



Breaking the resource curse

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Forward looking statement

Certain statements in this document constitute “forward looking statements” within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934.

In particular, the forward looking statements in this document include among others those relating to the Damang Exploration Target Statement; the Far Southeast Exploration Target Statement; commodity prices; demand for gold and other metals and minerals; interest rate expectations; exploration and production costs; levels of expected production; Gold Fields’ growth pipeline; levels and expected benefits of current and planned capital expenditures; future reserve, resource and other mineralisation levels; and the extent of cost efficiencies and savings to be achieved. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa, Ghana, Australia, Peru and elsewhere; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, exploration and development activities; decreases in the market price of gold and/or copper; hazards associated with underground and surface gold mining; labour disruptions; availability terms and deployment of capital or credit; changes in government regulations, particularly taxation and environmental regulations; and new legislation affecting mining and mineral rights; changes in exchange rates; currency devaluations; the availability and cost of raw and finished materials; the cost of energy and water; inflation and other macro-economic factors, industrial action, temporary stoppages of mines for safety and unplanned maintenance reasons; and the impact of the AIDS and other occupational health risks experienced by Gold Fields’ employees.

These forward looking statements speak only as of the date of this document. Gold Fields undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

In consultation with

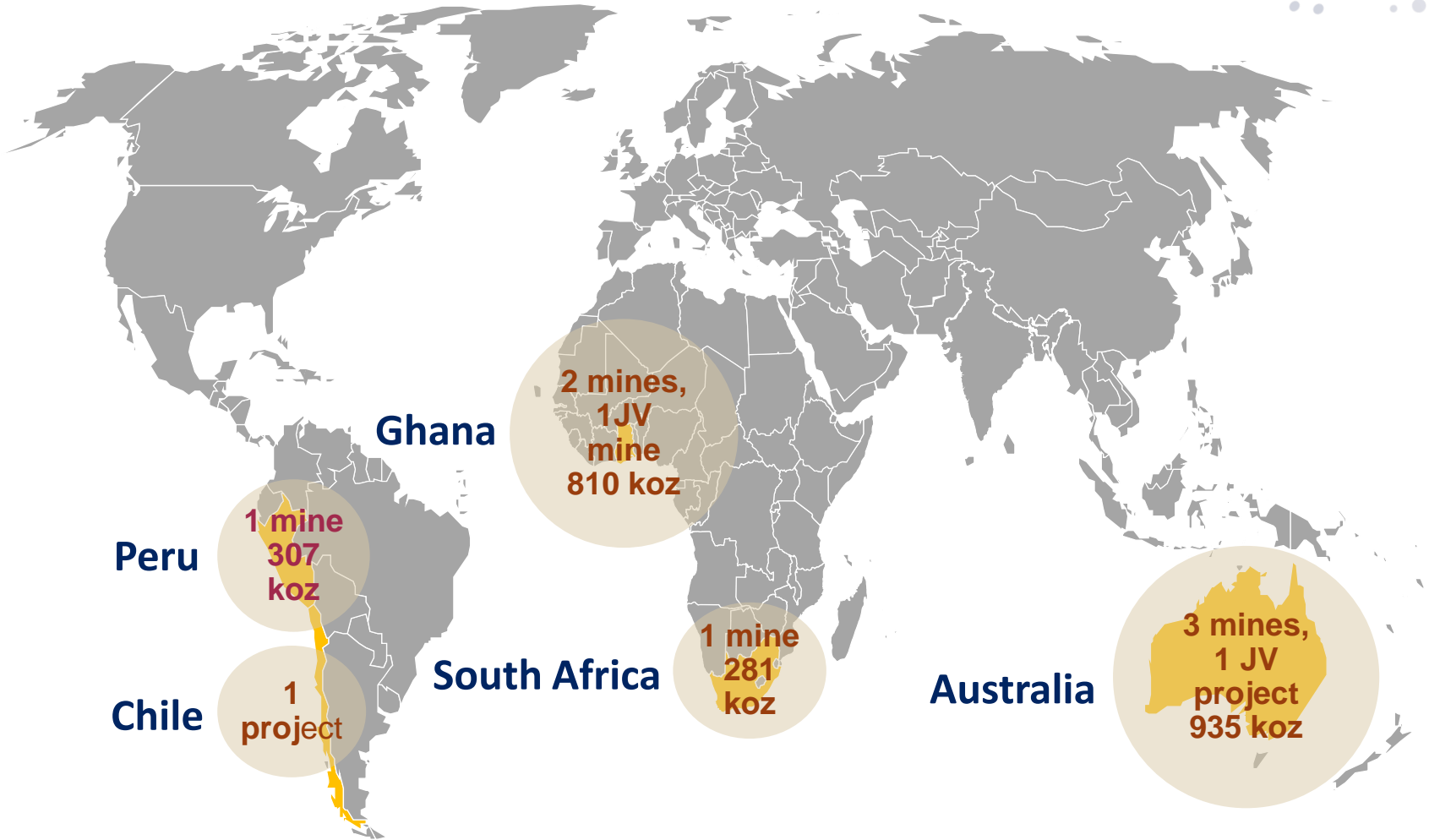


