Nick Holland – CEO

Thank you very much. Good afternoon everybody, or good morning depending where you are in the world today. Thank you for joining us to discuss Gold Fields' results for the quarter and year ended 31 December 2015. With me today are our CFO, Paul Schmidt, Nico Muller, the EVP for the SA region, Avishkar Nagaser, Head of Investor Relations, and Taryn Harmse, group General Counsel.

2015 was another challenging year for the gold industry with the US Dollar gold price peaking at around $1,300 an ounce in January and then falling to around $1,250 through the course of the year to close the year at around $1,050 per ounce.

For Gold Fields however, weakening commodity currencies provided some offset to the weaker US Dollar gold price. Together with ongoing cost saving initiatives and efficiency improvements the group generated net cash flow of $123 million for the year. This performance driven by our strong international portfolio has enabled Gold Fields to meet its commitments in paying dividends and improving the balance sheet.

At South Deep good progress has been made on getting the basics right with early encouraging indicators emerging in the second half of 2015.

First looking at the fourth quarter, total Group production was 566,000 ounces which was 2% up on the previous quarter. All-in costs and all-in sustaining costs were $929 an ounce sustaining, $942 an ounce all-in cost. Despite a further reduction in the average gold price to $1,092 an ounce the operations generated net cash flow of $47 million during the quarter.

Impairments of $300 million were recognised in Q4. However none of our significant operating assets were impacted. Normalised earnings for the quarter were $15 million. In line with our dividend policy we have declared a final dividend of 21 SA cents per share, taking the full dividend to 25 cents a share, which is 34% of our normalised earnings in line with our policy.

During the quarter there was a further reduction in net debt to $1.38 billion which improved the net debt to EBITDA ratio to 1.38 from 1.41 at the end of quarter three.

Now looking at the individual regions production from South Deep was 24% higher quarter on quarter at 2,119 kilograms or 68,000 ounces on the back of a 42% increase in the previous quarter. That means it is a 64% increase in the second half versus the first half. All-in costs fell 19% quarter on quarter to $1,156 per ounce.

There was further progress on a number of important initiatives at the mine including the rollout of the high profile destress mining method. And we continue to target cash breakeven by the end of 2016 at the latest.

Gold production in Australia increased 6% quarter on quarter to 263,000 due to higher production at St Ives and Agnew/Lawlers. Consequently all-in costs decreased 5% quarter on quarter to $819 per ounce.

Given the material increase in exploration spend and activity in the Australia operations last year we expect reserves in the region to remain largely unchanged after depletion and expect a double-digit increase in resources. However we will give you resolution on those numbers hopefully by the end of March when we issue the mineral reserves and resources supplement.

Attributable gold production in Ghana decreased 3% quarter on quarter to 174,000 ounces as a result of lower production at both Tarkwa and Damang. However all-in cost was 4% lower at $925 per ounce.

Production at Corona of both gold and copper decreased quarter on quarter – as expected - due to lower head grades. Attributable gold production dropped by 16% quarter on quarter to 66,000 ounces.

Turning to the full year, attributable production for the group was 2.16 million ounces. I think that was 0.69% within the original guidance provided in February, so essentially guidance was met. All-in sustaining costs and all-in costs of $1,007 an ounce and $1,026 an ounce respectively came in below 2014 and better than both the original and revised guidance for 2015.

Notwithstanding the $100 an ounce decrease in the average gold price during the last year the group generated net cash flow of $123 million. That is after all the bills have been paid, all capex, all taxes, all royalties. And we managed to achieve a further reduction of $73 million in our total net debt.

Looking ahead to the year that we're in now we expect attributable gold production of between 2.05 million and 2.1 million ounces. That is between a 2.5% to 5% reduction, with the decreases in the international operations partly offset by growth in production at South Deep. However we expect unit costs to be largely unchanged from 2015 with all-in sustaining costs expected to be between $1,000 and $1,110 an ounce and all-in costs expected to be between $1,035 and $1,045 per ounce.

Group capital expenditure for 2016 is expected to be around $600 million. That is about 10% lower than the previous year. With that we're going to open up for questions. Either myself, Nico, Paul, Taryn or Avishkar will deal with the questions. Thank you.

Operator

Thank you. At this time if you would like to ask a question you're welcome to press star one. If you decide to withdraw your question you're welcome to press star two to remove yourself from the questions queue. The first question comes from Andrew Byrne of Barclays.

Andrew Byrne – Barclays

When you look at the grade at Granny Smith in 2016 the guidance is to decline by 10%. Does your mine plan expect this to increase in 2017 as you start to access the 110 level? Should we expect a return to the higher grades in 2017 and 2018? And the second question again is on Australia. Your cost guidance for the region looks quite conservative with costs flat to slightly up in Aussie Dollar terms. Is there a little bit of fat in that guidance given the decline in oil, consumables, the weak labour environment?

