

RISKS AND MATERIALITY

Top 15 Group risks and opportunities in 2017

Risks and mitigating strategies

- 1 A sustained and significantly lower gold price and currency exchange rate volatility**

 - Updated metal price forecasts approved for 2018
 - Business plans implemented and monitored through monthly and quarterly cost, capital and production reviews
 - Ongoing portfolio optimisation to ensure cash generation
 - Approval obtained to hedge gold and copper production for the various regions and subsequent structures have been entered into
 - Business restructuring and technology strategies to improve efficiencies and costs
- 2 South Deep**

2.1 Partial achievement of the production targets as defined in the rebase plan and the associated loss of investor confidence

 - Organisational transformation initiatives to unlock the full potential of all our employees
 - Skills development programmes – artisan upskilling and supervisor training programme progressed
 - Ensure compliance to mine design programme implementation
 - Improve fleet performance by focusing on effective maintenance and operation of equipment

2.2 Logistics and utilities infrastructure

 - Continued maintenance and upgrading of underground logistics and utilities infrastructure
 - Upgrading of ore pass systems
 - Design work for implementation of upgraded backfill system in progress
 - Haulage infrastructure (rail upgrade) work programme progressing
 - Ongoing roadway maintenance programme
 - Comprehensive logistics and utilities infrastructure audit and a five-year implementation plan to commence in 2018
- 3 Non-delivery of Damang reinvestment and Gruyere projects**

 - Both projects progressing in line with or ahead of their respective project schedules
 - Long-lead engineering items ordered and/or being manufactured
 - Gruyere access road and sealed airstrip projects completed
 - Monitoring wells have been drilled, cut-off trenches constructed and radar installed at the Damang East wall to improve pit wall stability
- 4 Regulatory uncertainty/Mining Charter in South Africa**

 - Ongoing consultation with the Minister of Mines and the Presidency of South Africa through the Chamber of Mines in developing a new Mining Charter for the South African Mining Industry
 - Legal strategy in place and implemented through Chamber of Mines to facilitate certainty around historic transactions specifically with regard to ownership to ensure the security of mining licences
- 5 Replacing Resources and Reserves at international operations**

 - Comprehensive near-mine exploration programmes in place
 - Mergers and acquisitions strategy to identify opportunities
 - Acquisition of additional shares in Cardinal Resources
 - Damang reinvestment and Gruyere projects progressing as per project schedules
 - Salares Norte project feasibility study on track for completion in 2018
 - Significant exploration commitments in Australia and Ghana
- 6 Loss of social licence to operate and community acceptance**

 - Growth opportunities in stable mining destinations – Gruyere and Salares Norte
 - Fit-for-purpose community relations structures in place
 - Strengthen stakeholder engagement strategy to deal with Native Title issues in Australia
 - Enhanced community investment and Shared Value projects in Ghana, Peru and South Africa
 - Interaction with communities via the SA Chamber of Mines regarding their involvement in the new Mining Charter
- 7 Water pollution, supply and cost**

 - Strict and focused compliance with environmental management regulations
 - All operations ISO14001 certificated
 - Water management plans are being widened to include post-closure water management
 - Water recycle, reuse and conservation practices in place in all regions
- 8 Safety and health of our employees**

 - Unrelenting focus on safety and health as the number one value in Gold Fields
 - Behaviour-based safety and visible-felt leadership programmes ongoing in all regions
 - ICMM Critical Control Management health and safety-based processes and policies rolled out and being tracked at the Board's Safety, Health and Sustainable Development (SHSD) Committee
 - The Chairperson of the Board's SHSD Committee chairs the South Deep quarterly safety meetings with the CEO in attendance
- 9 Attraction and retention of skills**

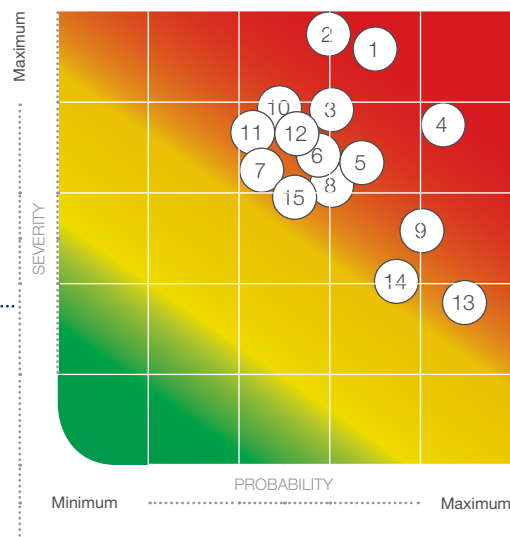
 - Fit-for-purpose regional/mine structures in place to deliver on operational plans
 - Human resource strategy focused on developing a high-performance culture
 - Succession planning and talent review systems in place at mine, regional and group levels
 - Entrenching the Gold Fields values and culture

How Gold Fields manages risk

The approach to assessing risk in Gold Fields is a collective effort by management of the risks facing the business. The assessments of the risks may be subjective and qualitative to a degree as they are primarily used internally.

A comprehensive set of risk mitigating actions reduces identified risks significantly. All heat maps reflect residual risks.

Risk tables have been published in the IAR on this basis for the last eight years.



