# Media Coverage

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**MONEYWEB – SA FM**
Gold Fields Q3 results: Nick Holland – CEO, Gold Fields
07 May 2009

**HOGG:** Nick Holland is in the studio. Nick, Gold Fields Limited - you did tell us last time you were going to start coming right in 2009. You've seen a good improvement at the bottom line. David Shapiro, how'd you like to have an operating margin profit of 47% in this climate?

**DAVID SHAPIRO:** I like the profits as well.

**ALEC HOGG:** Can that margin get any bigger, Nick?

**NICK HOLLAND:** Well, absolutely, because we haven't reached the production targets that I'd like to get to. You know, some time ago I did say to you I want to get the production closer to a million ounces a quarter...

**ALEC HOGG:** You are quite a long way behind that still - 871.

**NICK HOLLAND:** 871 - next quarter I've said we are going to get 900, and the quarter thereafter as we get South Deep building up, we are going to do better than that. So I've got every confidence that we can certainly get to the 950 000 mark by the end of the year. That's not a shoot-the-lights-out target at all.

**ALEC HOGG:** Let's just unpack all of this. When I mention profit margin, that means if you are getting R100 worth of revenues in, you are making R47 profit. Any businessperson, or anyone who knows even the vaguest amount of business will know that's a fantastic return on investment. But why would it be, if you are increasing your gold production, that your profit margin would rise?

**NICK HOLLAND:** Well, simply because we get the leverage out of the fact that about 60% of our costs are fixed. And the one thing that's interesting, I tell my guys about the New York taxi driver. He leases a cab in New York and for the first three weeks he doesn't make any money, he is paying off the cab. In the fourth week he makes money. A slightly extra ounce of gold, the extra ounce of gold that come through comes at a very low marginal cost, it's those extra 10 000 or 15 000 ounces out of every operation that make a massive difference, and that's really the leverage for us.

**ALEC HOGG:** So every little bit, every little bit of extra gold you put on top, because of those high costs, will give you an even better profit margin - and no consumers suffer in this regard. [Laughs]

**NICK HOLLAND:** Absolutely. That's what it's about.

**ALEC HOGG:** Why is it though, that you've fallen all the way back to 871 000, when you did very clearly have that target of a million ounces?

**NICK HOLLAND:** There's a couple of issues behind that, Alec. First of all, the Tarkwa CIL [carbon-in-leach] expansion...

**ALEC HOGG:** That's in Ghana.

**NICK HOLLAND:** That's in Ghana. That hasn't gone as smoothly as I would have liked. We've had some commissioning issues. You know, it's going from 450 000 tons a month to a million tons a month, and I guess it has taken longer to get it right. The good news is, as of today we are doing those volumes.

**ALEC HOGG:** How big is that plant? You talk of the numbers again, right off the tongue, 450 000 tons to a million tons - those are big numbers. But if you were to put it in, say, soccer fields, how many soccer fields would the plant be? The size of it?

**NICK HOLLAND:** Well, it's also about two or three levels, you know, so you could probably put the whole thing, ... different levels, into probably more than a whole soccer field. So it's complex, and then of course you've got the associated infrastructure around it. I was in fact up there about three weeks ago, going through it. So it's a complex operation but we are hitting our stride now. So next quarter we'll see a big increase at Tarkwa. We should see a further increase the following quarter, so that will contribute. The other thing is that Beatrix has had a shocking quarter. You know, 25% down. I had eight out of nine mines that showed an improvement, and I had one mine that went down 25%.

**ALEC HOGG:** What happened there?

**NICK HOLLAND:** Well, it's a function of just mining discipline; we didn't get the volumes, we didn't get the right mining mix, too much unpay versus pay, and then we didn't get the quality in the mill. We've made some changes there. We are now starting to get the basics right, and already you are seeing an improvement. So they will get better this quarter. Kloof has had a nice increase this quarter - 14%. I expect it to improve. Not this next quarter, but the quarter after. So we are moving gradually up, and that's why I am being a little more cautious in saying another 4% next quarter, probably the same thereafter, and we'll get closer to the target. But the integrity of that target is intact. I'm not moving away from achieving that. It's only a question of the time frame.