Scaled **IMPACT**





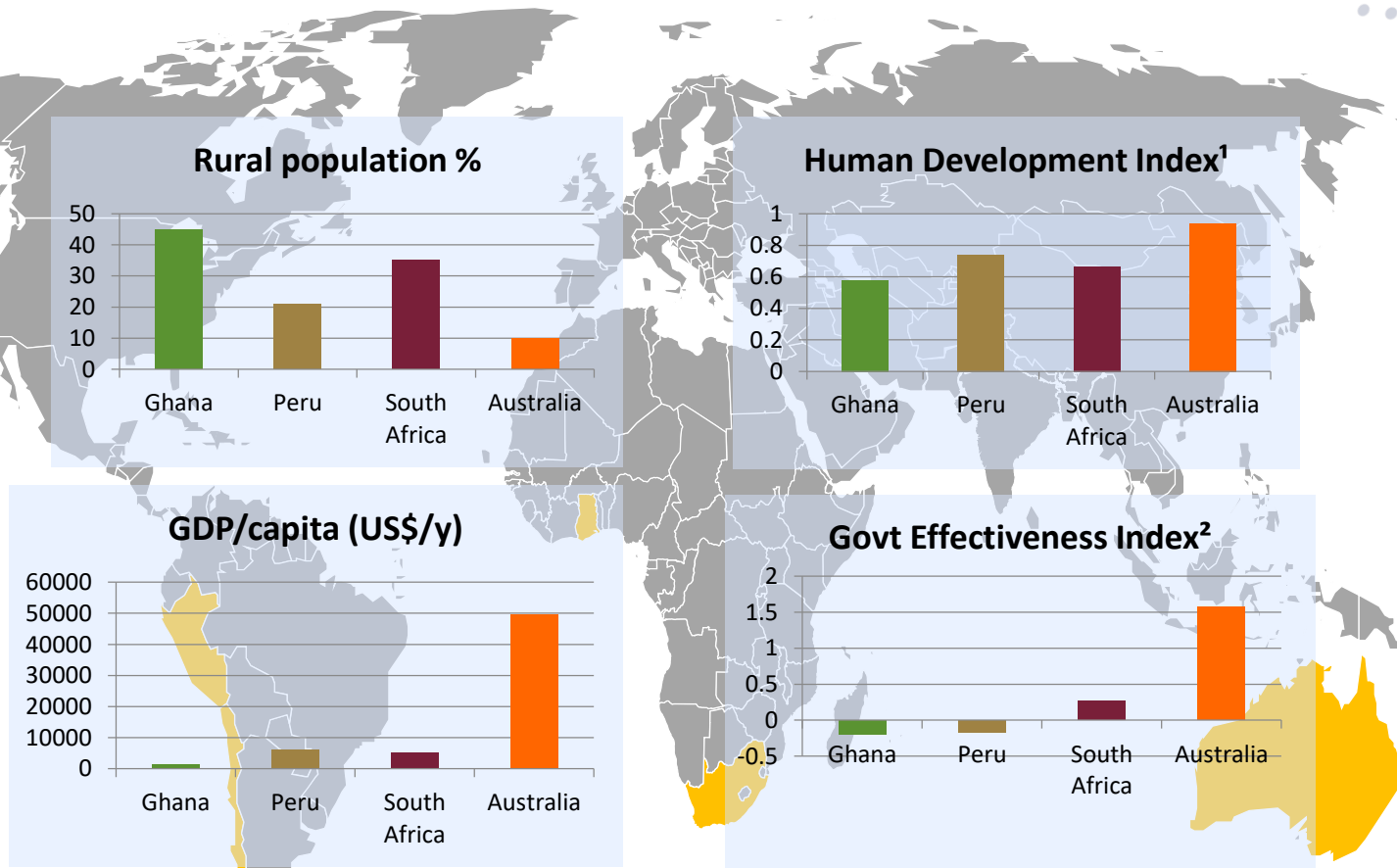
Our operations and projects worldwide



Source: Gold Fields



Gold Fields' operations are in emerging markets and Australia



1 – UN Human Development Index: 1=Maximum human development; 0=No human development

2- Government Effectiveness Index: 2=Complete government effectiveness; -1=Ineffective government

Source: World Bank, UNDP, Index Mundi

Socio-economic profile of Gold Fields' host communities

A host community is a group residing in a village or town that...

- Is in the vicinity of a mine operation
- Has been directly affected by exploration, construction or operations
- Has a reasonable expectation regarding the duties and obligations of the mine operator

Our host communities: 435,000 inhabitants (of which 195,000 are directly impacted)
Gold Fields workforce: 19,000



Ghana

- 20 host communities with 84,000 people
- 2 mines – Tarkwa and Damang
- 1 JV – Asanko
- 19 villages and 1 town
- Rural, agricultural economy



South Africa

- 14 host communities with 272,000 people
- 1 mine – South Deep
- Peri-urban
- Unemployment >30%
- 64% of employees live in host-community



Australia

- 37,000 people
- 3 mines – Agnew, Granny Smith, St Ives
- 1 JV project - Gruyere
- 5 shires
- 13 aboriginal communities



Peru

- 7 host communities with 80,000 people
- 1 mine – Cerro Corona
- Rural, agricultural economy
- 3 cities and 5 villages
- High levels of poverty

Mining's contribution is better than perceived

1

Benefits available at country-level and at community-level

2

The bulk of the spending stays in-country

3

The longer mining persists – the more pronounced the impact

4

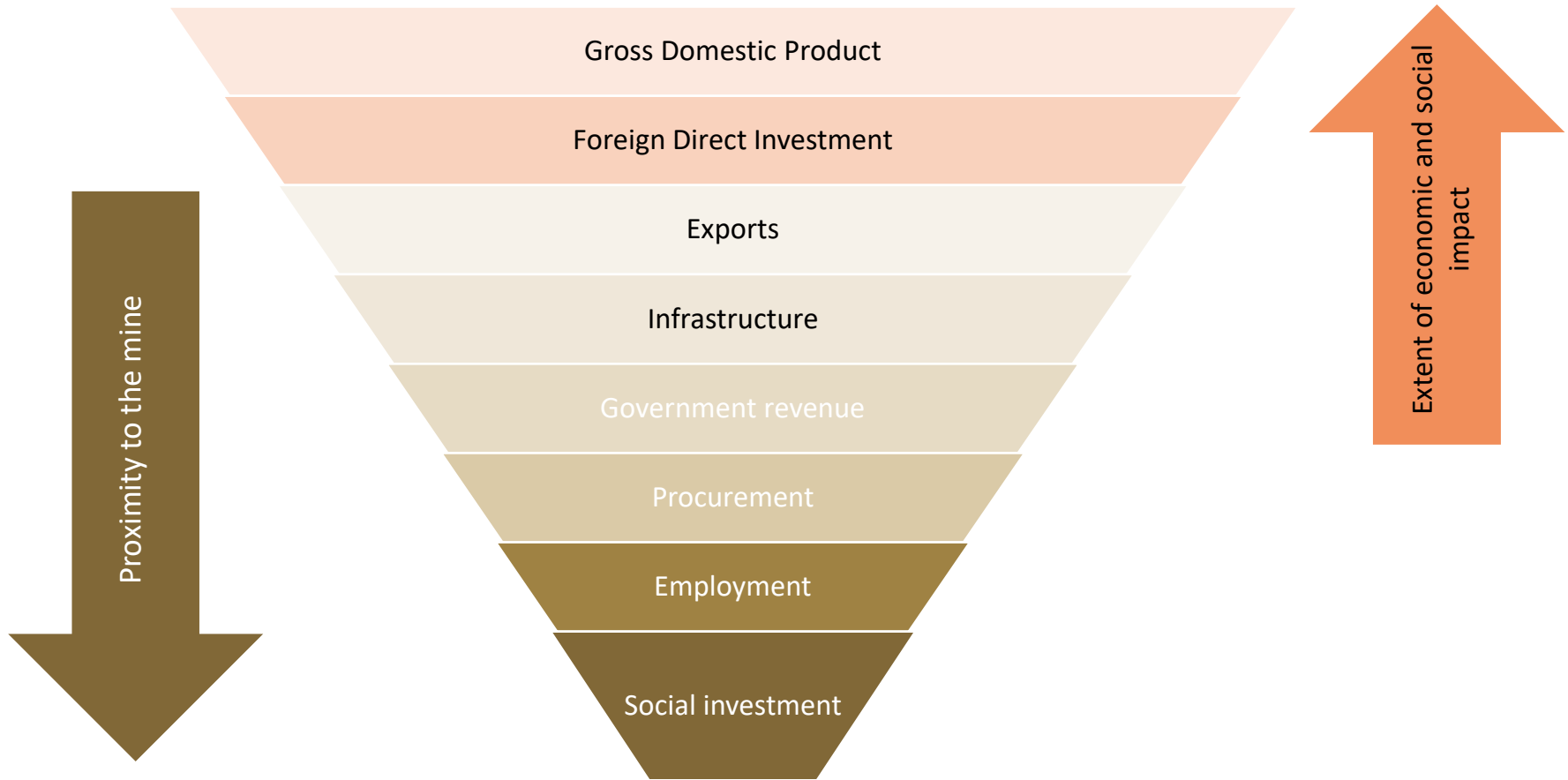
Mining has positive economic and human development impacts



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Mining companies make a significant contribution to our host nation economies and communities

