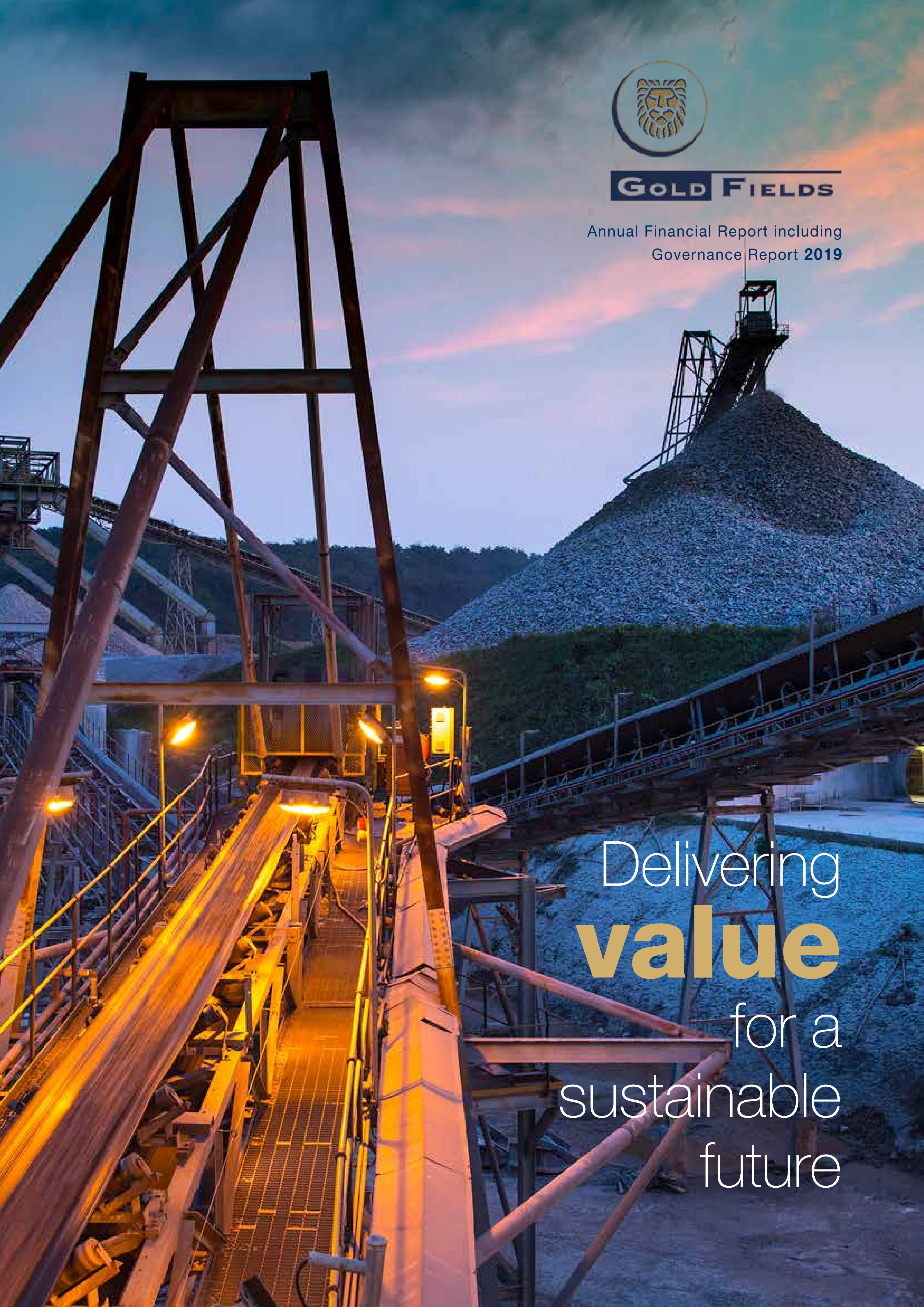

GOLD FIELDS

Annual Financial Report including Governance Report **2019**

# Delivering **value** for a sustainable future

# Delivering **value** for a sustainable future

CONTENTS



## NAVIGATING OUR IAR

linkedin.com/company/gold-fields

business.facebook.com/GoldFieldsLTD

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The Audited Financial Statements for the year ended 31 December 2019 were prepared by the corporate accounting staff of Gold Fields headed by Tzvet Ilarionova, the Group Financial Controller. This process was supervised by Paul Schmidt, the Group's Chief Financial Officer (CFO).

### Send us your feedback

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

# STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of Gold Fields Limited (Gold Fields) and its subsidiaries (together referred to as the Group), comprising the Consolidated Statement of Financial Position at 31 December 2019, 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 Statements, as well as the Directors' Report. These financial statements presented on p131 – 217 were prepared in accordance with the International Financial Reporting Standards (IFRS) 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 that they consider to be applicable have been followed. The directors are satisfied that the information contained in the Annual 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 (AFR) 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, PwC, audited the financial statements, and their report is presented on p127 – 130.

### APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated Annual Financial Statements of Gold Fields, as identified in the first paragraph, were approved by the Board of Directors on 30 March 2020 and are signed on its behalf by:

**Nick Holland**
*Chief Executive Officer (CEO)*
*Authorised director*

**Paul Schmidt**
*Chief Financial Officer (CFO)*
*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 (CIPC) all such returns 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.

**Taryn Harmse**
*Company Secretary*

30 March 2020

# CORPORATE GOVERNANCE REPORT

## OVERVIEW

The highest levels of corporate governance are essential to achieve our vision of being the global leader in sustainable gold mining, and to deliver on the commitments to our stakeholders. To this end, maintaining a governance framework that underpins proactive and effective management of strategic dynamics will ultimately determine Gold Fields' longevity, 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 to not only ensure that our business remains profitable, but also to deliver clear economic, social and environmental benefits to our stakeholders.

Our management approach is supported by our commitment to sound and robust corporate governance standards, which is critical for operational and strategic success and, ultimately, the sustainability of our business. A key element is to ensure that Gold Fields complies with all applicable laws and regulations. As such, corporate governance systems and frameworks are reviewed consistently to align with the ever-changing and increasingly stringent standards that are being rolled-out by regulators in the regions where we operate.

In November 2016, the King IV Report on Governance or South Africa, 2016 (King IV) was launched, updating the guidelines set by King III. During 2019, the Board continued to ensure compliance and uphold the principles of King IV.

Our compliance with King IV is detailed on p14 – 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 a comprehensive set of internal standards and principles in place that form the foundation of how we do business. These include:<br><br>**Our vision and values:** Everything we do in pursuit of achieving 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. More information on our vision and values can be found on p03 of our Integrated Annual Report (IAR).<br><br>**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.<br><br>**Sustainable development framework:**<br>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.<br><br>The Group has developed a range of policy statements that direct business conduct, these are available online at **www.goldfields.com/policies.php.**<br><br>**Code of Conduct:**<br>Gold Fields' Code of Conduct commits and binds every employee, officer and director within the Company to conduct business in a way that is ethical and fair. Both the Board's Audit Committee and Social, Ethics and Transformation (SET) Committee are tasked with ensuring the consistent application of, and adherence to, the code. The code is available on our website at **https://www.goldfields.com/code-of-conduct.** | Our primary listing is on the JSE Limited (JSE), and we are therefore subject to the JSE Listings Requirements.<br><br>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 United States (US) Securities and Exchange Commission (SEC), as well as the terms of the Sarbanes-Oxley Act (2002).<br><br>Gold Fields delisted from the SIX Swiss Exchange in December 2019.<br><br>The Board is committed to the principles and recommended practices of King IV and, to this end, ensured compliance during 2019.<br><br>As per King IV, 48 non-binding rules, codes and standards have been adopted by the Audit Committee. | Our sustainable development framework is guided by the International Council on Mining & Metals' (ICMM) 10 principles on sustainable development, their supporting position statements and external assurance thereof.<br><br>Despite not being a direct participant in the United Nations (UN) Global Compact, we are guided by and adhere to its 10 principles, and have accordingly incorporated its management model into our business activities.<br><br>All of our eligible operations conform to the World Gold Council (WGC) Conflict-Free Gold Standard. A copy of our Conflict-Free Gold Report and Statement of Conformance, together with the limited assurance opinion, can be viewed online at **www.goldfields.com/sustainability-reporting.php.**<br><br>Our reporting is guided by the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework (IIRC <IR> Framework), as well as the Global Reporting Initiative (GRI) Standards. Our 2019 GRI submission can be viewed online at **www.goldfields.com/sustainability-reporting.php**.<br><br>All our eligible operations are certified to the International Cyanide Management Code (ICMC), the ISO 14001 (2015) Environmental Management System (except Gruyere) and the OHSAS 18001 and ISO 45001 Occupational Health and Safety Management systems. All our mines are gradually transitioning from OHSAS 18001 to ISO 45001.<br><br>Our Cerro Corona mine in Peru is certified to the ISO 50001 Energy Management Standard, with all the other mines to follow by 2023.<br><br>Our mines and offices are certified to the ISO 27001 Information Security Management System. | 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).<br><br>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.<br><br>We comply with the following legislation and code:<br>• King IV and the Prevention and Combating of Corrupt Activities Act No 12 of 2004<br>• The US Sarbanes-Oxley Act (2002), Dodd-Frank Act (2010) and the Foreign Corrupt Practices Act (1977)<br>• All other relevant regulations and legislations in the jurisdictions in which Gold Fields operates |

# CORPORATE GOVERNANCE REPORT continued

## BOARD OF DIRECTORS

### Board overview

As the highest governing authority of the Group, Gold Fields' Board of Directors takes ultimate responsibility for the Company's adherence to sound corporate governance standards and ensures that all business decisions and judgements are made with reasonable care, skill and diligence. The Board's objectives and responsibilities are articulated in its Charter. Likewise, each of the Board subcommittees operates in accordance with its written terms of reference, which are reviewed and approved on an annual basis.

In terms of Gold Fields' Memorandum of Incorporation (MoI), which can be accessed at **www.goldfields.com/standards-and-principles.php**, the Board shall have a minimum of four and a maximum of 15 directors. Currently, the Board comprises a total of 11 directors – two executive directors and nine independent non-executive directors (NEDs). The Gold Fields Limited Board has had a majority of independent NEDs since the foundation of the Company in 1998. Upon advisement by the Nominating and Governance Committee, the Board ensures that reputable persons of well-known competence and experience, who are willing to devote a sufficient part of their time to the Company, are elected as independent directors. Each director offers a range of relevant knowledge, expertise, 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, culture, age, field of knowledge, skills, experience, business, geographic and academic backgrounds. The composition of the Board subcommittees was reviewed and approved at the November 2019 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 Board Chairperson and CEO are kept separate. NEDs Cheryl Carolus is the Chairperson of the Board, while Rick Menell is 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, among others, employee climate surveys, newsletters and internal staff communication.

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 and access to the external auditors, when necessary. A brief curriculum vitae (CV) for each Board member is detailed on p11 – 13 of this report.

### Chief Financial Officer

Paul Schmidt was appointed as 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 as reflected in the execution of his duties during 2019.

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 2019 financial year.

### Board appointments and rotation

The appointment of directors is governed by a formal process. Furthermore, the Nominating and Governance Committee assists the Board in identifying suitable candidates, as well as evaluating such candidates from time to time. The Board 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 conducts a thorough annual evaluation of the independence of directors, and specifically where directors have served on the Board for nine or more years.

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

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

There was only one change in the composition of the Board's committees in 2019, with Alhassan Andani stepping down from the Capital Projects, Control and Review Committee in Q2 2019.

### 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, as well as the Gold Fields share dealing policy. Closed and prohibited periods remain in force until quarterly, biannual and annual results are published. This was done on a quarterly basis during 2019. 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 and Corporate Remuneration department keep a register of such dealings.

## Board remuneration

NEDs are remunerated for their services as members of the Board, along with the separate subcommittees they attend 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 AGM. Further details of NEDs' and executive directors' remuneration can be found on p58.

## Board of Directors' Charter

During the year, the Board reviewed the Board of Directors' Charter and committees' terms of reference to align with the recommendations of King IV. A summary of how Gold Fields applied the principles of King IV is detailed on p14 – 16.

## Company Secretary

The Company Secretary provides company secretarial services, oversees Board governance processes in accordance with JSE and NYSE Listings Requirements and, with the exception of the Remuneration Committee, attends all Board and Board subcommittee meetings. The Board has access to the Company Secretary, who guides the directors during the execution of their duties and responsibilities. The Company Secretary is not a director of the Group and has an arm's-length relationship with the Board. 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.

Lucy Mokoka served as Company Secretary until her resignation on 28 June 2019. Taryn Harmse, Executive Vice President (EVP): Group Legal and Compliance, was appointed interim Company Secretary, effective 1 July 2019, until a full-time Company Secretary is appointed. The Board is satisfied that Ms Harmse is competent, qualified and has the necessary expertise and experience to fulfil the role.

## Application of King IV within Gold Fields

The introduction of King IV allowed the Board to evaluate the effectiveness of the processes, practices and structures which it uses to direct and manage the operations of the Company. A King IV gap analysis, conducted in 2017, revealed that the Company was materially compliant with the principles and recommended practices. The Board continued to review and refine governance processes to enhance compliance with King IV during 2019. A full register of the King IV principles, and the extent of the Company's compliance therewith, is available on p14 – 16, and will also be placed on the website at **www.goldfields.com/standards-and-principles.php**.

## Board attendance

The Board is required to meet at least four times a year. A Board meeting may be conducted by electronic communication in terms of the Board Charter. The Board convened seven times during 2019, as three special or ad-hoc Board meetings were held to deliberate on urgent substantive matters.

To prepare for Board meetings, all directors are provided with the necessary information in the form of comprehensive Board packs, which are collated in advance by management in preparation of each Board or subcommittee meeting. These packs enable our directors to discharge their responsibilities effectively and efficiently during meetings. The Board agenda and meeting structure focus on strategy, sustainable development, finance, performance monitoring, governance and other related matters. During the year under review, Board meetings and some subcommittee meetings were preceded by closed-session meetings by NEDs. The Chairperson of the Audit Committee attends the closed sessions of the SET Committee to receive the fraud and hotline reports, as these are further reported on at meetings of the Audit Committee. Furthermore, directors are asked to recuse themselves from meetings on any matters in which they may be conflicted.

## NUMBER OF BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND DIRECTORS' ATTENDANCE DURING THE YEAR

| Directors | Board meetings | Special Board meetings | Investment Committee | Audit Committee | Safety, Health and Sustainable Development Committee | Capital Projects, Control and Review Committee | Remuneration Committee | SET Committee | Nominating and Governance Committee | Risk Committee |
|---|---|---|---|---|---|---|---|---|---|---|
| Number of meetings per year | 4 | 3 | 3 | 5 | 4 | 4 | 4 | 4 | 2 | 2 |
| CA Carolus | 4 | 3 | 3 | – | 4 | 4 | 4 | 4 | 2 | – |
| A Andani | 4 | 3 | 3 | 4[A] | – | 1[S] | 4 | 3[A] | – | – |
| PJ Bacchus | 4 | 3 | 3 | 4 | – | 4 | 4 | – | – | 2 |
| TP Goodlace | 4 | 3 | – | – | 4 | 4 | – | – | – | 2 |
| C Letton | 4 | 2[A] | – | 1[I] | 3[A] | 4 | – | 4 | – | 2 |
| NJ Holland | 4 | 3 | 3 | 5 | 4 | 4 | 4 | 4 | 2 | 2 |
| RP Menell | 4 | 3 | 3 | 5 | 4 | 4 | 4 | 4 | 2 | – |
| P Mahanyele-Dabengwa | 3[A] | 2[A] | – | – | 4 | 4 | – | 4 | – | – |
| SP Reid | 4 | 3 | 3 | 1[I] | 4 | 4 | 4 | – | 2 | – |
| PA Schmidt | 4 | 3 | 3 | 5 | – | 1[I] | – | – | – | 2 |
| YGH Suleman | 4 | 3 | 3 | 5 | – | 3[A] | – | 4[C] | 2 | 2 |

- *A – Apology*
- *C – Closed session only*
- *I – By invitation*
- *S – Stepped down*

The full Directors' Report is detailed on p18 – 22.

# CORPORATE GOVERNANCE REPORT continued

## BOARD COMMITTEES

The Board has eight standing committees, established in compliance with the Companies Act and JSE Listings Requirements, that have delegated authority from the Board. Members of the committees are all independent NEDs, and the CEO, CFO and various members of management are permanent invitees to these meetings. Each Board committee is chaired by an independent NED.


The Board's committees operate in accordance with written terms of reference and have a set list of responsibilities, which are outlined at **www.goldfields.com/standard-and-principles.php**. In line with King IV recommendations, the Board reviews the terms of reference of all subcommittees every year and, if necessary, adopts changes which are approved by the Board. Subcommittees are required to evaluate their effectiveness and performance annually, and to report findings to the Board for consideration.

The written terms of reference and responsibilities of the board and its committees are set out below.

### Board

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

- Determining the Company's Code of Conduct and conducting its affairs in a professional manner, upholding the core values of integrity, transparency and enterprise
- Evaluating, determining and ensuring the implementation of corporate strategy and policy
- Determining compensation, development and other relevant policies for employees
- Developing and setting best practice disclosure and reporting procedures that meet the needs of all stakeholders
- Authorising and controlling capital expenditure (capex) 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 focus areas during 2019

- Considered the outcomes of the independent Board evaluation conducted by the Institute of Directors in South Africa (IoDSA)
- Deliberated on South Deep's performance, and monitored South Deep's restructuring implementation and performance
- Approved the remuneration philosophy and policy, as well as cash-settled long-term incentive plan
- Approved additional gold and oil price hedges
- Deliberated and approved various stages of the Gruyere project until implementation
- Continued focus on capital allocation and approval of the capital framework
- Approved a Group stakeholder relationship and engagement policy statement, environmental policy statement, a water management policy statement as well as occupational health and safety policy statement
- Approved bonds and debt restructuring
- Approval of the feasibility study for the Salares Norte project in Chile and, subsequent to year-end 2019, approval for construction of a mine and funding mechanism

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

## Nominating and Governance Committee

It is the responsibility of this committee, which has four independent directors (one of the four independent directors attends by invitation), among other things, to:

- Develop a robust approach to corporate governance, including recommendations to the Board
- Prepare and recommend to the Board a set of governance principles
- Recommend a process to evaluate the effectiveness of the Board, its committees and management and report findings to the Board
- Review the structure, composition and size of the Board and how this relates to effectiveness
- Consider the rotation of directors and make appropriate recommendations
- Identify and evaluate nominees and recommend them for election
- Identify successors to the Chairperson, Deputy Chairperson or lead independent NEDs, 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 focus areas during 2019

- Board skills, diversity and composition assessment
- Succession planning for directors and senior executives
- Board training and evaluation

The Nominating and Governance 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 complied with these terms, as well as 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, along with the Audit Committee statement, appear on p23 and p27, respectively. It is the responsibility of this committee to, among others:

- Nominate an external registered auditor for the appointment or reappointment by the shareholders as external auditor of the Company in line with the JSE and NYSE Listings Requirements
- Consider the fees to be paid to the external auditor and the terms of their engagement
- Ensure that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of external auditors, including confirming their independence
- Determine the nature and extent of any non-audit services that the external auditor may provide to the Company
- Pre-approve any proposed agreements with the external auditor for the provision of non-audit services to the Company
- Delegated oversight for combined assurance
- Prepare a report, to be included in Gold Fields' Annual Financial Statements for the relevant financial year, that describes how the committee carried out its functions, and that comments on the Annual Financial Statements, accounting practices and 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 Annual 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
- Receive and deal with 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 focus areas during 2019

- Reviewed PwC's performance as external auditors, and resolved to recommend its reappointment as the Company's auditors to the Board and shareholders
- Ensured the external assurance of non-financial data
- Reviewed the IAR, AFR and Form 20-F
- Reviewed and approved a revised treasury framework
- Evaluation of material weakness and resulting restatement related to year-end cut-off

### Disclosures

- Arrangements are in place for combined assurance
- Arrangements are in place for governing information and technology (I&T) 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.

# CORPORATE GOVERNANCE REPORT continued

## Remuneration Committee

It is the responsibility of the Remuneration Committee, which consists of five independent directors, among other things, to:

- Determine the Company's general policy on remuneration of the CEO, executive directors and Group Executive Committee (Exco) members
- Determine the total individual remuneration package; including bonuses, incentive payments, retention payments, long-term incentive awards and any other benefits of the CEO, executive directors, and Group Exco members
- Ensure that contractual terms on potential termination of the CEO, executive directors and Group Exco members, and any payments made, are fair to both parties, 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
- Oversight and management of remuneration-related risk
- Consider and recommend NEDs' fees for approval by shareholders

### Key focus areas during 2019

- Oversaw all remuneration processes for the Group, with focus on enhancing the link between performance and reward
- Ensured strategic alignment between Group, regional and personal scorecards
- Firmed up policies, where appropriate, to crystallise intent and to cater to the numerous jurisdictions in which Gold Fields operates
- Engaged with and responded to shareholder remuneration questions and reports from proxy advisers
- Reviewed prevailing market trends related to minimum shareholding policies for executives
- Modified the annual work plan to better spread the cyclical reward process-related activities
- Delivered a Malus Policy which was implemented in early 2020

The Company's remuneration policies, as well as details of directors' fees and equity-settled instruments, are contained in the Remuneration Report on p28 –58.

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

## Safety, Health and Sustainable Development Committee

All members of the Safety, Health and Sustainable Development Committee (SHSD) Committee were selected on the basis of their considerable experience in the field of sustainable development. The committee consists of seven independent directors (one of the seven independent directors attends by invitation). It is the responsibility of this committee to, among other things:

- 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, and recommend to the Board policies and guidelines on these matters
- Review reports, policies and performance of the Company's implementation of its safety, health and sustainable development policy statements
- Assess and approve 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
- 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

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

### Key focus areas during 2019

- Benchmarked Gold Fields' environmental, social and governance (ESG) reporting and performance relative to its peers
- Reviewed the causes of major internal and industry incidents to prevent their recurrence at Gold Fields
- Reviewed emergency drill procedures at mines
- Approved the Group safety strategy
- Provided training in Courageous Safety Leadership (CSL)
- Instituted quarterly tailings and geotechnical management updates (the Chairperson visited and reviewed the performance of all tailings storage facilities (TSFs) managed by the Group)
- Approved new materials and supply chain stewardship and water stewardship policy statements
- Realigned reporting with reference to the committee's charter, commitments through ICMM, the Global Compact, King IV and relevant Group policy statements

The SHSD 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 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 focus areas during 2019

- South Deep capital project implementation
- Reviewed and approved the Group capital framework
- Gruyere project implementation
- Damang Reinvestment project implementation
- Tarkwa contractor mining implementation
- Monitoring progress of the Salares Norte project

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

## Social, Ethics and Transformation Committee

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

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

- Contributes to socio-economic development by adhering to acts which facilitate this, including OECD, employment equity and Broad-Based Black Economic Empowerment (B-BBEE)
- 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 focus areas during 2019

- Social and transformation initiatives at corporate office and the regions
- Social and economic development in our host communities; sound corporate citizenship; labour and employment practices; employment equity; diversity and inclusion; stakeholder relations and value creation; human rights; branding and reputation; and ethics and governance
- Oversaw the regions' foundations and trusts, including the South Deep Education Trust, South Deep Community Trust and the Westonaria Community Trust

In line with King IV recommendations, the composition of the SET Committee comprises NEDs and one executive director, with a majority being NEDs.

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

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

# CORPORATE GOVERNANCE REPORT continued

**Key focus areas during 2019**
- Cyber security risk assessment
- Approval of combined assurance
- Approved Group and regional risk registers

The Risk 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 ad-hoc Investment 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 among the committee members and management
- Monitor progress throughout the process of material corporate transactions
- Periodically report its findings and recommendations to the Board

## Executive Committee

Gold Fields' Exco is not a Board subcommittee. 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 monthly basis to review Company performance against set objectives and develops Company strategy and policy proposals for consideration by the Board. Exco also assists the Board in the execution of the Company's disclosure obligations. A series of guidelines on disclosure has been disseminated throughout the Company. 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 in place to ensure sound corporate governance practices and standards. At least one of the Company's executive directors serves on the boards of the operating subsidiaries.

## DIRECTORS

### Independent non-executive directors

**Cheryl Carolus (61)**
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, The British Museum (appointed by Her Majesty Queen Elizabeth), The CyberPeace Institute, and is Chairperson of the SA Constitution Hill Education Trust.

Previously, Ms Carolus served as 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 (64)**
Deputy Chairperson
BA (Hons), MA (Natural Sciences Geology), Cambridge; MSc (Mineral Exploration and Management), Stanford University

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

Mr Menell became an NED of Sibanye Gold in 2013. He has over 40 years' experience in the mining industry, including service as the President of the Chamber of Mines of South Africa, President and CEO of Teal Exploration & Mining, as well as executive Chairperson of Anglovaal Mining and Avgold. He is a director of Weir Group Plc a, as well as a Senior Adviser to Credit Suisse. He also serves as a director for a number of unlisted companies and not-for-profit organisations.

**Peter Bacchus (51)**
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 an 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 (58)**
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 CEO 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.

# CORPORATE GOVERNANCE REPORT continued

**Carmen Letton (54)**
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 34 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, and 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. She has experience in large and medium-sized mining assets in both the Australian and international mining environment; challenging operations leadership; complex technical roles; and 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 (62)**
BCom, University of KwaZulu-Natal (formerly Durban Westville); BCompt (Hons), University of South Africa; CA(SA); CD(SA)

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

Mr Suleman serves as an independent NED of Liberty Holdings Limited, Liberty Group Limited and Albaraka Bank Limited. He has been appointed lead independent director of Liberty with effect from May 2020. He was an independent NED of Tiger Brands until November 2018.

Mr Suleman has over 35 years experience in the auditing and accounting profession – first at Arthur Andersen and then at KPMG when the two companies merged in 2002. He was Chairperson of KPMG South Africa until February 2015. He also chaired the KPMG Foundation. Since leaving KPMG Mr Suleman has served as Executive Chairperson of Sulfam Holdings.

**Terence Goodlace (60)**
MBA (Business Administration), University of Wales; BCom, University of South Africa; NHDip and NDip (Metalliferous Mining), Witwatersrand Technikon; MDP, University of Cape Town

Appointed to the Board: 2016
Experience: Mining, capital projects, commercial and operational management, risk management, 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 in 1998 to form Gold Fields. He became Chief Operating Officer (COO) 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.

**Phuti Mahanyele-Dabengwa (49)**
BA Economics, Rutgers, State University of New Jersey, US; MBA, De Montford University, Leicester, UK; Executive Development Programme, Kennedy School of Government, Harvard University, US

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

Ms Mahanyele-Dabengwa joined Naspers South Africa in 2019 as CEO. She previously ran a private equity business, 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 group of companies. Prior to Shanduka she worked at the Development Bank of Southern Africa (DBSA) as Head of Project Finance. Prior to the DBSA she worked at an international investment banking firm, Fieldstone Private Capital Group for six years.

Ms Mahanyele-Dabengwa is an NED at Vodacom and Discovery Insure. She is also on the advisory board of Stellenbosch University's Business School. In 2019 she was chosen as Forbes/CNBC Africa Businesswoman of the Year.

**Steven Reid (64)**
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 a director of Eldorado Gold since May 2013. He served as COO of Goldcorp from January 2007 until his retirement in September 2012, and prior to that was the Company's EVP 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 (61)**
CEO
BCom, BAcc, University of the Witwatersrand; CA(SA)

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

Prior to his appointment as CEO of Gold Fields, Mr Holland was the Company's CFO. He has more than 39 years' experience in financial management, of which 30 years were in the mining industry. Before joining Gold Fields, he was Financial Director and Senior Manager of Corporate Finance at Gencor.

**Paul Schmidt (52)**
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.

# CORPORATE GOVERNANCE REPORT continued

## APPLICATION OF KING IV WITHIN GOLD FIELDS

The Board is committed to the principles and recommended practices of King IV and, to this end, ensured material compliance during 2019. The table below provides an overview of Gold Fields' compliance with the principles. Should gaps be identified, the Board instructs management to address these as work in progress.

| Principles | Principle application |
|---|---|
| **PART 5.1: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP** | |
| **LEADERSHIP** | |
| Principle 1: The governing body should lead ethically and effectively. | The Board, Gold Fields' governing body, through its various subcommittees 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 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 UN Global Compact's 10 sustainable development principles and ensures compliance therewith. |
| **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, and 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 Listings Requirements, and ensures integrity of external reports in so far as dealing with assurance of external reports. |
| **PART 5.3: GOVERNING STRUCTURES AND DELEGATION** | |
| **PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY** | |
| Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation. | The Board adheres to the requirements of King IV. The Board receives external advice as and when required or necessary, and keeps abreast of best corporate governance practices both locally and abroad, making recommendations where appropriate, for Board participation in continuing education programmes. |
| **COMPOSITION OF THE GOVERNING BODY** | |
| Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. | The Board has delegated to the 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. |

| 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 the 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 subcommittees, 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. The approval of the Board is required to the levels of the subdelegation immediately below the CEO. |
| **PART 5.4 GOVERNANCE FUNCTIONAL AREAS** | |
| Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives. | The Board conforms to this principle. The Board has delegated this authority to the Risk Committee. The Risk Committee has oversight of the integrity and effectiveness of the risk management processes. A comprehensive strategic and operational risk management process is in place throughout the Group. |
| **TECHNOLOGY AND INFORMATION GOVERNANCE** | |
| Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives. | The Board conforms to this principle. The Board has delegated this authority to the Audit Committee. The Audit Committee and Risk Committee ensure that the I&T framework is in place and that the I&T Charter and policies are established and implemented. A detailed information, communication and technology risk assessment is performed on a yearly basis across the Group with key strategic risk themes highlighted in the risk enterprise register. |
| **COMPLIANCE GOVERNANCE** | |
| Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen. | The Board conforms to this principle. The Board has delegated this authority to the Audit Committee. The Board approves policies that articulate and give effect to its direction on compliance. The following policies are applicable: anti-bribery and corruption governance framework; and management guidelines in relation to the Group governance and compliance framework and portal. |
| **REMUNERATION GOVERNANCE** | |
| Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. | The Board conforms to this principle. The Board has delegated this authority to the Remuneration Committee. The Remuneration Committee assist the Board in overseeing all aspects of remuneration practices for the Group to ensure employees are remunerated fairly, 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. |

# CORPORATE GOVERNANCE REPORT continued

| Principles | Principle application |
|---|---|
| **ASSURANCE** | |
| 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.<br><br>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 | 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.<br><br>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.<br><br>Issuers must appoint a remuneration committee, and issuers must appoint a social and ethics committee.<br><br>The composition of such committees, a brief description of their mandate, the number of meetings held and any other relevant information must be disclosed in the annual report. | The Board appointed an Audit Committee that is chaired by an independent NED. Audit Committee members are all independent NEDs.<br><br>Gold Fields' Remuneration Committee comprises independent NEDs and has an independent Chairperson.<br><br>Gold Fields' SET Committee is aligned with King IV, and comprises independent NEDs and one executive director, the majority being NEDs.<br><br>Each committee provides a brief description in the IAR of its mandate, number of meetings held in a year and any other relevant information. |
| **3.84(d)** | Brief CVs 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 p11 – 13. |
| **3.84(e)** | The capacity of each director must be categorised as executive, non-executive or independent. | The CVs of our directors include information on whether a director is an independent NED or an executive director.<br><br>The composition of committees is in accordance with the requirements of the Companies Act and King IV. |

| Requirement | Principle | Gold Fields' approach and compliance |
|---|---|---|
| **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.<br><br>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.<br><br>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.<br><br>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.<br><br>The Board considered the Company Secretary's competence, qualifications and experience at the meeting held in November 2019 and is satisfied that she is competent and has appropriate qualifications and experience to serve as the Company Secretary. |
| **3.84(i)** | The Board of Directors or the Nominating Committee must have a policy on the promotion of gender diversity at Board level.<br><br>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.<br><br>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 AGM.<br><br>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.<br><br>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:<br>• An invitation to dissenting shareholders to engage with the issuer<br>• The manner and timing of such engagement | The Board approved the Group remuneration policy to be presented to the AGM for a non-binding advisory vote. |

# DIRECTORS' REPORT

The directors have pleasure in submitting their report and the Annual Financial Statements of Gold Fields and its subsidiaries (the Group) for the year ended 31 December 2019.

## PROFILE

Gold Fields is a globally diversified producer of gold with nine operating mines (including our Asanko joint venture) in Australia, Ghana, Peru and South Africa, as well as one project in Chile, with total attributable gold-equivalent annual production of approximately 2.2Moz, Mineral Reserves of approximately 51Moz and Mineral Resources of approximately 116Moz. Gold Fields has a primary listing on the JSE, with a secondary listing on the NYSE.

## REVIEW OF OPERATIONS

The activities of the various Gold Fields operations are detailed in the IAR.

## FINANCIAL RESULTS

The information on the financial position of the Group for the period ended 31 December 2019 is set out on p126 – 130 of this AFR. The income statement for the Group shows a profit attributable to Gold Fields' shareholders of US$162m for the year ended 31 December 2019, compared with a loss of US$348m for the year ended 31 December 2018.

## COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The Annual Financial Statements of the Group were prepared in accordance with the IFRS as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act.

## LISTINGS

The abbreviated name under which the Company is listed on the JSE is GFIELDS, and the short code is GFI. The Company also has a secondary listing on the NYSE.

At 31 December 2019, the Company had in issue, through The Bank of New York Mellon on the NYSE, 416,389,794 (31 December 2018: 388,735,882) American Depository Receipts (ADRs). Each ADR is equal to one ordinary share.

## DIRECTORATE

### Composition of the Board

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

### Rotation of directors

Directors retiring in terms of the Company's MoI are Terence P Goodlace, Nicholas J Holland, Rick P Menell and Yunus GH Suleman, 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' 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 2019, the directors' beneficial interest in the issued share capital and listed share capital of the Company (see table below) was 0.13%. 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-19** | 31-Dec-18 | **31-Dec-19** | 31-Dec-18 |
| **Director** | | | | |
| Nicholas Holland | **767,003** | 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 | **73,404** | 42,023 | **16,298** | 4,298 |
| Brett Mattison | **31,103** | 43,103 | **16,498** | – |
| Taryn Harmse | **–** | 16,302 | **10,000** | – |
| Alfred Baku | **40,404** | 40,404 | **–** | – |
| Avishkar Nagaser | **–** | – | **46,623** | 11,168 |
| Martin Preece | **63,500** | 32,500 | **–** | – |
| Luis Rivera | **–** | – | **–** | – |
| Richard Butcher | **–** | – | **–** | – |
| Stuart Mathews | **–** | – | **–** | – |
| Rosh Bardien | **–** | – | **–** | – |
| **Total** | **1,106,942** | 916,737 | **1,005,509** | 931,556 |

[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*

Related-party information is disclosed on p207 – 208 of the AFR.

## 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. On 13 February 2020, the Company declared a final cash dividend number 91 of 100 South African cents per ordinary share (2019: 20 South African cents) to shareholders reflected in the register of the Company on 13 March 2020. This dividend was paid on 16 March 2020. The dividend resulted in a total dividend of 160 South African cents per share for the year ended 31 December 2019 (2018: 40 South African cents), with the final dividend being accounted for in 2020.

### 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 2019, the Company's borrowings totalled US$1,846m, compared to total borrowings of US$1,907m at 31 December 2018.

### Capital expenditure

Capex for the year ended 31 December 2019 amounted to US$613m compared with US$814m for 2018. Estimated capex for 2020 is US$630m, and is intended to be funded from internal sources and, to the extent necessary, borrowings.

# DIRECTORS' REPORT continued

## SIGNIFICANT ANNOUNCEMENTS IN 2019

### Gold Fields' Granny Smith mine to install mega solar and battery power facility

**5 February 2019**

Gold Fields' Granny Smith gold mine is set to install one of the world's largest renewable energy microgrids, powered by more than 20,000 solar panels and backed up by a 2MW/1MWh battery system. The Group has contracted mobile and modular power company Aggreko to design, build and operate the 8MW solar power generation system along with the battery system at Granny Smith, which is located east of Laverton in Western Australia's Goldfields region.

### Gold Fields Ghana to invest in two key infrastructure projects in Tarkwa

**1 March 2019**

Gold Fields Ghana's Tarkwa mine is to begin the reconstruction of the Tarkwa & Abosso (T&A) Park, as well as undertake a comprehensive upgrade of the Apinto Government Hospital, both located in Tarkwa in Ghana's western region. Gold Fields will spend approximately US$18m on these two projects.

### New bonds issued – US$1bn raised

**9 May 2019**

Gold Fields announced that it has successfully concluded the raising of two new bonds – a US$500m, five-year bond with a coupon of 5.125%, as well as a US$500m, 10-year bond with a coupon of 6.125% – raising a total of US$1bn at an average coupon of 5.625%. The proceeds of the raising will be used to repay amounts outstanding under the US$1,290m credit facilities agreement, and refinance or repurchase certain other existing indebtedness, or for general corporate purposes.

### Gold Fields announces successful buyback of US$250m of 2020 notes

**27 May 2019**

Gold Fields announced the successful buyback of $250m of the outstanding 2020 notes at 102% of par. Following the bond issuances on 9 May 2019, Gold Fields commenced a tender process to buyback up to $250m of the 2020 notes.

### Fatal accident at South Deep mine

**3 June 2019**

It is with deep sadness that Gold Fields announced that an employee at its South Deep mine in South Africa, Maria Ramela, lost her life in a mining accident the previous morning. She died of her injuries after a rock burst following four seismic events underground in quick succession.

### Gold Fields sells non-core investments to pay down debt

**6 June 2019**

In line with its key strategic objective of paying down its debt, Gold Fields sold its shareholdings in two of its non-core investments, Maverix and Red 5, for combined proceeds of US$88m. Both positions were sold at a significant premium to the look-through acquisition costs.

### Disclosure on Gold Fields' tailings storage facilities

**7 June 2019**

Gold Fields responded to a request from the Church of England Pensions Board and the Swedish Council on Ethics for information on mining companies' tailings storage facilities (TSFs). Gold Fields will also continue to review and, where applicable and practical, adopt leading practices in the design, construction, operation and closure (including post-closure) of our tailings dams.

### Gold Fields' Agnew mines to be powered by renewables

**19 June 2019**

Gold Fields' Agnew gold mine in Western Australia will become one of Australia's first mining operations to be predominantly powered by renewable and low-carbon energy. Gold Fields and global energy group EDL announced a A$112m investment in a world-leading energy microgrid, combining wind, solar, gas and battery storage. The microgrid will be owned and operated by EDL, which will recoup its investment via a 10-year electricity supply agreement with Agnew.

### Gruyere pours first CIL gold bars

**1 July 2019**

Gold Road Resources and the Gold Fields Group reported the first gold bars were poured over the weekend at the Gruyere mine in Western Australia, signalling the beginning of the production ramp-up at the mine.

### University of the Witwatersrand – Gold Fields research collaboration goes deep

**3 July 2019**

Mining students at the University of the Witwatersrand (Wits), with the support of Gold Fields, are building South Africa's capacity to apply mechanised mining methods and supporting technologies in deep-level gold mines. In a three-year partnership, supported by a R6m Gold Fields grant in 2017, a range of research projects are under way at both postgraduate and undergraduate level in the Wits School of Mining Engineering.

### Gold Fields commissions reconstructed Tarkwa-Damang road

**9 July 2019**

Gold Fields Ghana officially commissioned the reconstructed 33km Tarkwa-Damang road in the western region of the country. The road, which costs approximately US$27m to construct, will positively impact about 100,000 community members and used predominantly local labour and firms in the construction process.

### Court approves settlement of the Silicosis and Tuberculosis class action

**26 July 2019**

The Johannesburg High Court approved the settlement of the Silicosis and Tuberculosis (TB) class action suit. The settlement is between the Occupational Lung Disease Working Group – representing African Rainbow Minerals, Anglo American South Africa, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater, and settlement classes' legal representatives and attorneys.

### Gold Fields sells shareholding in Gold Road

**23 August 2019**

Gold Fields sold its 9.9% interest in ASX-listed Gold Road the day before for a total gross consideration of A$126.3m (US$85.5m), a significant premium on the acquisition price paid in 2017.

### Gold Fields ranked top South African mining company on the 2019 Dow Jones Sustainability Index

**18 September 2019**

Gold Fields was again ranked as the top South African mining company on the prestigious Dow Jones Sustainability Index (DJSI) database. The 2019 DJSI scorecard shows that Gold Fields' sustainability practices rank with the best of resources companies worldwide. Gold Fields is ranked fourth among 61 mining companies assessed, and the third best global gold company. Gold Fields is also an index component of the DJSI.

### Gold Fields exercises options of Cardinal Resources

**3 October 2019**

Gold Fields announced that on 20 September 2019 it exercised 38.2m options to purchase ordinary shares of Cardinal Resources for a total consideration of A$5.7m.

### Gold Fields releases inaugural Task Force on Climate-related Financial Disclosures report

**7 October 2019**

Gold Fields publishes its first Task Force on Climate-related Financial Disclosures (TCFD) report to improve its disclosure to investors and other stakeholders of climate-related information.

### Australian companies launch supplier toolkit to help end modern slavery

**10 October 2019**

10 Australian mining, energy and resource companies, including Gold Fields, joined together to develop a practical toolkit to pre-screen for modern slavery risks within supply chains. Central to the toolkit is a self-assessment questionnaire that the group has agreed to ask suppliers to identify modern slavery risks, improve transparency and identify areas for further due diligence.

### First stage of landmark Agnew hybrid renewable project powers up

**20 November 2019**

Global distributed energy producer EDL has switched on its 23MW power station that integrates solar photovoltaic (PV) with gas and diesel generation to power Gold Fields' Agnew mine, completing the first stage of one of Australia's largest hybrid renewable microgrid projects.

### Gruyere mine opens, producing gold and providing long-term jobs

**3 December 2019**

Australia's newest gold operation, Gruyere in Western Australia, has been officially opened and is safely ramping up to an average annual production of 300,000oz. It is on track to meet production guidance for 2019.

### Salares Norte receives environmental approval

**18 December 2019**

Gold Fields is pleased to announce that the Atacama Environmental Assessment Commission approved the environmental impact study for its Salares Norte project in Chile.

# DIRECTORS' REPORT continued

## GOING CONCERN

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

After the reporting date, Gold Fields reacted to the outbreak of the novel Covid-19 (coronavirus) pandemic to mitigate the impact on its employees and its operations. Details of these actions and the potential impact on Gold Fields are contained in Note 36 of the Annual Financial Statements (p192) dealing with events after the reporting date.

## 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.

## ENVIRONMENTAL OBLIGATIONS

The Company's total gross closure liability for environmental rehabilitation costs amounted to US$436m at 31 December 2019 compared with US$400m at 31 December 2018. The regional gross closure liabilities are as follows:

- Americas: US$86m
- Australia: US$198m
- South Africa: US$46m
- West Africa: US$106m

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

- Americas – bank guarantees
- Australia – self-funding, using existing cash resources
- South Africa – contributions into environmental trust funds and guarantees
- West Africa – reclamation security agreement bonds underwritten by banks and 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 Annual Financial Statements, p189 – 191.

## ADMINISTRATION

Lucy Mokoka held the office of Company Secretary of Gold Fields Limited until 30 June 2019. Taryn Harmse, EVP: Group Legal and Compliance, was appointed as interim Company Secretary, effective 1 July 2019, until a replacement is appointed. As at 31 December 2019, Ms Harmse still held this position.

Computershare Investor Services Proprietary Limited is the Company's South African transfer secretaries and Link Asset Services is the registrars of the Company in the UK.

## 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.

## SUBSIDIARY COMPANIES

Details of major subsidiary companies in which the Company has a direct or indirect interest are set out on p216 – 217.

# AUDIT COMMITTEE REPORT

for the year ended 31 December 2019

The members of Gold Fields' Audit Committee (the Committee) were appointed by our shareholders at the AGM in May 2019. Yunus Suleman was reappointed as Chairperson of the Committee on the same day. No new members were appointed to the Committee subsequent to the 2019 AGM. The Committee members are all independent (NEDs.

Details of the number of meetings held during the year, as well as the attendance thereof by Committee members, are on p05 of this AFR. Gold Fields' Board continues to believe that, as a collective, the Committee members have the necessary skills to carry out its duties effectively and with due care.

The Committee has certain reporting responsibilities to both the shareholders and the Board and is accountable to them. Its duties, as set out in the Committee Charter, are reviewed annually and incorporate the Committee's statutory obligations as set out in the Companies Act and King IV. A work plan is drawn up every year, encompassing all these duties, and progress is monitored continually to ensure that these obligations are fulfilled by the Committee.

Among other things, the Committee monitors and reviews:
- The preparation of the Annual Financial Statements, ensuring fair presentation and compliance with IFRS and the Companies Act, and recommending same to the Board for approval
- The integrity of the IAR, by ensuring that its content is reliable and 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
- Filing of the Form 20-F with the US 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 both the internal and external audit functions
- The recommendation and appointment of Gold Fields' external auditors, and approves their remuneration, reviews the scope of their audit, their reports and findings, and pre-approves all non-audit services in line with Company policy
- The reports of both internal and external auditors
- The evaluation of the performance of the CFO
- The adequacy and effectiveness of the Group's enterprise-wide risk management policies, processes and mitigating strategies
- The governance of information communication technology (ICT) 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 provides independent oversight of the effectiveness of the Group'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
- Approval of hedging activities as mandated by the Board
- Consideration of JSE monitoring activities reports in 2019 including:
  - Report back on Proactive Monitoring of Financial Statements
  - Combined Findings of Proactive Monitoring of Financial Statements
  - Activities of the Financial Reporting Investigation Panel
  - IFRS 9/15 Thematic Report

The Committee has also noted the "Going Concern" and the "Events after the reporting date" statements in the Directors' Report (p22) and Note 36 of the Annual Financial Statements (p192) respectively.

## 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 shareholders. Upon this recommendation, the Committee is responsible for determining that the designated appointee firm and audit partner have the necessary independence, experience, qualifications and skills, and that the audit fee is adequate.

PwC was appointed as the Company's external auditors for the financial year ending 31 December 2019, with Pieter Hough as the designated audit partner. KPMG Inc's (KPMG) appointment as external auditors ended upon conclusion of its responsibilities relating to the 31 December 2018 financial audit in May 2019. PwC's appointment as external auditors became effective immediately after the conclusion of KPMG's responsibilities, and was approved by shareholders at the AGM in May 2019.

An external audit fee of R40m (US$2.8m) for 2019 was approved, as well as R3.5m (US$0.2m) for audit-related fees.

In line with a documented policy on the nature and extent of non-audit services that the external auditors can provide to the Company, the Committee pre-approves all audit and permitted non-audit assignments by the Company's external auditors.

# AUDIT COMMITTEE REPORT continued

for the year ended 31 December

The Committee reviewed the annual external audit plan presented at its meeting in August 2019, including the scope, materiality levels and significant risk areas, and established that the approach would appropriately respond to organisational and regulatory changes, as well as any 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 by the Committee.

The Committee monitors progress against the approved annual audit plan throughout the year. To this end, PwC presented its first progress report to the Committee at its November 2019 meeting, highlighting all issues identified during the audit – particularly those relating to results of the work performed on high-risk areas, significant estimates and judgements, as well as significant and unusual transactions.

PwC had direct access to the Committee throughout the year, and met with the Chairperson of the Committee before each meeting and, when required, on an ad-hoc basis. PwC reported to the Committee at each quarterly meeting, as well as at the year-end meeting. In addition, the Committee regularly met with PwC separately without other invitees present. The Committee is satisfied that PwC 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. Management presented position papers to the Committee which detailed 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 at length and included, but were not limited to, the following areas:

### Impairment of assets and goodwill

The impairments identified and recorded included:

- Impairment of the Far Southeast (FSE) project by US$10m

### Taxation

The Committee is satisfied that a detailed review was carried out by management, including the internal tax team, to provide a best estimate of the tax expense for the year (refer to note 9 in the Annual Financial Statements, p148). A deferred tax credit of US$15m was recognised in 2019, compared with US$212m in 2018..

### Adoption of new accounting standards

The Committee is satisfied with management's assessment and implementation of IFRS 16 Leases.

### Contingent liabilities

A number of contingent liabilities are disclosed in detail in note 35 to the Annual 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 2019.

These matters are all receiving ongoing attention from management, who is considering 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 the Company, headed by a Vice President: Internal Audit (VP: IA) who is appointed and, if necessary, dismissed by the Committee. The VP: IA reports directly to the Committee, and has direct access to the Chairperson and members of the Committee, as well as the Chairperson of the Board. The Committee 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 that the resources available to GFIA, along with the skills and experience of the department, will allow the team to fulfil its mandate.

The Committee determines the purpose, authority and responsibility of GFIA in an Internal Audit Charter, which is reviewed and approved annually. The Committee assesses the performance of GFIA every year. GFIA operates in accordance with the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (IIA). The internal audit activities carried out during the year were identified through a combination of the Gold Fields risk management framework, which includes the combined assurance framework, and the risk-based methodologies adopted by GFIA. The Committee approves the annual internal audit assurance plan presented by GFIA and monitors progress against the plan reported to the Committee each quarter. GFIA ensured that its framework is aligned with the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) 2013 internal control framework.

The Group's internal control systems 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 assurance statement on the adequacy and effectiveness of governance, risk management and controls. No significant events occurred, nor has any been brought to GFIA's attention, to believe that governance, risk management and the control environment are inadequate or ineffective.

## INFORMATION COMMUNICATION AND TECHNOLOGY GOVERNANCE

ICT governance remains a key focus area for the Group, the responsibility of which was delegated to the Committee by the Board. The Committee also works with the Risk Committee on related ICT matters.

Gold Fields' ICT Charter defines the overall direction and governance for ICT across the Group. The VP and Group Head of ICT is responsible for executing ICT governance procedures in line with this Charter, and reports to the Committee at each meeting. The Committee reviews his report, which includes the results of all review and testing conducted by management and GFIA.

Gold Fields adopted the Control Objectives for Information Technology (COBIT) as a governance framework, and regular assessments are conducted to determine the maturity of ICT governance processes. Gold Fields' ICT at its various operations is operating at an overall maturity level of between three and four out of five, indicating that the Group's ICT governance framework and processes are established and predictable. Areas of ICT risks across the Group were defined as part of the Group's overall risk management framework, and formal policies and procedures are documented and updated regularly for these areas.

Given the nature of cyber security and the rising global cyber risk, cyber security has now become a key component of the Group's ICT governance and risk agenda. Gold Fields further enhanced its cyber security management controls during 2018 and 2019, by achieving the ISO 27001 Information Security Management System certification for all its mines and corporate offices.

The ICT 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 ICT 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, and continues to be satisfied that he 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. GFIA 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.

# AUDIT COMMITTEE REPORT continued

for the year ended 31 December

The Committee also ensures that 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. Ongoing training and awareness on the Code of Conduct remained a key focus area during 2018 and 2019, following the launch of an e-learning programme in late 2017, to reinforce the provisions and application thereof.

The Committee is also responsible for ensuring that all calls to the Gold Fields tip-offs line – administered by an independent external party – are proactively dealt with. The Chairperson of the 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 of the investigations, including details on any action taken, are also reported by the Committee Chairperson to the SET Committee.

Gold Fields 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

The Group's Risk Committee deals with Group operational and financial risks, as well as the requisite reporting as required annually. While there is ongoing interaction between the Risk and Audit Committees, the management of financial risk remains a key focus of the Committee, management and GFIA. Gold Fields' Group and regional risk disclosures are on p10 – 13 of the IAR.

## INTERNAL CONTROL STATEMENT

In terms of the SEC's listing requirements, Gold Fields has to comply with the requirement of the Sarbanes-Oxley Act of 2002 which requires management to establish and maintain adequate internal control over financial reporting using a recognised internal controls framework.

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.

During 2019, management identified a material weakness in internal control over financial reporting related to the recording of transactions between cost close (the date the general ledger was closed for reporting purposes) and calendar year-end in the Statement of Cash-Flows. The material weakness was caused by an inadequate evaluation of the risk that transactions, including cash payments and receipts, could occur between the cost close date and 31 December which could have a material impact, both individually and in aggregate, on financial statement captions and disclosures. However, the material weakness was remediated at year-end.

This material weakness in internal control over financial reporting resulted in a restatement to a number of financial statement captions within the Statements of Financial Position and Cash-Flows as described in note 42 to the Consolidated Financial Statements as at 31 December 2018 and 2017. No restatements were made to the Consolidated Income Statement, Statement of Changes in Equity and Statement of Comprehensive Income. There was no impact on the Company's basic, headline or diluted earnings per share for the year ended 31 December 2018 and 2017.

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 believes that Gold Fields' internal controls are effective, and that the financial records can be relied upon as a reasonable basis for the preparation of the Annual Financial Statements.

