as higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

AISC net of by-product revenues (excluding Asanko) from continuing operations increased by 4% from US$945 per ounce of gold in 2017 to US$979 per ounce of gold in 2018, mainly due to lower gold sold, partially offset by lower cost of sales before amortisation and depreciation and lower sustaining capital expenditure. AIC net of by-product revenues (including Asanko) from continuing operations increased by 8% from US$1,081 per ounce of gold in 2017 to US$1,172 per ounce of gold in 2018 due to the same reasons as for all-in sustaining costs as well as higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

AISC gross of by-product revenues (including Asanko) from continuing operations increased by 3% from US$962 per ounce of gold in 2017 to US$988 per ounce of gold in 2018, mainly due to lower gold sold, partially offset by lower cost of sales before amortisation and depreciation and lower sustaining capital expenditure. AIC gross of by-product revenues (including Asanko) from continuing operations increased by 7% from US$1,089 per ounce of gold in 2017 to US$1,166 per ounce of gold in 2018 due to the same reasons as for all-in sustaining costs as well as higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

AISC gross of by-product revenues (excluding Asanko) from continuing operations increased by 3% from US$962 per ounce of gold in 2017 to US$987 per ounce of gold in 2018, mainly due to lower gold sold, partially offset by lower cost of sales before amortisation and depreciation and lower sustaining capital expenditure. AIC gross of by-product revenues (excluding Asanko) from continuing operations increased by 7% from US$1,089 per ounce of gold in 2017 to US$1,166 per ounce of gold in 2018 due to the same reasons as for all-in sustaining costs as well as higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

United States Dollar

AISC and AIC, net of by-product revenue per ounce of gold

For the year ended 31 December 2016

Figures in millions unless otherwise stated	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group
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 or 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[5]	–	–	–	–	–	–	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 of US$649.9 million per note 42 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 FSE.*
[5] *Other includes offshore structure costs and management fees.*

Management's discussion and analysis of the financial statements (continued)

	United States Dollar										
	AISC and AIC, gross of by-product revenue per ounce of gold										
	For the year ended 31 December 2016										
Figures in millions unless otherwise stated	South Deep	Tarkwa	Damang	St Ives	Agnew/ Lawlers	Granny Smith	Cerro Corona	Corporate and other	Continuing operations	Darlot	Group
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.

Adjusted free cash flow and adjusted free cash flow margin ("free cash flow" or "free cash flow margin")
Adjusted free cash flow under the existing LTIP scheme 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 under the existing LTIP scheme 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	**2018**	2017	2016
Revenue[1]	**2,406.6**	2,632.1	2,615.4
Less: Cash outflow	**(2, 032.6)**	(2, 214.9)	(2,177.8)
AIC[2]	**(2,228.3)**	(2,274.2)	(2,109.4)
Adjusted for:			
Share-based payments[3]	**37.5**	27.4	14.4
Long-term employee benefits[3]	**1.1**	5.1	11.0
Exploration outside of existing operations[2]	**78.2**	59.9	47.1
Non-sustaining capital expenditure[4]	**272.1**	196.0	–
Revenue hedge[5]	**41.7**	12.8	14.3
Long-term employee benefits payment	**(17.8)**	–	–
Tax paid from continuing and discontinued operations	**(217.1)**	(241.9)	(155.2)
Adjusted FCF	**374.0**	417.2	437.6
Adjusted FCF margin[6]	**16%**	16%	17%

[1] *Revenue from continuing and discontinued operations less revenue from by-product revenue per AIC calculation (pages 68 to 75), being US$2,577.8 million less US$171.2 million, US$2,810.8 million less US$178.7 million and US$2,749.5 million less US$134.1 million, for 2018, 2017 and 2016, respectively.*
[2] *Per AIC calculation in management discussion and analysis (per pages 68 to 75).*
[3] *Per note 42 of the consolidated financial statements.*
[4] *Includes non-sustaining capital expenditure for growth projects only at Damang and Gruyere.*
[5] *Represents realised hedges on revenue only, excludes unrealised revenue hedges as well as non-revenue hedges.*
[6] *Non-IFRS measures such as adjusted free cash flow margin is the responsibility of the Group's Board of Directors and is presented for illustration purposes only and because of its nature, adjusted free cash flow margin should not be considered a representation of earnings. The adjusted free cash flow margin is used as a key metric in the determination of the long-term incentive plan ("LTIP").*

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 2018, 2017 and 2016 was 0.5% of revenue.

Management's discussion and analysis of the financial statements (continued)

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%**

The rate of royalty tax payable for 2018 and 2017 based on the above sliding scale was 3% on revenue. During 2016, the Ghanaian operations were subject to a 5% gold royalty on revenue. Asanko does not have a DA with the government and was subject to a 5% royalty tax rate for 2018.

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 2018, 2017 and 2016 was 4.0%, 4.6% and 6.4% 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 Controlled Foreign Companies ("CFC") 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 has reported its key financial figures on a country-by-country basis 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.

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 29% (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 Development Agreement ("DA") entered into with the government of Ghana, Tarkwa and Damang are liable to a 32.5% corporate income tax rate. Asanko does not have a DA with the government and is subject to a 35% corporate income tax rate.

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

Tarkwa and Damang are allowed to deduct 20% on a 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 2018, the Rand strengthened by 1% against the US Dollar, from an average of R13.33 per US$1.00 in 2017 to R13.20 per US$1.00 in 2018. The Australian Dollar weakened by 3% at an average of A$1.00 per US$0.77 in 2017 to US$1.00 per US$0.75 in 2018.

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 2018, Gold Fields entered into the following currency forward contracts:

In May 2018, the Australian operations entered into Australian Dollar/US Dollar average rate forwards for a total notional US$96 million for the period January 2019 to December 2019 at an average strike price of 0.7517. In June 2018, further hedges were taken out for a total notional US$60 million for the same period January 2019 to December 2019 at an average strike of 0.7330. In September 2018, further hedges were taken out for a total notional US$100 million for the same period January 2019 to December 2019 at an average strike of 0.7182. In October 2018, further hedges were taken out for the period January 2019 to December 2019 for a notional US$60 million at an average strike of 0.7075. In December 2018, further hedges were taken out for the period January 2019 to December 2019 for a notional US$50 million at an average strike of 0.715.

During 2017, Gold Fields had no currency forward contracts.

During 2016, Gold Fields had the following currency forward contract:
On 25 February 2016, South Deep entered into US Dollar/Rand forward exchange contracts for a total delivery of US$69.8 million starting from 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.

INFLATION

A period of significant inflation could adversely affect Gold Fields' results and financial condition. 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, Gold Fields embarked on a period of reinvestment in 2017 and the process continued in 2018. Given the high levels of capital expenditure, the Group undertook short-term tactical hedging. For further details, refer pages 86 and 87.

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 Group undertook reductions in labour costs through a retrenchment process in Damang in preparation for rightsizing the Damang reinvestment plan in 2017. In 2018, Tarkwa transitioned from owner mining to contractor mining in an attempt to address cost inflation in the region. 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 the 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

Capital expenditure for the Group (excluding Asanko) decreased by 2%, from US$834 million in 2017 to US$814 million in 2018. Set out below are the capital expenditures made by Gold Fields during 2018. Also, refer to "Cash flows from investing activities" section.

Continuing operations

Capital expenditure from continuing operations (excluding Asanko) decreased by 2%, from US$834 million in 2017 (comprising sustaining capital expenditure of US$617 million and growth capital expenditure of US$217 million) to US$814 million in 2018 (comprising sustaining capital expenditure of US$524 million and growth capital expenditure of US$290 million).

The growth capital expenditure of US$290 million in 2018 comprised South Deep of R242 million (US$18 million), Damang of US$125 million, Gruyere of A$180 million (US$134 million) and other growth capital expenditure of US$13 million. The growth capital expenditure 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 expenditure of US$4 million.

South African operation

Gold Fields spent R770 million (US$58 million) on capital expenditure at South Deep in 2018 and has budgeted approximately R490 million (US$36 million) for capital expenditure at South Deep in 2019. The capital expenditure of R770 million (US$58 million) in 2018 comprised sustaining capital expenditure of R528 million (US$40 million) and growth capital expenditure of R242 million (US$18 million). The budgeted capital expenditure of R490 million (US$36 million) comprises sustaining capital expenditure of R490 million (US$36 million) and growth capital expenditure of Rnil (US$nil).

Ghanaian operations

Gold Fields spent US$156 million on capital expenditure at Tarkwa in 2018 and has budgeted US$113 million for capital expenditure at Tarkwa for 2019. The total spend relates to sustaining capital expenditure.

Gold Fields spent US$139 million on capital expenditure at Damang in 2018 and has budgeted US$75 million of capital expenditure at Damang for 2019. The expenditure of US$139 million in 2018 comprised sustaining capital expenditure of US$14 million and growth capital expenditure of US$125 million. The budgeted capital expenditure of US$75 million comprises sustaining capital expenditure of US$6 million and growth capital expenditure of US$69 million.

Gold Fields spent US$13 million on capital expenditure at Asanko for five months in 2018 and has budgeted US$25 million of capital expenditure at Asanko for 2019. The capital expenditure of US$13 million in 2018 comprised sustaining capital expenditure of US$8 million and growth capital expenditure of US$5 million. The budgeted capital expenditure of US$25 million comprises sustaining capital expenditure of US$7 million and growth capital expenditure of US$18 million.

Peruvian operation

Gold Fields spent US$33 million on capital expenditure at Cerro Corona in 2018 and has budgeted US$55 million for capital expenditure at Cerro Corona for 2019. The total spend relates to sustaining capital expenditure.

Australian operations

Gold Fields spent A$170 million (US$127 million) on capital expenditure at St Ives in 2018 and has budgeted A$156 million (US$117 million) for capital expenditure at St Ives in 2019. The total spend relates to sustaining capital expenditure.

Gold Fields spent A$98 million (US$73 million) on capital expenditure at Agnew/Lawlers in 2018 and has budgeted A$98 million (US$74 million) for capital expenditure at Agnew/Lawlers for 2019. The total spend relates to sustaining capital expenditure.

Gold Fields spent A$105 million (US$79 million) on capital expenditure at Granny Smith in 2018 and has budgeted A$107 million (US$80 million) for capital expenditure at Granny Smith for 2019. The total spend relates to sustaining capital expenditure.

Gold Fields spent A$180 million (US$134 million) on capital expenditure at the Gruyere Gold project in 2018 and has budgeted A$112 million (US$83 million) for capital expenditure for 2019. The total spend in 2018 relates to growth capital expenditure. The budgeted capital expenditure of A$112 million (US$83 million) comprises sustaining capital expenditure of A$13 million (US$9 million) and growth capital of A$99 million (US$74 million).

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 capital expenditure 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.

Management's discussion and analysis of the financial statements (continued)

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 129 to 149, 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.

RESULTS FOR THE PERIOD – YEARS ENDED 31 DECEMBER 2018 AND 31 DECEMBER 2017

Loss attributable to owners of the parent for the Group was US$348 million (or US$0.42 per share) for 2018 compared to US$19 million (or US$0.02 per share) for 2017.

Loss attributable to owners of the parent for continuing operations was US$348 million (or US$0.42 per share) for 2018 compared to US$32 million (or US$0.04 per share) for 2017.

Profit attributable to discontinued operation, Darlot, was US$nil for 2018 compared to US$13 million (or US$0.02 per share) for 2017.

The reasons for this increase in loss are discussed below.

CONTINUING OPERATIONS

Revenue

Revenue from continuing operations decreased by 7% from US$2,762 million in 2017 to US$2,578 million in 2018. The decrease in revenue of US$184 million was due to lower ounces sold.

The average US Dollar gold price achieved by the Group decreased marginally from US$1,255 per equivalent ounce in 2017 to US$1,252 per equivalent ounce in 2018. The average Rand gold price decreased by 1% from R538,344 per kilogram to R531,253 per kilogram. The average Australian Dollar gold price increased by 3% from A$1,640 per ounce to A$1,694 per ounce. The average US Dollar gold price for the Ghanaian operations (including Asanko) increased by 1% from US$1,255 per ounce in 2017 to US$1,265 per ounce in 2018 and the average US Dollar gold price for the Ghanaian operations (excluding Asanko) increased by 1% from US$1,255 per ounce in 2017 to US$1,270 per ounce in 2018. The average equivalent US Dollar gold price, net of treatment and refining charges, for Cerro Corona decreased by 6% from US$1,252 per equivalent ounce in 2017 to US$1,174 per equivalent ounce in 2018. The average US Dollar/Rand exchange rate strengthened by 1% from R13.33 in 2017 to R13.20 in 2018. The average Australian/US Dollar exchange rate weakened by 3% from A$1.00 = US$0.77 in 2017 to A$1.00 = US$0.75 in 2018.

Gold sales from continuing operations (excluding Asanko) decreased by 6% from 2,201,100 equivalent ounces in 2017 to 2,058,600 equivalent ounces in 2018. Gold sales at the South African operation decreased by 40% from 8,766 kilograms (281,800 ounces) in 2017 to 5,220 kilograms (167,800 ounces) in 2018. Gold sales at the Ghanaian operations (excluding Asanko) decreased by 1% from 710,000 ounces in 2017 to 705,700 ounces in 2018. Gold equivalent sales at the Peruvian operation (Cerro Corona) decreased by 5% from 313,800 equivalent ounces in 2017 to 299,100 equivalent ounces in 2018. At the Australian operations, gold sales decreased by 1% from 895,400 ounces in 2017 to 885,900 ounces in 2018. As a general rule, Gold Fields sells all the gold it produces.

	2018			2017		
	Revenue US$ million	**Gold sold ('000oz)**	**Gold produced ('000oz)**	Revenue US$ million	Gold sold ('000oz)	Gold produced ('000oz)
South Deep	**210.1**	**167.8**	**157.1**	354.1	281.8	281.3
Tarkwa	**666.9**	**524.9**	**524.9**	710.8	566.4	566.4
Damang	**229.0**	**180.8**	**180.8**	180.3	143.6	143.6
Asanko[1]	**54.9**	**45.9**	**44.5**	–	–	–
Cerro Corona	**351.0**	**299.1**	**314.1**	392.9	313.8	306.7
St Ives	**464.7**	**367.0**	**366.9**	457.3	363.9	363.9
Agnew/Lawlers	**301.1**	**238.5**	**239.1**	302.6	241.2	241.2
Granny Smith	**355.0**	**280.5**	**280.4**	363.8	290.3	290.3
Continuing operations (including Asanko)	**2,632.7**	**2,104.5**	**2,107.8**	2,761.8	2,201.1	2,193.3
Continuing operations (excluding Asanko)	**2,577.8**	**2,058.6**	**2,063.2**	2,761.8	2,201.1	2,193.3

[1] *Equity accounted joint venture. Included above for information only, not included in revenue for the Group.*

At South Deep in South Africa, gold sales decreased by 40% from 8,766 kilograms (281,800 ounces) in 2017 to 5,220 kilograms (167,800 ounces) in 2018 due to decreased volumes and grades. This was mainly due to the industrial action, the restructuring process as well as the fatal accident, further exacerbated by poor ground conditions in the high grade areas of the mine.

At the Ghanaian operations, gold sales at Tarkwa decreased by 7% from 566,400 ounces in 2017 to 524,900 ounces in 2018 due to lower volumes mined in line with the 2018 planned strategy to reduce mining and optimise margins and cash flow. Damang's gold sales increased by 26% from 143,600 ounces in 2017 to 180,800 ounces in 2018 mainly due to higher head grade and yield. Gold sales at Asanko amounted to 45,900 ounces for the five months ended December 2018 (Asanko is an equity accounted joint venture and not included in the Group or Ghanaian operation's figures).

At Cerro Corona in Peru, copper sales increased by 1% from 30,377 tonnes in 2017 to 30,742 tonnes in 2018 mainly due to higher copper production as a result of higher copper head grade. Gold sales decreased by 14% from 164,715 ounces in 2017 to 141,041 ounces in 2018 due to lower gold production and timing of shipments. Gold equivalent sales decreased by 5% from 313,800 ounces in 2017 to 299,100 ounces in 2018 as a result of lower gold sold and higher copper price relative to the gold price (price factor).

At the Australian operations, gold sales at St Ives increased by 1% marginally from 363,900 ounces in 2017 to 367,000 ounces in 2018. At Agnew/Lawlers, gold sales decreased by 1% from 241,200 ounces in 2017 to 238,500 ounces in 2018 mainly due to decreased ore processed. At Granny Smith, gold sales decreased by 3% from 290,300 ounces in 2017 to 280,500 ounces in 2018 due to lower grades mined.

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, decreased by 3% from US$2,105 million in 2017 to US$2,043 million in 2018. The reasons for this decrease 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 decreased by 3% from US$1,427 million in 2017 to US$1,391 million in 2018.

At South Deep in South Africa, cost of sales before gold inventory change and amortisation and depreciation decreased by 15% from R4,083 million (US$306 million) in 2017 to R3,459 million (US$262 million) in 2018. This decrease of R624 million was mainly due to lower production exacerbated by the industrial action, lower expenditure on consumables, contractors, labour and utility costs.

At the Ghanaian operations (excluding Asanko), cost of sales before gold inventory change and amortisation and depreciation decreased by 6% from US$469 million in 2017 to US$442 million in 2018. At Tarkwa, cost of sales before gold inventory change and amortisation and depreciation decreased by 14% from US$348 million in 2017 to US$299 million in 2018 due to lower mining costs in line with lower operational tonnes mined. At Damang, cost of sales before gold inventory change and amortisation and depreciation increased by 19% from US$121 million in 2017 to US$144 million in 2018 mainly due to higher operating tonnes mined. Cost of sales before gold inventory change and amortisation and depreciation at Asanko amounted to US$42 million for the five months ended December 2018 (Asanko is an equity accounted joint venture and not included in the Group or Ghanaian regional figures).

At Cerro Corona in Peru, cost of sales before gold inventory change and amortisation and depreciation increased by 6% from US$151 million in 2017 to US$160 million in 2018, mainly due to higher tonnes mined in 2018.

At the Australian operations, cost of sales before gold inventory change and amortisation and depreciation increased by 8% from A$653 million (US$499 million) in 2017 to A$705 million (US$527 million) in 2018. At St Ives, cost of sales before gold inventory change and amortisation and depreciation increased by 10% from A$245 million (US$188 million) in 2017 to A$269 million (US$201 million) in 2018 mainly due to increased underground mining cost as a result of increased ore tonnes mined at Invincible, less cheaper open-pit tonnes mined and increased processing maintenance cost. At Agnew/Lawlers, cost of sales before gold inventory change and amortisation and depreciation increased by 5% from A$203 million (US$155 million) in 2017 to A$214 million (US$160 million) in 2018 mainly due to increased mining cost at Waroonga as a result of increased ground support and paste fill. At Granny Smith, cost of sales before gold inventory change and amortisation and depreciation increased by 9% from A$205 million (US$157 million) in 2017 to A$223 million (US$166 million) in 2018 mainly due to increased mining cost as a result of mining deeper zones.

Gold inventory change

The gold inventory credit to costs from continuing operations of US$16 million in 2018 compared with US$70 million in 2017.

At South Deep, the gold inventory charge to costs of R127 million (US$10 million) in 2018 compared with a credit to costs of R21 million (US$2 million) in 2017, due to a drawdown of gold in circuit at the end of 2018 compared with a buildup of gold in circuit in 2017.

At Tarkwa, the gold inventory charge to costs of US$10 million in 2018 compared with a credit to cost of US$42 million in 2017. In 2017, higher volumes were mined and more medium grade ore was stockpiled compared to 2018. In 2018 more lower grade ore was stockpiled and medium grade ore was processed.

Management's discussion and analysis of the financial statements (continued)

At Damang, the gold inventory credit to costs of US$19 million in 2018 compared with a charge to costs of US$1 million in 2017, due to a buildup of stockpiles in 2018 compared to a drawdown in 2017.

At Asanko, the gold inventory credit to costs amounted to US$4 million for the five months ended December 2018 (Asanko is an equity accounted joint venture and not included in the Group or Ghanaian operation's figures).

At Cerro Corona, the gold inventory credit to costs of US$6 million in 2018 compared to a charge to costs of US$3 million in 2017, due to a buildup of concentrate inventory in 2018 compared a drawdown of concentrate inventory in 2017.

At St Ives, the credit to costs of A$20 million (US$15 million) in 2018 compared with A$38 million (US$29 million) in 2017, both due to a buildup of stockpiles.

At Agnew, the charge to costs of A$2 million (US$2 million) in 2018 compared with a credit costs of A$6 million (US$5 million) in 2017, due to a drawdown of stockpiles in 2018 compared to a buildup of stockpiles in 2017.

At Granny Smith, the charge to costs of A$3 million (US$2 million) in 2018 compared to A$5 million (US$4 million) in 2017, both due to a drawdown of stockpiles.

Amortisation and depreciation

Amortisation and depreciation are 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 based on proved and probable reserves.

The table below depicts the changes from 31 December 2017 to 31 December 2018 for proved 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 2018. The amortisation in 2018 was based on the reserves as at 31 December 2017. The life-of-mine information is based on the operations' strategic plans, adjusted for proved and probable reserve balances. In basic terms, amortisation is calculated using the life-of-mine for each operation, which is based on: (1) the proved 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 2018 became effective on 1 January 2019.

	Proved and probable mineral reserves as of			Life-of-mine		Amortisation for the year ended	
	31 December 2018 ('000oz)	31 December 2017 ('000oz)	31 December 2016 ('000oz)	**31 December 2018 (years)**	31 December 2017 (years)	**31 December 2018 (US$ million)**	31 December 2017 (US$ million)
South Africa region							
South Deep[1]	**32,800**	37,400	37,300	**75**	78	**48.9**	74.2
West Africa region							
Tarkwa[2]	**5,800**	5,900	6,100	**14**	14	**168.3**	220.0
Damang[3]	**1,600**	1,700	1,700	**7**	8	**99.9**	22.3
South America region							
Cerro Corona[4]	**3,400**	3,700	2,400	**12**	13	**81.8**	130.9
Salares Norte	**4,049**	–	–	**11.5**	–	**–**	–
Australia region							
St Ives	**1,700**	1,600	1,700	**7**	5	**146.2**	172.3
Agnew/Lawlers	**600**	500	500	**4**	4	**75.0**	82.3
Granny Smith	**2,200**	2,200	1,700	**12**	11	**44.6**	43.5
Gruyere[5]	**1,900**	1,900	1,800	**12**	13	**–**	–
Corporate and other	**–**	–	–	**–**	–	**3.7**	2.7
Total reserves continuing operations[6]	**54,049**	54,900	53,200			**668.4**	748.1

[1] *As of 31 December 2016, 31 December 2017 and 31 December 2018, 91.3%, 91.0% and 90.8% of mineral reserves amounting to 34.072 million ounces, 34.023 million ounces and 29.772 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to future non-controlling shareholders in the South Deep operation in terms of the South Deep BEE transaction.*

[2] *As of 31 December 2016, 31 December 2017 and 31 December 2018, 90% of mineral reserves amounting to 5.473 million ounces, 5.315 million ounces and 5.200 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 2016, 31 December 2017 and 31 December 2018, 90% of mineral reserves amounting to 1.506 million ounces, 1.555 million ounces and 1.454 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 2016, 31 December 2017 and 31 December 2018, 99.53% of mineral reserves amounting to 2.356 million ounces, 3.710 million ounces and 3.342 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 and 31 December 2018 mineral reserves at Gruyere represent the 50% portion attributable to Gold Fields only.*

[6] *As of 31 December 2016, 31 December 2017 and 31 December 2018 reserves of 49.172 million ounces, 50.787 million ounces and 50.258 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 decreased by 11% from US$748 million in 2017 to US$668 million in 2018.

At South Deep in South Africa, amortisation and depreciation decreased by 35% from R989 million (US$74 million) in 2017 to R646 million (US$49 million) in 2018 mainly due to a decrease in production and lower equipment purchases.

At the Ghanaian operations (excluding Asanko), amortisation and depreciation increased by 11% from US$242 million in 2017 to US$268 million in 2018. Tarkwa decreased by 24% from US$220 million in 2017 to US$168 million in 2018 mainly due to a decrease in ounces mined combined with the transition from owner mining to contractor mining, resulting in a decrease in mining fleet. Damang increased by 355% from US$22 million in 2017 to US$100 million in 2018, mainly due to increased ounces mined from the higher cost Amoanda pit in line with the reinvestment plan. At Asanko, the amortisation and depreciation amounted to US$16 million for the five months ended December 2018 (Asanko is an equity accounted joint venture and not included in the Group or Ghanaian operation's figures).

At Cerro Corona in Peru, amortisation and depreciation decreased by 37% from US$131 million in 2017 to US$82 million in 2018. This decrease was mainly due to the increase in reserves at Cerro Corona in line with the life extension from 2023 to 2030.

At the Australian operations, amortisation and depreciation decreased by 8% from A$388 million (US$298 million) in 2017 to A$356 million (US$266 million). At St Ives, amortisation and depreciation decreased by 12% from A$223 million (US$172 million) in 2017 to A$196 million (A$146 million) in 2018 due to a decrease in ounces mined. At Agnew/Lawlers, amortisation and depreciation decreased by 7% from A$108 million (US$82 million) in 2017 to A$100 million (US$75 million) in 2018 due to an increase in ore reserves at Waroonga mine in 2018, resulting in a lower amortisation rate per ounce. At Granny Smith, amortisation and depreciation increased by 5% from A$57 million (US$44 million) in 2017 to A$60 million (US$45 million) in 2018 due to depreciation of new mining equipment bought at the beginning of 2018, compared to mostly fully depreciated equipment utilised in 2017.

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 2018 and 2017:

	2018			2017		
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	**167.8**	**1,903**	**2,012**	281.8	1,340	1,400
South African operation	**167.8**	**1,903**	**2,012**	281.8	1,340	1,400
Tarkwa	**524.9**	**951**	**951**	566.4	940	940
Damang	**180.8**	**813**	**1,506**	143.6	1,027	1,827
Asanko[1]	**45.9**	**1,069**	**1,175**	–	–	–
Ghanaian operations	**751.6**	**926**	**1,098**	710.0	958	1,119
Cerro Corona[2]	**141.0**	**282**	**282**	164.7	203	203
Peruvian operation	**141.0**	**282**	**282**	164.7	203	203
St Ives	**367.0**	**902**	**902**	363.9	916	916
Agnew/Lawlers	**238.5**	**1,026**	**1,026**	241.2	977	977
Granny Smith	**280.5**	**925**	**925**	290.3	896	896
Australian operations	**885.9**	**943**	**943**	895.4	926	926
Continuing operations (including Asanko)	**1,946.4**	**981**	**1,173**	2,051.9	945	1,081
Continuing operations (excluding Asanko)	**1,900.5**	**979**	**1,172**	2,051.9	945	1,081

All-in costs are calculated in accordance with the World Gold Council Industry standard. Refer to pages 68 to 75 for detailed calculations and discussion of non-IFRS measures.

[1] Equity accounted joint venture.

[2] Gold sold at Cerro Corona excludes copper equivalents of 158,100 ounces in 2018 and 149,100 ounces in 2017.

Figures above may not add as they are rounded independently.

Management's discussion and analysis of the financial statements (continued)

AISC and AIC

AISC net of by-product revenues (including Asanko) from continuing operations increased by 4% from US$945 per ounce of gold in 2017 to US$981 per ounce of gold in 2018, mainly due to lower gold sold, partially offset by lower cost of sales before amortisation and depreciation and lower sustaining capital expenditure. AIC net of by-product revenues (including Asanko) from continuing operations increased by 9% from US$1,081 per ounce of gold in 2017 to US$1,173 per ounce of gold in 2018 due to the same reasons as for all-in sustaining costs as well as higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

AISC net of by-product revenues (excluding Asanko) from continuing operations increased by 4% from US$945 per ounce of gold in 2017 to US$979 per ounce of gold in 2018, mainly due to lower gold sold, partially offset by lower cost of sales before amortisation and depreciation and lower sustaining capital expenditure. AIC net of by-product revenues (including Asanko) from continuing operations increased by 8% from US$1,081 per ounce of gold in 2017 to US$1,172 per ounce of gold in 2018 due to the same reasons as for all-in sustaining costs as well as higher non-sustaining capital expenditure and higher non-sustaining capital expenditure and higher exploration, feasibility and evaluation costs.

At South Deep in South Africa, all-in sustaining costs increased by 41% from R574,406 per kilogram (US$1,340 per ounce) in 2017 to R807,688 per kilogram (US$1,903 per ounce) in 2018 mainly due to lower gold sold, partially offset by lower cost of sales before amortisation and depreciation and lower sustaining capital expenditure. The total all-in cost increased by 42% from R600,109 per kilogram (US$1,400 per ounce) in 2017 to R854,049 per kilogram (US$2,012 per ounce) in 2018 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 3% from US$958 per ounce in 2017 to US$926 per ounce in 2018 mainly due to higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before amortisation and depreciation. Results for Asanko were included for five months in 2018. Total all-in cost decreased by 2% from US$1,119 per ounce in 2017 to US$1,098 per ounce in 2018 due to the same reasons as for all-in sustaining costs and higher non-sustaining capital expenditure of US$125 million on the Damang reinvestment project and US$5 million at Asanko. At Tarkwa, all-in sustaining costs and total all-in costs increased by 1% from US$940 per ounce in 2017 to US$951 per ounce in 2018 due to higher cost of sales before amortisation and depreciation and lower gold sold, partially offset by lower capital expenditure. At Damang, all-in sustaining costs decreased by 21% from US$1,027 per ounce in 2017 to US$813 per ounce in 2018 due to higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before amortisation and depreciation. All-in costs decreased by 18% from US$1,827 per ounce in 2017 to US$1,506 per ounce in 2018 due to the same reasons as for all-in sustaining cost, partially offset by increased non-sustaining capital expenditure. At Asanko, all-in sustaining costs and total all-in cost for the five months ended December 2018 was US$1,069 per ounce and US$1,175 per ounce, respectively.

At Cerro Corona in Peru, all-in sustaining costs and total all-in costs increased by 39% from US$203 per ounce in 2017 to US$282 per ounce in 2018 mainly due to lower gold sold, lower by-product credits and higher cost of sales before amortisation and depreciation, partially offset by lower capital expenditure. All-in sustaining costs and total all-in cost per equivalent ounce increased by 4% from US$673 per equivalent ounce in 2017 to US$699 per equivalent ounce in 2018 mainly due to the same reasons as above as well as lower equivalent ounces sold.