How mines make an impact on a host country

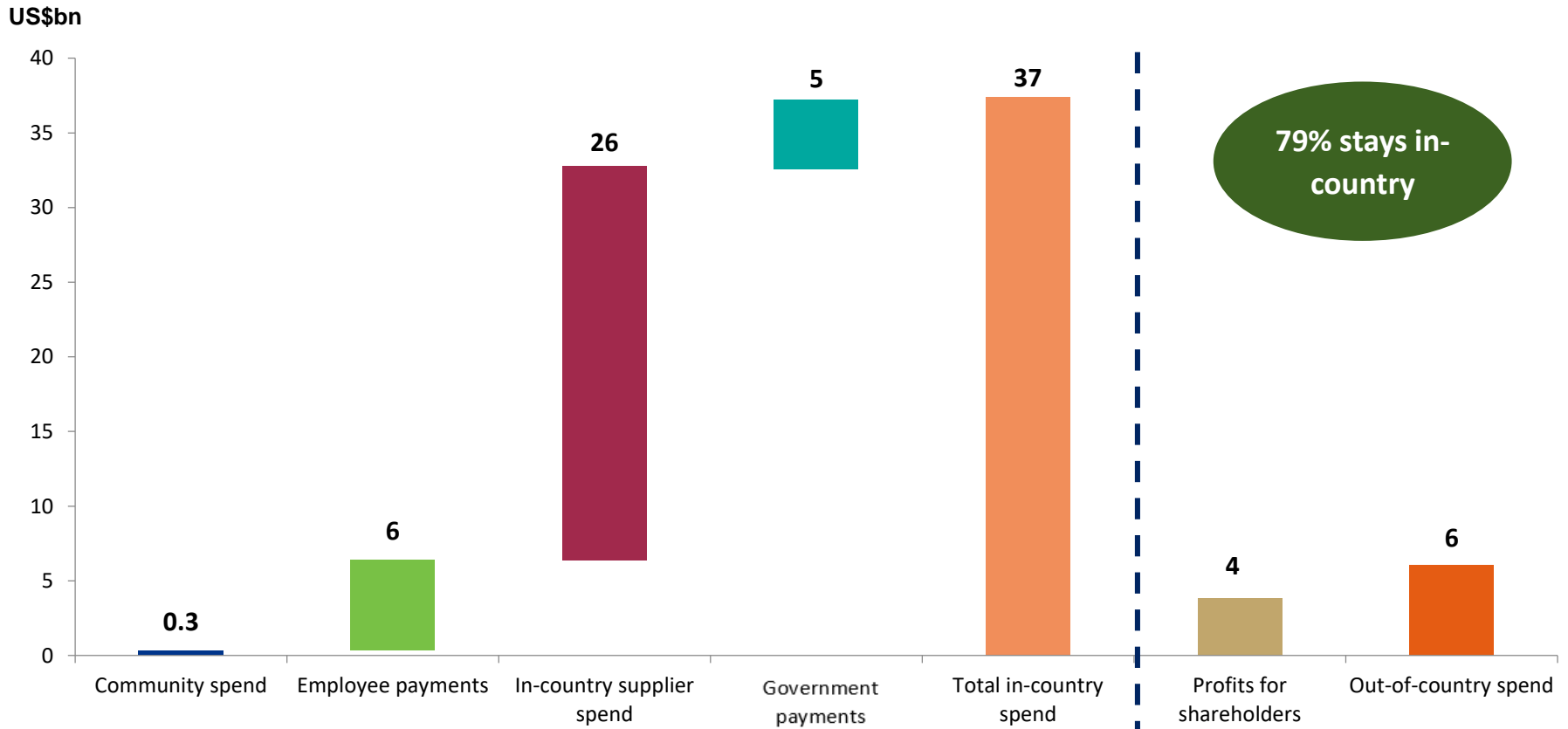


Source: ICMM, Gold Fields



The majority of value created by gold mining value stays in-country

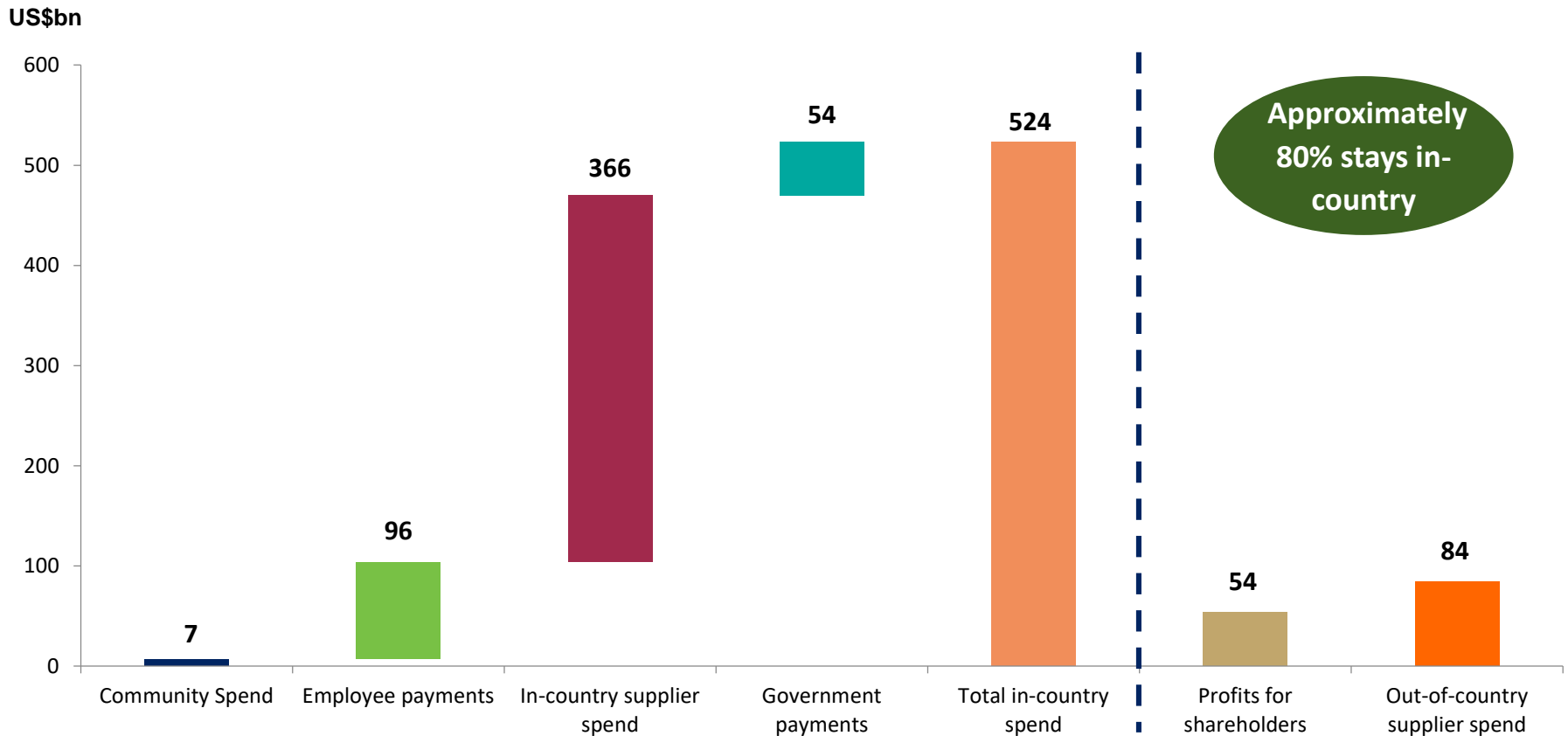
How value from gold mining is distributed (WGC – 2013)



Source: World Gold Council (2013), numbers rounded

The majority of value from global mining stays in-country

How value from the top forty global mining companies is distributed (PWC 2017)



Source ICMM (2016), PWC (2018) and authors' calculations; approximate revenue flows from Top 40 global mining companies based on revenue allocation for a typical mine. numbers rounded



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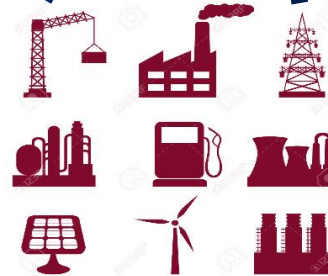
The contribution of mining to a country takes effect over a generation

Capital investment in mining drives liquidity, job creation and skills development

Leveraging mining activities, skills and income develops secondary industries and infrastructure

Secondary industries integrate with wider activity to create diverse, robust economies and maximum socioeconomic development