**ALEC HOGG:** When your predecessor, Ian Cockerill, bought South Deep from Brett Kebble, there were a lot of people with raised eyebrows. When you guys went in there, you didn't find exactly what you expected - perhaps it hadn't been maintained as well as it should have been, etc. Now we know why. How is South Deep doing under you watch?

**NICK HOLLAND:** Well, first of all, I think I said to you the last time I spoke to you that we did a comprehensive review from scratch. What can the mine do, what's it going to cost to get there, and by when? The good news is we do believe the mine can get to full production. We believe we can get there within six years, 2014, and we believe it's going to cost us about R8bn to do it. And the key to success at South Deep is to start along that trajectory because right now we are hovering just below 200 000 ounces. We've now got all the fleet in place to go up to 300 000 ounces, we've got the available face to mine, we've got the people we need to do it, we've got the hoisting capacity and we've got the milling capacity. So we are taking away all of the excuses and I'm satisfied if we spend the capital and we spend it wisely, we've still got a great ore body. The one thing that hasn't changed - the ore body is good. The gold's in the ground. And that for me is the biggest comfort. We've stress-tested it, and we've modelled in detail the next ten years. So I am very confident we are going to get to where we need to be.

**ALEC HOGG:** You talk in these long periods, but that is what gold mining's all about. When you have a look, though, in the short term, what is the message that you are giving to shareholders?

**NICK HOLLAND:** Message to shareholders is it's all about positive cash flow, about generating real returns to shareholders. We are the only real dividend payers in the industry. No-one pays dividends like we do. We pay 50% of our earnings, so we provide a dividend yield for shareholders. We also provide growth. We've got three very interesting late-stage exploration projects around the world. One of those I am pretty sure is going to be a mine. We've got South Deep building up, we've got the uranium project in South Africa that will be moving into feasibility study the second half of this year. A lot of people are quite bullish on uranium, so it's upside there. So if we can keep sweating our assets and delivering what we should for shareholders, we don't have to do a lot more from where we are to generate quite a lot more for shareholders, if you know what I am saying.

**SUMMIT TV: Gold Fields quarterlies**

Presenter: Heather D'Alton  Guest(s): Nick Holland

Summit TV speaks to Nick Holland chief executive of Gold Fields about their third quarter that includes headline earnings up 17.8% and improved safety statistics

**Heather D'Alton:** Welcome to Face to Face. Gold Fields reported their third quarter results beating market expectations - headline earnings per share moved up 17.8% and net profit increased 8.3%. Nick, you called it a challenging quarter in your own words but still a credible set of results…

**Nick Holland:** I'm very pleased with the overall set of results. What is particularly pleasing is that for the second quarter in a row we've increased our production - we went up 4% on the back of a 5% increase in the previous quarter - and we've also managed to reduce both our cash costs and notional cash expenditure which is what I refer to as the all-in cost of production. We are the only producer in the world that shows these statistics - why it's so important is to ensure that we measure against a target of generating free cash flow which is what's critical for me, the board and the shareholders. We dropped that 14% and we dropped cash costs 2% - so all told against a higher gold price we managed to deliver the benefit of that to the bottom line with the extra production helping as well so it was pleasing. What's particularly pleasing I guess is that over the last year that I've been in this job one of my big focus areas was to improve safety - I felt that the safety performance of the group in the past has not been quite up to scratch. We had 47 fatalities in fiscal 2008 for example - which was really far too high - and for the 10 months to date and the one week in May in other words right up to yesterday we've had 13 fatalities so you can see it's substantially better than last year, and with all of the other safety metrics in the group being serious injury rates, lost time injuries, etcetera, we are having the best year ever in Gold Fields so far. It's not over yet - but I'm very pleased with that to. With the free cash flow generation we are starting to harvest the benefit now from a lot of the capital expenditure we put into new projects in both Peru and in Ghana - both projects are now finished and in production - so I think the future looks good and I would be disappointed if we couldn't improve again next quarter.