## AUDIT COMMITTEE STATEMENT

The Committee considered and discussed the AFR, including the Corporate Governance Report, and IAR with both management and the external auditors.

During this process, the Committee:

- Reviewed the Annual Financial Statements included in the AFR 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 AFR 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 AFR and the IAR comply with the statutory requirements of the various regulations governing disclosure and reporting in all material respects, and that the Annual Financial Statements comply in all material respects with the Companies Act and IFRS.

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

**Yunus Suleman**
*Chairperson: Audit Committee*

30 March 2020

# REMUNERATION REPORT

## Preamble to the Remuneration Report

We present our 2019 Remuneration Report in three sections:
- Section 1: Message from the Chairperson of the Remuneration Committee (RemCo), which includes a background statement and context for 2019
- Section 2: Overview of Gold Fields' remuneration policy
- Section 3: Outcomes and implementation of the remuneration policy during 2019

The Gold Fields Board is responsible for ensuring that the Group's remuneration arrangements are fair, responsible and aligned with the long-term interests of the Company and its shareholders. In performing this function, it is critical that the Board remains independent of management when making decisions affecting remuneration of the CEO, CFO, other executives, and the Group's employees. With this in mind, RemCo, as a constituted committee of the Board, has been delegated responsibility for overseeing the Group's remuneration activities. Its members are all independent NEDs, and their qualifications and experience are detailed in the Governance Report on p61 – 73, along with the number of meetings held and attendance at these meetings.

The RemCo Charter and terms of reference are available on **www.goldfields.com/standards-and-principles.php**. In summary, RemCo's role is to oversee the Group's approach to remuneration and ensure fair, compliant, sustainable and competitive pay to support delivery of the Group's strategy. RemCo is further responsible for overseeing remuneration implementation to ensure consistent process delivery, aligned to the Group's remuneration policy. In so doing, RemCo enables the Group to access and appropriately incentivise the employees required to drive value creation and support the Group's business strategy.

To ensure that it is fully informed on developments and performance, RemCo invites the CEO and EVP: People and Organisational Effectiveness to attend meetings and provide reports and updates. These executives 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 advisers.

The following table contains a summary of how our shareholders have supported remuneration policies and implementation practices over the past three years.

### Annual General Meeting (AGM) shareholder voting record on remuneration resolutions[1]

| | 2019[2] | 2018[3] | 2017[4] |
|---|---|---|---|
| Remuneration policy | **90%** | 96% | 97% |
| Implementation of policy | **91%** | —% | —% |
| NEDs' fees | **99%** | 98% | 99% |

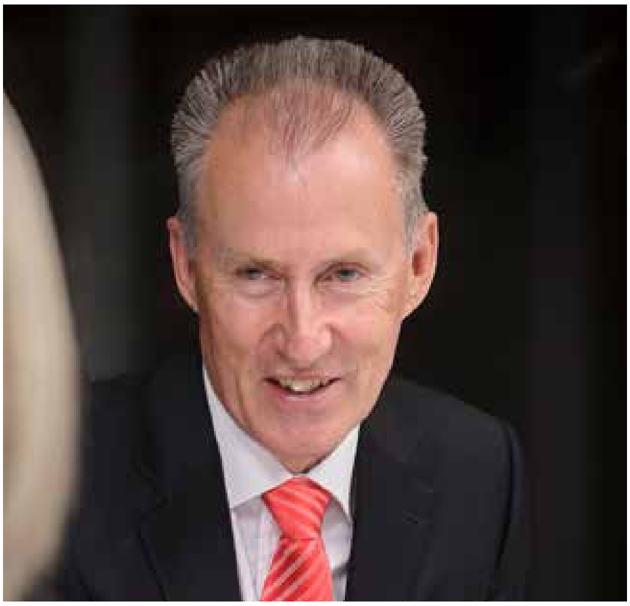
[1] *The rounded percentage of "votes for" are reflected in the table*
[2] *AGM dated 21 May 2019*
[3] *AGM dated 22 May 2018*
[4] *AGM dated 24 May 2017*

RemCo is responsible for oversight and management of compensation-related risks. As part of its mandate, RemCo annually, and when considered necessary, reviews risks associated with the remuneration philosophy, structure, policies and practices. RemCo is satisfied that the current 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, is actively involved in the structuring and preparation of the remuneration policy to ensure it aligns with the Group strategy of sustainably improving TSRs
- RemCo makes use of external experts, as and when required, to ensure that its remuneration policy is in line with best global practices, and that incentive plans are aligned with Group strategy
- Executive remuneration is disclosed annually, in Section 3 of this Remuneration Report, and in accordance with the remuneration policy. Executives are not involved in any approval process relating to their own remuneration

RemCo approves remuneration of the Exco, including executive directors and employees with remuneration comparable to those of Exco members, taking into account recommendations from the CEO, as well as independent external advisers who have done the necessary benchmarking to ensure there is alignment with the appropriate industry peer group in the jurisdictions in which we operate.

# Section 1: Message from the RemCo Chairperson



## INTRODUCTION

The Gold Fields 2019 Remuneration Report is presented herewith on behalf of the RemCo. The Board-approved RemCo Charter and the committee's terms of reference govern the activities of the RemCo, which include the signing of the contents of this report. The Board reviews the RemCo Charter and terms of reference on an annual basis, which is available online, together with the Gold Fields remuneration policy, at **www.goldfields.com/standards-and-principles.php**.

This annual message is preceded by noting our deep regret for the loss of Maria Ramela. Maria was a trackless crew leader at our South Deep mine. On 2 June 2019, she was killed in a mining incident caused by a series of seismic events. 2019 will always be a painful one for Maria's mother, children, friends and colleagues, and we will keep her memory, and those of our other fallen colleagues, close as we relentlessly pursue total eradication of fatalities everywhere in our operations.

Our safety goal is to achieve zero harm by eliminating all fatalities and serious injuries. This is the priority for the Board, Exco and all employees. While the full scope of our overall safety leadership focus is discussed elsewhere, the RemCo prioritised this further by modifying the Group's short-term incentive (STI) plan. We replaced the total recordable injury frequency rate (TRIFR) as the sole metric of the safety component (weighed at 20%) with a scorecard of four metrics, representing a mix of leading and lagging indicators and overridden by a negative modifier in the event of a fatality.

Even though there was solid progress on all four of these safety metrics across the Group, this was overridden by Maria's fatal accident. As a result, the negative modifier in the STI plan was triggered and resulted in the 20% safety weighting in the STI being nullified for both South Deep and the Group corporate office STI participants, including the executive team.

### GOLD FIELDS' REMUNERATION PRACTICES

**We do:**

- Provide pay for performance
  - 75% of CEO pay at risk
  - The CEO and executive team's STIs are heavily (65%) linked to Group performance
  - The CEO and executive team's long-term incentives (LTIs) consist entirely of performance shares
  - Performance shares are based on absolute and relative TSR and free cash-flow (FCF) margin
  - Performance shares target at least median of peer group for relative TSR, absolute TSR to exceed US Dollar cost of equity, and minimum 5% FCF margin
- Have an executive 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 including clawbacks and malus
- Promote retention with LTIs that vest after three years
- Have a RemCo made up of only independent NEDs
- Retain an independent remuneration consultant whose primary purpose is to advise RemCo

**Gold Fields does 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

In terms of other bonus parameters, each region significantly exceeded its host community procurement spend targets, while 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 DJSI in 2019, and an independent verification of Gold Fields with the ICMM Water Position Statement found that we are fully aligned. For the second year in a row, Gold Fields was included in the Bloomberg Gender-Equality Index (GEI). The GEI tracks the performance of public companies committed to supporting gender equality through policy development, representation and transparency.

Gold Fields achieved 2.20Moz of attributable gold production, ahead of the 2.18Moz upper end of our guidance for the year. Both All-in sustainable costs (AISC) and All-in costs (AIC) ended the year 9% below guidance at US$970/oz and US$1,064/oz respectively. Gruyere started production in June and ramped up to full production in Q4 2019. The restructuring of South Deep was completed and the mine boosted production, reduced costs

# REMUNERATION REPORT continued

and returned positive cash-flow. Damang's Reinvestment project was ahead of plan, while a positive Salares Norte feasibility study (FS) and environmental approvals led to the go-ahead for construction to commence later in 2020.

Over the past three years, the Group has spent total project capital of close to US$1bn, primarily on Damang, Gruyere and Salares Norte, ensuring that Gold Fields should be on track for our international operations alone to produce over 2Moz a year for the next decade. All regions delivered strong operational, financial and sustainability performances in 2019.

During 2019, we maintained the overall framework of our remuneration policy and no changes were made to the remuneration mix for executives. The RemCo met four times during 2019 and there was full attendance at the meetings in February, May, August and November 2019.

In summary, RemCo dealt with the following important issues during 2019:
- Oversight of all remuneration processes for the Group, with focus on enhancing the link between performance and reward
- Ensured strategic alignment between Group, regional and personal scorecards
- Strengthened policies to cater for the jurisdictions in which Gold Fields operates
- Engaged with and responded to shareholder remuneration questions and reports from proxy advisers (see below)
- Developed a Malus Policy, which was implemented in early 2020
- Reviewed prevailing market trends related to minimum shareholding and anti-hedging policies for executives
- Modified the annual RemCo work plan to improve cyclical reward process-related activities

RemCo is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2019 financial year, and that the Group's remuneration policy achieved its stated objectives. RemCo notes that it has worked closely with management and external advisers to continue improving practices. It believes that its work not only meets its own objectives, but also ensures the alignment of interests across the Group's diverse set of stakeholders. RemCo has engaged regularly with shareholders to receive their input into the Group's remuneration policy and outcomes. Overall, we are satisfied that the performance-linked pay received by the Group's executives is in line with the approved framework for linking variable pay with performance.

## ADVISERS

Khokhela Remuneration Advisors was RemCo's independent remuneration advisers during 2019. Deloitte supported Gold Fields with its latest executive remuneration benchmarking exercise, which was considered in establishing 2019 salary increases.

## SHAREHOLDER ENGAGEMENT

The Chairperson of RemCo, together with the EVP: People and Organisational Effectiveness, met with South African-based Gold Fields shareholders in 2019 to discuss and receive feedback on our approach to executive remuneration. These meetings and other feedback received throughout the year related primarily to important industry topics such as:
- Minimum share ownership and holding periods
- Additional remuneration targets for ESG and financial return metrics
- Our approach to TSF safety
- The importance of malus and clawback policies

RemCo will continue to seek and incorporate this feedback as appropriate to refine and enhance our remuneration programmes on an ongoing basis, consistent with our corporate objectives and strategy.

Overall, shareholders overwhelmingly supported NEDs' fees (99%), the remuneration policy (90%), and the implementation thereof (91%), at the AGM held on 21 May 2019. On behalf of RemCo, I would like to express my thanks to shareholders for their ongoing support and engagement.

## CONCLUSION

RemCo concludes that the Company's employee remuneration policies and practices do not create undue risks or promote inappropriate risk-taking behaviour. RemCo will continue to ensure that fair, equitable and responsible remuneration processes are in place to ensure the promotion and implementation of Gold Fields' strategy, thereby boosting stakeholder value creation.

**Steven Reid**
*Chairperson: RemCo*

On behalf of RemCo, which approved the report on 30 March 2020

# 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 Exco members (as Gold Fields prescribed officers). In addition, we discuss remuneration principles that are applicable on a Group-wide basis.

## INTRODUCTION

One of our competitive advantages with respect to people is our strong culture. Our people are driven by passion, guided by values and committed to partnerships with stakeholders that have helped us to succeed, both as a Group and as individual employees.

Our remuneration structures are designed to support this culture and to stimulate and incentivise high performance. We aim to create partnerships with our people in their journey of continued growth through market-related base pay and benefits, attractive performance-driven STIs, LTIs, as well as recognition and retention programmes.

The core objective of our remuneration policy is to attract, retain and motivate top talent to deliver superior results. To ensure that we are providing remuneration that is fair, appropriate and responsible, we annually conduct our own internal benchmarking exercise and, every second year, make use of external remuneration consultants to confirm our objectivity in achieving this goal.

RemCo is acutely aware of the global issue regarding fair and responsible remuneration between management and junior-level employees, as well as remuneration levels between gender groups. We believe that our approach to short and long-term remuneration is substantively fair and is applied consistently throughout the organisation in line with the approved design frameworks.

Gold Fields' total reward programme and policy starts with and flows from our Group strategy and values as illustrated in the 2020 Group Balanced Scorecard (BSC) on the next page.

The Group's BSC process forms part of the day-to-day management of the business, the quarterly business review process and the performance management process. It is not simply an input to reward-related decision making, but fundamentally supports our delivery-based culture.

For all executive scorecards, we ensure that cascaded objectives are outcomes-focused and that targets are appropriately set, with stretch targets in place to take account of incremental rewards. Each year, management and the Board assess the Group's key objectives for the year ahead to ensure the Group achieves its medium-term targets. The 2020 BSC goals are captured in the infographic on the next page. The incentives under the Group BSC are then cascaded to executive, regional and individual scorecards.

# REMUNERATION REPORT continued

## 2020 GROUP SCORECARD

**ACHIEVE OUR VISION:**

To be the global leader in sustainable gold mining

**INCREASE TOTAL SHAREHOLDER RETURN**

### FINANCIAL

**CAPITAL DISCIPLINE PROCESS**

Reduce net debt by US$300m – US$400m @ US$1,500/oz[1]

### STAKEHOLDER

**REPUTATION WITH STAKEHOLDERS**

- 60% of active investors engaged twice a year
- 80% achievement of planned government engagement interactions

### INTERNAL BUSINESS PROCESSES

**STRATEGIC PLANNING PROCESS**

- Improve the resolution between short-term and long-term planning

### ORGANISATIONAL CAPACITY

**EFFICIENCIES AND SECURITY OF UTILITIES (ENERGY AND WATER)**

- 5% TJ reductions through energy-saving initiatives
- Achieve 800,000t $CO_2$-eq reduction target for 2017 – 2020[4]
- Commence construction of South Deep solar power plant
- 3% reduction in freshwater withdrawal
- Increase water recycling/reuse to 66% of total water use

**QUALITY**

**Improve portfolio management**

- Develop growth plans for the Australia, West Africa and Americas regions

*[1] Illustrative price*
*[2] Including spending on Salares Norte project*
*[3] This is measured by the number of referrals via LinkedIn*
*[4] Representing about half of our annual Scope 1-2 emissions*

- Above median performance against peer group

### COST GUIDANCE (AIC)

US$1,035 – 1,055/oz[2]
Cost guidance for 2020

### CAPITAL RETURNS

15% return at US$1,300/oz and A$1,850/oz gold price per project/investment

### (ANALYSTS AND INVESTORS, EMPLOYEES, GOVERNMENT, COMMUNITIES)

- Substantial implementation of community action plans
- Increase in the number of influenced hired employees[3]

### CAPITAL DISCIPLINE PROCESS

- Substantial compliance of capital projects with time, cost and scope approvals

### SAFETY, OCCUPATIONAL HEALTH AND WELLBEING

- Substantial achievement against key environmental health and safety targets

### ORGANISATIONAL CULTURE

- Improve response to findings in employee climate surveys
- Managers living the Gold Fields values as measured by 360˚ assessment
- Increased diversity and inclusion among employees

**Lag indicators:** indicators of performance that show how successful we have been in achieving outcomes

### OF OUR PORTFOLIO

**Sustain improvements at South Deep**

- Deliver the 2020 guidance of 8,000kg at R625,000/kg

**Delivery of Salares Norte**

- Complete detailed engineering design
- Commence with construction in Q4 2020

### INNOVATION AND TECHNOLOGY

- Significant progress in rolling out digital infrastructure

### PEOPLE CAPACITY

- 75% cover for high impact and mission critical roles

### GOVERNANCE AND COMPLIANCE

- No material deviations from compliance guidelines
- All audit findings resolved within agreed timeframes

**Lead indicators:** indicators of performance that drive outcomes/future success

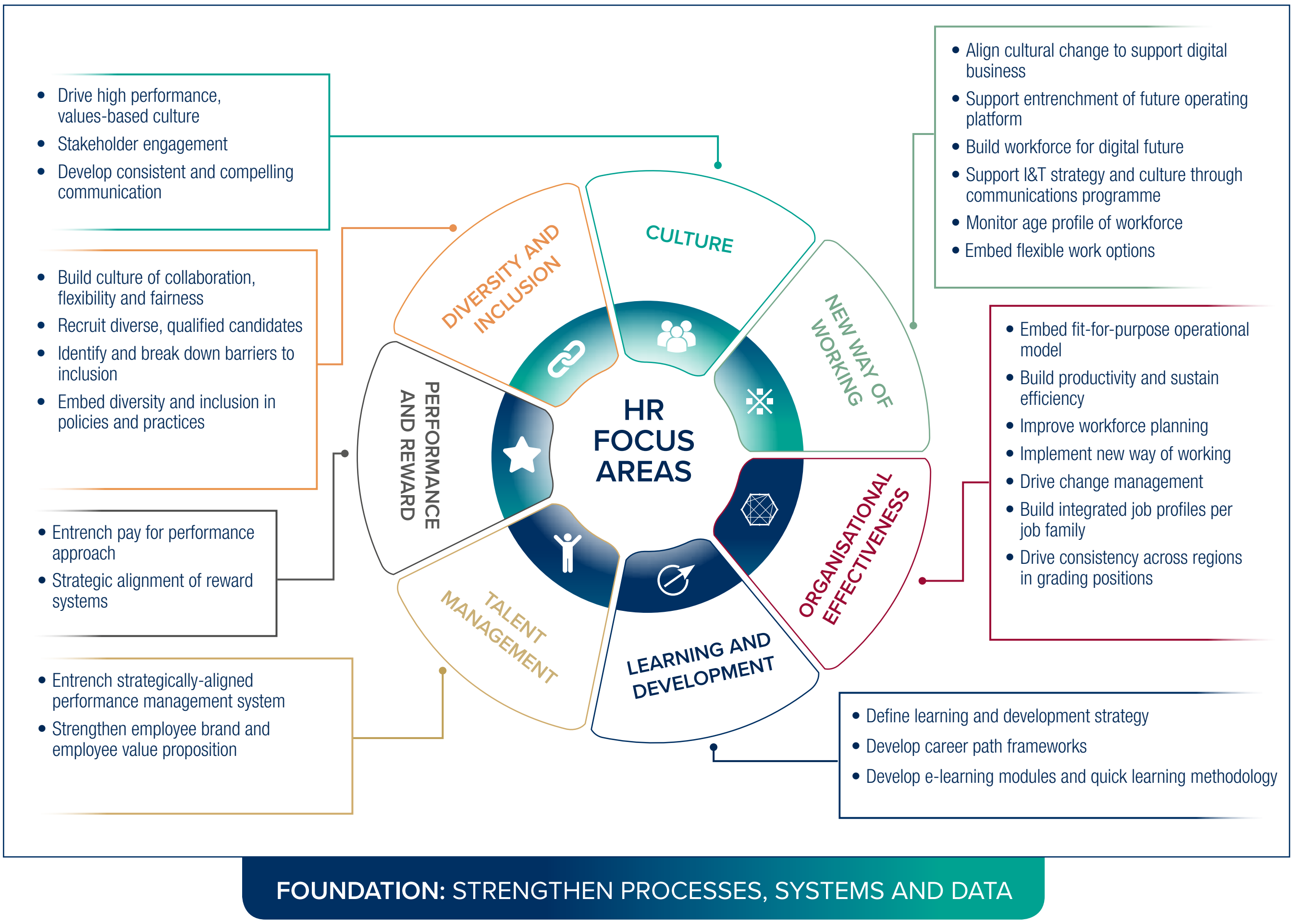
For an infographic on how our Group Strategy is applied at the Company go to www.goldfields.com/integrated-annual-reports.php

# REMUNERATION REPORT continued

## REMUNERATION FRAMEWORK

Gold Fields is committed to ensuring fair, equitable, sustainable and responsible remuneration practices. We believe in compensating our people in relation to sustained value creation, 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 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, as illustrated in the human resources (HR) strategy diagram below:



## 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 comprehensive strategy to attract the best talent.

As such, our remuneration practices are competitive in the jurisdictions we operate, balanced with our pay for performance philosophy and overall strategy to sustainably maximise TSR.

Our annual benchmarking efforts reflect this and translate to comparisons at the market median of our comparator peer 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 2019. This peer group is different from the one used for relative TSR due to the availability of guaranteed pay data. The composition of this group was position-specific and included:

- Newcrest (Australia)
- Newmont (Australia)
- Evolution (Australia)
- Northern Star (Australia)
- Kinross (Canada)
- Agnico-Eagle (Canada)
- Yamana (Canada)
- Eldorado Gold (Canada)
- Barrick (post-Randgold acquisition) (Canada)
- Endeavour Mining (Canada)
- AngloGold Ashanti (South Africa)
- Sibanye-Stillwater (South Africa)
- Harmony Gold (South Africa)

Deloitte's study confirmed general alignment of the target pay mix with that of local and international mining peers, with a comparative market capitalisation, and provided valuable information to RemCo in assessing Gold Fields' executive remuneration levels.

### GOLD FIELDS OVERALL REMUNERATION CONCEPT

| | FIXED | VARIABLE | | |
|---|---|---|---|---|
| **COMPONENTS** | CASH | CASH | | EQUITY |
| | Guaranteed remuneration | Short-term incentive plan (STIP) | | Long-term incentive plan (LTIP) |
| **PURPOSE** | Remunerates executives for leadership and management skills and the degree of accountability in their roles | Rewards executives for their contribution to the achievement of annual financial and non-financial goals | | Links the interests of the executives and shareholders by rewarding executives for creating sustained shareholder value over several years |
| **DETAIL** *Make-up:* | | Corporate objectives | Individual objectives | Performance shares |
| *Weighting:* | | 65% | 35% | 100% |
| *Target amount:* | | **CEO: 65% of GRP**<br>CFO: 60% of GRP<br>Exco: 55% of GRP | | **CEO: 104% of GRP[1]**<br>CFO: 96% of GRP[1]<br>Exco: 88% of GRP[1] |
| *Outcomes:* | | 0 to 2 x target | 0 to 2 x target | Performance 0 to 2X |
| **PERF. PERIOD** | One year | One year | | Three years (cliff vest) |
| **MEASURES** | Assessed performance<br>Reference to peer group | 20% Safety<br>20% Production<br>40% All-in costs<br>20% Development | Specifically designed for each executive and aligned with corporate strategy and objectives | 33% Three-year relative TSR versus peers<br>33% Three-year absolute TSR<br>34% Three-year free cash flow margin |

[1] *Modified by personal performance rating*

# REMUNERATION REPORT continued

## Key reward components of the remuneration policy

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

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

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

### GRP

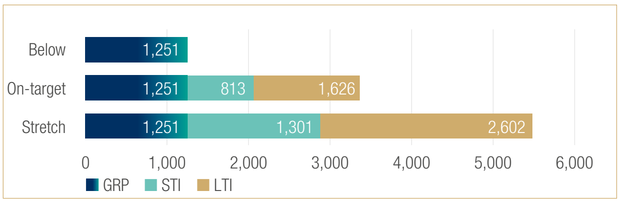
The GRP (BRP for international employees) elements for Gold Fields are:

| 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 and also allows us to attract and retain the skills required to deliver on our strategic goals. | Base pay for all employees is reviewed annually after considering benchmarks against comparator groups, Group performance, economic circumstances, affordability, individual performance, changes in responsibility and inflation levels. Changes are effective from 1 March each year.<br><br>The CEO makes recommendations on Exco base pay – excluding his own base salary – to 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 set above/below changes in the consumer price index (CPI). The guaranteed pay benchmark is the market median. | Both Group and individual performances in line with the BSC inform the individual base salary review. This is in addition to economic circumstances, affordability, changes in job responsibility and alignment across employee groups. |

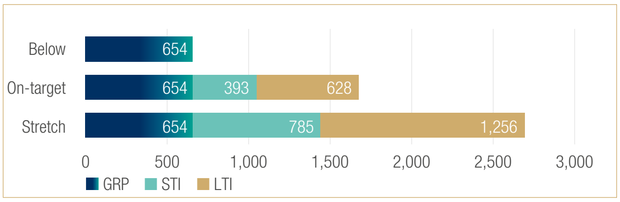
| Benefits and allowances | | | |
|---|---|---|---|
| **Objective and link to strategy** | **Operation** | **Policy and practice** | **Performance measures** |
| Provided to ensure local market competitiveness benefits are provided based on affordability to both the employees and the Group. | Based on local market trends and can include items such as Group life insurance, disability and accidental death insurance. The expatriate policy provides that special allowances may be made for expatriate employees 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. Benchmarking ensures that there are competitive benefits aimed at attracting and retaining key employees. | Not applicable. |

## Remuneration scenarios at different levels of performance[1]

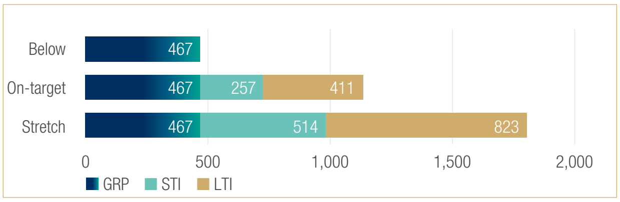
**Chief Executive Officer**
US$'000




**Chief Financial Officer**
US$'000




**Executive committee**
US$'000




[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 100% vesting; "Stretch" assumes 200% vesting*

### 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 the greater the 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 of the total remuneration for the CEO, CFO and Exco members, on a single total figure basis, based on the 2019 remuneration policy

## SHORT-TERM INCENTIVES

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

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)<br>– Linked to team/department strategy | Company performance conditions (bonus parameters)<br>– Safety (20%)<br>– Gold production (20%)<br>– AIC (40%)<br>– Development and waste stripping (20%) |
|---|---|

| Category | Individual | Group | Region | Operation |
|---|---|---|---|---|
| CEO | 35% | 65% | 0% | 0% |
| CFO | 35% | 65% | 0% | 0% |
| Group executive | 35% | 65% | 0% | 0% |
| Regional executive | 35% | 20% | 45% | 0% |
| General manager | 35% | 0% | 20% | 45% |
| Regional office | 35% | 0% | 65% | 0% |
| Mines | 35% | 0% | 0% | 65% |

# REMUNERATION REPORT continued

- 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's 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 STIs 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
- 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 |
| CEO | 0% | 65% | 130% |
| CFO | 0% | 60% | 120% |
| EVP | 0% | 55% | 110% |

- Achievement falling between threshold and 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 STIs towards their MSR-related commitments

## GROUP PERFORMANCE MEASURES

This is made up of the following bonus parameters:

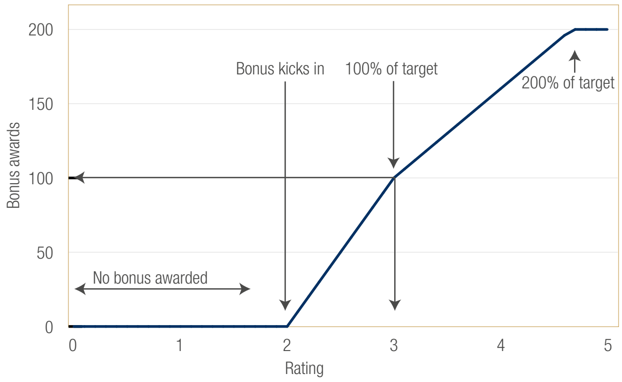
- Safety (20%)
  Until 2018, safety performance was measured by a change in the TRIFR. From 2019, the safety performance measure comprised a mix of leading and lagging indicators listed below. In addition, a fatal accident acts as a negative modifier; a fatality results in a forfeiture of the entire safety element (20%) for bonus purposes for the operation, region and corporate office participants.
  - Serious injuries
  - Safety engagement rate (SER)
  - Near-miss reporting
  - Timely close-out of corrective actions on serious potential injuries
- Gold production (20%)
- AIC (40%)
- Development and waste stripping (20%)

## INDIVIDUAL PERFORMANCE MEASURES

We have been on a journey to realign our performance management processes with our Group strategy. This realignment process 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 scorecards. 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 0%, and between 4.7 and the maximum of 5 results in the capped achievement of 200%.

**Personal performance rating correlation to percentage achievement (%)**



The CEO's condensed 2020 personal scorecard follows below, consisting of a balance between leading and lagging indicators.

| Category | Weight | Key result themes | Target |
|---|---|---|---|
| **Financial** | 20% | Reduce debt to improve TSR, reduce risk and create financial stability | Reduce debt by US$300m – US$400m at an average US$1,500/oz gold price |
| | 10% | Improve rate of return on capital deployed | 15% return at US$1,300/oz |
| **Business processes** | 20% | Continued improvement in mining performance at South Deep | Deliver the 2020 South Deep guidance of 8,000kg at R625,000/kg |
| **Organisational capacity** | 10% | Improve portfolio management | Implement growth plans for the West Africa, Americas and Australia regions |
| | 10% | Advance the Salares Norte project | Commence with construction in Q4 2020 |
| | 10% | Improve efficiencies and productivity through I&T initiatives | Funding recommendations motivated to the Board with execution strategy |
| | 10% | Continued improvement in people capacity at South Deep. Current baseline: 78% of middle and senior management | More than 80% capable people in middle and senior management positions at South Deep |
| | 10% | Living the Gold Fields values and demonstrating these values as described by the values descriptors | Demonstrable growth in corporate culture |

## LONG-TERM INCENTIVES

### Gold Fields' Amended 2012 Share Plan

Gold Fields' Amended 2012 Share Plan (Share Plan) is a conditional Share Plan that provides for annual awards of performance shares, which vest after three years subject to performance conditions. Participants receive shares under the Share Plan, which aims to instil a sense of ownership among executives, therefore 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 LTIP received performance shares under the Share Plan. From 2018 onwards, the following changes applied:

- Exco members: 100% of LTI participation through the Share Plan
- Regional Exco: 30% of LTI award through the Share Plan and 70% through the cash-settled LTIP (refer to p48)
- Other participants receive 100% of their LTI award through the cash-settled LTIP

By only awarding shares to executives and certain senior managers, Gold Fields ensures the future sustainability of the share scheme by limiting the issuance of shares under the plan and appropriately aligning LTIs. The use of Company shares also aligns executive management interests with those of shareholders.

Performance share awards are determined by job grade, performance and guaranteed remuneration. The award profile is set out below, expressed as a percentage of an individual's GRP or BRP as applicable:

| Individual performance rating | 1.0 to 2.7: 0% | 2.8 to 3.2: 50% | 3.3 to 3.7: 100% | 3.8 to 4.2: 150% | 4.3 to 5: 200% |
|---|---|---|---|---|---|
| CEO | 0 | 52 | 104 | 156 | 208 |
| CFO | 0 | 48 | 96 | 144 | 192 |
| Exco | 0 | 44 | 88 | 132 | 176 |
| Regional Exco[1] | 0 | 9 – 10 | 18% | 27 – 30 | 36 – 40 |

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

# REMUNERATION REPORT continued

These awards in monetary value are used to calculate an equivalent number of shares based on the historical share price. The vesting of these shares is subject to the following performance conditions:

| Performance condition | Weighting | Threshold (0% vesting) | Target (100%) vesting | Stretch (200% vesting) |
|---|---|---|---|---|
| Absolute TSR | 33% | N/A – no vesting below target | The US Dollar (nominal) cost of equity[1] over the three-year performance period | US Dollar cost of equity + 6% over the three-year performance period |
| Relative TSR | 33% | Below median of the peer group[2,3] | Median of the peer group | Upper quartile of the peer group |
| FCF margin | 34% | Average FCF margin over the three-year performance period of 5% at a gold price of US$1,200/oz | Average FCF margin over the three-year performance period of 15% at a gold price of US$1,200/oz | Average FCF margin over the three-year performance period of 20% at a gold price of US$1,200/oz |

[1] *Cost of equity is validated by an external consultant*
[2] *For 2018 awards, the peer group consists of AngloGold Ashanti, Goldcorp, Barrick, Eldorado Gold, Randgold, Yamana, Agnico Eagle, Kinross, Newmont and Newcrest. The three-year performance period data for Goldcorp and Randgold is maintained on a phantom-based methodology as approved by the committee subsequent to their mergers with Newmont and Barrick respectively, effective from the respective merger dates*
[3] *For 2019 awards, the peer group consists of AngloGold Ashanti, Barrick, Eldorado Gold, Yamana, Agnico Eagle, Kinross, Newmont, Newcrest, Northern Star and Endeavour. This is to maintain a peer group of 10 following the mergers of Newmont with Goldcorp and Barrick with Randgold*

- Vesting occurs after three years from 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 share awards towards the achievement of their MSR
- Linear interpolation is applied between threshold and target and target to stretch performance

### Cash-settled long-term incentive plan

The cash-settled LTIP ensures alignment between regional contributions and our long-term business strategy. The use of cash as opposed to shares also reduces the number of shares required, while still ensuring a longer-term focus for participants.

The cash-settled plan's design links regional long-term strategic objectives with Group objectives. Regional performance conditions and targets are set and agreed with RemCo at the beginning of each three-year performance period. While awards are made in March each year, and 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.

Corporate office participants in the cash-settled LTIP have awards linked to performance conditions that mirror those of the Share Plan. In other words, the absolute TSR, relative TSR and FCF margin measures and targets described as part of the Share Plan on p46 apply to these participants as well.

Approximately 550 eligible employees currently participate in the cash-settled LTIP.

## OTHER KEY FEATURES OF OUR REMUNERATION POLICY

### Executive minimum shareholding requirements

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.

The MSR policy implemented in 2017 requires members of Exco to hold shares in Gold Fields equivalent to multiples of their GRP as defined in the policy, as follows:
- CEO: 200% by 31 December 2020
- All other members of Exco: 100% within five years of date of entry

RemCo makes an award of matching shares at a ratio of 1:3 (one share for every three committed towards the MSR, capped at the matching share limit). The value of the ultimate number of matching shares that will vest is limited to 67% of GRP in the case of the CEO, and 33% of GRP or BRP for the other executives. The matching shares vest at the end of the five-year period if the participant remains in the employment of the Group and has retained the committed shares.

### Retention and sign-on bonuses

RemCo has the discretion to approve management proposed sign-on payments and/or retention payments to recruit and/or retain individuals at certain levels for specific business reasons. Below these levels, management has the discretion to approve such payments. The typical minimum work-back period for retention payments is two years.

### Malus and clawback

The Board is entitled to seek repayment of remuneration amounts that were made in error and subsequently restated. 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 LTIP, 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 if the amount is not immediately recoverable.

Our recently approved Malus Policy will permit the Board to withhold yet-to-be awarded remuneration in the event of certain trigger events.

### Exco 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 King IV principles.

Executive directors have permanent employment agreements with Gold Fields Group Services Proprietary Limited (GFGS), Gold Fields Ghana Holdings BVI Limited (GF Ghana) and Gold Fields Orogen BVI Limited (Orogen). The EVP: Strategy, Planning and Group Development has permanent employment agreements with GFGS and Orogen.

In terms of the South African employment contracts with 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 other Group Exco members.

### 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. 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 executive 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 non-binding advisory votes on the remuneration policy and Implementation Report at the Gold Fields AGM later in 2020.

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

## NON-EXECUTIVE DIRECTORS

### Non-executive directors' 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 committees, with differentiation only between international directors and those based in South Africa. We apply the policy using the following principles:
- Payment of a Board fee for the Board meetings attended during the year
- Board committee members receive annual committee fees for participation
- The Chairperson and Deputy Chairperson receive all-inclusive annual fees for all Board and committee participation
- We review fees annually and implement any increases in June of each year
- Travel expenses are paid to NEDs for travel for site visits and Board meetings

# REMUNERATION REPORT continued

## Non-executive directors' fee review

The 2019/2020 fees payable to NEDs were approved at the AGM in May 2019 and applied to directors as from 1 June 2019. The fees will remain until the AGM later this year, when we intend to seek approval for increases to be applied to the fees of NEDs by 4% for the period 1 June 2020 to 31 May 2021. The following fixed annual 2020/2021 fees shall be payable to NEDs (excluding value-added tax (VAT)), if approved by shareholders at the AGM later in 2020.

**NEDs' fees**

| Per annum unless specified | Approved 2019/2020 fees in Rand | Proposed 2020/2021 fees in Rand | Approved 2019/2020 fees in US$ | Proposed 2020/2021 fees in US$ |
|---|---|---|---|---|
| The Chairperson of the Board (all-inclusive fee) | 3,120,000 | **3,244,800** | | |
| The Deputy Chairperson of the Board (all-inclusive fee)[1] | 2,031,000 | **2,112,240** | | |
| The Chairperson of the Audit Committee | 372,000 | **386,880** | | |
| The Chairpersons of the Capital Projects Control and Review Committee, Nominating and Governance Committee, RemCo, Risk Committee, SET Committee and SHSD Committee (excluding the Chairperson and Deputy Chairperson of the Board) | 228,960 | **238,118** | 17,676 | **18,383** |
| Members of the Board (excluding the Chairperson and Deputy Chairperson of the Board) | 1,024,080 | **1,065,043** | 79,296 | **82,468** |
| Members of the Audit Committee (excluding the Chairperson of the Audit Committee and the Deputy Chairperson of the Board) | 191,880 | **199,555** | 14,892 | **15,488** |
| Members of the Capital Projects Control and Review Committee, Nominating and Governance 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 | **150,259** | 11,304 | **11,756** |
| Chairperson of the ad-hoc Investment Committee (per meeting) | 58,000 | **60,320** | 4,430 | **4,607** |
| Member of the ad-hoc Investment Committee (per meeting) | 36,000 | **37,440** | 2,835 | **2,948** |

[1] *The Deputy Chairperson is also the Group's lead independent director, and assumes the role of Chairperson when the Chairperson is not able to act, unavailable or if she has to recuse herself when her independence may be compromised. This fee is an all-inclusive one and covers the Deputy Chairperson's membership of six subcommittees, in addition to his Board membership*

# 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 2019. 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.

Average exchange rates of US$1:R14.46 (2018: R13.20) and A$1:R10.05 (2018: R9.88) were applied for calculation purposes in this section.

## GUARANTEED REMUNERATION PACKAGE

**Guaranteed pay (GRP and BRP) adjustments**

| Key facts | Policy application |
|---|---|
| • All eligible employees received a salary increase on 1 March 2019. The average increase for executives during 2019 was 4.7%<br>• The overall increase in employment costs during 2019 was within the approved mandate of RemCo<br>• Executive packages were increased only by country-specific inflation rates for the 2019 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<br>• Salaries in Ghana are determined in US Dollar but some consideration is given to local consumer prices when determining increases<br>• For South Deep, we applied an increase of 5.9%, to address retention of critical skills |

## SHORT-TERM INCENTIVES

### Key facts

- Bonus parameters for 2019 were approved as detailed in Section 2
- The total 2019 annual incentive award payment was US$24m (2018: US$26m) with 558 (2018: 509) eligible employees participating
- The incentive is based on the Group's achievement of a Group overall individual performance rating of 3.6 (2018: 3.5) out of a maximum of 5.0 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 advisers prior to approval and payment
- There is calibration 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
  - No adjustments were made to 2019 outcomes
- 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 2019, the Group performance was 92%, with targets and achievements below:

| Objectives 2019 | Weight | Threshold | Target | Stretch | Achieved | Percentage achieved | Bonus outcome |
|---|---|---|---|---|---|---|---|
| Safety | | | | | | | |
| • SER | 5% | 1.41 | 1.48 | 1.55 | 4.12 | 0%[1] | |
| • Increase in near-miss reporting | 5% | 311 | 408 | 441 | 458 | 0%[1] | |
| • Timely close-out of corrective actions on serious potential incidents | 5% | 90% | 95% | 100% | 96% | 0%[1] | 0% |
| • Reduction in serious injuries | 5% | 17 | 16 | 15 | 12 | 0%[1] | |
| Gold (equivalent) production – (koz) | 20% | 2,186 | 2,265 | 2,345 | 2,290 | 130% | 26% |
| AIC (US$/oz) | 40% | 1,124 | 1,086 | 1,048 | 1,092 | 86% | 34% |
| Development and waste | | | | | | | 32% |
| • Development at South Deep (metres) | 4% | 3,318 | 3,438 | 3,558 | 4,412 | 8% | |
| • Destress at South Deep (metres) | 4% | 28,944 | 29,994 | 31,044 | 26,606 | 0% | |
| • Open pit waste mined (ktonnes) | 6% | 126,102 | 130,676 | 135,250 | 136,934 | 12% | |
| • Underground development (metres) | 6% | 37,081 | 38,426 | 39,771 | 41,789 | 12% | |
| Overall achievement | | | | | | | 92% |

[1] *Adjusted to zero as a result of the fatal accident involving Maria Ramela at South Deep*

# REMUNERATION REPORT continued

## CEO 2019 SCORECARD

| Weight | Target | 2019 Results | Rating out of 5 |
|---|---|---|---|
| **FINANCIAL** | | | |
| 10% | Improve liquidity by reducing net debt<br>Target: US$100m debt reduction<br>Stretch target: US$150m debt reduction | • Net debt reduced by US$281m to US$1,331m | 5 |
| **INTERNAL BUSINESS PROCESS** | | | |
| 15% | Deliver the 2019 South Deep business plan through disciplined execution and improved productivity<br>Target: 477t mined/employee | • South Deep achieved a 45% annual improvement on 2018 in tonnes mined per employee at 418t | 3 |
| 15% | Improve internal business planning processes at South Deep by achieving 85% compliance to the mining plan | • South Deep achieved 87% compliance to the mine plan[1] – and a 7% improvement on 2018<br>• Backfill production was at record levels at 426,338m$^3$<br>• Ground support at 12.8km was a 37% improvement on 2018 | 4 |
| 10% | Delivery of the Gruyere project | • First crusher feed 20 January 2019<br>• First gold production 30 June 2019<br>• Substantial completion 20 July 2019<br>• 2019 production at 99koz, at the top end of market guidance | 3 |
| | Delivery of Gruyere project capital cost<br>Target: A$621m<br>Stretch: A$612m | • Final project capital cost was A$610m | 4.5 |
| 10% | Delivery of Damang project to the following targets:<br>• Total ore mined 31.8Mt<br>• Gold produced 218koz<br>• Mill throughput 4.3Mt<br>• 75% spatial compliance to plan | • Total tonnes mined of 34.1Mtt<br>• Gold production of 208koz<br>• Mill throughput at 4.6Mt (above nameplate capacity)<br>• 92% spatial compliance[2] to plan | 3.5 |
| 5% | Delivery of Salares Norte project:<br>• FS peer reviewed by March 2019<br>• Detailed engineering work at 55%<br>• Complete district exploration with 12.9km drilled<br>• Environmental approval to be achieved by June 2020 | • FS completed and presented to the Board in February 2019<br>• Detailed engineering work at 58%<br>• District exploration drilling of 15.5km<br>• Environmental approval received in December 2019 | 4 |
| **ORGANISATIONAL CAPACITY** | | | |
| 10% | • Improve impact of I&T<br>• Complete 2019 I&T programmes in accordance with the regional strategies with clear business cases | Key achievements:<br>• Telecommunications infrastructure at South Deep, Agnew, Granny Smith and St Ives to facilitate digital mining progressed<br>• Personnel and mobile equipment tracking systems implemented in one corridor at South Deep<br>• Automatic ventilation systems installed at Agnew<br>• High-precision blast hole drilling commenced at Tarkwa and St Ives<br>• Semi-autonomous loading expanded at Granny Smith and trialled at South Deep | 3.5 |
| 5% | Improve governance, compliance and risk by ensuring that there are no material deviations from 2019 compliance guidelines | • No material deviations | 4 |
| 10% | Develop leadership competency framework aligned with strategic objectives and values to improve people capacity and culture | • Leadership competency framework updated and adopted | 3.5 |
| 10% | Apply 360° "Living the Values" assessment in our performance assessment tool | • The 360° assessment of the CEO was completed by the Chairperson and Exco | 4 |
| **OVERALL PERFORMANCE RATING** | | | |
| **100%** | | | **3.8/5** |

[1] *Compliance to plan means adherence to key operational targets such as costs, drilling advancement, ground support and backfill production*
[2] *Spatial compliance requires adherence to the approved mining plan and sequence in which we mine*

## CFO 2019 SCORECARD

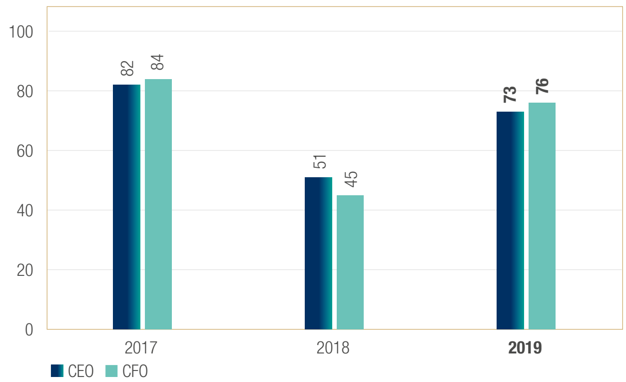
| Weight | Objectives | Results | Rating out of 5 |
|---|---|---|---|
| **FINANCIAL** | | | |
| 25% | Improve liquidity and debt profile<br>Target: US$100m debt reduction<br>Stretch target: US$150m debt reduction. | Increased overall liquidity and extended debt maturity profile to 2029. In particular:<br>• Successfully concluded the raising of two new bonds – a US$500m 5-year bond with a coupon of 5.125% and a US$500m 10-year bond with a coupon of 6.125%<br>• Raised US$1bn at an average coupon of 5.625%<br>• Achieved a final combined book for the bond issues in excess of US$3bn and with the proceeds of the new issue, we bought back US$250m of the outstanding 2020 notes | 5 |
| 25% | | • Entered into a new US$1.2bn revolving credit facility (RCF), comprising two tranches: US$500m 3+1+2 at a margin of 1.45% over London Interbank Offered Rate (LIBOR) and a US$500m 5+1+1 RCF at a margin of 1.70% over LIBOR. The syndication was 1.55 oversubscribed<br>• Increased loan facilities maturity profile to 2027<br>• Decreased margin on the 3+1+2 RCF by 75 bps from 220 to 145 over LIBOR. Decreased margin on the five-year tranche by 75bps and increased tenor to 5+1+1. Improved utilisation fee on the 5+1+1 RCF by 10bps | 5 |
| 15% | | Net debt reduced by US$281m to US$1,331m in 2019 | 5 |
| **INTERNAL BUSINESS PROCESS** | | | |
| 5% | Improve governance, compliance and risk by aligning reporting at Asanko | Asanko aligned its AISC and AIC reporting with that of Gold Fields with no material deviations | 3.5 |
| 10% | Active monitoring of total costs in each region | Total costs per ounce for the Group were within guidance range | 3 |
| 10% | Cyber security: Achieve ISO 27001 Information Security Management System Certification | Gold Fields is the first mining company to achieve Group ISO 27001 certification<br>• 2018: Certification achieved for Corporate Office, all the regional offices and South Deep mine<br>• 2019: All mines in Australia, Ghana and Peru achieved certification | 4 |
| **ORGANISATIONAL CAPACITY** | | | |
| 10% | Living the Gold Fields values | The 360° assessment of the CFO was completed by Exco and his team with positive results | 3.5 |
| **OVERALL PERFORMANCE RATING** | | | |
| **100%** | | | **4.5/5** |

In line with the above, and in accordance with the remuneration policy and the Group's annual STI scheme policy, RemCo awarded the CEO and CFO bonuses equal to 72.5% and 75.8% 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:

**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 and CFO three-year bonus as percentage of GRP (%)**



# REMUNERATION REPORT continued

## LONG-TERM INCENTIVES

The Group currently has the following LTIPs in place:

- Equity-settled share plan awards for executives governed by Gold Fields' Share Plan (amended), details of which are provided in notes to the Annual Financial Statements
- The cash-settled plans for all other eligible LTI participants in the regions and corporate offices

In addition, the MSR policy applies to shares held by executives.

### Performance share awards

#### Performance conditions

Awards made in terms of the Share Plan were subject to the following performance conditions:

- Absolute and relative TSR

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

**Absolute TSR** – 33% of the initial award value will vest on the following basis:

| Target | TSR performance | TSR factor |
|---|---|---|
| Below target | 0% | N/A |
| Target | Average US Dollar 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 will vest on the following basis:

| Target | TSR performance | TSR factor |
|---|---|---|
| Below target | 0% | N/A |
| Target | Median of the peer group | 100% |
| Stretch | Upper quartile of the peer group | 200% |
| Above stretch | Capped at 200% | 200% |

#### Free cash-flow margin

This has a 34% weighting and targets an average FCF margin of 15% with an average FCF margin of 20% for stretch for the three-year measurement period, at a gold price of US$1,300/oz. The FCF margin 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.

**FCF margin** – 34% of the initial award value will vest on the following basis:

| Target | FCF margin performance | FCF margin factor |
|---|---|---|
| Threshold | Average FCF margin over the performance period of 5% at a gold price of US$1,300/oz – margin to be adjusted relative to actual gold price for the performance period | 0% |
| Target | Average FCF margin over the performance period of 15% at a gold price of US$1,300/oz – margin to be adjusted relative to actual gold price for the performance period | 100% |
| Stretch | Average FCF margin over the performance period of 20% at a gold price of US$1,300/oz – margin to be adjusted relative to actual gold price for the performance period | 200% |

In terms of the provisions of the Share Plan, eligible employees were awarded performance shares on 1 March 2016 and 1 March 2017, which vested on 1 March 2019 and 14 February 2020 respectively.

## 2017 performance share award

**Performance period**: 1 January 2017 to 31 December 2019 - performance period completed
**Vesting date:** 14 February 2020

| Relative TSR – 33% | | Absolute TSR – 33% | | FCF margin – 34% | |
|---|---|---|---|---|---|
| Achieved | Vesting | Achieved | Vesting | Achieved | Vesting |
| 175% | 57.8% | 200% | 66% | 18.2% | 164% |

**Overall achievement**: 180%

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

| Executive | Title | Number of shares awarded | Number of shares vested | US$m value on award date | Estimated US$m fair value at year-end |
|---|---|---|---|---|---|
| NJ Holland | CEO | 370,042 | 666,076 | 1.16 | 4.02 |
| PA Schmidt | CFO | 178,808 | 321,854 | 0.56 | 1.94 |
| A Baku | EVP: West Africa | 156,967 | 282,541 | 0.49 | 1.70 |
| R Butcher | EVP: Technical | 98,389 | 177,100 | 0.31 | 1.07 |
| S Mathews | EVP: Australasia | 107,533 | 193,559 | 0.34 | 1.17 |
| L Rivera | EVP: Americas | 67,182 | 120,928 | 0.21 | 0.73 |
| TL Harmse | EVP: Group Head of Legal and Compliance | 95,126 | 171,227 | 0.3 | 1.03 |
| BJ Mattison | EVP: Strategy, Planning and Group Development | 116,641 | 209,954 | 0.36 | 1.27 |
| NA Chohan | EVP: Sustainable Development | 70,907 | 127,633 | 0.22 | 0.77 |
| A Nagaser | EVP: Investor Relations and Group Affairs | 48,673 | 87,611 | 0.15 | 0.53 |
| M Preece | EVP: South Africa | 53,462 | 96,232 | 0.17 | 0.58 |
| | | **1,363,730** | **2,454,714** | **4.27** | **14.8** |

## 2018 performance share award

**Performance period**: 1 January 2018 to 31 December 2020
**Vesting date:** 15 February 2021

The number of awards, the value on the award date, and the estimated value at year-end 2019 (for illustrative purposes) for the 2018 grant of performance shares are tabulated below:

| Executive | Title | Number of shares awarded | US$m value on award date[1] | Estimated US$m fair value at year-end[2] |
|---|---|---|---|---|
| NJ Holland | CEO | 380,207 | 1.33 | 2.29 |
| PA Schmidt | CFO | 278,594 | 0.98 | 1.68 |
| A Baku | EVP: West Africa | 305,617 | 1.07 | 1.84 |
| R Butcher | EVP: Technical | 98,523 | 0.35 | 0.59 |
| S Mathews | EVP: Australasia | 161,520 | 0.57 | 0.97 |
| L Rivera | EVP: Americas | 196,218 | 0.69 | 1.18 |
| TL Harmse | EVP: Group Head of Legal and Compliance | 150,434 | 0.53 | 0.91 |
| BJ Mattison | EVP: Strategy, Planning and Group Development | 242,291 | 0.85 | 1.46 |
| NA Chohan | EVP: Sustainable Development | 149,513 | 0.52 | 0.90 |
| A Nagaser | EVP: Investor Relations and Group Affairs | 102,633 | 0.36 | 0.62 |
| M Preece | EVP: South Africa | 75,153 | 0.26 | 0.45 |
| R Bardien | EVP: People and Organisational Effectiveness | 81,760 | 0.29 | 0.49 |
| | | **2,222,463** | **7.79** | **13.4** |

*[1] Award based on Rand denominated value converted to US Dollar as disclosed in the 2018 Remuneration Report*
*[2] Assumes 100% vesting*

# REMUNERATION REPORT continued

### 2019 performance share award

**Performance period**: 1 January 2019 to 31 December 2021
**Vesting date:** 15 February 2022

The number of awards, the value on the award date of 1 March 2019, and the estimated value at year-end for the 2019 grant of performance shares are tabulated below:

| Executive | Title | Number of shares awarded | US$m value on award date[1] | Estimated US$m fair value at year-end[2] |
|---|---|---|---|---|
| NJ Holland | CEO | 163,966 | 0.65 | 0.99 |
| PA Schmidt | CFO | 238,268 | 0.95 | 1.44 |
| A Baku | EVP: West Africa | 275,653 | 1.09 | 1.66 |
| R Butcher | EVP: Technical | 81,368 | 0.32 | 0.49 |
| S Mathews | EVP: Australasia | 109,577 | 0.43 | 0.66 |
| L Rivera | EVP: Americas | 176,981 | 0.70 | 1.07 |
| TL Harmse | EVP: Group Head of Legal and Compliance | 127,171 | 0.50 | 0.77 |
| BJ Mattison | EVP: Strategy, Planning and Group Development | 155,412 | 0.62 | 0.94 |
| NA Chohan | EVP: Sustainable Development | 126,392 | 0.50 | 0.76 |
| A Nagaser | EVP: Investor Relations and Group Affairs | 57,841 | 0.23 | 0.35 |
| M Preece | EVP: South Africa | 60,276 | 0.24 | 0.36 |
| R Bardien | EVP: People and Organisational Effectiveness | 69,117 | 0.27 | 0.42 |
| | | **1,642,022** | **6.52** | **9.90** |

[1] *Award based on Rand denominated value converted to US Dollar at average rate of exchange for 2019 period as described on p43*
[2] *Assumes 100% vesting*

### Cash-settled long-term incentive plan

The Group executives do not participate in the cash-settled LTIP. The 2018 cash-settled LTIP 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

As explained on p40 of this report, executives are encouraged to hold shares in Gold Fields in accordance with the MSR policy.