The starting point is core mining operations



1 – 10 years

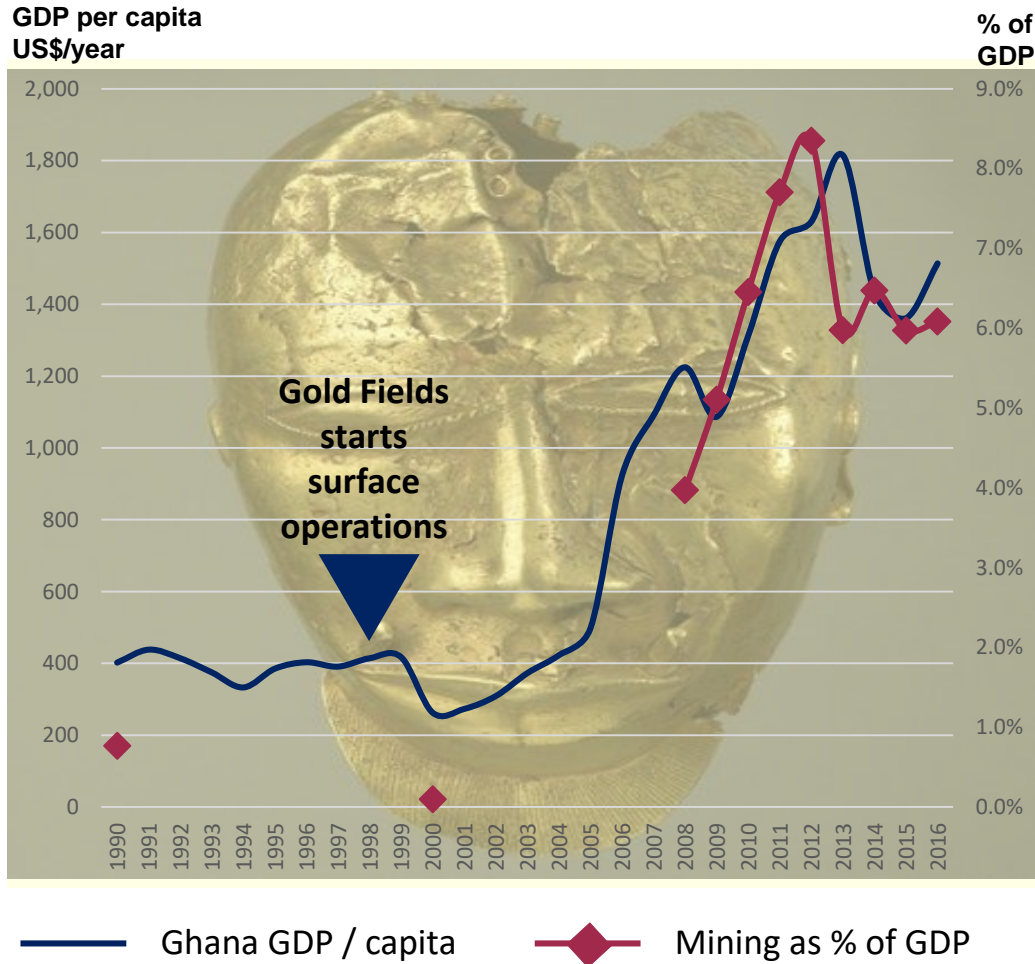
10 – 20 years

20 – 30 years

Ongoing in a generation

**Mining's economic multiplier is high: South Africa 2.5X; Peru 1.7X; Ghana 3.2X
Job multiplier is even higher: South Africa 9X; Peru 6X; Ghana 10X**

Gold mining is a major driver of Ghana's economy



Mining in 2017 contributed:

- 16.3% of government revenue
- US\$1.23bn annual local spend on suppliers and manufacturers
- US\$2.57bn of income that stays in country, 70% of mining revenue
- 43% of export revenues – the largest contributor

Among the top corporate tax payers over the past 20 years are:



Source: Ghana Chamber of Mines (2017), World Bank

The potential and the time it takes are seen in our 25-years in Ghana



Community spend

- Gold Fields' Ghana Foundation started in 2004
- US\$47m spent to date



Employment

- Current workforce of around 7,570 people (8,500 at its peak)
- Supporting 70,000 to 100,000 people
- Dependency ratio of 8-15 times



In country procurement

- 90% of supplier spend stays in Ghana
- 25% of supplier spend is now with host community suppliers



Government revenue

- US\$44m spent to date

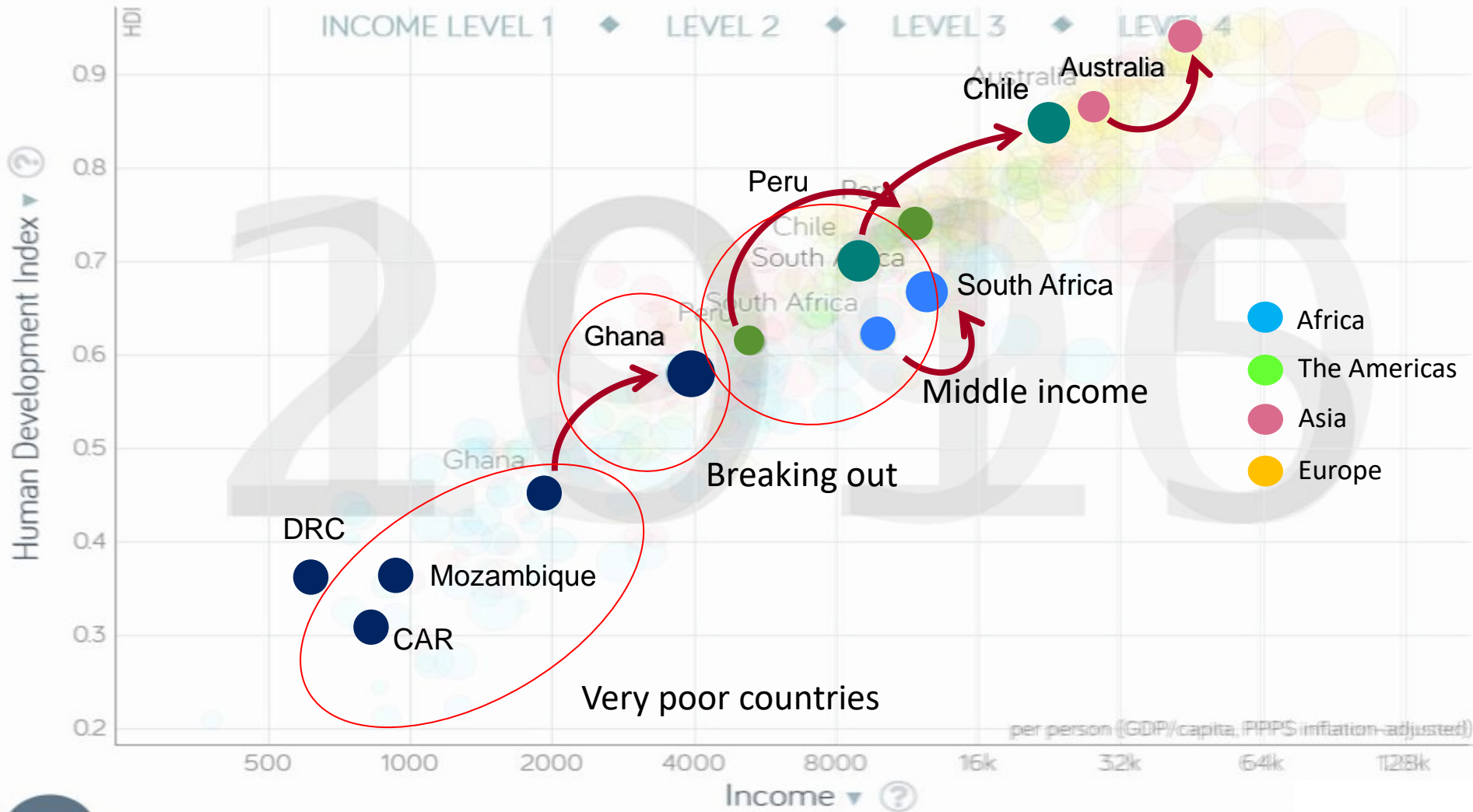


Infrastructure

- Rehabilitated over 100km of public roads
- Upgrading Tarkwa-Damang road for S\$22m
- Connected communities to the energy grid