At the Australian operations, all-in sustaining costs and total all-in costs increased by 4% from A$1,210 per ounce (US$926 per ounce) in 2017 to A$1,262 per ounce (US$943 per ounce) in 2018, mainly due to higher cost of sales before amortisation and depreciation and lower gold sold, partially offset by lower capital expenditure. At St Ives, all-in sustaining costs and total all-in costs increased by 1% from A$1,198 per ounce (US$916 per ounce) in 2017 to A$1,207 per ounce (US$902 per ounce) in 2018 due to higher cost of sales before amortisation and depreciation, partially offset by higher gold sold and lower capital expenditure. At Agnew, all-in sustaining costs and total all-in costs increased by 8% from A$1,276 per ounce (US$977 per ounce) in 2017 to A$1,374 per ounce (US$1,026 per ounce) in 2018 due to higher cost of sales before amortisation and depreciation, higher capital expenditure and lower gold sold. At Granny Smith, all-in sustaining costs and total all-in costs increased by 6% from A$1,171 per ounce (US$896 per ounce) in 2017 to A$1,239 per ounce (US$925 per ounce) in 2018, mainly due to higher cost of sales before amortisation and depreciation and lower gold sold, partially offset by lower capital expenditure.

Investment income

Income from investments increased by 33% from US$6 million in 2017 to US$8 million in 2018. The increase was mainly due to higher cash balances at the international operations in 2018.

The investment income in 2018 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 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.

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

Interest on other cash balances increased by 40% from US$5 million in 2017 to US$7 million in 2018 mainly due to higher cash balances at the international operations in 2018.

Finance expense

Finance expense increased by 9% from US$81 million in 2017 to US$88 million in 2018.

The finance expense of US$88 million in 2018 comprised US$12 million relating to the accretion of the environmental rehabilitation liability, US$2 million relating to the unwinding of the silicosis provision and US$92 million on various Group borrowings, partially offset by borrowing costs capitalised of US$18 million.

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 environmental rehabilitation liability accretion expense remained flat at US$12 million in 2018.

Capitalised interest decreased by 22% from US$23 million in 2017 to US$18 million in 2018 due to South Deep no longer meeting the definition of a qualifying project for capitalisation of interest, partially offset by higher interest capitalised due to higher carrying values at Damang and Gruyere. This interest was capitalised in terms of IAS 23 *Borrowing Costs*. IAS 23 requires capitalisation of borrowing costs whenever general borrowings are used to finance qualifying projects. The qualifying projects in 2018 were the Damang reinvestment project (US$10 million) and the Gruyere project (US$8 million). The qualifying projects in 2017 were South Deep (US$20 million), Damang (US$2 million) and Gruyere (US$1 million). An average interest capitalisation rate of 5.9% (2017: 5.3%) was applied.

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

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Interest on borrowings to fund capital expenditure and operating costs at the South African operation	**9**	12
Interest on US$1 billion notes issue	**43**	43
Interest on US$70 million revolving senior secured credit facility	**–**	1
Interest on US$100 million revolving senior secured credit facility	**4**	2
Interest on US$150 million revolving senior secured credit facility (old)	**–**	2
Interest on US$150 million revolving senior secured credit facility (new)	**3**	1
Interest on US$1,290 million term loan and revolving credit facilities	**31**	27
Other interest charges	**2**	3
	92	91

Interest on borrowings to fund capital expenditure and operating costs at the South African operation decreased from US$12 million in 2017 to US$9 million in 2018 due to repayments of South African borrowings in 2018.

Interest on the US$1 billion notes issue remained flat at US$43 million in 2018.

Interest on the US$70 million senior secured revolving credit facility decreased from US$1 million in 2017 to US$nil in 2018. 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 increased from US$2 million in 2017 to US$4 million in 2018. The increase is due to the interest charge being for five months in 2017 compared to 12 months in 2018.

Interest on the US$150 million revolving senior secured credit facility (old) decreased from US$2 million in 2017 to US$nil in 2018. 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) increased from US$1 million in 2017 to US$3 million in 2018. The increase is due to interest charge being for three months in 2017 compared to 12 months in 2018.

Interest on the US$1,290 million term loan and revolving credit facilities increased from US$27 million in 2017 to US$31 million in 2018 due to drawdowns in 2018.

Management's discussion and analysis of the financial statements (continued)

Gain on financial instruments

The gain on financial instruments decreased by 38% from US$34 million in 2017 to US$21 million in 2018.

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
South Deep gold hedge	**(3)**	11
Ghana gold hedge	**22**	–
Ghana oil hedge	**2**	9
Peru copper hedge	**9**	(6)
Australia gold hedge	**(5)**	15
Australia oil hedge	**1**	5
Australia foreign currency hedge	**(9)**	–
Maverix warrants – gain on fair value	**4**	–
	21	34

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 2018, the marked-to-market value of the hedge was a positive R5 million (US$nil), with a realised gain of R117 million (US$9 million).

In October 2018 and November 2018, average rate forwards were entered into for the period September 2019 to December 2019 for a total of 69,543 ounces at an average strike price of R615,103 per kilogram.

At 31 December 2018, the marked-to-market value was a negative R29 million (US$2.0 million).

Subsequent to year end, additional rate forwards were taken out for a further 30,072 ounces at an average strike price of R620,000 per kilogram. In summary, the rate forwards taken out for South Deep for 2019 are for 99,615 ounces of gold in total at an average strike price of R616,581 per kilogram.

Ghana gold hedge

In January 2018 and April 2018, a total of 488,900 ounces of the expected production for the Ghanaian region was hedged for the period January 2018 to December 2018 using zero-cost collars. The average strike prices are US$1,300 per ounce on the floor and US$1,418 per ounce on the cap.

At 31 December 2018, the marked-to-market value on the hedge was a positive US$2 million, with a realised gain of US$20 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 tenure was US$49.8 per barrel.

At 31 December 2018, the marked-to-market value on the hedge was a positive US$3 million, with a realised gain of US$8 million.

Peru copper hedge

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 2018, the marked-to-market value on the hedge was a positive US$1 million, with a realised gain of US$5 million.

Australia gold hedge

In February 2018, the Australian operations entered into Asian swaps (Asian swaps are options where the payoff is determined by the average monthly gold price over the option period) for the period June 2018 to December 2018 for a total of 221,000 ounces of gold. The average strike price on the swaps was A$1,714 per ounce. In March 2018, the Australian operations entered into zero-cost collars for the period April 2018 to December 2018 for a total of 452,800 ounces of gold. The average strike prices are A$1,703 per ounce on the floor and US$1,767 per ounce on the cap.

The realised gain on the above Asian swaps and zero-cost collars was A$11 million (US$8 million).

In December 2018, additional Asian swaps were entered into for the period January 2019 to December 2019 for a notional 283,000 ounces of gold at an average strike price of A$1,751 per ounce.

At 31 December 2018, the marked-to-market value on the above hedges was a negative A$12 million (US$8 million).

In December 2018, additional zero-cost collars were executed for the period January 2019 to December 2019 for a notional 173,000 ounces of gold with a strike price on the floor at A$1,720 per ounce and the strike price on the cap at A$1,789 per ounce.

At 31 December 2018, the marked-to-market value on the hedge was a negative A$6 million (US$4 million).

Subsequent to year end, additional zero-cost collars were executed for the period January 2019 to December 2019 for a notional 456,000 ounces of gold with a strike price on the floor at A$1,800 per ounce and the strike price on the cap at A$1,869 per ounce. In summary, the zero-cost collars taken out for Australia for 2019 are for 629,000 ounces of gold in total with a strike price on the floor at A$1,778 per ounce and a strike price on the cap at A$1,847 per ounce and Asian swaps of 283,000 ounces of gold with an average strike price of A$1,751 per ounce.

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 tenure was US$49.92 per barrel.

At 31 December 2017, the marked-to-market value on the hedge was a positive A$3 million (US$2 million) with a realised gain of A$6 million (US$5 million).

Australia foreign currency hedge

In May 2018, the Australian operations entered into Australian Dollar/US Dollar average rate forwards for a total notional US$96 million for the period January 2019 to December 2019 at an average strike price of 0.7517. In June 2018, further hedges were taken out for a total notional US$60 million for the same period January 2019 to December 2019 at an average strike of 0.7330. In September 2018, further hedges were taken out for a total notional US$100 million for the same period January 2019 to December 2019 at an average strike of 0.7182. In October 2018, further hedges were taken out for the period January 2019 to December 2019 for a notional US$60 million at an average strike of 0.7075. In December 2018, further hedges were taken out for the period January 2019 to December 2019 for a notional US$50 million at an average strike of 0.715.

At 31 December 2018, the marked-to-market value on the hedge was a negative A$12 million (US$9 million).

Foreign exchange loss

The foreign exchange gain of US$6 million in 2018 compared with a loss of US$4 million in 2017.

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

Other costs, net

Other costs, net increased by 137% from US$19 million in 2017 to US$45 million in 2018.

The costs in 2018 are mainly made up of:

- Social contributions and sponsorships of US$15 million;
- Offshore structure costs of US$16 million;
- Corporate-related costs of US$5 million;
- Loss on sale of inventory of US$9 million; and
- Rehabilitation income of US$1 million as a result of changes in estimates relating to the provision for environmental rehabilitation costs recognised in profit or loss.

Management's discussion and analysis of the financial statements (continued)

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; and
- 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.

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 41% from US$27 million in 2017 to US$38 million in 2018. The corresponding entry for the share-based payment expense was the share-based payment reserve within shareholders' equity.

The charge in 2018 related to a new allocation in 2018 in addition to the 2017 and 2016 allocations. The charge in 2017 related only to the 2017 and 2016 allocations.

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 provided 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 were assessed over the performance cycle which runs over three calendar years. The expected timing of the cash outflows in respect of each grant was at the end of three years after the original award was made. The last award under this plan was made in 2015.

From 2018 onwards, Executive Committee members (including regional Executive Committee members) receive awards under the Gold Fields Limited 2012 Share Plan amended, while senior and middle management receive awards under the revised LTIP. The performance conditions of the revised LTIP are approved annually by the Remuneration Committee. 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.

No allocations were made under the LTIP in 2017.

The LTIP expense decreased by 80% from US$5 million in 2017 to US$1 million in 2018 due to negative marked-to-market adjustments of the plan.

Exploration expense
The exploration expense decreased by 5% from US$110 million in 2017 to US$104 million in 2018.

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Australia	**37**	52
Salares Norte	**61**	53
Arctic Platinum Project ("APP")	**–**	1
Exploration office costs	**5**	4
Total exploration expense	**104**	110

In 2018, Australia spent US$64 million on exploration of which US$38 million was expensed in the income statement.

In 2017, Australia spent US$75 million on exploration of which US$52 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 increased from a loss of US$1 million in 2017 to a loss of US$13 million in 2018.

During 2018, Gold Fields equity accounted for Far South East Resources Incorporated ("FSE"), Maverix Metals Incorporated ("Maverix") and Asanko Gold Inc ("Asanko"). During 2017, Gold Fields accounted for FSE and Maverix.

FSE's share of results of equity accounted investees, net of taxation increased from a loss of US$1 million in 2017 to a loss of US$13 million in 2018, mainly due to the US$12 million write-off of deferred costs and other non-recoverable amounts.

Maverix's share of results of equity accounted investees, net of taxation increased from US$nil for 2017 to a profit of US$1 million in 2018, representing 19.9% (2017: 27.9%) shareholding.

In March 2018, Gold Fields entered into an agreement to form an incorporated joint venture with Asanko Gold. In the deal which became unconditional on 31 July 2018, Gold Fields acquired 45% of Asanko Gold Ghana Limited ("AGGL"), the Asanko subsidiary that owns the Asanko Gold mine, with the government of Ghana continuing to retain a 10% free carried interest in AGGL. The share of results of equity accounted investees, net of taxation for Asanko, was a loss of US$1 million in 2018.

Restructuring costs
Restructuring costs increased from US$9 million in 2017 to US$114 million in 2018. The cost in 2018 relates mainly to separation packages at South Deep (US$11 million), Damang (US$14 million) and Tarkwa (US$89 million) (related to the conversion from owner to contractor mining implemented in 2018) and the cost in 2017 relates mainly to separation packages at South Deep (US$2 million), Damang (US$2 million) (related to the conversion from owner to contractor mining implemented in 2017) and Tarkwa (US$5 million).

Silicosis settlement costs
Silicosis settlement costs related to a reversal of costs of US$5 million in 2018 compared to costs of US$30 million in 2017.

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 35 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.

During 2018, reversal of costs of US$5 million related to a change in the expected timing of the cash flows.

Gain on acquisition of Asanko
On 29 March 2018, the Group entered into certain definitive agreements (the "JV Transaction") with Asanko Gold Inc. pursuant to which, among other things:

- Gold Fields and Asanko will each own a 45% interest in Asanko Gold Ghana Limited ("AGGL"), the Asanko subsidiary that currently owns the Asanko Gold mine, with the government of Ghana continuing to retain a 10% free-carried interest in AGGL (the "Joint Arrangement");
- Gold Fields and Asanko will each own a 50% interest in Adansi Gold Company Ghana Limited (Adansi Ghana), the Asanko subsidiary that currently owns a number of the Company's exploration licences; and
- Gold Fields and Asanko will each acquire a 50% interest in a newly formed entity (Shika Group Finance Limited ("JV Finco")).

On 20 June 2018, Gold Fields and Asanko received approval of the JV transaction from the Ghanaian Minister of Lands and Natural Resources and the JV transaction closed on 31 July 2018 once all conditions precedent were met.

In consideration for its interests in the Joint Arrangement, Gold Fields contributed US$165 million, representing its initial US$165 million redeemable share investment in JV Finco, as well as its initial US$nil equity investments in AGGL, Adansi Ghana and JV Finco, respectively. An additional US$20.0 million will be invested in the redeemable preference shares on an agreed Esaase development milestone, but in any event no later than 31 December 2019.

Recognition and measurement
Gold Fields and Asanko have joint control and the Asanko transaction is structured as a separate vehicle and the Group has a residual interest in the net assets of Asanko. Accordingly, the Group has classified its interest in Asanko as a joint venture.

Fair value measured on a provisional basis
The fair value of identifiable net assets acquired has been performed on a provisional basis, using the acquisition life-of-mine model, pending completion of review and sign off of the life-of-mine model, including the Reserves and Resources, by the Group Competent Person. Any changes to the acquisition life-of-mine model and/or Reserves and Resources could result in a material change to the cash flows used to determine the fair value of the identifiable net assets acquired.

If new information is obtained, within one year from the date of acquisition, about facts and circumstances that existed at the date of acquisition about the life-of-mine and adjustments are required to be made to the provisional fair values of the identifiable net assets, or if any additional provisions that existed at the date of acquisition are identified, then the accounting for the acquisition will be revised.

Management's discussion and analysis of the financial statements (continued)

Consideration transferred
The following table summarises the acquisition date fair value of the consideration transferred:

Figures in millions unless otherwise stated	United States Dollar
2018	
Cash for Asanko redeemable preference shares and equity	**165**
Total consideration paid	**165**

Gain on acquisition of Asanko
The gain on acquisition was determined as follows:

Figures in millions unless otherwise stated	United States Dollar
2018	
Total fair value of assets acquired	**217**
Consideration transferred	**(165)**
Gain on acquisition	**52**

- The redeemable preference shares have the following conditions:
  - Redeemable at the option of the issuer at par value; and
  - Non-interest-bearing.

  The redeemable preference shares were recognised as an investment in an equity financial instrument measured at fair value. The key assumptions used to determine the fair value of the redeemable preference shares of US$130 million at acquisition were as follows:

Par value of the preference shares	US$/m	165.0 million
Market-related interest rate		7.85%
Expected redemption period – 2020 to 2023		5 years

- The key assumptions used to determine the fair value of the net identifiable assets acquired were as follows:

US$ gold price – 2018 to 2019	US$/oz	1,200
US$ gold price – 2020 onwards	US$/oz	1,300
Discount rate		10.27%
Life-of-mine – 2019 to 2030		12 years

- The excess of the fair value of the identifiable net assets acquired over the consideration is recognised immediately in profit or loss as a gain on acquisition. The injection of capital into Asanko Gold Mine for an equity stake represented a favourable deal for Gold Fields, as Asanko needed to refinance the debt of Asanko Gold Mine, resulting in a gain on acquisition.

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$200 million in 2017 to US$520 million in 2018.

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Cerro Corona redundant assets	**2**	1
Tarkwa mining fleet	**–**	7
Damang Rex pit assets	**–**	4
South Deep cash-generating unit – goodwill	**72**	278
South Deep cash-generating unit – other assets	**410**	–
Listed and unlisted investments	**–**	4
Cerro Corona cash-generating unit – other assets	**–**	(53)
APP	**–**	(39)
FSE	**37**	–
	520	200

The impairment charge of US$520 million in 2018 comprises:

- US$2 million impairment of redundant assets at Cerro Corona;
- US$482 million cash-generating unit impairment at South Deep. US$72 million of the impairment was firstly allocated to goodwill and the remainder of US$410 million to other assets. The impairment calculation was performed in June 2018 and given that impairment indicators still existed at 31 December 2018, a further assessment was performed. The recoverable amount at 31 December 2018 is R21.2 billion (US$1.4 billion). There were no further impairments at 31 December 2018 using the following assumptions:
  - Gold price of R525,000 per kilogram for 2019 and R550,000 per kilogram thereafter;
  - Resource price of US$17 per ounce at a Rand/US$ exchange rate of R14.63;
  - Resource ounces of 24.5 million ounces;
  - Life-of-mine of 75 years; and
  - Discount rate of 13.5% nominal.
- US$37 million impairment of FSE. The impairment of FSE was based on the fair value less cost of disposal of the investment which was indirectly derived from the market value of Lepanto Consolidated Mining Company.

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; and
  - 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.

(Loss)/profit on disposal of assets

Profit on disposal of assets was US$4 million in 2017 compared to a loss of US$52 million in 2018.

Loss on disposal of assets of US$52 million in 2018 related mainly to the losses of US$38 million on the sale of mining fleet and heavy machinery equipment and inventory at Tarkwa as part of the transition to contractor mining and a loss of US$15 million on the sale of APP.

Profit on disposal of assets of US$4 million in 2017 related mainly to the sale of redundant assets at Agnew and Tarkwa.

Management's discussion and analysis of the financial statements (continued)

Royalties

Royalties increased by 2% from US$62 million in 2017 to US$63 million in 2018 and are made up as follows:

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
South Africa	**1**	2
Ghana	**29**	27
Peru	**5**	5
Australia	**28**	28
	63	62

The royalty in South Africa decreased by 50% from US$2 million in 2017 to US$1 million in 2018 due to a decrease in revenue in 2018.

The royalty in Ghana increased by 7% from US$27 million in 2017 to US$29 million in 2018 due to an increase in revenue in 2018.

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

The royalty in Australia remained flat at US$28 million.

Mining and income tax

Mining and income tax was a charge of US$173 million in 2017 compared to an income of US$66 million in 2018.

The table below indicates Gold Fields' effective tax rate in 2018 and 2017:

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Income and mining tax credit/(charge) (US$ million)	**66**	(173)
Effective tax rate (%)	**16.0**	113.6

In 2018, the effective tax rate of 16.0% was lower than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:

- US$18 million non-taxable gain on acquisition of Asanko;
- US$1 million non-taxable fair value gain on Maverix warrants;
- US$1 million non-taxable profit on dilution of Gold Fields' interest in Maverix warrants;
- US$7 million deferred tax assets recognised at Damang; and
- US$70 million additional capital allowances recognised at South Deep.

The above were offset by the following tax effected charges:

- US$7 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- US$35 million non-deductible charges comprising share-based payments (US$13 million) and exploration expense (US$22 million);
- US$13 million and US$24 million deferred tax assets not recognised on impairment of FSE and South Deep goodwill, respectively;
- US$26 million non-deductible interest paid;
- US$5 million of non-deductible share of results of equity accounted Investees, net of taxation;
- US$16 million dividend withholding tax;
- US$15 million deferred tax assets not recognised at Cerro Corona;
- US$8 million of net non-deductible expenditure and non-taxable income;
- US$1 million deferred tax raised on unremitted earnings at Tarkwa and Cerro Corona;
- US$1 million deferred tax movement on Peruvian Nuevo Sol devaluation against US Dollar;
- US$8 million of various Peruvian non-deductible expenses; and
- US$11 million deferred tax release on change of tax rate at South Deep.

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.

Loss from continuing operations

As a result of the factors discussed above, a loss from continuing operations increased from US$21 million in 2017 to US$345 million in 2018.

Profit from discontinued operations, net of tax

Profit from discontinued operations decreased from US$13 million in 2017 to US$nil in 2018 due to the disposal of Darlot in 2017.

Loss for the year – continuing and discontinued operations

Loss for the year increased from US$8 million in 2017 to US$345 million in 2018.

Loss attributable to owners of the parent

Loss attributable to owners of the parent increased from US$19 million in 2017 to US$348 million in 2018.

The loss attributable to owners of the parent of US$348 million in 2018 comprised US$348 million loss attributable to owners of the parent from continuing operations and US$nil attributable to owners of the parent from discontinued operations.

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.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 73% from US$11 million in 2017 to US$3 million in 2018.

The non-controlling interest consists of Gold Fields Ghana (Tarkwa) and Abosso Goldfields (Damang) at 10% each at the end of 2018 and 2017 and Gold Fields La Cima (Cerro Corona) at 0.47% at the end of 2018 and 2017.

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

	2018	2017	2018	2017
	Minority interest Effective*	Minority interest Effective*	US$ million	US$ million
Gold Fields Ghana Limited – Tarkwa	10.0%	10.0%	4	9
Abosso Goldfields – Damang	10.0%	10.0%	(1)	2
Gold Fields La Cima – Cerro Corona	0.47%	0.47%	–	–
			3	11

* *Average for the year.*

Loss per share from continuing operations

As a result of the above, Gold Fields loss per share increased from US$0.04 per share in 2017 to US$0.42 per share in 2018.

Earnings per share from discontinued operations

Earnings per share from discontinued operation decreased from US$0.02 per share in 2017 to US$nil in 2018.

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 Dollar/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 ('000oz)	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.

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.

Management's discussion and analysis of the financial statements (continued)

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 based on proved and probable reserves.

The table below depicts the changes from 31 December 2016 to 31 December 2017 for proved 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 proved and probable reserve balances. In basic terms, amortisation is calculated using the life-of-mine for each operation, which is based on: (1) the proved 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.

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:

Figures in thousands unless otherwise stated	2017 Gold only ounces sold	2017 All-in sustaining costs – US$/oz	2017 Total all-in costs – US$/oz	2016 Gold only ounces sold	2016 All-in sustaining costs – US$/oz	2016 Total all-in costs – US$/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 68 to 75 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 Costs*. 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:

	United States Dollar	
Figures in millions unless otherwise stated	2017	2016
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.

	United States Dollar	
Figures in millions unless otherwise stated	2017	2016
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 marked-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 tenure was US$49.8 per barrel. At 31 December 2017, the marked-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 tenure was US$49.92 per barrel. At 31 December 2017, the marked-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 marked-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.

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 or 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.

Management's discussion and analysis of the financial statements (continued)

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; and
- 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 marked-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 marked-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 remeasured 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 marked-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 marked-to-market adjustments.

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

	United States Dollar	
Figures in millions unless otherwise stated	2017	2016
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 35 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.

	United States Dollar	
Figures in millions unless otherwise stated	2017	2016
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$17 per ounce at a Rand/US$ Dollar exchange rate of R12.58;
  - Resource ounces of 29.0 million ounces;
  - Life-of-mine of 77 years; and
  - 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 reinvestment 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 to 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:

	United States Dollar	
Figures in millions unless otherwise stated	2017	2016
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:

	United States Dollar	
Figures in millions unless otherwise stated	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.

Management's discussion and analysis of the financial statements (continued)

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.

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$0.02 per share from discontinued operations in 2017 compared with US$nil earnings per share from discontinued operations in 2016.

Management's discussion and analysis of the financial statements (continued)

LIQUIDITY AND CAPITAL RESOURCES – YEARS ENDED 31 DECEMBER 2018 AND 31 DECEMBER 2017

CASH RESOURCES

Cash flows from operating activities

Cash inflows from operating activities decreased by 27% from US$762 million in 2017 to US$558 million in 2018. The items comprising these are discussed below.

CONTINUING OPERATIONS

Cash generated by continuing operations decreased by 26% from US$756 million in 2017 to US$558 million in 2018.

The decrease of US$198 million was due to:

Figures in millions unless otherwise stated	United States Dollar
Decrease in cash generated from operations due to lower gold sold and higher restructuring costs	**(289)**
Increase in interest received due to higher cash balances	**2**
Decrease in investment in working capital[1]	**53**
Increase in interest paid due to higher borrowings	**(1)**
Decrease in taxes paid	**23**
Decrease in dividends paid due to lower normalised earnings, partially offset by higher dividends paid to non-controlling interests	**14**
	(198)

[1] In 2017, A$78 million (US$60 million) payment was made in respect of the deferred portion of the purchase price of the Group's 50% share of the Gruyere Gold project.

Dividends paid decreased from US$71 million in 2017 to US$57 million in 2018. The dividends paid of US$57 million in 2018 comprised dividends paid to ordinary shareholders of US$45 million, dividends paid to non-controlling interests in Ghana and Peru of US$10 million and South Deep BEE dividend of US$2 million.

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.

DISCONTINUED OPERATIONS

Cash generated by discontinued operations decreased from US$7 million in 2017 to US$nil in 2018 due to the sale of Darlot in 2017.

Cash flows from investing activities

Cash outflows from investing activities decreased by 2% from US$909 million in 2017 to US$887 million in 2018.

CONTINUING OPERATIONS

Cash utilised in continuing operations decreased by 2% from US$902 million in 2017 to US$887 million in 2018.

The decrease of US$15 million was due to:

Figures in millions unless otherwise stated	United States Dollar
Decrease in additions to property, plant and equipment	**19**
Increase in proceeds on disposal of property, plant and equipment	**56**
Purchase of Asanko Gold joint venture investment	**(165)**
Decrease in purchase of investments	**61**
Increase in proceeds on disposal of investments	**1**
Proceeds on disposal of APP – 2018	**40**
Proceeds on disposal of Darlot – 2017	**(5)**
Decrease in environmental trust funds and rehabilitation payments	**9**
	15

Additions to property, plant and equipment

Capital expenditure increased by 2% from US$834 million in 2017 to US$814 million in 2018.

United States Dollar

	2018			2017		
Figures in millions unless otherwise stated	**Sustaining capital**	**Growth capital**	**Total capital**	Sustaining capital	Growth capital	Total capital
South Deep	**40**	**18**	**58**	66	17	82
South African region	**40**	**18**	**58**	66	17	82
Tarkwa	**156**	**—**	**156**	181	—	181
Damang	**14**	**125**	**139**	17	115	132
Asanko[1]	**8**	**5**	**13**	—	—	—
Ghanaian region	**178**	**130**	**308**	198	115	313
Cerro Corona	**33**	**—**	**33**	34	—	34
South American region	**33**	**—**	**33**	34	—	34
St Ives	**127**	**—**	**127**	156	—	156
Agnew/Lawlers	**73**	**—**	**73**	74	—	74
Granny Smith	**79**	**—**	**79**	87	—	87
Australian region	**279**	**—**	**279**	317	—	317
Gruyere	**—**	**134**	**134**	—	81	81
Other	**2**	**13**	**15**	3	4	7
Capital expenditure (including Asanko)	**532**	**295**	**827**	617	217	834
Capital expenditure (excluding Asanko)	**524**	**290**	**814**	617	217	834

[1] *Equity accounted joint venture.*

Capital expenditure at South Deep in South Africa decreased by 30% from R1,099 million (US$82 million) in 2017 to R770 million (US$58 million) in 2018. The capital expenditure of R770 million (US$58 million) in 2018 comprised R528 million (US$40 million) sustaining capital and R242 million (US$18 million) growth capital. 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.

- This decrease was due to lower spending on fleet and surface infrastructure, partially offset by higher expenditure on new mine development infrastructure and more metres developed compared to 2017.

Capital expenditure at the Ghanaian operations (excluding Asanko) decreased by 6% from US$313 million in 2017 to US$295 million in 2018:

- Tarkwa decreased by 14% from US$181 million in 2017 to US$156 million in 2018 mainly due to the lower expenditure on mining fleet as a consequence of the conversion from owner mining to contractor mining. All capital related to sustaining capital;
- Damang increased by 5% from US$132 million in 2017 to US$139 million in 2018 with the majority spent on waste stripping due to the reinvestment project. The capital expenditure of US$139 million in 2018 comprised US$14 million sustaining capital and US$125 million growth capital. The capital expenditure of US$132 million in 2017 comprised US$17 million sustaining capital and US$115 million growth capital; and
- Asanko incurred total capital expenditure of US$13 million for the five months ended December 2018 comprising sustaining capital expenditure of US$8 million and non-sustaining capital expenditure of US$5 million. Non-sustaining capital expenditure included construction of the haul road and other expenditure related to the Esaase project, which commenced production in early 2019. (Asanko is an equity accounted joint venture and not included in the Group or Ghanaian operation's figures.)

Capital expenditure at Cerro Corona in Peru decreased by 3% from US$34 million in 2017 to US$33 million in 2018. All capital related to sustaining capital:

- The decrease is due to lower expenditure on the tailings dam and waste storage facilities.

Management's discussion and analysis of the financial statements (continued)

Capital expenditure at the Australian operations decreased by 10% from A$414 million (US$317 million) in 2017 to A$373 million (US$279 million):

- St Ives decreased by 17% from A$204 million (US$156 million) to A$170 million (US$127 million) in 2018 mainly due to lower capital development in the open pits following completion of mining activities at Invincible open pit stage 5 (A$54 million/ US$41 million), partially offset by increased capital development at the new Invincible underground mine (A$25 million/ US$19 million);
- Agnew/Lawlers increased by 2% from A$96 million (US$74 million) to A$98 million (US$73 million) in 2018. Capital expenditure in 2018 included A$7 million (US$5 million) for the new camp. All capital related to sustaining capital; and
- Granny Smith decreased by 8% from A$114 million (US$87 million) to A$105 million (US$79 million) in 2018 due to the completion of the VR8 ventilation shaft in 2017. The majority of capital expenditure related to development and infrastructure at the Wallaby mine, exploration and the development of a paste plant and associated infrastructure. All capital related to sustaining capital.