Nick Holland – CEO

Andrew, we don't give production guidance beyond the budget year that we're in. Obviously internally we do look beyond the first year, but it is indicative only. When you get the updated reserves and resources I think you can actually have a good look at that and that will help you map out 2016 and beyond. So we don't give updated guidance beyond the 2016 year. One of the reasons for that is we get more resolution on the production as we get closer to the year we're going into. Costs can change. Prices can change. It can have an impact on that.

At Granny Smith we expect grades to continue to increase as we get deeper into the ore body. They will certainly be maintained or increased. We are also looking potentially at wider lodes. So it is difficult for us to comment on what the ultimate cost of extraction will be at deeper levels. But I think you've seen in the presentation today that we've shown you some of the drill intercepts that we're getting in some of the deeper parts of the mine which is showing really positive grades. So I guess we are pretty sure that the grades will hold up. Whether or not they're going to increase as we get deeper I don't have the resolution to give you that at this point in time.

In terms of costs, we give you costs that we think are realistic. Obviously there may be improvements in time. I don't think we've stopped in terms of trying to optimise the operations. The operations continue to try and reduce costs. We will do whatever we can to try and achieve lower costs in the forthcoming year.

Richard Hatch – RBC

Firstly would you mind reminding me of the timing of the stripping that will take place at Neptune and A5 at St Ives? How long is that going to take? And then my second question is, can you remind me of the timing of the decline development to Cinderella at Agnew/Lawlers? And finally I know you mentioned the gas plant at Granny Smith. Can you give any kind of quantum on cost savings and what percentage of the opex of that mine is power? Thank you.

Nick Holland – CEO

I think in terms of the strip we are doing at Neptune we are into that now. We started that in Q4. So we are into that stripping now. I think that we'll be in a position to get first ore in the second half of the year sometime. And also the same applies to Cinderella. We're in the decline development. We are in the early stages of that. So I think it is going to be in the latter stages of the year that we'll start getting first ore. I think Cinderella will feature in the 2017 plan.
In terms of Granny Smith if we look at total utilities it is probably around 14% of total costs. We are hoping that we will have the gas pipeline hooked up by the middle of the year and commission the power station. I think the cost reduction is a moving target because obviously oil prices are coming down. But probably somewhere between 10% and 15% at this stage. It was a bit more, but at this stage with input costs changing 10% to 15% is probably a bankable figure that you could look at on about 14% of the cost.

Richard Hatch – RBC

On Cerro Corona I know you've mentioned that you won't be expanding the tailings storage facility. Are you able to share what gold and copper price you would need to see to take that forward?

Nick Holland – CEO

No, we don't have that resolution here at this stage. Obviously it will be higher than where we are, probably $100 to $200 an ounce higher.

Paul Schmidt – CFO

At least $1,500/oz.

Nick Holland – CEO

That's against the currently engineered plan. That's why I'm hesitant to give you prices. I think there is always the potential to engineer the cost down. We are going to have another go at this at the end of this year and see if we could make it work. So I wouldn't be too definitive on prices at this stage. Slightly higher than where we are. The worst case scenario is probably $200 to $300. We will try and get it down from there.

Brian Nunes – Gramercy

What is the basis that you're using for the copper price budget at Cerro Corona of 4,914?

Nick Holland – CEO

$2 a pound.

Brian Nunes – Gramercy

I'm just trying to understand why you're using that given that it hasn't been at that level for about three months?

Nick Holland – CEO

I think we are using $2 a pound. It is pretty close. $2 a pound is very close to where spot is.

Paul Schmidt – CFO

You need to also understand our planning cycle starts a lot earlier than where we are now. But it is $2 a pound.

Nick Holland – CEO

Paul's point is relevant. We have to give our guys three or four months of advance warning to do the plans. They don't just do the plans overnight and then they give us the answer tomorrow morning. So we use prices that we determine closer to the time which are the best reflection of spot prices at the time and future prices. But actually it is not that far away from spot prices today in my understanding.

Brian Nunes – Gramercy

A question on Damang. Spending is expected to increase from $16.9 million to $30 million 2016? Can you talk a little bit why?

Nick Holland – CEO

We are going to do some strip there to access some of the ore that is not yet accessible. Otherwise we're not going to be able to honour the mine plan. But we are looking at that in some detail. As you know it is very much what I would call a holding plan, because we're looking potentially at an expansion case or paring back. So this is very much an interim plan which we're probably going to update for you by the middle of the year if we go ahead with a big pushback to access the higher grades under the original pit that we mined. So these numbers I think are interim as we say and we may update them in three or four months.