Mining's contribution to welfare and development in resource rich countries (1990 – 2015)

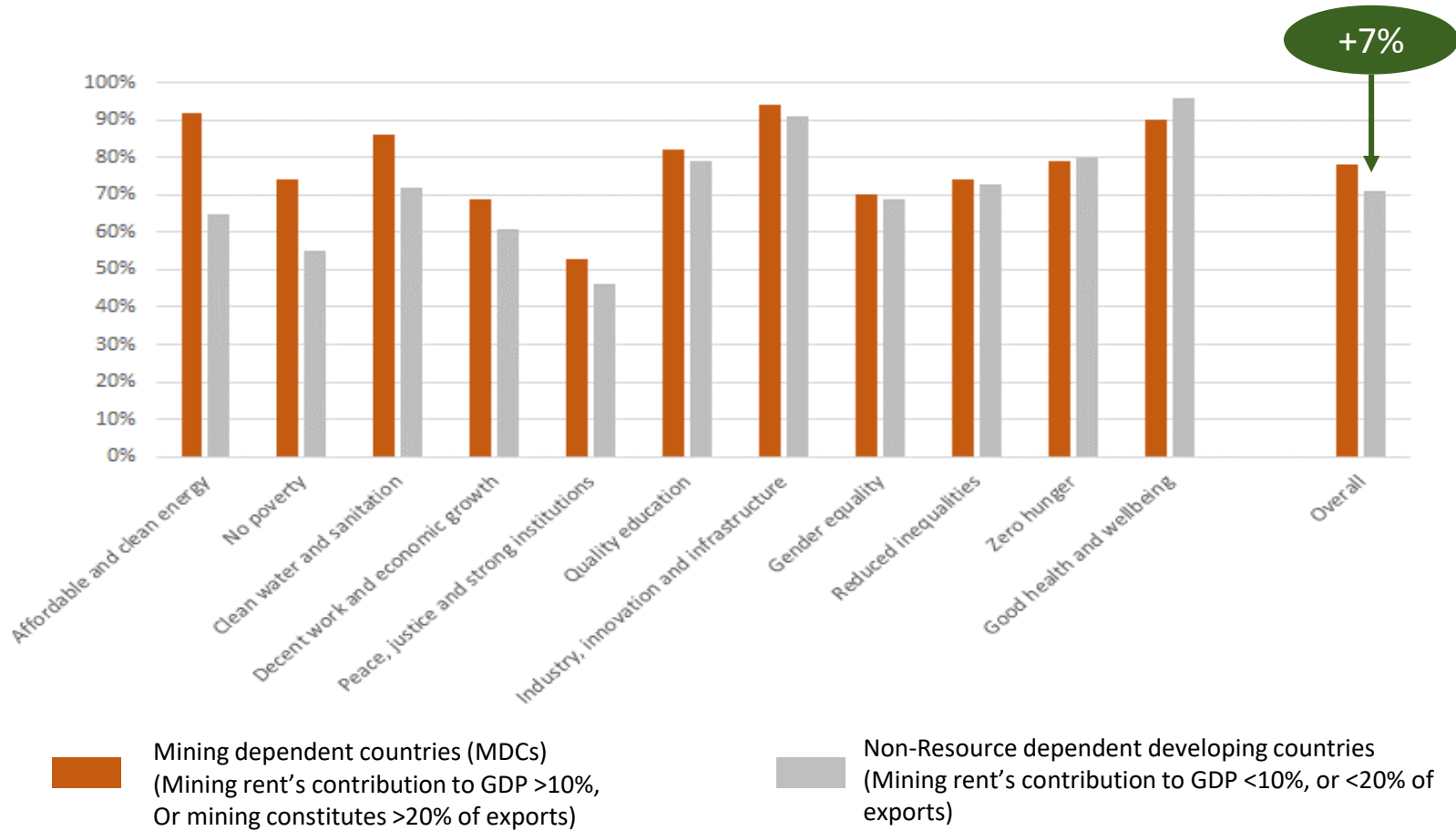


Source: Gap Minder



Countries with mining activity (MDCs) are developing better than those without

Percentage of UN Sustainable Development Goal measures that have improved (1995 – 2015)



Source: ICMM (2018)

Resource rents are the surplus profits generated (revenue above economic costs) through the extraction of resources.

If this is all so great, why do we still have a problem?

1

Mining still has a negative perception

2

Conflict is increasing

3

Weak governance in host countries offsets our positive effects



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Mining continues to have a negative perception

