



GOLD FIELDS



Speaker

Narrative

Operator

I would now like to hand the conference over to Nick Holland. Please go ahead, sir.

Nick Holland

Thank you for taking the time to dial into the call. With me on this call this morning is Paul Schmidt, the CFO of Gold Fields, as well as Neal Froneman, CEO of the newly-created Sibanye Gold, formerly CEO of Sibanye Gold, and Charl Keyter, CFO of Sibanye Gold as well. Willie Jacobsz of course from investor relations also joins us.

You will have seen the announcement this morning about the proposed unbundling of Gold Fields Mining SA, or as it is known, GFIMSA, and the creation of two separate South African-based gold mining companies. A few comments upfront, and then we will dedicate the rest of this call to any questions that you might have.

GFIMSA has been renamed Sibanye Gold and will be listed on the Johannesburg Stock Exchange and the New York Stock Exchange around the middle of February. The company will hold the KDC and the Beatrix assets and the various service entities in the South Africa region. These two assets produced 1.4 million gold ounces last year and have mineral reserves of 22 million ounces.

It will be the biggest gold mining company in South Africa. Gold Fields Ltd will retain South Deep and the assets in Ghana, Peru and Australia as well as an extensive exploration and project development portfolio at various stages of development.

This decision follows our strategic review of our portfolio prompted by the poor share price performance by gold mining stocks, including Gold Fields, relative to the outperformance of the gold price over the last number of years.

We concluded from this review that the two distinct categories of assets in Gold Fields need to be separated and managed separately. On the one hand we have the mature, deep level, narrow vein, underground, labour-intensive operations which are housed in GFIMSA, which is Beatrix and KDC.

And on the other hand we have the open pit and shallow underground international operations together with the deep level but large massive South Deep highly mechanised operation in the other portfolio. Clearly these different categories of assets have different strategic focusses which require different management skills.

Also they have different styles of mineralisation requiring different mining methods. The open pit and shallow underground assets as well as South Deep mine in Gold Fields are virtually all mechanised, whereas the assets in GFIMSA to date have been largely labour-intensive. That is obviously graduating over time and we hope to improve that.

Also both suites of assets have very different capital requirements to sustain and grow production. Separating these two categories of assets into two distinct companies will enable each of them to be managed in a more



Speaker

Narrative

effective manner by a dedicated management team. By that I mean in Sibanye Gold the management team will be very focused because they won't be distracted by worrying about anything else.

They will also have the cash flows of those assets ring-fenced to that company and they can decide how best to use those cash flows, whether or not to invest those cash flows into growing and sustaining the production of Sibanye Gold after a significant period of decline, or paying out a nice, high dividend yield. That decision will be up to the management team and to the board.

Furthermore, even though some parts of GFIMSA's assets have been around for a long time, many decades, they still have significant inherent quality and extensive resource and reserve positions. This potential has not been optimally brought to account in the current structure.

So we have decided to unbundle Sibanye Gold into an independent company which will not be burdened by the huge costs associated with a global company, including carrying part of the overall global corporate overhead as well as a worldwide exploration programme and project development costs.

Also over the last number of years we've had to use the cash flows of KDC and Beatrix to fund the development of South Deep. That will no longer be required as South Deep will remain with Gold Fields, and the cash flows now of KDC and Beatrix will be unencumbered and be able to be used in the business. By ring-fencing these cash flows we can certainly realise the potential for further growth into the future.

Another important issue of this transaction is that they have the potential of synergistic cooperation and further consolidation in the South African gold mining industry as a consequence of this. We have taken the first step, and it might generate further activities in this market.

It will continue to reward shareholders through a progressive dividend policy that will be determined by their board. It will continue also to drive research and development into new technologies and innovations that are necessary to sustain the industry over a longer period of time.

There will be no job losses as a result of the unbundling of GFIMSA and the creation of Sibanye Gold. In addition, all conditions of employment will remain unchanged. The company will implement a new profit share scheme for all of its employees in addition to the current employee share ownership plan, and that is designed to create a better degree of alignment between the company and the workforce. This is sorely needed after the strikes that we've had over the last number of months.

Based on the results for the 12 month period ended December 2011 Sibanye's gold production was 1.4 million ounces, making it one of the largest domestic companies in South Africa.