Capital expenditure at Gruyere increased by 70% from A$106 million (US$81 million) to A$180 million (US$134 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 243% from US$23 million in 2017 to US$79 million in 2018. In 2018, the proceeds related mainly to the disposal of fleet in Tarkwa of US$73 million as part of the conversion to contractor mining and the balance related to the sale of various redundant assets. In 2017, the proceeds related mainly to the disposal of fleet in Damang of US$17 million and the balance related to the sale of various redundant assets.

Purchase of Asanko Gold joint venture investment

Purchase of Asanko of US$165 million in 2018 related to the JV transaction with Asanko which was completed on 31 July 2018. Gold Fields acquired a 50% stake in Asanko's 90% interest in the Asanko Gold Mine in Ghana.

Purchase of investments

Investment purchases decreased by 76% from US$80 million in 2017 to US$19 million in 2018.

The purchase of investments of US$19 million in 2018 comprised:

Figures in millions unless otherwise stated	**United States Dollar**
Asanko Gold Inc	**18**
Lefroy Exploration Limited	**1**
	19

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

Figures in millions unless otherwise stated	**United States Dollar**
Red 5 Limited	**5**
Cardinal Resources Limited	**20**
Gold Road Resources Limited	**55**
	80

Proceeds on disposal of investments

Proceeds on the disposal of investments increased by 100% from US$nil in 2017 to US$1 million in 2018.

The proceeds on disposal of investments of US$1 million in 2018 related to the disposal of various investments.

Proceeds on disposal of APP

On 24 January 2018, Gold Fields sold APP to a Finnish subsidiary of private equity fund CD Capital Natural Resources Fund III for US$40 million.

Proceeds on disposal of 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 (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).

Contributions to environmental trust funds
The contributions to environmental trust fund decreased by 53% from US$17 million in 2017 to US$8 million in 2018.

The contributions to environmental trust funds of US$8 million in 2018 comprised:

Figures in millions unless otherwise stated	United States Dollar
South Deep mine environmental trust fund	1
Tarkwa mine environmental trust fund	7
	8

The contributions to environmental trust funds of US$17 million in 2017 comprised:

Figures in millions unless otherwise stated	United States Dollar
South Deep mine environmental trust fund	3
Tarkwa mine environmental trust fund	6
Ongoing rehabilitation payments[1]	8
	17

[1] Ongoing rehabilitation payments were allocated to cash flows from operating activities in 2018.

DISCONTINUED OPERATIONS
Cash utilised in discontinued operations decreased by 100% from US$7 million in 2017 to US$nil in 2018 due to the sale of Darlot in 2017.

Cash flows from financing activities
Cash inflows from financing activities increased by 206% from US$84 million in 2017 to US$257 million in 2018. The items comprising these numbers are discussed below.

CONTINUING OPERATIONS
Cash generated by continuing operations increased by 206% from US$84 million in 2017 to US$257 million in 2018.

The increase of US$173 million was due to:

Figures in millions unless otherwise stated	United States Dollar
Decrease in loans raised	(88)
Decrease in loans repaid	264
Increase in payment of finance lease liability	(3)
	173

Management's discussion and analysis of the financial statements (continued)

Loans raised

Loans raised decreased by 11% from US$780 million in 2017 to US$692 million in 2018.

The US$692 million loans raised in 2018 comprised:

Figures in millions unless otherwise stated	United States Dollar
A$500 million syndicated revolving credit facility	**120**
US$1,290 million term loan and revolving credit facilities	**383**
R1,500 million Nedbank revolving credit facility	**21**
R500 million Standard Bank revolving credit facility[1]	**14**
R500 million Absa revolving credit facility[2]	**36**
Short-term Rand uncommitted credit facilities	**118**
	692

Credit facilities financing and refinancing

[1] *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 requirements of the Gold Fields group. The final maturity date of this facility is three years from the financial close date, namely 31 March 2020. The Group only drew down under this facility in 2018.*

[2] *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 requirements of the Gold Fields group. The final maturity date of this facility is three years from the financial close date, namely 31 March 2020. The Group only drew down under this facility in 2018.*

The US$780 million loans raised in 2017 comprised:

Figures in millions unless otherwise stated	United States Dollar
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.*

Loans repaid

Loans repaid decreased by 38% from US$696 million in 2017 to US$432 million in 2018.

The US$432 million loans repaid in 2018 comprised:

Figures in millions unless otherwise stated	United States Dollar
US$1,290 million term loan and revolving credit facility	**180**
R1,500 million Nedbank revolving credit facility	**108**
Short-term Rand uncommitted credit facilities	**144**
	432

The US$696 million loans repaid in 2017 comprised:

Figures in millions unless otherwise stated	**United States Dollar**
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

Payment of finance lease liabilities

The US$3 million payment in 2018 related mainly to the power purchase agreements entered into at Gruyere and Granny Smith.

DISCONTINUED OPERATIONS

Cash generated by discontinued operations was US$nil in 2018 and 2017.

Net cash utilised

As a result of the above, net cash utilised increased by 16% from US$62 million in 2017 to US$72 million in 2018.

Cash and cash equivalents decreased by 16% from US$479 million at 31 December 2017 to US$400 million at 31 December 2018.

Cash flow from operating activities less net capital expenditure, environmental payments and finance lease payments ("net cash flow")

This is a measure that management uses to measure the cash generated by the core business. Cash flow from operating activities less net capital expenditure, environmental payments and finance lease 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, environmental trust funds payments and finance lease payments per the statement of cash flows.

The cash outflow increased from US$2 million in 2017 to US$132 million in 2018. The main reasons for the increase was that net cash from operations decreased from US$826 million in 2017 to US$615 million in 2018 mainly due to lower gold sold, higher restructuring costs, partially offset by lower taxes paid and lower investment in working capital. Additions to property plant and equipment decreased from US$834 million in 2017 to US$814 million in 2018 due to a decrease in sustaining capital across all operations, partially offset by an increase in growth capital, being growth capital at Damang of US$125 million (2017: US$115 million), the growth capital at South Deep of US$18 million (2017: US$17 million) and Gruyere project capital of US$134 million (2017: US$81 million).

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

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Net cash from operations	**615**	826
South Deep BEE dividend	**(2)**	(1)
Additions to property, plant and equipment	**(814)**	(834)
Proceeds on disposal of property, plant and equipment	**79**	23
Environmental trust funds and rehabilitation payments	**(8)**	(16)
Finance lease payments	**(2)**	–
Cash flow from operating activities less net capital expenditure, environmental payments and finance lease payments	**(132)**	(2)

Management's discussion and analysis of the financial statements (continued)

Below is a table providing a breakdown of how the cash was utilised by the Group.

Figures in millions unless otherwise stated	United States Dollar	
	2018	2017
Net cash generated by mines before growth capital	**334**	441
Damang growth capital	**(125)**	(115)
South Deep growth capital	**(18)**	(17)
Net cash generated after growth capital	**191**	309
Gruyere project capital	**(134)**	(81)
Gruyere deferred payment and stamp duty	**–**	(60)
Salares Norte	**(77)**	(53)
Other exploration	**(5)**	(5)
Interest paid by corporate entities[1]	**(75)**	(72)
Other corporate costs and South Deep BEE dividend	**(32)**	(40)
Net outflow from operating activities less net capital expenditure and environmental payments	**(132)**	(2)

[1] *Does not agree to interest paid per the cash flow of US$91 million due to interest paid by the mines reflected under net cash generated by mines before growth capital.*

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:

Figures in millions unless otherwise stated	United States Dollar
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:

Figures in millions unless otherwise stated	**United States Dollar**
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.

	United States Dollar					
	2017			2016		
Figures in millions unless otherwise stated	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$87 million). The majority of expenditure related to development and infrastructure at the Wallaby mine, exploration and purchases of mobile equipment. All capital related to sustaining capital; and
- Gruyere increased by 9% from A$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:

Figures in millions unless otherwise stated	**United States Dollar**
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:

Figures in millions unless otherwise stated	**United States Dollar**
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:

Figures in millions unless otherwise stated	**United States Dollar**
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.

Cash flow from operating activities less net capital expenditure and environmental payments

This is a measure that management uses to measure the cash generated by the core business. 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.

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).

Management's discussion and analysis of the financial statements (continued)

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

	United States Dollar	
Figures in millions unless otherwise stated	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.

	United States Dollar	
Figures in millions unless otherwise stated	2017	2016
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 million 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 million 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:

Figures in millions unless otherwise stated	United States Dollar
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:

Figures in millions unless otherwise stated	United States Dollar
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 revolving credit facility 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).

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:

Figures in millions unless otherwise stated	United States Dollar
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

Management's discussion and analysis of the financial statements (continued)

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

Figures in millions unless otherwise stated	**United States Dollar**
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.

STATEMENT OF FINANCIAL POSITION

Borrowings
Total debt (short and long term) increased from US$1,782 million at 31 December 2017 to US$2,012 million at 31 December 2018. Net debt (total debt less cash and cash equivalents) increased from US$1,303 million at 31 December 2017 to US$1,612 million 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 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. Net debt to adjusted EBITDA at 31 December 2018 was 1.45 (2017: 1.03). Refer to note 39.

Provisions
Long-term provisions decreased from US$321 million at 31 December 2017 to US$320 million in 2018 and included the following.

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Provision for environmental rehabilitation costs	**290**	282
Silicosis settlement costs	**25**	32
Other provisions	**5**	8
Total long-term provisions	**320**	321

Provision for environmental rehabilitation costs
The amount provided for environmental rehabilitation costs increased from US$282 million at 31 December 2017 to US$290 million at 31 December 2018. The increase is largely due to the increase of the gross environmental rehabilitation costs at South Deep, St Ives, Granny Smith, Gruyere and Cerro Corona, partially offset by higher discount rates in Ghana and exchange rate movements. This provision represents the present value of closure, rehabilitation and other environmental obligations up to 31 December 2018. 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 2018 and 2017 for each region are shown in the table below:

	South Africa	Ghana	Australia	Peru	Chile
Inflation rates					
2018	**5.5%**	**2.2%**	**2.5%**	**2.2%**	**2.2%**
2017	5.5%	2.2%	2.5%	2.2%	–
Discount rates					
2018	**10.0%**	**10.3%**	**2.3 – 2.5%**	**4.2%**	**3.6%**
2017	9.8%	9.2 – 9.3%	2.6 – 2.9%	3.8%	–

The interest charge remained flat at US$12 million.

Adjustments for new disturbances and changes in environmental legislation during 2018 and 2017, after applying the above inflation and discount rates were:

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Ghana	**(9)**	—
Australia	**22**	(3)
Peru	**10**	(2)
Total	**23**	(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$56 million at 31 December 2017 to US$61 million at 31 December 2018. The increase is mainly as a result of contributions amounting to US$8 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.

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.

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$25 million (R368 million) (2017: US$32 million (R402 million)) for this obligation in the statement of financial position at 31 December 2018. The nominal amount of this provision is US$35 million (R507 million) (2017: 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.

Management's discussion and analysis of the financial statements (continued)

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 35 for further details.

Other long-term provisions
Other long-term provisions decreased from US$8 million at 31 December 2017 to US$5 million at 31 December 2018 and include the South Deep dividend of US$5 million (2017: US$7 million) and other provisions of US$nil (2017: US$1 million).

Credit facilities
At 31 December 2018, the Group had unutilised committed banking facilities available under the following facilities, details of which are discussed in note 24:

- US$707 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;
- A$50 million (US$35 million) under the A$500 million syndicated revolving credit facility;
- R1,500 million (US$103 million) available under the R1,500 million Nedbank revolving credit facility; and
- R300 million (US$21 million) available under the R500 million Standard Bank revolving credit facility.

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.

US$1 billion notes issue
In addition, the Company holds US$148.0 million principal amount of the US$1 billion notes issue (the "notes"), which it repurchased in 2016 and which can be resold (in whole or in part) subject to market conditions. There is no guarantee, however, that the notes can be resold at a price satisfactory to the Company or at all. In accordance with the terms and conditions of the notes, any such resale would need to take place outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933.

Contractual obligations and commitments as at 31 December 2018

	United States Dollar			
	Payments due by period			
Figures in millions unless otherwise stated	Total	Within one year	Between one and five years	After five years
Borrowings				
Notes issue				
Capital	852.4	—	852.4	—
Interest	74.0	41.6	32.4	—
US$150 million revolving senior secured credit facility				
Capital	83.5	—	83.5	—
Interest	5.4	3.1	2.3	—
US$1,290 million term loan and revolving credit facilities				
Capital	583.0	—	583.0	—
Interest	48.0	27.0	21.0	—
US$100 million senior secured revolving credit facility				
Capital	45.0	—	45.0	—
Interest	7.2	2.5	4.7	—
A$500 million syndicated revolving credit facility				
Capital	316.5	—	316.5	—
Interest	33.2	13.8	19.4	—
R500 million Standard Bank revolving credit facility				
Capital	13.7	—	13.7	—
Interest	1.7	1.3	0.4	—
R500 million Absa revolving credit facility				
Capital	34.2	—	34.2	—
Interest	4.1	3.3	0.8	—
Short-term Rand credit facilities				
Capital	86.3	86.3	—	—
Interest	7.0	7.0	—	—
Other obligations				
Finance lease liability	111.5	11.6	41.5	58.4
Environmental obligations[1]	399.9	13.0	33.7	353.2
Trade and other payables	393.1	393.1	—	—
Gold, copper and foreign exchange derivatives	22.6	22.6	—	—
South Deep dividend	9.6	1.4	4.1	4.1
Total contractual obligations	**3,131.9**	**627.6**	**2,088.6**	**415.7**

[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.*

	United States Dollar			
	Amounts of commitments expiring by period			
Figures in millions unless otherwise stated	Total	Within one year	Between one and five years	After five years
Commitments				
Guarantees[1]	—	—	—	—
Capital expenditure	50.0	50.0	—	—
Operating lease obligations	657.4	76.7	256.5	324.2
Total commitments	707.4	126.7	256.5	324.2

[1] *Guarantees consist of numerous obligations. Guarantees consisting of US$207.6 million committed to guarantee Gold Fields' environmental and other obligations with respect to its South African, Peruvian, Ghanaian and Australian operations are fully provided for under the provision for environmental rehabilitation and certain lease liabilities and are not included in the amount above.*

Working capital

Following its going concern assessment performed, which takes into account the 2019 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 2018, 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. The focus of ICT is to ensure that technology remains relevant and protected in enabling the business in executing the business strategy and operational plans.

For 2018, ICT focused on:
- Implementing the ICT digital strategy to enable the foundational elements of the digital mine of the future;
- Adopting and embedding a suitable cyber security posture, including the achievement of the ISO 27001 Information Security Management Standard certification;
- Maintaining ICT governance and achieving operational targets;
- Maintaining sound financial management, and sustaining cost savings;
- Ensuring key systems and infrastructure availability; and
- Managing the delivery of strategic projects.

Gold Fields' vision to be the global leader in sustainable gold mining requires the adaptability to respond to the rapidly changing technology environment. This is achieved through ensuring the foundational elements of the mine of the future are in place across the various operations. Following the establishment of the Innovation and Technology vision and the Gold Fields digital program, ICT conducted various assessments and engagements across the Group to develop the ICT digital strategy.

Following the recent release of the 17 CFR Parts 229 and 249 from the Securities and Exchange Commission, dealing with Public Company Cyber Security Disclosures, one of the key initiatives in 2018 was the implementation of a suitable cyber security posture. Gold Fields' Group ICT evaluated the Group's existing information management system and determined that the ISO 27001 certification would provide the necessary assurance to Gold Fields.

Group ICT enabled the ISO 27001 certification for the following areas:
- IT infrastructure and operations;
- Information security;
- Business applications;
- Project and vendor management; and
- Governance risk and compliance.

The formal receipt of the ISO 27001 Information Security Management System certification was achieved for the following regions:
- Corporate office;
- South Deep mine;
- Ghana Regional Office;
- Australia Regional Office; and
- Peru Regional Office.

Management's discussion and analysis of the financial statements (continued)

The certification for each of the remaining mines is planned for 2019.

Further, to strengthen the Group's cyber security posture, the implementation of an intelligent cyber threat detection and monitoring solution across all operations was completed.

Gold Fields' ICT operating and delivery model which is based on industry best practice was enhanced to position ICT to effectively deliver on the digital strategy. This operating model enables ICT to focus on business imperatives and business support, while the non-core services are outsourced. The operating model enhancements and delivery against key strategic targets for 2018 mitigated key technology risks and exposed technology opportunities to enable the rapid deployment of digital technologies.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Gold Fields' management is responsible for establishing and maintaining adequate internal control over financial reporting. The 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.

Because 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 2018. In making this assessment, Gold Fields' management used the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission. Based upon its assessment, Gold Fields' management concluded that, as of 31 December 2018, its internal control over financial reporting is effective based upon those criteria.

TREND AND OUTLOOK

Attributable equivalent gold production for the Group for 2019 is expected to be between 2.13 million ounces and 2.18 million ounces. AISC is expected to be between US$980 per ounce and US$995 per ounce. AIC is planned to be between US$1,075 per ounce and US$1,095 per ounce. These expectations assume exchange rates of R/US$:13.80 and A$/US$:0.75.

Capital expenditure for the Group is planned at US$633 million. Sustaining capital expenditure for the Group is planned at US$490 million and growth capital expenditure is planned at US$143 million. The US$143 million growth capital expenditure comprises US$69 million for Damang and A$99 million (US$74 million) for Gruyere. Expenditure on Salares Norte is expected to be US$57 million in 2019. The capital expenditure above excludes the Group's share of Asanko's total expenditure of US$25 million for 2019.

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

25 March 2019

Independent auditor's report

To the shareholders of Gold Fields Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Gold Fields Limited and its subsidiaries ("the Group") set out on pages 129 to 212, which comprise the consolidated statement of financial position at 31 December 2018, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, the accounting policies, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gold Fields Limited and its subsidiaries at 31 December 2018, and its consolidated financial performance and consolidated 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 financial statements* section of our report. We are independent of the Group 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* (Parts 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report (continued)

We have identified the following key audit matters pertaining to the consolidated financial statements:

Impairment of cash-generating unit (CGU) and recoverability of deferred tax asset – South Deep
Deferred tax asset – US$269.5 million
Impairment of South Deep goodwill – US$71.7 million
Impairment of South Deep property, plant and equipment – US$409.8 million

Refer to the accounting policies (significant accounting judgements and estimates page 134, mineral reserves and resources estimates, page 134 to 136, carrying value of property, plant and equipment and goodwill and page 137, income taxes) and notes 6, 9, 13, 14 and 23 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 CGUs as well as annually in respect of goodwill. Impairment indicators were identified in the current year in respect of the South Deep CGU given that the mine fell short of targeted production and recorded a loss for the year before impairment, royalties and taxation of US$140.2 million, requiring management to perform a detailed impairment assessment. Significant judgements, assumptions and estimates were used by management in determining the recoverable amount of the South Deep CGU. 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, set out in the life-of-mine plan, including reserves and production estimates, economic factors such as gold price, discount rate, foreign currency exchange rate, estimate of production costs and future capital expenditure as well as the resource valuation. South Deep (jointly owned and operated by GFI Joint Venture Holdings Proprietary Limited ("GFI") and Gold Fields Operations Limited ("GFO")) has significant tax losses and unredeemed capital expenditure resulting in recognised net deferred tax assets. Given the underperformance of the mine, there is a risk that the deferred tax assets are not recoverable. 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. The future tax benefits are dependent on the performance of the South Deep mine. Management's assessment of the recoverability of the deferred tax assets is based on the same life-of-mine model used for their impairment assessment which includes significant estimates related to the quantum and timing of future taxable income. The impairment assessment of the South Deep CGU and the recoverability of the deferred tax assets in GFI and GFO was considered a key audit matter in the audit of the consolidated financial statements due to the inherent uncertainty, significant judgements, estimates based on the various assumptions applied in determining the recoverable amount of the CGU and the significant estimation involved in the projections of future taxable income.	Our team included senior audit team members and tax and valuation experts, who understand the Group's business, industry and the economic environment in which it operates. Our audit effort focused on the South Deep impairment assessment and the recoverability of the deferred tax assets as follows: ■ We evaluated the design, implementation and operating effectiveness of internal controls applied by management to ensure that its impairment assessment and deferred tax asset recoverability assessment was appropriately performed and reviewed. ■ We tested the integrity of the cash flow projections included in the life-of-mine model for the South Deep CGU and challenged the appropriateness of the key assumptions by evaluating the cash flows with reference to our knowledge of the industry, accuracy of historical forecasts in respect of production costs and capital expenditure and evaluating the potential risk of management bias. ■ We compared the mineable reserves assumption used in the cash flow model to the proved and probable reserves declared by the competent person employed by the Group at 31 December 2018. We evaluated the objectivity, competence and capabilities of the competent person. ■ We obtained an understanding of the work performed by the external specialist in respect of the South Deep life-of-mine model and evaluated the appropriateness of the conclusions reached. We also evaluated the independence, objectivity and competence of the external specialists. ■ We evaluated the appropriateness of the discount rate used to calculate the recoverable amount of the CGU with reference to a range of acceptable discount rates we derived from market data. ■ 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 CGU. Specifically, our focus for externally derived inputs used in the life-of-mine model included the following: ■ We evaluated the reasonableness of the gold price used with reference to external forecasts by comparing the projected gold price against external analyst reports, both regionally and globally. ■ We evaluated the reasonableness of the 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. In addition to the procedures performed above in respect of the life-of-mine model, we evaluated the appropriateness for recognising the deferred tax assets in respect of GFI and GFO based on our 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 the South Deep impairment assessment and the recoverability of deferred tax assets, including those disclosures related to significant accounting judgements and estimates used to determine the recoverable amount in accordance with the prevailing accounting standards.

Acquisition of Asanko Gold
Gain on acquisition of Asanko – US$51.8 million
Investment in Asanko Gold – US$85.8 million
Investment in Asanko redeemable preference shares – US$132.9 million

Refer to the accounting policies (significant accounting judgements and estimates page 138, Asanko Gold acquisition) and notes 15, 16 and 17 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
During the year, the Group acquired a 45% interest in Asanko Gold Ghana Limited ("Asanko Gold") which owns the Asanko Gold Mine ("AGM"). The Group also acquired a 50% interest in Adansi Gold Company Limited, owning exploration licences, and a 50% interest in Shika Group Finance Limited, a newly formed financing company. These interests are classified as interests in equity accounted investees as they meet the requirements of a joint venture. The Group also acquired the Asanko redeemable preference shares that have been designated at fair value through other comprehensive income. The purchase consideration comprised an upfront payment of US$165 million on closing of the transaction in respect of both the equity accounted investment and the preference shares. A gain on acquisition was recognised based on the fair value of the identifiable assets acquired exceeding the consideration paid. The fair values of the identifiable net assets acquired were determined based on an internal valuation performed by internal valuers. The fair values were determined on a provisional basis pending completion of review and sign off of the life-of-mine model, including the reserves and resources, by the group competent person. Determining the fair values of the identifiable assets acquired and liabilities assumed required the exercise of significant judgement and estimation, particularly in relation to the mineral reserves used in the life-of-mine model, forecasted gold prices, forecasted production costs and capital expenditure, the estimated gross closure costs and discount rates. Assumptions were also made, based on the cash flows from the life-of-mine, with regard to the timing of when the preference shares would be redeemed in order to determine the fair value of the preference shares on initial recognition. The acquisition of Asanko Gold Mine, the fair value determination of the Asanko redeemable preference shares and related accounting treatment of the transaction 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 fair values of the identifiable assets and liabilities acquired and the complexity of the transaction from a technical accounting perspective.	Our team included senior audit team members and valuation and technical accounting experts. Our audit procedures included the following: ■ We evaluated the design, implementation and operating effectiveness of internal controls applied by management to ensure that the controls in respect of the acquisition were appropriately performed and reviewed. ■ We inspected the relevant agreements pertaining to the acquisition and evaluated management's accounting treatment with reference to the terms set out in the agreements. ■ We obtained and inspected the valuation assessment prepared by the internal valuers on which the fair values of the identifiable assets and liabilities acquired were based and performed the following: – We evaluated the objectivity, competence and capabilities of the internal valuers. We further obtained an understanding of the work performed by the internal valuers and evaluated the appropriateness of the conclusions reached. – We assessed the appropriateness of the valuation methodologies applied with reference to industry standards and the requirements of the prevailing accounting standards. – We challenged the key assumptions, including the reasonableness of the gold price and discount rates, applied in the fair value assessment by evaluating the cash flows with reference to our knowledge of the industry and with reference to external analysts' reports. ■ We assessed the Group's disclosures in respect of the acquisition including those related to significant judgements and estimates in accordance with the prevailing accounting standards.

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 financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Independent auditor's report (continued)

In connection with our audit of the consolidated 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 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.

Responsibilities of the directors for the consolidated financial statements
The directors are responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 to 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 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 4 December 2015, we report that KPMG Inc. has been the auditor of Gold Fields Limited for nine years.

KPMG Inc.
Registered Auditor

Per ML Watson
Chartered Accountant (SA)
Registered Auditor
Director

25 March 2019

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Accounting policies

The principal accounting policies applied in the preparation of these consolidated 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 2018 and 2017 and for each of the years in the three-year period ended 31 December 2018 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 operations and the Group's interest in associates and its joint ventures. 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. This is the first set of the Group's financial statements in which IFRS 15 *Revenue from Contracts with Customers,* IFRS 9 *Financial Instruments* and the early adoption of the amendment to IAS 28 *Investments in Associates and Joint Ventures* have been applied. Changes to significant accounting policies are described in note 41 of the consolidated financial statements.

As required by the United States Securities and Exchange Commission, the financial statements include the consolidated statements of financial position as at 31 December 2018 and 2017, and the consolidated income statements and statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2018, 2017 and 2016 and the related notes.

The consolidated financial statements were authorised for issue by the Board of Directors on 25 March 2019.

Standards, interpretations and amendments to published standards effective for the year ended 31 December 2018 or early adopted by the Group

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
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.	No impact
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 have adopted IFRS 9 on 1 January 2018.	Refer to note 41 of the consolidated financial statements

Accounting policies (continued)

Standard(s) Amendment(s) Interpretation(s)	Nature of the change	Salient features of the changes	Impact on financial position or performance
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; and ■ The Group have adopted IFRS 15 on 1 January 2018.	Refer to note 41 of the consolidated financial statements
IAS 28 *Investments in Associates and Joint Ventures (early adopted)*	Amendment	■ The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate and joint venture that forms part of the net investment in the associate or joint venture but to which the equity method is not applied; ■ The implementation of this amendment has a direct impact on the accounting treatment of the redeemable preference shares that form part of the Group's net investment in Asanko Gold Ghana Limited; and ■ The amendments apply for annual periods beginning on or after 1 January 2019. The Group has early adopted the standard as permitted by IAS 28.	Refer to note 15 and note 17 of the consolidated financial statements

Standards, interpretations and amendments to published standards that 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 2019 or later periods, but have not been early adopted by the Group.

The 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 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. The lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. No significant changes have been included for lessors (the Group is not a lessor); ■ The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements which is described in more detail below; and ■ The actual impact of adopting the standard on 1 January 2019 may change because the new accounting policies are subject to change until the Group presents its first consolidated financial statements that include the date of initial application of IFRS 16.	1 January 2019

Standard(s) Amendment(s) Interpretation(s)	**Nature of the change**	**Salient features of the changes**	**Effective date***
IFRS 16 *Leases (continued)*		**Lease in which the Group is a lessee** ▪ Management has compiled a list of all potential leases across the Group and reviewed all related contracts in order to identify and account for all leases in terms of IFRS 16 across the Group; ▪ The Group will recognise right-of-use assets and lease liabilities for its operating leases for the following material contracts: **Australia** – Power Purchase Agreements (PPAs); – Rental of gas pipelines; – Ore haulage and site services; – Mining equipment hire; and – Property rentals. **Ghana** – Power Purchase Agreements (PPAs); and – Transportation contracts. **South Africa** – Equipment hire. **Peru** – Property rentals; and – Equipment hire. **Corporate and other** – Property rentals; and – Equipment hire. ▪ The nature of expenses related to these leases will now change because the Group will recognise an amortisation and depreciation charge for the right-of-use assets and finance expense in respect of the lease liabilities once the standard is implemented; ▪ Previously, the Group recognised operating lease expenses on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised; ▪ Based on the information currently available, the Group estimates that it will recognise right-of-use assets and additional lease liabilities between US$190.0 million and US$230.0 million at 1 January 2019. The Group does not expect the adoption of IFRS 16 to impact its ability to comply with loan covenant requirements; ▪ The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information; ▪ The Group will elect to recognise the right-of-use assets at an amount equal to the lease liability at 1 January 2019; and ▪ The Group plans to apply the following practical expedients for IFRS 16: – Leases for which the underlying asset is of low value; and – Short term leases.	

Accounting policies (continued)

Standard(s) Amendment(s) Interpretation(s)	Nature of the change	Salient features of the changes	Effective date*
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 consolidated 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; and ▪ The interpretation will not have a material impact on the Group.	1 January 2019
Various **IFRS** *(2015/2017 Cycle)*		▪ The annual improvements project is a collection of amendments to various IFRS standards and is the result of conclusions reached by the IASB on proposals made at its annual improvement project; and ▪ The interpretation will not have a material impact on the Group.	1 January 2019
IFRS 3 *Business Combinations*	Amendments	▪ These amendments make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments: – Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs; – Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and – Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. ▪ The amendments will not have a material impact on the Group.	1 January 2020
IAS 1 *Presentation of Financial Statements* and **IAS 8** *Accounting Policies, Changes in Accounting Estimates and Errors*	Amendments	▪ The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework; ▪ The revised definition of material is: – Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. ▪ The Board has also removed the definition of material *omissions or misstatements from* IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors;* and ▪ The amendments will not have a material impact on the Group.	1 January 2020

Standard(s) Amendment(s) Interpretation(s)	Nature of the change	Salient features of the changes	Effective date*
IFRS 17 *Insurance Contracts*	New standard	■ IFRS 17 supersedes IFRS 4 *Insurance Contracts* and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts; ■ In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as: – Reinsurance contracts held; – Direct participating contracts; and – Investment contracts with discretionary participation features. ■ Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or other comprehensive income; ■ The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements; and ■ The Group is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future consolidated financial statements.	1 January 2021

** Effective date refers to annual period beginning on or after said date.*

Significant accounting judgements and estimates

Use of estimates: The preparation of the consolidated 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 consolidated 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 the following:

- Mineral reserves and resources estimates (this forms the basis of future cash flow estimates used for impairment assessments and units-of-production depreciation and amortisation calculations);
- Carrying value of property, plant and equipment and goodwill;
- Production start date;
- Estimates of recoverable gold and other materials in heap leach and stockpiles, gold in process and product inventories including 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 treatment of financial instruments;
- Contingencies; and
- Asanko Gold acquisition.