1

Public perceptions of mining

Environmentally polluting



Ignoring community needs



Destabilising communities



Enabling corruption



Fuelling conflict



Leaving clean-up to others





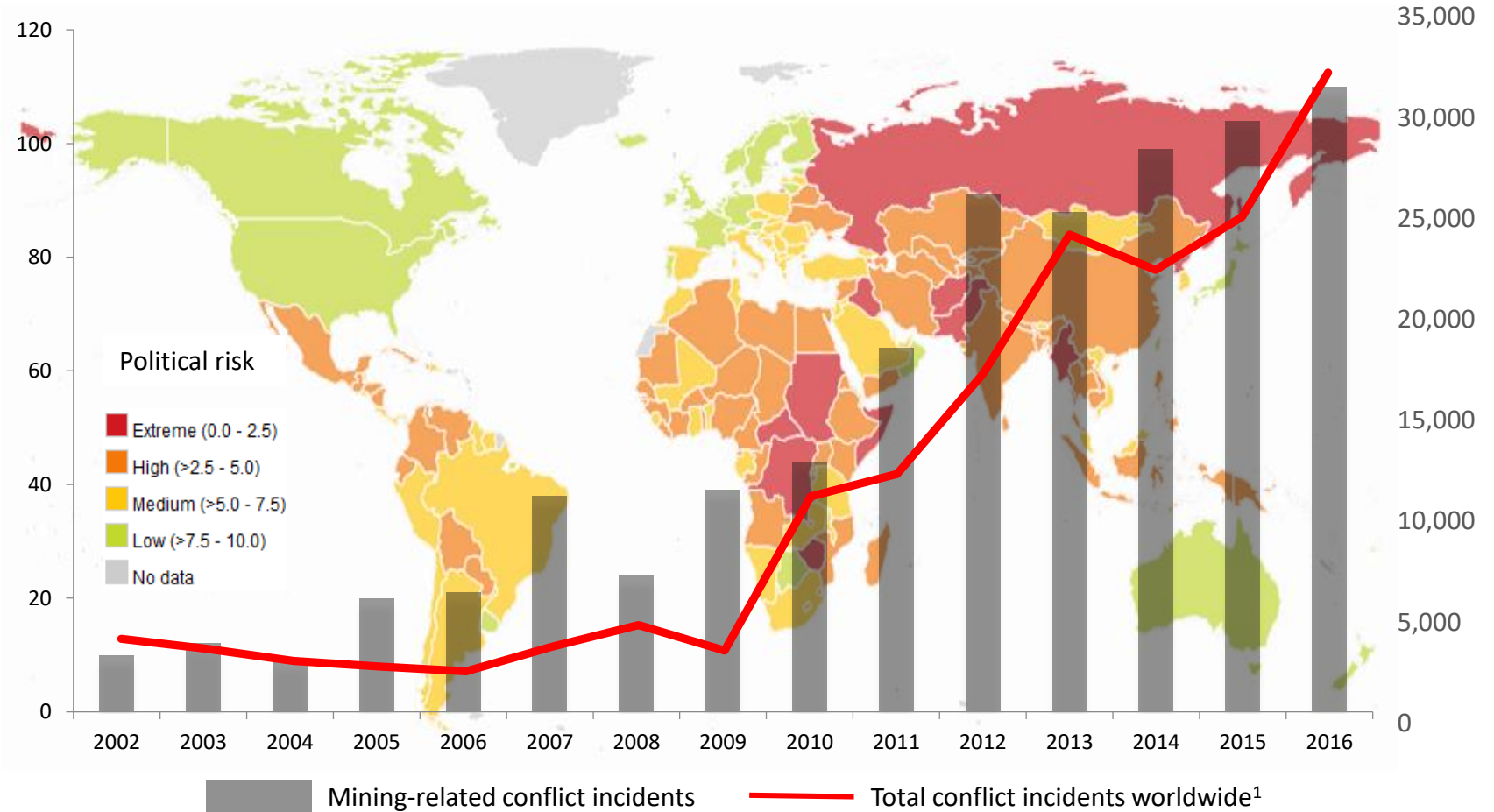
Mining related conflicts are rising

Mining-related conflict incidents worldwide and global political risk

1

Mining conflicts

Total conflicts

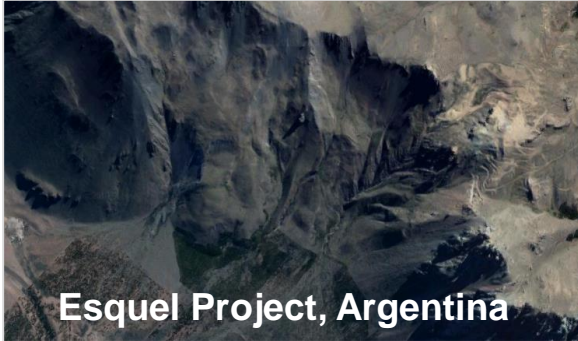


1 - Excludes Afghanistan, Yemen, Syria, Iraq and India (recent inclusion)
Source: ICM, ACLED (Armed Conflict and Event Location and Event Data)



Conflicts negatively affect miners, governments and communities

1



Esquel Project, Argentina



Conga, Peru



Bougainville, PNG¹

Yamana Gold 2002 - 2006

US\$379m asset write down
US\$1.33bn in projected reserves undeveloped

- Anti-mining protests by the community
- Fears sparked about water supplies

Newmont 2010 - 2016

US\$1.5bn capex lost
US\$6.5bn projected reserves undeveloped

- Community conflict directly with the mine
- Aggravated by water rights and political interests

Rio Tinto 1989 - 2016

US\$24bn in projected reserves undeveloped
US\$5bn restart cost

- Severe issues with tribal conflict in remote areas
- Aggravating environmental issues
- Local government overlooked

1 - Papua New Guinea

2 - Dates - period from disruption to full abandonment

Source: Market Watch / Wall Street Journal, New York Times, Atlas of Mines



Even as we work to reduce conflict, mining operations can make them worse

2

Mining related factors driving conflicts

Illegal mining revenue used to fund conflicts

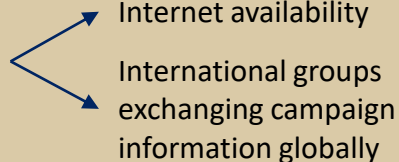
Mining companies working outside the spirit of the law

Environmental damage and unrehabilitated sites

Mining used as a channel for corruption

Transient workers and operations destabilising and displacing communities

Increased exchange of information



The things responsible miners do to mitigate conflicts

Community engagement

Expectation setting

Community employment

Development investment

Humanitarian support at times of crisis

Mediation between parties

Co-operation with governments and multilateral organisations

Industry standards (Conflict-free gold standard, LBMA gold refinery standard)

Industry collaboration (ICMM)

Contribution to conflict resolution initiatives



Weak governance in many resource-rich countries



3

Resource governance index results for mining resource dependent countries (2016)



Country	Score
Chile	81
Australia	71
Peru	62
Botswana	61
South Africa	57
Ghana	56
Kazakhstan	56
Niger	54
Bolivia	54
Zambia	50
Papua New Guinea	47
Congo	39
Guinea	38
Mauritania	29

Source: Natural Resource Governance Institute



Our host countries' governance varies greatly across levels of government

3

Peru



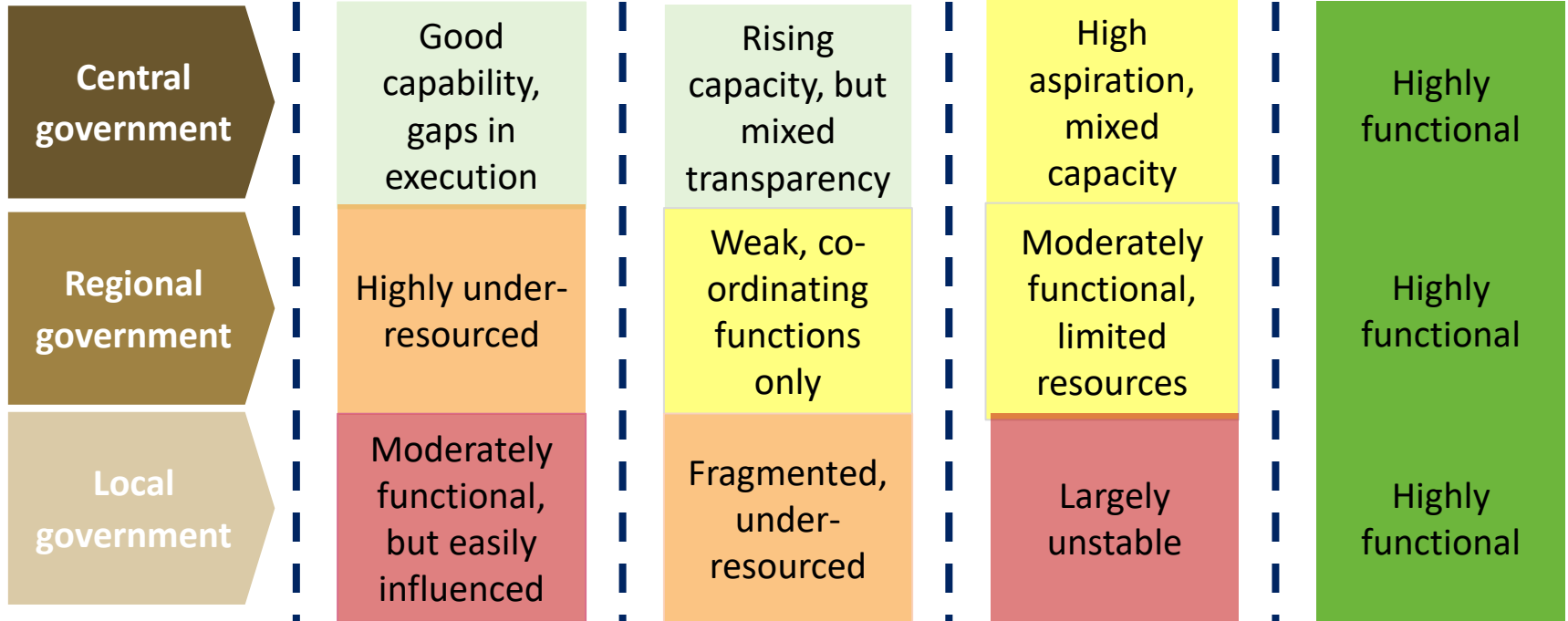
Ghana



South Africa



Australia



Source: Gold Fields' experience, IMF analysis

How can we change this?