**Heather D'Alton:** Earnings wise what are you expecting for the fourth quarter?

**Nick Holland:** I can only control the things that I can manage - which is costs and production. Production I expect to be up again a similar quantum to this quarter - in other words getting up to around 900,000 ounces a quarter - and costs in rand terms I think will be reasonably well controlled, but slightly up on the back of additional power charges in South Africa because we have annual rate increases. Secondly, also on the back of the winter tariffs Eskom charges. If you strip that out our costs are going to be flat in rand terms. Of course in dollar terms our costs will be higher because of the rand - the rand was 60 cents or so stronger against the dollar than what it was for this quarter - so that will have a fairly significant impact of probably around $50 an ounce on cash costs.

**Heather D'Alton:** Production wise you've made a big deal of that one million ounce target you're looking to achieve - when do you expect to reach that?

**Nick Holland:** It's going to take a bit longer than what we initially hoped - particularly given that the commissioning of Tarkwa is taking longer to hit full production. We don't think we're going to hit full production in the June quarter. I would expect that Tarkwa will hit its stride at about 190,000 ounces in the September quarter. Beatrix had a very poor quarter in March and that impacted our ability to get to the target - that's been turned around now, and already we are seeing a much better performance. South Deep needs to build up - we are getting everything ready for South Deep to increase its production significantly in 2010. We've ordered the fleet they need to increase mining, we have the face available to mine, we have the hoisting and the tramming capacity available, we have the mill capacity available - it's now a question of making sure that we get productivity up that would bring about a 50% increase in production next year for South Deep.

**Heather D'Alton:** A bit more short term April was scattered with holidays - surely that's also had an impact on production?

**Nick Holland:** April has impacted - traditionally Easter is a tough period - but that's behind us now so we should have a smooth run to the end of June. I would say that we are going to see incremental increases over the next few quarters - I would like to feel that by the end of December we might be in the range of 950,000 ounces to one million ounces a quarter. We could be in that range - and then we will be trying to optimise. So the integrity of getting to one million ounces is still a target that I believe is attainable - but I want to be cautious with the period that we are looking at to get there.

**Heather D'Alton:** With regards to the gold price that's been key - what is your outlook for the next six months?

**Nick Holland:** I think the gold price can certainly increase over the balance of the year. I don't like to give forecasts on the gold price - except to tell you the factors that I believe are positive for the gold price. One thing that's very positive is investor sentiment - and you've seen the announcement about China increasing its gold reserves. That's very significant. If gold is going to get to new levels - as some people believe it will - that will have to be on the back of investment demand, and that's what's going to drive it. There is a lot of investor demand that could make a big difference…

**Heather D'Alton:** Your share price has risen by 12% since the start of this year - it's up quite strongly since October 2008 - do you think your current price is a fair valuation of the company's prospects?

**Nick Holland:** I always believe that we can do a lot better - all I can do is try and produce good and improving results. If I can do that and get a sustainable track record of improvement I think the market will re-rate us. There is still a very substantial discount between South African gold producers and the rest of the world - but it's up to us to prove that we can generate sustainable improved results over a period of time. That will be rewarded.

**RADIO 702**
**WORLD @ SIX**

**Presenter:** Richard in Rustenburg wants to know how many grams are there in an ounce and I've been trawling the Internet for you and I found that in grocery terms, there are 28.35 grams in an ounce but when it comes to weighing jewellery they do it in terms of a troy ounce which is 31.103 grams. Nick Holland, the Chief Executive of Goldfields joins us now. I hope I haven't caught you too off guard Nick if I say to you, what sort of measurement would you use – is it 28 or is it 31 grams in an ounce of gold?

**Nick Holland:** Well, we use 32.

**Presenter:** Okay. So its variable, slightly.

**Nick Holland:** Yes, slightly.

**Presenter:** So 32 grams in an ounce of gold. The fourth biggest gold mining firm in the world, Goldfields. If you remember this time last year, Goldfields like other mining groups, was emerging from a disastrous 3 months because of the power crisis. Things in the first quarter of 2009 seem to be considerably rosier, Nick.