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.

Accounting policies (continued)

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.

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 proved 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:

	2018	2017
US$ gold price per ounce – year 1	**US$1,200**	US$1,200
US$ gold price per ounce – year 2 onwards	**US$1,300**	US$1,300
Rand gold price per kilogram – year 1	**R525,000**	R525,000
Rand gold price per kilogram – year 2 onwards	**R550,000**	R525,000
A$ gold price per ounce – year 1	**A$1,600**	A$1,600
A$ gold price per ounce – year 2 onwards	**A$1,700**	A$1,700
US$ copper price per tonne – year 1	**US$5,951**	US$5,512
US$ copper price per tonne – year 2 onwards	**US$6,612**	US$6,171
Resource value per ounce (used to calculate the value beyond proved and probable reserves)		
■ South Africa (with infrastructure)	**US$17**	US$17
■ Ghana (with infrastructure)	**US$44**	US$41
■ Peru (with infrastructure)	**US$70**	US$41
■ Australia (2018: with infrastructure, 2017: without infrastructure)[2]	**US$28**	US$293
Discount rates		
■ South Africa – nominal	**13.5%**	13.5%
■ Ghana – real	**9.5%**	9.7%
■ Peru – real	**4.9%**	4.8%
■ Australia – real	**3.4%**	3.8%
Inflation rate – South Africa[1]	**5.5%**	5.5%
Life-of-mine		
■ South Deep	**75 years**	78 years
■ Tarkwa	**14 years**	14 years
■ Damang	**7 years**	8 years
■ Cerro Corona	**12 years**	13 years
■ St Ives	**7 years**	5 years
■ Agnew/Lawlers	**4 years**	4 years
■ Granny Smith	**12 years**	11 years
■ Gruyere	**12 years**	13 years
Long-term exchange rates		
US$/ZAR – year 1	**13.61**	13.61
US$/ZAR – year 2 onwards	**13.16**	13.16
A$/US$ – year 1	**0.75**	0.75
A$/US$ – year 2 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.*

[2] *The US$293 per ounce is reflective of higher resource prices in the 2017 population used.*

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 or copper 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.

Accounting policies (continued)

The carrying amount of property, plant and equipment at 31 December 2018 was US$4,259.2 million (2017: US$4,892.9 million). The carrying value of goodwill at 31 December 2018 was US$nil (2017: US$76.6 million).

An impairment of US$481.5 million (2017: US$277.8 million and 2016: US$nil) was recognised in respect of the South Deep CGU for the year ended 31 December 2018. US$71.7 million (2017: US$277.8 million and 2016: US$nil) of the total impairment was firstly allocated against goodwill and the remainder of US$409.8 million (2017: US$nil and 2016: US$nil) against other assets.

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 2018 was US$325.0 million (2017: US$305.4 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 2018 was US$289.6 million (2017: US$281.5 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 25.2 and 35 of the consolidated financial statements for further details.

The carrying amount of the provision for silicosis settlement costs at 31 December 2018 was US$25.1 million (2017: US$31.9 million).

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 income tax and deferred tax 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 2018:
- Deferred taxation liability: US$454.9 million (2017: US$453.9 million)
- Deferred taxation asset: US$269.5 million (2017: US$72.0 million)
- Taxation payable: US$5.2 million (2017: US$77.5 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 2018 was US$37.5 million (2017: US$26.8 million and 2016: US$14.0 million).

Financial instruments

Derivative 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 2018 was US$8.3 million (2017: US$25.0 million) and included in trade and other payables US$22.6 million (2017: US$3.3 million).

Asanko redeemable preference shares

Significant judgement is required in estimating life-of-mine cash flows used in determining the expected timing of the cash flows for the repayment of the redeemable preference shares.

In order to estimate the life-of-mine model used in the valuation, 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. Refer note 17 for key assumptions used.

The life-of-mine cash flows are very sensitive to the gold price assumptions and an increase or decrease in the gold price could materially change the valuations.

The fair value of the Asanko redeemable preference shares at 31 December 2018 was US$132.9 million (2017: US$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

Accounting policies (continued)

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 35 for details on contingent liabilities.

Asanko Gold acquisition

Recognition and measurement

Gold Fields and Asanko have joint control as each party has equal representation on the management committee that governs the relevant activities of the arrangement. The Asanko transaction is structured as a separate vehicle and the Group has a residual interest in the net assets of Asanko. Accordingly, the Group has classified its interest in Asanko as a joint venture.

Equity accounted investee and redeemable preference shares valuation

Significant judgement is required in estimating life-of-mine cash flows used in determining the net fair value of the investee's identifiable assets and liabilities on acquisition and the expected timing of the cash flows for the repayment of the redeemable preference shares. The life-of-mine cash flows were based on the life-of-mine model of the Asanko Gold Mine as at acquisition date.

In order to estimate the life-of-mine model used in the valuation, 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. Refer note 15 for key assumptions used.

The life-of-mine cash flows are very sensitive to the gold price, the discount rate and the change in life-of-mine assumptions and an increase or decrease in the gold price, discount rate and life-of-mine could materially change the valuations.

Fair value measured on a provisional basis

The fair value of identifiable net assets acquired has been performed on a provisional basis, pending completion of review and sign off of the life-of-mine model, including the Reserves and Resources, by the Group Competent Person. Any changes to the acquisition life-of-mine model and/or Reserves and Resources could result in a material change to the cash flows used to determine the fair value of the identifiable net assets acquired.

If new information is obtained, within one year from the date of acquisition, about facts and circumstances that existed at the date of acquisition about the life-of-mine and adjustments are required to be made to the provisional fair values of the identifiable net assets, or if any additional provisions that existed at the date of acquisition are identified, then the accounting for the acquisition will be revised.

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, 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 Group applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. This has a direct impact on the Group's accounting treatment for the Asanko Gold Ghana Limited ("Asanko") acquisition where the redeemable preference shares that form part of the consideration for the Group's investment into Asanko have been measured in accordance with the requirements of IFRS 9 (refer to note 15). This specific amendment to IAS 28 applies for annual periods beginning on or after 1 January 2019; however, the Group has early adopted the standard as permitted by IAS 28. 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, which is the Group's presentation currency. The functional currency of the parent company is South African Rand.

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.

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$: 14.63; US$/A$: 0.70 (2017: ZAR/US$: 12.58; US$/A$: 0.77)). Equity items are translated at historical rates. The income and expenses are translated at the average exchange rate for the year (ZAR/US$: 13.20; US$/A$: 0.75 (2017: ZAR/US$: 13.33; US$/A$: 0.77 and 2016: ZAR/US$: 14.70; US$/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 ("OCI"). These differences will be recognised in profit or loss upon realisation of the underlying operation.

Accounting policies (continued)

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 OCI. When a foreign operation is sold, exchange differences that were recorded in OCI 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.

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.

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.

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.

Accounting policies (continued)

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. Leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

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 expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI other comprehensive income.

Current tax is calculated on taxable income at the applicable statutory rate substantively enacted at the reporting date.

Interest and penalties are accounted for in current tax.

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 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 and Cerro Corona, 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 stockpile 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 instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – Classification policy from 1 January 2018

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); or
- FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held with a business model whose objective is to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Accounting policies (continued)

Financial assets – Subsequent measurement policy from 1 January 2018

Financial asset category	Description
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets – Classification of financial assets: Policy applicable from 1 January 2018
The following information is considered by the Group in determining the classification of financial assets:
- The Group's business model for managing financial assets; and
- The contractual cash flow characteristics of the financial assets.

The business model assessment of the financial assets is based on the Group's strategy and rationale for holding the financial assets on a portfolio level. When considering the strategy, the following is considered:
- Whether the financial assets are held to collect contractual cash flows;
- Whether the financial assets are held for sale; or
- Whether the financial assets are held for both collecting contractual cash flows and to be sold.

Financial assets – Assessment of contractual cash flows: Policy applicable from 1 January 2018
In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets – Classification policy before 1 January 2018
The Group classified its financial assets into one of the following categories:
- Loans and receivables;
- Available for sale; and
- At FVTPL, and within this category as:
  - held for trading;
  - derivative hedging instruments; or
  - designated as at FVTPL.

Financial assets – Subsequent measurement policy before 1 January 2018

Financial asset category	Description
Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the other reserves. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL. If it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Policy applicable before 1 January 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

8.1.1 Investments

Investments comprise listed and unlisted investments which are designated at FVOCI and are accounted for at fair value, with unrealised gains and losses subsequent to initial recognition recognised in OCI and included in other reserves. Profit or loss realised when investments are sold or impaired are never reclassified to profit or loss.

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 financial assets classified at FVOCI, cumulative unrealised gains and losses previously recognised in OCI are included in determining the profit or loss on disposal, or the impairment charge relating to, that financial asset, respectively, which is recognised in OCI.

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.

Accounting policies (continued)

8.1.3 Trade receivables

Trade receivables are carried at amortised cost less ECLs using the Group's business model for managing its financial assets, except for trade receivables from provisional copper and gold concentrate. 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 Environmental trust funds

The environmental trust funds consist of term deposits and equity-linked deposits in South Africa, as well as secured cash deposits in Ghana. The term deposits and secured cash deposits are recognised at amortised cost less ECLs using the Group's business model for managing its financial assets. The equity-linked deposits are initially recognised at fair value and subsequently remeasured to their fair value with changes therein recognised in profit or loss.

8.1.5 Trade payables

Trade payables are recognised at amortised cost using the effective interest method.

8.1.6 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 may from time to time establish currency and/or interest rate and/or commodity financial instruments to protect underlying cash flows.

Derivative financial instruments are initially recognised at fair value and subsequently remeasured to their fair value with changes therein recognised in profit or loss.

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 pre-tax 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. Refer to financial instruments accounting policy – Environmental trust fund.

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.

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. Remeasurements 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.

Accounting policies (continued)

12. STATED 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 FROM CONTRACTS WITH CUSTOMERS

The Group applied IFRS 15 from 1 January 2018. The effect of initially applying IFRS 15 is described in note 41 and in the basis of preparation above.

Revenue recognition under IFRS 15 (applicable from 1 January 2018)

The Group recognises revenue when control over its gold, copper and silver is transferred to the customer. The price is determined by market forces. Revenue is measured based on the consideration specified in a contract with the customer.

Revenue recognition under IAS 18 (applicable before 1 January 2018)

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 measured 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.

Nature and timing of satisfaction of performance obligations

Customers obtain control of gold, copper and silver on the settlement date and therefore there are no payment terms except for copper and gold concentrate sales in Peru. 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. Changes in the fair value as a result of changes in forward metal prices are 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 Dividend income

Dividends are recognised in profit or loss when the right to receive payment is established.

14.2 Interest income

Interest income is recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

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 coordinated 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 ("CODM"), 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 SAICA Circular 4/2018 (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 remeasurements 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

Figures in millions unless otherwise stated	Notes	United States Dollar **2018**	2017	2016
CONTINUING OPERATIONS				
Revenue	1	**2,577.8**	2,761.8	2,666.4
Cost of sales	2	**(2,043.0)**	(2,105.1)	(2,001.2)
Investment income	3	**7.8**	5.6	8.3
Finance expense	4	**(88.0)**	(81.3)	(78.1)
Gain on financial instruments		**21.0**	34.4	14.4
Foreign exchange gain/(loss)		**6.4**	(3.5)	(6.4)
Other costs, net		**(44.8)**	(19.0)	(16.8)
Share-based payments	5	**(37.5)**	(26.8)	(14.0)
Long-term incentive plan	26	**(1.1)**	(5.0)	(10.5)
Exploration expense		**(104.2)**	(109.8)	(86.1)
Share of results of equity accounted investees, net of taxation	16.1	**(13.1)**	(1.3)	(2.3)
Restructuring costs		**(113.9)**	(9.2)	(11.7)
Silicosis settlement costs	25.2	**4.5**	(30.2)	–
Gain on acquisition of Asanko	15	**51.8**	–	–
Impairment, net of reversal of impairment of investments and assets	6	**(520.3)**	(200.2)	(76.5)
Profit on disposal of investments		**–**	–	2.3
(Loss)/profit on disposal of assets		**(51.6)**	4.0	48.0
(Loss)/profit before royalties and taxation	7	**(348.2)**	214.4	435.8
Royalties	8	**(62.5)**	(62.0)	(78.4)
(Loss)/profit before taxation		**(410.7)**	152.4	357.4
Mining and income taxation	9	**65.9**	(173.2)	(189.5)
(Loss)/profit from continuing operations		**(344.8)**	(20.8)	167.9
DISCONTINUED OPERATIONS				
Profit from discontinued operations, net of taxation	12.1	**–**	13.1	1.2
(Loss)/profit for the year		**(344.8)**	(7.7)	169.1
(Loss)/profit attributable to:				
Owners of the parent		**(348.2)**	(18.7)	158.2
– Continuing operations		**(348.2)**	(31.8)	157.0
– Discontinued operations		**–**	13.1	1.2
Non-controlling interests		**3.4**	11.0	10.9
– Continuing operations		**3.4**	11.0	10.9
		(344.8)	(7.7)	169.1
(Loss)/earnings per share attributable to owners of the parent:				
Basic (loss)/earnings per share from continuing operations – cents	10.1	**(42)**	(4)	19
Basic earnings per share from discontinued operations – cents	10.2	**–**	2	–
Diluted basic (loss)/earnings per share from continuing operations – cents	10.3	**(42)**	(4)	19
Diluted basic earnings per share from discontinued operations – cents	10.4	**–**	2	–

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December

	United States Dollar		
Figures in millions unless otherwise stated	**2018**	2017	2016
(Loss)/profit for the year	**(344.8)**	(7.7)	169.1
Other comprehensive income, net of tax	**(330.0)**	279.2	121.4
Items that will not be reclassified to profit or loss	**(4.2)**	–	–
Equity investments at FVOCI – net change in fair value	**(8.2)**	–	–
Deferred taxation on above item	**4.0**	–	–
Items that may be reclassified subsequently to profit or loss	**(325.8)**	279.2	121.4
Available-for-sale financial assets – net change in fair value	**–**	(0.7)	(8.3)
Foreign currency translation adjustments	**(325.8)**	279.9	129.7
Total comprehensive income for the year	**(674.8)**	271.5	290.5
Attributable to:			
– Owners of the parent	**(678.2)**	260.5	279.6
– Non-controlling interests	**3.4**	11.0	10.9
	(674.8)	271.5	290.5

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

at 31 December

Figures in millions unless otherwise stated	Notes	United States Dollar 2018	2017
ASSETS			
Non-current assets		**5,183.2**	5,505.7
Property, plant and equipment	13	**4,259.2**	4,892.9
Goodwill	14	**–**	76.6
Inventories	19	**133.3**	132.8
Equity accounted investees	16.1	**225.1**	171.3
Investments	17	**235.3**	104.6
Environmental trust funds	18	**60.8**	55.5
Deferred taxation	23	**269.5**	72.0
Current assets		**921.1**	1,114.4
Inventories	19	**368.2**	393.5
Trade and other receivables	20	**153.2**	201.9
Cash and cash equivalents	21	**399.7**	479.0
Assets held for sale	12.2	**–**	40.0
Total assets		**6,104.3**	6,620.1
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent		**2,586.1**	3,275.8
Stated capital	22	**3,622.5**	3,622.5
Other reserves		**(2,110.3)**	(1,817.8)
Retained earnings		**1,073.9**	1,471.1
Non-controlling interests		**120.8**	127.2
Total equity		**2,706.9**	3,403.0
Non-current liabilities		**2,781.9**	2,363.1
Deferred taxation	23	**454.9**	453.9
Borrowings	24	**1,925.3**	1,587.9
Provisions	25	**319.5**	321.3
Finance lease liabilities	33	**80.1**	–
Long-term incentive plan	26	**2.1**	–
Current liabilities		**615.5**	854.0
Trade and other payables	27	**503.0**	548.5
Royalties payable	30	**12.5**	16.3
Taxation payable	31	**5.2**	77.5
Current portion of borrowings	24	**86.3**	193.6
Current portion of finance lease liabilities	33	**8.5**	–
Current portion of long-term incentive plan	26	**–**	18.1
Total liabilities		**3,397.4**	3,217.1
Total equity and liabilities		**6,104.3**	6,620.1

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December

United States Dollar

Figures in millions unless otherwise stated	Stated capital	Accumulated other comprehensive income[1]	Other reserves[2]	Retained earnings	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
Balance at 31 December 2015	**3,471.0**	**(2,401.4)**	**141.2**	**1,433.6**	**2,644.4**	**111.9**	**2,756.3**
Profit for the year	–	–	–	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[3]	151.5	–	–	–	**151.5**	–	**151.5**
Balance at 31 December 2016	**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**
Balance at 31 December 2017	**3,622.5**	**(2,000.8)**	**183.0**	**1,471.1**	**3,275.8**	**127.2**	**3,403.0**
Adjustment on initial application of IFRS 15 (net of tax)	–	–	–	(3.5)	**(3.5)**	–	**(3.5)**
Adjusted balance at 1 January 2018[4]	**3,622.5**	**(2,000.8)**	**183.0**	**1,467.6**	**3,272.3**	**127.2**	**3,399.5**
(Loss)/profit for the year	–	–	–	(348.2)	**(348.2)**	3.4	**(344.8)**
Other comprehensive income	–	(330.0)	–	–	**(330.0)**	–	**(330.0)**
Total comprehensive income	–	(330.0)	–	(348.2)	**(678.2)**	3.4	**(674.8)**
Transactions with owners of the Company							
Dividends declared	–	–	–	(45.5)	**(45.5)**	(9.8)	**(55.3)**
Share-based payments from continuing operations	–	–	37.5	–	**37.5**	–	**37.5**
Balance at 31 December 2018	**3,622.5**	**(2,330.8)**	**220.5**	**1,073.9**	**2,586.1**	**120.8**	**2,706.9**

The accompanying notes form an integral part of these consolidated financial statements.

[1] *Accumulated other comprehensive income mainly comprises foreign currency translation.*

[2] *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.*

[3] *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.

[4] *No adjustment required to equity on initial application of IFRS 9. Refer note 41 for further details.*

Consolidated statement of cash flows

for the year ended 31 December

		United States Dollar		
Figures in millions unless otherwise stated	Notes	2018	2017	2016
Cash flows from operating activities		**557.8**	762.4	917.5
Cash generated by operations	28	**998.0**	1,286.5	1,245.4
Interest received		**6.8**	5.1	7.3
Change in working capital	29	**(16.3)**	(69.4)	(2.3)
Cash generated by operating activities		**988.5**	1,222.2	1,250.4
Interest paid		**(91.0)**	(90.4)	(81.7)
Royalties paid	30	**(65.5)**	(66.0)	(76.4)
Taxation paid	31	**(217.2)**	(239.5)	(155.6)
Net cash from operations		**614.8**	826.3	936.7
Dividends paid/advanced		**(57.0)**	(70.7)	(40.7)
– Owners of the parent		**(45.5)**	(62.8)	(39.2)
– Non-controlling interest holders		**(9.8)**	(6.4)	(0.2)
– South Deep BEE dividend		**(1.7)**	(1.5)	(1.3)
Cash generated by continuing operations		**557.8**	755.6	896.0
Cash generated by discontinued operations		**–**	6.8	21.5
Cash flows from investing activities		**(886.8)**	(908.6)	(867.9)
Additions to property, plant and equipment		**(814.2)**	(833.6)	(628.5)
Proceeds on disposal of property, plant and equipment		**78.9**	23.2	2.3
Purchase of Gruyere Gold project assets	16.2	**–**	–	(197.1)
Purchase of Asanko Gold joint venture investment	15	**(165.0)**	–	–
Purchase of investments		**(19.3)**	(80.1)	(12.7)
Proceeds on disposal of investments		**0.5**	–	4.4
Proceeds on disposal of Arctic Platinum Project		**40.0**	–	–
Proceeds on disposal of Darlot		**–**	5.4	–
Contributions to environmental trust funds		**(7.7)**	(16.7)	(14.8)
Cash utilised in continuing operations		**(886.8)**	(901.8)	(846.4)
Cash utilised in discontinued operations		**–**	(6.8)	(21.5)
Cash flows from financing activities		**257.3**	84.2	37.0
Shares issued		**–**	–	151.5
Loans raised		**691.7**	779.7	1,298.7
Loans repaid		**(431.9)**	(695.5)	(1,413.2)
Payment of finance lease liabilities		**(2.5)**	–	–
Cash generated by continuing operations		**257.3**	84.2	37.0
Cash generated by discontinued operations		**–**	–	–
Net cash (utilised)/generated		**(71.7)**	(62.0)	86.6
Effect of exchange rate fluctuation on cash held		**(7.6)**	14.3	0.1
Cash and cash equivalents at beginning of the year		**479.0**	526.7	440.0
Cash and cash equivalents at end of the year	21	**399.7**	479.0	526.7

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December

	Figures in millions unless otherwise stated	**2018**	2017	2016
1.	**REVENUE**			
	The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in note 41. Due to the transition method chosen in adopting IFRS 15, comparative information has not been restated to reflect the new requirements.			
	Revenue from contracts with customers	**2,577.8**	2,761.8	2,666.4
	– Gold[1]	**2,408.6**	2,584.0	2,535.8
	– Copper[2]	**169.2**	177.8	130.6
	Disclosure of disaggregated revenue from contracts with customers			
	The Group generates revenue primarily from the sale of gold and copper concentrate to refineries and banks. All revenue from contracts with customers is recognised at a point in time. The Group also produces silver which is an insignificant by-product.			
	The disaggregation of revenue from contracts with customers by primary geographical market and product is described in the segment note (note 42).			
2.	**COST OF SALES**			
	Salaries and wages	**(392.8)**	(414.7)	(388.1)
	Consumable stores	**(280.0)**	(346.7)	(346.3)
	Utilities	**(148.3)**	(150.1)	(169.8)
	Mine contractors	**(365.3)**	(307.4)	(308.4)
	Other	**(204.4)**	(207.6)	(163.1)
	Cost of sales before gold inventory change and amortisation and depreciation	**(1,390.8)**	(1,426.5)	(1,375.7)
	Gold inventory change	**16.2**	69.5	45.9
	Cost of sales before amortisation and depreciation	**(1,374.6)**	(1,357.0)	(1,329.8)
	Amortisation and depreciation	**(668.4)**	(748.1)	(671.4)
	Total cost of sales	**(2,043.0)**	(2,105.1)	(2,001.2)
3.	**INVESTMENT INCOME**			
	Dividends received	**0.4**	–	–
	Interest received – environmental trust funds	**0.6**	0.5	1.0
	Interest received – cash balances	**6.8**	5.1	7.3
	Total investment income	**7.8**	5.6	8.3
4.	**FINANCE EXPENSE**			
	Interest expense – environmental rehabilitation	**(11.7)**	(12.1)	(10.7)
	Unwinding of discount on silicosis settlement costs	**(2.0)**	(0.9)	–
	Interest expense – finance lease liability	**(0.2)**	–	–
	Interest expense – borrowings	**(91.6)**	(91.2)	(82.5)
	Borrowing costs capitalised	**17.5**	22.9	15.1
	Total finance expense	**(88.0)**	(81.3)	(78.1)

[1] *All regions.*
[2] *Only Peru region (Cerro Corona).*

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 2018, 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 scheme ("LTIP"). Allocations under this plan were made during 2016, 2017 and 2018.

The following information is available for each plan:

	United States Dollar				
	2018	2017		2016	
Figures in millions unless otherwise stated	**Continuing 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	–
– Bonus Shares	**–**	–	–	–	–
(b)(ii) Gold Fields Limited 2012 Share Plan amended					
– Performance Shares	**34.7**	24.5	0.6	12.1	0.4
– Retention Shares	**2.5**	2.1	–	–	–
– Restricted/Matching Shares	**0.3**	0.2	–	–	–
Total included in profit or loss for the year	**37.5**	26.8	0.6	14.0	0.4

(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 was closed.

The following table summarises the movement of share options under the Gold Fields Limited 2005 Share Plan during the years ended 31 December 2018, 2017 and 2016:

	2018		2017		2016	
	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	**11,521**	**9.42**	530,611	7.39	1,025,178	6.03
Movement during the year:						
Forfeited	**(11,521)**	**9.42**	(519,090)	7.75	(494,567)	5.27
Outstanding at end of the year (vested)	**–**	**–**	11,521	9.42	530,611	7.39

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 was 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 was met, the full initial target award would be settled on the settlement date. In addition, the Remuneration Committee determined that the number of PS to be settled could 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 an 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 and 2016:

	2017	2016
	Performance Shares (PS)	Performance Shares (PS)
Outstanding at beginning of the year	393,178	2,446,922
Movement during the year:		
Granted	–	393,178
Exercised and released	–	(2,428,904)
Forfeited	(393,178)	(18,018)
Outstanding at end of the year	–	393,178

No share options were awarded under the 2012 Share Plan for the year ended 31 December 2018.

(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. Currently, the last vesting date is 1 March 2021.

The salient features of the plan are:

- 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 USD 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 MS 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 2018, the maximum number of MS that could vest, based on shares already committed to MSR, at the end of five years was 407,223 (2017: 403,027 and 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 2018, 2017 and 2016:

	2018	2017	2016
	Performance Shares (PS)	Performance Shares (PS)	Performance Shares (PS)
Outstanding at beginning of the year	**18,279,130**	8,138,472	–
Movement during the year:			
Granted	**811,829**	11,744,152	8,196,037
Exercised and released	**–**	(34,827)	–
Forfeited	**(728,982)**	(1,568,667)	(57,565)
Outstanding at end of the year	**18,361,977**	18,279,130	8,138,472

At 31 December 2018, none of the outstanding options of 18,361,977 had vested.

	2018	2017	2016
The fair value of equity instruments granted during the year ended 31 December 2018, 2017 and 2016 were valued using the Monte Carlo simulation model:			
Monte Carlo simulation			
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)	**58.6%**	64.3%	58.1%
– Expected term (years)	**3 years**	3 years	3 years
– Dividend yield 1	**n/a**	n/a	n/a
– Weighted average three-year risk-free interest rate (based on US interest rates)	**2.0%**	1.6%	0.5%
– Weighted average fair value (United States Dollar)	**5.0**	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 2018, 2017 and 2016:

	2018			2017			2016		
Range of exercise prices for outstanding equity instruments (US$)	**Number of instru-ments**	**Price (US$)**	**Contrac-tual life (years)**	Number of instru-ments	Price (US$)	Contrac-tual life (years)	Number of instru-ments	Price (US$)	Contrac-tual life (years)
n/a*	**18,361,977**	**–**	**–**	18,279,130	–	–	8,531,650	–	–
4.28 – 6.06	**–**	**–**	**–**	–	–	–	–	–	–
6.07 – 7.84	**–**	**–**	**–**	–	–	–	3,835	6.79	0.50
7.85 – 9.62	**–**	**–**	**–**	–	–	–	515,255	7.37	0.34
9.63 – 11.40	**–**	**–**	**–**	11,521	9.42	–	11,521	8.44	1.00
Total outstanding at end of the year	**18,361,977**			18,290,651			9,062,261		
** Restricted shares ("PVRS") are awarded for no consideration.*									
Weighted average share price during the year on the Johannesburg Stock Exchange (US$)	**3.46**			3.76			4.29		

The compensation costs related to awards not yet recognised under the above plans at 31 December 2018, 2017 and 2016 amount to US$20.8 million, US$53.0 million and US$36.6 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 stated 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 stated capital. The unexercised options and shares under all plans represented 2.2% of the total issued stated capital at 31 December 2018.

Notes to the consolidated financial statements (continued)

for the year ended 31 December

Figures in millions unless otherwise stated	United States Dollar 2018	2017	2016
6. IMPAIRMENT, NET OF REVERSAL OF IMPAIRMENT OF INVESTMENTS AND ASSETS			
Investments	**(36.9)**	(3.7)	(0.1)
Listed investments	–	(0.5)	(0.1)
Unlisted investments	–	(3.2)	–
Equity accounted investees			
– Far Southeast Gold Resources Incorporated	(36.9)	–	–
Property, plant and equipment	**(411.7)**	81.3	(76.4)
Reversal of impairment of Arctic Platinum Project ("APP")[2]	–	39.0	–
(Impairment)/reversal of impairment of property, plant and equipment – other[3]	(1.9)	42.3	(76.4)
South Deep cash-generating unit[4]	(409.8)	–	–
Goodwill	**(71.7)**	(277.8)	–
South Deep goodwill[4]	(71.7)	(277.8)	–
Impairment, net of reversal of impairment of investments and assets	**(520.3)**	(200.2)	(76.5)

[1] Following the identification of impairment indicators at 31 December 2018, FSE was valued at its recoverable amount which resulted in an impairment of US$36.9 million. The recoverable amount was based on the fair value less cost of disposal ("FVLCOD") of the investment (level 2 in the fair value hierarchy). The 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.

[2] Refer note 12.2 for further details. The reversal of impairment was included in the "Corporate and other" segment.