The MSR achievement in the adjacent table is for the period up to 31 December 2019. Subsequent to this, the CEO increased his personal shareholding further through a share purchase in February 2020. The CEO is required to hold two times his annual salary in terms of the policy. The achievement level of 313% above means that, at end-2019, Mr Holland held shares valued at more than six times his annual target salary, in two tranches valued at R45.15/share (in 2017) and R57.38/share (in 2019).

Also, certain executives pledged restricted shares towards their MSR commitments in December 2019, which were actioned in February 2020 after the lifting of the closed period from 23 December 2019 to 12 February 2020. In addition, one executive committed personal shares toward his MSR obligations in February 2020.

These transactions, which are all effective after 31 December 2019 and are therefore only required to be reported in the 2020 financial year, result in higher levels of MSR achievement than the results displayed in the above table.

A summary of the Gold Fields executives' 2019 holdings in accordance with the MSR policy follows:

| Executive | Title | Actual holdings (number of shares) | MSR achievement | Holding period end date |
|---|---|---|---|---|
| NJ Holland | CEO | 2,218,084 | 313% | 31 December 2020 |
| PA Schmidt | CFO | 204,248 | 107% | 17 May 2021 |
| NA Chohan | EVP: Sustainable Development | 86,336 | 81% | 17 May 2022 |
| A Baku | EVP: West Africa | 53,872 | 22% | 17 May 2022 |
| BJ Mattison | EVP: Strategy, Planning and Group Development | 68,336 | 44% | 17 May 2022 |
| TL Harmse | EVP: Group Head of Legal and Compliance | 10,000 | 11% | 17 May 2022 |
| A Nagaser | EVP: Investor Relations and Corporate Affairs | 46,623 | 75% | 17 May 2022 |
| M Preece | EVP: South Africa | 110,530 | 77% | 14 May 2023 |
| L Rivera | EVP: Americas | – | 0% | 31 October 2022 |
| S Mathews | EVP: Australasia | – | 0% | 31 January 2023 |
| R Butcher | EVP: Technical | – | 0% | 17 May 2022 |
| R Bardien | EVP: People and Organisational Effectiveness | – | 0% | 31 January 2024 |

During 2018, the Company entered 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. Furthermore, 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 p19 for full share ownership details. The number of shares subject to tax gross up for the following executives is presented in the following table:

| Name | Title | Number of shares grossed up for tax (listed under "direct" in share ownership table on p19) |
|---|---|---|
| NJ Holland | CEO | 767,003 |
| PA Schmidt | CFO | 122,549 |
| NA Chohan | EVP: Sustainable Development | 42,023 |
| BJ Mattison | EVP: Strategy, Planning and Group Development | 31,103 |
| A Baku | EVP: West Africa | 40,404[1] |
| M Preece | EVP: South Africa | 63,500 |

[1] *Tax rate of 25%*

## 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. 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. These should assist in a clear understanding of the values and related terminology used in the table of remuneration.

### *Reflected*

In respect of the LTIP, remuneration is reflected when performance conditions were 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 was 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 was included in the total single-figure 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 MSR.

### *Unconditional transfer*

This 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.

# 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 | 2019 | 1,226.8 | 24.2 | 913.4 |
| | | 2018 | 1,251.6 | 26.5 | 661.5 |
| P Schmidt | Executive director | 2019 | 608.3 | 46.1 | 499.4 |
| | | 2018 | 626.6 | 48.2 | 306.2 |
| L Rivera[8] | Prescribed officer | 2019 | 553.5 | 58.5 | 142.6 |
| | | 2018 | 668.6 | 72.8 | 134.0 |
| A Baku[9] | Prescribed officer | 2019 | 839.7 | 193.1 | 533.3 |
| | | 2018 | 808.0 | 185.8 | 634.8 |
| R Butcher | Prescribed officer | 2019 | 363.4 | 36.3 | 218.0 |
| | | 2018 | 384.5 | 37.3 | 192.4 |
| N Chohan | Prescribed officer | 2019 | 352.8 | 24.2 | 242.0 |
| | | 2018 | 367.2 | 26.5 | 213.9 |
| B Mattison[10] | Prescribed officer | 2019 | 441.4 | 24.2 | 298.6 |
| | | 2018 | 453.6 | 26.5 | 271.9 |
| T Harmse | Prescribed officer | 2019 | 354.3 | 25.1 | 243.5 |
| | | 2018 | 369.7 | 26.5 | 215.3 |
| A Nagaser | Prescribed officer | 2019 | 234.2 | 24.6 | 160.1 |
| | | 2018 | 243.3 | 27.0 | 131.1 |
| S Mathews[11] | Prescribed officer | 2019 | 472.1 | 54.5 | 311.6 |
| | | 2018 | 438.2 | 29.5 | 289.4 |
| M Preece | Prescribed officer | 2019 | 514.3 | 25.1 | 271.8 |
| | | 2018 | 541.7 | 26.5 | 168.8 |
| R Bardien[12] | Prescribed officer | 2019 | 285.0 | 24.2 | 116.9 |
| | | 2018 | 274.3 | 24.3 | 150.5 |

*Exchange rates used: US$1 = R14.46 (2019) and US$1 = R13.20 (2018). No termination payments in the year*

1 *N Holland, P Schmidt and B Mattison have contracts in Rand and US Dollar. The 2019 US Dollar contract amounts included above are: N Holland US$416,670, P Schmidt US$127,190 and B Mattison US$90,370. The 2018 US Dollar amounts included the 2018 reporting were: N Holland US$406,700, P Schmidt US$124,150 and B Mattison US$88,200*

2 *The annual bonus accruals for the year ended 31 December 2018 were paid in February/March 2019. The annual bonus accruals for the year ended 31 December 2019 were paid in February/March 2020*

3 *The values of the 2016 performance shares with a performance period ended 31 December 2018 are reflected in the 2018 figures. The value of the 2017 performance shares with a performance period ended 31 December 2019 is reflected in the 2019 figures*

4 *The cash equivalent value of matching shares awarded in 2019 under the terms of the MSR policy, includes awards due in 2018 but made in 2019 due to a self-imposed special closed period*

5 *Other includes business-related expense reimbursements and incidental payments unless otherwise stated*

6 *Includes cash incentive, cash LTIP and matching shares reflected for the year*

7 *The 2019 amount includes bonus for the year ended 31 December 2018 paid in February 2019, and the 2016 performance shares vested and settled in March 2019. The 2018 amount includes the bonus for the year ended 31 December 2017 paid in February 2018, and the 2015 cash LTIP vested and settled in March 2018*

8 *L Rivera – other payments for 2018 relate to cash in lieu of 2016 share award payable upon vesting in March 2019. Cash incentive and settlements include legislated bonus portion for 2018 and advance payment of portion of estimated Utilidades (workers compensation paid in Peru) for 2019*

9 *A Baku – other payments for 2018 relate to approved profit share bonus payment. Other payments for 2019 include leave encashment. The LTIP reflected includes the Damang retention scheme*

10 *B Mattison – other payments for 2018 relate to a service award in line with Company practice*

11 *S Mathews – other payments for 2018 and 2019 relate to bonus payment for most improved operation bonus scheme*

12 *R Bardien – other payments for 2018 relate to sign-on bonus. Ms Bardien elected prior to the determination of the annual performance bonus for 2019 and in line with the rules of the MSR policy, to defer 40% of her cash bonus (US$77,955) into restricted shares*

| LTIP 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 |
|---|---|---|---|---|---|---|
| 4,411.0 | — | 0.1 | 6,575.6 | (5,324.4) | 1,765.3 | 3,016.5 |
| 1,027.2 | — | — | 2,966.8 | (1,688.7) | 1,475.6 | 2,753.7 |
| 2,131.4 | — | 1.9 | 3,287.2 | (2,630.8) | 1,744.0 | 2,400.4 |
| 646.4 | — | 2.1 | 1,629.4 | (952.6) | 1,011.2 | 1,688.0 |
| 800.8 | - | 241.8 | 1,797.2 | (943.4) | 398.0 | 1,251.8 |
| — | — | 385.7 | 1,261.3 | (519.7) | 481.3 | 1,229.3 |
| 2,753.9 | 43.5 | 103.8 | 4,467.3 | (3,330.7) | 1,324.3 | 2,460.9 |
| 621.9 | — | 68.0 | 2,318.6 | (1,256.8) | 1,237.2 | 2,299.0 |
| 1,172.8 | — | — | 1,790.6 | (1,390.8) | 279.1 | 678.9 |
| 90.3 | — | — | 704.5 | (282.7) | 267.6 | 689.4 |
| 845.2 | 53.6 | 1.6 | 1,519.4 | (1,140.8) | 472.1 | 850.7 |
| 248.7 | — | 1.8 | 858.2 | (462.7) | 403.5 | 799.0 |
| 1,390.4 | 31.4 | — | 2,186.1 | (1,720.4) | 708.9 | 1,174.6 |
| 410.1 | — | 2.5 | 1,164.6 | (681.9) | 672.5 | 1,155.1 |
| 1,133.9 | 12.8 | 5.4 | 1,775.0 | (1,390.2) | 565.6 | 950.4 |
| 331.6 | — | 7.8 | 950.8 | (546.9) | 548.0 | 951.9 |
| 580.2 | 58.5 | 1.9 | 1,059.4 | (798.7) | 258.6 | 519.3 |
| 124.8 | — | 0.4 | 526.6 | (255.9) | 245.1 | 515.8 |
| 1,281.8 | — | 7.3 | 2,127.3 | (1,593.4) | 574.0 | 1,107.8 |
| 274.2 | — | 4.9 | 1,036.3 | (563.6) | 514.2 | 986.9 |
| 44.1 | 136.1 | — | 991.4 | (452.0) | 154.0 | 693.5 |
| — | — | 0.4 | 737.3 | (168.8) | — | 568.6 |
| — | — | — | 426.2 | (116.9) | 137.4 | 446.7 |
| — | — | 106.1 | 555.2 | (150.5) | — | 404.7 |

# REMUNERATION REPORT continued

### Unvested award and cash-flow on settlement

| Executive | Opening number of awards on 1 Jan 2018 | Granted/ enhanced vesting during 2018 | Forfeited/ lapsed during 2018 | Vested during 2018 | Closing number on 31 Dec 2018 | Cash value on settlement during 2018 US$ |
|---|---|---|---|---|---|---|
| **NJ Holland** | | | | | | |
| 2015 cash LTIP | 1,030,000 | – | 566,500 | 463,500 | – | – |
| 2016 performance shares PS9 | 272,735 | – | – | – | 272,735 | – |
| 2017 performance shares PS10 | 370,042 | – | – | – | 370,042 | – |
| 2017 MSR matching shares | 244,574 | – | – | – | 244,574 | – |
| 2018 performance shares PS11* | – | – | – | – | – | – |
| 2019 performance shares PS12 | – | – | – | – | – | – |
| **Total** | | | | | | **–** |
| **PA Schmidt** | | | | | | |
| 2015 cash LTIP | 1,020,000 | – | 561,000 | 459,000 | – | 459,000 |
| 2016 performance shares PS9 | 171,619 | – | – | – | 171,619 | – |
| 2017 performance shares PS10 | 178,808 | – | – | – | 178,808 | – |
| 2017 MSR matching shares | 40,850 | – | – | – | 40,850 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2018 MSR matching shares | | – | – | – | – | – |
| 2019 performance shares PS12 | | – | – | – | – | – |
| **Total** | | | | | | **459,000** |
| **L Rivera** | | | | | | |
| 2017 performance shares PS10 | 67,182 | – | – | – | 67,182 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2019 performance shares PS12 | | – | – | – | – | – |
| **Total** | | | | | | **–** |
| **A Baku** | | | | | | |
| 2015 cash LTIP | 1,030,000 | – | 566,500 | 463,500 | – | 463,500 |
| 2016 performance shares PS9 | 165,123 | – | – | – | 165,123 | – |
| 2017 performance shares PS10 | 156,967 | – | – | – | 156,967 | – |
| 2017 restricted share PS10 – Damang | 133,311 | – | – | – | 133-311 | – |
| 2017 MSR matching shares | 13,468 | – | – | – | 13,468 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2018 MSR matching shares | | – | – | – | – | – |
| 2019 performance shares PS12 | | – | – | – | – | – |
| **Total** | | | | | | **463,500** |
| **NA Chohan** | | | | | | |
| 2015 cash LTIP | 280,000 | – | 154,000 | 126,000 | – | 126,000 |
| 2016 performance shares PS9 | 66,035 | – | – | – | 66,035 | – |
| 2017 performance shares PS10 | 70,907 | – | – | – | 70,907 | – |
| 2017 MSR matching shares | 14,008 | – | – | – | 14,008 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2018 MSR matching shares* | | – | – | – | – | – |
| 2019 performance shares PS12* | | | | | | |
| 2019 MSR matching shares* | | – | – | – | – | – |
| **Total** | | | | | | **126,000** |

| Closing estimated fair value at 31 Dec 2018 US$ | Granted/ enhanced vesting during 2019 | Fair value at grant date | Forfeited/ lapsed during 2019 | Vested during 2019 | Closing number on 31 Dec 2019 | Cash value on settlement during 2019 US$ | Closing estimated fair value at 31 Dec 2019 US$ |
|---|---|---|---|---|---|---|---|
| – | – | | – | – | – | – | – |
| 960,401 | 19,091 | 74,788 | – | 291,826 | – | 1,143,209 | – |
| 1,266,521 | – | | – | – | 370,042 | – | 4,016,369 |
| 804,893 | – | | – | – | 244,574 | – | 1,474,757 |
| – | 380,207 | 1,216,910 | – | – | 380,207 | – | 3,851,585 |
| – | 163,966 | 650,598 | – | – | 163,966 | – | 1,562,144 |
| **3,031,815** | | | | | | **1,143,209** | **10,904,855** |
| – | – | | – | – | – | – | – |
| 604,334 | 12,013 | 47,060 | – | 183,632 | – | 719,366 | – |
| 611,995 | – | | – | – | 178,808 | – | 1,940,750 |
| 134,437 | – | | – | – | 40,850 | – | 246,321 |
| – | 278,594 | 891,683 | – | – | 278,594 | – | 2,822,222 |
| – | 24,285 | 77,728 | – | – | 24,285 | – | 246,013 |
| – | 238,268 | 945,420 | – | – | 238,268 | – | 2,270,037 |
| **1,350,766** | | | | | | **719,366** | **7,525,343** |
| 229,940 | – | | – | – | 67,182 | – | 729,181 |
| – | 196,218 | 628,026 | – | – | 196,218 | – | 1,987,734 |
| – | 176,981 | 702,240 | – | – | 176,981 | – | 1,686,141 |
| **229,940** | | | | | | **–** | **4,403,056** |
| – | – | – | – | – | – | – | – |
| 581,459 | 11,558 | 45,278 | – | 176,681 | – | 692,136 | – |
| 537,242 | – | – | – | – | 156,967 | – | 1,703,692 |
| 438,727 | – | – | – | – | 133,311 | – | 803,852 |
| 44,323 | – | – | – | – | 13,468 | – | 81,211 |
| – | 305,617 | 978,174 | – | – | 305,617 | – | 3,095,971 |
| – | 4,489 | 14,368 | – | – | 4,489 | – | 45,475 |
| – | 275,653 | 1,093,759 | – | – | 275,653 | – | 2,626,213 |
| **1,601,750** | | | | | | **692,136** | **8,356,413** |
| – | – | – | – | – | – | – | – |
| 232,534 | 4,622 | 18,106 | – | 70,657 | – | 276,794 | – |
| 242,689 | – | – | – | – | 70,907 | – | 769,612 |
| 46,100 | – | – | – | – | 14,008 | – | 84,467 |
| – | 149,513 | 478,539 | – | – | 149,513 | – | 1,514,601 |
| – | 10,770 | 34,471 | – | – | 10,770 | – | 109,103 |
| | 126,392 | 501,509 | – | – | 126,392 | – | 1,204,167 |
| – | 4,000 | 15,872 | – | – | 4,000 | – | 38,061 |
| **521,323** | | | | | | **276,794** | **3,720,011** |

# REMUNERATION REPORT continued

| Executive | Opening number of awards on 1 Jan 2018 | Granted/ enhanced vesting during 2018 | Forfeited/ lapsed during 2018 | Vested during 2018 | Closing number on 31 Dec 2018 | Cash value on settlement during 2018 US$ |
|---|---|---|---|---|---|---|
| **A Nagaser** | | | | | | |
| 2015 Cash LTIP | 200,000 | – | 110,000 | 90,000 | – | 90,000 |
| 2016 performance shares PS9 | 33,136 | – | – | – | 33,136 | – |
| 2017 performance shares PS10 | 48,673 | – | – | – | 48,673 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2018 MSR matching shares* | | – | – | – | – | – |
| 2019 performance shares PS12 | | | | | | |
| 2019 matching shares | | | | | | |
| **Total** | | | | | | **90,000** |
| **T Harmse**[1] | | | | | | |
| 2015 Cash LTIP | 560,000 | – | 308,000 | 252,000 | – | 252,000 |
| 2016 performance shares PS9 | 88,048 | – | – | – | 88,048 | – |
| 2017 performance shares PS10 | 95,126 | – | – | – | 95,126 | – |
| 2017 MSR matching shares | 2,592 | – | – | – | 2,592 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2019 performance shares PS12 | | | | | | |
| 2019 MSR matching shares | | – | – | – | – | – |
| **Total** | | | | | | **252,000** |
| **B Mattison** | | | | | | |
| 2015 Cash LTIP | 660,000 | – | 363,000 | 297,000 | – | 297,000 |
| 2016 performance shares PS9 | 108,877 | – | – | – | 108,877 | – |
| 2017 performance shares PS10 | 116,641 | – | – | – | 116,641 | – |
| 2017 MSR matching shares | 14,368 | – | – | – | 14,368 | – |
| 2018 performance shares PS11* | – | – | – | – | – | – |
| 2018 MSR matching shares* | – | – | – | – | – | – |
| 2019 performance shares PS12 | – | – | – | – | | – |
| 2019 MSR matching shares | | – | – | – | – | – |
| **Total** | | | | | | **297,000** |
| **M Preece** | | | | | | |
| 2017 performance shares PS10 | 53,462 | – | – | – | 53,462 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2018 MSR matching shares* | | – | – | – | – | – |
| 2019 performance shares PS12 | | – | – | – | – | – |
| 2019 MSR matching shares | | – | – | – | – | – |
| **Total** | | | | | | **–** |
| **R Butcher** | | | | | | |
| 2016 performance shares PS9 | 23,964 | – | – | – | 23,964 | – |
| 2017 performance shares PS10 | 98,389 | – | – | – | 98,389 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2019 performance shares PS12 | | – | – | – | – | – |
| **Total** | | | | | | **–** |

| Closing estimated fair value at 31 Dec 2018 US$ | Granted/ enhanced vesting during 2019 | Fair value at grant date | Forfeited/ lapsed during 2019 | Vested during 2019 | Closing number on 31 Dec 2019 | Cash value on settlement during 2019 US$ | Closing estimated fair value at 31 Dec 2019 US$ |
|---:|---:|---:|---:|---:|---:|---:|---:|
| – | – | – | – | – | – | – | – |
| 116,684 | 2,319 | 9,085 | – | 35,455 | – | 138,893 | – |
| 166,590 | – | | – | – | 48,673 | – | 528,288 |
| – | 102,633 | 328,493 | – | – | 102,633 | – | 1,039,696 |
| – | 3,722 | 11,913 | – | – | 3,722 | – | 37,705 |
| | 57,841 | 229,506 | – | – | 57,841 | – | 551,065 |
| | 11,818 | 46,892 | – | – | 11,818 | – | 112,450 |
| **283,274** | | | | | | **138,893** | **2,269,204** |
| – | – | – | – | – | – | – | – |
| 310,050 | 6,163 | 24,143 | – | 94,211 | – | 369,065 | – |
| 325,582 | – | | – | – | 95,126 | – | 1,032,480 |
| 8,530 | – | | 2,592 | – | – | – | – |
| – | 150,434 | 481,487 | – | – | 150,434 | – | 1,523 931 |
| | 127,171 | 504,600 | – | – | 127,171 | – | 1,211,589 |
| – | 3,333 | 13,225 | – | – | 3,333 | – | 31,714 |
| **644,162** | | | | | | **369,065** | **3,799,715** |
| – | – | – | – | – | – | – | – |
| 383,396 | 7,621 | 29 855 | – | 116,498 | – | 456,373 | – |
| 399,220 | – | | – | – | 116,641 | – | 1,266,000 |
| 47,285 | – | | – | – | 14,368 | – | 86,638 |
| – | 242,291 | 775,489 | – | – | 242,291 | – | 2,454,464 |
| – | 2,911 | 9,317 | – | – | 2,911 | – | 29,489 |
| – | 155,412 | 616,657 | – | – | 155,412 | – | 1,480,648 |
| – | 5,499 | 21,819 | – | – | 5,499 | – | 52,324 |
| **829,901** | | | | | | **456,373** | **5,369,563** |
| 188,259 | – | | – | – | 53,462 | – | 580,267 |
| – | 75,153 | 240,539 | – | – | 75,153 | – | 761,317 |
| – | – | – | – | – | – | – | – |
| – | 60,276 | 239,168 | – | – | 60,276 | – | 574,264 |
| – | – | – | – | – | – | – | – |
| **188,259** | | | | | | **–** | **7,337,735** |
| 84,386 | 1,677 | 6,570 | – | 25,641 | – | 100,447 | – |
| 346,464 | – | | – | – | 98,389 | – | 1,067,896 |
| – | 98,523 | 315,338 | – | – | 98,523 | – | 998,061 |
| – | 81,368 | 322,859 | – | – | 81,368 | – | 775,213 |
| **430,850** | | | | | | **100,447** | **2,841,170** |

# REMUNERATION REPORT continued

| Executive | Opening number of awards on 1 Jan 2018 | Granted/ enhanced vesting during 2018 | Forfeited/ lapsed during 2018 | Vested during 2018 | Closing number on 31 Dec 2018 | Cash value on settlement during 2018 US$ |
|---|---|---|---|---|---|---|
| **S Mathews** | | | | | | |
| 2015 Cash LTIP | 440,000 | – | 242,000 | 198,000 | – | 198,000 |
| 2016 performance shares PS9 | 72,802 | – | – | – | 72,802 | – |
| 2017 performance shares PS10 | 107,533 | – | – | – | 107,533 | – |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2019 performance shares PS12 | | – | – | – | – | – |
| **Total** | | | | | | **198,000** |
| **R Bardien** | | | | | | |
| 2018 performance shares PS11* | | – | – | – | – | – |
| 2019 performance shares PS12 | | – | – | – | – | – |
| **Total** | | | | | | **–** |

*General notes:*

*a. The 2016 performance shares awarded on 1 March 2016, vested and were valued on the 1 March 2019 share price at a final vesting of 107% as determined at the end of the performance period (1 January 2016 to 31 December 2018)*

*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% and in 2019 of 180%*

*c. The 2018 performance shares awarded in February 2019 (effective 1 March 2018), vesting on 1 March 2021, were valued at the share price noted below with an estimated vesting in 2019 of 168%*

*d. The 2018 matching shares awarded in February 2019 (effective 1 March 2018) and were valued at the share price noted below with an estimated vesting of 100%*

*e. The 2019 performance shares awarded on 1 March 2019, vesting on 1 March 2022, were valued at the share price noted below with an estimated vesting in 2019 of 158%*

*f. The 2019 matching shares awarded on 1 March 2019 were valued at the share price noted below with an estimated vesting of 100%*

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

*h. The 20-day volume weighted average price, for determining the value of the unvested awards as at 31 December 2019, is US$6.03*

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

*Specific notes*

*[1] T Harmse – matching shares initially awarded in line with MSR policy were forfeited due to a personal shares transaction and will be replaced with new matching shares in early 2020*

** 2018 performance and matching shares were awarded in 2019 due to the Company being in a self-imposed special closed period during 2018*

| Closing estimated fair value at 31 Dec 2018 US$ | Granted/ enhanced vesting during 2019 | Fair value at grant date | Forfeited/ lapsed during 2019 | Vested during 2019 | Closing number on 31 Dec 2019 | Cash value on settlement during 2019 US$ | Closing estimated fair value at 31 Dec 2019 US$ |
|---:|---:|---:|---:|---:|---:|---:|---:|
| – | – | | – | – | – | – | – |
| 256,363 | 5,096 | 19,963 | – | 77,898 | – | 305,160 | – |
| 378,663 | – | | – | – | 107,533 | – | 1,167,144 |
| – | 161,520 | 516,969 | – | – | 161,520 | – | 1,636,235 |
| – | 109,577 | 434,789 | – | – | 109,577 | – | 1,043,967 |
| **635,026** | | | | | | **305,160** | **3,847,345** |
| | | | | | | | |
| – | 81,760 | 261,685 | – | – | 81,760 | – | 828,248 |
| – | 69,117 | 274,248 | – | – | 69,117 | – | 658,494 |
| **–** | | | | | | **–** | **1,486,742** |

# 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 Gold Fields' AGM later in 2020.

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

## NED's fees

NEDs were paid the following committee and Board fees as approved by shareholders on 21 May 2018 for the period 1 January 2019 to 31 May 2019; and on the 22 May 2019 for the period 1 June 2019 to 31 December 2019.

| US$'000 | 2019 Board fees | | | |
|---|---|---|---|---|
| Name | Directors' fees | Committee fees | Total | Total received for the period ending 31 December 2018 |
| Cheryl Carolus | 215.77 | | 215.77 | 231.30 |
| Rick Menell | 140.46 | | 140.46 | 150.50 |
| Yunus Suleman | 70.82 | 65.66 | 136.48 | 148.40 |
| Peter Bacchus | 79.30 | 72.90 | 152.19 | 141.70 |
| Steven Reid[1] | 79.30 | 62.93 | 142.22 | 136.00 |
| Terence Goodlace | 70.82 | 35.82 | 106.64 | 114.30 |
| Alhassan Andani[2] | 79.30 | 46.01 | 125.30 | 120.80 |
| Carmen Letton | 79.30 | 51.59 | 130.88 | 130.40 |
| Phuti Mahanyele-Dabengwa | 70.82 | 29.98 | 100.80 | 28.60 |
| Donald Ncube[3] | | | | 51.90 |

[1] *Steven Reid – director of subsidiary entities in the Netherlands and Isle of Man. Annual fees of €12,000 and £16,645 pro-rated from 1 August 2019 – he received US$14,351 (2018: US$nil) – paid by Gold Fields Netherlands Services BV and Orogen, respectively*

[2] *Alhassan Andani – appointed on 1 August 2016 as director of GF Ghana Limited and Gold Fields Abosso Limited. He received US$70,021 (2018: US$141,605) for duties performed on behalf of these entities*

[3] *Donald Ncube retired from the Board at end-May 2018*

We intend to seek approval from shareholders at the AGM later in 2020 for NEDs' fees for the period 1 June 2020 to the date of the AGM in 2021.

# 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 has completed a feasibility study on the Salares Norte deposit in Chile and the final notice to proceed ("FNTP") was provided by the Board in February 2020. Gold Fields is primarily involved in underground and surface gold and surface copper mining and related activities, including exploration, extraction, processing and smelting.

In 2019, the South African, Ghanaian (including Asanko), Peruvian and Australian operations produced 10%, 37%, 13% and 40% of its total gold production, respectively.

Gold Fields' South African operation is South Deep. Gold Fields also owns the St Ives, Agnew, Granny Smith and Gruyere (50%) 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 would each own a 45% interest in Asanko Gold Ghana Limited ("AGGL"), the former Asanko subsidiary that 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 was invested in the redeemable preference shares in 2019. The total cash invested amounted to US$185 million.

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 had 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. During 2019, Gold Fields sold its 19.9% shareholding in Red 5 for A$30 million (US$21 million) realising a profit of A$17.2 million (US$12.4 million).

Darlot has been disclosed as a discontinued operation in the 2017 results.

### Gruyere

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.

The Gruyere project was successfully completed during 2019, with first gold produced in June 2019. Commercial levels of production were achieved at the end of September 2019.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

### Salares Norte project

As discussed above, the Environmental Impact Assessment for the project was approved on 18 December 2019, earlier than estimated in the project schedule. As a result, the updated feasibility study was presented to the Board in February 2020 and the final notice to proceed ("FNTP") was provided by the Board.

The updated capital expenditure estimate is US$860 million (in 2020 terms). The capital expenditure is scheduled over a 33-month period commencing in April 2020.

The other key elements of the updated feasibility study are:

- Mineral Reserve of 3.5 million ounces of gold and 39 million ounces of silver for a gold equivalent Reserve of 4.0 million ounces as at December 2019;
- 11.5-year life-of-mine;
- Construction is scheduled to commence in Q4 2020;
- First production in Q1 2023;
- Annual throughput of 2 million tonnes of ore;
- Life-of-mine production of 3.7 million ounces gold equivalent;
- Average annual production of 450koz gold equivalent for the first seven years, and average annual production of 355koz gold equivalent for the first 10 years; and
- AISC over the life-of-mine of US$552 per gold equivalent ounce.

During 2019, the district exploration yielded encouraging results at the Horizonte Project. In addition, more work is being done on the step out potential at Agua Amarga North and Brecha West targets on the Salares Norte project area.

### Placing of ordinary shares

On 12 February 2020, Gold Fields successfully completed the placing of 41,431,635 new ordinary, no par value shares with existing and new institutional investors at a price of R90.20 per share. Gross proceeds of approximately R3.7 billion (US$252 million) were raised through the placing. The net proceeds from the placing will be used to continue pre-development work and commence construction of the Salares Norte project.

### Reserves and resources

As of 31 December 2019, Gold Fields reported attributable proved and probable gold and copper reserves of approximately 49 million ounces of gold and 616 million pounds of copper, as compared to the 48 million ounces of gold and 691 million pounds of copper reported as of 31 December 2018.

### Gold production

| | **2019** | | 2018 | | 2017 | |
|---|---|---|---|---|---|---|
| *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 | **222.1** | **222.1** | 157.1 | 157.1 | 281.3 | 281.3 |
| South Africa region | **222.1** | **222.1** | 157.1 | 157.1 | 281.3 | 281.3 |
| Tarkwa | **519.1** | **467.2** | 524.9 | 472.4 | 566.4 | 509.8 |
| Damang | **208.4** | **187.6** | 180.8 | 162.7 | 143.6 | 129.2 |
| Asanko – 45% | **113.0** | **113.0** | 44.5 | 44.5 | – | – |
| Ghanaian region | **840.5** | **767.8** | 750.2 | 679.6 | 710.0 | 639.0 |
| Cerro Corona | **292.7** | **291.3** | 314.1 | 312.6 | 306.7 | 305.3 |
| South America region | **292.7** | **291.3** | 314.1 | 312.6 | 306.7 | 305.3 |
| St Ives | **370.6** | **370.6** | 366.9 | 366.9 | 363.9 | 363.9 |
| Agnew | **219.4** | **219.4** | 239.1 | 239.1 | 241.2 | 241.2 |
| Granny Smith | **274.8** | **274.8** | 280.4 | 280.4 | 290.3 | 290.3 |
| Gruyere – 50% | **49.5** | **49.5** | – | – | – | – |
| Australia region | **914.3** | **914.3** | 886.4 | 886.4 | 895.4 | 895.4 |
| Continuing operations | **2,269.5** | **2,195.4** | 2,107.8 | 2,035.7 | 2,193.3 | 2,121.0 |
| Discontinued operation – Darlot | **–** | **–** | – | – | 39.2 | 39.2 |
| **Total Group (excluding Asanko)** | **2,156.5** | **2,082.4** | 2,063.2 | 1,991.2 | 2,232.5 | 2,160.2 |
| **Total Group (including Asanko)** | **2,269.5** | **2,195.4** | 2,107.8 | 2,035.7 | 2,232.5 | 2,160.2 |

Gold production for the Group (continuing and discontinued operations, including Asanko) was 2.270 million ounces (2018: 2.108 million ounces and 2017: 2.233 million ounces) of gold equivalents in 2019, 2.195 million ounces (2018: 2.036 million ounces and 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 2.156 million ounces (2018: 2.063 million ounces and 2017: 2.233 million ounces) of gold equivalents in 2019, 2.082 million ounces (2018: 1.991 million ounces and 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 2.270 million ounces (2018: 2.108 million ounces and 2017: 2.193 million ounces) of gold equivalents in 2019, 2.195 million ounces (2018: 2.036 million ounces and 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 2.156 million ounces (2018: 2.063 million ounces and 2017: 2.193 million ounces) of gold equivalents in 2019, 2,082 million ounces (2018: 1.991 million ounces and 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 increased by 41% from 4,885 kilograms (157,100 ounces) in 2018 to 6,907 kilograms (222,100 ounces) in 2019 due to an increase in both volume and grade mined.

At the Ghanaian operations (including Asanko), gold production increased by 12% from 750,200 ounces in 2018 to 840,500 ounces in 2019, driven by the build-up in production at Damang and inclusion of 12 months production from Asanko (2018 only included Asanko's production for five months). Ghanaian operations (excluding Asanko), gold production increased by 3% from 705,700 ounces in 2018 to 727,500 ounces in 2019, driven by the build-up in production at Damang. At Tarkwa, gold production decreased by 1% from 524,900 ounces in 2018 to 519,100 ounces in 2019. At Damang, gold production increased by 15% from 180,800 ounces in 2018 to 208,400 ounces in 2019 mainly due to higher head grade and tonnes treated. At Asanko, gold production attributable to Gold Fields amounted to 44,500 ounces for the five months ended December 2018 and compared to 113,000 ounces for the 12 months ended December 2019.

Gold equivalent production at Cerro Corona decreased by 7% from 314,100 ounces in 2018 to 292,700 ounces in 2019 mainly due to the lower copper price relative to the gold price (price factor).

At the Australian continuing operations, gold production increased by 3% from 886,400 ounces in 2018 to 914,300 ounces in 2019 mainly due to the inclusion of Gruyere production from H2 2019. St Ives' gold production increased by 1% from 366,900 ounces in 2018 to 370,600 ounces in 2019. At Agnew, gold production decreased by 8% from 239,100 ounces in 2018 to 219,400 ounces in 2019 due to decreased grade of ore mined and processed. At Granny Smith, gold production decreased by 2% from 280,400 ounces in 2018 to 274,800 ounces in 2019 due to a decrease in tonnes mined and processed. At Gruyere, gold production attributable to Gold Fields amounted to 49,500 ounces for the year ended December 2019.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

## NON-IFRS MEASURES

The Annual Financial Report contains certain non-IFRS financial measures in respect of the Group's financial performance, the statement of financial position and cash flows presented in order to provide users with relevant information and measures used by the Group to assess performance. Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards. These measures constitute pro-forma financial information in terms of the JSE Listings Requirements and are the responsibility of the Group's Board of Directors. They are presented for illustrative purposes only and due to their nature may not fairly present Gold Fields' financial position, changes in equity, results of operations or cash flows. In addition, these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the non-IFRS financial 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. | p67 |
| All-in costs ("AIC") | Intended to provide transparency into the costs associated with producing and selling an ounce of gold (including growth capital). | p67 |
| Adjusted EBITDA (pre- and post-IFRS 16)<br>Net debt (pre- and post-IFRS 16)<br>Net debt to adjusted EBITDA (pre- and post-IFRS 16) | Used in the ratio to monitor the capital of the Group. | p206 |
| Cash flow from operating activities less net capital expenditure, environmental payments, lease payments and redemption of Asanko preference shares | 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. | p74 |
| Sustaining and non-sustaining capital expenditure | Used in the determination of AISC and AIC. | p68 |

This pro-forma financial information has been reported on by the Group's auditors, being PricewaterhouseCoopers Inc. Their unqualified reporting accountant's report thereon is available for inspection at the Company's registered address.

## 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 (2008 to 2019):

| | Price per ounce[1] | | |
|---|---|---|---|
| | **High** | **Low** | **Average** |
| **Gold** | | **(US$/oz)** | |
| 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 |
| **2019** | **1,546** | **1,270** | **1,393** |

*Source: I-Net*

[1] *Rounded to the nearest US Dollar.*

On 25 March 2020, the London afternoon fixing price of gold was US$1,606/oz.

| | Price per tonne[1] | | |
|---|---|---|---|
| | **High** | **Low** | **Average** |
| **Copper** | | **(US$/t)** | |
| 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 |
| **2019** | **6,572** | **5,537** | **6,000** |

*Source: I-Net*

[1] *Rounded to the nearest US Dollar.*

On 25 March 2020, the LME cash settlement price for copper was US$4,754/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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

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] | 2019 | 2018 | 2017 |
|---|---|---|---|
| Average | **1,393** | 1,269 | 1,257 |
| High | **1,546** | 1,355 | 1,346 |
| Low | **1,270** | 1,178 | 1,151 |
| Gold Fields' average realised gold price[2] | **1,388** | 1,252 | 1,255 |

[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 2017, 2018 and 2019.

| Realised copper price[1] | 2019 | 2018 | 2017 |
|---|---|---|---|
| Average | **6,000** | 6,539 | 6,166 |
| High | **6,572** | 7,263 | 7,216 |
| Low | **5,537** | 5,823 | 5,466 |
| Gold Fields' average realised copper price[2] | **5,996** | 6,547 | 6,131 |

[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 16 *LEASES*

The Group applied IFRS 16 *Leases* from 1 January 2019, using the modified retrospective approach.

The Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. On transition to IFRS 16, these liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019 and an additional lease liability of US$210 million was recognised. The Group elected to recognise the right-of-use assets at an amount equal to the lease liability at 1 January 2019 and the Group applied the following practical expedients for IFRS 16:

- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at 1 January 2019; and
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

The judgements applied by the Group in applying IFRS 16 included the following:

- Assessing whether an arrangement contains a lease;
- Determining the discount rate; and
- Determining the non-lease components of an arrangement that will be separated.

The Group recognised right-of-use assets and lease liabilities for its operating leases for the following material contracts, which relate mainly to the Australian and Ghanaian operations:

- Power Purchase Agreements ("PPAs");
- Rental of gas pipelines;
- Ore haulage and site services;
- Transportation contracts;
- Mining equipment hire; and
- Property rentals.

## 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) increased by 8% from 2.108 million ounces in 2018 to 2.270 million ounces in 2019. Total managed production (excluding Asanko) increased by 5% from 2.063 million ounces in 2018 to 2.157 million ounces in 2019.

## 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 2019 and 2017 at any of 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 2019, Gold Fields' operations suffered seven work safety-related stoppages at South Deep, one related to the fatality in June and six 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 67, at the South African operation. In 2019, 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%.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

At the South African operation, power and water made up on average 9% of AIC over the last three years. In 2019, power and water costs made up 11% of AIC.

Gold Fields' South Deep mining operation depends on electrical power generated by the state-owned power provider Eskom which is regulated by the National Energy Regulator of South Africa ("NERSA"). Eskom tariffs are determined through a consultative multi-year price determination ("MYPD") process, with occasional tariff increase adjustments under the NERSA regulated Regulatory Clearing Account ("RCA") mechanism. Eskom financial years are from April to March. During 2018, Eskom submitted their three-year MYPD application to NERSA for 17%, 15% and 15%, applicable to periods 2019 to 2020, 2020 to 2021 and 2021 to 2022, respectively. NERSA then allowed Eskom tariff increases of 9.41%, 8.1% and 5.2%, for Eskom respective financial years 2019 to 2020, 2020 to 2021 and 2021 to 2022. Through the RCA mechanism, Eskom was granted another 4.41% for 2018 to 2019, thus the total applicable tariff increase was 13.82% for this period (2019 to 2020).

Eskom is saddled with an approximate debt of R450 billion and is struggling to generate enough revenue to service this debt and sustainably cover operations. In 2019, Government, as the Eskom shareholder, allocated an additional R23 billion per annum (over a three-year period, for 2019, 2020 and 2021) to Eskom, which NERSA treated as Eskom revenue from operations instead of an equity injection for balance sheet stability, effectively implying the bailout was a tariff subsidy by general tax payers for the benefit of consumers. Eskom has turned to the courts to challenge this, arguing NERSA erred and the bailouts should not be treated as revenue. The implication is that electricity tariffs will likely rise to 16% for the period 2020 to 2021. The court dismissed the urgent nature of the Eskom submission, but has not decided on the merits of the case. It is likely that the courts will agree with Eskom and will instruct NERSA to remedy its decision. At the same time, Eskom has also turned to the courts challenging the previous RCA decision (the 2018/2019 4.41%) and the one-year tariff decision (the 2018/2019 5.23% tariff increase, Eskom applied for 9.9%), arguing again that NERSA erred and Eskom should have been granted a higher increase. Should Eskom win these court cases, electricity tariffs will increase to at least 16% per annum.

At the same time, Eskom coal fired power stations performance continues to deteriorate with an unprecedented stage 6 (the national grid was short of 6GW) declared in December 2019, during the low demand power season. The underperformance is due to operating old power stations with delayed critical mid-life refurbishments, maintenance budgets diversion, allegations of corruption that saw construction of the new power station delayed, significant overspend and loss of critical skills at the generation business unit. During load shedding periods, Eskom burns significant amounts of diesel to run their gas turbines and called on large power users to curtail power demand. The extended use of these gas turbines will lead to Eskom requesting further tariff increases. Current inflation is approximately 5%, thus Eskom's request is three times CPI tariff increases. Further tariff increases may lead to lower power demand as consumers switch to alternate electricity and energy sources, such as renewable energy sources, gas for domestic cooking and solar for water heating. This may further place a significant tariff burden to those remaining on the grid. Government has now acknowledged that Eskom is the single biggest risk to the economy and that the Eskom business model is obsolete. 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. An Eskom policy paper, guiding the unbundling process has been put out, which also serves to enable Eskom to actively participate in the renewable energy space. Gold Fields expects this process will take at least three years to implement causing continued poor reliability of the supply of electricity, instability in prices and a possible increase in the tariff.

### West Africa region

In Ghana, Tarkwa and Damang mines are primarily supplied power by an independent power producer with on-site gas turbines through a long-term power purchase agreement. Prior to installation of the on-site turbines, Tarkwa and Damang were supplied power by Volta River Authority ("VRA") and Electricity Company of Ghana ("ECG"), respectively. The supply provided by the VRA and ECG was unreliable and in order to reduce their reliance on power supplied by the VRA and ECG, Tarkwa and Damang entered into a power purchasing agreement with the above independent power producer. Both VRA and ECG now serve as back supply for the Tarkwa and Damang mines, respectively. The independent power supply accounts for some 95% of the electricity consumed at Tarkwa mine and 100% at Damang mine with a 27.5 megawatt power plant at Damang and a 44 megawatt power plant at Tarkwa mine.

While Tarkwa has electricity supplied by an independent power producer, it experienced challenges with frequent power surges from the grid, which caused some delays in the process plant. During 2019, the independent power producer commissioned a 77km buried gas pipeline to supply Tarkwa and Damang with natural gas, instead of trucking in liquid petroleum gas via national roads.

Power and water costs represented on average 7% of AIC at Tarkwa over the last three years, and 5% of AIC during 2019. Over the last three years, power and water costs represented on average 9% of AIC at Damang with 7% in 2019.

Contractor costs represented on average 20% of AIC at Tarkwa over the last three years, and 36% of AIC during 2019. The increase in 2019 at Tarkwa is due to the higher operational tonnes mined during 2019 as well as contractor mining for nine months in 2018 compared to 12 months in 2019. Over the last three years, contractor costs represented on average 23% of

AIC at Damang with 28% in 2019. Following the restructuring concluded in the first half of 2016 in Damang and first quarter of 2018 for Tarkwa, the direct labour cost decreased as all mining and development is performed by outside contractors. Direct labour costs represent on average a further 13% of AIC at Tarkwa over the last three years and 9% in 2019. Over the last three years, direct labour costs represented on average 10% at Damang and 9% in 2019.

### South American region

At Cerro Corona, contractor costs represented on average 26% of AIC over the last three years and 24% of AIC during 2019. Direct labour costs represent on average a further 18% of AIC over the last three years and 18% in 2019. Power and water made up on average a further 6% of AIC over the last three years and 5% in 2019.

### Australia region

At the Australian operations, mining operations were historically conducted by outside contractors. However, at Agnew, owner mining is conducted at the underground operations, while development is conducted by outside contractors. At St Ives, owner mining is conducted at the underground and 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 31% at Agnew of AIC and direct labour costs represented on average a further 13% at St Ives and 15% at Agnew of AIC. In 2019, contractors and direct labour costs represented 25% and 11% at St Ives and 27% and 13% at Agnew, respectively. Power and water made up, on average, a further 6% and 4% of AIC over the last three years and 5% and 4% of AIC in 2019 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, 12% and 21%, respectively, at Granny Smith. In 2019, contractors and direct labour costs represented 8% and 21% at Granny Smith. Power and water made up, on average, a further 6% of AIC over the last three years and 6% of AIC in 2019 at Granny Smith. No such analysis has been performed for Gruyere as the mine was only in commercial levels for quarter four of 2019.

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.

On 14 November 2018, the World Gold Council published an update to its guidance note on the interpretation of all-in sustaining and all-in costs. The note provided additional clarity on what constitutes growth capital expenditure. Gold Fields has considered the new guidance note to ensure the interpretation of the guidelines is consistent with the additional guidance now available and has adopted it prospectively from 1 January 2019. Based on the revised World Gold Council interpretation guidance, all-in sustaining costs for the Group are US$897 per ounce in 2019. One of the benefits of adopting the new standard is closer alignment of our cost reporting with existing practices in our sector.

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 (original interpretation) and AIC (original interpretation) net of by-product revenues per ounce of gold sold for 2019, 2018 and 2017. The following tables also set out AISC (original interpretation) and AIC (original interpretation) gross of by-product revenue on a gold equivalent ounce basis for 2019, 2018 and 2017.

# 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 | Granny Smith | Gruyere 50% | Cerro Corona | Corporate and projects | Total Group including equity accounted joint venture | Total Group excluding equity accounted joint venture |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **AISC and AIC, net of by-product revenue per ounce of gold** | | | | | | | | | | | |
| | **For the year ended 31 December 2019** | | | | | | | | | | | |
| **Cost of sales before gold inventory change and amortisation and depreciation** | (245.9) | (329.8) | (150.4) | (87.0) | (231.2) | (164.5) | (156.9) | (19.1) | (168.4) | – | (1,553.4) | (1,466.4) |
| Gold inventory change | 3.7 | 14.4 | 8.8 | (1.4) | 2.5 | 2.6 | (0.3) | 5.4 | 6.0 | – | 41.6 | 43.0 |
| Royalties | (1.6) | (25.8) | (10.3) | (7.7) | (12.5) | (7.3) | (9.5) | (1.3) | (5.5) | – | (81.4) | (73.7) |
| Realised gains or losses on commodity cost hedges | – | 3.9 | 1.5 | – | 1.9 | 0.6 | 0.5 | – | – | – | 8.5 | 8.5 |
| Community/social responsibility costs | (1.7) | (11.7) | (1.2) | (0.1) | – | – | – | – | (3.4) | – | (18.2) | (18.0) |
| Non-cash remuneration (share-based payments) | 0.8 | (3.4) | (1.8) | – | (1.7) | (1.2) | (1.3) | (0.1) | (1.1) | (10.7) | (20.5) | (20.5) |
| Cash remuneration (long-term employee benefits) | (1.8) | (1.5) | (0.7) | – | (0.9) | (0.6) | (0.7) | (0.1) | (0.4) | (2.4) | (9.1) | (9.1) |
| Other[6] | – | – | – | – | – | – | – | | (4.4) | (0.9) | (5.3) | (5.3) |
| By-product revenue[2] | 0.3 | 1.6 | 0.1 | 0.4 | 0.6 | 0.3 | 0.1 | 0.1 | 165.1 | – | 168.5 | 168.2 |
| Rehabilitation, amortisation and interest | (0.2) | (4.2) | (1.4) | (0.4) | (4.0) | (1.8) | (1.6) | (0.6) | (5.8) | (0.3) | (20.3) | (19.9) |
| Sustaining capital expenditure[3] | (33.1) | (125.5) | (5.8) | (19.6) | (98.3) | (76.1) | (72.2) | (5.2) | (56.3) | (2.5) | (494.7) | (475.1) |
| Lease payments | (0.1) | (15.4) | (7.3) | (8.7) | (6.3) | (4.6) | (11.3) | (2.2) | (1.0) | (8.6) | (65.7) | (57.0) |
| **All-in sustaining costs[4]** | (279.7) | (497.2) | (168.6) | (124.5) | (350.0) | (252.8) | (253.3) | (23.0) | (75.4) | (25.3) | (2,050.0) | (1,925.5) |
| Exploration, feasibility and evaluation costs[5] | – | – | – | (4.2) | – | – | – | – | – | (50.0) | (54.2) | (50.0) |
| Non-sustaining capital expenditure[3] | – | – | (70.5) | (7.2) | – | – | – | – | – | (66.9) | (144.6) | (137.4) |
| **All-in costs[4]** | (279.7) | (497.2) | (239.0) | (136.0) | (350.0) | (252.8) | (253.3) | (23.1) | (75.4) | (142.2) | (2,248.9) | (2,112.9) |
| Gold only ounces sold ('000oz) | 222.1 | 519.1 | 208.4 | 112.0 | 363.3 | 219.6 | 274.8 | 33.7 | 159.7 | – | 2,112.6 | 2,000.6 |
| All-in sustaining costs | (279.7) | (497.2) | (168.6) | (124.5) | (350.0) | (252.8) | (253.3) | (23.0) | (75.4) | (25.3) | (2,050.0) | (1,925.5) |
| **All-in sustaining costs net of by-product revenue per ounce of gold sold (US$/oz)** | 1,259 | 958 | 809 | 1,112 | 963 | 1,152 | 922 | 683 | 472 | – | 970 | 962 |
| All-in costs | (279.7) | (497.2) | (239.0) | (136.0) | (350.0) | (252.8) | (253.3) | (23.1) | (75.4) | (142.2) | (2,248.9) | (2,112.9) |
| **All-in costs net of by-product revenue per ounce of gold sold (US$)** | 1,259 | 958 | 1,147 | 1,214 | 963 | 1,152 | 922 | 684 | 472 | – | 1,064 | 1,056 |

[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$612.5 million per note 43 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.*

**United States Dollar**

| Figures in millions unless otherwise stated | South Deep | Tarkwa | Damang | Asanko[1] | St Ives | Agnew | Granny Smith | Gruyere 50% | 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 2019 | | | | | | | | | | | |
| All-in sustaining costs (per table above) | (279.7) | (497.2) | (168.6) | (124.5) | (350.0) | (252.8) | (253.3) | (23.0) | (75.4) | (25.3) | (2,050.0) | (1,925.5) |
| Add back by-product revenue[2] | (0.3) | (1.6) | (0.1) | (0.4) | (0.6) | (0.3) | (0.1) | (0.1) | (165.1) | – | (168.5) | (168.2) |
| **All-in sustaining costs gross of by-product revenue[3]** | **(280.0)** | **(498.8)** | **(168.7)** | **(124.9)** | **(350.6)** | **(253.1)** | **(253.4)** | **(23.1)** | **(240.4)** | **(25.3)** | **(2,218.5)** | **(2,093.6)** |
| All-in costs (per table above) | (279.7) | (497.2) | (239.0) | (136.0) | (350.0) | (252.8) | (253.3) | (23.1) | (75.4) | (142.2) | (2,248.9) | (2,112.9) |
| Add back by-product revenue[2] | (0.3) | (1.6) | (0.1) | (0.4) | (0.6) | (0.3) | (0.1) | (0.1) | (165.1) | – | (168.5) | (168.2) |
| **All-in costs gross of by-product revenue[3]** | **(280.0)** | **(498.8)** | **(239.1)** | **(136.4)** | **(350.6)** | **(253.1)** | **(253.4)** | **(23.1)** | **(240.4)** | **(142.2)** | **(2,417.4)** | **(2,281.0)** |
| Gold equivalent ounces sold | 222.1 | 519.1 | 208.4 | 112.0 | 363.3 | 219.6 | 274.8 | 33.7 | 296.9 | – | 2,249.8 | 2,137.8 |
| **All-in sustaining costs gross of by-product revenue (US$/equivalent oz)** | **1,261** | **961** | **809** | **1,115** | **965** | **1,153** | **922** | **685** | **810** | **–** | **986** | **979** |
| **All-in costs gross of by-product revenue (US$ equivalent oz)** | **1,261** | **961** | **1,148** | **1,218** | **965** | **1,153** | **922** | **685** | **810** | **–** | **1,074** | **1,067** |

[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.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

**United States Dollar**

| *Figures in millions unless otherwise stated* | AISC and AIC, net of by-product revenue per ounce of gold | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended 31 December 2018 | | | | | | | | | | |
| | South Deep | Tarkwa | Damang | Asanko[1] | St Ives | Agnew | 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[3]** | 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[2] | 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 43 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.*

**United States Dollar**

| Figures in millions unless otherwise stated | South Deep | Tarkwa | Damang | Asanko[1] | St Ives | Agnew | 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.*

## AISC AND AIC (ORIGINAL INTERPRETATION)

AISC net of by-product revenues (including Asanko) decreased by 1% from US$981 per ounce of gold in 2018 to US$970 per ounce of gold in 2019, mainly due to higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before amortisation and depreciation. AIC net of by-product revenues (including Asanko) decreased by 9% from US$1,173 per ounce of gold in 2018 to US$1,064 per ounce of gold in 2019 due to the same reasons as for all-in sustaining costs as well as lower non-sustaining capital expenditure and lower exploration, feasibility and evaluation costs.