**Nick Holland:** Absolutely. I'm pleased in particular that we've significantly improved our safety performance. You know, when I took over this job a year ago, we had probably the worst safety record in the industry with 47 fatalities for the fiscal 2008 to June and for the ten months and one week into May to date, we've reduced that to 13.

**Presenter:** Its still a lot of people.

**Nick Holland:** We're as good as anyone now in the industry and we've had a reduction in all of our rubber safety stamps but it hasn't come without a lot of hard work and without a lot of cost. We've had

to shut down production. We've had to redeploy crews into fixing support in our underground haulages and I even ordered the shut down of one of our major shaft systems at Kloof, so its come at a cost but I'm very satisfied with what we've done and looking back over the year and reflecting, I wouldn't have done things any differently than the way I've done it, so we've done the hard yards and I think now we're moving forward. Its the second quarter now we've shown a good increase in production and also the first quarter in probably round about five years, that we've shown a positive free cash flow of round about
170 million dollars in one quarter, so I'm particularly proud of that.

**Presenter:** A remarkable achievement all round, but when one looks at it, deaths all of 13 so far in this financial year and it is still a big number – considerably lower than previously. Is it possible do you think in deep level mining in South Africa to get that down to zero on a sustainable basis?

**Nick Holland:** Absolutely, and I think if you look at what we've done over the ten months to get that kind of reduction, it tells you that if you work harder you can do it. There's no silver bullet here. Its a question of things like visible-felt leadership, its proper training, its making sure that every one of the 45 000 people we employ, is a safety officer. Everyone needs to not look after themselves, but also look after their colleagues. I think if we can get that kind of philosophy rolled out, which we're doing right now, then we're going to make significant progress. I'm not going to give up on this for sure.

**Presenter:** Part of the Goldfields success story in the first quarter of this year is higher production levels, lower costs. At the same time you've had a benefit of a higher than average price in recent years for the metal plus a softer currency which went in your favour. Those are two big benefits of course that you can't ignore.

**Nick Holland:** Absolutely, and the fact that we've had a three-fold increase in earnings is of course in some part due to the higher gold price. But look at it this way – imagine if we had the higher gold price and we wouldn't have reported the benefit for our shareholders, and that's the important thing. When you get the metal prices going up its critical that we can leverage off our production machines, optimize the production, manage the costs and open up the margin. And if you look at our margin for this quarter – you know 47% operating margin, I think it shows with the increase against the previous quarter's margin that we've delivered the gold price to the bottom line for the benefit of our shareholders.

**Presenter:** What happens to that margin though with gold say, averaging 900 dollars an ounce which it could feasibly do in this quarter and the rand is at R8.50 to the dollar which is considerably stronger than what you had to deal with in the first quarter of this year?

**Nick Holland:** Sure. You know when it drops your receive price in rand terms to probably around R289 000 a kilogram which is what we achieved in the March quarter to something around R250 000 a kilogram which is what we will get now based on those stats. Nevertheless, whichever way you cut it, a tremendous gold price in rand terms and I think if we had this discussion a year ago and we'd have said well gold is at R250 000 a kilogram today we wouldn't have believed that, so I think its still a great price. Its up to us to increase our production base safely. You know, the leverage here given the fairly high fixed cost nature of operations to every additional ounce of gold, is enormous and we know what we have to do. We've got to get the production base up now, do it safely and make sure we improve on that and then even at these prices we could show nice returns for shareholders.

**Presenter:** Now, that million ounce a quarter target which, when you became Chief Executive you said that's going to be our target – is it still a target? Is it one that you can reach considering that you had to cut back so considerably especially with the closure of the shaft at Kloof and other safety decisions that you've taken?

**Nick Holland:** Its still a target. I'm not backing away from that.

**Presenter:** By when?

**Nick Holland:** Look, I think there's a good chance that we can be very close to that by the end of December. Certainly I believe that we can be in the 950 000 ounce to a million ounce range by the end of December and that's going to come from continued improvements at the SA operations. We haven't seen the Tarkwa build-up yet in Ghana. You know that mill has not yet hit its stride. Its just about hit its stride now and we're seeing the benefit of that this quarter. Beatrix needs to improve, which its currently doing and we should see an improved performance again out of Kloof coming in the second half of the year and don't forget the South Deep build-up. So all of those are positive factors. They're going to help us to improve our production profile so steady as she goes, I'd rather give you a more cautious outlook and rather report incremental increases gradually over the next few quarters but by the end of the year we're going to be getting closer to that range.