1

Engage with central governments over the mining lifecycle

2

Build governance capacity in central governments



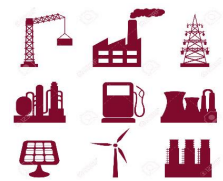
3

Collaborate with local governments and communities

4

Create community value

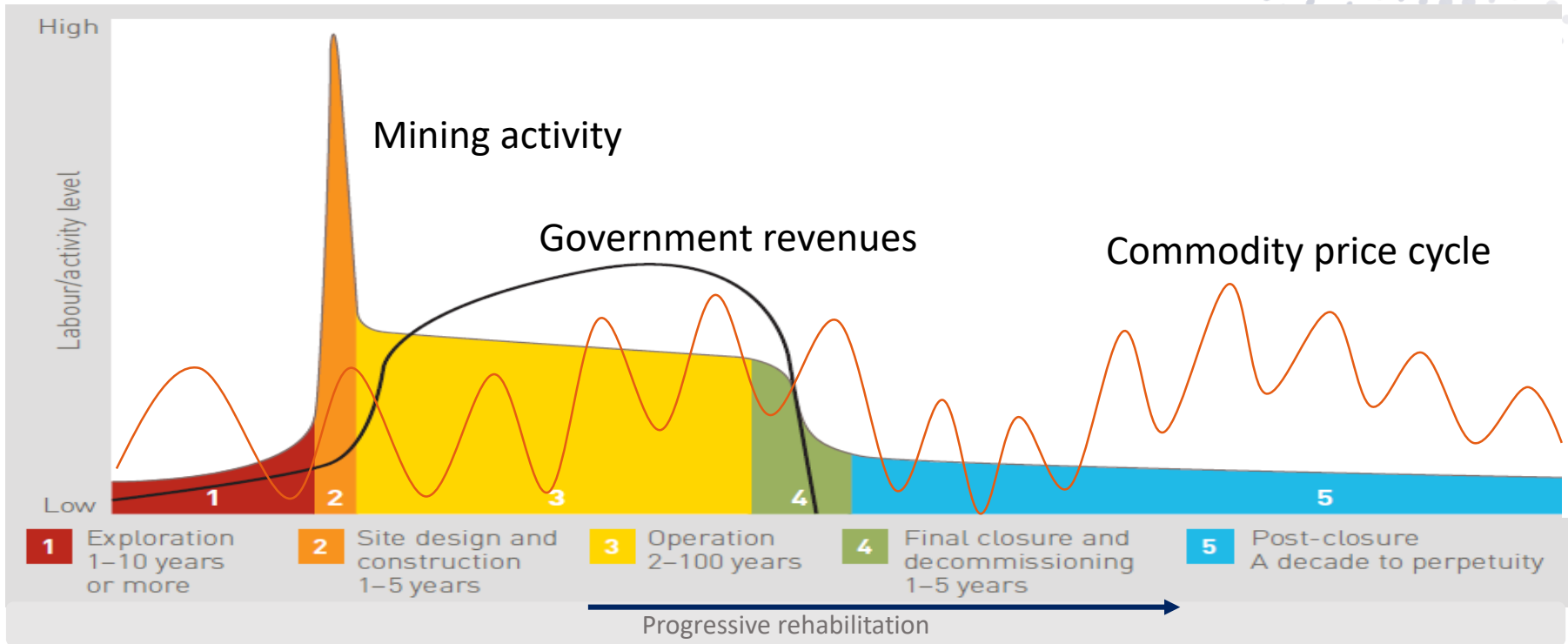
We match our engagement to the level of development and governance

	Early resource dependence	Established resource economy	Diversified economy
Stage of development			
Central government	<ul style="list-style-type: none"> • Lower capability • Suspicious, zero sum negotiations 	<ul style="list-style-type: none"> • Capability rising • More sophisticated tactics and contracts • Periodic instability 	<ul style="list-style-type: none"> • Formal engagements • Advanced incentives • Still open to capture
Local government and community position	<ul style="list-style-type: none"> • Host communities fear change • Local government absent or ineffective 	<ul style="list-style-type: none"> • Communities engaged • Some social benefits • Local government can be slow to catch up 	<ul style="list-style-type: none"> • Communities develop beyond the mine • Mining “just another corporate activity”
Gold Fields’ engagement strategies	<ul style="list-style-type: none"> • Promote government capacity • Transparent reporting • Build trust with all stakeholders • Infrastructure investment 	<ul style="list-style-type: none"> • Work within social framework • Strong governance • Strong community, government engagement • Fill local service, infrastructure gaps 	<ul style="list-style-type: none"> • Support royalty, tax transfers • Support skills, SME development • Focus on sound closure

Source: Blavatnik School of Government, Natural Resource Governance Institute, ICMM, Gold Fields experience



Host governments can create an enabling environment matched to the mining life cycle



Government exploration incentives to promote investment

Further incentives and support during construction

Tax and royalty payments matched to the mining cycle – flexible participation

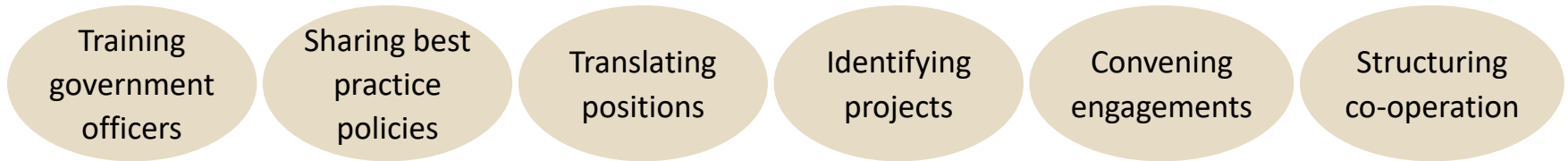
Reduced payments – conversion to environmental and social management

Controlling long-term environmental and social effects

Central government engagement is a story of capability and partnership

Government capacity needs to be built	Partnerships are possible in certain areas
<p>Companies need:</p> <ul style="list-style-type: none"> • A reliable negotiating and contracting partner • Predictability regarding decision-making and legislative processes • Capability in economic analysis and legal structuring • Collaborative development between central government, local government and communities 	<p>In areas outside conflicts of interest:</p> <ul style="list-style-type: none"> • Wider national development priorities – health, employment, skills and overall growth • Infrastructure provision: roads, rail, power and water • Trade policy and export promotion • Value chain upgrade and local manufacturing

Third parties can play a vital supporting role



Source: Blavatnik School of Government, Natural Resource Governance Institute, ICMM, Gold Fields experience



Our license to operate rests on combined central and local support

Central government

Sets the operating framework:

- With reasonable capability
- Political support
- A development agenda

But is remote:

- Far from the affected people
- With far wider interests and priorities
- Has acute national finance issues

Local government has difficulty governing:

- Limited capability
- Staff shortages
- Acute local development needs
- Unstable populations