AISC net of by-product revenues (excluding Asanko) decreased by 2% from US$979 per ounce of gold in 2018 to US$962 per ounce of gold in 2019, mainly due to higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before amortisation and depreciation. AIC net of by-product revenues (including Asanko) decreased by 10% from US$1,172 per ounce of gold in 2018 to US$1,056 per ounce of gold in 2019 due to the same reasons as for all-in sustaining costs as well as lower non-sustaining capital expenditure and lower exploration, feasibility and evaluation costs.

AISC gross of by-product revenues (including Asanko) decreased marginally from US$988 per ounce of gold in 2018 to US$986 per ounce of gold in 2019, mainly due to higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before amortisation and depreciation. AIC gross of by-product revenues (including Asanko) decreased by 8% from US$1,166 per ounce of gold in 2018 to US$1,074 per ounce of gold in 2019 due to the same reasons as for all-in sustaining costs as well as lower non-sustaining capital expenditure and lower exploration, feasibility and evaluation costs.

AISC gross of by-product revenues (excluding Asanko) decreased by 1% from US$987 per ounce of gold in 2018 to US$979 per ounce of gold in 2019, mainly due to higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before amortisation and depreciation. AIC gross of by-product revenues (excluding Asanko) decreased by 8% from US$1,166 per ounce of gold in 2018 to US$1,067 per ounce of gold in 2019 due to the same reasons as for all-in sustaining costs as well as lower non-sustaining capital expenditure and lower exploration, feasibility and evaluation costs.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

**United States Dollar**

| *Figures in millions unless otherwise stated* | AISC and AIC, net of by-product revenue per ounce of gold | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended 31 December 2017 | | | | | | | | | | |
| | South Deep | Tarkwa | Damang | St Ives | Agnew | 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 43 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.*

**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 | 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 (ORIGINAL INTERPRETATION)

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

### 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 revenue (excluding by-product revenue) less 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* | **2019** | 2018 | 2017 |
|---|---|---|---|
| Revenue[1] | **2,798.9** | 2,406.6 | 2,632.1 |
| *Less:* Cash outflow | **(2,208.4)** | (2,032.6) | (2,214.9) |
| AIC[2] | **(2,112.9)** | (2,228.3) | (2,274.2) |
| *Adjusted for:* | | | |
| Share-based payments[3] | **20.5** | 37.5 | 27.4 |
| Long-term employee benefits[3] | **9.1** | 1.1 | 5.1 |
| Exploration outside of existing operations[2] | **50.0** | 78.2 | 59.9 |
| Non-sustaining capital expenditure[4] | **137.4** | 272.1 | 196.0 |
| Revenue hedge[5] | **(140.6)** | 41.7 | 12.8 |
| Redemption of Asanko preference shares | **10.0** | – | – |
| Long-term employee benefits payment | **–** | (17.8) | – |
| Tax paid from continuing and discontinued operations | **(181.9)** | (217.1) | (241.9) |
| **Adjusted FCF** | **590.5** | 374.0 | 417.2 |
| **Adjusted FCF margin[6]** | **21%** | 16% | 16% |

[1] *Revenue from continuing and discontinued operations less revenue from by-product revenue per AIC calculation (pages 68 to 73), being US$2,967.1 million less US$168.2 million, US$2,577.8 million less US$171.2 million and US$2,810.8 million less US$178.7 million, for 2019, 2018 and 2017, respectively.*

[2] *Per AIC calculation in management discussion and analysis (per pages 67 to 73).*

[3] *Per note 43 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 cost 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 2019, 2018 and 2017 was 0.5% of revenue.

### 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 2019, 2018 and 2017 based on the above sliding scale was 3.5%, 3.0% and 3.0% on revenue, respectively. Asanko does not have a DA with the government and was subject to a 5% royalty tax rate for 2019 and 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 2019, 2018 and 2017 was 3.6%, 4.0% and 4.6% of operating profit, respectively.

### Chile

Chile levies a royalty (referred to as the special mining income tax) on all medium to large scale mining operations in Chile. Gold Fields anticipates that its Chilean subsidiary will be treated as a large scale mineral producer. This is because it will produce annual gold equivalent ounces in excess of 50,000 metric tonnes of fine copper. The applicable mining tax percentage is calculated on a sliding scale with reference to the mining operational profit margin. The tax rate is from 5% (for operating margins equal to or less than 35%) to 14% (for operating margins of 85% or more). The mining tax payable is calculated at the applicable tax rate on the net operating income of the Chilean subsidiary. The mining tax is a deductible expense in the calculation of the Chilean corporate tax.

## 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 IFRIC 23 *Uncertainty over Income Tax Treatments*.

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

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. CFCs 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% (2018: 29% and 2017: 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.

### Chile
Gold Fields anticipates that its Chilean subsidiary will be subject to the 27% corporate tax rate, and that dividends paid by the Chilean subsidiary to the parent company will be subject to a 35% withholding tax rate, but that the 27% corporate tax paid will fully count as a credit against the withholding tax levied, so that the effective dividend withholding tax rate will approximate 8%.

## 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 2019, the Rand weakened by 10% against the US Dollar, from an average of R13.20 per US$1.00 in 2018 to R14.46 per US$1.00 in 2019. The Australian Dollar weakened by 7% at an average of A$1.00 per US$0.75 in 2018 to A$1.00 per US$0.70 in 2019.

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.

At 31 December 2019, the mark-to-market value on the hedges was A$nil (US$nil) with a realised loss of A$22 million (US$14 million) for the year ended 31 December 2019.

## 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 2018. 2019 marked the end of the reinvestment programme and having reinvested close to US$1 billion in the business over this period, the Group managed to limit the cash outflow, with minimal impact on the statement of financial position. Given the high levels of capital expenditure, the Group undertook short-term tactical hedging. For further details, refer to pages 201 to 203.

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

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. South Deep completed a large-scale restructuring at the end of 2018, placing the mine on an improved footing from which to build-up production, by removing over R800 million from the cost base and R400 million of capital expenditure with a significantly reduced footprint.

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 25%, from US$814 million in 2018 (comprising sustaining capital expenditure of US$524 million and growth capital expenditure of US$290 million) to US$613 million in 2019 (comprising sustaining capital expenditure of US$475 million and growth capital expenditure of US$138 million). Set out below are the capital expenditures made by Gold Fields during 2019. Also, refer to "Cash flows from investing activities" section.

The growth capital expenditure (excluding Asanko) of US$138 million in 2019 comprised Damang of US$71 million and Gruyere of A$96 million (US$67 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.

### South African operation

Gold Fields spent R479 million (US$33 million) on capital expenditure at South Deep in 2019 and has budgeted approximately R995 million (US$68 million) for capital expenditure at South Deep in 2020. The capital expenditure of R479 million (US$33 million) in 2019 comprised only sustaining capital expenditure. The budgeted capital expenditure of R995 million (US$68 million) comprises sustaining capital expenditure of R775 million (US$53 million) and growth capital expenditure of R220 million (US$15 million).

### Ghanaian operations

Gold Fields spent US$126 million on capital expenditure at Tarkwa in 2019 and has budgeted US$150 million for capital expenditure at Tarkwa for 2020. The total spend relates to sustaining capital expenditure.

Gold Fields spent US$76 million on capital expenditure at Damang in 2019 and has budgeted US$18 million of capital expenditure at Damang for 2020. The expenditure of US$76 million in 2019 comprised sustaining capital expenditure of US$5 million and growth capital expenditure of US$71 million. The budgeted capital expenditure of US$18 million comprises sustaining capital expenditure of US$8 million and growth capital expenditure of US$10 million.

Gold Fields spent US$27 million on capital expenditure at Asanko in 2019 and has budgeted US$34 million of capital expenditure at Asanko for 2020. The capital expenditure of US$27 million in 2019 comprised sustaining capital expenditure of US$20 million and growth capital expenditure of US$7 million. The budgeted capital expenditure of US$34 million comprises sustaining capital expenditure of US$23 million and growth capital expenditure of US$11 million.

### Peruvian operation

Gold Fields spent US$56 million on capital expenditure at Cerro Corona in 2019 and has budgeted US$55 million for capital expenditure at Cerro Corona for 2020. The total spend in 2019 relates to sustaining capital expenditure. The budgeted capital expenditure of US$55 million comprises sustaining capital expenditure of US$27 million and growth capital expenditure of US$28 million.

### Australian operations

Gold Fields spent A$141 million (US$98 million) on capital expenditure at St Ives in 2019 and has budgeted A$105 million (US$72 million) for capital expenditure at St Ives in 2020. The total spend in 2019 relates to sustaining capital expenditure. The budgeted capital expenditure of A$105 million (US$72 million) comprises sustaining capital expenditure of A$83 million (US$57 million) and growth capital expenditure of A$22 million (US$15 million).

Gold Fields spent A$110 million (US$76 million) on capital expenditure at Agnew in 2019 and has budgeted A$75 million (US$52 million) for capital expenditure at Agnew for 2020. The total spend in 2019 relates to sustaining capital expenditure. The budgeted capital expenditure of A$75 million (US$52 million) comprises sustaining capital expenditure of A$55 million (US$38 million) and growth capital expenditure of A$20 million (US$14 million).

Gold Fields spent A$104 million (US$72 million) on capital expenditure at Granny Smith in 2019 and has budgeted A$110 million (US$76 million) for capital expenditure at Granny Smith for 2020. The total spend in 2019 relates to sustaining capital expenditure. The budgeted capital expenditure of A$110 million (US$76 million) comprises sustaining capital expenditure of A$67 million (US$46 million) and growth capital expenditure of A$43 million (US$30 million).

Gold Fields spent A$104 million (US$72 million) on capital expenditure at the Gruyere Gold project in 2019 and has budgeted A$41 million (US$28 million) for capital expenditure for 2020. The expenditure of A$104 million (US$72 million) in 2019 comprised sustaining capital expenditure of A$8 million (US$5 million) and growth capital expenditure of A$96 million (US$67 million). The budgeted capital expenditure of A$41 million (US$28 million) comprises sustaining capital expenditure of A$40 million (US$27 million) and growth capital of A$1 million (US$1 million).

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.

## 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 131 to 151, to the consolidated financial statements included elsewhere in this Annual Financial Report for the more significant areas requiring the use of management judgements and estimates.

## RESULTS FOR THE PERIOD – YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

Profit/(loss) attributable to owners of the parent for the Group was a profit of US$162 million (or US$0.20 per share) in 2019 compared to a loss of US$348 million (or US$0.42 per share) for 2018.

The reasons for this increase are discussed below.

### Revenue

Revenue increased by 15% from US$2,578 million in 2018 to US$2,967 million in 2019. The increase in revenue of US$389 million was due to the higher gold price and higher gold sold.

The average US Dollar gold price achieved by the Group increased by 11% from US$1,252 per equivalent ounce in 2018 to US$1,388 per equivalent ounce in 2019. The average Rand gold price increased by 24% from R531,253 per kilogram in 2018 to R659,111 per kilogram in 2019. The average Australian Dollar gold price increased by 18% from A$1,694 per ounce in 2018 to A$2,007 per ounce in 2019. The average US Dollar gold price for the Ghanaian operations (including Asanko) increased by 9% from US$1,265 per ounce in 2018 to US$1,384 per ounce in 2019 and the average US Dollar gold price for the Ghanaian operations (excluding Asanko) increased by 9% from US$1,270 per ounce in 2018 to US$1,387 per ounce in 2019. The average equivalent US Dollar gold price, net of treatment and refining charges, for Cerro Corona increased by 14% from US$1,174 per equivalent ounce in 2018 to US$1,344 per equivalent ounce in 2019. The average US Dollar/Rand exchange rate weakened by 10% from R13.20 in 2018 to R14.46 in 2019. The average Australian/US Dollar exchange rate weakened by 7% from A$1.00 = US$0.75 in 2018 to A$1.00 = US$0.70 in 2019.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

Gold sales from operations (excluding Asanko) increased by 4% from 2,058,600 equivalent ounces in 2018 to 2,137,800 equivalent ounces in 2019. Gold sales at the South African operation increased by 32% from 5,220 kilograms (167,800 ounces) in 2018 to 6,907 kilograms (222,100 ounces) in 2019. Gold sales at the Ghanaian operations (excluding Asanko) increased by 3% from 705,700 ounces in 2018 to 727,500 ounces in 2019. Gold equivalent sales at the Peruvian operation (Cerro Corona) decreased by 1% from 299,100 equivalent ounces in 2018 to 296,900 equivalent ounces in 2019. At the Australian operations, gold sales increased by 1% from 885,900 ounces in 2018 to 891,400 ounces in 2019. As a general rule, Gold Fields sells all the gold it produces.

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | **Revenue US$ million** | **Gold sold '000oz** | **Gold produced '000oz** | Revenue US$ million | Gold sold '000oz | Gold produced '000oz |
| South Deep | **314.8** | **222.1** | **222.1** | 210.1 | 167.8 | 157.1 |
| Tarkwa | **720.4** | **519.1** | **519.1** | 666.9 | 524.9 | 524.9 |
| Damang | **288.3** | **208.4** | **208.4** | 229.0 | 180.8 | 180.8 |
| Asanko[1] | **153.3** | **112.0** | **113.0** | 54.9 | 45.9 | 44.5 |
| Cerro Corona | **399.0** | **296.9** | **292.7** | 351.0 | 299.1 | 314.1 |
| St Ives | **505.0** | **363.3** | **370.6** | 464.7 | 367.0 | 366.9 |
| Agnew | **304.6** | **219.6** | **219.4** | 301.1 | 238.5 | 239.1 |
| Granny Smith | **383.8** | **274.8** | **274.8** | 355.0 | 280.5 | 280.4 |
| Gruyere – 50% | **51.2** | **33.7** | **49.5** | – | – | – |
| Total Group (including Asanko) | **3,120.4** | **2,249.8** | **2,269.5** | 2,632.7 | 2,104.5 | 2,107.8 |
| Total Group (excluding Asanko) | **2,967.1** | **2,137.8** | **2,156.5** | 2,577.8 | 2,058.6 | 2,063.2 |

[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 increased by 32% from 5,220 kilograms (167,800 ounces) in 2018 to 6,907 kilograms (222,100 ounces) in 2019 due to an increase in both volumes and grade mined.

At the Ghanaian operations, gold sales at Tarkwa decreased by 1% from 524,900 ounces in 2018 to 519,100 ounces in 2019. Damang's gold sales increased by 15% from 180,800 ounces in 2018 to 208,400 ounces in 2019 mainly due to higher grade and tonnes treated. Gold sales at Asanko amounted to 45,900 ounces for the five months ended December 2018 compared to 112.0 ounces for the 12 months ended December 2019 (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 2% from 30,742 tonnes in 2018 to 31,452 tonnes in 2019 mainly due to timing of shipments. Gold sales increased by 13% from 141,041 ounces in 2018 to 159,706 ounces in 2019 due to higher gold production and timing of shipments. Gold equivalent sales decreased by 1% from 299,100 ounces in 2018 to 296,900 ounces in 2019 mainly due to lower copper/gold price ratio.

At the Australian operations, gold sales at St Ives decreased by 1% from 367,000 ounces in 2018 to 363,300 ounces in 2019. At Agnew, gold sales decreased by 8% from 238,500 ounces in 2018 to 219,600 ounces in 2019 due to decreased grade of ore mined and processed. At Granny Smith, gold sales decreased by 2% from 280,500 ounces in 2018 to 274,800 ounces in 2019 due to a decrease in tonnes mined and processed. Gruyere commenced production during 2019, with first gold produced in June 2019 and sold in July 2019. Commercial levels of production were achieved at the end of September, with gold sold prior to this date being capitalised to the construction capital. Gold sales for Gruyere amounted to 33,700 ounces for the three months (October to December 2019) in which Gruyere was in commercial levels of production.

### 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 marginally from US$2,043 million in 2018 to US$2,034 million in 2019. 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 increased by 5% from US$1,391 million in 2018 to US$1,467 million in 2019.

At South Deep in South Africa, cost of sales before gold inventory change and amortisation and depreciation increased by 3% from R3,459 million (US$262 million) in 2018 to R3,556 million (US$246 million) in 2019. This increase of R97 million was mainly due to higher production.

At the Ghanaian operations (excluding Asanko), cost of sales before gold inventory change and amortisation and depreciation increased by 9% from US$442 million in 2018 to US$480 million in 2019. At Tarkwa, cost of sales before gold inventory change and amortisation and depreciation increased by 10% from US$299 million in 2018 to US$330 million in 2019 due to higher mining costs in line with higher operational tonnes mined. At Damang, cost of sales before gold inventory change and amortisation and depreciation increased by 4% from US$144 million in 2018 to US$150 million in 2019 mainly due to higher operating tonnes mined. At Asanko, cost of sales before gold inventory change and amortisation and depreciation amounted to US$42 million for the five months ended December 2018 compared to US$89 million for the 12 months ended December 2019 (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 5% from US$160 million in 2018 to US$168 million in 2019. The higher cost was due to higher process plant maintenance cost due to ageing and ore hardness, higher workers' participation due to higher profit and higher labour expenses resulting from the close out of the union labour agreement.

At the Australian operations, cost of sales before gold inventory change and amortisation and depreciation increased by 17% from A$705 million (US$527 million) in 2018 to A$822 million (US$572 million) in 2019. At St Ives, cost of sales before gold inventory change and amortisation and depreciation increased by 24% from A$269 million (US$201 million) in 2018 to A$333 million (US$232 million) in 2019 mainly due to increased mining cost as a result of increased ore tonnes mined at Invincible underground mine and Neptune open pit and increased processing maintenance cost. At Agnew, cost of sales before gold inventory change and amortisation and depreciation increased by 11% from A$214 million (US$160 million) in 2018 to A$237 million (US$165 million) in 2019 mainly due to increased mining cost at Waroonga as a result of increased tonnes mined. At Granny Smith, cost of sales before gold inventory change and amortisation and depreciation increased by 1% from A$223 million (US$166 million) in 2018 to A$226 million (US$157 million) in 2019. Cost of sales before gold inventory change and amortisation and depreciation for Gruyere amounted to A$28 million (US$19 million) for the three months (October to December 2019) in which Gruyere was in commercial levels of production.

***Gold inventory change***

The gold inventory credit to costs of US$43 million in 2019 compared with US$16 million in 2018.

At South Deep, the gold inventory credit to costs of R54 million (US$4 million) in 2019 compared with a charge to costs of R127 million (US$10 million) in 2018, due to a buildup of gold in circuit in 2019 compared with a drawdown of gold in circuit at the end of 2018.

At Tarkwa, the gold inventory credit to costs of US$14 million in 2019 compared with a charge to costs of US$10 million in 2018. In 2018 more lower grade ore was stockpiled and medium grade ore was processed. In 2019, higher ore volumes were mined and more medium grade ore was stockpiled compared to 2018.

At Damang, the gold inventory credit to costs of US$9 million in 2019 compared with US$19 million in 2018, due to a lower buildup of stockpiles in 2019 compared to 2018.

At Asanko, the gold inventory charge to costs of US$2 million for the 12 months ended December 2019 compared with a credit to costs of 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 remained flat at US$6 million in 2019, due to a continued buildup of stockpiles in line with the new life extension plan in which ore will be stockpiled for the first few years until the in-pit tailings process commences.

At St Ives, the credit to costs of A$4 million (US$3 million) in 2019 compared with A$20 million (US$15 million) in 2018, both due to a buildup of stockpiles.

At Agnew, the credit to costs of A$4 million (US$3 million) in 2019 compared with a charge to costs of A$2 million (US$2 million) in 2018, due to a buildup of stockpiles in 2019 compared to a drawdown of stockpiles in 2018.

At Granny Smith, the charge to costs of A$1 million (US$nil) in 2019 compared to A$3 million (US$2 million) in 2018, both due to a drawdown of stockpiles.

At Gruyere, the credit to costs amounted to A$8 million (US$5 million) for the three months (October to December 2019) in which Gruyere was in commercial levels of production. This was due to a buildup of gold in circuit.

# 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 2018 to 31 December 2019 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 2019. The amortisation in 2019 was based on the reserves as at 31 December 2018. 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 2019 became effective on 1 January 2020.

| | Proved and probable mineral reserves as of | | | Life-of-mine | | Amortisation for the year ended | |
|---|---|---|---|---|---|---|---|
| | **31 December 2019 '000oz** | 31 December 2018 '000oz | 31 December 2017 '000oz | **31 December 2019 years** | 31 December 2018 years | **31 December 2019 US$ million** | 31 December 2018 US$ million |
| **South Africa region** | | | | | | | |
| South Deep[1] | **32,800** | 32,800 | 37,400 | **75** | 75 | **32.9** | 48.9 |
| **West Africa region** | | | | | | | |
| Tarkwa[2] | **5,900** | 5,800 | 5,900 | **14** | 14 | **181.8** | 168.3 |
| Damang[3] | **1,300** | 1,600 | 1,700 | **6** | 7 | **53.9** | 99.9 |
| Asanko[4] | **1,200** | – | – | **10** | | | |
| **South America region** | | | | | | | |
| Cerro Corona[5] | **3,000** | 3,400 | 3,700 | **13** | 12 | **92.6** | 81.8 |
| Salares Norte | **4,000** | 4,049 | – | **11.5** | 11.5 | **–** | – |
| **Australia region** | | | | | | | |
| St Ives | **2,300** | 1,700 | 1,600 | **9** | 7 | **105.0** | 146.2 |
| Agnew | **800** | 600 | 500 | **4** | 4 | **62.9** | 75.0 |
| Granny Smith | **2,100** | 2,200 | 2,200 | **13** | 12 | **55.4** | 44.6 |
| Gruyere[6] | **1,800** | 1,900 | 1,900 | **11** | 12 | **14.5** | – |
| **Corporate and other** | **–** | – | – | **–** | – | **11.0** | 3.7 |
| **Total reserves[7]** | **55,200** | 54,049 | 54,900 | | | **610.0** | 668.4 |

[1] *As of 31 December 2017, 31 December 2018 and 31 December 2019, 91.0%, 90.8% and 90.7% of mineral reserves amounting to 34.023 million ounces, 29.772 million ounces and 29.763 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 2017, 31 December 2018 and 31 December 2019, 90% of mineral reserves amounting to 5.315 million ounces, 5.200 million ounces and 5.305 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 2017, 31 December 2018 and 31 December 2019, 90% of mineral reserves amounting to 1.555 million ounces, 1.454 million ounces and 1.214 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 2019, mineral reserves at Asanko represent the 50% portion managed by Gold Fields.*

[5] *As of 31 December 2017, 31 December 2018 and 31 December 2019, 99.53% of mineral reserves amounting to 3.710 million ounces, 3.342 million ounces and 2.984 million ounces of equivalent gold were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Cerro Corona operation.*

[6] *As of 31 December 2017, 31 December 2018 and 31 December 2019, mineral reserves at Gruyere represent the 50% portion attributable to Gold Fields only.*

[7] *As of 31 December 2017, 31 December 2018 and 31 December 2019, reserves of 50.787 million ounces, 50.258 million ounces and 52.384 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 decreased by 9% from US$668 million in 2018 to US$610 million in 2019.

At South Deep in South Africa, amortisation and depreciation decreased by 26% from R646 million (US$49 million) in 2018 to R476 million (US$33 million) in 2019 mainly due to the impairment of the South Deep cash-generating unit in June 2018, as well as lower capital expenditure in 2019.

At the Ghanaian operations (excluding Asanko), amortisation and depreciation decreased by 12% from US$268 million in 2018 to US$236 million in 2019. Tarkwa increased by 8% from US$168 million in 2018 to US$182 million in 2019 mainly due to an increase in ounces mined. Damang decreased by 46% from US$100 million in 2018 to US$54 million in 2019 mainly due to the completion of the Amoanda pit in H1 2019. Amortisation and depreciation at the Amoanda pit decreased from US$68 million in 2018 to US$4 million in 2019. At Asanko, the amortisation and depreciation amounted US$43 million for the 12 months ended December 2019 compared 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 increased by 13% from US$82 million in 2018 to US$93 million in 2019. This increase was mainly due to higher capital expenditure and higher ounces mined.

At the Australian operations, amortisation and depreciation decreased by 4% from A$356 million (US$266 million) in 2018 to A$342 million (US$238 million) in 2019. At St Ives, amortisation and depreciation decreased by 23% from A$196 million (US$146 million) in 2018 to A$151 million (US$105 million) in 2019 due to a decrease in ounces mined. At Agnew, amortisation and depreciation decreased by 10% from A$100 million (US$75 million) in 2018 to A$90 million (US$63 million) in 2019 due to an increase in ore reserves in 2019, resulting in a lower amortisation rate per ounce. At Granny Smith, amortisation and depreciation increased by 33% from A$60 million (US$45 million) in 2018 to A$80 million (US$55 million) in 2019 mainly due to depreciation of assets capitalised in line with the adoption of IFRS 16. At Gruyere, amortisation and depreciation amounted to A$21 million (US$15 million) for the three months (October to December 2019) in which Gruyere was in commercial levels of production.

### *All-in sustaining and total all-in costs*

The following table sets out for each operation and the Group, total gold sales in ounces, all-in sustaining costs and total all-in costs, net of by-product revenue, in US$/oz for 2019 and 2018:

| *Figures in thousands unless otherwise stated* | **2019** Gold only ounces sold | **2019** All-in sustaining costs – US$/oz | **2019** Total all-in costs – US$/oz | 2018 Gold only ounces sold | 2018 All-in sustaining costs – US$/oz | 2018 Total all-in costs – US$/oz |
|---|---|---|---|---|---|---|
| South Deep | **222.1** | **1,259** | **1,259** | 167.8 | 1,903 | 2,012 |
| **South African operation** | **222.1** | **1,259** | **1,259** | 167.8 | 1,903 | 2,012 |
| Tarkwa | **519.1** | **958** | **958** | 524.9 | 951 | 951 |
| Damang | **208.4** | **809** | **1,147** | 180.8 | 813 | 1,506 |
| Asanko[1] | **112.0** | **1,112** | **1,214** | 45.9 | 1,069 | 1,175 |
| **Ghanaian operations** | **839.5** | **942** | **1,039** | 751.6 | 926 | 1,098 |
| Cerro Corona[2] | **159.7** | **472** | **472** | 141.0 | 282 | 282 |
| **Peruvian operation** | **159.7** | **472** | **472** | 141.0 | 282 | 282 |
| St Ives | **363.3** | **963** | **963** | 367.0 | 902 | 902 |
| Agnew | **219.6** | **1,152** | **1,152** | 238.5 | 1,026 | 1,026 |
| Granny Smith | **274.8** | **922** | **922** | 280.5 | 925 | 925 |
| Gruyere – 50% | **33.7** | **683** | **684** | – | – | – |
| **Australian operations** | **891.4** | **986** | **986** | 885.9 | 943 | 943 |
| Total Group (including Asanko) | **2,112.9** | **970** | **1,064** | 1,946.4 | 981 | 1,173 |
| **Total Group (excluding Asanko)** | **2,000.6** | **962** | **1,056** | 1,900.5 | 979 | 1,172 |

*All-in costs are calculated in accordance with the World Gold Council Industry standard. Refer to pages 67 to 73 for detailed calculations and discussion of non-IFRS measures.*

*[1] Equity accounted joint venture.*

*[2] Gold sold at Cerro Corona excludes copper equivalents of 137,194 ounces in 2018 and 158,100 ounces in 2018.*

*Figures above may not add as they are rounded independently.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

### *AISC and AIC (original interpretation)*

AISC net of by-product revenues (including Asanko) decreased by 1% from US$981 per ounce of gold in 2018 to US$970 per ounce of gold in 2019, mainly due to higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before amortisation and depreciation. AIC net of by-product revenues (including Asanko) decreased by 9% from US$1,173 per ounce of gold in 2018 to US$1,064 per ounce of gold in 2019 due to the same reasons as for all-in sustaining costs as well as lower non-sustaining capital expenditure and lower exploration, feasibility and evaluation costs.

AISC net of by-product revenues (excluding Asanko) decreased by 2% from US$979 per ounce of gold in 2018 to US$962 per ounce of gold in 2019, mainly due to higher gold sold and lower sustaining capital expenditure, partially offset by higher cost of sales before amortisation and depreciation. AIC net of by-product revenues (excluding Asanko) decreased by 10% from US$1,172 per ounce of gold in 2018 to US$1,056 per ounce of gold in 2019 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.

At South Deep in South Africa, all-in sustaining costs decreased by 28% from R807,688 per kilogram (US$1,903 per ounce) in 2018 to R585,482 per kilogram (US$1,259 per ounce) in 2019 mainly due to higher gold sold, lower sustaining capital expenditure and lower cost of sales before amortisation and depreciation. The total all-in cost decreased by 31% from R854,049 per kilogram (US$2,012 per ounce) in 2018 to R585,482 per kilogram (US$1,259 per ounce) in 2019 due to the same reasons as for all-in sustaining costs as well as temporary postponement of non-sustaining capital expenditure.

At the Ghanaian operations, all-in sustaining costs increased by 2% from US$926 per ounce in 2018 to US$942 per ounce in 2019 and total all-in cost decreased by 5% from US$1,098 per ounce in 2018 to US$1,039 per ounce in 2019 as the project capital at Damang rolled off. Asanko was included for 12 months in 2019 and five months in 2018. At Tarkwa, all-in sustaining costs and total all-in costs increased by 1% from US$951 per ounce in 2018 to US$958 per ounce in 2019 due to lower gold sold, partially offset by lower capital expenditure. At Damang, all-in sustaining costs decreased marginally from US$813 per ounce in 2018 to US$809 per ounce in 2019 due to higher gold sold, partially offset by higher cost of sales before amortisation and depreciation. All-in costs decreased by 24% from US$1,506 per ounce in 2018 to US$1,147 per ounce in 2018 due to the same reasons as for all-in sustaining cost and lower non-sustaining capital. 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 and for the 12 months ended December 2019 was US$1,112 per ounce and US$1,214 per ounce, respectively.

At Cerro Corona in Peru, all-in sustaining costs and total all-in costs increased by 67% from US$282 per ounce in 2018 to US$472 per ounce in 2019 mainly due to lower by-product credits, higher capital expenditures and higher cost of sales before amortisation and depreciation. All-in sustaining costs and total all-in cost per equivalent ounce increased by 16% from US$699 per equivalent ounce in 2018 to US$810 per equivalent ounce in 2019 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 12% from A$1,262 per ounce (US$943 per ounce) in 2018 to A$1,418 per ounce (US$986 per ounce) in 2019 due to lower ounces sold (part of Gruyere production for the year was capitalised) and higher cost of sales before amortisation and depreciation, partially offset by lower sustaining capital expenditure. At St Ives, all-in sustaining costs and total all-in costs increased by 15% from A$1,207 per ounce (US$902 per ounce) in 2018 to A$1,385 per ounce (US$963 per ounce) in 2019 due to higher cost of sales before amortisation and depreciation, partially offset by lower capital expenditure. At Agnew, all-in sustaining costs and total all-in costs increased by 21% from A$1,374 per ounce (US$1,026 per ounce) in 2018 to A$1,656 per ounce (US$1,152 per ounce) in 2019 due to lower gold sold, higher cost of sales before amortisation and depreciation and higher capital expenditure. At Granny Smith, all-in sustaining costs and total all-in costs increased by 7% from A$1,239 per ounce (US$925 per ounce) in 2018 to A$1,325 per ounce (US$922 per ounce) in 2019, mainly due to lower gold sold. At Gruyere, all-in sustaining costs and total all-in cost for the three months (October to December 2019) in which Gruyere was in commercial levels of production was A$983 per ounce (US$683 per ounce) and A$983 per ounce (US$684 per ounce), respectively.

### Investment income

Income from investments decreased by 13% from US$8 million in 2018 to US$7 million in 2019. The decrease was mainly due to lower interest rates in 2019.

The investment income in 2019 of US$7 million comprised US$1 million interest on monies invested in the South African rehabilitation trust fund and US$6 million interest on other cash and cash equivalent balances.

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.

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

Interest on other cash balances decreased by 14% from US$7 million in 2018 to US$6 million in 2019 mainly due to lower interest rates in 2019.

### Finance expense

Finance expense increased by 16% from US$88 million in 2018 to US$102 million in 2019.

The finance expense of US$102 million in 2019 comprised US$12 million relating to the accretion of the environmental rehabilitation liability, US$1 million relating to the unwinding of the silicosis provision, US$18 million lease interest and US$114 million on various Group borrowings, partially offset by borrowing costs capitalised of US$43 million.

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

The unwinding of the silicosis provision decreased by 50% from US$2 million in 2018 to US$1 million in 2019 due to a change in the expected timing of the cash flows, as well as an increase in the discount rate.

The interest expense on lease liability of US$18 million relates to the adoption of IFRS 16 *Leases* in 2019.

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* | **2019** | 2018 |
| Interest on borrowings to fund capital expenditure and operating costs at the South African operation | **7** | 9 |
| Interest on US$1 billion notes issue | **36** | 43 |
| Interest on US$500 million 5-year notes issue | **16** | – |
| Interest on US$500 million 10-year notes issue | **18** | – |
| Interest on US$100 million revolving senior secured credit facility | **3** | 4 |
| Interest on US$150 million revolving senior secured credit facility | **4** | 3 |
| Interest on A$500 million syndicated revolving credit facility | **12** | – |
| Interest on US$1,290 million term loan and revolving credit facilities | **17** | 31 |
| Other interest charges | **1** | 2 |
| | **114** | 92 |

Interest on borrowings to fund capital expenditure and operating costs at the South African operation decreased from US$9 million in 2018 to US$7 million in 2019 due to repayments of South African borrowings in 2019.

Interest on the US$1 billion notes issue decreased from US$43 million in 2018 to US$36 million in 2019 due to the buy-back of US$250 million of the outstanding notes on 24 May 2019.

On 9 May 2019, Gold Fields successfully concluded the raising of two new bonds, a US$500 million five-year notes issue and a US$500 million 10-year notes issue, raising a total of US$1 billion. Interest on the US$500 million five-year notes issue and US$500 million 10-year notes issue amounted to US$16 million and US$18 million in 2019, respectively.

Interest on the US$100 million term revolving senior secured credit facility decreased from US$4 million in 2018 to US$3 million in 2019 due to the repayment of the facility during 2019.

Interest on the US$150 million revolving senior secured credit facility increased marginally from US$3 million in 2018 to US$4 million in 2019.

Interest on the A$500 million syndicated revolving credit facility was US$12 million in 2019.

Interest on the US$1,290 million term loan and revolving credit facilities decreased from US$31 million in 2018 to US$17 million in 2019 due to the repayment of the facilities in 2019.

Capitalised interest increased by 139% from US$18 million in 2018 to US$43 million in 2019 due to higher interest capitalised as a result of 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 or specific borrowings are used to finance qualifying projects. The qualifying projects in 2019 were the Damang reinvestment project (US$20 million) and the Gruyere project (US$23 million). The qualifying projects in 2018 were the Damang reinvestment project (US$10 million) and the Gruyere project (US$8 million). An average interest capitalisation rate of 6.2% (2018: 5.9%) was applied.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

## (Loss)/gain on financial instruments

The loss on financial instruments of US$238 million in 2019 compared with a gain of US$21 million in 2018.

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| South Deep gold hedge | **(26)** | (3) |
| Ghana gold hedge | **(37)** | 22 |
| Ghana oil hedge | **2** | 2 |
| Peru copper hedge | **–** | 9 |
| Australia gold hedge | **(179)** | (5) |
| Australia oil hedge | **2** | 1 |
| Australia foreign currency hedge | **(7)** | (9) |
| Maverix warrants – gain on fair value | **4** | 4 |
| Gain on fair value on disposal of Maverix | **3** | – |
| | **(238)** | 21 |

In 2019, the US$238 million comprised US$245 million losses on hedges and a US$7 million gain on the mark-to-market of Maverix warrants. The US$245 million included US$132 million realised losses and US$113 million unrealised losses. The realised losses of US$132 million comprised losses realised on the South Deep gold hedge of R220 million (US$15 million), the Australian gold hedge of A$163 million (US$113 million) and the Australian currency hedge of A$22 million (US$14 million), partially offset by gains made on the Ghana oil hedge of US$5 million, Ghana gold hedge of US$2 million and Australian oil hedge of A$4 million (US$3 million).

The unrealised losses of US$113 million comprised losses on the South Deep gold hedge of R153 million (US$11 million), the Ghana gold hedge US$39 million, the Australian gold hedge of A$94 million (US$66 million), the Ghana oil hedge of US$3 million and Australian oil hedge of A$1 million (US$1 million), partially offset by a gain on Australian currency hedge of A$12 million (US$7 million).

### *South Deep gold hedge*

Between October 2018 and January 2019, South Deep entered into cash-settled average rate forwards for a total of 112,613 ounces for the period June 2019 to December 2019 at an average strike rate of R617,000 per kilogram.

In June 2019, a total of 200,000 ounces of the expected production for 2020 for South Deep was hedged for the period January 2020 to December 2020 using cash-settled zero cost collars (100,000 ounces) and average rate forwards (100,000 ounces). The average strike price is R660,000 per kilogram on the floor and R727,000 per kilogram on the cap. The average strike price is R681,400 per kilogram on the forwards.

At 31 December 2019, the mark-to-market value on the hedge was negative R176 million (US$13 million) (2018: R23 million (US$2 million)) with a realised loss of R220 million (US$15 million) (2018: gain of R117 million (US$9 million) for the year ended 31 December 2019.

### *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.

In June 2019, a total of 275,000 ounces of the expected production for 2020 for the Ghanaian region was hedged for the period January 2020 to December 2020 using cash-settled zero-cost collars (175,000 ounces) and average rate forwards (100,000 ounces). The average strike prices are US$1,364 per ounce on the floor and US$1,449 per ounce on the cap. The average strike price on the forwards is US$1,382 per ounce.

Subsequent to 30 June 2019, 100,000 ounces of the expected production for the Ghanaian region was hedged for the period January 2020 to December 2020 using cash-settled zero cost collars. The average strike prices are US$1,400 per ounce on the floor and US$1,557 per ounce on the cap.

At 31 December 2019, the mark-to market value on the hedge was negative US$36 million (2018: positive US$2 million) with a realised gain of US$2 million (2018: US$20 million) for the year ended 31 December 2019.

### *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.

In June 2019, fixed price ICE Gasoil cash-settled swap transactions were entered into for a total of 123.2 million litres of diesel for the period January 2020 to December 2022 based on 50% of usage over the specified period. The average swap price is US$575 per metric tonne (equivalent to US$75.8 per barrel). At the time of the transactions, the average Brent swap equivalent over the tenor was US$59.2 per barrel.

At 31 December 2019, the mark-to-market value on the hedge was a US$nil (2018: US$3 million) with a realised gain of US$5 million (2018: US$8 million).

***Peru copper hedge***

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 2019, the mark-to-market valuation of the hedge was a US$nil (2018: positive of US$1 million), with a realised gain of US$nil (2018: 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.

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. 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.

In January 2019, 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 June 2019, a total of 480,000 ounces of the expected production for 2020 for the Australian region was hedged for the period January 2020 to December 2020 using cash-settled zero-cost collars (270,000 ounces) and average rate forwards (210,000 ounces). The average strike prices are A$1,933 per ounce on the floor and A$2,014 on the cap. The average strike price on the forwards is A$1,957 per ounce.

At 31 December 2019, the mark-to-market value on the hedges was negative A$111 million (US$78 million) (2018: A$18 million (US$12 million)) with a realised loss of A$163 million (US$113 million) (2018: gain of A$11 million (US$8 million)) for the year ended 31 December 2019.

***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$61.2 per barrel. At the time of the transactions, the average Brent swap equivalent over the tenure was US$49.9 per barrel.

In June 2019, fixed price Singapore 10ppm Gasoil cash-settled swap transactions were entered into for a total of 75.0 million litres of diesel for the period January 2020 to December 2022 based on 50% of usage over the specified period. The average swap price is US$74.0 per barrel. At the time of the transactions, the average Brent swap equivalent over the tenor was US$57.4 per barrel.

At 31 December 2019, the mark-to-market value on the hedge was a positive A$1 million (US$1 million) (2018: A$3 million (US$2 million)) with a realised gain of A$4 million (US$3 million) (2018: 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

At 31 December 2019, the mark-to-market value on the hedges was A$nil (US$nil) (2018: A$12 million (US$9 million)) with a realised loss of A$22 million (US$14 million) (2018: A$nil (US$nil)) for the year ended 31 December 2019.

### Foreign exchange (loss)/gain

The foreign exchange loss of US$5 million in 2019 compared with a gain of US$6 million.

These gains or losses on foreign exchange related to the conversion of offshore cash holdings into their functional currencies. The exchange loss of US$5 million was mainly due to the release of the foreign exchange reserve on disposal of subsidiary, while the exchange gain of US$6 million was due to the strengthening of the Ghanaian Cedi and the weakening of the Australian Dollar.

### Other costs, net

Other costs, net increased by 51% from US$45 million in 2018 to US$68 million in 2019.

The costs in 2019 are mainly made up of:

- Social contributions and sponsorships of US$18 million;
- Offshore structure costs of US$17 million;
- Loss on buy-back on notes of US$5 million:
- Damang contract termination costs of US$13 million; and
- Rehabilitation expense of US$13 million as a result of changes in estimates relating to the provision for environmental rehabilitation costs recognised in profit or loss.

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.

### Share-based payments

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

The Group grants share options and restricted shares to executive directors, certain officers and employees under the Gold Fields Limited 2012 Share Plan amended. Gold Fields has adopted appropriate valuation models (Black-Scholes and Monte Carlo simulation) to fair value share-based payments. The value of the equity-settled instruments 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.

From 2018 onwards, only 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 Long-Term Incentive Plan ("LTIP").

Share-based payments decreased by 45% from US$38 million in 2018 to US$21 million in 2019 mainly due to the awards from 2018 onwards being granted to the Executive Committee members only. The corresponding entry for the share-based payment expense was the share-based payment reserve within shareholders' equity.

### 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 Cash 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.

The LTIP expense increased by 800% from US$1 million in 2018 to US$9 million in 2019 due to awards being granted to senior and middle management from 2018 onwards.

### Exploration expense

The exploration expense decreased by 19% from US$104 million in 2018 to US$84 million in 2019.

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| Australia | **30** | 38 |
| Salares Norte | **49** | 61 |
| Exploration office costs | **5** | 5 |
| **Total exploration expense** | **84** | 104 |

In 2019, Australia spent US$59 million on exploration of which US$30 million was expensed in the income statement.

In 2018, Australia spent US$64 million on exploration of which US$38 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 was a loss of US$13 million in 2018 compared to a profit of US$3 million in 2019.

During 2019 and 2018, Gold Fields equity accounted for Far South East Resources Incorporated ("FSE"), Maverix Metals Incorporated ("Maverix") and Asanko Gold Inc ("Asanko").

FSE's share of results of equity accounted investees, net of taxation decreased from a loss of US$13 million in 2018 to a loss of US$1 million in 2019, mainly due to the US$12 million write-off of deferred costs and other non-recoverable amounts in 2018.

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 former 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 profit of US$4 million in 2019 compared to a loss of US$1 million in 2018.

Maverix's share of results of equity accounted investees, net of taxation decreased from a profit of US$1 million in 2018 to US$nil in 2019, representing nil% (2018: 19.9%) shareholding. The decrease is due to the sale of Maverix during 2019 (refer below for further details).

### Profit on disposal of Maverix Metals Incorporated

Profit on disposal of Maverix Metals amounted to US$15 million in 2019.

In line with its key strategic objective of paying down its debt, Gold Fields Limited disposed of its shareholding in Maverix during the year ended 31 December 2019. The sale of the shares, processed through a series of private market transactions, raised US$67 million in cash. After the first transaction, Maverix no longer met the definition of an associate and it was reclassified as a listed investment. A profit on disposal of US$15 million was recognised comprising a profit on disposal of associate of US$34 million, partially offset by a loss on derecognition of the investment in Maverix designated at fair value through profit or loss of US$19 million.

### Restructuring costs

Restructuring costs decreased by 99% from US$114 million in 2018 to US$1 million in 2019. The cost in 2019 relates mainly to separation packages at South Deep and Tarkwa and 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).

### Silicosis settlement costs

Silicosis settlement costs decreased by 60% from a reversal of costs of US$5 million in 2018 and to a reversal of costs of US$2 million in 2019.

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 (refer to note 25.2 and 35 of the consolidated financial statements for further details).

During 2019 and 2018, reversal of costs of US$2 million and US$5 million, respectively, related to a change in the expected timing of the cash flows and an increase in the discount rate.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

## 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 former Asanko subsidiary that 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 in 2018, 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 million was invested in the redeemable preference shares during 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*

There were no changes in 2019 to the provisional purchase price allocation performed at the time of acquisition of Asanko, therefore the purchase price allocation is considered final.

### *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 |

An additional US$20 million was invested in the redeemable preference shares in 2019.

### *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 through other comprehensive income. 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$/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$1,200/oz |
| US$ gold price – 2020 onwards | US$1,300/oz |
| 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 decreased by 98% from US$520 million in 2018 to US$10 million in 2019.

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| Cerro Corona redundant assets | **–** | 2 |
| South Deep cash-generating unit – goodwill | **–** | 72 |
| South Deep cash-generating unit – other assets | **–** | 410 |
| FSE | **10** | 37 |
| | **10** | 520 |

The impairment charge of US$10 million in 2019 relate mainly to the net 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$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.

### Profit/(loss) on disposal of assets

Loss of US$52 million in 2018 compared to a profit on disposal of assets was US$1 million in 2019.

Profit on disposal of assets of US$1 million in 2019 related mainly to the sale of redundant assets at South Deep, Ghana and Australia.

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

## Royalties

Royalties increased by 17% from US$63 million in 2018 to US$74 million in 2019 and are made up as follows:

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| South Africa | **2** | 1 |
| Ghana | **36** | 29 |
| Peru | **5** | 5 |
| Australia | **31** | 28 |
| | **74** | 63 |

The royalty in South Africa increased by 100% from US$1 million in 2018 to US$2 million in 2019 due to an increase in revenue in 2019.

The royalty in Ghana increased by 24% from US$29 million in 2018 to US$36 million in 2019 due to an increase in revenue and an increase in the royalty rate in 2019.

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

The royalty in Australia increased by 11% from US$28 million in 2018 to US$31 million in 2019 due to an increase in revenue in 2019.

## Mining and income tax

Mining and income tax was an income of US$66 million in 2018 compared to a charge of US$176 million in 2019.

The table below indicates Gold Fields' effective tax rate in 2019 and 2018:

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| Income and mining tax credit/(charge) (US$ million) | **(176)** | 66 |
| Effective tax rate (%) | **50.3** | 16.0 |

In 2019, the effective tax rate of 50.3% was higher than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:

- US$18 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- US$1 million of non-taxable share of results of equity accounted investees, net of taxation;
- US$1 million non-taxable fair value gain on Maverix warrants; and
- US$5 million non-taxable profit on disposal of Maverix.

The above were offset by the following tax effected charges:

- US$24 million non-deductible charges comprising share-based payments (US$7 million) and exploration expense (US$17 million);
- US$3 million recognised on impairment of FSE;
- US$30 million non-deductible interest paid;
- US$3 million dividend withholding tax;
- US$11 million of net non-deductible expenditure and non-taxable income;
- US$5 million deferred tax on unremitted earnings at Tarkwa and Cerro Corona;
- US$7 million of various Peruvian non-deductible expenses; and
- US$3 million deferred tax assets not recognised at Cerro Corona.

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.

### Profit/(loss) for the year
As a result of the factors discussed above, a profit of US$175 million in 2019 compared to a loss of US$345 million in 2018.

### Profit/(loss) attributable to owners of the parent
A profit attributable to owners of the parent of US$162 million in 2019 compared to a loss of US$348 million in 2018.

### Profit attributable to non-controlling interests
Profit attributable to non-controlling interests increased by 333% from US$3 million in 2018 to US$13 million in 2019.

The non-controlling interest consists of Gold Fields Ghana (Tarkwa) and Abosso Goldfields (Damang) at 10% each at the end of 2019 and 2018 and Gold Fields La Cima (Cerro Corona) at 0.47% at the end of 2019 and 2018.

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

| | **2019** | 2018 | **2019** | 2018 |
|---|---|---|---|---|
| | **Minority interest Effective*** | Minority interest Effective* | **US$ million** | US$ million |
| Gold Fields Ghana Limited – Tarkwa | **10.0%** | 10.0% | **10** | 4 |
| Abosso Goldfields – Damang | **10.0%** | 10.0% | **3** | (1) |
| Gold Fields La Cima – Cerro Corona | **0.47%** | 0.47% | **–** | – |
| | | | **13** | 3 |

* *Average for the year.*

### Basic earnings/(loss) per share
As a result of the above, Gold Fields earnings of US$0.20 per share in 2019 compared to a loss per share of US$0.42 in 2018.

## 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

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 | | |
|---|---|---|---|---|---|---|
| *Figures in million unless otherwise stated* | 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 | 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, 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, 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.

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

### *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 | |
|---|---|---|---|---|---|---|---|
| *Figures in million unless otherwise stated* | 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, 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 (original interpretation)***

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 | 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 67 to 73 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.

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

### 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 | 38 | 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 to 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.

### 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 |

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

## 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 through other comprehensive income. 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$/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$1,200/oz |
| US$ gold price – 2020 onwards | US$ 1,300/oz |
| 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 the 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.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

### 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.

## LIQUIDITY AND CAPITAL RESOURCES – YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

## CASH RESOURCES

### Cash flows from operating activities

Cash inflows from operating activities increased by 49% (US$276 million) from US$569 million[1] in 2018 to US$845 million in 2019. The items comprising these are discussed below.

The increase of US$276 million was due to:

| *Figures in millions unless otherwise stated* | United States Dollar |
|---|---|
| Increase in cash generated from operations due to higher gold sold and higher gold price | **305** |
| Decrease in investment in working capital | **7** |
| Silicosis payment | **(5)** |
| Increase in interest paid mainly due to adoption of IFRS 16 *Leases* | **(41)** |
| Increase in royalties paid | **(7)** |
| Decrease in taxes paid | **9** |
| Decrease in dividends paid due to lower dividends paid to non-controlling interests | **8** |
| | **276** |

Dividends paid decreased from US$57 million in 2018 to US$49 million in 2019. The dividends paid of US$49 million in 2019 comprised dividends paid to ordinary shareholders of US$46 million, dividends paid to non-controlling interests in Ghana and Peru of US$2 million and South Deep BEE dividend of US$1 million.

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.