**Presenter:** Elaborate a little please. We're out of time but the build-up at South Deep has been a difficult asset for you.

**Nick Holland:** It has been. I guess the real feature about South Deep is to make sure that you understand the ore body. We've spent a lot of time remodelling what we're going to be mining over the next ten years. The next thing that I asked the guys to do is make sure that we've got the fleet available underground because it is a mechanised operation, the mining fleet to blast, drill and also to load. We've got that in place by the end of June. A lot of it is already there. We've got sufficient hoisting and tramming capacity and we've got sufficient plant capacity on the surface. So we're moving the excuses away and we've got the available face. Its now a question of execution and we have the people on site to do it. So watch out for South Deep. I think you're going to see a build-up gradually over the year and I'm targeting 300 000 ounces for next year as against about 200 000 ounces this year, with us sort of hitting that stride round about December which will help again to get our production base up.

**Presenter:** Nick Holland, the Chief Executive of Goldfields

**07 05 2009 CNBC Africa 12:26 Power Lunch 6 Minutes 42 seconds**

**Presenter:** Goldfields plans to raise output by almost 40% in the next 4 years, taking it to the 5 million ounces level. Chief Executive Officer Nick Holland said Africa's number two producer should mine four million ounces in the next three quarters. Earlier today Goldfields said third quarter headline profits advanced by 146% as it produced more bullion and prices gained. Holland spoke to Godfrey Mutizwa a few minutes ago.

**Nick Holland:** Well, we've seen a 4% increase in production which has been the foundation for the quarter and allied with the higher gold price, we've seen the gold price go up to 906 dollars an ounce and we've also seen the rand price increase and the Australian dollar price increase and that combined also with lower costs in all of our various jurisdictions we operate in, has meant that we've really reported this higher price and higher production to the bottom line – 55% increase in operating profit and a three-fold increase in earnings. I'm very pleased with the quarter but the other thing is, its not the end. There's a lot more we can do in terms of our asset performance and I'm looking for a much better quarter again next quarter.

**Godfrey Mutizwa:** Where did you find the extra production that you put in, in this quarter?

**Nick Holland:** We had an improvement at the South African operations, principally at Driefontein and Kloof. We managed to get nicer increases in production there and that's on the back of just high volumes and grades, just getting better mining discipline into those operations and also on the back of safety stoppages in the December quarter which are now behind us and its all part of the Stop, Fix and Continue Campaign and then in the international operations we saw the first full quarter of production at Cerro Corona and then also at Tarkwa we saw the first quarter where we're starting to get the production up after the commissioning of the mill expansion. So those are the main contributors to the increase.

**Godfrey Mutizwa:** And in the quarter we did see some problems at Beatrix. What were the problems there and what are the chances that these will be sorted out in the next three months?

**Nick Holland:** Beatrix suffered from a very poor quarter in terms of volumes and mining quality and that was associated with a lack of flexibility driven by a catch-up of secondary support in the past and its really a question of redirecting the teams back to more pay areas as opposed to unpay areas, getting the quality right in the mill. We've already seen a change there and we've had a new Executive VP on that operation that has come in and started to change a lot of the practices and we should see a better quarter already in the June quarter.

**Godfrey Mutizwa:** And the issues around South Deep?

**Nick Holland:** South Deep is in a build-up phase and I'm getting more and more confidence that this operation can be an 800 000 ounce producer. Currently its only 200 000 ounces. Its going to take six years to get there. We need to spend round about R8 billion on getting the mine to full production over that period. And step number one is to get the production ramped up and we expect in fiscal 2010 to show an increase in production to around 300 000 ounces a year compared to about 200 000 ounces a year in fiscal '09 and that will be the first step towards the strategy of delivering our full production. We've spent a lot of time making sure that we have the available face to increase the mining. We have the fleet available underground because as you know its trackless mechanized mining. We have sufficient hoisting and tramming capacity and we have sufficient milling capacity in our plant so I think one by one we're reducing the bottlenecks and we should start to see South Deep go up in the production trajectory next quarter.