The Gold Fields management team will focus on maximising cash flows and returns from South Deep in South Africa and its mines in Ghana, Peru and



Speaker

Narrative

Australia, and realising value from tis world-class portfolio of development and exploration projects.

And in particular South Deep has a life of over 60 years. That will form a key part of Gold Fields' production growth over the next three or four years, with production expected to ramp up to a run rate of around 700,000 ounces per year at very competitive cash costs and NCE.

For those of you in North America and the United Kingdom who might be coming down to Cape Town for the Mining Indaba conference we expect to have a tour of South Deep again. It's a wonderful operation to see and it will give you an idea of how we have spent a significant sum of shareholder funds over the last number of years, which will benefit all shareholders for many decades to come.

Gold Fields' production, excluding Sibanye Gold, for the 12 months ended December 2011 was 2.2 million gold equivalent ounces. And its mineral reserves as at 31st December 2011 was 64 million ounces, comprising 40 million ounces at South Deep and 24 million ounces of reserve at the various international operations.

Gold Fields shareholders will continue to enjoy amongst the highest dividend yields in the sector. In fact, based on the historic stats we do have the highest dividend yields with the company maintaining its 'dividends first' policy of giving dividends the first call of cash flows and distributing 25% to 35% of normalised earnings to shareholders.

This transaction does not require shareholder approval, and the necessary approval to list the company has been granted by the South African Reserve Bank. The only outstanding condition precedent is the listing approval by the Johannesburg Stock Exchange and the New York Stock Exchange for the listing of Sibanye.

Gold Fields is also currently compliant with all of the black economic empowerment legislation, and both Gold Fields and Sibanye Gold will be unaffected by the transaction in this regard.

With that I would like to turn this over to questions

Operator

We have a question from Greg Tenser of NWQ Investments. Please go ahead, sir.

Jon Bosse

I'm not sure if I've missed it. What are the tax consequences of this?

Paul Schmidt

In total for the company there are no tax consequences. This is being treated as a pure unbundling and we have rollover relief from the South African tax authority. In terms of the individual shareholders, there are no tax consequences for South African or US shareholders. However, for UK and some of the European shareholders there may be tax consequences depending on exactly what kind of shareholder they are. They will have to consult their relevant tax consultants to advise on how they must treat it.



Speaker	Narrative
---------	-----------

Jon Bosse	What is your perspective or vision on other consolidation within South Africa and your potential interest?
Nick Holland	I think that the industry has been in decline for some years and that's one of the reasons that we have gone through this - to get a really focussed management team that can help preserve the trajectory. I think some of the problems that we have experienced are not unique to us. It is actually endemic in the industry. I think this could well be a catalyst for some kind of consolidation. What form that would take I don't know, but there has been a phrase mentioned in this country that we need to tear down the farm fences and see how we can best exploit mineral reserves in a way that everybody wins. This may well be an opportunity to do that. We can't predict with certainty what might happen, but I'd like to think that it will be getting other people thinking about what they should be doing with their portfolios.
Jon Bosse	And with regards to the South African authorities. Do they view this positively because you're adding to jobs and wages so they think this is a benefit to the country?
Neal Froneman	They do view this as positive. We've had extensive consultations with both government and organised labour. Certainly we've picked up a few concerns that have been addressed. But as a whole they are supportive. The unbundling itself does not lead to any job losses. I think one of the benefits that you've seen is that the cash flows out of KDC and Beatrix are ring-fenced and can be ploughed back into those assets either in the form of capital or to shareholders in the form of dividends. So that is indeed positive. It certainly provides a lot more sustainability. So, on the whole I think it has been very well received.
Jon Bosse	What is the perspective of the other company which now is South African-based, but has very few assets there? Is there a longer term plan or implications?
Nick Holland	No, it is going to continue being run the way it is now. It will be a South African domiciled company. South Deep, which is a very different kind of operation, a mechanised mine, will continue to be a key part of its growth. And it will continue also to expand globally across the world. It already has 1.9 million ounces of production in Ghana, South America and Australia, and we will look to continue to grow that. That has been a stated intention of mine for a number of years. We will continue to do that off a South African domiciled platform. We don't think there is any problem in being able to execute that.
David Flemming	Good afternoon. I've got a few questions. In terms of including South Deep as part of the main company did you ever consider not including that, i.e. unbundling South Deep as well? And if so, what do you think the South African Reserve Bank would have said if you had tried to do that? The second question is relating to the BEE. Could you remind us what the BEE status of both those companies will be post the unbundling? Thirdly, you mentioned no job losses. But in essence there will be now two executive teams. What will the incremental cost be to the two companies or the one company? Lastly, you mentioned no shareholder approval is required. What is the reason for that? Is it