### Cash flows from investing activities

Cash outflows from investing activities decreased by 50% (US$440 million) from US$887 million in 2018 to US$447 million in 2019.

The decrease of US$440 million was due to:

| *Figures in millions unless otherwise stated* | United States Dollar |
|---|---|
| Decrease in additions to property, plant and equipment | **201** |
| Decrease in proceeds on disposal of property, plant and equipment | **(75)** |
| Purchase of Asanko Gold | **145** |
| Decrease in purchase of investments | **13** |
| Redemption of Asanko preference shares – 2019 | **10** |
| Proceeds on disposal of subsidiary – 2019 | **6** |
| Proceeds on disposal of Maverix – 2019 | **67** |
| Increase in proceeds on disposal of investments | **112** |
| Proceeds on disposal of APP – 2018 | **(40)** |
| Decrease in environmental trust funds and rehabilitation payments | **1** |
| | **440** |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

### *Additions to property, plant and equipment*

Capital expenditure decreased by 25% from US$814 million in 2018 to US$613 million in 2019.

| | United States Dollar | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | | | 2018 | | |
| *Figures in million unless otherwise stated* | **Sustaining capital** | **Growth capital** | **Total capital** | Sustaining capital | Growth capital | Total capital |
| South Deep | **33** | **—** | **33** | 40 | 18 | 58 |
| **South African region** | **33** | **—** | **33** | 40 | 18 | 58 |
| Tarkwa | **126** | **—** | **126** | 156 | — | 156 |
| Damang | **5** | **71** | **76** | 14 | 125 | 139 |
| Asanko[1] | **20** | **7** | **27** | 8 | 5 | 13 |
| **Ghanaian region** | **151** | **78** | **229** | 178 | 130 | 308 |
| Cerro Corona | **56** | **—** | **56** | 33 | — | 33 |
| **South American region** | **56** | **—** | **56** | 33 | — | 33 |
| St Ives | **98** | **—** | **98** | 127 | — | 127 |
| Agnew | **76** | **—** | **76** | 73 | — | 73 |
| Granny Smith | **72** | **—** | **72** | 79 | — | 79 |
| Gruyere – 50% | **5** | **67** | **72** | — | 134 | 134 |
| **Australian operations** | **251** | **67** | **318** | 279 | — | 413 |
| Other | **4** | **—** | **4** | 2 | 13 | 15 |
| Capital expenditure (including Asanko) | **495** | **145** | **640** | 532 | 295 | 827 |
| **Capital expenditure (excluding Asanko)** | **475** | **138** | **613** | 524 | 290 | 814 |

[1] *Equity accounted joint venture.*

Capital expenditure at South Deep in South Africa decreased by 38% from R770 million (US$58 million) in 2018 to R479 million (US$33 million) in 2019. The capital expenditure of R479 million (US$33 million) in 2019 comprised only sustaining capital expenditure. 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.

- This decrease was driven by the decrease in non-sustaining capital expenditure, which was communicated as part of the restructuring at the end of 2018 with the temporary suspension of New Mine development in 2019.

Capital expenditure at the Ghanaian operations (excluding Asanko) decreased by 32% from US$295 million in 2018 to US$202 million in 2019:

- Tarkwa decreased by 19% from US$156 million in 2018 to US$126 million in 2019 mainly due to the lower capital waste stripping expenditure in line with the 2019 plan. All capital related to sustaining capital;
- Damang decreased by 45% from US$139 million in 2018 to US$76 million in 2019 due to lower capital waste tonnes mined. The capital expenditure of US$76 million in 2019 comprised US$5 million sustaining capital and US$71 million growth capital. The capital expenditure of US$139 million in 2018 comprised US$14 million sustaining capital and US$125 million growth capital; and
- Asanko incurred total capital expenditure of US$13 million for the five months ended December 2018 compared to US$27 million for the 12 months ended December 2019. The capital expenditure of US$27 million in 2019 comprised US$20 million sustaining capital expenditure and US$7 million growth capital. The capital expenditure of US$13 million in 2018 comprised sustaining capital expenditure of US$8 million and non-sustaining capital expenditure of US$5 million. (Asanko is an equity accounted joint venture and not included in the Group or Ghanaian operation's figures.)

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

Capital expenditure at Cerro Corona in Peru increased by 70% from US$33 million in 2018 to US$56 million in 2019. All capital related to sustaining capital:

- The increase was due to higher expenditure resulting from the new waste storage facility construction and infrastructure relocation (access roads, blasting supplies warehouse, general warehouse, etc) expenses for the life extension plan.

Capital expenditure at the Australian operations decreased by 17% from A$553 million (US$413 million) in 2018 to A$458 million (US$318 million) in 2019:

- St Ives decreased by 17% from A$170 million (US$127 million) in 2018 to A$141 million (US$98 million) in 2019 due to reduced stripping at the open pits combined with lower spend on mining infrastructure in 2019. All capital related to sustaining capital;
- Agnew increased by 11% from A$98 million (US$73 million) in 2018 to A$109 million (US$76 million) in 2019. Additional expenditure was incurred in 2019 to establish the new accommodation village with A$32 million spent on the village in 2019 compared to A$8 million in 2018. The additional expenditure was partially offset by lower capital development in 2019 following the completion of the first phase of development of the Waroonga North complex early in the year. All capital related to sustaining capital;
- Granny Smith decreased by 1% from A$105 million (US$79 million) in 2018 to A$104 million (US$72 million) in 2019. 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; and
- Capital expenditure at Gruyere decreased by 42% from A$180 million (US$134 million) in 2018 to A$104 million (US$72 million) in 2019 due to the completion of the construction project. The capital expenditure of A$104 million (US$72 million) in 2019 comprised A$8 million (US$5 million) sustaining capital and A$96 million (US$67 million) growth capital. The capital expenditure of A$180 million (US$134 million) in 2018 related only to growth capital.

### *Proceeds on disposal of property, plant and equipment*

Proceeds on the disposal of property, plant and equipment decreased by 95% from US$79 million in 2018 to US$4 million in 2019. In 2019, the proceeds related mainly to the disposal of various redundant assets. 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.

### *Purchase of Asanko Gold*

Purchase of Asanko decreased by 88% from US$165 million in 2018 to US$20 million in 2019. 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 Asanko of US$20 million in 2019 related to the additional purchase of preference share in accordance with the JV transaction.

### *Purchase of investments*

Investment purchases decreased by 63% from US$19 million in 2018 to US$7 million in 2019.

The purchase of investments of US$7 million in 2019 comprised:

| *Figures in millions unless otherwise stated* | **United States Dollar** |
|---|---|
| Chakana Copper | **7** |

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 |

### *Redemption of Asanko preference shares*

Redemption of Asanko preference shares amounted to US$10 million in 2019.

### *Proceeds on disposal of subsidiary*

Proceeds on disposal of subsidiary amounted to US$6 million in 2019 and related to the sale of Norperuna.

### *Proceeds on disposal of Maverix*

Proceeds on disposal of Maverix amounted to US$67 million in 2019 and related to the sale of the Group's 19.9% holding in the Toronto-listed gold and royalty streaming company Maverix.

### *Proceeds on disposal of investments*

Proceeds on the disposal of investments increased by 112% from US$1 million in 2018 to US$113 million in 2019.

The proceeds on disposal of investments of US$113 million in 2019 comprised:

| *Figures in millions unless otherwise stated* | **United States Dollar** |
|---|---|
| Red 5 Limited | **21** |
| Gold Road Resources Limited | **85** |
| Hummingbird Resources PLC | **6** |
| | **113** |

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.

### *Contributions to environmental trust funds*

The contributions to environmental trust fund decreased by 13% from US$8 million in 2018 to US$7 million in 2019.

The contributions to environmental trust funds of US$7 million in 2019 comprised:

| *Figures in millions unless otherwise stated* | **United States Dollar** |
|---|---|
| South Deep mine environmental trust fund | **1** |
| Tarkwa mine environmental trust fund | **6** |
| | **7** |

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 |

## Cash flows from financing activities

Cash inflows from financing activities was an outflow of US$105 million in 2019 compared to an inflow of US$152 million[1] in 2018. The items comprising these numbers are discussed below.

The movement of US$257 million was due to:

| *Figures in millions unless otherwise stated* | **United States Dollar** |
|---|---|
| Increase in loans raised | **848** |
| Increase in loans repaid | **(1,069)** |
| Increase in payment of lease liability | **(36)** |
| | **257** |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

### *Loans raised*

Loans raised increased by 123% from US$690 million[1] in 2018 to US$1,538 million in 2019.

The US$1,538 million loans raised in 2019 comprised:

| *Figures in millions unless otherwise stated* | **United States Dollar** |
|---|---|
| US$500 million 5-year notes issue[2] | **496** |
| US$500 million 10-year notes issue[2] | **496** |
| US$1,290 million term loan and revolving credit facilities | **434** |
| R500 million Standard Bank revolving credit facility | **21** |
| Short-term Rand uncommitted credit facilities | **91** |
| | **1,538** |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

*Credit facilities financing and refinancing*

[2] *On 9 May 2019, Gold Fields successfully concluded the raising of two new bonds, a US$500 million five-year notes issue with a coupon of 5.125% and a US$500 million 10-year notes issue with a coupon of 6.125%, raising a total of US$1 billion at an average coupon of 5.625%.*

The US$690 million loans raised in 2018 comprised:

| *Figures in millions unless otherwise stated* | United States Dollar Restated[1] |
|---|---|
| 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[2] | 14 |
| R500 million Absa Bank revolving credit facility[3] | 36 |
| Short-term Rand uncommitted credit facilities | 116 |
| | 690 |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

*Credit facilities financing and refinancing*

[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 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 capital 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.*

[3] *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 capital 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.*

### *Loans repaid*

Loans repaid increased by 199% from US$536 million[1] in 2018 to US$1,604 million in 2019.

The US$1,604 million loans repaid in 2019 comprised:

| *Figures in millions unless otherwise stated* | **United States Dollar** |
|---|---|
| US$1 billion notes issue – buy-back of US$250 million notes[2] | **255** |
| US$100 million revolving credit facility | **45** |
| A$500 million syndicated revolving credit facility | **144** |
| US$1,290 million term loan and revolving credit facility | **906** |
| R500 million Standard Bank revolving credit facility | **35** |
| R500 million Absa Bank revolving credit facility | **35** |
| Short-term Rand uncommitted credit facilities | **184** |
| | **1,604** |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

[2] *On 27 May 2019, Gold Fields announced the successful buy back of US$250 million of the outstanding 2020 notes at 102% of par as compared with a premium of 101.73% of par at the close of business on 24 May 2019. The buy-back of the notes was financed with the proceeds of the raising of two new bonds, the five-year notes and the 10-year notes. The Group recognised a loss of US$5.0 million on the buy-back of the 2020 notes.*

The US$536 million loans repaid in 2018 comprised:

| *Figures in millions unless otherwise stated* | United States Dollar Restated[1] |
|---|---|
| US$1,290 million term loan and revolving credit facility | 291 |
| R1,500 million Nedbank revolving credit facility | 108 |
| Short-term Rand uncommitted credit facilities | 137 |
| | 536 |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

### *Payment of lease liabilities*

Payment of lease liabilities increased by 1167% from US$3 million in 2018 to US$38 million in 2019. The increase related to the adoption of IFRS 16 *Leases* in 2019.

### Net cash generated/(utilised)

As a result of the above, net cash generated of US$294 million in 2019 compared to net cash utilised of US$167 million[1] in 2018.

Cash and cash equivalents increased by 134% from US$220 million[1] at 31 December 2018 to US$515 million at 31 December 2019.

### Cash flow from operating activities less net capital expenditure, environmental payments, lease payments and redemption of Asanko preference shares ("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, lease payments and redemption of Asanko preference shares 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, lease payments and redemption of Asanko preference shares per the statement of cash flows.

The cash inflow of US$249 million in 2019 compared to an outflow of US$122 million[1] in 2018. The main reasons for the increase was that net cash from operations increased by 43% from US$626 million[1] in 2018 to US$894 million in 2019 mainly due to higher gold sold and higher gold prices. Additions to property, plant and equipment decreased by 25% from US$814 million in 2018 to US$613 million in 2019 due to a decrease in capital across all operations.

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

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 Restated[1] |
| Net cash from operations | **894** | 626 |
| South Deep BEE dividend | **(1)** | (2) |
| Additions to property, plant and equipment | **(613)** | (814) |
| Proceeds on disposal of property, plant and equipment | **4** | 79 |
| Environmental trust funds and rehabilitation payments | **(7)** | (8) |
| Lease payments | **(38)** | (3) |
| Redemption of Asanko preference shares | **10** | – |
| **Cash flow from operating activities less net capital expenditure, environmental payments, lease payments and redemption of Asanko preference shares** | **249** | (122) |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

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

| Figures in millions unless otherwise stated | United States Dollar 2019 | 2018 Restated[1] |
|---|---|---|
| Net cash generated by mines before growth capital | **552** | 345 |
| Damang growth capital | **(71)** | (125) |
| South Deep growth capital | **–** | (18) |
| Gruyere growth capital[2] | **(67)** | – |
| **Net cash generated after growth capital** | **414** | 202 |
| Gruyere project capital[2] | **–** | – |
| Salares Norte | **(55)** | – |
| Other exploration | **(5)** | (5) |
| Interest paid by corporate entities[3] | **(86)** | (77) |
| Other corporate costs and South Deep BEE dividend | **(19)** | (31) |
| **Cash flow from operating activities less net capital expenditure, environmental payments, lease payments and redemption of Asanko preference shares** | **249** | (122) |

*[1] Refer to note 42 of the consolidated financial statements for further details of the restatement.*

*[2] The Gruyere project was successfully completed during 2019, with first gold produced in June 2019. Commercial levels of production were achieved at the end of September 2019 and was included in the Australian operations from that date.*

*[3] Does not agree to interest paid per the cash flow of US$132 million (2018: 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 2018 AND 31 DECEMBER 2017

## CASH RESOURCES

### Cash flows from operating activities

Cash inflows from operating activities decreased by 22% from US$732 million[1] in 2017 to US$569 million[1] in 2018. The items comprising these are discussed below.

## CONTINUING OPERATIONS

Cash generated by continuing operations decreased by 22% from US$725 million[1] in 2017 to US$569 million[1] in 2018.

The decrease of US$156 million was due to:

| Figures in millions unless otherwise stated | United States Dollar Restated[1] |
|---|---|
| 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[2] | 58 |
| Decrease in taxes paid | 59 |
| Decrease in dividends paid due to lower normalised earnings, partially offset by higher dividends paid to non-controlling interests | 14 |
| | (156) |

*[1] Refer to note 42 of the consolidated financial statements for further details of the restatement.*

*[2] 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 million 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.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

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.

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 |

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

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 79% from US$85 million[1] in 2017 to US$152 million[1] in 2018. The items comprising these numbers are discussed below.

## CONTINUING OPERATIONS

Cash generated by continuing operations increased by 79% from US$85 million[1] in 2017 to US$152 million[1] in 2018.

The increase of US$67 million was due to:

| *Figures in millions unless otherwise stated* | United States Dollar |
|---|---|
| Decrease in loans raised | (97) |
| Decrease in loans repaid | 167 |
| Increase in payment of finance lease liability | (3) |
| | 67 |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

### *Loans raised*

Loans raised decreased by 12% from US$788 million[1] in 2017 to US$690 million[1] in 2018.

The US$690 million loans raised in 2018 comprised:

| *Figures in millions unless otherwise stated* | United States Dollar Restated[1] |
|---|---|
| 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[2] | 14 |
| R500 million Absa revolving credit facility[3] | 36 |
| Short-term Rand uncommitted credit facilities | 116 |
| | 690 |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

*Credit facilities financing and refinancing:*

[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 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.*

[3] *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$788 million loans raised in 2017 comprised:

| Figures in millions unless otherwise stated | United States Dollar Restated[1] |
|---|---|
| US$150 million revolving senior secured credit facility – new[2] | 84 |
| US$100 million revolving senior secured credit facility[3] | 45 |
| A$500 million syndicated revolving credit facility[4] | 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 | 270 |
| | 788 |

[1] *Refer to note 42 of the consolidated financial statements for further details.*

*Credit facilities financing and refinancing:*

[2] *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.*

[3] *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.*

[4] *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 24% from US$703 million[1] in 2017 to US$536 million[1] in 2018.

The US$536 million loans repaid in 2018 comprised:

| Figures in millions unless otherwise stated | United States Dollar Restated[1] |
|---|---|
| US$1,290 million term loan and revolving credit facility | 291 |
| R1,500 million Nedbank revolving credit facility | 108 |
| Short-term Rand uncommitted credit facilities | 137 |
| | 536 |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

The US$703 million loans repaid in 2017 comprised:

| Figures in millions unless otherwise stated | United States Dollar Restated[1] |
|---|---|
| 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 | 224 |
| | 703 |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

### *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 82% from US$92 million[1] in 2017 to US$167 million[1] in 2018.

Cash and cash equivalents decreased by 44% from US$394 million[1] at 31 December 2017 to US$220 million[1] at 31 December 2018.

### Cash flow from operating activities less net capital expenditure, environmental payments and 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 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 lease payments per the statement of cash flows.

The cash outflow increased from US$33 million in 2017 to US$122 million in 2018. The main reasons for the increase was that net cash from operations decreased from US$796 million in 2017 to US$626 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 Restated[1] | 2017 Restated[1] |
| Net cash from operations | 626 | 796 |
| 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) | (17) |
| Lease payments | (3) | – |
| Cash flow from operating activities less net capital expenditure, environmental payments and lease payments | (122) | (33) |

[1] *Refer to note 42 of the consolidated financial statements for further details of the restatement.*

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

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | 2018 Restated[1] | 2017 Restated[1] |
| Net cash generated by mines before growth capital | 345 | 410 |
| Damang growth capital | (125) | (115) |
| South Deep growth capital | (18) | (17) |
| **Net cash generated after growth capital** | 202 | 278 |
| 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[2] | (77) | (72) |
| Other corporate costs and South Deep BEE dividend | (31) | (40) |
| **Cash flow from operating activities less net capital expenditure, environmental payments and lease payments** | (122) | (33) |

*[1] Refer to note 42 of the consolidated financial statements for further details.*
*[2] 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.*

## STATEMENT OF FINANCIAL POSITION

### Borrowings

Total debt (short and long-term borrowings) decreased from US$1,907 million[1] at 31 December 2018 to US$1,846 million at 31 December 2019. Net debt (pre-IFRS 16) is defined as total borrowing less cash and cash equivalents. Net debt (post-IFRS 16) is defined as total borrowing plus lease liabilities less cash and cash equivalents. Net debt (pre-IFRS 16) decreased from US$1,687 million[1] at 31 December 2018 to US$1,331 million as a result of lower debt and higher cash balances. Net debt (post-IFRS 16) amounted to US$1,664 million in 2019.

The Group monitors capital using the ratio of net debt to adjusted EBITDA and takes into account the adoption of IFRS 16. Adjusted EBITDA is defined as profit or loss for the year adjusted for interest, taxation, amortisation and depreciation and certain other costs. For external borrowings entered into before 1 January 2019, the definition of adjusted EBITDA is as defined in the US$1,290 million term loan and revolving credit facilities agreement. For external borrowings entered into after 1 January 2019, the definition of adjusted EBITDA is as defined in the US$1,200 million term loan and revolving credit facilities agreement. 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 entered into before 1 January 2019 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. The bank covenants on external borrowings entered into after 1 January 2019 takes into account the adoption of IFRS 16 and require a net debt to adjusted EBITDA ratio of 3.5 or below and the ratio is measured based on amounts in United States Dollar. Net debt to adjusted EBITDA (IFRS 16 impact excluded) at 31 December 2019 was 1.08 (2018: 1.52). Net debt to adjusted EBITDA (IFRS 16 impact included) at 31 December 2019 was 1.29. Refer to note 39 of the consolidated financial statements for further details including the reconciliation of profit/(loss) for the year to adjusted EBITDA.

### Provisions

Long-term provisions increased from US$320 million in 2018 to US$391 million in 2019 and included the following.

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| Provision for environmental rehabilitation costs | **370** | 290 |
| Silicosis settlement costs | **17** | 25 |
| Other provisions | **4** | 5 |
| **Total long-term provisions** | **391** | 320 |

*[1] Refer to note 42 of the consolidated financial statements for further details of the restatement.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

## Provision for environmental rehabilitation costs

The amount provided for environmental rehabilitation costs increased from US$290 million at 31 December 2018 to US$370 million at 31 December 2019. The increase is due to the increase of the gross environmental rehabilitation costs at all the operations in 2019. This provision represents the present value of closure, rehabilitation and other environmental obligations up to 31 December 2019. 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 2019 and 2018 for each region are shown in the table below:

| | South Africa | Ghana | Australia | Peru | Chile |
|---|---|---|---|---|---|
| **Inflation rates** | | | | | |
| **2019** | **5.4%** | **2.5%** | **2.5%** | **2.5%** | **2.5%** |
| 2018 | 5.5% | 2.2% | 2.5% | 2.2% | 2.2% |
| **Discount rates** | | | | | |
| **2019** | **10.3%** | **7.7% – 7.9%** | **1.2% – 1.6%** | **3.0%** | **2.6%** |
| 2018 | 10.0% | 10.3% | 2.3 – 2.5% | 4.2% | 3.6% |

The interest charge remained flat at US$12 million.

Adjustments for new disturbances and changes in environmental legislation during 2019 and 2018, after applying the above inflation and discount rates were:

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| Ghana | **22** | (9) |
| Australia | **41** | 22 |
| Peru | **17** | 10 |
| **Total** | **80** | 23 |

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$61 million at 31 December 2018 to US$70 million at 31 December 2019. The increase is mainly as a result of contributions amounting to US$7 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.

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.

A full bench of the High Court, Gauteng Local Division, approved the Settlement Agreement on 26 July 2019 ("Approval Order"). The Settlement Agreement and Approval Order contained two suspensive conditions, which have subsequently been fulfilled and, in accordance with the provisions of the Settlement Agreement and the Approval Order, the Settlement Agreement has become effective on 10 December 2019.

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 2019, the total provision for Gold Fields' share of the settlement of the class action claims and related costs amounts to US$21 million (R297 million) (2018: US$25 million (R368 million)) of which US$4 million (R64 million) (2018: US$nil (Rnil)) was classified as current and US$17 million (US$233 million) (2018: US$25 million (R368 million)) as non-current. The nominal value of this provision is US$29 million (R408 million) at 31 December 2019.

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 10.08% (2018: 8.74%) was used, based on government bonds with similar terms to the anticipated settlements.

Details of the silicosis settlement can be found on the website www.silicosissettlement.co.za and the Facebook page https://www.facebook.com/silicosissettlement.

The ultimate outcome of this matter however remains uncertain, with the number of eligible workers successfully submitting claims and receiving compensation being uncertain. The provision is consequently subject to adjustment in the future. Refer to notes 25.2 and 35 of the consolidated financial statements for further details.

### Other long-term provisions

Other long-term provisions decreased from US$5 million at 31 December 2018 to US$4 million at 31 December 2019.

### Credit facilities

At 31 December 2019, the Group had unutilised committed banking facilities available under the following facilities, details of which are discussed in note 24:

- US$1,200 million available under the US$1,200 million revolving credit facilities;
- US$67 million available under the US$150 million revolving senior secured credit facility;
- US$100 million available under the US$100 million senior secured revolving credit facility;
- A$260 million (US$182 million) under the A$500 million syndicated revolving credit facility;
- R1,500 million (US$107 million) available under the R1,500 million Nedbank revolving credit facility;
- R500 million (US$36 million) available under the R500 million Absa Bank revolving credit facility; and
- R500 million (US$36 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$1,200 million revolving credit facility*

On 25 July 2019, Gold Fields Orogen Holding (BVI) Limited and Gold Fields Ghana Holdings (BVI) Limited entered into a US$1,200 million revolving credit facilities agreement, with a syndicate of international banks and financial institutions. The new facilities which became effective on the same day comprise two tranches:

- US$600 million 3+1+1 (two 1-year extension options subject to bank consent) year revolving credit facility ("RCF") – at a margin of 1.45% over Libor; and
- US$600 million 5+1+1 (two 1-year extension options subject to bank consent) year revolving credit facility ("RCF") – at a margin of 1.70% over Libor.

### 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

## Contractual obligations and commitments as at 31 December 2019

| | 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** | | | | |
| *US$1 billion notes issue* | | | | |
| Capital[1] | 602.4 | 602.4 | — | — |
| Interest | 23.0 | 23.0 | — | — |
| *US$500 million 5-year notes issue* | | | | |
| Capital[1] | 500.0 | — | 500.0 | — |
| Interest | 112.2 | 25.6 | 86.6 | — |
| *US$500 million 10-year notes issue* | | | | |
| Capital[1] | 500.0 | — | — | 500.0 |
| Interest | 287.1 | 30.6 | 122.5 | 134.0 |
| *US$150 million revolving senior secured credit facility* | | | | |
| Capital | 83.5 | 83.5 | — | — |
| Interest | 1.8 | 1.8 | — | — |
| *A$500 million syndicated revolving credit facility* | | | | |
| Capital | 168.5 | — | 168.5 | — |
| Interest | 7.7 | 5.5 | 2.2 | — |
| **Other obligations** | | | | |
| Finance lease liability | 447.4 | 63.9 | 178.2 | 205.3 |
| Environmental obligations[2] | 436.3 | 11.9 | 28.4 | 396.0 |
| Trade and other payables | 385.3 | 385.3 | — | — |
| Gold, copper and foreign exchange derivatives | 127.6 | 127.6 | — | — |
| South Deep dividend | 8.5 | 1.4 | 3.8 | 3.3 |
| **Total contractual obligations** | **3,691.3** | **1,362.5** | **1,090.2** | **1,238.6** |

[1] *The capital amounts of the US$1 billion notes issue, US$500 million 5-year notes issue and the US$500 10-year notes issue in the table above represent the principal amounts to be repaid and differ from the carrying values presented in the statement of financial position due to the unwinding of transaction costs capitalised at inception.*

[2] *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 | 43.8 | 43.8 | — | — |
| **Total commitments** | **43.8** | **43.8** | — | — |

[1] *Guarantees consist of numerous obligations. Guarantees consisting of US$195.8 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 2020 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 2019, Gold Fields had no material off-balance sheet items except for as disclosed under guarantees and capital commitments.

## INFORMATION COMMUNICATION AND TECHNOLOGY ("ICT")

ICT at Gold Fields remains focused on being a strategic enablement partner to the overall Gold Fields business. ICT ensures that the technology adopted across the Group remains relevant in enabling the business in executing the business strategy and operational plans. ICT further ensures that adequate protection of our technology and information assets is embedded in the business.

For 2019, ICT has delivered on the following key objectives:

- Maintaining ICT governance and achieving operational targets;
- Ensuring key systems and infrastructure availability;
- Progressing the implementation of the approved ICT digital strategy to enable the foundational elements of the digital mine of the future;
- Enhancing the Group's cyber security posture including the achievement of the ISO 27001 Information Security Management Standard certification;
- Maintaining sound financial management and sustaining cost savings; 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 approval of the Gold Fields ICT digital strategy, ICT conducted various strategic programmes across the Group to progress the implementation of the ICT digital strategy as follows:

- Digital infrastructure: Laying the foundation of an infrastructure to enable a connected mine and facilitate the successful flow of data. An initial assessment of the current ICT infrastructure across the regions commenced with the outcome being a digital infrastructure roadmap for each region;
- Information Technology ("IT") and Operational Technology ("OT") convergence: Enabling the convergence of information and operational technology under a unified architecture, standards, governance and cyber security framework. An assessment of the OT environment is under way which aims to identify and prioritise areas for convergence;
- Data analytics: Creating the platform for the use of data to move from a data driven to an insights driven organisation. Selected data analytics initiatives were concluded with further use case being defined for each of the regions; and
- Cyber security: Ensuring the protection of information and assets. The Security Event and Incident Management ("SEIM") system as well as associated cyber security monitoring was implemented and embedded across the Group and continues to be enhanced to remain relevant to the changing threat landscape. In addition, the entire Group including all operations have been certified against the ISO 27001 standard, making Gold Fields the world's first mining organisation to achieve this certification. 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 2019 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 International Financial Reporting Standards, as issued by the International Accounting Standards Board, 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 International Financial Reporting Standards, as issued by the International Accounting Standards Board, 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (continued)

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 2019. 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. The results of this assessment are outlined below:

During 2019, management identified a material weakness in the internal control over financial reporting related to the recording of transactions between cost close (the date the general ledger was closed for reporting purposes) and calendar year-end. The control deficiencies were caused by an inadequate evaluation of the risk that transactions, including cash payments and receipts, could occur between the cost close date and 31 December which could have a material impact, both individually and in aggregate, on financial statement captions and disclosures. Consequently, management failed to design and implement appropriate controls to address this risk. Management's controls only focused on transactions that occurred outside the normal course of business, and did not consider potentially material transactions that occurred in the normal course of business between the cost close and 31 December of the relevant years. The cost close dates were 21 December 2018 and 22 December 2017, respectively. The Company has concluded that its internal control over financial reporting was not effective as of 31 December 2018 and, accordingly, its disclosure controls and procedures were not effective as of 31 December 2018.

These deficiencies in internal control over financial reporting resulted in restatements to a number of financial statement captions within the statements of financial position and cash flows as described in note 42 to the consolidated financial statements. The error was corrected by restating each of the affected financial statement items from prior periods.

### Remediation efforts

The deficiencies in management's internal control over financial reporting, which gave rise to the material weakness described above, have been remediated as of 31 December 2019. Management designed, implemented and tested specific controls to identify and account for material transactions in the normal course of business between cost close and calendar year-end.

### Conclusion on effectiveness of controls as of 31 December 2019

Based upon its assessment, Gold Fields management concluded that, as of 31 December 2019, its internal control over financial reporting is effective based upon the criteria set out in the COSO framework.

## TREND AND OUTLOOK

Attributable equivalent gold production for the Group for 2020 is expected to be between 2.275 million ounces and 2.315 million ounces. AISC is expected to be between US$920 per ounce and US$940 per ounce. AIC is planned to be between US$1,035 per ounce and US$1,055 per ounce. If we exclude expenditure on Salares Norte, AIC for the Group is expected to be between US$975 per ounce and US$995 per ounce. These expectations assume exchange rates of R/US$:14.50 and A$/US$:0.69.

Capital expenditure for the Group is planned at US$630 million. Sustaining capital expenditure for the Group is planned at US$406 million and growth capital expenditure is planned at US$224 million. The US$224 million growth capital expenditure comprises US$60 million for the Australian region, US$10 million for Damang, US$15 million for South Deep and US$111 million for Salares Norte. Due to the revised WGC interpretation on AISC certain capital expenditure has been reclassified from sustaining capital to growth capital (primarily for Australia and Cerro Corona). The capital expenditure above excludes the Group's share of Asanko's total expenditure of US$34 million for 2020.

**Paul Schmidt**
*Chief Financial Officer*

30 March 2020

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gold Fields Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gold Fields Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2019, and its consolidated financial performance and its 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.

#### *What we have audited*

Gold Fields Limited's consolidated financial statements set out on pages 131 to 217 comprise:

- the consolidated statement of financial position at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### 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.

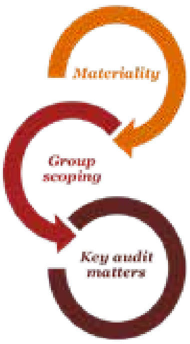
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

### Our audit approach

#### *Overview*




**Overall group materiality**

- *Overall group materiality: US$ 29.4 million, which represents 5% of consolidated profit before tax adjusted for once-off items.*

**Group audit scope**

- *Full scope audit procedures have been conducted over eleven entities within the Group located in Ghana, Australia, South Africa and Peru and limited scope procedures have been performed at a further four entities, including Corporate entities in South Africa.*

**Key audit matters**

- *Impairment assessment of the South Deep cash-generating unit.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

# INDEPENDENT AUDITOR'S REPORT (continued)

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

| | |
|---|---|
| **Overall group materiality** | US$29.4 million. |
| **How we determined it** | 5% of consolidated profit before tax adjusted for the following once-off items:<br>• Loss on financial instruments, specifically gold hedges;<br>• Profit on disposal of Maverix Metals Incorporated; and<br>• Contract termination costs related to Damang. |
| **Rationale for the materiality benchmark applied** | We chose consolidated profit before tax as the most appropriate benchmark, because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. Consolidated profit before tax was adjusted for once-off non-recurring items, the most significant of which being losses on financial instruments (gold hedges) as these introduced a measure of volatility, and are considered unusual and non-recurring in nature as they do not form part of the normal strategy of the Group, and are not expected to recur once the current gold hedge book is settled.<br><br>We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector. |

### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Components that contributed significantly to consolidated revenue, consolidated profit before tax and consolidated total assets were subject to full scope audits. Full scope audit procedures have been conducted over eleven entities located in Ghana, Australia, South Africa and Peru and limited scope procedures have been performed at a further four entities, including Corporate entities located in South Africa.

Detailed group audit instructions were communicated to all component auditors in scope for purposes of group reporting. The component auditors reported the results of procedures performed to the group engagement team. We had various interactions with the component auditors, in which we discussed and evaluated recent developments, the scope of procedures, audit risks, materiality and our audit approach. We reviewed selected component working papers. We also discussed with the component auditors, their reports, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

### *Emphasis of Matter – Events after the Reporting Date*

As disclosed in Note 36 to the consolidated financial statements, *Events after the reporting date*, the novel coronavirus (COVID-19) pandemic has required the Company to support government protocols and directives in countries in which they operate, and as a result, the Company introduced a wide range of measures at its various operations to limit disruption to the business. Management's evaluation of the ongoing effects of COVID-19 and management's plans to mitigate these matters are also described in Note 36. Our opinion is not modified in respect of this matter.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

**Impairment assessment of the South Deep cash-generating unit ("CGU")**

Refer to accounting policies (Significant accounting judgements and estimates) Note and Note 6 (Impairment, net of reversal of impairment of investments and assets) to the consolidated financial statements.

The Group reviews and tests the carrying value of long-lived assets for impairment annually or when events or changes in circumstances suggest the carrying amount of each CGU may not be recoverable.

Significant impairments were recorded in relation to the South Deep CGU in prior years (2018: US$481.5 million and 2017: US$277.8m). The carrying value of the South Deep CGU amounts to US$1.5 billion at 31 December 2019 (2018:US$1.4 billion). No impairment, or reversal of impairment was recorded in 2019.

The recoverable amount of the South Deep CGU is determined using fair value less cost of disposal ("FVLCOD") calculations.

Management's estimates related to future cash flows include significant judgements and assumptions related to:

- US$ gold price per ounce;
- Rand gold price per kilogram;
- Weighted average cost of capital ("WACC") rate;
- Inflation rate;
- Life-of-mine;
- Long-term foreign exchange rate; and
- Resource value per ounce (with infrastructure).

Management engaged experts to assess the reserves and resources used to determine the life-of-mine in the impairment calculation for reasonability.

We considered the impairment assessment of the South Deep CGU to be a matter of most significance to the current year audit due the following reasons:

- Significant judgement applied by management in relation to the significant assumptions used in determining the recoverable amount of the South Deep CGU; and
- A possible misstatement of a significant assumption could result in a material impairment or reversal of impairment.

</td><td>

Our procedures performed to assess the appropriateness of no impairment, or reversal of impairment related to the South Deep CGU included the following:

- We assessed the Group's accounting policy for impairment of long-lived assets and accepted it is consistent with the requirements of International Accounting Standard (IAS) 36, *Impairment of Assets* and the prior year financial statements.
- We evaluated the design, implementation and operating effectiveness of the relevant internal controls over management's process to develop their estimate of the recoverable amount of the South Deep CGU, including controls over the preparation, review and approval of the impairment calculation and significant assumptions used in the calculation.
- We compared the current year's actual results with the operational plan forecast used in the 2018 impairment assessment to consider the reasonability of management's forecast of cash flows. Where there were differences between the actual results achieved and the forecasts, we inquired of management and tested management's explanations against relevant documentation.
- Through inspection of CVs, membership certificates from professional bodies and competent persons reports, we assessed the objectivity, competence and experience of management's experts.
- We utilised our corporate finance and financial modelling expertise to perform the following:
  - We assessed the valuation model used by management in their impairment assessment, by comparing to industry norms and acceptable methodology. We found that it was consistent with industry norms and acceptable methodology.
  - We benchmarked management's significant assumptions related to economic factors such as forecasted US$ and Rand gold prices, inflation rates and long-term foreign exchange rates used in the impairment calculations against independent third-party data. Based on our work performed, we accepted management's assumptions.
  - We independently calculated a range of WACC rates, including using relevant independent third-party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios, the beta of comparable companies, as well as the impact of economic and industry factors. We found management's WACC to be within an acceptable range.
  - Related to the resource valuation, we performed market research on gold mining transactions in South Africa and the rest of Africa over the past 10 years to determine a resource value per ounce to be applied in our reasonability assessment of the value of the remaining resource ounces.

Using the assumptions tested above, we calculated a range of recoverable amounts for the South Deep CGU and compared the results of our calculation to the recoverable amount determined by management. Management's recoverable amount fell within our calculated range.

</td></tr>
</table>

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Gold Fields Annual Financial Report including Governance Report 2019", which includes the Directors' Report, the Audit Committee Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and the documents titled "The Gold Fields Annual Integrated Report 2019", "The Gold Fields Minerals Resources and Mineral Reserves Supplement to the IAR 2019", "The Gold Fields GRI Report 2019 including content index for the IAR 2019", "Task Force on Climate-related Financial Disclosures (TCFD) report 2020" and "Gold Fields Limited Annual Separate Financial Statements for the year ended 31 December 2019", which we obtained prior to the date of this auditor's report, and the document titled "The Gold Fields Notice of Annual General Meeting 2019", which is expected to be made available to us after that date. The other information does not include the consolidated financial statements or the separate financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

# INDEPENDENT AUDITOR'S REPORT (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 PricewaterhouseCoopers Inc. has been the auditor of Gold Fields Limited for one year.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: PC Hough
Registered Auditor
Waterfall City

30 March 2020

# ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements (referred to as the "consolidated financial statements" or "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 2019 and 2018 and for each of the years in the three-year period ended 31 December 2019 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, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the South African Companies Act. This is the first set of the Group's financial statements in which IFRS 16 *Leases* has 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 2019 and 2018 and the consolidated income statements and statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2019, 2018 and 2017 and the related notes.

The consolidated financial statements were authorised for issue by the Board of Directors on 30 March 2020.

**Standards, interpretations and amendments to published standards effective for the year ended 31 December 2019 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 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");<br>• IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations;<br>• 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); and<br>• The Group adopted IFRS 16 on 1 January 2019. | 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 |
|---|---|---|---|
| **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;<br>• IFRIC 23 specifically clarifies how to incorporate this uncertainty into the measurement of tax as reported in the financial statements;<br>• 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<br>• The Group adopted IFRIC 23 on 1 January 2019. | No impact |
| 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 International Accounting Standards Board ("IASB") on proposals made at its annual improvement project; and<br>• The Group adopted the interpretation on 1 January 2019. | No impact |

**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 2020 or later periods but have not been early adopted by the Group.

These standards, amendments and interpretations that are relevant to the Group are:

| Standard(s) Amendment(s) Interpretation(s) | Nature of the change | Salient features of the changes | Effective date* |
|---|---|---|---|
| **IFRS 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:<br>– 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;<br>– 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<br>– 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.<br>• 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*** |
|---|---|---|---|
| **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;<br>• The revised definition of material is:<br>– 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.<br>• The Board has also removed the definition of material omissions or misstatements from IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and<br>• The amendments will not have a material impact on the Group. | 1 January 2020 |
| **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.<br>• 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:<br>– Reinsurance contracts held;<br>– Direct participating contracts; and<br>– Investment contracts with discretionary participation features.<br>• 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 OCI;<br>• 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<br>• The Group is in the process of evaluating whether IFRS 17 will have an impact on the Group and will provide more detailed disclosure on the impact in future 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 financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

# ACCOUNTING POLICIES (continued)

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;
- 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;
- Carrying value of equity accounted investees;
- Provision for environmental rehabilitation costs;
- Provision for silicosis settlement costs;
- Income taxes;
- Share-based payments;
- Long-term incentive plan;
- The fair value and accounting treatment of financial instruments; and
- Contingencies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

### Mineral reserves and resources estimates

Mineral reserves are estimates of the amount of product, inclusive of diluting materials and allowances for losses, which can be economically and legally extracted from the Group's properties, as determined by life-of-mine schedules or pre-feasibility studies.

Mineral resources are estimates, based on specific geological evidence and knowledge, including sampling, of the amount of product in situ, for which there is a reasonable prospect for eventual legal and economic extraction.

In order to calculate the reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, capital expenditure, transport costs, commodity demand, commodity prices and exchange rates.

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. The Mineral Reserves and Resources were approved by the Competent Person.

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 (refer to note 6);
- 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 (refer to note 2);
- Provision for environmental rehabilitation costs may change where changes in ore reserves affect expectations about the timing or cost of these activities (refer to note 25.1); and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits (refer to note 23).

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 (refer to note 6); 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 (refer to note 2).

### Carrying value of property, plant and equipment

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. 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 or reversal of 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.

# ACCOUNTING POLICIES (continued)

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:

| | **2019** | 2018 |
|---|---|---|
| US$ Gold price per ounce – year 1 | **US$1,500** | US$1,200 |
| US$ Gold price per ounce – year 2 and 3 | **US$1,400** | US$1,300 |
| US$ Gold price per ounce – year 4 onwards | **US$1,350** | US$1,300 |
| Rand Gold price per kilogram – year 1 | **R700,000** | R525,000 |
| Rand Gold price per kilogram – year 2 and 3 | **R650,000** | R550,000 |
| Rand Gold price per kilogram – year 4 onwards | **R630,000** | R550,000 |
| A$ Gold price per ounce – year 1 | **A$2,150** | A$1,600 |
| A$ Gold price per ounce – year 2 and 3 | **A$1,970** | A$1,700 |
| A$ Gold price per ounce – year 4 onwards | **A$1,850** | A$1,700 |
| US$ Copper price per tonne – year 1 | **US$5,730** | US$5,951 |
| US$ Copper price per tonne – year 2 and 3 | **US$6,612** | US$6,612 |
| US$ Copper price per tonne – year 4 onwards | **US$6,612** | US$6,612 |
| Resource value per ounce (used to calculate the value beyond proved and probable reserves) | | |
| • South Africa (with infrastructure) | **US$16** | US$17 |
| • Ghana (with infrastructure) | **US$70** | US$44 |
| • Peru (with infrastructure) | **US$34** | US$70 |
| • Australia (2018: with infrastructure, 2017: without infrastructure) | **US$77** | US$28 |
| Discount rates | | |
| • South Africa – nominal | **14.1%** | 13.5% |
| • Ghana – real | **8.5%** | 9.5% |
| • Peru – real | **5.0%** | 4.9% |
| • Australia – real | **3.5%** | 3.4% |
| Inflation rate – South Africa[1] | **5.3%** | 5.5% |
| Life-of-mine | | |
| • South Deep | **75 years** | 75 years |
| • Tarkwa | **14 years** | 14 years |
| • Damang | **6 years** | 7 years |
| • Cerro Corona | **13 years** | 12 years |
| • St Ives | **9 years** | 7 years |
| • Agnew | **4 years** | 4 years |
| • Granny Smith | **13 years** | 12 years |
| • Gruyere | **11 years** | 12 years |
| Long-term exchange rates | | |
| US$/ZAR – year 1 | **14.50** | 13.61 |
| US$/ZAR – year 2 onwards | **14.50** | 13.16 |
| A$/US$ – year 1 | **0.70** | 0.75 |
| A$/US$ – year 2 and 3 | **0.71** | 0.76 |
| A$/US$ – year 4 onwards | **0.73** | 0.76 |

[1] *Due to the availability of unredeemed capital for tax purposes over several years into the life of the South Deep mine, nominal cash flows are used for South Africa. In order to determine nominal cash flows in South Africa, costs are inflated by the current South African inflation rate. Cash flows for all other operations are in real terms and as a result are not inflated.*

The FVLCOD calculations are 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.

Refer to notes 2, 6 and 13 for further details.

The carrying amount of property, plant and equipment at 31 December 2019 was US$4,657.1 million (2018: US$4,259.2 million).

An impairment of US$nil (2018: US$481.5 million and 2017: US$277.8 million) was recognised in respect of the South Deep CGU for the year ended 31 December 2019. US$nil (2018: US$71.7 million and 2017: US$277.8 million) of the total impairment was firstly allocated against goodwill and the remainder of US$nil (2018: US$409.8 million and 2017: US$nil) against other assets. The carrying value of the South Deep CGU amounts to US$1.5 billion (R21.1 billion) (2018: US$1.4 billion (R21.2 billion)) at 31 December 2019.

### 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.

Refer to note 16.2 for details of the Gruyere Gold project.

### 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.

Refer to note 19 for further details.

The carrying amount of total gold in process and stockpiles (non-current and current) at 31 December 2019 was US$375.1 million (2018: US$325.0 million).

### Carrying value of equity accounted investees

The Group reviews and tests the carrying value of equity accounted investees 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. If there are indications that impairment may have occurred, estimates are prepared of the recoverable amount of the equity accounted investee. The recoverable amounts are determined based on the higher of value-in-use or FVLCOD. The FVLCOD is determined using the following methods:

- A combination of the income and market approach. The income approach is based on the expected future cash flows of the operations and the market approach is used to determine the value beyond proved and probable reserves for the operation, using comparable market transactions; and
- Using quoted market prices of other investors in the equity accounted investee with appropriate adjustments in order to derive the fair value.

Expected future cash flows used to determine the FVLCOD of equity accounted investees are inherently uncertain and could materially change over time. They are significantly impacted by a number of factors including reserves and production estimates, together with economic factors such as 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. The key assumptions used in the income and market approach are consistent with those used in determining the FVLCOD for impairment of property, plant and equipment (refer page 136) and in addition the life-of-mine of Asanko is 10 years. The quoted market prices of the other investee is the quoted market price of Asanko Inc.

The FVLCOD calculations are sensitive to the gold price assumption and the quoted market prices, a decrease or increase in these two assumptions could materially change the FVLCOD.

Refer to note 16.1 for further details.

The carrying amount of equity accounted investees at 31 December 2019 was US$172.0 million (2018: US$225.1 million).

# ACCOUNTING POLICIES (continued)

### 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 to note 25.1 for details of key assumptions used to estimate the provision.

The carrying amounts of the provision for environmental rehabilitation costs at 31 December 2019 was US$370.3 million (2018: US$289.6 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 the number of eligible workers successfully submitting claims and receiving compensation being uncertain. The provision is consequently subject to adjustment in the future.

Refer to notes 25.2 and 35 for further details.

The carrying amounts of the provision for silicosis settlement costs at 31 December 2019 was US$21.2 million (2018: US$25.1 million) of which US$4.6 million (2018: US$nil) was classified as current and US$16.6 million (2018: US$25.1 million) as non-current.

### 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.

Refer to notes 23 and 31 for further details.

Carrying values at 31 December 2019:

- Deferred taxation liability: US$433.6 million (2018: US$454.9 million)
- Deferred taxation asset: US$265.5 million (2018: US$269.5 million)
- Taxation payable: US$24.8 million (2018 Restated[1]: US$0.9 million)

[1] *Refer to note 42 for further details.*

Refer to 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.

Refer to note 5 for further details.

The income statement charge from continuing operations for the year ended 31 December 2019 was US$20.5 million (2018: US$37.5 million and 2017: US$26.8 million).

### Long-term incentive plan

The Group issues awards relating to its long-term incentive plan to certain employees. These awards are measured on the date the award is made and re-measured at each reporting period. A 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 assumptions, supporting the estimated amount expected to be paid, are reviewed at each reporting date. While Gold Fields' management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the measurement of the awards and the related recognition of the compensation expense in profit or loss.

Refer to note 26 for further details.

The charge for the year ended 31 December 2019 was US$9.1 million (2018: US$1.1 million and 2017: US$5.0 million) and the balance at 31 December 2019 of the long-term cash incentive provision was US$11.5 million (2018: US$2.1 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 2019 was US$1.1 million (2018: US$8.3 million) and included in trade and other payables US$127.6 million (2018: US$22.6 million). Refer to notes 20, 27 and 38 for further details.

#### *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 to note 17 for key assumptions used.

The life-of-mine cash flows are 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 2019 was US$95.5 million (2018: US$132.9 million).

### Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Such contingencies include, but are not limited to, environmental obligations, litigation, regulatory proceedings, tax matters and losses resulting from other events and developments.

When a loss is considered probable and reasonably estimable, a liability is recorded based on the best estimate of the ultimate loss. The likelihood of a loss with respect to a contingency can be difficult to predict and determining a meaningful estimate of the loss or a range of losses may not always be practicable based on the information available at the time and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency. It is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information is continuously evaluated to determine both the likelihood of any potential loss and whether it is possible to reasonably estimate a range of possible losses. When a loss is probable but a reasonable estimate cannot be made, disclosure is provided.

Refer to note 35 for details on contingent liabilities.

# ACCOUNTING POLICIES (continued)

## 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$: 14.00; US$/A$: 0.70 (2018: ZAR/US$: 14.63; US$/A$: 0.70 and 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$: 14.46; US$/A$: 0.70 (2018: ZAR/US$: 13.20; US$/A$: 0.75 and 2017: ZAR/US$: 13.33; US$/A$: 0.77)), unless this average was not a reasonable approximation of the rates prevailing on the transaction dates, in which case these items were translated at the rate prevailing on the date of the transaction. Exchange differences on translation are accounted for in other comprehensive income. These differences will be recognised in profit or loss upon realisation of the underlying operation.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (i.e. the reporting entity's interest in the net assets of that operation), and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are recognised in profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at each reporting date at the closing rate.

# ACCOUNTING POLICIES (continued)

## 4. PROPERTY, PLANT AND EQUIPMENT

### 4.1 Mine development and infrastructure

Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost less accumulated depreciation and accumulated impairment losses.

Expenditure incurred to evaluate and develop new orebodies, to define mineralisation in existing orebodies and to establish or expand productive capacity, is capitalised until commercial levels of production are achieved, at which times the costs are amortised as set out below.

Development of orebodies includes the development of shaft systems and waste rock removal that allows access to reserves that are economically recoverable in the future. Subsequent to this, costs are capitalised if the criteria for recognition as an asset are met.

### 4.2 Borrowing costs

Borrowing costs incurred in respect of assets requiring a substantial period of time to prepare for their intended future use are capitalised to the date that the assets are substantially completed.

### 4.3 Mineral and surface rights

Mineral and surface rights are recorded at cost less accumulated amortisation and accumulated impairment losses. When there is little likelihood of a mineral right being exploited, or the fair value of mineral rights has diminished below cost, an impairment loss is recognised in profit or loss in the year that such determination is made.

### 4.4 Land

Land is shown at cost and is not depreciated.

### 4.5 Other assets

Non-mining assets are recorded at cost less accumulated depreciation and accumulated impairment losses. These assets include the assets of the mining operations not included in mine development and infrastructure, borrowing costs, mineral and surface rights and land and all the assets of the non-mining operations.

### 4.6 Amortisation and depreciation of mining assets

Amortisation and depreciation is determined to give a fair and systematic charge to profit or loss taking into account the nature of a particular ore body and the method of mining that ore body. To achieve this, the following calculation methods are used:

- Mining assets, including mine development and infrastructure costs, mine plant facilities and evaluation costs, are amortised over the life of the mine using the units-of-production method, based on estimated proved and probable ore reserves;
- Stripping activity assets are amortised on a units-of-production method, based on the estimated proved and probable ore reserves of the ore body to which the assets relate; and
- The mineral rights asset at the Australian operations are divided at the respective operations into a depreciable and a non-depreciable component. The mineral rights asset is initially capitalised to the mineral rights asset as a non-depreciable component.

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

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

Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.

Certain mining plant and equipment included in mine development and infrastructure is depreciated on a straight-line basis over the lesser of their estimated useful lives or life-of-mine.

### 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.

The assets' useful lives, depreciation methods and residual values are reassessed at each reporting date and adjusted if appropriate.

### 4.8 Depreciation of right-of-use assets

The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use assets are depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

### 4.9 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.

### 4.10 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.

### 4.11 Gain or loss on disposal of property, plant and equipment

Any gain or loss on disposal of property, plant and equipment (calculated as the net proceeds from disposal less the carrying amount of the item) is recognised in profit or loss.

### 4.12 Leases

The Group applied IFRS 16 from 1 January 2019. The effect of initially applying IFRS 16 is described in note 41 and in the basis of preparation above.

**Leases recognition under IFRS 16 (applicable from 1 January 2019)**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Subsequent to initial recognition, the right-of-use asset is accounted for in accordance with the accounting policy applicable to that asset.