**Godfrey Mutizwa:** Lets move on to costs. Everybody watches gold miners' costs and its pleasing to see in this quarter costs are down, but you are forecasting that costs are going to increase. We're looking principally at the rand and then also of course there's the issue of South African power prices being increased and in addition to that you're also facing of course union demands, legitimately one would say for higher pay, given the very pleasing results.

**Nick Holland:** Sure. Look, I think certainly the gold industry always has its challenges. Power represents about 12% of our costs and as we all know, we expect power tariffs to increase significantly above inflation during the next quarter.

**Godfrey Mutizwa:** How much of a threat is that to increased profitability?

**Nick Holland:** You know, power being 12% of our costs, its not enormously a threat, but it does contribute to additional costs. If you doubled our power bill over the next three or four years which is a distinct possibility, you'd add about 50 dollars an ounce to our SA costs so its not going to make us bankrupt or stop production but it increases your overall costs by around 10%. Wages, all I can say is we have received the wage demands, and…

**Godfrey Mutizwa:** Reasonable?

**Nick Holland:** Well, all I'll say is we're analyzing the wage demands. We expect to have an industry negotiating position on this and then we'll get it into the discussions again during the course of the end of May. I think the discussions will be challenging but we're going to approach them in the spirit of good will and obviously we want to find solutions that will suit everyone if we can. Of course that's not going to be easy, but we're going to give it our best shot and we should be into that in earnest by the end of May.

**Godfrey Mutizwa:** Nick, gold companies are in a very good space at a very difficult time for the world economy. Looking forward, where would you say the next growth legs of Goldfields are going to come from?

**Nick Holland:** Well, I've put in place a regionalisation strategy whereby I believe that the best way for us to grow is to focus on those regions of the world in which we already operate and that's Australia, West Africa and South America and why I believe that's the best place to grow is for two reasons – one, those regions also correspond with known geological endowment areas around the globe and two, we already have a skills base and a presence there. Always easier to leverage off an existing skills base, and so we want to push up production out of each of those regions to a million ounces. Currently Australia does 640 000 ounces, West Africa another 640 000, Peru round about 270 000, so we've got a long way to go in Peru but we want a million ounces out of each of those jurisdictions. And my time frame is sort of three to four years to either find those ounces, have them in production or under development.

**Presenter:** That was Goldfields CEO Nick Holland

**CLASSIC FM**

**Presenter:** Last week we spoke to DRD Gold, and the second of South Africa's major gold producers, Gold Fields, has come out with its quarterly results today:  headline earnings a share up from 74 cents in the December quarter to 225 cents, gold production up 4%, and cash costs are down.  Hopefully we have a smiling Nick Holland sitting in the studio with us. What sort of a quarter was it?

**Nick Holland:** First of all, as you've indicated, a 4% increase in production on the back of reduced costs, and of course, a rising gold price – we saw the gold price go from $792 an ounce to $906. It had all the ingredients for a good quarter. What's particularly pleasing for me is having been a year in the job and coming into the position with a safety record that wasn't exactly the best in industry with 47 fatalities in 2008, to be able to get that down to 13 in the 10 months of the fiscal year up to 2009, I'm very pleased with. Obviously I would like that number to be zero and I'll be working towards it over the next year or so, but getting it down from 47 to 13 with a commensurate improvement in all of the other safety stats has for me been the biggest single achievement. That has not come without pain because we've had to take some cuts in our production, we've had to pull out of certain pillars and remnant areas that we didn't deem safe, we've had to shut down one of our major shaft systems at Kloof for six months, we've had to redeploy crews into fixing support and haulages, but we're behind most of that now and we can start seeing a rising profile coming forward. What's also pleasing is that our projects are now completed. This is the first full quarter in March that we've seen Cerro Corona in Peru for production. That's 4,000 metres up in the Andes. In fact, I was there last week and I'm very pleased with the progress we've made there. Tarkwa's bill expansion is in place. That's in Ghana, and we're starting to see production build up there, we're not quite there yet. So I think there's more to come. This is the start of something good for Gold Fields and provided we keep our discipline in place, eight of the nine mines showed an improvement this quarter and I'd like to see at least a similar kind of increase in production next quarter.