Speaker	Narrative
---------	-----------

<p>Nick Holland</p>	<p>because of the size of the transaction, or is there some other reason? Thanks very much.</p> <p>The reason South Deep is not included in Sibanye is because it is a very different kind of asset from KDC and Beatrix. Those assets have been in decline whereas South Deep is a growth asset which is a highly mechanised operation and requires a completely different skills set. And what we don't want is to find that the management of KDC and Beatrix are in any way not focused on turning those assets around. They shouldn't be worrying about a growth asset in their portfolio. They should be worried about restoring and turning around existing highly labour-intensive operations. That is really the key business rationale in not separating that out.</p> <p>And also South Deep lends itself more to some of the underground international operations that we have that are also mechanised. So it is more closely aligned with those operations. This is not a South Africa/non-South Africa issue, David. This is about separating out operational assets with different risk profiles and characteristics. That is what this deal is all about.</p> <p>On BEE we've consistently said that we've already achieved our requirements of 26% for 2014 hurdles. The repackaging of these assets doesn't change anything. As far as we're concerned we have still met those requirements, so nothing changes on that.</p> <p>In terms of job losses, you're worried about duplicate executive teams. We're not going to have duplicate executive teams because in essence when we restructured KDC and the South Africa Region two years ago we already took out a lot of people from that structure. So in fact it already has a team running those assets. That regional team will form the nucleus of the new company. And in fact some of the people in the corporate office here will end up going across to the new company. Neal and I don't envisage hiring a lot of people. His first priority will be to retain and use the people that we have.</p> <p>In terms of shareholder approval in terms of the Companies Act. This did not trigger a shareholder approval because it is less than half the value of the company. If you look at any version of the value, whether it is internal or market-related valuations, we're well within that threshold. We have tested that with our legal experts.</p>
<p>T. Jakusconek</p>	<p>I am frm Scotiabank. Just a few questions, Nick. With the unbundling is there going to be any savings for Gold Fields because you are getting rid of those assets?</p>
<p>Nick Holland</p>	<p>Absolutely. We will be looking at all of the operations. The corporate office here we will look to reduce by transferring people across to the new entity. We obviously are mindful of the fact that Gold Fields now will be a 2.1 million ounce instead of a 3.5 million ounce producer. And with that comes the need for us to look at all of our costs across the business and make sure that this new Gold Fields is fit for purpose. Part of the whole portfolio review anyway is looking at every Dollar we spend and where we spend it.</p>
<p>T. Jakusconek</p>	<p>Do you have any idea of what sort of initial savings you're expecting?</p>