[3] (Impairment)/reversal of impairment of property, plant and equipment – other is made up as follows:

	2018	2017	2016
– Redundant assets at Cerro Corona	**(1.9)**	(0.8)	–
– Reversal of cash-generating unit impairment at Cerro Corona (2016: impairment of US$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 135 for assumptions).			
– Damang assets held for sale	–	–	(7.6)
(Following the Damang reinvestment plan, a decision was taken to sell certain mining fleet assets and related spares. The sale of the assets was 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)
(Relating to all assets at the Rex pit. Following a series of optimisations, the extensional drilling 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).			
(Impairment)/reversal of impairment of property, plant and equipment – other	**(1.9)**	42.3	(76.4)

[4] For the year ended 31 December 2018, the Group recognised an impairment of R6,470.9 million (US$481.5 million) (2017: R3,495.0 billion (US$277.8 million) and 2016: Rnil (US$nil)) in respect of the South Deep cash-generating unit due to the deferral of production. R963.9 million (US$71.7 million) (2017: R3,495.0 billion (US$277.8 million)) of the total impairment was firstly allocated against goodwill and the remainder of R5,507.0 million (US$409.8 million) (2017: Rnil (US$nil)) against other assets. 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 performed in June 2018 and given that impairment indicators still existed at 31 December 2018, a further assessment was performed. The recoverable amount at 31 December 2018 is R21,2 billion (US$1.4 billion). There were no further impairments at 31 December 2018 using the following assumptions:

- *Gold price of R525,000 per kilogram for 2019 and R550,000 per kilogram thereafter;*
- *Resource price of US$17 per ounce at the Rand/US Dollar exchange rate of R14.63;*
- *Resource ounces of 24.5 million ounces;*
- *Life-of-mine: 75 years; and*
- *Nominal discount rate of 13.5%.*

Figures in millions unless otherwise stated	United States Dollar 2018	2017	2016
7. INCLUDED IN (LOSS)/PROFIT BEFORE ROYALTIES AND TAXATION ARE THE FOLLOWING:			
Operating lease charges[1]	**(2.3)**	(2.4)	(2.8)
Profit on buy-back of notes[1]	**–**	–	17.7
Social contributions and sponsorships[1]	**(15.1)**	(19.6)	(19.3)
Global compliance costs[1]	**–**	–	(0.1)
Loss on sale of inventory[1,2]	**(8.9)**	–	–
Rehabilitation income[1] – continuing operations	**0.9**	13.5	9.7
Rehabilitation income[1] – discontinued operations	**–**	–	0.2
Restructuring costs[3]	**(113.9)**	(9.2)	(11.7)
8. ROYALTIES			
South Africa	**(1.0)**	(1.8)	(1.8)
Foreign	**(61.5)**	(60.2)	(76.6)
Total royalties	**(62.5)**	(62.0)	(78.4)
Royalty rates			
South Africa (effective rate)[4]	**0.5%**	0.5%	0.5%
Australia[5]	**2.5%**	2.5%	2.5%
Ghana[6]	**3.0%**	3.0%	5.0%
Peru[7]	**4.0%**	4.6%	6.4%

[1] *Included under "Other costs, net" in the consolidated income statement.*

[2] *The loss on sale of inventory related to the sale of inventory at Tarkwa as part of the transition to contractor mining.*

[3] *The restructuring costs in 2018 comprise mainly separation packages at South Deep amounting to US$11.2 million (2017: US$2.3 million and 2016: US$nil), Damang amounting to US$13.9 million (2017: US$2.2 million and 2016: US$9.9 million), Tarkwa amounting to US$88.8 million (2017: US$4.7 million and 2016: US$0.2 million), Australia amounting to US$nil (2017: US$nil and 2016: US$1.6 million). The restructuring costs of US$88.8 million at Tarkwa in 2018 related to the transition to contractor mining.*

[4] *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 2018 was 0.5% of mining revenue (2017: 0.5% and 2016: 0.5%) equalling the minimum charge per the formula.*

[5] *The Australian operations are subject to a 2.5% (2017: 2.5% and 2016: 2.5%) gold royalty on revenue as the mineral rights are owned by the state.*

[6] *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$1,449.99	**3.5%**
US$1,450.00	–	US$2,299.99	**4.1%**
US$2,300.00	–	Unlimited	**5.0%**

During 2016, the Ghanaian operations were subject to a 5.0% gold royalty on revenue.

[7] *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.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

		United States Dollar		
	Figures in millions unless otherwise stated	**2018**	2017	2016
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)**	(1.1)	(3.9)
	– prior year adjustment – current taxation	**0.7**	0.2	0.3
	– deferred taxation	**208.5**	12.1	(9.5)
	Foreign taxation			
	– current taxation	**(127.9)**	(199.8)	(193.3)
	– dividend withholding tax	**(13.7)**	–	–
	– prior year adjustment – current taxation	**(3.7)**	(2.8)	(6.3)
	– deferred taxation	**3.1**	19.4	24.2
	Total mining and income taxation	**65.9**	(173.2)	(189.5)
	Major items causing the Group's income taxation to differ from the maximum South African statutory mining tax rate of 34.0% (2017: 34.0% and 2016: 34.0%) were:			
	Taxation on profit before taxation at maximum South African statutory mining tax rate	**139.6**	(51.8)	(121.5)
	Rate adjustment to reflect the actual realised company tax rates in South Africa and offshore	**(6.7)**	19.2	22.4
	Non-deductible share-based payments	**(12.8)**	(9.1)	(4.8)
	Non-deductible exploration expense	**(22.1)**	(19.7)	(15.2)
	Deferred tax assets not recognised on impairment and reversal of impairment of investments[1]	**(12.5)**	13.3	–
	Impairment of South Deep goodwill	**(24.4)**	(94.5)	–
	Non-deductible interest paid	**(25.5)**	(24.2)	(24.2)
	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	**(4.5)**	(0.4)	(0.8)
	Non-taxable gain on acquisition of Asanko	**17.6**	–	–
	Non-taxable fair value gain on Maverix warrants	**1.3**	–	–
	Non-taxable profit on dilution of Gold Fields' interest in Maverix	**1.4**	–	–
	Dividend withholding tax	**(15.5)**	–	–
	Net non-deductible expenditure and non-taxable income	**(7.6)**	(5.3)	(9.7)
	Deferred tax raised on unremitted earnings at Tarkwa and Cerro Corona (2017: Tarkwa)	**(1.1)**	(9.5)	–
	Deferred taxation movement on Peruvian Nuevo Sol devaluation against US Dollar[2]	**(1.2)**	5.2	(1.1)
	Various Peruvian non-deductible expenses	**(7.5)**	(5.3)	(8.3)
	Deferred tax assets not recognised at Cerro Corona (2017: Cerro Corona and Damang)[3]	**(14.9)**	(12.9)	(34.9)
	Utilisation of tax losses not previously recognised at Damang	**–**	7.1	–
	Deferred tax assets recognised at Damang (2017: Cerro Corona and Damang)[4]	**6.5**	19.8	–
	Additional capital allowances recognised at South Deep[5]	**69.8**	–	–
	Deferred tax charge on change of tax rate at South Deep (2016: Peruvian and Ghanaian operations)	**(10.9)**	–	8.6
	Prior year adjustments	**(3.0)**	(2.6)	(6.0)
	Other	**(0.1)**	(2.5)	(0.8)
	Total mining and income taxation	**65.9**	(173.2)	(189.5)

[1] *Deferred tax assets not recognised on impairment of investments relate to the impairment of FSE (2017: reversal of impairment of APP). Refer to note 6 for details of impairments.*

[2] *The functional currency of Cerro Corona is US Dollar, however, the Peruvian tax base is based on values in Peruvian Nuevo Sol.*

[3] *Deferred tax assets amounting to US$14.9 million (2017: US$12.9 million and 2016: US$34.9 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$14.9 million (2017: US$12.9 million and 2016: US$33.5 million) were not recognised during the year related to deductible temporary differences on additions to fixed assets in the current financial year that would only reverse after the end of the life-of-mine ("LoM") of Cerro Corona. At Damang, deferred tax assets amounting to US$nil (2017: US$nil and 2016: US$1.4 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.*

[4] *Due to year-end assessments, deferred tax assets amounting to US$nil (2017: US$17.3 million) and US$6.5 million (2017: 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 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 in 2017. 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$6.5 million (2017: US$2.5 million) in 2018. 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] *During 2014, the South African Revenue Service ("SARS") issued a Finalisation of Audit Letter ("the Audit Letter") stating that SARS had disallowed US$182.2 million of GFIJVH's gross recognised capital allowance of US$925.5 million. On 30 May 2018, GFIJVH and SARS entered into a confidential settlement agreement (as provided for in the Tax Administration Act) in full and final settlement of this matter. As a result of the settlement GFIJVH recognised an additional US$185.1 million of capital allowances with a tax effect on this amount of US$53.7 million. Refer note 35 on Contingent Liabilities for further details.*

9. MINING AND INCOME TAXATION (continued)

	United States Dollar		
Figures in millions unless otherwise stated	**2018**	2017	2016
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%	32.5%
Peru	**29.5%**	29.5%	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 29% (2017: 30% and 2016: 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 2018, the Group had the following estimated amounts available for set-off against future income (pre-tax):

	United States Dollar					
	2018			2017		
Figures in millions unless otherwise stated	**Gross unredeemed capital expenditure**	**Gross tax losses**	**Gross deferred tax asset not recognised**	Gross unredeemed capital expenditure	Gross tax losses	Gross deferred tax asset not recognised
South Africa[1]						
GFO	**638.0**	**206.4**	**–**	716.4	192.5	–
GFIJVH[2, 3]	**1,003.1**	**41.0**	**–**	2,427.1	–	1,501.6
Gold Fields Group Services Proprietary Limited	**–**	**1.3**	**–**	–	–	–
	1,641.1	**248.7**	**–**	3,143.5	192.5	1,501.6
International operations						
Exploration entities[4]	**–**	**430.0**	**430.0**	–	445.9	445.9
Abosso Goldfields Limited[5]	**–**	**80.9**	**–**	–	201.4	63.5
	–	**510.9**	**430.0**	–	647.3	509.4

[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 US$1,003.1 million (2017: US$2,427.1 million) comprises US$1,003.1 million (2017: US$925.5 million) gross recognised capital allowance and US$nil (2017: US$1,501.6 million) gross unrecognised capital allowance.*

[3] *During 2014, the South African Revenue Service ("SARS") issued a Finalisation of Audit Letter ("the Audit Letter") stating that SARS had disallowed US$182.2 million of GFIJVH's gross recognised capital allowance of US$925.5 million. On 30 May 2018, GFIJVH and SARS entered into a confidential settlement agreement (as provided for in the Tax Administration Act) in full and final settlement of this matter. As a result of the settlement GFIJVH recognised an additional US$185.1 million of capital allowances, previously not recognised, with a tax effect on this amount of US$53.7 million. Refer note 35 on contingent liabilities for further details.*

[4] *The total tax losses of US$430.0 million (2017: US$445.9 million) comprise US$18.6 million (2017: US$22.9 million) tax losses that expire between one and two years, US$27.6 million (2017: US$57.6 million) tax losses that expire between two and five years, US$20.3 million (2017: US$30.4 million) tax losses that expire between five and 10 years, US$42.3 million (2017: US$43.2 million) tax losses that expire after 10 years and US$320.9 million (2017: US$291.8 million) tax losses that have no expiry date.*

[5] *Tax losses may be carried forward for five years. These losses expire on a first-in-first-out basis. Tax losses of US$19.0 million (2017: US$44.5 million) expire in two years, tax losses of US$2.9 million (2017: US$19.0 million) expire in three years, tax losses of US$31.5 million (2017: US$91.7 million) expire in four years and tax losses of US$27.5 million (2017: US$46.2 million) expire in five years.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

		United States Dollar		
	Figures in millions unless otherwise stated	**2018**	2017	2016
10.	**EARNINGS PER SHARE**			
10.1	**Basic (loss)/earnings per share from continuing operations – cents**	**(42)**	(4)	19
	Basic (loss)/earnings per share is calculated by dividing the loss attributable to owners of the parent from continuing operations of US$348.2 million (2017: loss of US$31.8 million and 2016: profit of US$157.0 million) by the weighted average number of ordinary shares in issue during the year of 821,532,707 (2017: 820,611,806 and 2016: 809,889,990).			
10.2	**Basic earnings per share from discontinued operations – cents**	**–**	2	–
	Basic earnings per share is calculated by dividing the profit attributable to owners of the parent from discontinued operations of US$nil (2017: US$13.1 million and 2016: US$1.2 million) by the weighted average number of ordinary shares in issue during the year of 821,532,707 (2017: 820,611,806 and 2016: 809,889,990).			
10.3	**Diluted basic (loss)/earnings per share from continuing operations – cents**	**(42)**	(4)	19
	Diluted basic (loss)/earnings per share is calculated on the basis of loss attributable to owners of the parent from continuing operations of US$348.2 million (2017: loss of US$31.8 million and 2016: profit of US$157.0 million) and 832,465,491 (2017: 826,920,421 and 2016: 810,082,191) shares being the diluted number of ordinary shares in issue during the year.			
	The weighted average number of shares has been adjusted by the following to arrive at the diluted number of ordinary shares:			
	Weighted average number of shares	**821,532,707**	820,611,806	809,889,990
	Share options in issue	**10,932,784**	6,308,615	192,201
	Diluted number of ordinary shares	**832,465,491**	826,920,421	810,082,191
10.4	**Diluted basic earnings per share from discontinued operations – cents**	**–**	2	–
	Diluted basic earnings per share is calculated on the basis of profit attributable to owners of the parent from discontinued operations of US$nil (2017: US$13.1 million and 2016: US$1.2 million) and 832,465,491 (2017: 826,920,421 and 2016: 810,082,191) shares being the diluted number of ordinary shares in issue during the year.			

Figures in millions unless otherwise stated	United States Dollar **2018**	2017	2016
10. EARNINGS PER SHARE (continued)			
10.5 Headline earnings per share from continuing operations – cents	**7**	26	24
Headline earnings per share is calculated on the basis of adjusted net earnings attributable to owners of the parent from continuing operations of US$60.6 million (2017: US$212.3 million and 2016: US$198.3 million) and 821,532,707 (2017: 820,611,806 and 2016: 809,889,990) 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 reconciliation			
(Loss)/profit attributable to owners of the parent from continuing operations	**(348.2)**	(31.8)	157.0
Profit on disposal of investments, net	**–**	–	(2.3)
Gross	**–**	–	(2.3)
Taxation effect	**–**	–	–
Loss/(profit) on disposal of assets, net	**37.0**	(2.6)	(41.0)
Gross	**51.6**	(4.0)	(48.0)
Taxation effect	**(12.0)**	1.2	7.0
Non-controlling interest effect	**(2.6)**	0.2	–
Impairment, reversal of impairment and write-off of investments and assets and other, net	**371.8**	246.7	84.6
Impairment, net of reversal of impairment of investments and assets	**520.3**	200.2	76.5
Write-off of exploration and evaluation assets	**37.7**	51.5	41.4
Profit on dilution of Gold Fields' interest in Maverix	**(4.0)**	–	–
Gain on acquisition of Asanko	**(51.8)**	–	–
Taxation effect	**(130.4)**	(4.3)	(32.1)
Non-controlling interest effect	**–**	(0.7)	(1.2)
Headline earnings	**60.6**	212.3	198.3

Notes to the consolidated financial statements (continued)

for the year ended 31 December

		United States Dollar		
	Figures in millions unless otherwise stated	**2018**	2017	2016
10.	**EARNINGS PER SHARE** (continued)			
10.6	**Headline earnings per share from discontinued operations – cents**	**–**	–	1
	Headline earnings per share is calculated on the basis of adjusted net loss attributable to owners of the parent from discontinued operations of US$nil (2017: loss of US$2.4 million and 2016: earnings of US$5.5 million) and 821,532,707 (2017: 820,611,806 and 2016: 809,889,990) shares being the weighted average number of ordinary shares in issue during the year.			
	Net profit attributable to owners of the parent from discontinued operations is reconciled to headline earnings as follows:			
	Long-form headline (loss)/earnings reconciliation			
	Profit attributable to owners of the parent from discontinued operations	**–**	13.1	1.2
	Impairment and write-off of investments and assets and other, net	**–**	(15.5)	4.3
	Gain on sale of discontinued operation	**–**	(23.5)	–
	Write-off of exploration and evaluation assets	**–**	1.5	6.1
	Taxation effect	**–**	6.5	(1.8)
	Headline (loss)/earnings	**–**	(2.4)	5.5
10.7	**Diluted headline earnings per share from continuing operations – cents**	**7**	26	24
	Diluted headline earnings per share is calculated on the basis of headline earnings attributable to owners of the parent continuing operations of US$60.6 million (2017: US$212.3 million and 2016: US$198.3 million) and 832,465,491 (2017: 826,920,421 and 2016: 810,082,191) shares being the diluted number of ordinary shares in issue during the year.			
10.8	**Diluted headline earnings per share from discontinued operations – cents**	**–**	–	1
	Diluted headline earnings per share is calculated on the basis of headline loss attributable to owners of the parent discontinued operations of US$nil (2017: loss of US$2.4 million and 2016: earnings of US$5.5 million) and 832,465,491 (2017: 826,920,421 and 2016: 810,082,191) shares being the diluted number of ordinary shares in issue during the year.			
11.	**DIVIDENDS**			
	2017 final dividend of 50 SA cents per share (2016: 60 SA cents and 2015: 21 SA cents) declared on 13 February 2018.	**34.7**	37.5	10.6
	2018 interim dividend of 20 SA cents was declared during 2018 (2017: 40 SA cents and 2016: 50 SA cents).	**10.8**	25.3	28.6
	A final dividend in respect of the financial year ended 31 December 2018 of 20 SA cents per share was approved by the Board of Directors on 13 February 2019. This dividend payable is not reflected in these consolidated financial statements. Dividends are subject to dividend withholding tax.			
	Total dividends	**45.5**	62.8	39.2
	Dividends per share – cents	**6**	8	5

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. In October 2018, the deferred consideration of A$5.0 million was received in cash.

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 were presented as a discontinued operation in the consolidated financial statements.

	United States Dollar	
Figures in millions unless otherwise stated	2017	2016
Below is a summary of the results of the discontinued operation for the year ended 31 December:		
Revenue	49.0	83.1
Cost of sales	(50.7)	(72.1)
Cost of sales before gold inventory change and amortisation and depreciation	(46.3)	(57.3)
Gold inventory change	(0.9)	(0.4)
Amortisation and depreciation	(3.5)	(14.4)
Other costs, net	(1.9)	(7.2)
(Loss)/profit before royalties and taxation	(3.6)	3.8
Royalties	(1.1)	(2.0)
(Loss)/profit before taxation	(4.7)	1.8
Mining and income taxation	1.4	(0.6)
(Loss)/profit for the year from operating activities	(3.3)	1.2
Gain on sale of discontinued operation	23.5	–
Income tax on gain on sale of discontinued operation	(7.1)	–
Profit from discontinued operation, net of tax	13.1	1.2

	2017	
Figures in millions unless otherwise stated	US$	A$
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.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

		United States Dollar	
	Figures in millions unless otherwise stated	**2018**	2017
12.2	**ASSETS HELD FOR SALE**		
	APP[1]	–	40.0
	Total assets held for sale	–	40.0

[1] *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.*

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. As a result, the impairment previously recorded, was reversed at 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). On 24 January 2018, Gold Fields concluded the sale of APP to a Finnish subsidiary of private equity fund CD Capital Natural Resources Fund III. The purchase consideration comprised US$40.0 million cash and royalty (2% NSR (net smelter return) on all metals, with 1% capped at US$20 million and 1% uncapped). The sale included 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 projects, related assets.

APP was included as part of corporate and other in the segment note. Refer note 42 for further details.

United States Dollar

31 December 2017					31 December 2018		
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			
636.8	8,929.4	9,566.2		Balance at beginning of the year	**10,560.7**	**9,886.4**	**674.3**
(22.3)	1.8	(20.5)		Reclassifications	**–**	**10.4**	**(10.4)**
0.3	833.3	833.6		Additions for continuing operations	**814.2**	**800.2**	**14.0**
–	6.8	6.8		Additions for discontinued operations	**–**	**–**	**–**
–	–	–		Finance leases capitalised (refer note 33)	**96.2**	**96.2**	**–**
–	(43.2)	(43.2)		Reclassification (to)/from assets held for sale (refer note 12)	**–**	**–**	**–**
–	22.9	22.9		Borrowing costs capitalised[2]	**17.5**	**17.5**	**–**
(12.6)	(202.5)	(215.1)		Disposals	**(528.7)**	**(494.6)**	**(34.1)**
(1.4)	(77.7)	(79.1)		Disposal of subsidiary (refer note 12)	**–**	**–**	**–**
8.3	–	8.3		Changes in estimates of rehabilitation assets	**24.1**	**–**	**24.1**
65.2	415.6	480.8		Translation adjustment	**(707.7)**	**(653.8)**	**(53.9)**
674.3	9,886.4	10,560.7		**Balance at end of the year**	**10,276.3**	**9,662.3**	**614.0**
				Accumulated depreciation and impairment			
26.8	5,014.8	5,041.6		Balance at beginning of the year	**5,667.8**	**5,633.1**	**34.7**
–	(20.5)	(20.5)		Reclassifications	**–**	**–**	**–**
15.7	732.4	748.1		Charge for the year continuing operations	**668.4**	**658.3**	**10.1**
0.2	3.3	3.5		Charge for the year discontinued operations	**–**	**–**	**–**
(2.9)	(78.4)	(81.3)		Impairment and reversal of impairment, net[3]	**411.7**	**411.7**	**–**
–	51.5	51.5		Write-off of exploration and evaluation assets – continuing operations[4]	**37.7**	**37.7**	**–**
–	1.5	1.5		Write-off of exploration and evaluation assets – discontinued operations[4]	**–**	**–**	**–**
–	(3.2)	(3.2)		Reclassification (to)/from assets held for sale (refer note 12)	**–**	**–**	**–**
(12.2)	(200.9)	(213.1)		Disposals	**(398.2)**	**(391.6)**	**(6.6)**
(1.3)	(74.5)	(75.8)		Disposal of subsidiary (refer note 12)	**–**	**–**	**–**
8.4	207.1	215.5		Translation adjustment	**(370.3)**	**(367.6)**	**(2.7)**
34.7	5,633.1	5,667.8		**Balance at end of the year**	**6,017.1**	**5,981.6**	**35.5**
639.6	4,253.3	4,892.9		**Carrying value at end of the year[5]**	**4,259.2**	**3,680.7**	**578.5**

[1] *Included in the cost of mine development, infrastructure and other assets are exploration and evaluation assets amounting to US$12.6 million (2017: US$10.8 million).*

[2] *Borrowing costs of US$17.5 million (2017: US$22.9 million) arising on Group general borrowings were capitalised during the period and comprised US$nil (2017: US$19.4 million) borrowing costs related to the qualifying projects at South Deep, US$9.9 million (2017: US$2.1 million) borrowing costs related to the Damang reinvestment project and US$7.6 million (2017: US$1.4 million) borrowings costs related to the Gruyere project. An average interest capitalisation rate of 5.9% (2017: 5.3%) was applied. During 2018, the capitalisation of borrowing costs ceased at South Deep as no new mine development was conducted or is planned for the foreseeable future at South of Wrench.*

[3] *The impairment of US$411.7 million (2017: impairment reversal of US$81.3 million) is made up of US$1.9 million (2017: US$11.1 million) impairment of property, plant and equipment, US$409.8 million (2017: US$nil) impairment of the South Deep cash-generating unit, offset by the reversal of impairment amounting to US$nil (2017: APP reversal of impairment of US$39.0 million (refer note 6 and note 12.2 for further details) and the reversal of the Cerro Corona cash-generating unit impairment of US$53.4 million (refer note 6 for further details)).*

[4] *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$37.7 million (2017: US$51.5 million) for continuing operations is included in the US$104.2 million (2017: US$109.8 million) "Exploration expense" in the consolidated income statement.*

[5] *At 31 December 2017, fleet assets and carbon in leach ("CIL") plant in Ghana amounting to US$183.6 million were pledged as security for the US$100 million senior secured revolving credit facility ("US$100 million facility"). On 22 March 2018, the Borrowers, the Original Lender and the Security Agent of the US$100 million facility entered into an Agreement and Restatement Agreement to release any and all security interests created in favour of the Security Agent (refer note 24 for further details).*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

Figures in millions unless otherwise stated	United States Dollar 2018	2017
14. GOODWILL		
Balance at beginning of the year	**76.6**	317.8
Impairment	**(71.7)**	(277.8)
Translation adjustment	**(4.9)**	36.6
Balance at end of the year	**–**	76.6

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. For the year ended 31 December 2018, the Group fully impaired the remaining South Deep goodwill balance by recognising an impairment of R963.9 million (US$71.7 million) (2017: 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 2018 FVLCOD calculation include:

- Long-term gold price of R525,000 per kilogram (US$1,200 per ounce) for 2019 and R550,000 (US$1,300 per ounce for the life-of-mine of 75 years (2017: R525,000 per kilogram (US$1,300 per ounce) for the life-of-mine of 78 years);
- A nominal discount rate of 13.5% (2017: 13.5%);
- Fair value of US$17.0 per resource ounce (2017: US$17.0 per resource ounce), used for resource with infrastructure to calculate the expected cash flows associated with value beyond proved and probable reserves;
- Resource ounces of 24.5 million ounces (2017: 29.0 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.

Refer accounting policies on page 162 for further discussion on the significant judgements and estimates associated with assessing the carrying value of property, plant and equipment and goodwill.

15. ACQUISITION OF ASANKO GOLD

Background

On 29 March 2018, Gold Fields entered into certain definitive agreements (the "JV Transaction") with Asanko Gold Inc. ("Asanko") pursuant to which:

- Gold Fields and Asanko would each own a 45% interest in Asanko Gold Ghana Limited ("AGGL"), the Asanko subsidiary that currently owns the Asanko Gold Mine, with the Government of Ghana continuing to retain a 10% free carried interest in AGGL (the Joint Arrangement);
- Gold Fields and Asanko would each own a 50% interest in Adansi Gold Company Limited ("Adansi"), the Asanko subsidiary that currently owns a number of exploration licences; and
- Gold Fields and Asanko would each acquire a 50% interest in the newly formed financing entity (Shika Group Finance Limited).

On 20 June 2018, Gold Fields and Asanko received approval of the JV Transaction from the Ghanaian Minister of Lands and Natural Resources and the JV Transaction closed on 31 July 2018 once all conditions precedent were met.

Recognition and measurement

Gold Fields and Asanko have joint control and the Asanko transaction is structured as a separate vehicle and the Group has a residual interest in the net assets of Asanko. Accordingly, the Group has classified its interest in Asanko as a joint venture.

Fair value measured on a provisional basis

The fair value of identifiable net assets acquired has been performed on a provisional basis, using the acquisition life-of-mine model, pending completion of review and sign off of the life-of-mine model, including the Reserves and Resources, by the Group Competent Person. Any changes to the acquisition life of mine model and/or Reserves and Resources could result in a material change to the cash flows used to determine the fair value of the identifiable net assets acquired.

If new information is obtained, within one year from the date of acquisition, about facts and circumstances that existed at the date of acquisition about the life-of-mine and adjustments are required to be made to the provisional fair values of the identifiable net assets or if any additional provisions that existed at the date of acquisition are identified, then the accounting for the acquisition will be revised.

Consideration transferred

The following table summarises the acquisition date fair value of the consideration transferred:

Figures in millions unless otherwise stated	United States Dollar 2018
Cash – Asanko redeemable preference shares and equity	165.0
Total consideration transferred	**165.0**

Gain on acquisition of Asanko

The gain on acquisition was determined as follows:

Figures in millions unless otherwise stated	United States Dollar 2018
Total fair value of assets acquired	216.8
Redeemable preference shares equity financial asset acquired[1]	129.9
Fair value of identifiable net assets acquired[2]	86.9
Consideration transferred	(165.0)
Gain on acquisition[3]	**51.8**

[1] *The redeemable preference shares have the following conditions:*
- *Redeemable at the option of the issuer at par value; and*
- *Non-interest bearing.*

The redeemable preference shares were recognised as an investment in an equity financial instrument measured at fair value. The key assumptions used to determine the fair value of the redeemable preference shares of US$129.9 million at acquisition were as follows:

Par value of the preference shares	US$165.0 million
Market-related interest rate	7.85%
Expected redemption period – 2020 to 2023	5 years

[2] *The key assumptions used to determine the fair value of the net identifiable assets acquired were as follows:*

US$ gold price – 2018 to 2019	US$1,200/oz
US$ gold price – 2020 onwards	US$1,300/oz
Discount rate	10.27%
Life-of-mine – 2019 to 2030	12 years

[3] *The excess of the fair value of the identifiable net assets acquired over the consideration is recognised immediately in profit or loss as a gain on acquisition. The injection of capital into Asanko Gold mine for an equity stake represented a favourable deal for Gold Fields, as Asanko needed to refinance the debt of Asanko Gold mine, resulting in a gain on acquisition.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

	Figures in millions unless otherwise stated	United States Dollar 2018	2017	2016
16.1	**EQUITY ACCOUNTED INVESTEES**			
	Investment in joint ventures	**177.5**	128.6	
(a)	Far Southeast Gold Resources Incorporated ("FSE")	**91.7**	128.6	
(b)	Asanko Gold	**85.8**	–	
	Investment in associates	**47.6**	42.7	
(c)	Maverix Metals Incorporated ("Maverix")	**47.6**	42.7	
(d)	Other associates	**–**	–	
	Total equity accounted investees	**225.1**	171.3	
	Share of results of equity accounted investees, net of taxation recognised in the consolidated income statement are made up as follows:			
(a)	FSE	**(12.9)**	(1.6)	(2.3)
(b)	Asanko Gold	**(1.1)**	–	–
(c)	Maverix	**0.9**	0.3	–
(d)	Other associates	**–**	–	–
	Total share of results of equity investees net of tax	**(13.1)**	(1.3)	(2.3)

(a) FSE

Gold Fields' interest in FSE, an unlisted entity incorporated in the Philippines, was 40% (2017: 40% and 2016: 40%) at 31 December 2018.

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 stated 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 currently exercisable 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 2018.

Investment in joint venture consists of:

Figures in millions unless otherwise stated	United States Dollar 2018	2017
Unlisted shares at cost	**230.0**	230.0
Equity contribution	**92.2**	79.3
Cumulative impairment[1]	**(138.3)**	(101.4)
Share of accumulated losses brought forward	**(79.3)**	(77.7)
Share of loss after taxation[2]	**(12.9)**	(1.6)
Total investment in joint venture[3]	**91.7**	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.*

16.1 EQUITY ACCOUNTED INVESTEES (continued)

(b) Asanko Gold

The Asanko Gold joint venture entities comprise the following:

- A 45% interest in Asanko Gold Ghana Limited ("AGGL"), incorporated in Ghana, which owns the Asanko Gold Mine. The Government of Ghana continues to retain a 10% free carried interest in AGGL;
- A 50% interest in Adansi Gold Company Limited ("Adansi"), incorporated in Ghana; and
- A 50% interest in Shika Group Finance Limited ("Shika"), incorporated in the Isle of Man.

Refer to note 15 for further information on the acquisition of this investment.

Asanko has a 31 December year-end and has been equity accounted since 31 July 2018. Asanko's equity accounting is based on results to 31 December 2018.

The Asanko joint venture is structured through a number of separate vehicles and the Group has a residual interest in the net assets of Asanko. Accordingly, the Group has classified its interest in Asanko as a joint venture.