# ACCOUNTING POLICIES (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. It is re-measured when there is a change in future lease payments:
- If there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- If the Group changes its assessment of whether it will exercise a purchase, extension or termination option;
- If there is a revised in-substance fixed lease payment; or
- If there is a change in future lease payments resulting from a change in an index or a rate used to determine these payments.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Low-value assets relate mainly to cellphones, computer equipment and photocopiers.

The Group has elected not to apply the practical expedient to grandfather the assessment of which transactions are leases and applied IFRS 16 to all contracts.

**Leases recognition under IAS 17 (applicable before 1 January 2019)**
At the inception of an arrangement, the Group determined whether the arrangement contained a lease. Leases that transfer to the Group substantially all of the risks and rewards of ownership were classified as finance leases. Leased assets were 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 were accounted for in accordance with the accounting policy applicable to that asset.

All other leases were classified as operating leases and were not recognised in the statement of financial position. Operating lease costs were charged against profit or loss on a straight-line basis over the period of the lease.

### 4.13 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. 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 other comprehensive income.

Current tax is measured 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.

When assessing uncertain tax positions, the Group considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that the Group used or plans to use in its income tax filing.

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.

## 6. 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 direct 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.

## 7. FINANCIAL INSTRUMENTS

### 7.1 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.

# ACCOUNTING POLICIES (continued)

## Classification and subsequent measurement

### *Financial assets – Classification policy*

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.

### *Financial assets – Measurement policy*

| 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*

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*

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 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***

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.

***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.

### *7.1.1 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 other comprehensive income 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 other comprehensive income are included in determining the profit or loss on disposal, or the impairment charge relating to, that financial asset, respectively, which is recognised in other comprehensive income.

### *7.1.2 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.

### *7.1.3 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.

### *7.1.4 Environmental trust funds*

The environmental trust funds comprise mainly term deposits which are recognised at amortised cost less ECLs using the Group's business model for managing its financial assets.

### *7.1.5 Trade payables*

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

# ACCOUNTING POLICIES (continued)

### *7.1.6 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.

### 7.2 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 re-measured to their fair value with changes therein recognised in profit or loss.

## 8. 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.

## 9. 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.

## 10. EMPLOYEE BENEFITS

### 10.1 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.

### 10.2 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.

### 10.3 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.

### 10.4 Long-term incentive plan

The Group operates a long-term incentive plan.

The Group's net obligation in respect of the long-term incentive plan is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is estimated using appropriate assumptions and is discounted to determine its present value at each reporting date. Re-measurements are recognised in profit or loss in the period in which they arise.

### 10.5 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.

## 11. STATED CAPITAL

### 11.1 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.

### 11.2 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.

# ACCOUNTING POLICIES (continued)

## 12. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Customers obtain control of gold, copper and silver on the settlement date and there are no payment terms except for copper and gold concentrate sales in Peru. In Peru, customers obtain control of copper and gold concentrate on the shipment date. 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 the forward metal prices are classified as provisional price adjustments and included as a component of revenue.

## 13. 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.

### 13.1 Dividend income

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

### 13.2 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.

## 14. 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.

## 15. 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.

## 16. 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.

## 17. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM") and is based on individual mining operations. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

## 18. HEADLINE EARNINGS

Headline earnings is an additional earnings number that is permitted by IAS 33 *Earnings per Share* ("IAS 33") as set out in the SAICA Circular 4/2018 ("Circular"). The starting point is earnings as determined in IAS 33, excluding separately identifiable re-measurements net of related tax (both current and deferred) and related non-controlling interest, other than re-measurements specifically included in headline earnings. A re-measurement 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 re-measurement items are included in section C of the Circular.

# CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019

| | | United States Dollar | | |
|---|---|---|---|---|
| *Figures in millions unless otherwise stated* | Notes | **2019** | 2018 | 2017 |
| **CONTINUING OPERATIONS** | | | | |
| Revenue | 1 | **2,967.1** | 2,577.8 | 2,761.8 |
| Cost of sales | 2 | **(2,033.5)** | (2,043.0) | (2,105.1) |
| Investment income | 3 | **7.3** | 7.8 | 5.6 |
| Finance expense | 4 | **(102.2)** | (88.0) | (81.3) |
| (Loss)/gain on financial instruments | 38 | **(238.0)** | 21.0 | 34.4 |
| Foreign exchange (loss)/gain | | **(5.2)** | 6.4 | (3.5) |
| Other costs, net | | **(67.6)** | (44.8) | (19.0) |
| Share-based payments | 5 | **(20.5)** | (37.5) | (26.8) |
| Long-term incentive plan | 26 | **(9.1)** | (1.1) | (5.0) |
| Exploration expense | | **(84.4)** | (104.2) | (109.8) |
| Share of results of equity accounted investees, net of taxation | 16.1 | **3.1** | (13.1) | (1.3) |
| Profit on disposal of Maverix Metals Incorporated | 16.1 | **14.6** | – | – |
| Restructuring costs | 7 | **(0.6)** | (113.9) | (9.2) |
| Silicosis settlement costs | 25.2 | **1.6** | 4.5 | (30.2) |
| Gain on acquisition of Asanko | 15 | **–** | 51.8 | – |
| Impairment, net of reversal of impairment of investments and assets | 6 | **(9.8)** | (520.3) | (200.2) |
| Profit/(loss) on disposal of assets | | **1.2** | (51.6) | 4.0 |
| **Profit/(loss) before royalties and taxation** | 7 | **424.0** | (348.2) | 214.4 |
| Royalties | 8 | **(73.7)** | (62.5) | (62.0) |
| **Profit/(loss) before taxation** | | **350.3** | (410.7) | 152.4 |
| Mining and income taxation | 9 | **(175.6)** | 65.9 | (173.2) |
| **Profit/(loss) from continuing operations** | | **174.7** | (344.8) | (20.8) |
| **DISCONTINUED OPERATIONS** | | | | |
| **Profit from discontinued operations, net of taxation** | 12.1 | **–** | – | 13.1 |
| **Profit/(loss) for the year** | | **174.7** | (344.8) | (7.7) |
| **Profit/(loss) attributable to:** | | | | |
| Owners of the parent | | **161.6** | (348.2) | (18.7) |
| – Continuing operations | | **161.6** | (348.2) | (31.8) |
| – Discontinued operations | | **–** | – | 13.1 |
| **Non-controlling interests** | | **13.1** | 3.4 | 11.0 |
| – Continuing operations | | **13.1** | 3.4 | 11.0 |
| | | **174.7** | (344.8) | (7.7) |
| **Earnings/(loss) per share attributable to owners of the parent:** | | | | |
| Basic earnings/(loss) per share from continuing operations – cents | 10.1 | **20** | (42) | (4) |
| Basic earnings per share from discontinued operations – cents | 10.2 | **–** | – | 2 |
| Diluted earnings/(loss) per share from continuing operations – cents | 10.3 | **19** | (42) | (4) |
| Diluted 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 2019

| | United States Dollar | | |
|---|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| **Profit/(loss) for the year** | **174.7** | (344.8) | (7.7) |
| **Other comprehensive income, net of tax** | **54.3** | (330.0) | 279.2 |
| *Items that will not be reclassified to profit or loss* | **(14.2)** | (4.2) | – |
| Equity investments at FVOCI – net change in fair value | **8.9** | (8.2) | – |
| Taxation on above item | **(23.1)** | 4.0 | – |
| *Items that may be reclassified subsequently to profit or loss* | **68.5** | (325.8) | 279.2 |
| Available-for-sale financial assets – net change in fair value | **–** | – | (0.7) |
| Foreign currency translation adjustments | **68.5** | (325.8) | 279.9 |
| **Total comprehensive income for the year** | **229.0** | (674.8) | 271.5 |
| **Attributable to:** | | | |
| – Owners of the parent | **215.9** | (678.2) | 260.5 |
| – Non-controlling interests | **13.1** | 3.4 | 11.0 |
| | **229.0** | (674.8) | 271.5 |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2019

| *Figures in millions unless otherwise stated* | Notes | United States Dollar 2019 | 2018 Restated[1] | 1 January 2018 Restated[1] |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | **5,460.2** | 5,183.2 | 5,505.7 |
| Property, plant and equipment | 13 | **4,657.1** | 4,259.2 | 4,892.9 |
| Goodwill | 14 | **–** | – | 76.6 |
| Inventories | 19 | **141.0** | 133.3 | 132.8 |
| Equity accounted investees | 16.1 | **172.0** | 225.1 | 171.3 |
| Investments | 17 | **155.1** | 235.3 | 104.6 |
| Environmental trust funds | 18 | **69.5** | 60.8 | 55.5 |
| Deferred taxation | 23 | **265.5** | 269.5 | 72.0 |
| **Current assets** | | **1,069.9** | 726.5 | 959.1 |
| Inventories | 19 | **417.8** | 368.2 | 393.5 |
| Trade and other receivables | 20 | **137.1** | 138.6 | 171.8 |
| Cash and cash equivalents | 21 | **515.0** | 219.7 | 393.8 |
| **Assets held for sale** | 12.2 | **31.2** | – | 40.0 |
| **Total assets** | | **6,561.3** | 5,909.7 | 6,504.8 |
| **EQUITY AND LIABILITIES** | | | | |
| Equity attributable to owners of the parent | | **2,777.0** | 2,586.1 | 3,275.8 |
| Stated capital | 22 | **3,622.5** | 3,622.5 | 3,622.5 |
| Other reserves | | **(2,035.5)** | (2,110.3) | (1,817.8) |
| Retained earnings | | **1,190.0** | 1,073.9 | 1,471.1 |
| Non-controlling interests | | **131.7** | 120.8 | 127.2 |
| **Total equity** | | **2,908.7** | 2,706.9 | 3,403.0 |
| **Non-current liabilities** | | **2,284.8** | 2,670.9 | 2,363.1 |
| Deferred taxation | 23 | **433.6** | 454.9 | 453.9 |
| Borrowings | 24 | **1,160.9** | 1,814.3 | 1,587.9 |
| Provisions | 25 | **391.1** | 319.5 | 321.3 |
| Lease liabilities (2018: finance lease liabilities) | 33 | **287.7** | 80.1 | – |
| Long-term incentive plan | 26 | **11.5** | 2.1 | – |
| **Current liabilities** | | **1,367.8** | 531.9 | 738.7 |
| Trade and other payables | 27 | **594.4** | 417.5 | 463.1 |
| Royalties payable | 30 | **13.9** | 12.5 | 16.3 |
| Taxation payable | 31 | **24.8** | 0.9 | 46.7 |
| Current portion of borrowings | 24 | **684.9** | 92.5 | 194.5 |
| Current portion of lease liabilities (2018: finance lease liabilities) | 33 | **45.2** | 8.5 | – |
| Current portion of silicosis settlement costs | 25.2 | **4.6** | – | – |
| Current portion of long-term incentive plan | 26 | **–** | – | 18.1 |
| **Total liabilities** | | **3,652.6** | 3,202.8 | 3,101.8 |
| **Total equity and liabilities** | | **6,561.3** | 5,909.7 | 6,504.8 |

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

[1] *Refer to note 42.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

| | 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 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[3]** | **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** |
| Profit/(loss) for the year | – | – | – | 161.6 | **161.6** | 13.1 | **174.7** |
| Other comprehensive income | – | 54.3 | – | – | **54.3** | – | **54.3** |
| *Total comprehensive income* | – | 54.3 | – | 161.6 | **215.9** | 13.1 | **229.0** |
| *Transactions with owners of the Company* | | | | | | | |
| Dividends declared | – | – | – | (45.5) | **(45.5)** | (2.2) | **(47.7)** |
| Share-based payments from continuing operations | – | – | 20.5 | – | **20.5** | – | **20.5** |
| **Balance at 31 December 2019** | **3,622.5** | **(2,276.5)** | **241.0** | **1,190.0** | **2,777.0** | **131.7** | **2,908.7** |

*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] *No adjustment required to equity on initial application of IFRS 9.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

| | | United States Dollar | | |
|---|---|---|---|---|
| *Figures in millions unless otherwise stated* | Notes | **2019** | 2018 Restated[1] | 2017 Restated[1] |
| **Cash flows from operating activities** | | **845.0** | 568.7 | 732.0 |
| Cash generated by operations | 28 | **1,302.8** | 998.0 | 1,286.5 |
| Interest received | | **6.6** | 6.8 | 5.1 |
| Change in working capital | 29 | **(24.6)** | (31.9) | (89.9) |
| Cash generated by operating activities | | **1,284.8** | 972.9 | 1,201.7 |
| Silicosis payment | 25.2 | **(4.6)** | – | – |
| Interest paid | | **(132.0)** | (91.0) | (90.4) |
| Royalties paid | 30 | **(72.3)** | (65.5) | (66.0) |
| Taxation paid | 31 | **(181.8)** | (190.7) | (249.4) |
| Net cash from operations | | **894.1** | 625.7 | 795.9 |
| Dividends paid/advanced | | **(49.1)** | (57.0) | (70.7) |
| – Owners of the parent | | **(45.5)** | (45.5) | (62.8) |
| – Non-controlling interest holders | | **(2.2)** | (9.8) | (6.4) |
| – South Deep BEE dividend | | **(1.4)** | (1.7) | (1.5) |
| Cash generated by continuing operations | | **845.0** | 568.7 | 725.2 |
| Cash generated by discontinued operations | | **–** | – | 6.8 |
| **Cash flows from investing activities** | | **(446.8)** | (886.8) | (908.6) |
| Additions to property, plant and equipment | | **(612.5)** | (814.2) | (833.6) |
| Proceeds on disposal of property, plant and equipment | | **3.7** | 78.9 | 23.2 |
| Purchase of Asanko Gold | 15 | **(20.0)** | (165.0) | – |
| Purchase of investments | | **(6.5)** | (19.3) | (80.1) |
| Redemption of Asanko Preference Shares | | **10.0** | – | – |
| Proceeds on disposal of subsidiary | | **6.2** | – | – |
| Proceeds on disposal of Maverix | | **66.8** | – | – |
| Proceeds on disposal of investments | | **112.6** | 0.5 | – |
| Proceeds on disposal of Arctic Platinum (“APP”) | | **–** | 40.0 | – |
| Proceeds on disposal of Darlot | | **–** | – | 5.4 |
| Contributions to environmental trust funds | | **(7.1)** | (7.7) | (16.7) |
| Cash utilised in continuing operations | | **(446.8)** | (886.8) | (901.8) |
| Cash utilised in discontinued operations | | **–** | – | (6.8) |
| **Cash flows from financing activities** | | **(104.6)** | 151.6 | 85.1 |
| Loans raised | | **1,538.0** | 690.0 | 787.6 |
| Loans repaid | | **(1,604.3)** | (535.9) | (702.5) |
| Payment of lease liabilities | | **(38.3)** | (2.5) | – |
| Cash (utilised)/generated by continuing operations | | **(104.6)** | 151.6 | 85.1 |
| Cash generated by discontinued operations | | **–** | – | – |
| Net cash generated/(utilised) | | **293.6** | (166.5) | (91.5) |
| Effect of exchange rate fluctuation on cash held | | **1.7** | (7.6) | 14.3 |
| Cash and cash equivalents at beginning of the year | | **219.7** | 393.8 | 471.0 |
| **Cash and cash equivalents at end of the year** | 21 | **515.0** | 219.7 | 393.8 |

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

[1] *Refer to note 42.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

| | | United States Dollar | | |
|---|---|---|---|---|
| | *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| **1.** | **REVENUE** | | | |
| | Revenue from contracts with customers | **2,967.1** | 2,577.8 | 2,761.8 |
| | – Gold[1] | **2,802.0** | 2,408.6 | 2,584.0 |
| | – Copper[2] | **165.1** | 169.2 | 177.8 |
| | **Disclosure of disaggregated revenue from contracts with customers** | | | |
| | The Group generates revenue primarily from the sale of gold bullion 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 43). | | | |
| **2.** | **COST OF SALES** | | | |
| | Salaries and wages | **(334.8)** | (392.8) | (414.7) |
| | Consumable stores | **(270.4)** | (280.0) | (346.7) |
| | Utilities | **(131.5)** | (148.3) | (150.1) |
| | Mine contractors | **(511.0)** | (365.3) | (307.4) |
| | Other | **(218.8)** | (204.4) | (207.6) |
| | **Cost of sales before gold inventory change and amortisation and depreciation** | **(1,466.5)** | (1,390.8) | (1,426.5) |
| | Gold inventory change | **43.0** | 16.2 | 69.5 |
| | **Cost of sales before amortisation and depreciation** | **(1,423.5)** | (1,374.6) | (1,357.0) |
| | Amortisation and depreciation | **(610.0)** | (668.4) | (748.1) |
| | **Total cost of sales** | **(2,033.5)** | (2,043.0) | (2,105.1) |
| **3.** | **INVESTMENT INCOME** | | | |
| | Dividends received | **–** | 0.4 | – |
| | Interest received – environmental trust funds | **0.7** | 0.6 | 0.5 |
| | Interest received – cash balances | **6.6** | 6.8 | 5.1 |
| | **Total investment income** | **7.3** | 7.8 | 5.6 |
| **4.** | **FINANCE EXPENSE** | | | |
| | Interest expense – environmental rehabilitation | **(11.7)** | (11.7) | (12.1) |
| | Unwinding of discount rate on silicosis settlement costs | **(1.3)** | (2.0) | (0.9) |
| | Interest expense – lease liabilities (2018: finance lease liabilities) | **(18.6)** | (0.2) | – |
| | Interest expense – borrowings | **(114.0)** | (91.6) | (91.2) |
| | Borrowing costs capitalised[3] | **43.4** | 17.5 | 22.9 |
| | **Total finance expense** | **(102.2)** | (88.0) | (81.3) |

[1] *All regions.*
[2] *Only Peru region (Cerro Corona).*
[3] *Borrowing costs capitalised of US$43.4 million comprise borrowing costs relating to general borrowings of US$31.0 million and specific borrowings of US$12.4 million. The specific borrowings of US$12.4 million relate to the Gruyere project and are included in additions to property, plant and equipment of US$612.5 million (refer to note 13).*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 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 2019, 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 | | | |
|---|---|---|---|---|
| | **2019** | 2018 | 2017 | |
| *Figures in millions unless otherwise stated* | **Continuing operations** | Continuing operations | Continuing operations | Discontinued operations |
| (a) Gold Fields Limited 2005 Share Plan | **–** | – | – | – |
| (b)(i) Gold Fields Limited 2012 Share Plan | | | | |
| – Performance Shares | **–** | – | – | – |
| – Bonus Shares | **–** | – | – | – |
| (b)(ii) Gold Fields Limited 2012 Share Plan amended | | | | |
| – Performance Shares | **18.8** | 34.7 | 24.5 | 0.6 |
| – Retention Shares | **1.4** | 2.5 | 2.1 | – |
| – Restricted/Matching Shares | **0.3** | 0.3 | 0.2 | – |
| **Total included in profit or loss for the year** | **20.5** | 37.5 | 26.8 | 0.6 |

### (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 and 2017:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | 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 |
| Movement during the year: | | | | |
| Forfeited | (11,521) | 9.42 | (519,090) | 7.75 |
| **Outstanding at end of the year (vested)** | – | – | 11,521 | 9.42 |

## 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 following table summarises the movement of share options under the Gold Fields Limited 2012 Share Plan during the years ended 31 December 2017:

| | 2017 Performance Shares ("PS") |
|---|---|
| **Outstanding at beginning of the year** | 393,178 |
| Movement during the year: | |
| Forfeited | (393,178) |
| **Outstanding at end of the year (vested)** | – |

### (b)(i) 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 14 May 2023.

The salient features of the plan were:

- PS are offered to participants annually from 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 US$1,200/oz for the 2019 allocation (2017 and 2018 allocations: US$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 US$1,200/oz for the 2019 allocation (2017 and 2018 allocations: US$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 US$1,200/oz for the 2019 allocation (2017 and 2018 allocations: US$1,300/oz) – margin to be adjusted relative to the actual gold price for the three-year period |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 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. During 2019, Randgold merged with Barrick and Goldcorp merged with Newmont. The peer group will remain at 10 companies by maintaining phantom share tracking for Randgold and Goldcorp based on their respective merger ratios at the date of the merger.*
[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 US$ TSR index, provided by external service providers will be based on the US$ share price.*

- RSS: In 2016, Gold Fields implemented a Minimum Shareholding Requirement ("MSR") where executives are required to build and to hold a percentage of their salary in Gold Fields shares over a period of five years. Executives will be given the opportunity (as at the approval date of the MSR), prior to the annual bonus being communicated or the upcoming vesting date of the LTIP award or PS, to elect to receive all or a portion of their annual bonus or cash LTIP in restricted shares or to convert all or a portion of their unvested PS into restricted shares towards fulfilment of the MSR. These shares are subject to the holding period as set out below:

  This holding period will mean that the restricted shares may not be sold or disposed of and that the beneficial interest must be retained therein until the earlier of:
  - Notice given by the executive, provided that such notice may only be given after five years from the start of the holding period;
  - Termination of employment of that employee, i.e. retirement, retrenchment, ill health, death, resignation or dismissal;
  - Abolishment of the MSR; or
  - In special circumstances such as proven financial hardship or compliance with the MSR, upon application by the employee and approval by the Remuneration Committee.
- MS: To facilitate the introduction of the MSR policy and to compensate executives for participating in RSS and holding their shares for an additional five years, thus exposing themselves to further market volatility, the Company intends to make a matching award. This is intended to entail a conditional award of shares of one share for every three shares committed towards the MSR (matching shares), rounded to the nearest full share. The matching shares will vest on a date that corresponds with the end of the holding period of the shares committed towards the MSR provided the executive is still in the employment of the Company and has met the MSR requirements of the MSR policy, including having sustainably accumulated shares to reach the MSR over the five-year holding period.

  At 31 December 2019, the maximum number of matching shares that could vest, based on shares already committed to MSR, at the end of five years was 441,604 (2018: 407,223 and 2017: 403,027) shares.

## 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 2019, 2018 and 2017:

| | **2019** | 2018 | 2017 |
|---|---|---|---|
| | **Performance Shares ("PS")** | Performance Shares ("PS") | Performance Shares ("PS") |
| **Outstanding at beginning of the year** | **18,361,977** | 18,279,130 | 8,138,472 |
| Movement during the year: | | | |
| Granted | **4,558,177** | 811,829 | 11,744,152 |
| Exercised and released | **(6,611,023)** | – | (34,827) |
| Forfeited | **(1,475,741)** | (728,982) | (1,568,667) |
| **Outstanding at end of the year** | **14,833,390** | 18,361,977 | 18,279,130 |

At 31 December 2019, none of the outstanding options of 14,833,390 had vested.

| | **2019** | 2018 | 2017 |
|---|---|---|---|
| The fair value of equity instruments granted during the year ended 31 December 2019, 2018 and 2017 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) | **44.7%** | 58.6% | 64.3% |
| – 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) | **1.4%** | 2.0% | 1.6% |
| – Weighted average fair value (United States Dollar) | **5.7** | 5.0 | 4.2 |

[1] *There is no dividend yield applied to the Monte Carlo simulation model as the performance conditions follow a total shareholder return method.*

The weighted average share price for the year ended 31 December 2019 on the Johannesburg Stock Exchange (US$) was US$4.82 (2018: US$3.46 and 2017: US$3.76).

The compensation costs related to awards not yet recognised under the above plans at 31 December 2019, 2018 and 2017 amount to US$17.5 million, US$20.8 million and US$53.0 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 of which 7,073,795 has been utilised. An individual participant may also not be awarded an aggregate of shares from all or any such plans exceeding 4,107,664 of the Company's total issued ordinary stated capital. The unexercised options and shares under all plans represented 1.8% of the total issued stated capital at 31 December 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

| | United States Dollar | | |
|---|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| **6. IMPAIRMENT, NET OF REVERSAL OF IMPAIRMENT OF INVESTMENTS AND ASSETS** | | | |
| **Investments** | **(9.6)** | (36.9) | (3.7) |
| Listed investments | **–** | – | (0.5) |
| Unlisted investments | **–** | – | (3.2) |
| Equity accounted investees | | | |
| – Far Southeast Gold Resources Incorporated ("FSE")[1] | **(9.6)** | (36.9) | – |
| **Property, plant and equipment** | **(0.2)** | (411.7) | 81.3 |
| Reversal of impairment of Arctic Platinum Project ("APP")[2] | **–** | – | 39.0 |
| (Impairment)/reversal of impairment of property, plant and equipment – other[3] | **(0.2)** | (1.9) | 42.3 |
| 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** | **(9.8)** | (520.3) | (200.2) |

[1] *Following the identification of impairment indicators during 2018 and 2019, FSE was valued at its recoverable amount which resulted in a net impairment of US$36.9 million and US$9.6 million, respectively. 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 net impairment is included in the "Corporate and other" segment.*

[2] *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. 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 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:*

| | **2019** | 2018 | 2017 |
|---|---|---|---|
| – Redundant assets at Cerro Corona | **(0.2)** | (1.9) | (0.8) |
| – Reversal of cash-generating unit impairment at Cerro Corona<br>*(An impairment of US$66.4 million was recognised in 2016 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 of US$53.4 million 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. Refer to accounting policies on page 136 for assumptions).* | **–** | – | 53.4 |
| – Asset-specific impairment at Tarkwa<br>*(Relating to aged, high maintenance and low effectiveness mining fleet that is no longer used).* | **–** | – | (6.8) |
| – Asset-specific impairment at Damang<br>*(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).* | **–** | – | (3.5) |
| **(Impairment)/reversal of impairment of property, plant and equipment – other** | **(0.2)** | (1.9) | 42.3 |

[4] *For the year ended 31 December 2019, the Group recognised an impairment of Rnil (US$nil) (2018: R6,470.9 million (US$481.5 million) and 2017: R3,495.0 billion (US$277.8 million)) in respect of the South Deep cash-generating unit due to the deferral of production. Rnil (US$nil) (2018: R963.9 million (US$71.7 million) and 2017: R3,495.0 billion (US$277.8 million)) of the total impairment was firstly allocated against goodwill and the remainder of Rnil (US$nil) (2018: R5,507.0 million (US$409.8 million) and 2017: Rnil (US$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).*

| | United States Dollar | | |
|---|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| **7. INCLUDED IN PROFIT/(LOSS) BEFORE ROYALTIES AND TAXATION ARE THE FOLLOWING:** | | | |
| Operating lease charges[1] | **–** | (2.3) | (2.4) |
| Damang – contract termination[1,2] | **(13.1)** | – | – |
| Loss on buy-back of notes[1] | **(5.0)** | – | – |
| Social contributions and sponsorships[1] | **(18.0)** | (15.1) | (19.6) |
| Loss on sale of inventory[1,3] | **–** | (8.9) | – |
| Rehabilitation (expense)/income[1] | **(13.4)** | 0.9 | 13.5 |
| Restructuring costs[4] | **(0.6)** | (113.9) | (9.2) |
| **8. ROYALTIES** | | | |
| South Africa | **(1.6)** | (1.0) | (1.8) |
| Foreign | **(72.1)** | (61.5) | (60.2) |
| **Total royalties** | **(73.7)** | (62.5) | (62.0) |
| **Royalty rates** | | | |
| South Africa (effective rate)[5] | **0.5%** | 0.5% | 0.5% |
| Australia[6] | **2.5%** | 2.5% | 2.5% |
| Ghana[7] | **3.5%** | 3.0% | 3.0% |
| Peru[8] | **3.6%** | 4.0% | 4.6% |

1 *Included under "Other costs, net" in the consolidated income statement.*

2 *Refer to note 12.2 for further details.*

3 *The loss on sale of inventory related to the sale of inventory at Tarkwa as part of the transition to contractor mining.*

4 *The restructuring costs in 2019 comprise mainly separation packages at South Deep amounting to US$0.3 million (2018: US$11.2 million and 2017: US$2.3 million), Damang amounting to US$nil (2018: US$13.9 million and 2017: US$2.2 million) and Tarkwa amounting to US$0.3 million (2018: US$88.8 million and 2017: US$4.7 million). The restructuring costs of US$88.8 million at Tarkwa in 2018 related to the transition to contractor mining.*

5 *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 2019 was 0.5% of mining revenue (2018: 0.5% and 2017: 0.5%) equalling the minimum charge per the formula.*

6 *The Australian operations are subject to a 2.5% (2018: 2.5% and 2017: 2.5%) gold royalty on revenue as the mineral rights are owned by the state.*

7 *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%** |

8 *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 2019

| | | United States Dollar | | |
|---|---|---|---|---|
| | *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| **9.** | **MINING AND INCOME TAXATION** | | | |
| | The components of mining and income tax are the following: | | | |
| | **South African taxation** | | | |
| | – non-mining tax | **–** | – | (1.2) |
| | – Company and capital gains taxation | **(2.9)** | (1.1) | (1.1) |
| | – prior year adjustment – current taxation | **0.2** | 0.7 | 0.2 |
| | – deferred taxation | **(0.3)** | 208.5 | 12.1 |
| | **Foreign taxation** | | | |
| | – current taxation | **(184.1)** | (127.9) | (199.8) |
| | – dividend withholding tax | **(2.7)** | (13.7) | – |
| | – prior year adjustment – current taxation | **(1.1)** | (3.7) | (2.8) |
| | – deferred taxation | **15.3** | 3.1 | 19.4 |
| | **Total mining and income taxation** | **(175.6)** | 65.9 | (173.2) |
| | Major items causing the Group's income taxation to differ from the maximum South African statutory mining tax rate of 34.0% (2018: 34.0% and 2017: 34.0%) were: | | | |
| | Taxation on profit before taxation at maximum South African statutory mining tax rate | **(119.1)** | 139.6 | (51.8) |
| | Rate adjustment to reflect the actual realised company tax rates in South Africa and offshore | **17.9** | (6.7) | 19.2 |
| | Non-deductible share-based payments | **(7.0)** | (12.8) | (9.1) |
| | Non-deductible exploration expense | **(17.0)** | (22.1) | (19.7) |
| | Deferred tax assets not recognised on impairment and reversal of impairment of investments[1] | **(3.3)** | (12.5) | 13.3 |
| | Impairment of South Deep goodwill | **–** | (24.4) | (94.5) |
| | Non-deductible interest paid | **(29.9)** | (25.5) | (24.2) |
| | Share of results of equity accounted investees, net of taxation | **1.1** | (4.5) | (0.4) |
| | Non-taxable gain on acquisition of Asanko | **–** | 17.6 | – |
| | Non-taxable fair value gain on Maverix warrants | **1.4** | 1.3 | – |
| | Non-taxable profit on disposal of Maverix (2018: dilution of Gold Fields' interest in Maverix) | **5.0** | 1.4 | – |
| | Dividend withholding tax | **(2.9)** | (15.5) | – |
| | Net non-deductible expenditure and non-taxable income | **(10.5)** | (7.6) | (5.3) |
| | Deferred tax on unremitted earnings at Tarkwa and Cerro Corona (2018: Tarkwa and Cerro Corona and 2017: Tarkwa) | **(4.5)** | (1.1) | (9.5) |
| | Deferred taxation movement on Peruvian Nuevo Sol devaluation against US Dollar[2] | **0.1** | (1.2) | 5.2 |
| | Various Peruvian non-deductible expenses | **(6.6)** | (7.5) | (5.3) |
| | Deferred tax assets not recognised at Cerro Corona[3] | **(3.3)** | (14.9) | (12.9) |
| | 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 | **–** | (10.9) | – |
| | Prior year adjustments | **(1.0)** | (3.0) | (2.6) |
| | Other | **4.0** | (0.1) | (2.5) |
| | **Total mining and income taxation** | **(175.6)** | 65.9 | (173.2) |

[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$3.3 million (2018: US$14.9 million and 2017: US$12.9 million) were not recognised during the year at Cerro Corona to the extent that there is insufficient future taxable income available. Deferred tax assets 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. In making this determination, the Group analysed, amongst 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$nil (2018: US$nil and 2017: US$17.3 million) and US$nil (2018: US$6.5 million and 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 life-of-mine ("LoM") from 2023 to 2030. A significant portion of the deductible temporary differences on fixed assets that were scheduled to reverse after the end of the LoM at Cerro Corona will now reverse over the extended LoM, resulting in the recognition of deferred tax assets amounting to US$17.3 million in 2017. At Damang, the LoM indicated that the mine would make taxable profits in the future that would support the write back of a portion of the deferred tax asset amounting to US$nil (2018: US$6.5 million and 2017: US$2.5 million) in 2019. In making this determination, the Group analysed, amongst 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 Gold Fields Operations Limited (GFO) and GFI Joint Venture Holdings Proprietary Limited (GFIJVH) 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 to note 35 on contingent liabilities for further details.*

## 9. MINING AND INCOME TAXATION (continued)

| | United States Dollar | | |
|---|---|---|---|
| | **2019** | 2018 | 2017 |
| **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 | **32.5%** | 32.5% | 32.5% |
| Peru | **29.5%** | 29.5% | 29.5% |

[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% (2018: 29% and 2017: 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.*

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 2019, the Group had the following estimated amounts available for set-off against future income (pre-tax):

| | United States Dollar | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | | | 2018 | | |
| *Figures in millions unless otherwise stated* | **Gross unredeemed capital expenditure** | **Gross tax losses** | **Gross tax losses not recognised** | Gross unredeemed capital expenditure | Gross tax losses | Gross tax losses not recognised |
| **South Africa[1]** | | | | | | |
| GFO | **681.2** | **196.2** | **–** | 638.0 | 206.4 | – |
| GFIJVH[2] | **1,062.6** | **21.7** | **–** | 1,003.1 | 41.0 | – |
| Gold Fields Group Services (Proprietary) Limited | **–** | **–** | **–** | – | 1.3 | – |
| | **1,743.8** | **217.9** | **–** | 1,641.1 | 248.7 | – |
| **International operations** | | | | | | |
| Exploration entities[3] | **–** | **337.7** | **337.7** | – | 430.0 | 430.0 |
| Abosso Goldfields Limited[4] | **–** | **176.7** | **–** | – | 80.9 | – |
| | **–** | **514.4** | **337.7** | – | 510.9 | 430.0 |

[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] *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.*

[3] *The total tax losses of US$337.7 million (2018: US$430.0 million) comprise US$8.8 million (2018: US$18.6 million) tax losses that expire between one and two years, US$15.2 million (2018: US$27.6 million) tax losses that expire between two and five years, US$16.5 million (2018: US$20.3 million) tax losses that expire between five and 10 years, US$33.0 million (2018: US$42.3 million) tax losses that expire after 10 years and US$264.2 million (2018: US$320.9 million) tax losses that have no expiry date.*

[4] *Tax losses may be carried forward for five years. These losses expire on a first-in-first-out basis. Tax losses of US$84.5 million (2018: US$19.0 million) expire in two years, tax losses of US$46.2 million (2018: US$2.9 million) expire in three years, tax losses of US$46.0 million (2018: US$31.5 million) expire in four years and tax losses of US$nil (2018: US$27.5 million) expire in five years.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

| | | United States Dollar | | |
|---|---|---|---|---|
| | *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| **10.** | **EARNINGS PER SHARE** | | | |
| **10.1** | **Basic earnings/(loss) per share from continuing operations – cents** | **20** | (42) | (4) |
| | Basic earnings/(loss) per share is calculated by dividing the profit attributable to owners of the parent from continuing operations of US$161.6 million (2018: loss of US$348.2 million and 2017: loss of US$31.8 million) by the weighted average number of ordinary shares in issue during the year of 827,386,603 (2018: 821,532,707 and 2017: 820,611,806). | | | |
| **10.2** | **Basic earnings per share from discontinued operations – cents** | **–** | – | 2 |
| | Basic earnings per share is calculated by dividing the profit attributable to owners of the parent from discontinued operations of US$nil (2018: US$nil and 2017: US$13.1 million) by the weighted average number of ordinary shares in issue during the year of 827,386,603 (2018: 821,532,707 and 2017: 820,611,806). | | | |
| **10.3** | **Diluted basic (loss)/earnings per share from continuing operations – cents** | **19** | (42) | (4) |
| | Diluted earnings/(loss) per share is calculated on the basis of profit attributable to owners of the parent from continuing operations of US$161.6 million (2018: loss of US$348.2 million and 2017: loss of US$31.8 million) and 839,234,102 (2018: 832,465,491 and 2017: 826,920,421) shares being the diluted number of ordinary shares in issue during the year. | | | |
| | The weighted average number of shares has been adjusted by the following to arrive at the diluted number of ordinary shares: | | | |
| | Weighted average number of shares | **827,386,603** | 821,532,707 | 820,611,806 |
| | Share options in issue | **11,847,499** | 10,932,784 | 6,308,615 |
| | **Diluted number of ordinary shares** | **839,234,102** | 832,465,491 | 826,920,421 |
| **10.4** | **Diluted basic earnings per share from discontinued operations – cents** | **–** | – | 2 |
| | Diluted earnings per share is calculated on the basis of profit attributable to owners of the parent from discontinued operations of US$nil (2018: US$nil and 2017: US$13.1 million) and 839,234,102 (2018: 832,465,491 and 2017: 826,920,421) shares being the diluted number of ordinary shares in issue during the year. | | | |

| | United States Dollar | | |
|---|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| **10. EARNINGS PER SHARE** (continued) | | | |
| **10.5 Headline earnings per share from continuing operations – cents** | **20** | 7 | 26 |
| Headline earnings per share is calculated on the basis of adjusted net profit attributable to owners of the parent from continuing operations of US$162.7 million (2018: US$60.6 million and 2017: US$212.3 million) and 827,386,603 (2018: 821,532,707 and 2017: 820,611,806) shares being the weighted average number of ordinary shares in issue during the year. | | | |
| Net profit/(loss) attributable to owners of the parent from continuing operations is reconciled to headline earnings as follows: | | | |
| **Long-form headline earnings reconciliation** | | | |
| Profit/(loss) attributable to owners of the parent from continuing operations | **161.6** | (348.2) | (31.8) |
| Loss/(profit) on disposal of assets, net | **(0.8)** | 37.0 | (2.6) |
| Gross | **(1.2)** | 51.6 | (4.0) |
| Taxation effect | **0.4** | (12.0) | 1.2 |
| Non-controlling interest effect | **–** | (2.6) | 0.2 |
| Impairment, reversal of impairment and write-off of investments and assets and other, net | **1.9** | 371.8 | 246.7 |
| Impairment, net of reversal of impairment of investments and assets | **9.8** | 520.3 | 200.2 |
| Write-off of exploration and evaluation assets | **30.0** | 37.7 | 51.5 |
| Profit on disposal of Maverix (2018: profit on dilution of Gold Fields' interest in Maverix) | **(33.8)** | (4.0) | – |
| Gain on acquisition of Asanko | **–** | (51.8) | – |
| Release of foreign exchange reserve on disposal of subsidiary | **4.6** | – | – |
| Loss on disposal of subsidiary | **0.3** | – | – |
| Taxation effect | **(9.0)** | (130.4) | (4.3) |
| Non-controlling interest effect | **–** | – | (0.7) |
| **Headline earnings** | **162.7** | 60.6 | 212.3 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

| | | United States Dollar | | |
|---|---|---|---|---|
| | *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| **10.** | **EARNINGS PER SHARE** (continued) | | | |
| **10.6** | **Headline earnings per share from discontinued operations – cents** | **–** | – | – |
| | Headline earnings per share is calculated on the basis of headline loss attributable to owners of the parent from discontinued operations of US$nil (2018: US$nil and 2017: loss of US$2.4 million) and 827,386,603 (2018: 821,532,707 and 2017: 820,611,806) 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 loss as follows: | | | |
| | **Long-form headline loss reconciliation** | | | |
| | Profit attributable to owners of the parent from discontinued operations | **–** | – | 13.1 |
| | Impairment and write-off of investments and assets and other, net | **–** | – | (15.5) |
| | Gain on sale of discontinued operation | **–** | – | (23.5) |
| | Write-off of exploration and evaluation assets | **–** | – | 1.5 |
| | Taxation effect | **–** | – | 6.5 |
| | **Headline loss** | **–** | – | (2.4) |
| **10.7** | **Diluted headline earnings per share from continuing operations – cents** | **19** | 7 | 26 |
| | Diluted headline earnings per share is calculated on the basis of headline profit attributable to owners of the parent continuing operations of US$162.7 million (2018: US$60.6 million and 2017: US$212.3 million) and 839,234,102 (2018: 832,465,491 and 2017: 826,920,421) shares being the diluted number of ordinary shares in issue during the year. | | | |
| **10.8** | **Diluted headline earnings per share from discontinued operations – cents** | **–** | – | – |
| | Diluted headline earnings per share is calculated on the basis of headline loss attributable to owners of the parent discontinued operations of US$nil (2018: US$nil and 2017: loss of US$2.4 million) and 839,234,102 (2018: 832,465,491 and 2017: 826,920,421) shares being the diluted number of ordinary shares in issue during the year. | | | |
| **11.** | **DIVIDENDS** | | | |
| | 2018 final dividend of 20 SA cents per share (2017: 50 SA cents and 2016: 60 SA cents) declared on 15 February 2019 | **11.5** | 34.7 | 37.5 |
| | 2019 interim dividend of 60 SA cents was declared during 2019 (2018: 20 SA cents and 2017: 40 SA cents) | **34.0** | 10.8 | 25.3 |
| | A final dividend in respect of the financial year ended 31 December 2019 of 100 SA cents per share was approved by the Board of Directors on 12 February 2020. This dividend payable is not reflected in these financial statements. | | | |
| | Dividends are subject to dividend withholding tax. | | | |
| | **Total dividends** | **45.5** | 45.5 | 62.8 |
| | **Dividends per share – cents** | **5** | 6 | 8 |

## 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 did not have significant influence over Red 5 as the shareholding was below 20% and there were no qualitative factors indicating that significant influence exists. During 2019, Gold Fields sold its 19.9% shareholding in Red 5 for A$29.6 million (US$20.9 million) realising a profit of A$17.2 million (US$12.4 million) which was recognised directly in OCI.

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 |
| **Below is a summary of the results of the discontinued operation for the year ended 31 December:** | |
| Revenue | 49.0 |
| Cost of sales | (50.7) |
| Cost of sales before gold inventory change and amortisation and depreciation | (46.3) |
| Gold inventory change | (0.9) |
| Amortisation and depreciation | (3.5) |
| Other costs, net | (1.9) |
| **Loss before royalties and taxation** | (3.6) |
| Royalties | (1.1) |
| **Loss before taxation** | (4.7) |
| Mining and income taxation | 1.4 |
| **Loss for the year from operating activities** | (3.3) |
| 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 |

| | 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 2019

## 12.2 ASSETS HELD FOR SALE

Gold Fields served BCM Ghana Limited (the Company providing the contractor mining service to its Damang mine) a termination notice on 24 September 2019 and the contract was effectively terminated on 23 December 2019. As a result of the termination, the following obligations arose in terms of the early termination clauses in the contract:

- Purchase of mining fleet from the contractor at the higher of market value plus a 25% premium or the finance pay-out value plus a premium of 25%;
- Demobilisation costs;
- Early termination payment; and
- Purchase of stores inventory.

As part of the transition process to engage another contractor to continue mining, Damang has obtained commitment from the new contractor to purchase the mining fleet from Damang at their market values in a back-to-back arrangement. As a result, the assets to be purchased from BCM as per the termination clauses of the contract have been recognised as held for sale in line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The costs associated with the termination of the contract include:

| | | United States Dollar |
|---|---|---|
| *Figures in millions unless otherwise stated* | Notes | **2019** |
| **Amount recognised as assets held for sale:** | | |
| Mining fleet[1] | 12.2 | **31.2** |
| | | **31.2** |
| **Amount recognised in profit or loss:** | | |
| Premium payable on mining fleet – 25%[1] | | **7.8** |
| Demobilisation costs | | **1.3** |
| Early termination payment (paid before 31 December 2019) | | **4.0** |
| | 7 | **13.1** |
| **Amount recognised in trade and other payables:** | | |
| Mining fleet | | **31.2** |
| Premium on mining fleet – 25% | | **7.8** |
| Demobilisation costs | | **1.3** |
| | 27 | **40.3** |

[1] *This is based on the market value of the fleet.*

No amount has been recognised for the inventory as the value has not yet been determined.

The ultimate outcome of this matter remains uncertain, with the value of the fleet and inventory to be purchased from BCM still to be agreed by both parties. These amounts are consequently subject to adjustment in the future.

**United States Dollar**

| 31 December 2018<br>Land, mineral rights and rehabilitation assets | 31 December 2018<br>Mine development, infrastructure and other assets[1,2] | 31 December 2018<br>Total | | *Figures in millions unless otherwise stated* | 31 December 2019<br>Total | 31 December 2019<br>Right-of-use assets relating to mine development, infrastructure and other assets | 31 December 2019<br>Mine development, infrastructure and other assets[1] | 31 December 2019<br>Land, mineral rights and rehabilitation assets |
|---|---|---|---|---|---|---|---|---|
| | | | **13.** | **PROPERTY, PLANT AND EQUIPMENT** | | | | |
| | | | | **Cost** | | | | |
| 674.3 | 9,886.4 | 10,560.7 | | Balance at beginning of the year | **10,276.3** | **–** | **9,662.3** | **614.0** |
| (10.4) | 10.4 | – | | Reclassifications | **–** | **0.4** | **271.7** | **(272.1)** |
| 14.0 | 800.2 | 814.2 | | Additions | **612.5** | **–** | **582.1** | **30.4** |
| – | 96.2 | 96.2 | | Finance leases capitalised (Refer to note 33) | **–** | **–** | **–** | **–** |
| – | – | – | | Reclassification of finance lease assets to right-of-use assets on adoption of IFRS 16 | **–** | **88.6** | **(88.6)** | **–** |
| – | – | – | | Right-of-use assets capitalised on adoption of IFRS 16 (Refer to note 33) | **209.6** | **209.6** | **–** | **–** |
| – | – | – | | Right-of-use assets capitalised during the year (Refer to note 33) | **67.3** | **67.3** | **–** | **–** |
| – | – | – | | Remeasurements of right-of-use assets capitalised (Refer to note 33)[2] | **5.9** | **5.9** | **–** | **–** |
| – | 17.5 | 17.5 | | General borrowing costs capitalised[3] | **31.0** | **–** | **31.0** | **–** |
| (34.1) | (494.6) | (528.7) | | Disposals | **(14.3)** | **–** | **(11.0)** | **(3.3)** |
| – | – | – | | Disposal of subsidiary | **(10.0)** | **–** | **(10.0)** | **–** |
| – | – | – | | Scrapping of assets | **(388.1)** | **(0.3)** | **(381.6)** | **(6.2)** |
| 24.1 | – | 24.1 | | Changes in estimates of rehabilitation assets | **66.1** | **–** | **–** | **66.1** |
| (53.9) | (653.8) | (707.7) | | Translation adjustment | **116.1** | **1.5** | **111.2** | **3.4** |
| 614.0 | 9,662.3 | 10,276.3 | | **Balance at end of the year** | **10,972.4** | **373.0** | **10,167.1** | **432.3** |
| | | | | **Accumulated depreciation and impairment** | | | | |
| 34.7 | 5,633.1 | 5,667.8 | | Balance at beginning of the year | **6,017.1** | **–** | **5,981.6** | **35.5** |
| 10.1 | 658.3 | 668.4 | | Charge for the year | **610.0** | **42.0** | **555.1** | **12.9** |
| – | – | – | | Reclassification of finance lease assets to right-of-use assets on adoption of IFRS 16 | **–** | **1.3** | **(1.3)** | **–** |
| – | 411.7 | 411.7 | | Impairment and reversal of impairment, net[4] | **0.2** | **0.2** | **–** | **–** |
| – | 37.7 | 37.7 | | Write-off of exploration and evaluation assets[5] | **30.0** | **–** | **30.0** | **–** |
| (6.6) | (391.6) | (398.2) | | Disposals | **(11.8)** | **–** | **(8.7)** | **(3.1)** |
| – | – | – | | Disposal of subsidiary | **(4.1)** | **–** | **(4.1)** | **–** |
| – | – | – | | Scrapping of assets | **(388.1)** | **(0.3)** | **(381.6)** | **(6.2)** |
| (2.7) | (367.6) | (370.3) | | Translation adjustment | **62.0** | **0.8** | **56.7** | **4.5** |
| 35.5 | 5,981.6 | 6,017.1 | | **Balance at end of the year** | **6,315.3** | **44.0** | **6,227.7** | **43.6** |
| 578.5 | 3,680.7 | 4,259.2 | | **Carrying value at end of the year** | **4,657.1** | **329.0** | **3,939.4** | **388.7** |

[1] *Included in the cost of mine development, infrastructure and other assets are exploration and evaluation assets amounting to US$nil (2018: US$12.6 million).*

[2] *The remeasurements relate mainly to leases at the Group's Australian operations that have variable payments linked to the Australian consumer price index ("CPI").*

[3] *General borrowing costs of US$31.0 million (2018: US$17.5 million) arising on group general borrowings were capitalised during the period and comprised US$20.0 million (2018: US$9.9 million) borrowing costs related to the Damang reinvestment project and US$11.0 million (2018: US$7.6 million) borrowing costs related to the Gruyere project. An average interest capitalisation rate of 6.2% (2018: 5.9%) was applied.*

[4] *The impairment of US$0.2 million (2018: US$411.7 million) is made up of US$0.2 million (2018: US$1.9 million) impairment of property, plant and equipment and US$nil (2018: US$409.8 million) impairment of the South Deep cash-generating unit.*

[5] *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$30.0 million (2018: US$37.7 million) is included in the US$84.4 million (2018: US$104.2 million) "Exploration expense" in the consolidated income statement.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

| | | United States Dollar | |
|---|---|---|---|
| | *Figures in millions unless otherwise stated* | **2019** | 2018 |
| **14.** | **GOODWILL** | | |
| | Balance at beginning of the year | **–** | 76.6 |
| | Impairment | **–** | (71.7) |
| | Translation adjustment | **–** | (4.9) |
| | **Balance at end of the year** | **–** | – |

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) at South Deep.

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 per kilogram (US$1,300 per ounce) for the life-of-mine of 75 years;
- A nominal discount rate of 13.5%;
- Fair value of 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; 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.

## 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 former Asanko subsidiary that 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

There were no changes in 2019 to the provisional purchase price allocation performed at the time of acquisition of Asanko, therefore the purchase price allocation is considered final.

### Consideration transferred

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

| | United States Dollar |
|---|---|
| *Figures in millions unless otherwise stated* | 2018 |
| Cash – Asanko redeemable preference shares and equity | 165.0 |
| **Total consideration transferred** | 165.0 |

An additional US$20 million was invested in the redeemable preference shares in 2019. Refer to note 17 for further details.

### Gain on acquisition of Asanko

The gain on acquisition was determined as follows:

| | United States Dollar |
|---|---|
| *Figures in millions unless otherwise stated* | 2018 |
| Total fair value of assets acquired | 216.8 |
| Redeemable preference share 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 through other comprehensive income. 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 2019

| | Figures in millions unless otherwise stated | United States Dollar 2019 | 2018 | 2017 |
|---|---|---|---|---|
| **16.1** | **EQUITY ACCOUNTED INVESTEES** | | | |
| | **Investment in joint ventures** | **172.0** | 177.5 | |
| (a) | Far Southeast Gold Resources Incorporated ("FSE") | **82.1** | 91.7 | |
| (b) | Asanko Gold | **89.9** | 85.8 | |
| | **Investment in associates** | **–** | 47.6 | |
| (c) | Maverix Metals Incorporated ("Maverix") | **–** | 47.6 | |
| (d) | Other associates | **–** | – | |
| | **Total equity accounted investees** | **172.0** | 225.1 | |
| | Share of results of equity accounted investees, net of taxation recognised in the consolidated income statement are made up as follows: | | | |
| (a) | FSE | **(1.4)** | (12.9) | (1.6) |
| (b) | Asanko Gold | **4.1** | (1.1) | – |
| (c) | Maverix | **0.4** | 0.9 | 0.3 |
| (d) | Other associates | **–** | – | – |
| | **Total share of results of equity investees, net of taxation** | **3.1** | (13.1) | (1.3) |

**(a) FSE**

Gold Fields' interest in FSE, an unlisted entity incorporated in the Philippines, was 40% (2018: 40% and 2017: 40%) at 31 December 2019.

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 2019.

Investment in joint venture consists of:

| Figures in millions unless otherwise stated | United States Dollar 2019 | 2018 |
|---|---|---|
| Unlisted shares at cost | **230.0** | 230.0 |
| Equity contribution | **93.6** | 92.2 |
| Cumulative impairment[1] | **(147.9)** | (138.3) |
| Share of accumulated losses brought forward | **(92.2)** | (79.3) |
| Share of loss after taxation[2] | **(1.4)** | (12.9) |
| **Total investment in joint venture[3]** | **82.1** | 91.7 |

[1] *Refer to 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.

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.

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 2019.