Brian Nunes – Gramercy

And maybe just as a follow-up to that comment, would that be you looking to bring a partner in to help with that, or would that just be internally financed?

Nick Holland – CEO

I think if we did this we would do it ourselves.

Brian Nunes – Gramercy

The extension of the 2017 RCF, if you can give an update on if that was done.

Paul Schmidt – CFO

No, we haven't done it. We are starting with meetings, Brian, at the moment with the bankers. Hopefully we will have some resolve by the end of the year. But we have still got quite a bit of time to do it. We will have done it by the end of the year.

Patrick Mann – Deutsche Bank

A very quick follow-up on St Ives. With Athena closing can you just help with the ratio between underground tonnages and open pit for next year? And maybe just help us with the grade there as well. And then how do you see that going forward? It is obviously much more open pit now. What is the long-term average?

Nick Holland – CEO

I think what you can do in terms of the grade is look at the grades we got in Q4. We did split out the underground and the surface grades. Use that as a proxy, Patrick. But in terms of Athena coming out, Athena was quite a low proportion of the underground anyway in Q4. We were in the last vestiges. I stand under correction but I think it is around 20% to 25% of the total underground volumes. I think if you just took the numbers for Q4, strip out about 25% of the underground volume I think similar grades. There is not much difference in the grade between Athena and Hamlet.
When Neptune comes in, which will be in the second half of the year, we will obviously see a bigger pick-up. St Ives is really going to be two open pits in 2016 and one underground. You've seen the grades that we got before at Neptune. We are probably going to have similar or slightly lower grades to what we got from Neptune in the past. We have given you the resource and reserve grades at Invincible before so you can use those. If you need any help Avishkar can give you a call afterwards and just guide you to the right information that we've previously given.

Patrick Mann – Deutsche Bank

I thought I may as well jump in. Just on the exploration spend in Australia can you confirm is that in the capex guidance for the region?

Nick Holland – CEO

Yes. It is in the all-in cost and capex figures.

Patrick Mann – Deutsche Bank

When the three year programmes comes to an end, which I think is next year, and it has been A$90 million last year and A$87 million this year, what is the plan then? Is it kind of a rolling three year programme or do you think you've firmed up enough resources to buy yourself a little bit of a break from drilling?

Nick Holland – CEO

I think if you remember we're dealing with these orogenic greenstone belts in the Australian region. You've got this massive mineralised structure called the Yilgarn craton which runs many hundreds of kilometres from the north-west to south-east. We are in the middle of all of that. There is a lot of stuff to be drilled on these leases. We've got many thousands of hectares of properly with host rocks and analogues of what we've mined before which have not been properly drilled and properly tested. So they are drill intensive. They take time. A lot of it is under cover so you don't necessary get all the information from the aeromag surveys. I think we are going to be quite busy on these operations for the foreseeable future. If you wanted to factor something into your future models, Patrick, a safe bet is to assume that this is what we're going to have to spend pretty much every year.

And if you work between 900,000 and a million ounces a year you're talking somewhere between $80 and $90 per reserve ounce which is very similar to the historical discovery cost that we've had. So that is pretty much what I think you should factor in. I don't think we are going to be able to ease off unless we have a massive big discovery that is one big disseminated ore body. But unfortunately you don't find those very often in orogenic greenstone belts. They tend to be clusters of ore bodies. They tend to be discrete. They tend to pinch and swell. So that has been the history that I've seen over the 15 years that we've owned the mines in Australia. So it is probably not going to change going forward.

There are paleochannels at St Ives which are a bit different. They tend to be more extensive. And we do have an inventory of paleochannels, which is a softer sedimentary type of ore similar to Neptune. I mean Neptune is a paleochannel ore body on the lake. And there is the existence of a number of other paleochannel type structures. But there is a lot of work to do for us to drill that out and find out what we think we've got here. So for the foreseeable future work on the numbers we've given you.

Patrick Mann – Deutsche Bank

That's exactly what I was looking for. I think Richard asked a similar question, but on Cerro Corona and the tailings to extend the life of the mine, I'm not sure if you guys have disclosed this or are happy to, but can you give a sense of what the capex related to that life of mine extension or to the tailings would be?

Nick Holland – CEO

I don't think we are in a position to give those kinds of numbers. Suffice to say that we need higher prices to recover it. I don't really want to go into numbers. I will tell you why, because numbers can change. When we relook at it again we may have optimised it, we may have engineered a different solution. So I wouldn't want you to have a number that you think is cast in stone.

Nick Holland – CEO

With that thank you for everybody's interest and we look forward to chatting to you soon. Thank you very much. Goodbye.

END OF TRANSCRIPT