**Presenter:** Just going back to safety – you said that you took steps, you made some sacrifices in production. Was there any alternative? Could you have just ignored the safety problem?

**Nick Holland:** In my mind, there wasn't an alternative, but I guess it depends on how you look at safety. If you get to a point where you say I'm not prepared to continue mining under these circumstances, then you can get the kind of step change we've got, and seven days into the job I said either we're going to mine safely or we're not going to mine at all. I had to actually demonstrate what that meant in action to get real buy in, but I believe the organisation now is fully bought into this philosophy. Our people have done a fantastic job in turning the ship around, and Gold Fields operations today are as safe as any other operations, certainly in the gold sector in this country, and I would like us to take it to the next level but you've got to have a fundamental shift in your thinking to get to the next level.

**Presenter:** If we were talking to a year ago - Eskom would have dominated the conversation. Is that something of the past now or is there still a question mark over power supply to your South African mines?

**Nick Holland:** Its been 15 months since the lights went off as it were, and since then, we haven't had any major interruption. To Eskom's credit, they've picked up a lot of the issues and dealt with them, but one has to remember that we're not in the full winter season yet plus we've had the base metal pull back. The true test will be whether Eskom can get through the winter season, particularly with base metal production starting to now draw more off the grid, and I trust and hope that they're going to get through this successfully. They're much better prepared for it and I certainly hope that they will. What I would like to see is the power conservation programme rolled out because if we're going to save power in this country, everyone has to contribute, it can't just be the key industrial users like the mining companies. Everyone, including retail, has to make their contribution otherwise we're going to struggle in terms of power going forward, so I look forward to that being rolled out.

**Presenter:** Our new President is announcing his new Cabinet this weekend. Would you favour some sort of split in the current ministry of Minerals and Energy with maybe a dedicated minister looking over the mining industry?

**Nick Holland:** It's an interesting thought you raise there. I haven't given it a lot of thought but it is a big portfolio, there's no question, and a lot of challenges in that portfolio. It might be that we can get a lot more focus if we get a minister in there who can dedicate his or her time solely to the industry and work closely with the industry because I do believe that there also needs to be a much closer working relationship with the industry, the Department of Minerals and Energy, and of course the unions, if we're going to take this industry successfully forward over the next 20 years. So, that's something that might be interesting to consider.

**Presenter:** And where is the gold price going?

**Nick Holland:** The one thing I must say about the gold price is that investment demand is picking up in gold - I've recently come back from a meeting with all of the chief executives in the gold industry around the world where we discussed the gold price and what we should be doing as an industry, and it's clear to us that investment demand is the trick. You've seen China has increased their holdings of gold, that's very significant, and you only need at trickle of the total funds under management, which is over $7,000 trillion, to go into gold and you can see a very significant impact on the demand supply equation. We'll see how it goes but there's more upside than downside. I never give gold price predictions but that's all I will say. I think there's a good underpin right now and with potential to go further, and it's up to us to make sure we can make hay while the sun shines.

**Presenter:** We'll have to accept narrative rather than numbers from you.

**Nick Holland:** For the moment.

**Presenter:** Finally, just very briefly, the Mvelaphanda transaction – what happened in your relationship with Mvelaphanda, one of your important investors?

**Nick Holland:** We still have a very good relationship. They took delivery of the 50 million shares in Gold Fields in March, which was a right of theirs in terms of the empowerment deal. As they've indicated, they had some debt that they'd raised to acquire that stake when they did five years ago. They wanted to retire and sell some of the shares to do it. But the positive I get out of this is we created an empowerment transaction here where real value was created – they ended up with shares that were worth substantially more than what they paid for them. They've said they want to be long term holders for the balance of the shares after they've settled their debt, and I welcome their continued presence on the register.