The following table summarises the financial information and the carrying amount of the Group's interest in Asanko:

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| Investment in joint venture at cost consists of: | | |
| Initial investment at cost | **86.9** | 86.9 |
| Share of accumulated losses brought forward | **(1.1)** | – |
| Share of profit/(loss) after taxation | **4.1** | (1.1) |
| **Carrying value at 31 December** | **89.9** | 85.8 |
| The carrying value of the investment comprises the following: | | |
| AGGL | **9.5** | 5.4 |
| Shika | **80.4** | 80.4 |
| Adansi[1] | **–** | – |
| **Total** | **89.9** | 85.8 |

[1] *Nominal value at 31 December 2019 and 2018 is less than US$0.1 million.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 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 after fair value adjustments as determined at acquisition, is as follows:

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | **2018** |
| **Statement of financial position – Asanko** | | |
| Non-current assets[1] | **474.6** | 441.6 |
| Current assets[2] | **120.0** | 109.3 |
| Non-current liabilities | **(79.4)** | (34.2) |
| Current liabilities | **(62.2)** | (52.7) |
| **Net assets** | **453.0** | 464.0 |
| *Less:* Shika redeemable preference shares | **(271.4)** | (291.4) |
| **Net assets attributable to ordinary shareholders** | **181.6** | 172.6 |
| **Group's share of net assets** | **89.9** | 85.8 |
| Reconciled as follows: | | |
| Cash consideration paid | **165.0** | 165.0 |
| *Less:* Consideration allocated to the redeemable preference shares (note 17) | **(129.9)** | (129.9) |
| **Consideration paid for equity portion** | **35.1** | 35.1 |
| Gain on acquisition | **51.8** | 51.8 |
| Share of accumulated losses brought forward | **(1.1)** | – |
| Share of profit/(loss) after taxation | **4.1** | (1.1) |
| **Carrying amount of interest in joint venture** | **89.9** | 85.8 |
| **Income statement – Asanko** | | |
| Revenue | **341.0** | 122.0 |
| Production costs | **(199.2)** | (79.0) |
| Depreciation and amortisation | **(95.4)** | (34.3) |
| Other expenses | **(20.1)** | (4.9) |
| Royalties | **(17.2)** | (6.2) |
| Income tax expense | **–** | – |
| **Profit/(loss) for the year (2018: five-month period)** | **9.1** | (2.4) |
| Other comprehensive income | **–** | – |
| **Total comprehensive income** | **9.1** | (2.4) |
| **Group's share of total comprehensive income** | **4.1** | (1.1) |

[1] *Includes impact of fair value adjustment, amounting to US$39.6 million, to property, plant and equipment of the Asanko Gold mine as determined at acquisition.*
[2] *Current assets includes cash and cash equivalents amounting of US$43.7 million (2018: US$21.6 million).*

### (c) Maverix

Gold Fields' interest in Maverix, listed on the Toronto Stock Exchange, was 0% (2018: 19.9%) at 31 December 2019.

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.

In 2018, 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. The Transaction resulted in Gold Fields recognising a profit on the deemed disposal of its interest in Maverix of US$4.0 million.

## 16.1 EQUITY ACCOUNTED INVESTEES (continued)

### (c) Maverix (continued)

In line with its key strategic objective of paying down its debt, Gold Fields Limited sold its shareholding in Maverix during the year ended 31 December 2019. The sale of the shares, processed through a series of private market transactions, raised US$66.8 million in cash. After the first transaction, Maverix no longer met the definition of an associate and it was reclassified as a listed investment and a profit on disposal of US$14.6 million was recognised comprising a profit on disposal of associate of US$33.8 million, partially offset by a loss on derecognition of the investment in Maverix designated at fair value through profit or loss of US$19.2 million.

Gold Fields retained 4,125,000 Maverix warrants, equivalent to a 3.68% interest in the company on a partially-diluted basis. The warrants are classified as derivative instruments and are included in investments (refer to note 17).

Maverix has a 31 December year-end and has been equity accounted since 23 December 2016. Equity accounting for Maverix was based on the published results to 9 May 2019, being the date on which Maverix was derecognised as an associate.

Investment in associate consists of:

| United States Dollar | | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| Listed shares at cost | **42.1** | 42.1 |
| Profit on dilution of Gold Fields' interest in Maverix | **4.0** | 4.0 |
| Transaction costs capitalised | **0.3** | 0.3 |
| Share of accumulated profits brought forward | **1.2** | 0.3 |
| Share of profit after taxation | **0.4** | 0.9 |
| Derecognition of associate | **(48.0)** | – |
| **Investment in associate – Maverix[1]** | **–** | 47.6 |
| **(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 was US$74.7 million.*
*[2] Represents a holding of 25.7% (2018: 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 2019 is US$6.5 million (2018: US$13.4 million). The unrecognised share of loss of Rusoro for the year amounted to US$4.2 million (2018: unrecognised shares of loss of US$2.6 million). The cumulative unrecognised share of losses of Rusoro at 31 December 2019 amounted to US$202.8 million (2018: US$198.6 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 judgment 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 judgment, 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 judgment, 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 judgment. 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 continues 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 2019

## 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.

The Gruyere project was successfully completed during 2019, with first gold produced in June 2019. Commercial levels of production were achieved at the end of September 2019.

Below is a summary of Gold Fields' share of the joint operation and includes inter-company transactions and balances:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| *Figures in millions unless otherwise stated* | **US$** | **A$** | US$ | A$ |
| **Statement of financial position** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | **623.0** | **887.6** | 554.6 | 788.6 |
| **Current assets** | **27.5** | **39.3** | 11.7 | 16.5 |
| Cash and cash equivalents | **6.5** | **9.3** | 2.1 | 3.0 |
| Inventories | **18.3** | **26.1** | 0.8 | 1.1 |
| Prepayments | **–** | **–** | 6.4 | 9.1 |
| Other receivables | **2.7** | **3.9** | 2.4 | 3.3 |
| **Total assets** | **650.5** | **926.9** | 566.3 | 805.1 |
| **Total equity** | | | | |
| Retained earnings | **(0.6)** | **(0.8)** | (4.7) | (6.7) |
| **Non-current liabilities** | **147.3** | **209.9** | 119.7 | 170.3 |
| Deferred taxation | **50.2** | **71.6** | 30.5 | 43.3 |
| Finance lease liability | **79.4** | **113.1** | 76.5 | 108.8 |
| Environmental rehabilitation costs | **17.6** | **25.1** | 12.7 | 18.2 |
| Long-term incentive plan | **0.1** | **0.1** | – | – |
| **Current liabilities** | **503.8** | **717.8** | 451.3 | 641.5 |
| Related entity loans payable | **480.4** | **684.5** | 439.0 | 624.1 |
| Trade and other payables | **17.5** | **24.9** | 7.7 | 10.9 |
| Current portion of finance lease liability | **5.9** | **8.4** | 4.6 | 6.5 |
| **Total equity and liabilities** | **650.5** | **926.9** | 566.3 | 805.1 |

| Figures in millions unless otherwise stated | | United States Dollar 2019 | 2018 |
|---|---|---|---|
| **17.** | **INVESTMENTS** | | |
| | **Listed** | | |
| | At fair value through OCI[1] | **47.9** | 93.0 |
| | **Unlisted** | | |
| | Asanko redeemable preference shares[2] | **95.5** | 132.9 |
| | Other | **–** | 0.1 |
| | **Derivative instruments** | | |
| | Warrants[3] | **11.7** | 9.3 |
| | **Total investments** | **155.1** | 235.3 |
| **18.** | **ENVIRONMENTAL TRUST FUNDS** | | |
| | Balance at beginning of the year | **60.8** | 55.5 |
| | Contributions from continuing operations | **7.1** | 7.7 |
| | Interest earned | **0.7** | 0.6 |
| | Translation adjustment | **0.9** | (3.0) |
| | **Balance at end of the year**[4] | **69.5** | 60.8 |
| **19.** | **INVENTORIES** | | |
| | Gold-in-process and stockpiles | **375.1** | 325.0 |
| | Consumable stores | **183.7** | 176.5 |
| | **Total inventories** | **558.8** | 501.5 |
| | Heap leach and stockpiles inventories included in non-current assets[5] | **(141.0)** | (133.3) |
| | **Total current inventories**[6] | **417.8** | 368.2 |

[1] *The listed investments comprise mainly investments in Asanko Gold Inc. of US$21.2 million, Cardinal Resources Limited of US$17.1 million, Magmatic Resources Limited of US$3.0 million and Chakana Copper Corp of US$3.1 million. Refer to note 44 for further details of listed investments. The decrease in value of the listed investments was mainly due to the disposal of Red 5 Limited, Gold Road Resources and Hummingbird Resources PLC.*

[2] *Consists of 174,939,999 (2018: 164,939,999) redeemable preference shares at par value for US$174,939,999 (2018: US$164,939,999).*

*The following table shows a reconciliation from the fair value at the beginning of the year (2018: at acquisition) to the fair value of the redeemable preference shares at the end of the year (level 3 financial instrument):*

| | | |
|---|---|---|
| *Fair value at beginning of the year (2018: at acquisition)* | 132.9 | 129.9 |
| *Purchase of preference shares* | 20.0 | – |
| *Redemption of preference shares* | (10.0) | – |
| *Net change in fair value (recognised in OCI)* | (47.4) | 3.0 |
| *Fair value at end of the year* | 95.5 | 132.9 |

*The fair value is based on the expected cash flows of the Asanko Gold Mine based on the life-of-mine model received from Asanko. This resulted in a downward fair value adjustment through other comprehensive income of US$47.4 million in 2019, due to a decrease in the expected life-of-mine production and cash flows. The following key inputs were used in the valuation of the fair value:*

| | | |
|---|---|---|
| *Market-related interest rate* | 8.50% | 7.85% |
| *Expected redemption period* | 8 years | 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 to note 38 for sensitively analysis performed).*

*Refer to note 15 and 16.1 (b) for further details.*

[3] *Consists of 4.125 million (2018: 10.0 million) common share purchase warrants of Maverix. Refer to note 16.1 (c) for further details.*

[4] *The trust funds consist of term deposits amounting to US$16.8 million (2018: US$14.8 million) in South Africa, as well as secured cash deposits amounting to US$52.7 million (2018: US$46.0 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 to note 25.1). Refer to note 34 for details on environmental obligation guarantees.*

[5] *Heap leach and stockpiles inventories will only be processed at the end of life-of-mine.*

[6] *The cost of consumable stores consumed during the year and included in cost of sales amounted to US$270.4 million (2018: US$280.0 million).*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

| | | United States Dollar | | |
|---|---|---|---|---|
| | *Figures in millions unless otherwise stated* | **2019** | 2018 Restated[1] | 2017 Restated[1] |
| **20.** | **TRADE AND OTHER RECEIVABLES** | | | |
| | Trade receivables – gold sales and copper concentrate | **23.6** | 15.3 | 21.2 |
| | Trade receivables – other | **18.1** | 16.5 | 10.9 |
| | Oil derivatives contracts (2018: Gold, copper and oil)[2] | **1.1** | 8.3 | 25.0 |
| | Receivables due from the sale of Tarkwa mining fleet[3] | **26.5** | 26.5 | – |
| | Deposits | **0.1** | 0.2 | 0.1 |
| | Payroll receivables | **2.4** | 2.9 | 11.6 |
| | Prepayments | **42.5** | 43.3 | 51.5 |
| | Value added tax and import duties | **16.0** | 18.1 | 45.9 |
| | Diesel rebate | **0.9** | 1.1 | 1.4 |
| | Other | **5.9** | 6.4 | 4.2 |
| | **Total trade and other receivables** | **137.1** | 138.6 | 171.8 |
| **21.** | **CASH AND CASH EQUIVALENTS** | | | |
| | Cash at bank and on hand | **515.0** | 219.7 | 393.8 |
| | **Total cash and cash equivalents** | **515.0** | 219.7 | 393.8 |
| **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 | **821,532,707** | 821,532,707 |
| Exercise of employee share options | **7,100,000** | – |
| **In issue at 31 December** | **828,632,707** | 821,532,707 |
| **Authorised** | **2,000,000,000** | 2,000,000,000 |

**Authorised and issued**

Holders of 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 21 May 2019, the authorised but unissued ordinary stated capital of the Company representing not more than 5% of the issued stated capital of the Company at that date, was placed under the control of the directors. This authority expires at the next annual general meeting where shareholders will be asked to place under the control of the directors the authorised but unissued ordinary 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] *Refer to note 42.*

[2] *Comprises US$1.0 million (2018: US$1.7 million and 2017: US$5.1 million) relating to Australian oil derivative contracts, US$0.1 million (2018: US$3.0 million and 2017: US$9.0 million) relating to Ghanaian oil derivative contracts, US$nil (2018: US$2.4 million and 2017: US$nil) relating to Ghanaian gold derivative contracts, US$nil (2018: US$nil and 2017: US$10.9 million) relating to the gold derivative contracts at South Deep and US$nil (2018: US$1.2 million and 2017: US$nil) relating to Peruvian copper derivative contracts. Refer to note 38 for further details.*

[3] *Relates to the sale of mining fleet at Tarkwa as part of the transition to contractor mining.*

## 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 21 May 2019. 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 21 May 2019. 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 2019:

| | Number of shares | % of issued ordinary shares |
|---|---|---|
| Government Employees Pension Fund | 53,726,997 | 6.48% |
| Van Eck Vectors Gold Miners ETF | 52,395,279 | 6.32% |

## 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* | **2019** | 2018 |
| Liabilities | | |
| – Mining assets | **908.3** | 835.7 |
| – Right-of-use assets | **101.5** | – |
| – Investment in environmental trust funds | **3.7** | 3.2 |
| – Inventories | **13.3** | 11.3 |
| – Unremitted earnings | **13.3** | 9.3 |
| – Other | **13.0** | 5.2 |
| **Liabilities** | **1,053.1** | 864.7 |
| Assets | | |
| – Provisions | **(117.4)** | (95.8) |
| – Tax losses[1] | **(120.6)** | (98.4) |
| – Unredeemed capital expenditure[1] | **(505.7)** | (475.9) |
| – Lease liabilities (2018: Finance lease liabilities) | **(103.0)** | (2.0) |
| – Unrealised loss on financial instruments | **(38.3)** | (6.8) |
| – Other | **–** | (0.4) |
| **Assets** | **(885.0)** | (679.3) |
| **Net deferred taxation liabilities** | **168.1** | 185.4 |
| Included in the statement of financial position as follows: | | |
| Deferred taxation assets | **(265.5)** | (269.5) |
| Deferred taxation liabilities | **433.6** | 454.9 |
| **Net deferred taxation liabilities** | **168.1** | 185.4 |
| Balance at beginning of the year | **185.4** | 381.9 |
| Recognised in profit or loss | **(15.0)** | (211.6) |
| Recognised in OCI | **8.4** | (4.0) |
| Translation adjustment | **(10.7)** | 19.1 |
| **Balance at end of the year** | **168.1** | 185.4 |

[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 2019

## 24. BORROWINGS

The terms and conditions of outstanding loans are as follows:

| **Facility** *Figures in millions unless otherwise stated* | Notes | United States Dollar **2019** | 2018 Restated[1] | 2017 Restated[1] | Borrower | Nominal interest rate | Commitment fee | Maturity date |
|---|---|---|---|---|---|---|---|---|
| US$1 billion notes issue (the 2020 notes)[2] | (a) | **601.4** | 849.4 | 847.9 | Orogen | 4.875% | – | 7 October 2020 |
| US$500 million 5-year notes issue (the 5-year notes)[3] | (b) | **496.3** | – | – | Orogen | 5.125% | – | 15 May 2024 |
| US$500 million 10-year notes issue (the 10-year notes)[3] | (c) | **496.1** | – | – | Orogen | 6.125% | – | 15 May 2029 |
| US$150 million revolving senior secured credit facility – old[4] | (d) | **–** | – | – | La Cima | LIBOR plus 1.63% | 0.65% | 19 September 2017 |
| US$150 million revolving senior secured credit facility – new[4] | (e) | **83.5** | 83.5 | 83.5 | La Cima | LIBOR plus 1.20% | 0.50% | 19 September 2020 |
| US$70 million revolving credit facility[5] | (f) | **–** | – | – | Ghana | LIBOR plus 2.40% | 1.00% | 6 May 2017 |
| US$100 million revolving credit facility[5] | (g) | **–** | 45.0 | 45.0 | Ghana | LIBOR plus 3.50% | 1.40% | 30 November 2021 |
| A$500 million syndicated revolving credit facility[6] | (h) | **168.5** | 316.5 | 231.5 | Gruyere | BBSY plus 2.175% | 0.87% | 24 May 2021 |
| US$1,290 million term loan and revolving credit facilities[7] | (i) | **–** | 472.0 | 380.0 | | | | |
| – Facility A (US$380 million) | | **–** | 380.0 | 380.0 | Orogen | LIBOR plus 2.25% | – | 6 June 2020 |
| – Facility B (US$360 million) | | **–** | 92.0 | – | Orogen | LIBOR plus 1.95% | 0.68% | 6 June 2021 |
| – Facility C (US$550 million) | | **–** | – | – | Orogen | LIBOR plus 2.20% | 0.77% | 6 June 2021 |
| US$1,200 million revolving credit facilities[8] | | **–** | – | – | | | | |
| – Facility A (US$600 million 3-year revolving credit facility) | | **–** | – | – | Orogen/Ghana | LIBOR plus 1.45% | 0.51% | 25 July 2022 |
| – Facility B (US$600 million 5-year revolving credit facility) | | **–** | – | – | Orogen/Ghana | LIBOR plus 1.70% | 0.60% | 25 July 2024 |
| R1,500 million Nedbank revolving credit facility – old[9] | (j) | **–** | – | 79.5 | GFIJVH/GFO | JIBAR plus 2.50% | 0.85% | 7 March 2018 |
| R1,500 million Nedbank revolving credit facility – new[9] | | **–** | – | – | GFIJVH/GFO | JIBAR plus 2.80% | 0.90% | 8 May 2023 |
| R500 million Standard Bank revolving credit facility[10] | (k) | **–** | 13.7 | – | GFIJVH/GFO | JIBAR plus 2.75% | 1.05% | 31 March 2020 |
| R500 million Absa Bank revolving credit facility[11] | (l) | **–** | 34.2 | – | GFIJVH/GFO | JIBAR plus 2.30% | 0.8925% | 31 March 2020 |
| Short-term Rand uncommitted credit facilities[12] | (m) | **–** | 92.5 | 115.0 | – | – | – | – |
| **Total borrowings** | | **1,845.8** | 1,906.8 | 1 782.4 | | | | |
| **Current borrowings** | | **(684.9)** | (92.5) | (194.5) | | | | |
| **Non-current borrowings** | | **1,160.9** | 1,814.3 | 1 587.9 | | | | |

1 *Refer to note 42.*

2 *The balance is net of unamortised transaction costs amounting to US$1.3 million (2018: US$3.0 million) which will unwind over the remaining period of the 2020 notes as an interest expense.*

*The payment of all amounts due in respect of the 2020 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.*

*During 2016, 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 Group recognised a profit of US$17.7 million on the buy back of the 2020 notes.*

*On 27 May 2019, Gold Fields announced the successful buy back of $250 million of the outstanding 2020 notes at 102% of par as compared with a premium of 101.73% of par at the close of business on 24 May 2019. The buy-back of the notes was financed with the proceeds of the raising of two new bonds, the five-year notes and the 10-year notes. The group recognised a loss of US$5.0 million on the buy-back of the 2020 notes.*

3 *On 9 May 2019, Gold Fields successfully concluded the raising of two new bonds, a US$500 million five-year notes issue with a coupon of 5.125% and a US$500 million 10-year notes issue with a coupon of 6.125%, raising a total of US$1 billion at an average coupon of 5.625%. The proceeds of the raising were used to repay amounts outstanding under the US$1,290 million term loan and revolving credit facilities and to repurchase of a portion of the 2020 notes.*

*The balances of the five-year notes and the 10-year notes are net of unamortised transaction costs amounting to US$3.7 million and US$3.9 million, respectively.*

*The payments of all amounts due in respect of the five-year and 10-year notes are unconditionally and irrevocably guaranteed by Gold Fields Limited ("Gold Fields"), Gold Fields Ghana Holdings (BVI) Limited ("GF Ghana") and Gold Fields Holdings Company (BVI) Limited ("GF Holdings") (collectively "the Guarantors"), on a joint and several basis.*

4 *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.*

5 *Borrowings under the facility are guaranteed by Gold Fields Ghana Limited ("GF Ghana Limited") and Abosso Goldfields Limited ("Abosso"). Borrowings under this facility were also secured by the registration of security over certain fleet vehicles owned by GF Ghana and Abosso ("Secured Assets"). In addition, the lenders were noted as first loss payees under the insurance contracts in respect of the Secured Assets and were 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.*

*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.*

6 *Borrowings under this facility are guaranteed by Gold Fields, GF Holdings, Orogen, GFO, GFIJVH and GF Ghana.*

7 *On 25 July 2019, the US$1,290 million term loan and revolving credit facilities were cancelled following the completion of the new US$1,200 million revolving credit facilities.*

*Borrowings under this facility were guaranteed by Gold Fields, GF Holdings, Orogen, GFO, GFIJVH and GF Ghana.*

8 *On 25 July 2019, Gold Fields Orogen Holding (BVI) Limited and Gold Fields Ghana Holdings (BVI) Limited entered into a US$1,200 million revolving credit facilities agreement which became effective on the same day, with a syndicate of international banks and financial institutions. The new facilities comprise two tranches, a US$600 million three-year revolving credit facility (with an option to extend to up to two years subject to lender consent) and a US$600 million five-year revolving credit facility (with an option to extend to up to two years subject to lender consent). The purpose of the new facilities is to refinance the US$1,290 million term loan and revolving credit facilities, to repay the 2020 notes and to fund general corporate and working capital requirements of the Gold Fields Group.*

*Borrowings under this facility are guaranteed by Gold Fields, GF Holdings, Orogen, GF Ghana and Gruyere Holdings Pty Ltd ("Gruyere").*

9 *Borrowings under this facility are guaranteed by Gold Fields, GFO, GF Holdings, Orogen, GFIJVH, GF Ghana and Gruyere. The old revolving credit facility matured on 7 March 2018 and was replaced by the new revolving credit facility on 8 May 2018.*

10 *Borrowings under this facility are guaranteed by Gold Fields, GFO, GF Holdings, Orogen, GFIJVH, GF Ghana and Gruyere.*

11 *Borrowings under this facility are guaranteed by Gold Fields, GFO, GF Holdings, Orogen, GFIJVH, GF Ghana and Gruyere.*

12 *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 2019 | 2018 Restated[1] | 2017 Restated[1] |
|---|---|---|---|
| **24. BORROWINGS** (continued) | | | |
| **(a) US$1 billion notes issue** | | | |
| Balance at beginning of the year | **849.4** | 847.9 | 846.4 |
| Buy-back of US$250 million notes | **(255.0)** | – | – |
| Loss on buy-back of notes | **5.0** | – | – |
| Unwinding of transaction costs | **2.0** | 1.5 | 1.5 |
| Balance at end of the year | **601.4** | 849.4 | 847.9 |
| **(b) US$500 million 5-year notes issue** | | | |
| Loans advanced | **500.0** | – | – |
| Transaction costs | **(4.1)** | – | – |
| Unwinding of transaction costs | **0.4** | – | – |
| Balance at end of the year | **496.3** | – | – |
| **(c) US$500 million 10-year notes issue** | | | |
| Loans advanced | **500.0** | – | – |
| Transaction costs | **(4.1)** | – | – |
| Unwinding of transaction costs | **0.2** | – | – |
| Balance at end of the year | **496.1** | – | – |
| **(d) US$150 million revolving senior secured credit facility – old** | | | |
| Balance at beginning of the year | **–** | – | 82.0 |
| Repayments | **–** | – | (82.0) |
| Balance at end of the year | **–** | – | – |
| **(e) US$150 million revolving senior secured credit facility – new** | | | |
| Balance at beginning of the year | **83.5** | 83.5 | – |
| Loans advanced | **–** | – | 83.5 |
| Balance at end of the year | **83.5** | 83.5 | 83.5 |
| **(f) 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 | **–** | – | – |
| **(g) US$100 million revolving credit facility** | | | |
| Balance at beginning of the year | **45.0** | 45.0 | – |
| Loans advanced | **–** | – | 45.0 |
| Repayments | **(45.0)** | – | – |
| Balance at end of the year | **–** | 45.0 | 45.0 |
| **(h) A$500 million syndicated revolving credit facility** | | | |
| Balance at beginning of the year | **316.5** | 231.5 | – |
| Loans advanced | **–** | 119.9 | 236.6 |
| Repayments | **(143.6)** | – | – |
| Translation adjustment | **(4.4)** | (34.9) | (5.1) |
| Balance at end of the year | **168.5** | 316.5 | 231.5 |
| **(i) US$1,290 million term loan and revolving credit facilities** | | | |
| Balance at beginning of the year | **472.0** | 380.0 | 658.5 |
| Loans advanced | **434.4** | 382.6 | 73.5 |
| Repayments | **(906.4)** | (290.6) | (352.0) |
| Balance at end of the year | **–** | 472.0 | 380.0 |
| **(j) R1,500 million Nedbank revolving credit facility – old** | | | |
| 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 |

[1] *Refer to note 42.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

| | Figures in millions unless otherwise stated | United States Dollar 2019 | 2018 Restated[1] | 2017 Restated[1] |
|---|---|---|---|---|
| **24.** | **BORROWINGS** (continued) | | | |
| **(k)** | **R500 million Standard Bank revolving credit facility** | | | |
| | Balance at beginning of the year | **13.7** | – | – |
| | Loans advanced | **21.2** | 13.7 | – |
| | Repayments | **(35.1)** | – | – |
| | Translation adjustment | **0.2** | – | – |
| | Balance at end of the year | **–** | 13.7 | – |
| **(l)** | **R500 million Absa revolving credit facility** | | | |
| | Balance at beginning of the year | **34.2** | – | – |
| | Loans advanced | **–** | 36.1 | – |
| | Repayments | **(34.5)** | – | – |
| | Translation adjustment | **0.3** | (1.9) | – |
| | Balance at end of the year | **–** | 34.2 | – |
| **(m)** | **Short-term Rand uncommitted credit facilities** | | | |
| | Balance at beginning of the year | **92.5** | 115.0 | 61.0 |
| | Loans advanced | **90.6** | 117.0 | 270.5 |
| | Repayments | **(184.7)** | (137.6) | (223.5) |
| | Translation adjustment | **1.6** | (1.9) | 7.0 |
| | Balance at end of the year | **–** | 92.5 | 115.0 |
| | **Total borrowings** | **1,845.8** | 1,906.8 | 1,782.4 |
| | 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) | **252.0** | 1,057.4 | 934.5 |
| | Fixed rate with no exposure to repricing | **1,593.8** | 849.4 | 847.9 |
| | | **1,845.8** | 1,906.8 | 1,782.4 |
| | The carrying amounts of the Group's borrowings are denominated in the following currencies: | | | |
| | US Dollar | **1,677.3** | 1,449.9 | 1,356.4 |
| | Australian Dollar | **168.5** | 316.5 | 231.5 |
| | Rand | **–** | 140.4 | 194.5 |
| | | **1,845.8** | 1,906.8 | 1,782.4 |
| | The Group has the following undrawn borrowing facilities: | | | |
| | Committed | **1,727.6** | 1,097.7 | 1,305.1 |
| | Uncommitted | **116.8** | 20.3 | 16.2 |
| | | **1,844.4** | 1,118.0 | 1,321.3 |
| | 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 | **137.9** | – | 39.7 |
| | – later than one year and not later than two years | **282.5** | 93.0 | – |
| | – later than two years and not later than three years | **600.0** | 902.2 | 715.4 |
| | – later than three years and not later than five years | **707.1** | 102.5 | 550.0 |
| | | **1,727.6** | 1,097.7 | 1,305.1 |

[1] *Refer to note 42.*

United States Dollar

| *Figures in millions unless otherwise stated* | | 2019 | 2018 |
|---|---|---|---|
| **25.** | **PROVISIONS** | | |
| 25.1 | Environmental rehabilitation costs | **370.3** | 289.6 |
| 25.2 | Silicosis settlement costs | **16.6** | 25.1 |
| | Other | **4.2** | 4.8 |
| | **Total provisions** | **391.1** | 319.5 |
| **25.1** | **Environmental rehabilitation costs** | | |
| | Balance at beginning of the year | **289.6** | 281.5 |
| | Changes in estimates[1] | **79.5** | 23.2 |
| | Interest expense | **11.7** | 11.7 |
| | Payments | **(10.7)** | (9.6) |
| | Translation adjustment | **0.2** | (17.2) |
| | **Balance at end of the year[2]** | **370.3** | 289.6 |
| | The provision is calculated using the following gross closure cost estimates: | | |
| | South Africa | **45.9** | 41.8 |
| | Ghana | **105.6** | 100.4 |
| | Australia | **198.2** | 178.2 |
| | Peru | **86.2** | 79.1 |
| | Chile | **0.4** | 0.4 |
| | **Total gross closure cost estimates** | **436.3** | 399.9 |

| **The provision is calculated using the following assumptions:** | **Inflation rate** | **Discount rate** |
|---|---|---|
| **2019** | | |
| South Africa | **5.4%** | **10.3%** |
| Ghana | **2.5%** | **7.7% – 7.9%** |
| Australia | **2.5%** | **1.2% – 1.6%** |
| Peru | **2.5%** | **3.0%** |
| Chile | **2.5%** | **2.6%** |
| **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% |

[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 to note 18);*
- *South Africa – contributions into environmental trust funds (refer to note 18) and guarantees (refer to note 34);*
- *Australia – mine rehabilitation fund levy; and*
- *Peru – bank guarantees (refer to note 34).*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

| | | United States Dollar | |
|---|---|---|---|
| | *Figures in millions unless otherwise stated* | **2019** | 2018 |
| **25.** | **PROVISIONS** (continued) | | |
| **25.2** | **Silicosis settlement costs**[1] | | |
| | Balance at beginning of the year | **25.1** | 31.9 |
| | Changes in estimates | **(1.6)** | (4.5) |
| | Unwinding of provision recognised as finance expense | **1.3** | 2.0 |
| | Payments | **(4.6)** | – |
| | Translation | **1.0** | (4.3) |
| | **Balance at end of the year** | **21.2** | 25.1 |
| | Current portion of silicosis settlement costs | **(4.6)** | – |
| | **Non-current portion of silicosis settlement costs** | **16.6** | 25.1 |
| **26.** | **LONG-TERM INCENTIVE PLAN** | | |
| | Opening balance | **2.1** | 18.1 |
| | Charge to income statement | **9.1** | 1.1 |
| | Payments | **–** | (17.8) |
| | Translation adjustment | **0.3** | 0.7 |
| | **Balance at end of the year**[2] | **11.5** | 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 Gold Working Group (comprising African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Gold Fields, Harmony and Sibanye-Stillwater) (the "GWG parties") 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 GWG parties of a possible settlement of the class action claims and related costs during 2017. As a result, Gold Fields provided an amount of US$21.2 million (R297.1 million) (2018: US$25.1 million (R367.8 million)) for this obligation in the statement of financial position at 31 December 2019. The nominal amount of this provision is US$29.2 million (R408.4 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 10.08% (2018: 8.74%) was used, based on government bonds with similar terms to the anticipated settlements.*

*Refer to note 35 for further details.*

[2] *Senior and middle management receive awards under the LTIP. The performance conditions of the 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.*

| Figures in millions unless otherwise stated | United States Dollar 2019 | 2018 Restated[1] | 2017 Restated[1] |
|---|---|---|---|
| **27. TRADE AND OTHER PAYABLES** | | | |
| Trade payables | **138.1** | 60.4 | 105.4 |
| Accruals and other payables | **195.4** | 236.7 | 238.8 |
| Payroll payables | **36.8** | 44.3 | 51.7 |
| Gold, copper and foreign exchange derivative contracts[2] | **127.6** | 22.6 | 3.3 |
| Leave pay accrual | **44.7** | 43.0 | 42.5 |
| Interest payable on loans | **11.5** | 10.5 | 10.2 |
| Damang – contract termination[3] | **40.3** | – | 11.2 |
| **Total trade and other payables** | **594.4** | 417.5 | 463.1 |
| **28. CASH GENERATED BY OPERATIONS** | | | |
| Profit/(loss) from continuing operations | **174.7** | (344.8) | (20.8) |
| Mining and income taxation | **175.6** | (65.9) | 173.2 |
| Royalties | **73.7** | 62.5 | 62.0 |
| Interest expense | **132.6** | 91.8 | 91.2 |
| Interest received | **(6.6)** | (6.8) | (5.1) |
| Amortisation and depreciation | **610.0** | 668.4 | 748.1 |
| Interest expense – environmental rehabilitation | **11.7** | 11.7 | 12.1 |
| Non-cash rehabilitation expense/(income) | **13.4** | (0.9) | (13.5) |
| Interest received – environmental trust funds | **(0.7)** | (0.6) | (0.5) |
| Impairment, net of reversal of impairment of investments and assets | **9.8** | 520.3 | 200.2 |
| Write-off of exploration and evaluation assets | **30.0** | 37.7 | 51.5 |
| (Profit)/loss on disposal of assets | **(1.2)** | 51.6 | (4.0) |
| Gain on acquisition of Asanko | **–** | (51.8) | – |
| Unrealised loss/(gain) on derivative contracts | **112.6** | 36.6 | (20.7) |
| Fair value (gain)/loss on Maverix warrants | **(4.2)** | (3.8) | 0.4 |
| Profit on disposal of Maverix | **(14.6)** | (4.0) | – |
| Silicosis settlement costs | **(1.6)** | (4.5) | 30.2 |
| Share-based payments | **20.5** | 37.5 | 26.8 |
| Long-term incentive plan expense | **9.1** | 1.1 | 5.0 |
| Payment of long-term incentive plan | **–** | (17.8) | (11.5) |
| Borrowing costs capitalised | **(43.4)** | (17.5) | (22.9) |
| Share of results of equity accounted investees, net of taxation | **(4.5)** | 0.2 | (0.3) |
| Other | **5.9** | (3.0) | (14.9) |
| **Total cash generated by operations** | **1,302.8** | 998.0 | 1,286.5 |
| **29. CHANGE IN WORKING CAPITAL** | | | |
| Inventories | **(56.2)** | 0.8 | (55.1) |
| Trade and other receivables | **(5.6)** | (0.5) | (19.6) |
| Trade and other payables | **37.2** | (32.2) | (15.2) |
| **Total change in working capital** | **(24.6)** | (31.9) | (89.9) |
| **30. ROYALTIES PAID** | | | |
| Amount owing at beginning of the year | **(12.5)** | (16.3) | (19.8) |
| Royalties | **(73.7)** | (62.5) | (62.0) |
| Amount owing at end of the year | **13.9** | 12.5 | 16.3 |
| Translation | **–** | 0.8 | (0.5) |
| **Total royalties paid** | **(72.3)** | (65.5) | (66.0) |

[1] *Refer to note 42.*
[2] *Comprises US$78.3 million (2018: US$12.3 million) relating to Australian gold derivative contracts, US$12.6 million (2018: US$1.6 million) relating to gold derivative contracts at South Deep, US$36.4 million (2018: US$nil) relating to the gold derivative contracts at Ghana and US$0.3 million (2018: US$8.7 million) relating to Australian foreign exchange derivative contracts. Refer to note 38 for further details.*
[3] *Refer to note 12.2 for further details.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

| | | United States Dollar | | |
|---|---|---|---|---|
| | *Figures in millions unless otherwise stated* | **2019** | 2018 Restated[1] | 2017 Restated[1] |
| **31.** | **TAXATION PAID** | | | |
| | Amount owing at beginning of the year | **(0.9)** | (46.7) | (87.0) |
| | SA and foreign current taxation recognised in profit or loss | **(190.6)** | (145.7) | (204.7) |
| | SA and foreign current taxation recognised in OCI | **(14.7)** | – | – |
| | Amount owing at end of the year | **24.8** | 0.9 | 46.7 |
| | Translation | **(0.4)** | 0.8 | (4.4) |
| | **Total taxation paid** | **(181.8)** | (190.7) | (249.4) |
| **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 | **27.0** | 32.8 | 33.7 |
| **33.** | **LEASE LIABILITIES (2018: FINANCE LEASE LIABILITIES)** | | | |
| | Balance at beginning of the year | **88.6** | – | |
| | Leases recognised on adoption of IFRS 16 (refer to note 41) | **209.6** | – | |
| | Additions during the year (2018: Finance lease additions)[2] | **67.3** | 96.2 | |
| | Remeasurements of leases during the year[3] | **5.9** | – | |
| | Interest expense | **18.6** | 0.2 | |
| | Repayments | **(56.9)** | (2.5) | |
| | Translation adjustment | **(0.2)** | (5.3) | |
| | Balance at end of the year | **332.9** | 88.6 | |
| | Current portion of lease liability | **(45.2)** | (8.5) | |
| | Non-current portion of lease liability | **287.7** | 80.1 | |
| | Lease liabilities are payable as follows: | | | |
| | **Future minimum lease payments** | | | |
| | – within one year | **63.9** | 11.6 | |
| | – later than one and not later than five years | **178.2** | 41.5 | |
| | – later than five years | **205.3** | 58.4 | |
| | **Total** | **447.4** | 111.5 | |
| | **Interest** | | | |
| | – within one year | **18.7** | 3.1 | |
| | – later than one and not later than five years | **55.2** | 11.5 | |
| | – later than five years | **40.6** | 8.3 | |
| | **Total** | **114.5** | 22.9 | |
| | **Present value of minimum lease payments** | | | |
| | – within one year | **45.2** | 8.5 | |
| | – later than one and not later than five years | **123.0** | 30.0 | |
| | – later than five years | **164.7** | 50.1 | |
| | **Total** | **332.9** | 88.6 | |

*[1] Refer to note 42.*

*[2] The additions in 2019 relate mainly to the gas fired power plant and solar farm portion of the power purchase agreement at Agnew (2018: Power purchase agreement at Gruyere).*

*[3] The remeasurements relate mainly to leases at the Group's Australian operations that have variable payments linked to the Australian consumer price index ("CPI").*

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 |
| **34. COMMITMENTS** | | |
| **Capital expenditure** | | |
| Contracted for | **47.9** | 50.0 |
| **Operating leases[1]** | | |
| – within one year | **–** | 76.7 |
| – later than one and not later than five years | **–** | 256.5 |
| – later than five years | **–** | 324.2 |

| | 31 December 2019 | | | |
|---|---|---|---|---|
| **Lease contracts** | **Undiscounted lease liabilities[2]** | **Non-lease elements[3]** | **Fully variable lease payments[4]** | **Total** |
| – within one year | **63.9** | **98.7** | **502.3** | **664.9** |
| – later than one and not later than five years | **178.2** | **290.1** | **1,410.3** | **1,878.6** |
| – later than five years | **205.3** | **83.3** | **21.7** | **310.3** |
| | **447.4** | **472.1** | **1,934.3** | **2,853.8** |

**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$154.3 million at 31 December 2019 (2018: US$207.6 million and 2017: US$112.1 million) (refer to note 25.1).

[1] *The operating lease commitments in 2018 consisted mainly of power purchase agreements entered into at Tarkwa, Damang, Granny Smith and Gruyere. Included in these amounts were payments for non-lease elements of the arrangement.*

[2] *The undiscounted lease liabilities relate to the gross cash flows used to determine the lease liabilities in terms of IFRS 16 Leases and will not agree to the leases recognised in note 33.*

[3] *The non-lease elements are the amounts in the lease contracts that are not accounted for as part of the lease liabilities.*

[4] *These are the total commitments per lease contracts where the payments have been determined to be fully variable, as a result no lease liability has been recorded. Included in these amounts are payments for non-lease elements of the arrangement.*

[5] *Leases amounting to US$33.4 million have been entered into during 2019 but the use of the assets have not yet commenced at 31 December 2019. These relate mainly to the wind farm and battery storage portion of the power purchase agreement at Agnew.*

## 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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 35. CONTINGENT LIABILITIES (continued)

### 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.

A full bench of the High Court, Gauteng Local Division, approved the Settlement Agreement on 26 July 2019 ("Approval Order"). The Settlement Agreement and Approval Order contained two suspensive conditions, which have subsequently been fulfilled and, in accordance with the provisions of the Settlement Agreement and the Approval Order, the Settlement Agreement has become effective on 10 December 2019.

The settlement trust, known as the Tshiamiso Trust, was registered on 28 November 2019. Tshiamiso is a Setswana word meaning "to make good" or "to correct". Now that the Settlement Agreement is effective, the Tshiamiso Trust will commence its work to oversee the processing of claims and payment of benefits to eligible workers, including the undertaking of benefit medical examinations.

The GWG Parties have paid the legal costs of the claimants' attorneys, together with other initial amounts, in accordance with the provisions of the Settlement Agreement and the Approval Order. On 31 January 2020, the GWG Parties commenced the payment of their quarterly administration and benefit contributions to the Tshiamiso Trust to enable the trustees to settle benefits of eligible workers.

Further details on the establishment of the Trust and how potential beneficiaries can establish whether they might be eligible for compensation under the Trust and, if they are potentially eligible, how to go about establishing a claim, will be made in due course.

#### 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 2019, the provision for Gold Fields' share of the settlement of the class action claims and related costs amounts to US$21.2 million (R297.1 million) (2018: US$25.1 million (R367.8 million)). The nominal value of this provision is US$29.2 million (R408.4 million).

The ultimate outcome of this matter however remains uncertain, with the number of eligible workers successfully submitting claims and receiving compensation being uncertain. The provision is consequently subject to adjustment in the future.

### Acid mine drainage

Acid mine drainage ("AMD") or acid rock drainage ("ARD"), collectively called acid drainage ("AD") is formed when certain sulphide minerals in rocks are exposed to oxidising conditions (such as the presence of oxygen, combined with water). AD can occur under natural conditions or as a result of the sulphide minerals that are encountered and exposed to oxidation during mining or during storage in waste rock dumps, ore stockpiles or tailings dams. The acidic water that forms usually contains iron and other metals if they are contained in the host rock.

Gold Fields has identified incidences of AD, and the risk of potential short-term and long-term AD issues, specifically at its Cerro Corona, South Deep and Damang mines and, at currently immaterial levels, its Tarkwa and St Ives mines. The AD issues at Damang mine are confined to the Rex open pit.

## 35. CONTINGENT LIABILITIES (continued)

**Acid mine drainage** (continued)

Gold Fields commissioned additional technical studies during 2015 to 2019 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 2019 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 2020.

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 to note 25.1).

**South Deep tax dispute**

The South Deep mine ("South Deep") 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 ("the 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 allowances with a tax benefit on this amount of R785.3 million (US$53.7 million).

## 36. EVENTS AFTER THE REPORTING DATE

**Final dividend**

On 12 February 2020, Gold Fields declared a final dividend of 100 SA cents per share.

**Placing of ordinary shares**

On 12 February 2020, Gold Fields successfully completed the placing of 41,431,635 new ordinary, no par value shares with existing and new institutional investors at a price of R90.20 per share. Gross proceeds of approximately R3.7 billion (US$249.0 million) were raised through the placing. The net proceeds from the placing will be used to continue pre-development work and commence construction of the Salares Norte project.

**Salares Norte**

As reported at the end of 2019, the Environmental Impact Assessment for the project was approved on 18 December 2019, earlier than estimated in the project schedule. As a result, the updated feasibility study was presented to the Board in February 2020 and the final notice to proceed was provided by the Board.

The updated capital expenditure estimate is US$860 million (in 2020 terms). The capital expenditure is scheduled over a 33-month period commencing in April 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 36. EVENTS AFTER THE REPORTING DATE (continued)

**Sale of investment in Cardinal Resources Limited**

On 16 March 2020, Gold Fields sold its shareholding of 81,038,233 shares in Cardinal Resources Limited for a total cash consideration of A$37.1 million to Nord Gold SE.

**Hedging**

*Foreign currency hedging*

Subsequent to year-end, Salares Norte entered into Chilean Peso/US Dollar average rate forwards for a notional US$544.5 million for the period July 2020 to December 2022 at an average strike price of CLP836.45.

*Gold commodity hedging*

Subsequent to year-end, Australia entered into Asian puts for the period January 2021 to December 2021 for a notional 100,000.00 ounces of gold with a strike price of A$2,200 per ounce. Furthermore, Asian puts for the period January 2021 to December 2021 for a notional 200,000.00 ounces of gold with a strike price of A$2,100 per ounce were entered into.

**Loan advanced to mining contractor**

In February 2020, the Gold Fields Board approved an advance payment, recoverable over 36 months, of approximately US$68 million to one of the mining contractors at its operations in Ghana for the purchase of mining equipment. Of this amount approved, US$62 million was paid on 23 March 2020.

**Covid-19**

Subsequent to year-end – and at the time of finalising the financial statements – the Covid-19 (coronavirus) pandemic required Gold Fields to support government protocols and directives in countries in which we have a presence to contain the spread of the virus. Our operations introduced a wide range of measures to reduce the risk of potential infections of people at our operations and limit disruption at our mines. We are in full support of the governments' measures and our further actions going forward will be determined by the nature and extent of incidences of infections at our mines and in the countries in which we operate. In line with the directive by the South African government on 23 March 2020, South Deep has been placed on care-and-maintenance during the resultant 21-day lockdown in South Africa. Prior to that directive being announced, we had implemented other measures to manage the risk to its people and business, including international business travel restrictions, self-quarantine for people displaying flu-like symptoms and comprehensive hygiene awareness campaigns.

There is of course the possibility of further lockdowns and restrictions in the countries in which we have a presence and contingency plans are being formulated to deal with these potential eventualities. As at the date hereof, the Group has approximately US$600 million in cash and in excess of US$1.5 billion of committed, undrawn debt facilities. As a result, management believes that the Group has sufficient liquidity to withstand an interruption to our operations, but that notwithstanding, we will continue to work towards minimising the impact of Covid-19 on our mines.

We have evaluated the potential effects of these conditions assuming a three-month closure period across the Group (period used is based on periods of total lockdown experienced in China and South Korea) of operations. Gold Fields is of the view that it will be a going concern for the foreseeable future. However, this estimate is inherently uncertain as it is based on the expectations of future events, including the length of the closure period, which are currently unknown.

## 37. FINANCIAL INSTRUMENTS

**Accounting classifications and fair values**

The following tables show the carrying amounts and fair values of financial assets and financial liabilities.

| *Figures in millions unless otherwise stated* | Carrying amount | | | | | Fair value |
|---|---|---|---|---|---|---|
| | 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 |
| **2019** | | | | | | |
| **Financial assets measured at fair value** | | | | | | |
| – Environmental trust funds | **7.2** | **–** | **–** | **–** | **7.2** | **7.2** |
| – Trade receivables from provisional copper sales | **22.8** | **–** | **–** | **–** | **22.8** | **22.8** |
| – Investments | **–** | **47.9** | **–** | **–** | **47.9** | **47.9** |
| – Asanko redeemable preference shares | **–** | **95.5** | **–** | **–** | **95.5** | **95.5** |
| – Warrants | **11.7** | **–** | **–** | **–** | **11.7** | **11.7** |
| – Oil derivatives contracts (2018: Gold, copper and oil) | **1.1** | **–** | **–** | **–** | **1.1** | **1.1** |
| **Total** | **42.8** | **143.4** | **–** | **–** | **186.2** | **186.2** |
| **Financial assets not measured at fair value** | | | | | | |
| – Environmental trust funds | **–** | **–** | **62.3** | **–** | **62.3** | **62.3** |
| – Trade and other receivables | **–** | **–** | **51.4** | **–** | **51.4** | **51.4** |
| – Cash and cash equivalents | **–** | **–** | **515.0** | **–** | **515.0** | **515.0** |
| **Total** | **–** | **–** | **628.7** | **–** | **628.7** | **628.7** |
| **Financial liabilities measured at fair value** | | | | | | |
| – Gold, copper and foreign exchange derivative contracts | **127.6** | **–** | **–** | **–** | **127.6** | **127.6** |
| **Total** | **127.6** | **–** | **–** | **–** | **127.6** | **127.6** |
| **Financial liabilities not measured at fair value** | | | | | | |
| – Borrowings | **–** | **–** | **–** | **1,845.8** | **1,845.8** | **1,952.4** |
| – Trade and other payables | **–** | **–** | **–** | **385.3** | **385.3** | **385.3** |
| – Finance lease liabilities | **–** | **–** | **–** | **332.9** | **332.9** | **332.9** |
| **Total** | **–** | **–** | **–** | **2,564.0** | **2,564.0** | **2,670.6** |
| **2018 Restated**[1] | | | | | | |
| **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 |

[1] *Refer to note 42.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (continued)

**Accounting classifications and fair values** (continued)

| | 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 Restated[1]** | | | | | | |
| **Financial assets not measured at fair value** | | | | | | |
| – Environmental trust funds | – | – | 54.3 | – | 54.3 | 54.3 |
| – Trade and other receivables | – | – | 49.6 | – | 49.6 | 49.6 |
| – Cash and cash equivalents | – | – | 219.7 | – | 219.7 | 219.7 |
| **Total** | – | – | 323.6 | – | 323.6 | 323.6 |
| **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 | – | – | – | 1,906.8 | 1,906.8 | 1,897.0 |
| – Trade and other payables | – | – | – | 307.6 | 307.6 | 307.6 |
| – Finance lease liabilities | – | – | – | 88.6 | 88.6 | 88.6 |
| **Total** | – | – | – | 2,303.0 | 2,303.0 | 2,293.2 |

[1] *Refer to note 42.*

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 the applicable valuation models for each instrument type with the key inputs being forward prices, interest rates and volatilities.

**Environmental trust funds**

The environmental trust funds are measured at fair value through profit or loss or amortised cost which approximates fair value based on the nature of the fund's underlying investments.

**Borrowings**

The 2020 notes, the five-year notes and the 10-year notes are issued at a fixed interest rate. The fair values of these notes are based on listed market prices. The fair value of the remaining borrowings approximates their carrying amount, determined using the discounted cash flow method using market-related interest rates.

## 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 years ended 31 December 2019 and 2018.

The following table sets out the Group's financial assets and financial liabilities by level within the fair value hierarchy at the reporting date:

**United States Dollar**

| | **2019** | | | | 2018 Restated[1] | | | |
|---|---|---|---|---|---|---|---|---|
| *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 | **7.2** | **–** | **7.2** | **–** | 6.5 | – | 6.5 | – |
| Trade receivables from provisional copper sales | **22.8** | **–** | **22.8** | **–** | 15.3 | – | 15.3 | – |
| Investments – listed | **47.9** | **47.9** | **–** | **–** | 93.0 | 93.0 | – | – |
| Investments – unlisted | **–** | **–** | **–** | **–** | 0.1 | – | – | 0.1 |
| Asanko redeemable preference shares | **95.5** | **–** | **–** | **95.5** | 132.9 | – | – | 132.9 |
| Warrants | **11.7** | **–** | **11.7** | **–** | 9.3 | – | 9.3 | – |
| Oil derivative contracts | **1.1** | **–** | **1.1** | **–** | 4.7 | – | 4.7 | – |
| Copper derivative contracts | **–** | **–** | **–** | **–** | 1.2 | – | 1.2 | – |
| Gold derivative contracts | **–** | **–** | **–** | **–** | 2.4 | – | 2.4 | – |
| **Financial assets not measured at fair value** | | | | | | | | |
| Environmental trust funds | **62.3** | **–** | **62.3** | **–** | 54.3 | – | 54.3 | – |
| **Financial liabilities measured at fair value** | | | | | | | | |
| Foreign exchange derivative contracts | **0.3** | **–** | **0.3** | **–** | 8.7 | – | 8.7 | – |
| Gold derivative contracts | **127.3** | **–** | **127.3** | **–** | 13.9 | – | 13.9 | – |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Borrowings | **1,952.4** | **1,700.4** | **–** | **252.0** | 1,897.0 | 839.6 | – | 1,057.4 |

[1] *Refer to note 42.*

**Environmental trust funds**

The environmental trust funds are measured at fair value through profit or loss or amortised cost which approximates fair value based on the nature of the fund's underlying investments.

**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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 37. FINANCIAL INSTRUMENTS (continued)

**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 to note 17 for key inputs.

**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 and foreign exchange derivative contracts**

The fair values of these contracts are determined by using the applicable valuation models for each instrument type with the key inputs being forward prices, interest rates and volatilities.

**Borrowings**

The 2020 notes, the five-year notes and the 10-year notes are issued at a fixed interest rate. The fair values of these notes are based on listed market prices and are classified within level 1 of the fair value hierarchy. The fair value of the remaining borrowings approximates their carrying amount, determined using the discounted cash flow method using market-related interest rates and are classified within level 3 of the fair value hierarchy.

## 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. |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 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* | **2019** | 2018 Restated[1] |
| Environmental trust funds | **69.5** | 60.8 |
| Trade and other receivables[2] | **74.2** | 64.9 |
| Cash and cash equivalents | **515.0** | 219.7 |

[1] *Refer to note 42.*

[2] *Trade and other receivables above exclude VAT, import duties, prepayments, payroll receivables, derivative contracts and diesel rebates amounting to US$62.9 million (2018: US$73.7 million).*

### Expected credit loss assessment for customers

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 judgement.