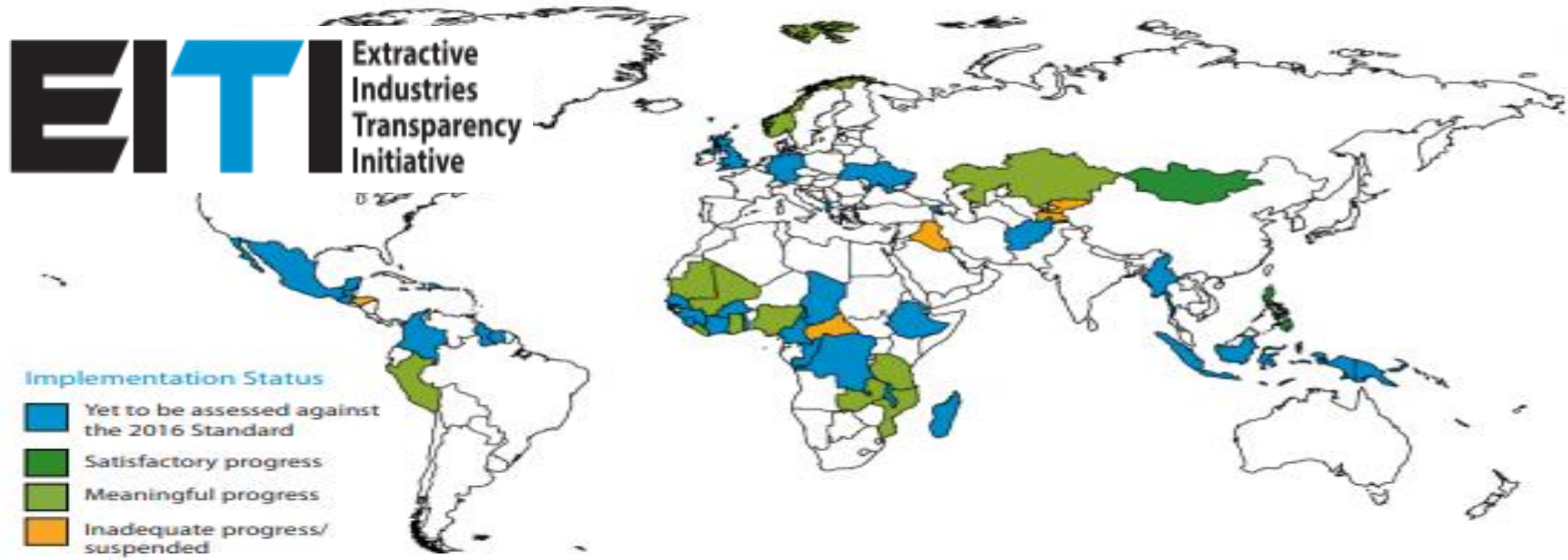
The community counts:

- Knows what it needs
- Understands what works
- Controls access to the area and even the mine
- Limited resources

Royalty payments do not always get back to the host community



The EITI is starting to enable more transparent revenue flows to host communities



Levers to enable good royalty flows

Consistent tax, royalty payment reporting by companies

Matching government and company reported funding

Systems to ensure revenue flows from centre to regions

Systems to ensure distribution of funds to community projects

Revenue flow from the centre to regions is mixed

Regions, cities have poor track record of distribution

But:

Not enough countries are signed up

Transparency is not yet high enough

Source: EITI

Focus on value creation in host communities



Source: International Growth Centre, Blavatnik School of Government, ICMM, Gold Fields experience



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Gold Fields' host community value creation at South Deep mine



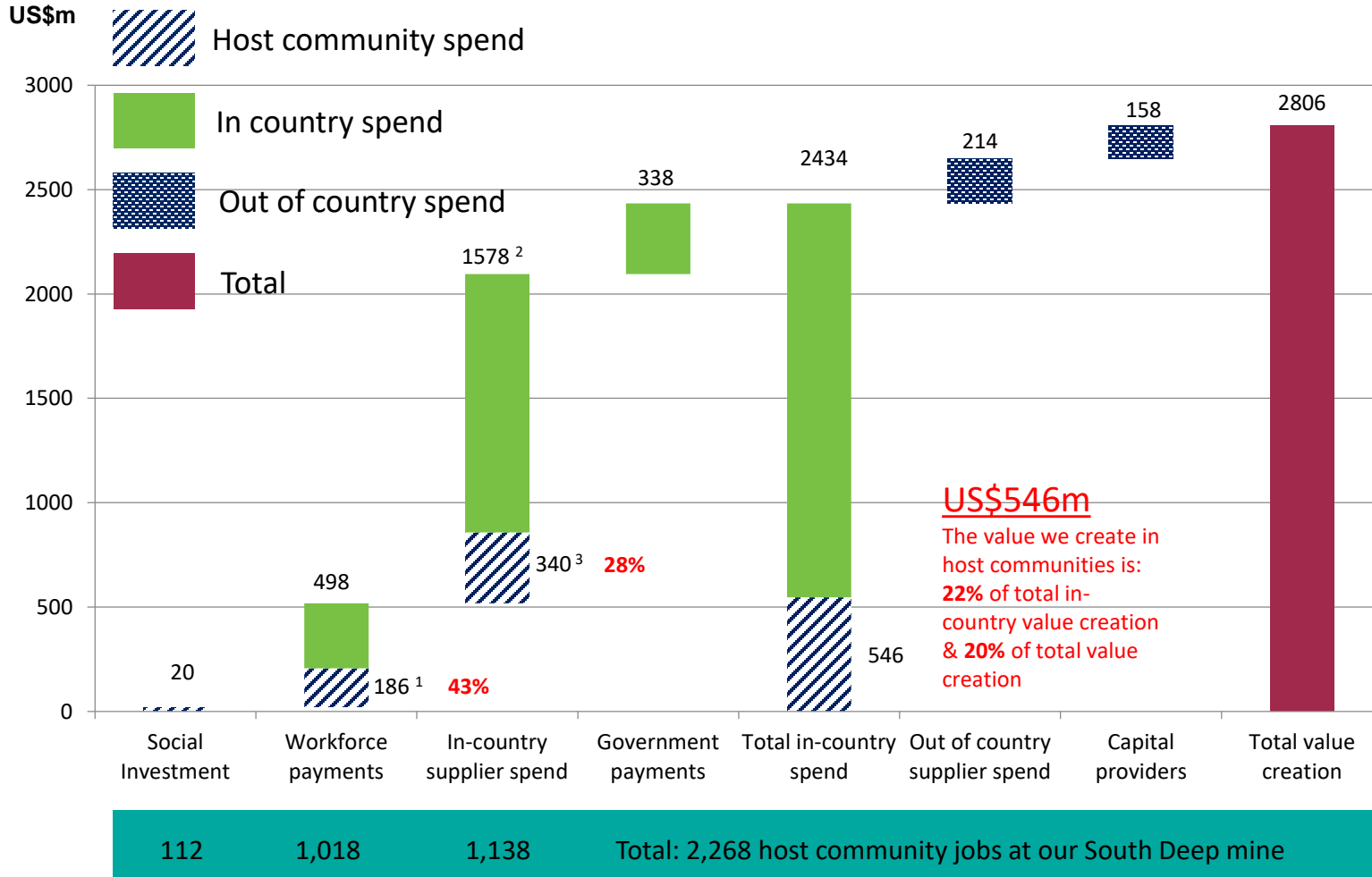
- 14 host communities with 272,000 people of which 112,000 directly impacted
- Workforce of 5,800 people
- HDSA employees 71%
- HDSA employees in senior management 57%
- R587m spent on facilitating home ownership and improving living conditions
- 2013-2017 Social and labour plan committed:
 - R703m to human resources development
 - R58m social development investment in host and labour sending communities
- 2018-202 SLP, awaiting approval, commits:
 - R256m in human resources development
 - R25m in infrastructure development in host and labour sending communities

Source: Gold Fields



Gold Fields' commitment to generate value in our host communities

Gold Fields' Total Value Creation (H1 2018 annualised)



1) 43% of workforce excluding corporate office; 2) 88% of procurement is from in-country suppliers; 3) 28% of in-country suppliers are from host communities



Summary takeaways

Mining companies are already enabling development in our host countries and host communities.
More needs to be done

Breaking out of the resource trap to create diversified economies depends on good, sound governance at all government levels

Managing our tax, royalty revenues from central governments through to local spending builds capability, trust and stability at all levels

We need to work with host communities to close some big gaps in funding, economic wellbeing service delivery and quality of life

Getting this chain right enables communities and countries to develop and secures our mining and social licenses to operate during and beyond the mine life



Breaking the resource curse

Thank you

QUESTIONS AND ANSWERS



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