Speaker	Narrative
Nick Holland	Not yet, but I'm sure we will be able to give you a good feel when we see everyone in North America around about February. Obviously a lot of our employees have just learnt about this, so there will need to be a consultation process.
T. Jakusconek	I will see you there in Toronto when you come through. Is there any sort of an agreement with the new company in terms of if you wanted to increase your exposure in South Africa in terms of maybe assets that are off limits etc.? A bit like what Barrick has with African Barrick.
Nick Holland	These two companies are going to be completely independent. They are going to be free to compete wherever they want to compete. But I think the future strategy of Gold Fields will be to bring to account the vast potential of South Deep. We are getting over the hump of the main capital, but after that the bulk of the effort will be in globalising and growing the portfolio outside of South Africa. We think that will be the right sort of mix for Gold Fields.
T. Jakusconek	I just wondered if there was another agreement in the event that there was something in South Africa. And maybe lastly, who are your financial advisors and legal advisors?
Paul Schmidt	Our legal advisors ENS in South Africa, and Linklaters in the. The three financial advisors on the transaction have been Barclays, Credit Suisse and JP Morgan.
David Horton	You mentioned a couple of times now your vision of globalisation. I'm presuming here you mean Gold Fields, the larger entity. What kind of plans have you got in place? Are you thinking about the development of Far Southeast, Arctic Platinum etc. or do you have a broader vision as to how you'd like to move forward?
Nick Holland	<p>That's a good question. Certainly we've got a number of brownfields projects and greenfields projects. Our brownfields projects include a new CIL plant at Tarkwa and an expansion of Damang, where we have a 10 million ounce resource. And we're trying to work out the best way for us to expand that. Whether it is still a Greater Damang expansion of the whole 3km strike that we have or whether it is just an expansion of the core original pit, we're doing that work as well. We have the potential for a plant expansion in Peru, a second sulphide plant, and also a heap leach operation.</p> <p>Far Southeast is much further out. It is still going to take us a number of years till we get that to a construction decision. We've got Chucapaca in Peru which we need to do more work on because the feasibility study hasn't given us the required return that we set for ourselves at this stage. Yanfolila in Mali is another project that we're going into a pre-feasibility study during the course of 2013. And Arctic Platinum we're just going to finish a pre-feasibility study in the next two months and then we will decide if we go through the next gate.</p> <p>I'm not really going to be fixated now on targets for production. I'm rather going to say that we're more fixated on getting cash flow out of each of our existing operating assets, and then looking judiciously at the best projects to</p>



Speaker	Narrative
	<p>take forward in a way that we can afford them without compromising our dividend to shareholders. That is really what we're going to do. We haven't yet come up with the right portfolio mix and prioritisation of all of those projects. I think you will find we will press the button on at least two of these brownfields projects and maybe one greenfields project within the next 12 to 18 months.</p>
<p>David Horton</p>	<p>Just looking at the brownfields, you've mentioned each of the regions in which you operate, except Australia. Do you see that more or less a mature operation or are there opportunities there for you too?</p>
<p>Nick Holland</p>	<p>I think there is more potential in Australia, particularly at St Ives, for life extension. That is typically what we have done over the last ten years. When we bought St Ives we had a reserve of about 1.4 million ounces. Everyone said, why did you buy it? But since then we've mined 5 million ounces at St Ives and we keep on discovering new stuff. Right now we're sitting with a reserve of 2.5 million ounces. And we are looking at some very exciting possibilities. There is a new trend in the sheer zone we haven't seen before called Invincible. It's about a 1km strike. It is open at depth. It's open on strike. It looks high grade. So that could be another significant addition to the portfolio. It is likely to run at the same sort of production or slightly lower than what it is now. Agnew continues to basically give us positive surprises beyond what we thought it would. It should have been mined out five years ago. We still have another six years ahead of us, and we keep on discovering more in the underground operation at Waroonga. David, it is going to be more life extension and growth.</p>
<p>David Horton</p>	<p>Okay. With the separation now of KDC and Beatrix from South Deep, at some stage you had been thinking about access of the deeper levels of South Deep via Kloof. Is that now well and truly off the table?</p>
<p>Nick Holland</p>	<p>I don't think you can say it's off the table because Kloof 4 shaft is actually very close to South Deep. And it may well be a possibility in the future. That would require about a 4km haulage to be put in place between the operations. But I think the key thing for us at the moment is to focus on delivering the base plan at South Deep. I don't want anyone in the company to be distracted by that. That is the key deliverable. We have got another shaft at South Deep that could be used for hoisting which is right there. It is only 1.4km away from the twin shafts. So the vision we had six years ago has been overtaken by our need to get the base plan at South Deep up. But in time nothing stops the two companies from collaborating in future if an opportunity like that made sense.</p>
<p>Operator</p>	<p>Do you have any closing comments?</p>
<p>Nick Holland</p>	<p>I would like to say that this has been a historic transaction for us to announce. We have taken a huge amount of time to think about this. There has been a hell of a lot of work put in. I think this provides an exciting opportunity to create a new company that I think a lot of you will find interesting. At the same time it is a different kind of Gold Fields that is being created, but I think you will still find a lot of attractive value opportunities.</p>



Speaker

Narrative

Speaker	Narrative



Speaker

Narrative

END OF TRANSCRIPT