The following table summarises the financial information and the carrying amount of the Group's interest in Asanko:

Figures in millions unless otherwise stated	United States Dollar 2018
Investment in joint venture at cost consists of:	
Initial investment at cost	**86.9**
Share of loss after taxation	**(1.1)**
Carrying value at 31 December 2018	**85.8**

The investment comprises the following:

Figures in millions unless otherwise stated	Carrying value	Percentage ownership interest
AGGL	**5.4**	**45.0%**
Shika	**80.4**	**50.0%**
Adansi[1]	**–**	**50.0%**
Total	**85.8**	

[1] *Nominal value at 31 December 2018 is less than US$0.1 million.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

16.1 EQUITY ACCOUNTED INVESTEES (continued)

(b) Asanko Gold (continued)

The Group's interest in the summarised financial statements of Asanko on a combined basis is as follows:

Figures in millions unless otherwise stated	United States Dollar 2018
Statement of financial position – Asanko	
Non-current assets	481.2
Current assets[1]	109.3
Non-current liabilities	(34.2)
Current liabilities	(52.7)
Net assets	503.6
Less: Provisional purchase price allocation – fair value adjustment[2]	(39.6)
Less: Shika redeemable preference shares	(291.4)
Net assets attributable to ordinary shareholders	172.6
Group's share of net assets	85.8
Reconciled as follows:	
Cash consideration paid	165.0
Less: consideration allocated to the redeemable preference shares (note 17)	(129.9)
Consideration paid for equity portion	35.1
Gain on acquisition	51.8
Share of loss after taxation	(1.1)
Carrying amount of interest in joint venture	85.8
Income statement – Asanko	
Revenue	122.0
Production costs	(79.0)
Depreciation and amortisation	(34.3)
Other expenses	(4.9)
Royalties	(6.2)
Income tax expense	–
Loss for the five-month period	(2.4)
OCI	–
Total comprehensive income	(2.4)
Group's share of total comprehensive income	(1.1)

[1] *Current assets includes cash and cash equivalents of US$21.6 million.*
[2] *Relates to a fair value adjustment to property, plant and equipment of the Asanko Gold mine as determined at acquisition.*

16.1 EQUITY ACCOUNTED INVESTEES (continued)

(c) Maverix

Gold Fields' interest in Maverix, listed on the Toronto Stock Exchange, was 19.9% (2017: 27.9%) at 31 December 2018. Gold Fields owns an additional 10.0 million common share purchase warrants (refer note 17) that are currently exercisable. After inclusion of the warrants, Gold Fields owns 20.5% in Maverix on a diluted basis.

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).

During the year, Maverix purchased a portfolio of royalties from Newmont (the "Transaction"). As part of the consideration for the Transaction, Maverix issued Newmont 60,000,000 common shares and 10,000,000 common share purchase warrants. The Transaction resulted in the dilution of Gold Fields' interest in Maverix from 28% to 20% at 31 December 2018. Gold Fields was required to fair value its diluted investment in Maverix. The Transaction resulted in Gold Fields recognising a profit on the deemed disposal of its interest in Maverix of US$4.0 million.

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 2018.

Investment in associate consists of:

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Listed shares at cost	**42.1**	42.1
Profit on dilution of Gold Fields' interest in Maverix	**4.0**	–
Transaction costs capitalised	**0.3**	0.3
Share of accumulated profits brought forward	**0.3**	–
Share of profit after taxation	**0.9**	0.3
Investment in associate – Maverix[1]	**47.6**	42.7
(d) Other		
Investment in associate	**–**	–
Rusoro Mining Limited ("Rusoro")[2]	**–**	–

[1] *The fair value, based on the quoted market price of the investment, in Maverix at 31 December 2018 is US$74.7 million (2017: US$57.2 million).*
[2] *Represents a holding of 25.7% (2017: 25.7%) in Rusoro.*

The carrying value of Rusoro, incorporated in Venezuela, 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, in Rusoro at 31 December 2018 is US$13.4 million (2017: US$7.7 million). The unrecognised share of loss of Rusoro for the year amounted to US$2.6 million (2017: unrecognised shares of loss of US$2.0 million). The cumulative unrecognised share of losses of Rusoro at 31 December 2018 amounted to US$198.6 million (2017: US$196.0 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 judgment, 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 U.S. District Court for the District of Columbia, which seeks recognition of and the entry of judgment on the original arbitration award. A favourable ruling from either the New York or D.C. court will entitle Rusoro to use all legal procedures – including broad discovery from both Venezuela and third parties – that U.S. law provides judgment creditors. Any judgment issued in New York will also accrue interest at 9% per annum until the judgment is fully paid. On 19 October 2018, Rusoro announced that it had reached a settlement agreement with Venezuela by which the Venezuela government agreed to pay Rusoro US$1.28 billion to acquire the company's mining data and full release of the judgment issued in favour of the company. In a decision dated 29 January 2019, the Paris Court of Appeals partially annulled the arbitral award issued in favour of the Company in August 2016. Rusoro intends to vigorously pursue all available remedies to reinstate such award.

Management has not recognised this amount due to the uncertainty over its recoverability.

Notes to the consolidated financial statements (continued)

for the year ended 31 December

16.2 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 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 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. Of the A$100.0 million payable, A$7.0 million was paid in 2016, A$78.0 million in 2017 and A$15.0 million in 2018.

Below is a summary of Gold Fields' share of the joint operation and includes inter-company transactions and balances:

	2018		2017	
Figures in millions unless otherwise stated	**US$**	**A$**	US$	A$
Statement of financial position				
Non-current assets				
Property, plant and equipment	**554.6**	**788.6**	374.9	485.7
Current assets	**11.7**	**16.5**	7.2	9.3
Cash and cash equivalents	**2.1**	**3.0**	5.3	6.8
Inventories	**0.8**	**1.1**	–	–
Prepayments	**6.4**	**9.1**	1.9	2.5
Other receivables	**2.4**	**3.3**	–	–
Total assets	**566.3**	**805.1**	382.1	495.0
Total equity				
Retained earnings	**(4.7)**	**(6.7)**	(2.3)	(2.9)
Non-current liabilities	**119.7**	**170.3**	11.8	15.2
Deferred taxation	**30.5**	**43.3**	4.2	5.4
Finance lease liability	**76.5**	**108.8**	–	–
Environmental rehabilitation costs	**12.7**	**18.2**	–	–
Long-term incentive plan	**–**	**–**	7.6	9.8
Current liabilities	**451.3**	**641.5**	372.6	482.7
Related entity loans payable	**439.0**	**624.1**	347.3	449.9
Trade and other payables	**7.7**	**10.9**	14.1	18.3
Deferred consideration	**–**	**–**	11.2	14.5
Current portion of finance lease liability	**4.6**	**6.5**	–	–
Total equity and liabilities	**566.3**	**805.1**	382.1	495.0

Figures in millions unless otherwise stated	United States Dollar 2018	2017
17. INVESTMENTS		
Listed		
At fair value through OCI (2017: available for sale financial assets)	**93.0**	99.0
Unlisted		
Asanko redeemable preference shares[1]	**132.9**	–
Other	**0.1**	0.1
Derivative instruments		
Warrants[2]	**9.3**	5.5
Total investments[3]	**235.3**	104.6
18. ENVIRONMENTAL TRUST FUNDS		
Balance at beginning of the year	**55.5**	44.5
Contributions from continuing operations	**7.7**	8.6
Interest earned	**0.6**	0.5
Translation adjustment	**(3.0)**	1.9
Balance at end of the year	**60.8**	55.5

The trust funds consist of term deposits and equity-linked deposits amounting to US$8.3 million (2017: US$8.6 million) and US$6.5 million (2017: US$7.3 million), respectively, in South Africa, as well as secured cash deposits amounting to US$46.0 million (2017: US$39.6 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 reinvested 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). Refer to note 34 for details on environmental obligation guarantees.

	2018	2017
19. INVENTORIES		
Gold-in-process and stockpiles	**325.0**	305.4
Consumable stores	**176.5**	220.9
Total inventories	**501.5**	526.3
Heap leach and stockpiles inventories included in non-current assets[4]	**(133.3)**	(132.8)
Total current inventories[5]	**368.2**	393.5

[1] *Consists of 164,939,999 redeemable preference shares at par value for US$164,939,999.*

The following table shows a reconciliation from the fair value at acquisition to the fair value of the redeemable preference shares at the end of the year (level 3 financial instrument):

Fair value at acquisition	129.9
Net change in fair value (recognised in OCI)	3.0
Fair value at end of the year	132.9

The fair value is based on the expected cash flows of the Asanko Gold mine based on the life-of-mine model. The following key inputs were used in the valuation of the fair value:

Par value of the preference shares	US$165.0 million
Market-related interest rate	7,85%
Expected redemption period	5 years

Any reasonable change in the timing of the cash flows or market-related discount rate could materially change the fair value of the redeemable preference shares (refer note 38 for sensitivity analysis performed).

Refer to notes 15 and 16.1 (b) for further details.

[2] *Consists of 10.0 million common share purchase warrants of Maverix. Refer note 16.1 (c) for further details.*

[3] *With the adoption of IFRS 9, all listed investments were reclassified from available-for-sale financial assets to financial assets designated at fair value through OCI. Refer note 43 for details of major investments.*

[4] *Heap leach and stockpiles inventories will only be processed at the end of life-of-mine.*

[5] *The cost of consumable stores consumed during the year and included in cost of sales amounted to US$280.0 million (2017: US$346.7 million).*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

	Figures in millions unless otherwise stated	United States Dollar 2018	United States Dollar 2017
20.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables – gold sales and copper concentrate	**23.4**	46.6
	Trade receivables – other	**23.0**	15.6
	Gold, copper and oil derivative contracts[1]	**8.3**	25.0
	Receivables due from the sale of Tarkwa mining fleet[2]	**26.5**	–
	Deposits	**0.2**	0.1
	Payroll receivables	**2.9**	11.6
	Prepayments	**43.3**	51.5
	Value added tax and import duties	**18.1**	45.9
	Diesel rebate	**1.1**	1.4
	Other	**6.4**	4.2
	Total trade and other receivables	**153.2**	201.9
21.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank and on hand	**399.7**	479.0
	Total cash and cash equivalents	**399.7**	479.0
22.	**STATED CAPITAL**		
	Stated capital	**3,622.5**	3,622.5
		3,622.5	3,622.5

	Number of shares in issue	Number of shares in issue
In issue at 1 January[3]	**821,532,707**	821,525,435
Exercise of employee share options	**–**	7,272
In issue at 31 December	**821,532,707**	821,532,707
Authorised	**2,000,000,000**	2,000,000,000

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 Section 36(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.

Holders of the shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

In terms of the general authority granted by shareholders at the AGM on 22 May 2018, the authorised but unissued ordinary stated capital of the Company representing not more than 5% of the issued stated 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 AGM where shareholders will be asked to place under the control of the directors the authorised but unissued ordinary stated capital of the Company representing not more than 5% of the issued stated capital of the Company from time to time.

In terms of the JSE Listings 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.

[1] *Comprises US$1.7 million (2017: US$5.1 million) relating to Australian oil derivative contracts, US$3.0 million (2017: US$9.0 million) relating to Ghanaian oil derivative contracts, US$2.4 million (2017: US$nil) relating to Ghanaian gold derivative contracts, US$nil million (2017: US$10.9 million) relating to gold derivative contracts at South Deep and US$1.2 million (US$nil) relating to Peruvian copper derivative contracts. Refer note 38 for further details.*

[2] *Relates to the sale of mining fleet at Tarkwa as part of the transition to contractor mining.*

[3] *The total number of ordinary shares in issue per the consolidated financial statements has been adjusted by 918,490 shares to aligned with the statutory records of the company. No impact on stated capital, earnings, diluted earnings and headline earnings per share.*

22. STATED CAPITAL (continued)

Repurchase of shares

The Company has not exercised the general authority granted to buy back shares from its issued ordinary stated capital granted at the AGM held on 22 May 2018. 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 22 May 2018. 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 shareholding

The following beneficial shareholders hold 5% or more of the Company's listed ordinary shares at 31 December 2018:

	Number of shares	% of issued ordinary shares
Government Employees Pension Fund	60,064,445	7.31%
VanEck Vectors Gold Miners ETF	58,229,560	7.09%
Market Vectors Junior Gold Mines ETF	47,680,319	5.80%

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:

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Liabilities		
– Mining assets	**835.7**	1,014.1
– Investment in environmental trust funds	**3.2**	3.4
– Inventories	**11.3**	12.1
– Unremitted earnings	**9.3**	9.1
– Other	**5.2**	12.6
Liabilities	**864.7**	1,051.3
Assets		
– Provisions	**(95.8)**	(108.4)
– Tax losses[1]	**(98.4)**	(69.1)
– Unredeemed capital expenditure[1]	**(475.9)**	(491.9)
– Finance lease liability	**(2.0)**	–
– Other	**(7.2)**	–
Assets	**(679.3)**	(669.4)
Net deferred taxation liabilities	**185.4**	381.9
Included in the statement of financial position as follows:		
Deferred taxation assets	**(269.5)**	(72.0)
Deferred taxation liabilities	**454.9**	453.9
Net deferred taxation liabilities	**185.4**	381.9
Balance at beginning of the year	**381.9**	409.9
Recognised in profit or loss – continuing operations	**(211.6)**	(31.5)
Recognised in profit or loss – discontinued operations	**–**	3.4
Recognised in OCI	**(4.0)**	–
Translation adjustment	**19.1**	0.1
Balance at end of the year	**185.4**	381.9

[1] *Tax losses and unredeemed capital expenditure have been recognised, as disclosed in note 9, to the extent that the tax paying entities will have taxable profits in the foreseeable future (per the life-of-mine models of the respective operations) in order to utilise the unused tax losses and unredeemed capital expenditure before they expire. This was particularly assessed with reference to the South Deep and Damang life-of-mine models.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

24. BORROWINGS

The terms and conditions of outstanding loans are as follows:

Facility *Figures in millions unless otherwise stated*	Notes	United States Dollar 2018	 2017	Borrower	Nominal interest rate	Commitment fee	Maturity date
US$1 billion notes issue (the notes)[1]	(a)	**849.4**	847.9	Orogen	4.875%	–	7 October 2020
US$150 million revolving senior secured credit facility – old[2]	(b)	**–**	–	La Cima	LIBOR plus 1.63%	0.65%	19 December 2017
US$150 million revolving senior secured credit facility – new[2]	(c)	**83.5**	83.5	La Cima	LIBOR plus 1.20%	0.50%	19 September 2020
US$70 million revolving senior secured credit facility[3]	(d)	**–**	–	Ghana	LIBOR plus 2.40%	1.00%	6 May 2017
US$100 million revolving senior secured credit facility[3]	(e)	**45.0**	45.0	Ghana	LIBOR plus 3.50%	1.40%	30 November 2021
A$500 million syndicated revolving credit facility[4]	(f)	**316.5**	231.5	Gruyere	BBSY plus 2.35%	0.94%	24 May 2021
US$1,290 million term loan and revolving credit facilities[5]	(g)	**583.0**	380.0				
– Facility A (US$380 million)		**380.0**	380.0	Orogen	LIBOR plus 2.25%	–	6 June 2020
– Facility B (US$360 million)		**203.0**	–	Orogen	LIBOR plus 1.95%	0.77%	6 June 2021
– Facility C (US$550 million)		**–**	–	Orogen	LIBOR plus 2.20%	0.86%	6 June 2021
R1,500 million Nedbank revolving credit facility – old[6]	(h)	**–**	79.5	GFIJVH/GFO	JIBAR plus 2.50%	0.85%	7 March 2018
R1,500 million Nedbank revolving credit facility – new[6]		**–**	–	GFIJVH/GFO	JIBAR plus 2.80%	0.90%	8 May 2023
R500 million Standard Bank revolving credit facility[7]	(i)	**13.7**	–	GFIJVH/GFO	JIBAR plus 2.75%	1.05%	31 March 2020
R500 million Absa Bank revolving credit facility[8]	(j)	**34.2**	–	GFIJVH/GFO	JIBAR plus 2.55%	0.893%	31 March 2020
Short-term Rand uncommitted credit facilities[9]	(k)	**86.3**	114.1	–	–	–	–
Total borrowings		**2,011.6**	1,781.5				
Current borrowings		**(86.3)**	(193.6)				
Non-current borrowings		**1,925.3**	1,587.9				

1 The balance is net of unamortised transaction costs amounting to US$3.0 million (2017: US$4.5 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"), 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 (BVI) 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 (these facilities were cancelled and refinanced through the US$1,290 million term loan and revolving credit facility on 6 June 2017). 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 ("GF Ghana Limited") and Abosso Goldfields Limited ("Abosso"). 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 17 July 2017.

Fleet assets and CIL plant in Ghana amounting to US$183.6 million were pledged as security for this facility at 31 December 2017.

On 22 March 2018, the Borrowers, the Original Lender and the Security Agent entered into an Agreement and Restatement Agreement to release any and all security interests created in favour of the Security Agent ("the Security"). The effective date of the release of the Security was 22 March 2018.

On 23 November 2018, GF Ghana Limited and Abosso (as Borrowers) and The Standard Bank of South Africa Limited (acting through its Isle of Man branch) (as Original Lender and Agent) entered into the Fifth Amendment and Restatement Agreement which further amended the facility agreement. The effective date of the Fifth Amendment and Restatement Agreement is 30 November 2018. The final maturity date is the date falling three years after the effective date, namely 30 November 2021.

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 this facility are guaranteed by Gold Fields, GF Holdings, Orogen, GFO, GFIJVH and GF Ghana.

6 Borrowings under this facility are guaranteed by Gold Fields, GFO, GF Holdings, Orogen, GFIJVH, GF Ghana and Gruyere Holdings Proprietary Limited ("Gruyere"). The old revolving credit facility matured on 7 March 2018 and was replaced by the new revolving credit facility on 8 May 2018.

7 Borrowings under this facility are guaranteed by Gold Fields, GFO, GF Holdings, Orogen, GFIJVH, GF Ghana and Gruyere.

8 Borrowings under this facility are guaranteed by Gold Fields, GFO, GF Holdings, Orogen, GFIJVH, GF Ghana and Gruyere.

9 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.

	Figures in millions unless otherwise stated	United States Dollar 2018	2017
24.	**BORROWINGS** (continued)		
(a)	**US$1 billion notes issue**		
	Balance at beginning of the year	**847.9**	846.4
	Unwinding of transaction costs	**1.5**	1.5
	Balance at end of the year	**849.4**	847.9
(b)	**US$150 million revolving senior secured credit facility – old**		
	Balance at beginning of the year	**–**	82.0
	Loans advanced	**–**	–
	Repayments	**–**	(82.0)
	Balance at end of the year	**–**	–
(c)	**US$150 million revolving senior secured credit facility – new**		
	Balance at beginning of the year	**83.5**	–
	Loans advanced	**–**	83.5
	Balance at end of the year	**83.5**	83.5
(d)	**US$70 million revolving senior secured credit facility**		
	Balance at beginning of the year	**–**	45.0
	Repayments	**–**	(45.0)
	Balance at end of the year	**–**	–
(e)	**US$100 million revolving senior secured credit facility**		
	Balance at beginning of the year	**45.0**	–
	Loans advanced	**–**	45.0
	Balance at end of the year	**45.0**	45.0
(f)	**A$500 million syndicated revolving credit facility**		
	Balance at beginning of the year	**231.5**	–
	Loans advanced	**119.9**	236.6
	Translation adjustment	**(34.9)**	(5.1)
	Balance at end of the year	**316.5**	231.5
(g)	**US$1,290 million term loan and revolving credit facilities**		
	Balance at beginning of the year	**380.0**	658.5
	Loans advanced	**382.6**	73.5
	Repayments	**(179.6)**	(352.0)
	Balance at end of the year	**583.0**	380.0
(h)	**R1,500 million Nedbank revolving credit facility**		
	Balance at beginning of the year	**79.5**	–
	Loans advanced	**20.7**	78.5
	Repayments	**(107.7)**	–
	Translation adjustment	**7.5**	1.0
	Balance at end of the year	**–**	79.5

Notes to the consolidated financial statements (continued)

for the year ended 31 December

		United States Dollar	
	Figures in millions unless otherwise stated	**2018**	2017
24.	**BORROWINGS** (continued)		
(i)	**R500 million Standard Bank revolving credit facility**		
	Loans advanced	**13.7**	–
	Translation adjustment	**–**	–
	Balance at end of the year	**13.7**	–
(j)	**R500 million Absa revolving credit facility**		
	Loans advanced	**36.1**	–
	Translation adjustment	**(1.9)**	–
	Balance at end of the year	**34.2**	–
(k)	**Short-term Rand uncommitted credit facilities**		
	Balance at beginning of the year	**114.1**	61.0
	Loans advanced	**118.7**	262.6
	Repayments	**(144.6)**	(216.5)
	Translation adjustment	**(1.9)**	7.0
	Balance at end of the year	**86.3**	114.1
	Total borrowings	**2,011.6**	1,781.5
	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)	**1,162.2**	933.6
	Fixed rate with no exposure to repricing (US$1 billion notes issue)	**849.4**	847.9
		2,011.6	1,781.5
	The carrying amounts of the Group's borrowings are denominated in the following currencies:		
	US Dollar	**1,560.9**	1,356.4
	Australian Dollar	**316.5**	231.5
	Rand	**134.2**	193.6
		2,011.6	1,781.5
	The Group has the following undrawn borrowing facilities:		
	Committed	**986.7**	1,305.1
	Uncommitted	**26.5**	17.1
		1,013.2	1,322.2
	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
	– later than one year and not later than two years	**93.0**	–
	– later than two years and not later than three years	**791.2**	715.4
	– later than three years and not later than five years	**102.5**	550.0
		986.7	1,305.1

	Figures in millions unless otherwise stated	United States Dollar 2018	2017
25.	**PROVISIONS**		
25.1	Environmental rehabilitation costs	**289.6**	281.5
25.2	Silicosis settlement costs	**25.1**	31.9
25.3	Other	**4.8**	7.9
	Total provisions	**319.5**	321.3
25.1	**Environmental rehabilitation costs**		
	Balance at beginning of the year	**281.5**	283.1
	Changes in estimates – continuing operations[1]	**23.2**	(5.4)
	Changes in estimates – discontinued operations[1]	**–**	–
	Interest expense – continuing operations	**11.7**	12.1
	Interest expense – discontinued operations	**–**	0.2
	Payments	**(9.6)**	(8.1)
	Disposal of subsidiary	**–**	(12.9)
	Translation adjustment	**(17.2)**	12.5
	Balance at end of the year[2]	**289.6**	281.5
	The provision is calculated using the following gross closure cost estimates:		
	South Africa	**41.8**	41.8
	Ghana	**100.4**	98.1
	Australia	**178.2**	179.2
	Peru	**79.1**	61.9
	Chile	**0.4**	–
	Total gross closure cost estimates	**399.9**	381.0

The provision is calculated using the following assumptions:	**Inflation rate**	**Discount rate**
2018		
South Africa	**5.5%**	**10.0%**
Ghana	**2.2%**	**10.3%**
Australia	**2.5%**	**2.3% – 2.5%**
Peru	**2.2%**	**4.2%**
Chile	**2.2%**	**3.6%**
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%

[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 (refer note 34);
– Australia – mine rehabilitation fund levy; and
– Peru – bank guarantees.

Refer to note 38 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.

Notes to the consolidated financial statements (continued)

for the year ended 31 December

		United States Dollar	
	Figures in millions unless otherwise stated	**2018**	2017
25.	**PROVISIONS** (continued)		
25.2	**Silicosis settlement costs**[1]		
	Balance at beginning of the year	**31.9**	–
	Changes in estimates	**(4.5)**	30.2
	Unwinding of provision recognised as finance expense	**2.0**	0.9
	Translation	**(4.3)**	0.8
	Balance at end of the year	**25.1**	31.9
26.	**LONG-TERM INCENTIVE PLAN**		
	Opening balance	**18.1**	23.6
	Charge to income statement – continuing operations	**1.1**	5.0
	Charge to income statement – discontinued operations	**–**	0.1
	Payments	**(17.8)**	(11.5)
	Translation adjustment	**0.7**	0.9
	Balance at end of the year[2]	**2.1**	18.1
	Current portion of long-term incentive plan	**–**	(18.1)
	Non-current portion of long-term incentive plan	**2.1**	–

[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.

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, Gold Fields was able 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 during 2017. As a result, Gold Fields provided an amount of US$25.1 million (R367.8 million) (2017: US$31.9 million (R401.6 million)) for this obligation in the statement of financial position at 31 December 2018. The nominal amount of this provision is US$34.7 million (R507.0 million). Gold Fields believes that this remains a reasonable estimate of its share of the settlement of the class action claims and related costs.

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 8.74% (2017: 8.24%) was used, based on government bonds with similar terms to the anticipated settlements.

Refer note 35 for further details.

[2] *On 1 March 2014, the Remuneration Committee approved the Gold Fields Limited Long-Term Incentive Plan ("LTIP"). The plan provided 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 were assessed over the performance cycle which runs over three calendar years. The expected timing of the cash outflows in respect of each grant was at the end of three years after the original award was made. The last award under this plan was made in 2015.*

From 2018 onwards, Executive Committee members (including regional Executive Committee members) receive awards under the Gold Fields Limited 2012 Share Plan amended, while senior and middle management receive awards under the revised LTIP. The performance conditions of the revised LTIP are approved annually by the Remuneration Committee. 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.

		United States Dollar		
	Figures in millions unless otherwise stated	**2018**	2017	2016
27.	**TRADE AND OTHER PAYABLES**			
	Trade payables	**145.9**	190.8	
	Accruals and other payables	**236.7**	238.8	
	Payroll payables	**44.3**	51.7	
	Gold, copper and foreign exchange derivative contracts[1]	**22.6**	3.3	
	Leave pay accrual	**43.0**	42.5	
	Interest payable on loans	**10.5**	10.2	
	Deferred consideration – refer note 16.2	**–**	11.2	
	Total trade and other payables	**503.0**	548.5	
28.	**CASH GENERATED BY OPERATIONS**			
	(Loss)/profit from continuing operations	**(344.8)**	(20.8)	167.9
	Mining and income taxation	**(65.9)**	173.2	189.5
	Royalties	**62.5**	62.0	78.4
	Interest expense	**91.8**	91.2	82.5
	Interest received	**(6.8)**	(5.1)	(7.3)
	Amortisation and depreciation	**668.4**	748.1	671.4
	Interest expense – environmental rehabilitation	**11.7**	12.1	10.7
	Non-cash rehabilitation income	**(0.9)**	(13.5)	(9.7)
	Interest received – environmental trust funds	**(0.6)**	(0.5)	
	Impairment, net of reversal of impairment of investments and assets	**520.3**	200.2	76.5
	Write-off of exploration and evaluation assets	**37.7**	51.5	41.4
	Loss/(profit) on disposal of assets	**51.6**	(4.0)	(48.0)
	Profit on disposal of investments	**–**	–	(2.3)
	Gain on acquisition of Asanko	**(51.8)**	–	–
	Unrealised loss/(gain) on derivative contracts[2]	**36.6**	(20.7)	(14.4)
	Fair value (gain)/loss on Maverix warrants[2]	**(3.8)**	0.4	–
	Profit on dilution of Gold Fields' interest in Maverix	**(4.0)**	–	–
	Silicosis settlement costs[2]	**(4.5)**	30.2	
	Share-based payments	**37.5**	26.8	14.0
	Long-term incentive plan expense	**1.1**	5.0	10.5
	Payment of long-term incentive plan	**(17.8)**	(11.5)	–
	Borrowing costs capitalised	**(17.5)**	(22.9)	(15.1)
	Share of results of equity accounted investees, net of taxation	**0.2**	(0.3)	–
	Other[2]	**(3.0)**	(14.9)	0.4
	Total cash generated by operations	**998.0**	1,286.5	1,245.4
29.	**CHANGE IN WORKING CAPITAL**			
	Inventories	**0.8**	(55.1)	(39.2)
	Trade and other receivables	**15.0**	(2.2)	2.8
	Trade and other payables	**(32.1)**	(12.1)	34.1
	Total change in working capital	**(16.3)**	(69.4)	(2.3)
30.	**ROYALTIES PAID**			
	Amount owing at beginning of the year – continuing operations	**(16.3)**	(19.8)	(17.8)
	Royalties – continuing operations	**(62.5)**	(62.0)	(78.4)
	Amount owing at end of the year – continuing operations	**12.5**	16.3	19.8
	Translation	**0.8**	(0.5)	–
	Total royalties paid – continuing operations	**(65.5)**	(66.0)	(76.4)

[1] *Comprises US$12.3 million (2017: US$nil) relating to Australian gold derivative contracts, US$1.6 million (2017: US$nil) relating to gold derivative contracts at South Deep, US$8.7 million (2017: US$nil) relating to Australian foreign exchange derivative contracts and US$nil (2017: US$3.3 million) relating to Peruvian copper derivative contracts. Refer note 38 for further details.*

[2] *The item "Other" in 2017 and 2016 has been disaggregated into unrealised gain on derivative contracts, fair value loss on Maverix warrants and silicosis settlement costs.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

		United States Dollar		
	Figures in millions unless otherwise stated	**2018**	2017	2016
31.	**TAXATION PAID**			
	Amount owing at beginning of the year – continuing operations	**(77.5)**	(107.9)	(59.3)
	SA and foreign current taxation – continuing operations	**(145.7)**	(204.7)	(204.2)
	Amount owing at end of the year – continuing operations	**5.2**	77.5	107.9
	Translation	**0.8**	(4.4)	–
	Total taxation paid – continuing operations	**(217.2)**	(239.5)	(155.6)
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.			
	Retirement benefit costs	**32.8**	33.7	30.0
33.	**FINANCE LEASE LIABILITIES**			
	Balance at the beginning of the year	**–**	–	
	Additions[1]	**96.2**	–	
	Interest expense	**0.2**	–	
	Repayments	**(2.5)**	–	
	Translation adjustment	**(5.3)**	–	
	Balance at the end of the year	**88.6**	–	
	Current portion of finance lease liability	**(8.5)**	–	
	Non-current portion of finance lease liability	**80.1**	–	
	Finance lease liabilities are payable as follows:			
	Future minimum lease payments			
	– within one year	**11.6**	–	
	– later than one and not later than five years	**41.5**	–	
	– later than five years	**58.4**	–	
	Total	**111.5**	–	
	Interest			
	– within one year	**3.1**	–	
	– later than one and not later than five years	**11.5**	–	
	– later than five years	**8.3**	–	
	Total	**22.9**	–	
	Present value of minimum lease payments			
	– within one year	**8.5**	–	
	– later than one and not later than five years	**30.0**	–	
	– later than five years	**50.1**	–	
	Total	**88.6**	–	
34.	**COMMITMENTS**			
	Capital expenditure			
	Contracted for	**50.0**	44.5	
	Operating leases[2]			
	– within one year	**76.7**	66.6	
	– later than one and not later than five years	**256.5**	257.9	
	– later than five years	**324.2**	448.0	

Guarantees

The Group provides environmental obligation guarantees and other guarantees with respect to its South African, Peruvian, Ghanaian and Australian operations. These guarantees amounted to US$207.6 million at 31 December 2018 (2017: US$112.1 million and 2016: US$100.1 million) (refer note 25.1).