### 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. Gold revenue is recognised at the same time as receipt of the cash, except in Ghana where the cash is received one day after revenue recognition. In Peru, for the sale of copper concentrate, 90% of the cash is received when the revenue is recognised and the remaining 10% cash is received at the end of the quotational period.

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 2019, the exposure to credit risk for trade receivables by geographic region was as follows:

| | United States Dollar | |
|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 Restated[1] |
| South Africa | **–** | – |
| Ghana | **0.8** | – |
| Australia | **–** | – |
| Peru | **22.8** | 15.3 |
| **Total trade receivables** | **23.6** | 15.3 |

[1] *Refer to note 42.*

### Cash and cash equivalents

The Group held cash and cash equivalents of US$515.0 million (2018: US$219.7 million).

The cash and cash equivalents are held with banks and financial institutions which are rated BBB- to AA+, based on S&P 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$69.5 million (2018: US$60.8 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.

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.

## 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 whilst 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 |
| **2019** | | | | |
| Trade and other payables | **385.3** | **–** | **–** | **385.3** |
| Gold and foreign exchange derivative contracts | **127.6** | **–** | **–** | **127.6** |
| Borrowings[1] | | | | |
| – US$ borrowings[2] | | | | |
| – Capital[3] | **685.9** | **500.0** | **500.0** | **1,685.9** |
| – Interest | **81.0** | **209.1** | **134.0** | **424.1** |
| – A$ borrowings[4] | | | | |
| – Capital | **–** | **168.5** | **–** | **168.5** |
| – Interest | **5.5** | **2.2** | **–** | **7.7** |
| Environmental rehabilitation costs[6] | **11.9** | **28.4** | **396.0** | **436.3** |
| Finance lease liabilities | **63.9** | **178.2** | **205.3** | **447.4** |
| South Deep dividend | **1.4** | **3.8** | **3.3** | **8.5** |
| **Total** | **1,362.5** | **1,090.2** | **1,238.6** | **3,691.3** |
| **2018 Restated[7]** | | | | |
| Trade and other payables | 307.6 | – | – | 307.6 |
| Gold, copper and foreign exchange derivative contracts | 22.6 | – | – | 22.6 |
| Borrowings[1] | | | | |
| – US$ borrowings[2] | | | | |
| – Capital[3] | – | 1,452.9 | – | 1,452.9 |
| – Interest | 69.3 | 53.2 | – | 122.5 |
| – A$ borrowings[4] | | | | |
| – Capital | – | 316.5 | – | 316.5 |
| – Interest | 13.8 | 19.4 | – | 33.2 |
| – Rand borrowings[5] | | | | |
| – Capital | 92.5 | 47.9 | – | 140.4 |
| – Interest | 12.1 | 1.2 | – | 13.3 |
| Environmental rehabilitation costs[6] | 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** | 543.9 | 1,970.4 | 415.7 | 2,930.0 |

1 *Spot rate: R14.00 = US$1.00 (2018: R14.63 = US$1.00).*
2 *US$ borrowings – Spot LIBOR (one month fix) rate adjusted by specific facility agreement: 1.7625% (2018: 2.50625% (one month fix)).*
3 *The capital amounts of the US$1 billion notes issue, US$500 million 5-year notes issue and the US$500 10-year notes issue in the table above represent the principal amounts to be repaid and differ from the carrying values presented in the statement of financial position due to the unwinding of transaction costs capitalised at inception.*
4 *AUD borrowings – Spot Bank Bill Swap Bid Rate ("BBSY") (one month fix) rate adjusted by specific facility agreement: 0.92% (2018: 2.02%).*
5 *ZAR borrowings – Spot JIBAR (one month fix) rate adjusted by specific facility agreement for 2018: 6.942% and bank overnight borrowing rate on uncommitted credit facilities for 2018: 8.1%.*
6 *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 to note 25.1). In South Africa and Ghana, US$69.5 million (2018: US$60.8 million) of the environmental rehabilitation costs is funded through the environmental trust funds.*
7 *Refer to note 42.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 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.

The following table summarises the (loss)/gain on financial instruments recognised in profit or loss for the derivative financial instruments entered into by Gold Fields:

| | United States Dollar | | |
|---|---|---|---|
| *Figures in millions unless otherwise stated* | **2019** | 2018 | 2017 |
| South Deep gold hedge | **(25.8)** | (3.2) | 10.9 |
| Ghana gold hedge | **(37.7)** | 22.0 | – |
| Ghana oil hedge | **2.5** | 1.5 | 8.8 |
| Peru copper hedge | **–** | 9.2 | (5.7) |
| Australia gold hedge | **(178.8)** | (4.6) | 15.3 |
| Australia oil hedge | **2.3** | 1.4 | 5.1 |
| Australia foreign currency hedge | **(7.2)** | (9.1) | – |
| Maverix warrants – gain on fair value | **4.2** | 3.8 | – |
| Gain on fair value on disposal of Maverix | **2.5** | – | – |
| | **(238.0)** | 21.0 | 34.4 |

### 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 Dollars. In addition, Gold Fields has investments and indebtedness in US Dollars, South African Rand and Australian Dollars.

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 Dollars, 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 Dollars, 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 Dollars, 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 2019. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into account.

## 38. RISK MANAGEMENT ACTIVITIES (continued)

**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 2019, the mark-to-market value on the hedges was negative A$0.4 million (US$0.3 million) (2018: A$12.3 million (US$8.7 million)) with a realised loss of A$22.3 million (US$15.5 million) (2018: A$nil (US$nil)) for the year ended 31 December 2019.

**Commodity price hedging policy**

*Gold and copper*

The market prices of gold and to a lesser extent copper have a significant effect on the results of operations of Gold Fields, the ability of Gold Fields to pay dividends and undertake capital expenditures, and the market price of Gold Fields' ordinary shares. Gold and copper prices have historically fluctuated widely and are affected by numerous industry factors over which Gold Fields does not have any control. The aggregate effect of these factors on the gold and copper price, all of which are beyond the control of Gold Fields, is impossible for Gold Fields to predict.

*Oil*

The market price of oil has a significant effect on the results of the offshore operations of Gold Fields. The offshore operations consume large quantities of diesel in the running of their mining fleets. Oil prices have historically fluctuated widely and are affected by numerous factors over which Gold Fields does not have any control.

**Commodity price hedging experience**

The Group's policy is to remain unhedged to the gold and copper 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.

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.

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.

In January 2019, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 38. RISK MANAGEMENT ACTIVITIES (continued)

In June 2019, a total of 480,000 ounces of the expected production for 2020 for the Australian region was hedged for the period January 2020 to December 2020 using cash-settled zero cost collars (270,000 ounces) and average rate forwards (210,000 ounces). The average strike prices are A$1,933 per ounce on the floor and A$2,014 on the cap. The average strike price on the forwards is A$1,957 per ounce.

At 31 December 2019, the mark-to-market value on the hedges was negative A$111.5 million (US$78.3 million) (2018: A$17.6 million (US$12.3 million)) with a realised loss of A$163.0 million (US$113.4 million) (2018: gain of A$11.2 million (US$8.4 million)) for the year ended 31 December 2019.

**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 2019, the mark-to-market valuation of the hedge was a US$nil (2018: positive of US$1.2 million), with a realised gain of US$1.2 million (2018: US$4.8 million).

**South Africa**

Between October 2018 and January 2019, South Deep entered into cash-settled average rate forwards for a total of 112,613 ounces for the period June 2019 to December 2019 at an average strike rate of R617,000 per kilogram.

In June 2019, a total of 200,000 ounces of the expected production for 2020 for South Deep was hedged for the period January 2020 to December 2020 using cash-settled zero cost collars (100,000 ounces) and average rate forwards (100,000 ounces). The average strike price is R660,000 per kilogram on the floor and R727,000 per kilogram on the cap. The average strike price is R681,400 per kilogram on the forwards.

At 31 December 2019, the mark-to-market value on the hedge was negative R176.0 million (US$12.6 million) (2018: R23.3 million (US$1.6 million) with a realised loss of R219.8 million (US$15.2 million) (2018: gain of R117.2 million (US$8.9 million) for the year ended 31 December 2019.

**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.

In June 2019, a total of 275,000 ounces of the expected production for 2020 for the Ghanaian region was hedged for the period January 2020 to December 2020 using cash-settled zero cost collars (175,000 ounces) and average rate forwards (100,000 ounces). The average strike prices are US$1,364 per ounce on the floor and US$1,449 per ounce on the cap. The average strike price on the forwards is US$1,382 per ounce.

Subsequent to 30 June 2019, 100,000 ounces of the expected production for the Ghanaian region was hedged for the period January 2020 to December 2020 using cash-settled zero cost collars. The average strike prices are US$1,400 per ounce on the floor and US$1,557 per ounce on the cap.

At 31 December 2019, the mark-to-market value on the hedge was negative US$36.4 million (2018: positive US$2.4 million) with a realised gain of US$2.3 million (2018: US$19.6 million) for the year ended 31 December 2019.

***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$61.2 per barrel. At the time of the transactions, the average Brent swap equivalent over the tenor was US$49.9 per barrel.

In June 2019, fixed price Singapore 10ppm Gasoil cash-settled swap transactions were entered into for a total of 75.0 million litres of diesel for the period January 2020 to December 2022 based on 50% of usage over the specified period. The average swap price is US$74.0 per barrel. At the time of the transactions, the average Brent swap equivalent over the tenor was US$57.4 per barrel.

At 31 December 2019, the mark-to-market value on the hedge was a positive A$1.4 million (US$1.0 million) (2018: A$2.5 million (US$1.7 million)) with a realised gain of A$4.5 million (US$3.1 million) (2018: A$6.1 million (US$4.6 million)).

## 38. RISK MANAGEMENT ACTIVITIES (continued)

**Commodity price hedging experience** (continued)

***Gold and copper*** (continued)

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.

In June 2019, fixed price ICE Gasoil cash-settled swap transactions were entered into for a total of 123.2 million litres of diesel for the period January 2020 to December 2022 based on 50 per cent of usage over the specified period. The average swap price is US$575 per metric tonne (equivalent to US$75.8 per barrel). At the time of the transactions, the average Brent swap equivalent over the tenor was US$59.2 per barrel.

At 31 December 2019, the mark-to-market value on the hedge was a positive US$0.1 million (2018: US$3.0 million) with a realised gain of US$5.4 million (2018: 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 has not designated the instruments for hedge accounting.

**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.

**Commodity price hedging sensitivity**

The tables below summarise the effect of a change in the loss on financial instruments on the Group's profit or loss in case of changes in the key inputs used to value the gold derivative contracts included in trade and other payables. The first analysis is based on the assumption that the gold forward prices have increased/decreased with all other variables held constant. The second analysis is based on the assumption that the interest rates increased/decreased with all other variables held constant.

| | United States Dollar | | | | | |
|---|---|---|---|---|---|---|
| **Sensitivity to gold forward prices** *Figures in millions unless otherwise stated* | **(Decrease)/increase in gold forward prices** | | | | | |
| | **(US$150)** | **(US$100)** | **(US$50)** | **US$50** | **US$100** | **US$150** |
| **2019** | | | | | | |
| (Increase)/decrease in loss on financial instruments | 120.8 | 85.7 | 45.4 | (48.7) | (99.4) | (151.1) |

| | United States Dollar | | | | | |
|---|---|---|---|---|---|---|
| **Sensitivity to interest rates** *Figures in millions unless otherwise stated* | **(Decrease)/increase in interest rates** | | | | | |
| | **(1.5%)** | **(1.0%)** | **(0.5%)** | **0.5%** | **1.0%** | **1.5%** |
| **2019** | | | | | | |
| (Increase)/decrease in loss on financial instruments | 5.9 | 4.0 | 2.0 | (2.1) | (4.2) | (6.3) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 38. RISK MANAGEMENT ACTIVITIES (continued)

### Equity securities price risk

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%** |
| **2019** | | | | |
| (Decrease)/increase in OCI[1] | **(4.8)** | **(2.4)** | **2.4** | **4.8** |
| **2018** | | | | |
| (Decrease)/increase in OCI[1] | (9.3) | (4.7) | 4.7 | 9.3 |

[1] *Spot rate: R14.00 = US$1.00 (2018: R14.63 = 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. Refer to note 17 for further details.

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%** |
| **2019** | | | | |
| Increase/(decrease) in OCI | **3.7** | **7.6** | **(6.7)** | **(3.4)** |
| **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** |
| **2019** | | |
| Increase/(decrease) in OCI | **4.9** | **(7.5)** |
| **2018** | | |
| Increase/(decrease) in OCI | 11.1 | (10.1) |

## 38. RISK MANAGEMENT ACTIVITIES (continued)

**Interest rate sensitivity Restated[1]**

***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 2019, Gold Fields' borrowings amounted to US$1,845.8 million (2018: US$1,906.8 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$252.0 million (2018: US$1,057.4 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$83.5 million (2018: US$600.5 million) of the total borrowings at reporting date is exposed to changes in the LIBOR rate, US$nil (2018: US$47.9) is exposed to the JIBAR rate, US$nil (2018: US$92.5 million) is exposed to the South African prime ("prime") interest rate and US$168.5 million (2018: US$316.5 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%** |
| **2019** | | | | | | |
| Sensitivity to LIBOR interest rates | **(5.1)** | **(3.4)** | **(1.7)** | **1.7** | **3.4** | **5.1** |
| Sensitivity to BBSY interest rates[2] | **(0.7)** | **(0.4)** | **(0.2)** | **0.2** | **0.4** | **0.7** |
| Sensitivity to JIBAR and prime interest rates[3] | **(0.8)** | **(0.5)** | **(0.3)** | **0.3** | **0.5** | **0.8** |
| **Change in finance expense** | **(6.6)** | **(4.3)** | **(2.2)** | **2.2** | **4.3** | **6.6** |
| **2018 Restated[1]** | | | | | | |
| Sensitivity to LIBOR interest rates | (9.8) | (6.5) | (3.3) | 3.3 | 6.5 | 9.8 |
| Sensitivity to BBSY interest rates[2] | (4.9) | (3.3) | (1.6) | 1.6 | 3.3 | 4.9 |
| Sensitivity to JIBAR and prime interest rates[3] | (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 |

*[1] Refer to note 42.*
*[2] Average rate: A$0.70 = US$1.00 (2018: A$0.75 = US$1.00).*
*[3] Average rate: R14.46 = US$1.00 (2018: R13.2 = US$1.00).*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 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 and takes into account the adoption of IFRS 16. Adjusted EBITDA is defined as profit or loss for the year adjusted for interest, taxation, amortisation and depreciation and certain other costs. For external borrowings entered into before 1 January 2019, the definition of adjusted EBITDA is as defined in the US$1,290 million term loan and revolving credit facilities agreement. For external borrowings entered into after 1 January 2019, the definition of adjusted EBITDA is as defined in the US$1,200 million term loan and revolving credit facilities agreement. Net debt (pre-IFRS 16) is defined as total borrowings less cash and cash equivalents. Net debt (post-IFRS 16) is defined as total borrowings plus lease liabilities 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 entered into before 1 January 2019 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. The bank covenants on external borrowings entered into after 1 January 2019 takes into account the adoption of IFRS 16 and require a net debt to adjusted EBITDA ratio of 3.5 or below and the ratio is measured based on amounts in United States Dollar.

| | | United States Dollar | |
|---|---|---|---|
| *Figures in millions unless otherwise stated* | Notes | **2019** | 2018 Restated[1] |
| Borrowings | 24 | **1,845.8** | 1,906.8 |
| *Less:* Cash and cash equivalents | 21 | **515.0** | 219.7 |
| Net debt (pre-IFRS 16) | | **1,330.8** | 1,687.1 |
| *Add:* Lease liability – IFRS 16 | | **332.9** | |
| Net debt (post-IFRS 16) | | **1,663.7** | |
| Adjusted EBITDA (pre-IFRS 16) | | **1,233.3** | 1,111.6 |
| *Add:* Lease payments | | **56.9** | |
| Adjusted EBITDA (post-IFRS 16) | | **1,290.2** | |
| Net debt to adjusted EBITDA (pre-IFRS 16) | | **1.08** | 1.52 |
| Net debt to adjusted EBITDA (post-IFRS 16) | | **1.29** | |
| **Reconciliation of profit/(loss) for the year to adjusted EBITDA:** | | | |
| **Profit/(loss) for the year** | | **174.7** | (344.8) |
| Mining and income taxation | | **175.6** | (65.9) |
| Royalties | | **73.7** | 62.5 |
| Finance expense | | **102.2** | 88.0 |
| Investment income | | **(7.3)** | (7.8) |
| Loss/(gain) on financial instruments | | **238.0** | (21.0) |
| Foreign exchange loss/(gain) | | **5.2** | (6.4) |
| Amortisation and depreciation | 2 | **610.0** | 668.4 |
| Share-based payments | | **20.5** | 37.5 |
| Long-term incentive plan | | **9.1** | 1.1 |
| Restructuring costs | | **0.6** | 113.9 |
| Silicosis settlement costs | | **(1.6)** | (4.5) |
| Impairment, net of reversal of impairment of investments and assets | | **9.8** | 520.3 |
| (Profit)/loss on disposal of assets | | **(1.2)** | 51.6 |
| Share of results of equity accounted investees, net of taxation | | **(3.1)** | 13.1 |
| Rehabilitation expense/(income) | 7 | **13.4** | (0.9) |
| Realised (loss)/gain on derivative contracts | | **(132.1)** | 53.8 |
| Gain on acquisition of Asanko | 15 | **–** | (51.8) |
| Lease repayments | | **(56.9)** | – |
| Other | | **2.7** | 4.5 |
| | | **1,233.3** | 1,111.6 |

[1] Refer to note 42.

## 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$21.3 million (2018: US$17.0 million) for 2019.

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 2019, the Executive Committee and non-executive directors' beneficial interest in the issued and listed stated capital of the Company was 0.1% (2018: 0.1% and 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 sub-committees 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 2019 and 2018:

| | Directors' fees US$'000 | Board fees Committee fees US$'000 | Total US$'000 |
|---|---|---|---|
| C Carolus | **215.8** | **–** | **215.8** |
| R Menell | **140.5** | **–** | **140.5** |
| Y Suleman | **70.8** | **65.7** | **136.5** |
| P Bacchus | **79.3** | **72.9** | **152.2** |
| S Reid[3] | **79.3** | **62.9** | **142.2** |
| T Goodlace | **70.8** | **35.8** | **106.6** |
| A Andani[4] | **79.3** | **46.0** | **125.3** |
| C Letton | **79.3** | **51.6** | **130.9** |
| P Mahanyele-Dabengwa[2] | **70.8** | **30.0** | **100.8** |
| **Total – 2019** | **885.9** | **364.9** | **1,250.8** |
| 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 |

[1] *Retired from the Board at end May 2018.*
[2] *Appointed to the Board in September 2018.*
[3] *Steven Reid is a director of Gold Fields Netherlands Services BV and Gold Fields Orogen Holdings (BVI) Limited. He received US$14,351 (2018: US$nil) from 1 August 2019 for duties performed on behalf of these entities.*
[4] *Alhassan Andani is a director of GF Ghana Limited and Abosso Goldfields Limited. He received US$70,021 (2018: US$141,605) for duties performed on behalf of these entities.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 40. RELATED PARTIES (continued)

### Executive Committee

The following table summarises the remuneration for executive directors and prescribed officers for the years ended 31 December 2019 and 2018 (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 | **1,226.8** | **24.2** | **913.4** | **0.1** | **1,936.5** | **–** | **4,101.0** |
| P Schmidt | **608.3** | **46.1** | **499.4** | **1.9** | **1,331.7** | **–** | **2,487.4** |
| | **1,835.1** | **70.3** | **1,412.8** | **2.0** | **3,268.2** | **–** | **6,588.4** |
| **Prescribed officers** | | | | | | | |
| L Rivera[5] | **553.5** | **58.5** | **142.6** | **241.8** | **780.9** | **–** | **1,777.3** |
| A Baku[6] | **839.7** | **193.1** | **533.3** | **103.8** | **1,573.1** | **–** | **3,243.0** |
| R Butcher | **363.4** | **36.3** | **218.0** | **–** | **501.1** | **–** | **1,118.8** |
| N Chohan | **352.8** | **24.2** | **242.0** | **1.6** | **649.7** | **–** | **1,270.3** |
| B Mattison[7] | **441.4** | **24.2** | **298.6** | **–** | **969.8** | **–** | **1,734.0** |
| T Harmse | **354.3** | **25.1** | **243.5** | **5.4** | **680.5** | **–** | **1,308.8** |
| A Nagaser | **234.2** | **24.6** | **160.1** | **1.9** | **405.2** | **–** | **826.0** |
| S Mathews[8] | **472.1** | **54.5** | **311.6** | **7.3** | **697.0** | **–** | **1,542.5** |
| M Preece | **514.3** | **25.1** | **271.8** | **–** | **362.7** | **–** | **1,173.9** |
| R Bardien[9] | **285.0** | **24.2** | **116.9** | **–** | **268.4** | **–** | **694.5** |
| | **4,410.7** | **489.8** | **2,538.4** | **361.8** | **6,888.4** | **–** | **14,689.1** |
| **Total – 2019** | **6,245.8** | **560.1** | **3,951.2** | **363.8** | **10,156.6** | **–** | **21,277.5** |
| **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 |

1 *The total US$ amounts paid for 2019, and included in salary, were as follows: NJ Holland US$416,670 (2018: US$406,700), P Schmidt US$127,190 (2018: US$124,150) and B Mattison US$90,370 (2018:US$88,217).*
2 *The annual bonuses for the year ended 31 December 2018 and 31 December 2019 were paid in February 2019 and February 2020, respectively.*
3 *Other payments include business related reimbursements 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. For 2019, it relates to cash incentive and settlements including the legislated bonus portion for 2018 and the advance payment portion of estimated utilities.*
6 *Other payments for 2018 relate to a profit share bonus payment and for 2019 leave encashment.*
7 *Other payments for 2018 relate to a service award.*
8 *Other payments for 2018 and 2019 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. The 2019 cash incentive amount does not include 40% (US$77,955) of the 2019 bonus due, which was deferred into restricted shares committed towards minimum shareholding obligations.*

## 41. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group applied IFRS 16 *Leases* from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

**IFRS 16 *Leases***

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

On transition to IFRS 16, the Group elected to recognise the right-of-use assets at an amount equal to the lease liability at 1 January 2019 and applied the following practical expedients:

- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at 1 January 2019; and
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

The Group has elected not to apply the practical expedient to grandfather the assessment of which transactions are leases and applied IFRS 16 to all contracts.

***Leases classified as operating leases under IAS 17***

Previously, the Group classified the following leases as operating leases under IAS 17:

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.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

***Leases classified as finance leases under IAS 17***

Previously, the Group classified the PPA at Gruyere as a finance lease under IAS 17 (refer to note 33 for further details).

For this finance lease, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 41. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

**IFRS 16 *Leases*** (continued)

***Impact on transition***

On transition to IFRS 16, the Group recognised additional right-of-use assets and lease liabilities amounting to US$209.6 million.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the followings discount rates at 1 January 2019:

| | Discount rate |
|---|---|
| Australia | **3.46% – 6.39%** |
| Ghana | **6.83% – 7.68%** |
| South Africa | **9.84%** |
| Peru | **4.50% – 4.76%** |
| Corporate and other | **4.0% – 10.25%** |

Reconciliation of operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

| | US$'million |
|---|---|
| Operating lease commitments at 31 December 2018 as disclosed under IAS 17[1] | **657.4** |
| Reconciled as follows: | |
| Discounting | **(91.0)** |
| Non-lease elements | **(356.8)** |
| **Lease liability recognised at 1 January 2019** | **209.6** |

[1] *The operating lease commitments in 2018 consisted mainly of power purchase agreements entered into at Tarkwa, Damang, Granny Smith and Gruyere. Included in these amounts were payments for non-lease elements of the arrangement. Refer to note 33.*

**IFRS 15 *Revenue from contracts with customers***

The Group applied IFRS 15 from 1 January 2018.

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.

**IFRS 9 *Financial instruments***

The Group applied IFRS 9 from 1 January 2018.

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.

## 42. CORRECTION OF ERROR RELATING TO YEAR-END CUT-OFF

During the Group's most recent financial year, management identified that transactions between cost close (the date the general ledger was closed for reporting purposes) and calendar year-end had not been recorded. This resulted in restatements to a number of financial statement captions within the statements of financial position and statements of cash flows. The error has been corrected by restating each of the affected financial statement line items for prior periods. All unaffected financial statement line items, in the table below, have been grouped together as "other".

No adjustments were made to the consolidated income statement, statement of changes in equity and statement of comprehensive income. There was no impact on the Group's basic, headline or diluted earnings per share for the year ended 31 December 2018 and 2017. The following tables summarise the impact on the Group's consolidated financial statements.

### (a) Consolidated statement of financial position

United States Dollar

| | 31 December 2018 | | | 1 January 2018 | | |
|---|---|---|---|---|---|---|
| | As previously reported | Adjustments | As restated | As previously reported | Adjustments | As restated |
| Cash and cash equivalents | 399.7 | (180.0) | 219.7 | 479.0 | (85.2) | 393.8 |
| Trade and other receivables | 153.2 | (14.6) | 138.6 | 201.9 | (30.1) | 171.8 |
| Other | 5,551.4 | – | 5,551.4 | 5,939.2 | – | 5,939.2 |
| **Total assets** | 6,104.3 | (194.6) | 5,909.7 | 6,620.1 | (115.3) | 6,504.8 |
| Borrowings | 1,925.3 | (111.0) | 1,814.3 | 1,587.9 | – | 1,587.9 |
| Current portion of borrowings | 86.3 | 6.2 | 92.5 | 193.6 | 0.9 | 194.5 |
| Trade and other payables | 503.0 | (85.5) | 417.5 | 548.5 | (85.4) | 463.1 |
| Taxation payable | 5.2 | (4.3) | 0.9 | 77.5 | (30.8) | 46.7 |
| Other | 877.6 | – | 877.6 | 809.6 | – | 809.6 |
| **Total liabilities** | 3,397.4 | (194.6) | 3,202.8 | 3,217.1 | (115.3) | 3,101.8 |
| **Total equity** | 2,706.9 | – | 2,706.9 | 3,403.0 | – | 3,403.0 |
| Net debt | 1,611.9 | 75.2 | 1,687.1 | 1,302.5 | 86.1 | 1,388.6 |
| Adjusted EBITDA | 1,111.6 | – | 1,111.6 | 1,263.7 | – | 1,263.7 |
| **Net debt to adjusted EBITDA** | 1.45 | | 1.52 | 1.03 | | 1.10 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 42. CORRECTION OF ERROR RELATING TO YEAR END CUT-OFF (continued)

### (b) Consolidated statement of cash flows

United States Dollar

| | 31 December 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | As previously reported | Adjustments | As restated | As previously reported | Adjustments | As restated |
| Change in working capital | (16.3) | (15.6) | (31.9) | (69.4) | (20.5) | (89.9) |
| Taxation paid | (217.2) | 26.5 | (190.7) | (239.5) | (9.9) | (249.4) |
| Other | 791.3 | – | 791.3 | 1,071.3 | – | 1,071.3 |
| **Cash flows from operating activities** | 557.8 | 10.9 | 568.7 | 762.4 | (30.4) | 732.0 |
| **Cash flows from investing activities** | (886.8) | – | (886.8) | (908.6) | – | (908.6) |
| Loans raised | 691.7 | (1.7) | 690.0 | 779.7 | 7.9 | 787.6 |
| Loans repaid | (431.9) | (104.0) | (535.9) | (695.5) | (7.0) | (702.5) |
| Other | (2.5) | – | (2.5) | – | – | – |
| **Cash flows from financing activities** | 257.3 | (105.7) | 151.6 | 84.2 | 0.9 | 85.1 |
| Net cash utilised | (71.7) | (94.8) | (166.5) | (62.0) | (29.5) | (91.5) |
| Effect of exchange rate fluctuation on cash held | (7.6) | – | (7.6) | 14.3 | – | 14.3 |
| Cash and cash equivalents at beginning of the year | 479.0 | (85.2) | 393.8 | 526.7 | (55.7) | 471.0 |
| **Cash and cash equivalents at end of the year** | 399.7 | (180.0) | 219.7 | 479.0 | (85.2) | 393.8 |

## 43. 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 | Granny Smith | Gruyere | Total Australia | Corporate and other[3] | Group including Asanko | Group excluding Asanko |
| **INCOME STATEMENT for the year ended 31 December 2019** | | | | | | | | | | | | | | |
| Revenue | **314.8** | 720.4 | 288.3 | 153.3 | **1,162.0** | **399.0**[7] | 505.0 | 304.6 | 383.8 | 51.2 | **1,244.6** | – | **3,120.4** | **2,967.1** |
| Cost of sales | **(275.1)** | (497.2) | (195.5) | (133.4) | **(826.1)** | **(255.0)** | (333.8) | (224.9) | (212.7) | (28.2) | **(799.7)** | (10.9) | **(2,166.9)** | **(2,033.5)** |
| Cost of sales before gold inventory change and amortisation and depreciation | **(245.9)** | (329.8) | (150.4) | (88.7) | **(568.9)** | **(168.4)** | (231.3) | (164.6) | (157.0) | (19.1) | **(572.1)** | 0.1 | **(1,555.2)** | **(1,466.5)** |
| Gold inventory change | **3.7** | 14.4 | 8.8 | (1.7) | **21.5** | **6.0** | 2.5 | 2.6 | (0.3) | 5.4 | **10.2** | 0.0 | **41.3** | **43.0** |
| Amortisation and depreciation | **(32.9)** | (181.8) | (53.9) | (43.0) | **(278.7)** | **(92.6)** | (105.0) | (62.9) | (55.4) | (14.5) | **(237.8)** | (11.0) | **(653.0)** | **(610.0)** |
| Other costs | **(3.0)** | (12.8) | (14.3) | (8.0) | **(35.1)** | **(4.7)** | (5.4) | (0.4) | (7.9) | (0.4) | **(14.1)** | (20.8)[4] | **(77.7)** | **(69.7)** |
| Investment income | **1.0** | 10.1 | – | – | **10.1** | **–** | 0.4 | 0.3 | 0.3 | – | **1.0** | (4.8) | **7.3** | **7.3** |
| Finance expense | **(6.6)** | (12.9) | (14.3) | – | **(27.2)** | **(7.0)** | (2.7) | (2.1) | (2.7) | (3.2) | **(10.7)** | (50.7) | **(102.2)** | **(102.2)** |
| Loss on financial instruments | **(25.8)** | (23.8) | (11.3) | – | **(35.1)** | **–** | (49.3) | (28.7) | (39.3) | (8.5) | **(125.8)** | (51.3) | **(238.0)** | **(238.0)** |
| Share-based payments | **0.8** | (3.4) | (1.8) | – | **(5.2)** | **(1.1)** | (1.7) | (1.2) | (1.3) | (0.3) | **(4.5)** | (10.5) | **(20.5)** | **(20.5)** |
| Long-term incentive plan | **(1.0)** | (0.7) | (0.3) | – | **(1.0)** | **(0.4)** | (0.5) | (0.4) | (0.4) | (0.1) | **(1.4)** | (5.3) | **(9.1)** | **(9.1)** |
| Exploration expense | **–** | – | – | – | **–** | **(4.4)** | (10.0) | (2.8) | (17.0) | (0.2) | **(30.0)** | (50.0) | **(84.4)** | **(84.4)** |
| Profit on disposal of Maverix Metals Incorporated | **–** | – | – | – | **–** | **–** | – | – | – | – | **–** | 14.6 | **14.6** | **14.6** |
| Restructuring costs | **(0.3)** | (0.3) | – | – | **(0.3)** | **–** | – | – | – | – | **–** | – | **(0.6)** | **(0.6)** |
| Silicosis settlement costs | **–** | – | – | – | **–** | **–** | – | – | – | – | **–** | 1.6 | **1.6** | **1.6** |
| Impairment and reversal of impairment of investments and assets, net | **–** | – | – | – | **–** | **(0.2)** | – | – | – | – | **–** | (9.6) | **(9.8)** | **(9.8)** |
| Profit/(loss) on disposal of assets | **0.7** | 0.2 | 0.1 | – | **0.3** | **–** | (0.4) | 0.3 | 0.3 | – | **0.2** | – | **1.2** | **1.2** |
| Royalties | **(1.6)** | (25.8) | (10.3) | (7.7) | **(43.8)** | **(5.5)** | –[5] | –[5] | –[5] | –[5] | **(30.5)** | – | **(81.4)** | **(73.7)** |
| Mining and income tax | **3.4** | (52.4) | (15.1) | 0.2 | **(67.3)** | **(37.6)** | –[5] | –[5] | –[5] | –[5] | **(69.9)** | (4.0) | **(175.4)** | **(175.6)** |
| Current taxation | **–** | (72.5) | – | – | **(72.5)** | **(56.3)** | –[5] | –[5] | –[5] | –[5] | **(55.7)** | (6.1) | **(190.6)** | **(190.6)** |
| Deferred taxation | **3.4** | 20.1 | (15.1) | 0.2 | **5.2** | **18.7** | –[5] | –[5] | –[5] | –[5] | **(14.2)** | 2.1 | **15.2** | **15.0** |
| **Profit/(loss) for the year** | **7.2** | 101.3 | 25.5 | 4.3 | **131.1** | **83.1** | –[5] | –[5] | –[5] | –[5] | **159.3** | (201.7) | **179.1** | **174.7** |
| **Profit/(loss) attributable to:** | | | | | | | | | | | | | | |
| – Owners of the parent | **7.2** | 91.2 | 22.9 | 4.3 | **118.4** | **82.7** | –[5] | –[5] | –[5] | –[5] | **159.3** | (201.7) | **166.0** | **161.6** |
| – Non-controlling interest holders | **–** | 10.1 | 2.6 | – | **12.7** | **0.4** | –[5] | –[5] | –[5] | –[5] | **–** | – | **13.1** | **13.1** |
| **STATEMENT OF FINANCIAL POSITION at 31 December 2019** | | | | | | | | | | | | | | |
| Total assets (excluding deferred taxation) | **875.0** | 1,773.8 | 440.5 | –[2] | **2,214.3** | **744.4** | 792.7 | 567.0 | 419.2 | 650.4 | **2,429.3** | 32.8 | **6,295.8** | **6,295.8** |
| Total liabilities (excluding deferred taxation) | **1,357.9** | 276.9 | 361.6 | –[2] | **638.5** | **232.1** | 160.1 | 114.9 | 122.0 | 600.8 | **997.8** | (7.3) | **3,219.0** | **3,219.0** |
| Net deferred taxation (assets)/liabilities | **(201.0)** | 241.6 | (0.1) | –[2] | **241.5** | **66.4** | –[5] | –[5] | –[5] | –[5] | **114.7** | (53.4) | **168.1** | **168.1** |
| **Capital expenditure[6]** | **33.1** | 125.5 | 76.3 | 26.8 | **228.6** | **56.1** | 98.3 | 76.1 | 72.2 | 72.1 | **318.7** | 2.8 | **639.3** | **612.5** |

*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, Damang and Asanko mines, in Australia, St Ives, Agnew, Granny Smith and Gruyere and in Peru, the Cerro Corona mine. The Group also has exploration interests which are included in the "Corporate and other" segment. Refer to accounting policies on segment reporting on page 151.*

*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 to 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's income statement is proportionately consolidated in the Ghana segment. Equity accounted joint venture carried at US$89.9 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 of South Deep.*
4. *Other costs "Corporate and other" comprise share of profit of equity accounted investees, net of taxation of US$3.1 million, loss on buy-back of US$1 billion notes of US$5.0 million and the balance of US$18.9 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 2019.*
7. *Includes revenue from the sale of copper amounting to US$165.1 million.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 43. SEGMENT REPORT (continued)

### 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 | 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 – Restated[8]** | | | | | | | | | | | | | | |
| Total assets (excluding deferred taxation) | 807.6 | 1,530.6 | 159.2 | –[2] | 1,689.8 | 707.0 | 702.4 | 492.6 | 306.7 | 1,501.7 | 127.2 | 806.9 | 5,640.2 | 5,640.2 |
| Total liabilities (excluding deferred taxation) | 1,272.7 | 116.4 | 122.7 | –[2] | 239.1 | 209.9 | 135.2 | 66.5 | 75.1 | 276.8 | 101.6 | 647.8 | 2,747.9 | 2,747.9 |
| 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, Granny Smith and Gruyere Gold project and in Peru, the Cerro Corona mine. Whilst the Gruyere Gold project does not meet the quantitative criteria for disclosure as a separate segment, it is expected to become a significant contributor to the Group's performance in future years as the project is being developed. The Group also has exploration interests which are included in the "Corporate and other" segment. Refer to accounting policies on segment reporting on page 151.*

*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 to 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's income statement 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 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.*
8 *Refer to note 42 for further details.*

## 43. 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 | 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) | **(49.6)** | (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 – Restated[7]** | | | | | | | | | | | | | | | |
| Total assets (excluding deferred taxation) | **1,208.3** | 1,709.4 | 177.0 | **1,886.4** | **774.0** | 693.7 | 500.0 | 392.0 | **1,585.7** | 34.9 | 943,5 | **6,432.8** | – | **–** | **6,432.8** |
| Total liabilities (excluding deferred taxation) | **1,339.9** | 176.5 | 122.1 | **298.6** | **188.7** | 138.2 | 71.5 | 78.1 | **287.8** | 32.9 | 500.0 | **2,647.9** | – | **–** | **2,647.9** |
| Net deferred taxation (assets)/liabilities | **(47.6)** | 283.1 | (3.1) | **280.0** | **80.8** | –[4] | –[4] | –[4] | **82.8** | –[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, Granny Smith and Gruyere Gold project and in Peru, the Cerro Corona mine. Whilst the Gruyere Gold project does not meet the quantitative criteria for disclosure as a separate segment, it is expected to become a significant contributor to the Group's performance in future years as the project is being developed. The Group also has exploration interests which are included in the "Corporate and other" segment. Refer to accounting policies on segment reporting on page 151.*

*The Group's discontinued operation is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held in Australia.*

*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 to 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.*
7. *Refer to note 42 for further details.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

## 44. MAJOR GROUP INVESTMENTS – DIRECT AND INDIRECT

| | Notes | Shares held 2019 | Shares held 2018 | Group beneficial interest 2019 % | Group beneficial interest 2018 % |
|---|---|---|---|---|---|
| **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 2019 amounts to US$7.9 million (2018: US$5.2 million). No dividends were paid to non-controlling interest during 2019 or 2018. Refer to the segment reporting, note 43, 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 2019 amounts to US$125.5 million (2018: US$115.3 million). A dividend of US$2.0 million was advanced to non-controlling interest during 2019 (2018: US$9.2 million). Refer to the segment reporting, note 43, 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 2019 amounts to US$2.1 million (2018: US$1.9 million). A dividend of US$0.2 million was paid to non-controlling interest during 2019 (2018: US$0.6 million). Refer to the segment reporting, note 43, 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. .*

## 44. MAJOR GROUP INVESTMENTS – DIRECT AND INDIRECT (continued)

| | Shares held | | Group beneficial interest | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019 %** | 2018 % |
| **Other**[1] | | | | |
| ***Listed associates*** | | | | |
| Maverix Metals Incorporated (“Maverix”)[2] | **–** | 42,850,000 | **–** | 19.9 |
| 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** | 450,000,000 | **45.0** | 45.0 |
| Adansi Gold Company Limited | **100,000** | 100,000 | **50.0** | 50.0 |
| Shika Group Finance Limited | **10,000** | 10,000 | **50.0** | 50.0 |
| ***Listed equity investments*** | | | | |
| Asanko Gold Inc. | **22,354,657** | 22,354,657 | **9.9** | 9.9 |
| Bezant Resources PLC | **17,945,922** | 17,945,922 | **1.8** | 1.8 |
| Cardinal Resources Limited[3] | **81,038,233** | 42,818,182 | **16.4** | 11.3 |
| Cardinal Resources Limited (Options)[4] | **–** | 38,220,051 | **–** | 25.8 |
| RareX Limited | **710,592** | 17,764,783 | **0.2** | 0.5 |
| Consolidated Woodjam Copper Corporation[3] | **16,115,740** | 16,115,740 | **19.9** | 19.9 |
| Gold Road Resources Limited[5] | **–** | 87,117,909 | **–** | 9.9 |
| Hummingbird Resources PLC[5] | **–** | 21,258,503 | **–** | 6.0 |
| Lefroy Exploration Limited[3] | **18,214,535** | 14,764,535 | **18.4** | 18.2 |
| Magmatic Resources Limited | **19,200,000** | 17,600,000 | **12.5** | 15.0 |
| Orsu Metals Corp | **2,613,491** | 2,613,491 | **6.2** | 7.2 |
| Red 5 Limited[5] | **–** | 246,875,821 | **–** | 19.9 |
| Chakana Copper Corp[3] | **15,686,275** | – | **16.8** | – |

1 *Only major investments are listed individually.*
2 *Maverix was disposed of during 2019, refer to note 16.1 c.*
3 *An assessment has been performed and the Group does not have significant influence.*
4 *The Cardinal Resources Limited options were converted to shares in 2019.*
5 *Disposed of during 2019.*

# OPERATING AND FINANCIAL INFORMATION BY MINE (UNAUDITED)

for the year ended 31 December 2019

## 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) |
| 2019 | 1,666,000 | 4.1 | 6,907 | 222 | 1,259 | 104.4 | 7.2 |
| **Total** | **23,521,000** | **4.2** | **98,780** | **3,176** | | | |

*# 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

| | 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 |
| 2019 | 13,749,000 | 1.2 | 16,146 | 519 | 958 | 101.3 |
| **Total** | **360,329,600** | **1.1** | **392,798** | **12,629** | | |

*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.*

| | 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) |
| 2019 | 4,645,000 | 1.4 | 6,482 | 208 | 1,147 | 25.5 |
| **Total** | **84,144,000** | **1.4** | **115,137** | **3,701** | | |

# *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. Up to 2014, cash cost was the key metric.*

| | Asanko mine# – 45% | | | | | |
|---|---|---|---|---|---|---|
| | | | Gold produced | | | Net earnings (before minorities) |
| | Tonnes treated | Yield g/tonne | Kilograms | '000 ounces | All-in costs** US$/oz | US$ million |
| **Year to 31 December** | | | | | | |
| 2018* | 944,000 | 1.5 | 1,400 | 45 | 1,175 | (1.1) |
| 2019* | 2,474,000 | 1.4 | 3,513 | 113 | 1,214 | 4.3 |
| **Total** | **3,418,000** | **1.4** | **4,913** | **158** | | |

# *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. Up to 2014, cash cost was the key metric.*

# OPERATING AND FINANCIAL INFORMATION BY MINE (continued)

for the year ended 31 December 2019

## AUSTRALIA REGION

| | St Ives mine | | | | | |
|---|---|---|---|---|---|---|
| | | | Gold produced | | | |
| | Tonnes treated | Yield g/tonne | Kilograms | '000 ounces | All-in costs** US$/oz | All-in costs** A$/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 |
| 2019 | 4,466,000 | 2.6 | 11,527 | 371 | 963 | 1,385 |
| **Total** | **103,934,000** | **2.4** | **246,721** | **7,932** | | |

*# 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$/oz | All-in costs** A$/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 |
| 2019 | 1,231,000 | 5.5 | 6,824 | 219 | 1,152 | 1,656 |
| **Total** | **20,762,000** | **5.6** | **116,267** | **3,738** | | |

*# 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$/oz | All-in costs** A$/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$/oz | All-in costs** A$/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 |
| 2019 | 1,753,000 | 4.9 | 8,547 | 275 | 922 | 1,325 |
| **Total** | **9,956,000** | **5.6** | **56,218** | **1,807** | | |

*** 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.*

| | Gruyere mine# – 50% | | | | | |
|---|---|---|---|---|---|---|
| | Gold produced | | | | | Net earnings (before minorities) |
| | Tonnes treated | Yield g/tonne | Kilograms | '000 ounces | All-in costs** US$/oz | All-in costs** A$/oz |
| **Year to 31 December** | | | | | | |
| 2019 | 1,639,000 | 0.9 | 1,541 | 50 | 2,900 | 4,170 |
| **Total** | **1,639,000** | **0.9** | **1,541** | **50** | | |

*# The Gruyere project was successfully completed during 2019, with first gold produced in June 2019. Commercial levels of production were achieved at the end of September 2019.*
*** 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 2019

| | Australian region | |
|---|---|---|
| | 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 | 204.3 | 266.8 |
| 2018 | 190.2 | 254.5 |
| 2019 | 159.3 | 229.0 |
| **Total** | **1,693.4** | **2,200.6** |

*# F2002 – For the seven months ended 30 June 2002, since acquisition.*

## SOUTH AMERICA REGION

| | Cerro Corona – total managed | | | | | |
|---|---|---|---|---|---|---|
| | Gold produced | | | | | |
| | Tonnes treated | Yield g/tonne | Kilograms | ’000 ounces | All-in costs** US$/eq oz | Net earnings (before minorities) US$ 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 |
| 2019 | 6,718,000 | 1.4 | 9,104 | 293 | 810 | 83.1 |
| **Total** | **74,109,000** | **1.5** | **113,846** | **3,660** | | |

*# 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: 27 December 2019**
**Issued Share Capital: 828,632,707 shares**

| | Number of shareholders | % | Number of shares | % |
|---|---|---|---|---|
| **SHAREHOLDER SPREAD** | | | | |
| 1 – 1,000 shares | 10,598 | 85.39 | 1,302,861 | 0.16 |
| 1,001 – 10,000 shares | 1,084 | 8.73 | 3,578,340 | 0.43 |
| 10,001 – 100,000 shares | 461 | 3.71 | 16,456,026 | 1.99 |
| 100,001 – 1,000,000 shares | 205 | 1.65 | 70,611,434 | 8.52 |
| Over 1,000,000 shares | 64 | 0.52 | 736,684,046 | 88.90 |
| **Total** | 12,412 | 100.00 | 828,632,707 | 100.00 |
| **DISTRIBUTION OF SHAREHOLDERS** | | | | |
| American depositary receipts | 2 | 0.02 | 416,402,091 | 50.25 |
| Banks | 210 | 1.69 | 156,109,165 | 18.84 |
| Brokers | 93 | 0.75 | 40,300,156 | 4.86 |
| Close corporations | 79 | 0.64 | 107,312 | 0.01 |
| Control account | 1 | 0.01 | 899,869 | 0.11 |
| Endowment funds | 20 | 0.16 | 215,740 | 0.03 |
| Individuals | 10,742 | 86.55 | 5,679,055 | 0.69 |
| Insurance companies | 17 | 0.14 | 8,748,294 | 1.06 |
| Investment companies | 6 | 0.05 | 4,121,306 | 0.50 |
| Medical aid schemes | 8 | 0.06 | 34,177 | 0.00 |
| Mutual funds | 412 | 3.32 | 90,601,786 | 10.93 |
| Nominees and trusts | 414 | 3.34 | 20,144,374 | 2.43 |
| Other corporations | 34 | 0.27 | 305,159 | 0.04 |
| Own holdings | 4 | 0.03 | 2,611,955 | 0.32 |
| Pension funds | 182 | 1.47 | 68,147,223 | 8.22 |
| Private companies | 181 | 1.46 | 669,971 | 0.08 |
| Public companies | 6 | 0.05 | 9,680 | 0.00 |
| Share trust | 1 | 0.01 | 13,525,394 | 1.63 |
| **Total** | 12,412 | 100 | 828,632,707 | 100 |
| **PUBLIC/NON-PUBLIC SHAREHOLDERS** | | | | |
| Non-public shareholders | 8 | 0.06 | 17,008,388 | 2.05 |
| Directors of the company | 3 | 0.02 | 895,402 | 0.11 |
| Share trust | 1 | 0.01 | 13,525,394 | 1.63 |
| Own holdings | 4 | 0.03 | 2,587,592 | 0.31 |
| Public shareholders | 12,404 | 99.94 | 811,624,319 | 97.95 |
| **Total** | 12,412 | 100.00 | 828,632,707 | 100.000 |

# SHAREHOLDERS' INFORMATION (continued)

| Beneficial shareholders holding of 3% or more | Number of shares | % |
|---|---|---|
| Government Employees Pension Fund | 53,726,997 | 6.48 |
| VanEck Vectors Gold Miners ETF | 52,395,279 | 6.32 |
| VanEck Vectors Junior Gold Miners ETF | 35,977,896 | 4.34 |
| Vanguard Selected Value Fund | 24,875,100 | 3.00 |
| **Total** | 166,975,272 | 20.15 |

| Fund managers holding of 3% or more | Number of shares | % |
|---|---|---|
| VanEck Global | 91,615,137 | 11.06 |
| Public Investment Corporation | 52,524,228 | 6.34 |
| Dimensional Fund Advisors | 45,925,266 | 5.54 |
| BlackRock Investment Mgt – Index | 35,406,407 | 4.27 |
| Donald Smith & Co | 34,060,873 | 4.11 |
| Vanguard Group | 29,148,313 | 3.52 |
| **Total** | 288,680,224 | 34.84 |

| Foreign custodian holding of 3% or more | Number of shares | % |
|---|---|---|
| State Street Bank And Trust | 72,481,742 | 8.75 |
| JPMorgan Chase Bank, National Association | 63,312,886 | 7.64 |
| The Bank of New York Mellon | 26,057,239 | 3.14 |
| **Total** | 161,851,867 | 19.53 |

# 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 Quality 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, i.e. 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<br>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<br>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<br>Regional EVPs are those members of the Executive Committee who are heads of their respective regions, namely South Africa, West Africa, Americas and Australia<br>LTIP – Long-Term Incentive Plan<br>LTI – Long-Term Incentive<br>MSR – Minimum Shareholding Requirements<br>STI – Short Term Incentive Plan<br>RemCo – Remuneration Committee<br>BSC – Balance Scorecard<br>GRP – Gross Remuneration Package<br>BRP – Base Rate of Pay<br>MSR – Minimum Shareholding Requirement<br>RexCo – Regional Executive Committee<br>EVP – Executive Vice President<br>ROE – Rate of exchange<br>CEO – Chief Executive Officer<br>CFO – Chief Financial Officer<br>TSR – Absolute and Relative Total Shareholder Return<br>FCFM – Free Cash-Flow Margin<br>ExCo – Executive Committee<br>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
- **International Council on Mining and Metals ("ICMM")** – 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
- **Dow Jones Sustainability Indices ("DJSI")** – are a family of benchmarks for investors who have recognised that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. www.robecosam.com/csa/indices/djsi-index-family.html
- **Johannesburg Stock Exchange ("JSE")** – was formed in 1887. It offers five financial markets: Equities, Bonds, Financial, Commodity and Interest Rate Derivatives. web.jse.co.za

## 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.
- A **Serious Injury** is an injury that incurs 14 or more days lost and results in:
  - A fracture of any bone (excluding hairline fractures and fractures of fingers, toes or nose);
  - Internal haemorrhage;
  - Head trauma (including concussion, loss of consciousness) requiring hospitalisation;
  - Loss of all or part of a limb (excluding bone dressing to facilitate medical treatment of injured fingers and toes);
  - Permanent loss of function and/or permanent disability such as hearing loss or damage to lung function;
  - Permanent disfigurement where the injury has resulted in the appearance of a person being deeply and persistently harmed medically and that is likely to lead to psychosocial problems
- A **Serious Potential Incident ("SPI")** is any workplace related incident that has the potential for the maximum credible outcome to result in:
  - a Fatality, or
  - is Reportable to the Regulator, or
  - is a Serious Injury, or
  - a Chronic Illness.
- **Duration Rate** is the average days lost per LTI. Duration Rate = Days Lost / Number of Lost Time Injuries.
- **Severity Rate** is a measure of the severity of LTIs. Severity Rate = (Days lost to LTIs) * 1,000,000/hours worked
- **Safety Engagement Rate ("SER")** is the number of safety engagements per 1,000 hours worked. Safety engagements are defined by each region and include defined safety conversations between a leader and a worker or a group of workers in the workplace and observation and testing in the field of a system or process designed to prevent fatalities.
- **OHSAS 18001** is 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.
- **ISO 45001** is an international standard for occupational health and safety management systems. It is replacing OHSAS 18001 over the period 2018-2021.
- **Noise-Induced Hearing Loss ("NIHL")** is a disorder that results from exposure to high-intensity sound, especially over a long period of time.
- **Diesel particulate matter ("DPM")** is a complex mixture of solids and liquids. The particles in diesel exhaust are of special concern because, due to their respirable size, they can penetrate deep into human lungs. The composition of DPM includes many species that are known for their adverse health effects, including several carcinogens. There is no global consensus on diesel particulate exposure regulations.
- **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** is an international voluntary standard for environmental management systems. This is one standard in the ISO 14000 series of international standards on environmental management.
- **ISO 50001** is an international standard for energy management systems.

- **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.

# ADMINISTRATION AND CORPORATE INFORMATION

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Calls outside the United Kingdom will be charged at the applicable international rate.
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