[1] *The finance lease additions relate mainly to the power purchase agreement at Gruyere. Gruyere joint venture ("Gruyere") entered into a contract with APA Power Holdings Proprietary Limited ("APA") for the supply of electricity to the Gruyere Mine. Gruyere has contracted APA to design, construct, operate and maintain the power facilities including gas pipelines for a period of 15 years. Gruyere pays a fee including a fixed monthly charge over the term of the arrangement, that is adjusted by the Australian consumer price index ("CPI") on an annual basis. Due to the location of the site and the capacity of the plant, APA is unlikely to sell the power generated to other customers. Accordingly, although the arrangement is not in the legal form of a lease, in terms of IFRIC 4* Determining Whether an Arrangement Contains a Lease, *it meets the definition of a lease and the lease was classified as a finance lease. At the inception of the arrangement, payments were split into lease payments and non-lease payments based on their relative fair values. The imputed finance costs on the liability were determined based on the interest rate implicit in the lease of 3.46%. The Group has proportionately consolidated its share of the finance lease.*

[2] *The operating lease commitments consist 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.*

35. 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 shares between the dates of the alleged thefts and May 2017 (approximately R43.7 billion). The alternative claims are computed based on the value of the shares as at the date of judgment (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.

The matter has been allocated to the commercial court of the Gauteng Local Division, Johannesburg, as a result of which it will be case managed by the Judge assigned to the matter, in order to ensure that it progresses to trial. A provisional trial date of 29 January 2020 has been allocated to this matter, but it will only proceed to trial on this date if it is trial ready, which seems unlikely.

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 Group 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.

On 3 May 2018, the Gold Working Group (comprising African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater) (the "GWG Parties") concluded a settlement agreement (the "Settlement Agreement") with the attorneys representing claimants in the silicosis and tuberculosis class action litigation. The Settlement Agreement provides meaningful compensation to all eligible workers suffering from silicosis and/or tuberculosis who worked in the GWG Parties' mines from 12 March 1965 to the effective date of the Settlement Agreement.

The Settlement Agreement is subject to certain suspensive conditions, including that an unconditional order of court, sanctioning the Settlement Agreement to make the Settlement Agreement an order of court, is obtained from the High Court of South Africa (Gauteng Local Division, Johannesburg) (the "Court").

The first stage of the Court approval application comprised an ex parte application which was heard on 13 December 2018. Following this hearing, the Court issued an order setting out how members of the settling classes and other interested parties should be informed of the proposed settlement and how they may make representations to the Court regarding the settlement, should they wish.

The second stage of the approval application makes provision for members of the settling classes and interested parties to make submissions to the Court, if they so wish, on the settlement. The hearing of the second stage of the approval application will take place from 29 to 31 May 2019. Should there be no notifications of objections to the settlement, this hearing will take place on 3 April 2019.

If and when the Court has approved the settlement, there will then be a period in which members of the settling classes may indicate whether they wish to opt out of the settlement. The Settlement Agreement provides that any member of the settlement classes who does not opt out is automatically eligible to submit a claim.

In terms of the settlement, a settlement trust will be constituted. A website **(www.SilicosisSettlement.co.za)** and a Facebook page **(www.facebook.com/silicosissettlement**) were established where miners, ex-miners or their dependants can register an interest in making a claim from the settlement trust once it is established, and learn more about the settlement.

Notes to the consolidated financial statements (continued)

for the year ended 31 December

35. CONTINGENT LIABILITIES (continued)

Silicosis (continued)

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.

Financial provision

Gold Fields has provided for the estimated cost of the class action settlement based on actuarial assessments and the provisions of the Settlement Agreement. At 31 December 2018, the provision for Gold Fields' share of the settlement of the class action claims and related costs amounted to US$25.1 million (R367.8 million). The nominal value of this provision is US$34.7 million (R507.0 million).

This provision compares to the initial amount raised in June 2017 of US$30.2 million (R400.2 million). The decrease is due to a change in the timing of expected cash flows.

The ultimate outcome of this matter remains uncertain, with a possible failure to fulfil all the suspensive conditions, including the Settlement Agreement being approved by the Court. The provision is consequently subject to adjustment in the future.

Acid mine drainage

Acid mine drainage or acid rock drainage, 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 from 2015 to 2018 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 2018 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 2019.

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).

South Deep tax dispute

The South Deep mine is jointly owned and operated by GFIJVH (50%) and GFO (50%).

During the September 2014 quarter, the South African Revenue Service ("SARS") issued a Finalisation of Audit Letter stating that SARS has disallowed GFIJVH's Additional Capital Allowance claim.

The Group objected to SARS' decision and vigorously defended its position. After no resolution was achieved during a Tax Court sitting in 2017, GFIJVH appealed to the High Court.

The Group announced that on 30 May 2018 GFIJVH and SARS entered into a confidential settlement agreement (as provided for in the Tax Administration Act) in full and final settlement of this matter. As a result of the settlement, GFIJVH has recognised an additional R2,708.0 million (US$185.1 million) of capital allowance with a tax benefit on this amount of R785.3 million (US$53.7 million).

36. EVENTS AFTER THE REPORTING DATE

Final dividend

On 15 February 2019, Gold Fields declared a final dividend of 20 SA cents per share.

37. FINANCIAL INSTRUMENTS

The effect of initially applying IFRS 9 on the Group's financial instruments is described in note 41. Due to the transition method adopted, comparative information has not been restated to reflect the new requirements.

Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities:

	Carrying amount					Fair value
Figures in millions unless otherwise stated	Fair value through profit or loss	Fair value through OCI	Financial assets measured at amortised cost	Other financial liabilities measured at amortised cost	Total	Total
2018						
Financial assets measured at fair value						
– Environmental trust funds	6.5	–	–	–	6.5	6.5
– Trade receivables from provisional copper sales	15.3	–	–	–	15.3	15.3
– Investments	–	93.1	–	–	93.1	93.1
– Asanko redeemable preference shares	–	132.9	–	–	132.9	132.9
– Warrants	9.3	–	–	–	9.3	9.3
– Gold, copper and oil derivative contracts	8.3	–	–	–	8.3	8.3
Total	39.4	226.0	–	–	265.4	265.4
Financial assets not measured at fair value						
– Environmental trust funds	–	–	54.3	–	54.3	54.3
– Trade and other receivables	–	–	64.2	–	64.2	64.2
– Cash and cash equivalents	–	–	399.7	–	399.7	399.7
Total	–	–	518.2	–	518.2	518.2
Financial liabilities measured at fair value						
– Gold, copper and foreign exchange derivative contracts	22.6	–	–	–	22.6	22.6
Total	22.6	–	–	–	22.6	22.6
Financial liabilities not measured at fair value						
– Borrowings	–	–	–	2,011.6	2,011.6	2,001.8
– Trade and other payables	–	–	–	393.1	393.1	393.1
– Finance lease liabilities	–	–	–	88.6	88.6	88.6
Total	–	–	–	2,493.3	2,493.3	2,483.5

Notes to the consolidated financial statements (continued)

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37. FINANCIAL INSTRUMENTS (continued)

Accounting classifications and fair values (continued)

Figures in millions unless otherwise stated	Carrying amount						Fair value
	Loans and receivables	Fair value through profit or loss	Available for sale	Derivative instruments	Other financial instruments	Total	Total
2017							
Financial assets measured at fair value							
– Environmental trust funds	–	7.3	–	–	–	7.3	7.3
– Trade receivables from provisional copper sales	–	21.2	–	–	–	21.2	21.2
– Investments	–	–	99.1	–	–	99.1	99.1
– Warrants	–	–	–	5.5	–	5.5	5.5
– Gold and oil derivative contracts	–	–	–	25.0	–	25.0	25.0
Total	–	28.5	99.1	30.5	–	158.1	158.1
Financial assets not measured at fair value							
– Environmental trust funds	48.2	–	–	–	–	48.2	48.2
– Trade and other receivables	45.3	–	–	–	–	45.3	45.3
– Cash and cash equivalents	479.0	–	–	–	–	479.0	479.0
Total	572.5	–	–	–	–	572.5	572.5
Financial liabilities measured at fair value							
– Copper derivative contracts	–	–	–	3.3	–	3.3	3.3
Total	–	–	–	3.3	–	3.3	3.3
Financial liabilities not measured at fair value							
– Borrowings	–	–	–	–	1,781.5	1,781.5	1,805.1
– Trade and other payables	–	–	–	–	451.0	451.0	451.0
Total	–	–	–	–	2,232.5	2,232.5	2,256.1

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 and redeemable preference shares

The fair value of publicly traded instruments (listed investments) is based on quoted market values. Asanko redeemable preference shares are accounted for at fair value based on the expected cash flows as set out in note 17.

Warrants

Warrants are measured at fair value, using a standard European call option format based on a standard option theory model, with adjustments to the fair value being recognised in profit or loss.

Oil, gold, copper and foreign exchange derivative contracts

The fair values of these contracts are determined by using available market contract values for each trading date's settlement volume.

Environmental trust funds

The environmental trust funds are measured at amortised cost and fair value through profit or loss which approximates fair value based on the nature of the fund's investments.

Borrowings

The fair value 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.

37. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The Group has 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 year ended 31 December 2018 and 2017.

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:

	United States Dollar							
	2018				2017			
Figures in millions unless otherwise stated	**Total**	**Level 1**	**Level 2**	**Level 3**	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Environmental trust funds	**6.5**	**–**	**6.5**	**–**	7.3	–	7.3	–
Trade receivables from provisional copper sales	**15.3**	**–**	**15.3**	**–**	21.2	–	21.2	–
Investments – listed	**93.0**	**93.0**	**–**	**–**	99.0	99.0	–	–
Investments – unlisted	**0.1**	**–**	**–**	**0.1**	0.1	–	–	0.1
Asanko redeemable preference shares	**132.9**	**–**	**–**	**132.9**	–	–	–	–
Warrants	**9.3**	**–**	**9.3**	**–**	5.5	–	5.5	–
Oil derivative contracts	**4.7**	**–**	**4.7**	**–**	14.1	–	14.1	–
Copper derivative contracts	**1.2**	**–**	**1.2**	**–**	–	–	–	–
Gold derivative contracts	**2.4**	**–**	**2.4**	**–**	10.9	–	10.9	–
Financial liabilities measured at fair value								
Copper derivative contracts	**–**	**–**	**–**	**–**	3.3	–	3.3	–
Foreign exchange derivative contracts	**8.7**	**–**	**8.7**	**–**	–	–	–	–
Gold derivative contracts	**13.9**	**–**	**13.9**	**–**	–	–	–	–

Trade receivables from provisional copper 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.

Asanko redeemable preference shares

The fair value is based on the expected cash flows of the Asanko Gold mine based on the life-of-mine model (refer note 17 for further details).

Warrants

Warrants 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, copper and foreign exchange 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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38. 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 Framework and the Treasury Process Control Manual, 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:

Risk management objectives	Description
Credit risk	
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.
Investment risk management	The objective is to achieve optimal returns on surplus funds.
Liquidity risk	
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.
Funding risk management	The objective is to meet funding requirements timeously and at competitive rates by adopting reliable liquidity management procedures.
Market risk	
Currency risk management	The objective is to maximise the Group's profits by minimising currency fluctuations.
Interest rate risk management	The objective is to identify opportunities to prudently manage interest rate exposures.
Commodity price risk management	Commodity price risk management takes place within limits and with counterparts as approved in the Treasury Framework.
Other risks	
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 coordinated and consistent throughout the Group and that they comply where necessary with all relevant regulatory and statutory requirements.

38. RISK MANAGEMENT ACTIVITIES (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents as well as environmental trust funds.

The Group has reduced its credit exposure 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.

The combined maximum credit risk exposure of the Group is as follows:

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
Environmental trust funds	**60.8**	55.5
Trade and other receivables[1]	**79.5**	66.5
Cash and cash equivalents	**399.7**	479.0

[1] *Trade and other receivables above exclude VAT, import duties, prepayments, payroll receivables, derivative contracts and diesel rebates amounting to US$73.7 million (2017: US$135.4 million).*

Expected credit loss assessment for customers at 31 December 2018 under IFRS 9

The Group determines each exposure to credit risk based on data that is determined to be predictive of the risk of loss and past experienced credit judgment.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group also considers other factors that might impact the credit risk of its customer base including default risk and the country in which the customer operates.

Impairment of trade receivables, carried at amortised cost, has been determined using the simplified expected credit loss ("ECL") approach and reflects the short-term maturities of the exposures. These receivables comprise refineries purchasing gold bullion and are all in sound financial position. The Group further limits its exposure to credit risk from these receivables through payment terms of two to three days after recognition of revenue for gold sales.

Receivables due from the sale of the Tarkwa mining fleet were assessed using the simplified ECL approach. The ECL was based on the Group's understanding of the financial position of the counterparty, including the consideration of their credit risk grade.

Concentration risk

At 31 December 2018, the exposure to credit risk for trade receivables by geographic region was as follows:

	United States Dollar	
Figures in millions unless otherwise stated	**2018**	2017
South Africa	**–**	12.8
Ghana	**8.1**	10.4
Australia	**–**	2.2
Peru	**15.3**	21.2
Total trade receivables	**23.4**	46.6

Comparative information under IAS 39

An analysis of the total trade receivables indicated that the past due but not impaired trade receivables at 31 December 2018 was US$0.1 million (2017: US$nil). At 31 December 2018, receivables of US$0.2 million (2017: US$0.1 million) were considered impaired and were provided for.

Cash and cash equivalents

The Group held cash and cash equivalents of US$399.7 million (2017: US$479.0 million).

The cash and cash equivalents are held with banks and financial institutions which are rated BBB- to AA+, based on Standard & Poor's ratings. Impairment of cash and cash equivalents has been determined using the simplified ECL approach. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Environmental trust funds

The Group held environmental trust funds of US$60.8 million (2017: US$55.5 million).

The environmental trust funds are held with banks and financial institutions which are rated BBB- to AA+, based on S&P ratings. Impairment of environmental trust funds has been determined using the simplified ECL approach. The Group considers that its environmental trust funds have low credit risk based on the external credit ratings of the counterparties with which the funds are deposited with.

Concentration of credit risk on cash and cash equivalents and environmental trust funds is considered minimal due to the Group's investment risk management and counterparty exposure risk management policies.

Notes to the consolidated financial statements (continued)

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38. 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**
2018				
Trade and other payables	**393.1**	**–**	**–**	**393.1**
Gold, copper and foreign exchange derivative contracts	**22.6**	**–**	**–**	**22.6**
Borrowings[1]				
– US$ borrowings[2]				
– Capital	**–**	**1,563.9**	**–**	**1,563.9**
– Interest	**74.2**	**60.4**	**–**	**134.6**
– A$ borrowings[3]				
– Capital	**–**	**316.5**	**–**	**316.5**
– Interest	**13.8**	**19.4**	**–**	**33.2**
– Rand borrowings[4]				
– Capital	**86.3**	**47.9**	**–**	**134.2**
– Interest	**11.6**	**1.2**	**–**	**12.8**
Environmental rehabilitation costs[5]	**13.0**	**33.7**	**353.2**	**399.9**
Finance lease liabilities	**11.6**	**41.5**	**58.4**	**111.5**
South Deep dividend	**1.4**	**4.1**	**4.1**	**9.6**
Total	**627.6**	**2,088.6**	**415.7**	**3,131.9**
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

[1] Spot rate: R14.63 = US$1.00 (2017: R12.58 = US$1.00 and 2016: R14.03 = US$1.00).
[2] USD borrowings – Spot LIBOR (one month fix) rate adjusted by specific facility agreement: 2.50625% (2017: 1.5638% (one month fix)).
[3] AUD borrowings – Spot Bank Bill Swap Bid Rate (BBSY) (one month fix) adjusted by specific facility agreement: 2.02% (2017: 1.76%).
[4] ZAR borrowings – Spot JIBAR (one month fix) rate adjusted by specific facility agreement: 6.942% (2017: 6.908%) and bank overnight borrowing rate on uncommitted credit facilities: average of 8.1% (2017: 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$60.8 million (2017: US$55.5 million) of the environmental rehabilitation costs are funded through the environmental trust funds.

38. 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 and Australian Dollar.

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 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 2018. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into account.

Foreign currency hedging experience

Australia

In May 2018, the Australian operations entered into Australian Dollar/US Dollar average rate forwards for a total notional US$96.0 million for the period January 2019 to December 2019 at an average strike price of 0.7517.

In June 2018, further hedges were taken out for a total notional US$60.0 million for the same period January 2019 to December 2019 at an average strike of 0.7330.

In September 2018, further hedges were taken out for a total notional US$100 million for the same period January 2019 to December 2019 at an average strike of 0.7182.

In October 2018, further hedges were taken out for the period January 2019 to December 2019 for a notional US$60 million at an average strike of 0.7075.

In December 2018, further hedges were taken out for the period January 2019 to December 2019 for a notional US$50 million at an average strike of 0.715.

At 31 December 2018, the marked-to-market value on the hedges was negative US$8.7 million.

Notes to the consolidated financial statements (continued)

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38. 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 prices, 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 prices. 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

Australia

In February 2018, the Australian operations entered into Asian swaps (Asian swaps are options where the payoff is determined by the average monthly gold price over the option period) for the period June 2018 to December 2018 for a total of 221,000 ounces of gold. The average strike price on the swaps was A$1,714 per ounce.

In March 2018, the Australian operations entered into zero-cost collars for the period April 2018 to December 2018 for a total of 452,800 ounces of gold. The average strike prices are A$1,703 per ounce on the floor and US$1,767 per ounce on the cap.

The realised gain on the above Asian swaps and zero-cost collars was US$8.4 million.

In December 2018, additional Asian swaps were entered into for the period January 2019 to December 2019 for a notional 283,000 ounces of gold at an average strike price of A$1,751 per ounce.

At 31 December 2018, the marked-to-market value on the above hedge was negative US$8.4 million.

In December 2018, additional zero-cost collars were executed for the period January 2019 to December 2019 for a notional 173,000 ounces of gold with a strike price on the floor at A$1,720 per ounce and the strike price on the cap at A$1,789 per ounce.

At 31 December 2018, the marked-to-market value on the hedge was negative US$3.9 million.

Subsequent to year-end, additional zero-cost collars were executed for the period January 2019 to December 2019 for a notional 456,000 ounces of gold with a strike price on the floor at A$1,800 per ounce and the strike price on the cap at A$1,869 per ounce.

In summary, the zero-cost collars taken out for Australia for 2019 are for 629,000 ounces of gold in total with a strike price on the floor at A$1,778 per ounce and a strike price on the cap at A$1,847 per ounce and Asian swaps of 283,000 ounces of gold with an average strike price of A$1,751 per ounce.

38. RISK MANAGEMENT ACTIVITIES (continued)

Commodity price hedging experience (continued)

Gold and copper (continued)

Peru

In November 2017, 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 2018, the marked-to-market valuation of the hedge was a positive of US$1.2 million, with a realised gain of US$4.8 million.

South Africa

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 2018, the marked-to-market value on the hedge was positive US$0.4 million with a realised gain of US$8.9 million.

In October 2018 and November 2018, average rate forwards were entered into for the period September 2019 to December 2019 for a total of 69,543 ounces at an average strike price of R615,103 per kilogram.

At 31 December 2018, the marked-to-market value was negative US$2.0 million.

Subsequent to year-end, additional rate forwards were taken out for a further 30,072 ounces at an average strike price of R620,000 per kilogram.

In summary, the rate forwards taken out for South Deep for 2019 are for 99,615 ounces of gold in total at an average strike price of R616,581 per kilogram.

Ghana

In January 2018 and April 2018, a total of 488,900 ounces of the expected production for the Ghanaian region was hedged for the period January 2018 to December 2018 using zero-cost collars. The average strike prices are US$1,300 per ounce on the floor and US$1,418 per ounce on the cap.

At 31 December 2018, the marked-to-market value on the hedge was positive US$2.4 million with a realised gain of US$19.6 million.

Oil

Australia

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 2018, the marked-to-market value on the hedge was a positive US$1.7 million with a realised gain of US$4.6 million.

Ghana

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 2018, the marked-to-market value on the hedge was a positive US$3.0 million with a realised gain of US$7.5 million.

The gains and losses on the above hedges were recognised in profit or loss and are included in the gain on financial instruments line item. The Group does not apply hedge accounting.

Notes to the consolidated financial statements (continued)

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38. 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 designated at fair value through OCI. 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. 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			
Sensitivity to equity security price *Figures in millions unless otherwise stated*	**(Decrease)/increase in equity price**			
	(10.0%)	**(5.0%)**	**5.0%**	**10.0%**
2018				
(Decrease)/increase in OCI[1]	**(9.3)**	**(4.7)**	**4.7**	**9.3**
2017				
(Decrease)/increase in OCI[1]	(9.9)	(5.0)	5.0	9.9

[1] *Spot rate: R14.63 = US$1.00 (2017: R12.58 = US$1.00).*

Preference shares price risk

The Group is exposed to preference shares price risk because of the Asanko preference shares which are designated at fair value through OCI. The fair value of the redeemable preference shares is based on the expected cash flows of the Asanko Gold mine based on the life-of-mine model.

The tables below summarise the impact of increases/decreases on the Group's shareholders' equity in case of changes in the key inputs used to value the preference shares. The first analysis is based on the assumption that the market-related discount rate has increased/decreased with all other variables held constant. The second analysis is based on the assumption that the timing of the cash flows used in the life-of-mine model increased/decreased with all other variables held constant.

	United States Dollar			
Sensitivity to preference shares price risk *Figures in millions unless otherwise stated*	**(Decrease)/increase in discount rate**			
	(1.0%)	**(2.0%)**	**2.0%**	**1.0%**
2018				
Increase/(decrease) in OCI	**3.4**	**6.8**	**(6.8)**	**(3.4)**

	United States Dollar	
Sensitivity to preference shares price risk *Figures in millions unless otherwise stated*	**(Decrease)/increase in timing of cash flows**	
	1 year earlier	**1 year later**
2018		
Increase/(decrease) in OCI	**11.1**	**(10.1)**

38. 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 2018, Gold Fields' borrowings amounted to US$2,011.6 million (2017: US$1,781.5 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$1,162.2 million (2017: US$933.6 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$711.5 million (2017: US$508.5 million) of the total borrowings at reporting date is exposed to changes in the LIBOR rate, US$47.9 million (2017: US$79.5 million) is exposed to the JIBAR rate, US$86.3 million (2017: US$114.1 million) is exposed to the South African prime ("prime") interest rate and US$316.5 million (2017: US$231.5 million) 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. The analysis is based on the assumption that the applicable interest rate increased/decreased with all other variables held constant and is calculated on the weighted average borrowings for the year. 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

Sensitivity to interest rates *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%**
2018						
Sensitivity to LIBOR interest rates	**(9.8)**	**(6.5)**	**(3.3)**	**3.3**	**6.5**	**9.8**
Sensitivity to BBSY interest rates[1]	**(4.9)**	**(3.3)**	**(1.6)**	**1.6**	**3.3**	**4.9**
Sensitivity to JIBAR and prime interest rates[2]	**(1.2)**	**(0.8)**	**(0.4)**	**0.4**	**0.8**	**1.2**
Change in finance expense	**(15.9)**	**(10.6)**	**(5.3)**	**5.3**	**10.6**	**15.9**
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

[1] *Average rate: A$0.75 = US$1.00 (2017: A$0.77 = US$1.00)*
[2] *Average rate: R13.2 = US$1.00 (2017: R13.33 = US$1.00)*

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for the year ended 31 December

39. 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	**2018**	2017
Borrowings	24	**2,011.6**	1,781.5
Less: Cash and cash equivalents	21	**399.7**	479.0
Net debt		**1,611.9**	1,302.5
Adjusted EBITDA		**1,111.6**	1,263.7
Net debt to adjusted EBITDA		**1.45**	1.03
Reconciliation of (loss)/profit for the year to adjusted EBITDA:			
(Loss)/profit for the year (continuing and discontinued operations)		**(344.8)**	(7.7)
Mining and income taxation from continuing operations		**(65.9)**	173.2
Mining and income taxation from discontinued operations	12.1	**–**	(1.4)
Royalties from continuing operations		**62.5**	62.0
Royalties from discontinued operations	12.1	**–**	1.1
Finance expense from continuing operations		**88.0**	81.3
Investment income from continuing operations		**(7.8)**	(5.6)
Gain on financial instruments from continuing operations		**(21.0)**	(34.4)
Foreign exchange loss from continuing operations		**(6.4)**	3.5
Amortisation and depreciation from continuing operations	2	**668.4**	748.1
Amortisation and depreciation from discontinued operations	12.1	**–**	3.5
Share-based payments from continuing operations		**37.5**	26.8
Long-term incentive plan from continuing operations		**1.1**	5.0
Restructuring costs from continuing operations		**113.9**	9.2
Silicosis settlement costs from continuing operations		**(4.5)**	30.2
Impairment, net of reversal of impairment of investments and assets from continuing operations		**520.3**	200.2
Profit on disposal of assets from continuing operations		**51.6**	(4.0)
Gain on sale of discontinued operation, net of taxation	12.1	**–**	(16.4)
Share of results of equity accounted investees, net of taxation		**13.1**	1.3
Rehabilitation income from continuing operations	7	**(0.9)**	(13.5)
Realised gain on derivative contracts		**53.8**	–
Gain on acquisition of Asanko	15	**(51.8)**	–
Other		**4.5**	1.3
		1,111.6	1,263.7

40. RELATED PARTIES

(a) Subsidiaries, associates and joint ventures

The subsidiaries, associates and joint ventures of the Company are disclosed in note 43.

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*.

(b) Key management remuneration

Key management personnel include executive directors and prescribed officers ("Executive Committee"). The total key management remuneration amounted to US$17.0 million (2017: US$17.0 million) for 2018.

The details of key management personnel, including remuneration and participation in the Gold Fields Limited share scheme and LTIP are disclosed in note 40 (c).

(c) Directors' and prescribed officers' remuneration

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 2018, the Executive Committee and non-executive directors' beneficial interest in the issued and listed stated capital of the Company was 0.1% (2017: 0.2%). No one director's interest individually exceeds 1% of the issued stated capital or voting control of the Company.

Non-executive directors ("NEDs")

NEDs' fees reflect their services as directors and services on various subcommittees on which they serve.

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.

The Remuneration Committee seeks to align NEDs' fees to the median of an appropriate peer group and reviews fee structures for NEDs on an annual basis. Approval is sought from shareholders after recommendation by the Board at the Annual General Meeting.

The following table summarises the remuneration for NEDs for the years ended 31 December 2018 and 2017:

	Board fees		
	Directors' fees US$'000	Committee fees US$'000	Total US$'000
C Carolus	**231.3**	**–**	**231.3**
R Menell	**150.5**	**–**	**150.5**
D Ncube[1]	**30.7**	**21.3**	**52.0**
Y Suleman	**75.9**	**72.4**	**148.3**
P Bacchus	**80.6**	**61.1**	**141.7**
S Reid	**80.6**	**55.4**	**136.0**
T Goodlace	**75.9**	**38.4**	**114.3**
A Andani	**80.6**	**40.2**	**120.8**
C Letton	**80.6**	**49.8**	**130.4**
P Mahanyele-Dabengwa[2]	**25.9**	**2.7**	**28.6**
Total – 2018	**912.6**	**341.3**	**1,253.9**
C Carolus	216.0	–	216.0
R Menell	140.5	–	140.5
D Ncube	70.9	49.1	120.0
Y Suleman	70.9	53.3	124.2
P Bacchus	76.5	53.1	129.6
S Reid	76.5	54.1	130.6
T Goodlace	70.9	40.6	111.5
A Andani	76.5	53.3	129.8
C Letton[3]	51.0	20.0	71.0
G Wilson[4]	28.4	26.3	54.7
Total – 2017	878.1	349.8	1,227.9

[1] *Retired from the Board at end May 2018.*
[2] *Appointed to the Board in September 2018.*
[3] *Fees in respect of the 2017 year were paid as a lump sum in January 2018.*
[4] *Retired from the Board at end of May 2017.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

40. RELATED PARTIES (continued)

Executive Committee

The following table summarises the remuneration for executive directors and prescribed officers for the years ended 31 December 2018 and 2017: (Details of the remuneration are further described in the Remuneration Report)

	Salary[1] US$'000	Pension fund contribution US$'000	Cash incentive[2] US$'000	Other[3] US$'000	Share-based payment expense[4] US$'000	LTIP expense[4] US$'000	Total US$'000
Executive directors							
N Holland	**1,251.6**	**26.5**	**661.5**	**–**	**1,654.8**	**25.5**	**3,619.9**
P Schmidt	**626.6**	**48.2**	**306.2**	**2.1**	**876.2**	**25.3**	**1,884.6**
	1,878.2	**74.7**	**967.7**	**2.1**	**2,531.0**	**50.8**	**5,504.5**
Prescribed officers							
L Rivera[5]	**668.8**	**72.8**	**132.9**	**386.8**	**202.6**	**–**	**1,463.9**
A Baku[6]	**808.0**	**185.8**	**634.8**	**68.0**	**990.4**	**25.5**	**2,712.5**
R Butcher	**384.5**	**37.3**	**192.4**	**–**	**238.5**	**–**	**852.7**
N Chohan	**367.2**	**26.5**	**213.9**	**1.8**	**341.1**	**6.9**	**957.4**
B Mattison[7]	**453.6**	**26.5**	**271.9**	**2.5**	**545.1**	**16.4**	**1,316.0**
T Harmse	**369.7**	**26.5**	**215.3**	**7.8**	**433.5**	**13.9**	**1,066.7**
A Nagaser	**243.3**	**27.0**	**131.1**	**0.4**	**185.8**	**5.0**	**592.6**
S Mathews[8]	**438.2**	**29.5**	**289.4**	**4.9**	**399.2**	**10.9**	**1,172.1**
M Preece	**541.7**	**26.5**	**168.8**	**0.4**	**113.0**	**–**	**850.4**
R Bardien[9]	**274.3**	**24.3**	**150.5**	**106.1**	**–**	**–**	**555.2**
	4,549.3	**482.7**	**2,401.0**	**578.7**	**3,449.2**	**78.6**	**11,539.5**
Total – 2018	**6,427.5**	**557.4**	**3,368.7**	**580.8**	**5,980.2**	**129.4**	**17,044.0**
Executive directors							
N Holland	1,186.9	26.3	1,002.2	–	1,264.3	158.8	3,638.5
P Schmidt	588.6	48.2	542.7	4.0	674.8	141.8	2,000.1
	1,775.5	74.5	1,544.9	4.0	1,939.1	300.6	5,638.6
Prescribed officers							
L Rivera[5]	626.3	48.4	270.4	253.3	156.8	–	1,355.2
A Baku[6]	784.7	180.5	719.8	150.2	784.3	146.8	2,766.3
R Butcher	353.0	37.9	278.5	–	178.9	–	848.3
N Chohan	342.8	26.3	288.3	3.3	261.4	40.3	962.4
B Mattison[7]	426.7	26.3	369.9	1.0	426.9	93.9	1,344.7
T Harmse	344.7	26.3	290.1	6.8	342.2	78.2	1,088.3
A Nagaser	228.1	25.3	192.0	0.7	143.7	24.9	614.7
S Mathews[8]	397.5	21.2	326.1	10.0	316.4	59.5	1,130.7
M Preece	338.2	16.6	–	–	63.5	–	418.3
L Samuel[10]	384.3	17.5	–	198.9	–	–	600.7
R Weston[11]	102.0	4.5	–	7.6	34.4	–	148.5
N Muller[12]	129.4	6.6	–	34.0	–	–	170.0
	4,457.7	437.4	2,735.1	665.8	2,708.4	443.6	11,448.0
Total – 2017	6,233.2	511.9	4,280.0	669.8	4,647.5	744.2	17,086.6

[1] *The total US$ amounts paid for 2018, and included in salary were as follows : N Holland US$406,700 (2017: US$396,500), P Schmidt US$124,150 (2017: US$121,000) and B Mattison US$88,217 (2017: US$86,000).*
[2] *The annual bonuses for the year ended 31 December 2017 and 31 December 2018 were paid in February 2018 and February 2019, respectively.*
[3] *Other payments include special bonuses and incidental payments unless otherwise stated.*
[4] *The share-based payment and LTIP expenses are calculated in terms of IFRS and are not the cash amounts paid. For details of the cash amounts paid, refer the Remuneration Report.*
[5] *Other payments for 2018 relate to cash in lieu of 2016 share award payable upon vesting in March 2019 and 2017 relate to a legislative bonus.*
[6] *Other payments for 2018 relate to a profit share bonus payment and 2017 relates to a leave allowance.*
[7] *Other payments for 2018 relate to a service award.*
[8] *Other payments for 2018 relate to a bonus payment in lieu of most improved operation bonus scheme..*
[9] *Appointed on 1 February 2018. Other payments for 2018 relate to a sign-on-bonus.*
[10] *Resigned 31 July 2017. Other payments for 2017 include a payment in lieu of notice.*
[11] *Retired 28 February 2017.*
[12] *Resigned 31 March 2017.*

41. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods adopted by the Group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards.

(a) IFRS 15 – Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue,* IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods.

Revenue from mining operations

Revenue is now recognised when the customer takes control of the gold, copper and silver. The timing of recognition of revenue is no longer when risks and rewards of ownership pass to the customer.

The change in the timing of revenue recognition results in revenue at the South African and Australian operations being recognised on settlement date (when control passes) and not contract date (previous date when risks and rewards of ownership pass to the customer). 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.

Transition method applied by the Group

The Group adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The following table summarises the impact, net of tax, of transition to IFRS 15 on retained earnings at 1 January 2018:

	United States Dollar
Figures in millions unless otherwise stated	**Impact of adopting IFRS 15 at 1 January 2018**
Retained earnings	
Revenue	**(15.0)**
Cost of sales	**11.5**
Impact at 1 January 2018	**(3.5)**

The implementation of IFRS 15 had no impact on non-controlling interest.

Notes to the consolidated financial statements (continued)

for the year ended 31 December

41. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) IFRS 15 – Revenue from contracts with customers (continued)

Transition method applied by the Group (continued)

The following tables summarise the impact of adopting IFRS 15 on the Group's income statement and statement of OCI and cash flow statement for the year then ended for each of the line items affected. There was no impact on the Group's statement of financial position at 31 December 2018.

	United States Dollar		
	2018		
Figures in millions unless otherwise stated	As reported	Adjustment	Amounts without adoption of IFRS 15
Revenue	2,577.8	(15.0)	2,562.8
Cost of sales	(2,043.0)	11.5	(2,031.5)
Others	(879.6)	–	(879.6)
(Loss)/profit for the year	(344.8)	(3.5)	(348.3)
OCI, net of tax	(330.0)	–	(330.0)
Total comprehensive income for the year	(674.8)	(3.5)	(678.3)

	United States Dollar		
	2018		
Figures in millions unless otherwise stated	As reported	Adjustment	Amounts without adoption of IFRS 15
Cash flows from operating activities			
Cash generated by operations	998.0	(3.5)	994.5
Change in working capital	(16.3)	3.5	(12.8)
Others	(423.9)	–	(423.9)
	557.8	–	557.8

(b) IFRS 9 – Financial Instruments

IFRS 9 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: Recognition and Measurement.*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 were immaterial and therefore no adjustments were required to be recognised in retained earnings and reserves as at 1 January 2018.

Changes to disclosures are reflected in the financial instruments note disclosure in the consolidated financial statements.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through OCI ("FVOCI") and fair value through profit or loss ("FVTPL"). It eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9, however, largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

41. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) IFRS 9 – Financial Instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

The following table summarises the impact of transition to IFRS 9 on the classification of financial assets and financial liabilities at 1 January 2018:

Figures in millions unless otherwise stated	Note	Original classification under IAS 39	New classification under IFRS 9	United States Dollar **Carrying amount under IAS 39**	**Carrying amount under IFRS 9**
Environmental trust funds	37	FVTPL	FVTPL	**7.3**	**7.3**
Environmental trust funds	37	Loans and receivables	Amortised cost	**48.2**	**48.2**
Trade and other receivables	37	Loans and receivables	Amortised cost	**45.3**	**45.3**
Cash and cash equivalents	37	Loans and receivables	Amortised cost	**479.0**	**479.0**
Trade receivables from provisional copper and gold concentrate sales	37	FVTPL	FVTPL	**21.2**	**21.2**
Investments[1]	37	Available for sale	FVOCI	**99.1**	**99.1**
Warrants	37	Derivative instruments	FVTPL	**5.5**	**5.5**
Gold and oil derivative contracts	37	Derivative instruments	FVTPL	**25.0**	**25.0**
Total financial assets				**730.6**	**730.6**

[1] *As permitted by IFRS 9, the Group has designated these investments at the date of initial application at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.*

Figures in millions unless otherwise stated	Note	Original classification under IAS 39	New classification under IFRS 9	United States Dollar **Carrying amount under IAS 39**	**Carrying amount under IFRS 9**
Borrowings	37	Other financial liabilities	Other financial liabilities	**1,781.5**	**1,781.5**
Trade and other payables	37	Other financial liabilities	Other financial liabilities	**451.0**	**451.0**
Copper derivative contracts	37	FVTPL	FVTPL	**3.3**	**3.3**
Total financial liabilities				**2,235.8**	**2,235.8**

Impairment of financial assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Group has determined that, based on the ECL calculations, the application of IFRS 9’s impairment requirements does not result in any additional allowance for impairment at 1 January 2018. Additional information about how the Group measures the allowance for impairment is described in notes 37 and 38.

Notes to the consolidated financial statements (continued)

for the year ended 31 December

42. SEGMENT REPORT

Financial summary

Figures in millions unless otherwise stated	South Africa	Ghana				Peru	Australia							
	South Deep[1]	Tarkwa	Damang	Asanko[2]	Total Ghana	Cerro Corona	St Ives	Agnew/ Lawlers	Granny Smith	Total Australia	Gruyere	Corporate and other[3]	Group including Asanko	Group excluding Asanko
INCOME STATEMENT														
for the year ended 31 December 2018														
Revenue	**210.1**	666.9	229.0	54.9	**950.8**	**351.0[7]**	464.7	301.1	355.0	**1,120.8**	–	–	**2,632.7**	**2,577.8**
Cost of sales	**(320.5)**	(477.1)	(224.3)	(52.9)	**(754.3)**	**(236.6)**	(332.2)	(236.4)	(212.7)	**(781.3)**	–	(3.1)	**(2,095.9)**	**(2,043.0)**
Cost of sales before gold inventory change and amortisation and depreciation	**(262.0)**	(298.7)	(143.5)	(41.6)	**(483.8)**	**(160.3)**	(200.9)	(159.7)	(166.3)	**(526.9)**	–	0.6	**(1,432.4)**	**(1,390.8)**
Gold inventory change	**(9.6)**	(10.1)	19.1	4.2	**13.2**	**5.5**	14.9	(1.7)	(1.8)	**11.4**	–	–	**20.4**	**16.2**
Amortisation and depreciation	**(48.9)**	(168.3)	(99.9)	(15.5)	**(283.7)**	**(81.8)**	(146.2)	(75.0)	(44.6)	**(265.8)**	–	(3.7)	**(683.9)**	**(668.4)**
Other income/(costs)	**(6.3)**	(0.9)	8.4	(0.3)	**7.2**	**1.5**	4.5	9.1	1.1	**14.8**	(3.5)	(44.5)[4]	**(30.8)**	**(30.5)**
Share-based payments	**(4.7)**	(6.8)	(2.1)	–	**(8.9)**	**(4.3)**	(3.5)	(2.6)	(3.1)	**(9.2)**	–	(10.4)	**(37.5)**	**(37.5)**
Long-term incentive plan	**0.1**	0.4	–	–	**0.4**	**0.4**	(0.2)	–	(0.2)	**(0.4)**	–	(1.6)	**(1.1)**	**(1.1)**
Exploration expense	**–**	–	(0.4)	–	**(0.4)**	**(1.1)**	(18.2)	(8.0)	(11.0)	**(37.2)**	(0.5)	(65.0)	**(104.2)**	**(104.2)**
Restructuring costs	**(11.2)**	(88.8)	(13.9)	–	**(102.7)**	**–**	–	–	–	**–**	–	–	**(113.9)**	**(113.9)**
Silicosis settlement costs	**–**	–	–	–	**–**	**–**	–	–	–	**–**	–	4.5	**4.5**	**4.5**
Impairment and reversal of impairment of investments and assets, net	**(246.2)**	–	–	–	**–**	**(1.9)**	–	–	–	**0.0**	–	(272.2)	**(520.3)**	**(520.3)**
Profit/(loss) on disposal of assets	**1.0**	(38.0)	–	–	**(38.0)**	**–**	(0.3)	(0.1)	–	**(0.4)**	–	(14.2)	**(51.6)**	**(51.6)**
Investment income	**0.9**	8.3	–	–	**8.3**	**–**	0.4	0.2	0.3	**0.9**	–	(2.3)	**7.8**	**7.8**
Finance expense	**(9.6)**	(4.3)	(9.8)	–	**(14.1)**	**(5.0)**	(2.5)	(1.0)	(1.0)	**(4.6)**	(0.2)	(54.5)	**(88.0)**	**(88.0)**
Gain on acquisition of Asanko	**–**	–	–	–	**–**	**–**	–	–	–	**–**	–	51.8	**51.8**	**51.8**
Royalties	**(1.0)**	(21.2)	(7.3)	(2.8)	**(31.3)**	**(5.1)**	–[5]	–[5]	–[5]	**(27.9)**	–	–	**(65.3)**	**(62.5)**
Mining and income tax	**162.7**	1.8	12.1	–	**13.9**	**(56.4)**	–[5]	–[5]	–[5]	**(85.3)**	1.2	29.8	**65.9**	**65.9**
Current taxation	**–**	(19.6)	–	–	**(19.6)**	**(52.1)**	–[5]	–[5]	–[5]	**(89.6)**	29.5	(13.9)	**(145.7)**	**(145.7)**
Deferred taxation	**162.7**	21.4	12.1	–	**33.5**	**(4.3)**	–[5]	–[5]	–[5]	**4.3**	(28.3)	43.7	**211.6**	**211.6**
(Loss)/profit for the year	**(224.7)**	40.1	(8.3)	(1.1)	**30.9**	**42.6**	–[5]	–[5]	–[5]	**190.2**	(3.0)	(381.8)	**(345.9)**	**(344.8)**
(Loss)/profit attributable to:														
– Owners of the parent	**(224.7)**	36.1	(7.5)	(1.1)	**27.5**	**42.4**	–[5]	–[5]	–[5]	**190.2**	–[5]	(381.8)	**(349.3)**	**(348.2)**
– Non-controlling interest holders	**–**	4.0	(0.8)	–	**3.2**	**0.2**	–[5]	–[5]	–[5]	**–**	–[5]	–	**3.4**	**3.4**
STATEMENT OF FINANCIAL POSITION														
at 31 December 2018														
Total assets (excluding deferred taxation)	**812.5**	1,566.9	168.5	–[2]	**1,735.4**	**708.8**	702.4	492.6	306.7	**1,501.7**	127.2	949.2	**5,834.8**	**5,834.8**
Total liabilities (excluding deferred taxation)	**1,277.6**	152.7	132.0	–[2]	**284.7**	**211.7**	135.2	66.5	75.1	**276.8**	101.6	790.1	**2,942.5**	**2,942.5**
Net deferred taxation (assets)/liabilities	**(189.0)**	261.7	(15.2)	–[2]	**246.5**	**85.1**	–[5]	–[5]	–[5]	**71.4**	30.5	(59.1)	**185.4**	**185.4**
Capital expenditure[6]	**58.3**	156.1	138.5	12.8	**307.4**	**33.2**	127.2	72.8	78.8	**278.7**	134.3	15.1	**827.0**	**814.2**

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 149.

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 29%.*

2 *For the purpose of the review of the segment by the CODM, Asanko is proportionately consolidated in the Ghana segment. Equity Accounted Joint Venture carried at US$85.8 million.*

3 *"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 relating to the acquisition of South Deep.*

4 *Other costs "Corporate and other" comprise share of loss of equity accounted investees, net of taxation of US$13.1 million and the balance of US$31.4 million consists mainly of corporate-related costs.*

5 *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.*

6 *Capital expenditure for the year ended 31 December 2018.*

7 *Includes revenue from the sale of copper amounting to US$169.2 million.*

42. SEGMENT REPORT (continued)

Financial summary

	South Africa	Ghana			Peru	Australia									
Figures in millions unless otherwise stated	South Deep[1]	Tarkwa	Damang	Total Ghana	Cerro Corona	St Ives	Agnew/ Lawlers	Granny Smith	Total Australia	Gruyere	Corporate and other[2]	Continuing operations	Darlot	Discontinued operations	Group
INCOME STATEMENT for the year ended 31 December 2017															
Revenue	**354.1**	710.8	180.3	**891.1**	**392.9[6]**	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)	**(767.5)**	(1.3)	(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)	**(499.3)**	(1.3)	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)	**(49.7)**	(1.8)	(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 and reversal of impairment of investments and assets, net	**–**	(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]	**(27.8)**	–[4]	–	**(62.0)**	(1.1)	**(1.1)**	**(63.1)**
Mining and income tax	**10.9**	(58.6)	3.1	**(55.5)**	**(36.1)**	–[4]	–[4]	–[4]	**(89.5)**	–[4]	(3.0)	**(173.2)**	(5.6)	**(5.6)**	**(179.0)**
Current taxation	**–**	(58.0)	–	**(58.0)**	**(50.8)**	–[4]	–[4]	–[4]	**(91.7)**	–[4]	(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]	**2.2**	–[4]	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]	**209.2**	–[4]	(404.9)	**(20.8)**	13.1	**13.1**	**(7.7)**
(Loss)/profit attributable to:															
– Owners of the parent	**(25.3)**	76.9	18.4	**95.3**	**96.9**	–[4]	–[4]	–[4]	**209.2**	–[4]	(404.9)	**(31.8)**	13.1	**13.1**	**(18.7)**
– Non-controlling interest holders	**–**	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	**1,585.7**	34.9	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	**287.8**	32.9	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]	**87.0**	–[4]	(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	**316.9**	81.1	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 149.

The Group's discontinued operation is 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 after 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.*

[6] *Includes revenue from the sale of copper amounting to US\$177.8 million.*

Notes to the consolidated financial statements (continued)

for the year ended 31 December

42. SEGMENT REPORT (continued)

Financial summary

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	Total Australia	Gruyere	Corporate and other[2]	Continuing operations	Darlot	Discontinued operations	Group
INCOME STATEMENT for the year ended 31 December 2016															
Revenue	**358.2**	708.9	183.4	**892.3**	**322.3[6]**	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)**
Operating costs	**(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]	**(27.3)**	–[4]	–	**(78.4)**	(2.0)	**(2.0)**	**(80.4)**
Mining and income taxation	**(6.0)**	(29.8)	–	**(29.8)**	**(47.4)**	–[4]	–[4]	–[4]	**(92.8)**	–[4]	(13.5)	**(189.5)**	(0.6)	**(0.6)**	**(190.1)**
Current taxation	**–**	(52.4)	–	**(52.4)**	**(45.9)**	–[4]	–[4]	–[4]	**(95.2)**	–[4]	(10.7)	**(204.2)**	(0.5)	**(0.5)**	**(204.7)**
Deferred taxation	**(6.0)**	22.6	–	**22.6**	**(1.5)**	–[4]	–[4]	–[4]	**2.4**	–[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]	**213.6**	–[4]	(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]	**213.6**	–[4]	(98.3)	**157.0**	1.2	**1.2**	**158.2**
– Non-controlling interest holders	**–**	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	**1,318.2**	272.5	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	**265.7**	272.4	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]	**80.1**	–[4]	(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**

The above is a geographical analysis presented by location of assets.

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The Group's discontinued operation is 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 after 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.*

6 *Includes revenue from the sale of copper amounting to US$130.6 million.*

43. MAJOR GROUP INVESTMENTS – DIRECT AND INDIRECT

		Shares held		Group beneficial interest	
	Notes	**2018**	2017	**2018**	2017
Subsidiaries					
Unlisted					
Abosso Goldfields Ltd[6]					
– 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
Beatrix Mining Ventures Ltd	3	**9,625,001**	9,625,001	**100.0**	100.0
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
GFI Joint Venture Holdings (Pty) Ltd	3	**311,668,564**	311,668,564	**100.0**	100.0
GFL Mining Services Ltd	3	**235,676,387**	235,676,387	**100.0**	100.0
Gold Fields Ghana Ltd[7]	1	**900**	900	**90.0**	90.0
Gold Fields Group Services (Pty) Ltd	3	**1**	1	**100.0**	100.0
Gold Fields Holdings Company (BVI) Ltd	5	**4,084**	4,084	**100.0**	100.0
Gold Fields La Cima S.A.[8]	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
Gold Fields Orogen Holding (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
Newshelf 899 (Pty) Ltd[9]	3	**90,000,000**	90,000,000	**100.0**	100.0
St Ives Gold Mining Company Pty Ltd	2	**281,051,329**	281,051,329	**100.0**	100.0
Total					

[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] *Abosso Goldfields Ltd ("Abosso") owns the Damang operation in Ghana. The accumulated non-controlling interest of Abosso at 31 December 2018 amounts to US$5.2 million (2017: US$5.8 million). No dividends were paid to non-controlling interest during 2018 or 2017. Refer to the segment reporting, note 42, for summarised financial information of Damang.*
[7] *Gold Fields Ghana Ltd ("GFG") owns the Tarkwa operation in Ghana. The accumulated non-controlling interest of GFG at 31 December 2018 amounts to US$115.3 million (2017: US$119.2 million). A dividend of US$9.2 million was advanced to non-controlling interest during 2018 (2017: US$5.8 million). Refer to the segment reporting, note 42, for summarised financial information of Tarkwa.*
[8] *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 2018 amounts to US$1.9 million (2017: US$2.4 million). A dividend of US$0.6 million was paid to non-controlling interest during 2018 (2017: US$0.6 million). Refer to the segment reporting, note 42, for financial information of Cerro Corona.*
[9] *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)

for the year ended 31 December

43. MAJOR GROUP INVESTMENTS – DIRECT AND INDIRECT (continued)

	Shares held		Group beneficial interest	
	2018	2017	**2018 %**	2017 %
Other[1]				
Listed associates				
Maverix Metals Incorporated ("Maverix")	**42,850,000**	42,850,000	**19.9**[2]	27.9
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
Asanko Gold Ghana Limited	**450,000,000**	–	**45.0**	–
Adansi Gold Company Limited	**100,000**	–	**50.0**	–
Shika Group Finance Limited	**10,000**	–	**50.0**	–
Listed equity investments				
Asanko Gold Inc.	**22,354,657**	–	**9.9**	–
Bezant Resources PLC	**17,945,922**	17,945,922	**1.8**	2.9
Cardinal Resources Limited	**42,818,182**	42,818,182	**11.3**	11.5
Cardinal Resources Limited (Options)	**38,220,051**	38,220,051	**25.8**[3]	33.0[2]
Cascadero Copper Corporation	**–**	2,025,000	**–**	1.1
Clancy Exploration Limited	**17,764,783**	17,764,783	**0.5**	0.6
Consolidated Woodjam Copper Corporation	**16,115,740**	12,848,016	**19.9**[4]	17.2
Fjordland Exploration Incorporated	**–**	363,636	**–**	0.8
Gold Road Resources Limited	**87,117,909**	87,117,909	**9.9**	9.9
Hummingbird Resources PLC	**21,258,503**	21,258,503	**6.0**	6.2
Lefroy Exploration Limited	**14,764,535**	–	**18.2**	–
Magmatic Resources Limited	**17,600,000**	–	**15.0**	–
Orsu Metals Corp	**2,613,491**	2,613,491	**7.2**	7.3
Radius Gold Incorporated	**–**	3,625,124	**–**	4.2
Red 5 Limited	**246,875,821**	246,875,821	**19.9**[5]	19.9

[1] *Only major investments are listed individually.*
[2] *Gold Fields owns an additional 10.0 million common share purchase warrants (refer note 17) that are currently exercisable. After inclusion of the warrants, Gold Fields owns 20.5% in Maverix on a diluted basis.*
[3] *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.*
[4] *An assessment has been performed and the Group does not have significant influence over Consolidated Woodjam Copper Corporation.*
[5] *An assessment has been performed and the Group does not have significant influence over Red 5 Limited.*

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/tonne	Kilograms	'000 ounces	All-in costs** 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)
2018	1,320,000	3.7	4,885	157	2,012	(3,009.2)	(224.7)
Total	**21,855,000**	**4.2**	**91,873**	**2,954**			

 # 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. Up to 2014, cash cost was the key metric.*

WEST AFRICA REGION

	Ghana division Tarkwa mine – total managed					
	Gold produced					Net earnings (before minorities)
	Tonnes treated	Yield g/tonne	Kilograms	'000 ounces	All-in costs** 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
2018	13,791,000	1.2	16,330	525	951	40.1
Total	**346,580,600**	**1.1**	**376,651**	**12,110**		

Surface operation from F1999.
*** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013. Up to 2014, cash cost was the key metric.*

Operating and financial information by mine (continued)

for the year ended 31 December

	Damang mine – total managed					
			Gold produced			Net earnings (before minorities)
	Tonnes treated	Yield g/tonne	Kilograms	'000 ounces	All-in costs** US$/oz	US$ 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
2018	4,205,000	1.3	5,630	181	1,506	(8.3)
Total	**79,499,000**	**1.4**	**108,655**	**3,493**		

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. Before 2014, cash cost was used.

	Asanko mine#					
			Gold produced			Net earnings (before minorities)
	Tonnes treated	Yield g/tonne	Kilograms	'000 ounces	All-in costs** US$/oz	US$ million
Year to 30 June						
2018*	944	1,5	1,400	45	1,175	(1.1)
Total	**9,44**	**2**	**1,400**	**45**		

Equity accounted joint venture. For the purpose of the review of the Group results by the Chief Operating Decision Maker ("CODM"), in terms of IFRS 8 Operating Segments, Asanko is proportionately consolidated. As a result, the operating and financial information by mine includes analysis of Asanko's results.
* Asanko has been equity accounted since 31 July 2018.
** All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013. Before 2014, cash cost was used.

AUSTRALIA REGION

	Australia division St Ives mine					
			Gold produced			
	Tonnes treated	Yield g/tonne	Kilograms	'000 ounces	All-in costs** 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
2018	4,251,000	2.7	11,415	367	902	1,207
Total	**99,468,000**	**2.4**	**235,194**	**7,562**		

F2002 – 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. Up to 2014, cash cost was the key metric.

	Agnew mine					
	Gold produced					
	Tonnes treated	Yield g/tonne	Kilograms	’000 ounces	All-in costs** 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
2018	1,178,000	6.3	7,434	239	1,026	1,374
Total	**19,531,000**	**5.6**	**109,442**	**3,519**		

 # 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. Up to 2014, cash cost was the key metric.*

	Darlot mine					
	Gold produced					
	Tonnes treated	Yield g/tonne	Kilograms	’000 ounces	All-in costs** US$/oz	Cash Cost** A$/oz
Year to 31 December						
2013 From October	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**	**8,940**	**287**		

 # Sale completed on 2 October 2017.
***All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013. Up to 2014, cash cost was the key metric.*

	Granny Smith mine					
	Gold produced					
	Tonnes treated	Yield g/tonne	Kilograms	’000 ounces	All-in costs** US$/oz	Cash Cost** A$/oz
Year to 31 December						
2013 from October	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
2018	1,778,000	4.9	8,709	280	925	1,239
Total	**8,203,000**	**5.8**	**47,670**	**1,533**		

***All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013. Up to 2014, cash cost was the key metric.*

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
2018	190.2	254.5
Total	**1,549,0**	**1,971,6**

 # F2002 – For the seven months ended 30 June 2002, since acquisition.
** Sale of Darlot completed on 2 October 2017.*

SOUTH AMERICA REGION

	Peru division Cerro Corona – total managed Gold produced: Tonnes treated	Yield g/tonne	Kilograms	'000 ounces	All-in costs** 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
2018	6,644,000	1.5	9,767	314	699	42.6
Total	**67,391,000**	**1.6**	**104,742**	**3,367**		

 # Transition from project to operation from September 2008.
** Cerro Corona is a gold and copper mine. As such, gold produced and all-in costs are based on gold equivalent ounces.*
***All-in costs: as from 2014 per the new World Gold Council Standard issued on 27 June 2013. Up to 2014, cash cost was the key metric.*

Shareholders' information

Register date: 28 December 2018
Issued share capital: 821,532,707 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1000 shares	10,831	85.50	1,426,377	0.17
1001 – 10 000 shares	1,131	8.93	3,569,323	0.43
10 001 – 100 000 shares	412	3.25	15,635,038	1.90
100 001 – 1 000 000 shares	222	1.75	70,243,706	8.55
Over 1 000 000 shares	72	0.57	730,658,263	88.94
Total	**12,668**	**100.00**	**821,532,707**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
American Depositary Receipts	2	0.02	388,735,882	47.32
Banks	222	1.75	153,276,971	18.66
Brokers	85	0.67	34,979,191	4.26
Close Corporations	82	0.65	102,049	0.01
Control Account	1	0.01	908,662	0.11
Endowment Funds	16	0.13	863,844	0.11
Individuals	11,103	87.65	7,350,082	0.89
Insurance Companies	15	0.12	11,059,237	1.35
Investment Companies	11	0.09	3,138,672	0.38
Medical Aid Schemes	7	0.06	64,203	0.01
Mutual Funds	296	2.34	103,399,352	12.59
Nominees and Trusts	459	3.62	24,244,395	2.95
Other Corporations	45	0.36	696,540	0.08
Own Holdings	4	0.03	2,513,639	0.31
Pension Funds	141	1.11	75,892,299	9.24
Private Companies	173	1.37	752,910	0.09
Public Companies	5	0.04	29,385	0.00
Share Trust	1	0.01	13,525,394	1.65
Total	**12,668**	**100.00**	**821,532,707**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholder	8	0.06	16,778,309	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	2,513,639	0.31
Public shareholder	**12,660**	**99.94**	**804,754,398**	**97.96**
Total	**12,668**	**100.00**	**821,532,707**	**100.00**

Shareholders' information (continued)

BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE	Number of shares	%
Government Employees Pension Fund	60,064,445	7.31
VanEck Vectors Gold Miners ETF	58,229,560	7.09
Market Vectors Junior Gold Miners ETF	47,680,319	5.80
LF Ruffer Gold Fund	25,033,854	3.05
Total	**191,008,178**	**23.25**

FUND MANAGERS HOLDING 3% OR MORE	Number of shares	%
VanEck Global	108,078,803	13.16
Public Investment Corporation	60,395,571	7.35
Dimensional Fund Advisors	47,381,918	5.77
Allan Gray	46,788,898	5.70
BlackRock Investment Mgt – Index	37,381,006	4.55
Donald Smith & Co	30,918,194	3.76
Vanguard Group	28,561,167	3.48
Ruffer	25,071,444	3.05
Total	**384,577,001**	**46.81**

FOREIGN CUSTODIAN HOLDING 3% OR MORE	Number of shares	%
State Street Bank And Trust	66,729,444	8.12
JPMorgan Chase Bank, National Association	55,141,669	6.71
The Bank of New York Mellon	25,701,766	3.13
Total	**147,572,879**	**17.96**

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 and administrative costs; royalties and production taxes; realised gains/losses on hedges due to operating costs; community costs related to current operations; permitting costs related to current operations; third-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 and administrative costs (including share-based remuneration); reclamation and remediation – accretion and 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
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
Mining Face	The end of a development end, drift, cross-cut or stope at which work is taking place
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
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 or silver grade
ha	hectare
kg	kilogram
km	kilometre
koz	thousand ounces
kt	thousand metric tonnes
ktpa	thousand metric tonnes per annum
ktpm	thousand metric tonnes per month
m^2	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$m	million United States Dollar
US$/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 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 requires medical treatment and 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 on the identification and control of risks and monitoring of business performance against these.
- **Noise-Induced Hearing Loss ("NIHL")** – is a 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 MANAGEMENT

- **Water withdrawal:** The sum of all water drawn into Gold Fields' operations from all sources for any use/impact.
- **Recycled water:** Processing used water/waste water through the same or another cycle at the same facility. The water/waste water is treated before being recycled and reused.
- **Reused water:** Water/waste water that is reused without treatment at the same facility or at another of Gold Fields' operations.
- **Percentage of water recycled or reused:** Water recycled/reused/total water used in process 5 x 100.
- **Total water used in process:** Water withdrawal + water recycled/reused.
- **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 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.

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 purchased 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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Bastion

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