Our top 10 materiality issues

Gold Fields Group materiality score for Global Reporting Initiative standards

(where 1 = critical to Gold Fields and 10 = not material at all)

Economic performance	1.8
Socio-economic compliance (SLO)	2.5
Safety and health	2.7
Employment	2.8
Labour/management relations	2.8
Public policy	3.3
Indirect economic impacts	3.3
Water	3.4
Energy	3.5
Training and education	4.2



For how we determine our risks and materiality, see www.goldfields.com/risk-management-and-materiality.php

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Cost of energy and security of power supply

- Five-year energy and carbon plans built into mine operational plans and being implemented
- Continued investigation into the feasibility of renewable energy options
- Genser gas power plants commissioned at Tarkwa and Damang and realising significant cost savings and providing stable power feeds
- South Deep 40MW solar photovoltaic (PV) project in final phase of agreement process with an independent power producer
- Oil price hedges in place in Australian and Ghana ending in December 2019

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Impacts of global climate change

- Comprehensive climate change vulnerability risk assessments conducted at all mines with remedial action plans being developed
- Aligning our financial and operational climate change disclosure to latest international standards
- Evaluating 20% renewable energy options for new projects in Australia and Chile

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Cyber crime/loss of information, communication and technology (ICT) data

- Implementation of a cyber intelligence programme incorporating external monitoring and early detection of cyber attacks
- Cyber security maturity assessment conducted and areas for continual improvement identified and being implemented
- Cyber security specialist position to be appointed
- Review and implementation of the ISO 27001 security standard for key risk areas
- Attack and penetration testing is ongoing, led by Internal Audit and ICT Department

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Group litigation

- Legal and engagement strategies to deal with potential Native Title-based claims at our Australian operations
- In South Africa, work is ongoing through the Occupational Lung Disease Working Group, including legal and stakeholder mitigating strategies, to achieve a fair settlement on the Silicosis claims
- Potential liability on the Silicosis payment booked for accounting purposes

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Wage agreement in South Africa and Ghana

- Early preparation for wage negotiations with proper market analysis, industry trends and settlements
- Communication of the macroeconomic environment
- Contingency plans in place for strike action
- In Ghana, Tarkwa is implementing the conversion to contractor mining

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Political uncertainty in South Africa (national elections in 2019)

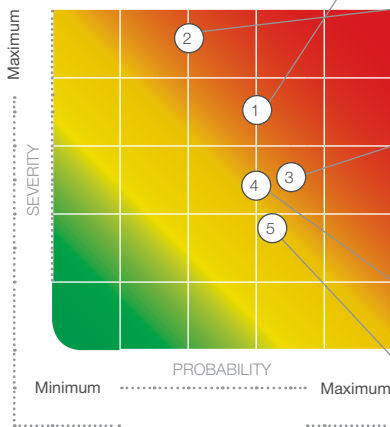
- Geographic derisking towards favourable jurisdictions ongoing
- Improved engagement strategies with governments and regulators
- Lobbying governments directly and through the Chamber of Mines – including legal strategies and actions
- Rand West City forum established to facilitate engagement between mines, local government and community organisations

RISKS AND MATERIALITY continued

Top 5 risks and opportunities per region in 2017

Risks and mitigating strategies

South America region



- 1 Implementation of the in-pit tailings project at Cerro Corona**
- Scoping study awarded to an international consulting engineering firm
 - Group support through corporate technical services
 - Feasibility study to facilitate early in-pit tailings has been completed

- 2 Salares Norte project, Chile – potential delay in Environmental Impact Assessment (EIA) approval**
- Completion of the hydrogeological model at the Salares Grande basin
 - Proactive and timeous community engagement programme
 - Proactive communication of information to relevant authorities

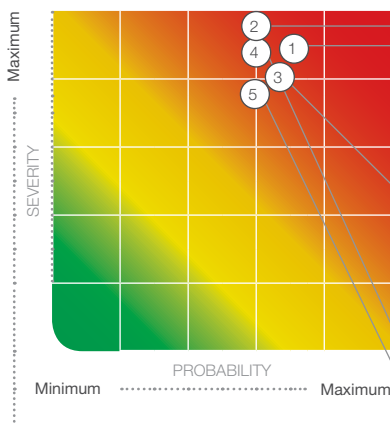
- 3 Oxide ore stock transportation to nearby CMC mining company**
- Securing commercial contract and close co-operation with CMC
 - Road maintenance
 - Safe mining and haulage planning and optimisation
 - Ensuring support from impacted communities and community safety programmes

- 4 Transition to a new mining contract through retender process**
- Ensuring seamless workforce transfer from old to new contractor
 - Building up of ore stocks
 - Build efficiency incentives into the new mining contract

- 5 Local social pressures, conflicts and community expectations**
- Proactive community and stakeholder relationships and engagement
 - Crisis management plans to deal with potential conflict
 - Stringent follow-up and feedback on all community commitments
 - Involvement of government authorities in our social projects

Risks and mitigating strategies

West Africa region



- 1 Transition from owner to contractor mining at Tarkwa**
- Ongoing engagement with union and affected stakeholders
 - Employee awareness and sensitisation programmes in place – including transfer to contractor and industry-based severance packages
 - Establishing and monitoring key milestones for the transition project
 - Change management process
 - Stockpiles built up to minimise impact of possible disruptions

- 2 Fiscal and government policy changes**
- Frequent engagement with relevant government departments
 - Intensive engagement via the Ghana Chamber of Mines
 - Ensure adherence to principles and conditions in the Development Agreement (DA)

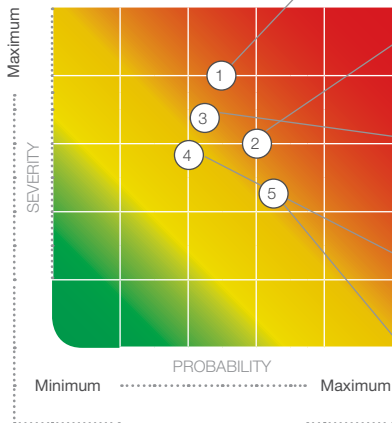
- 3 Execution of Damang mine reinvestment project**
- Implementation and delivery of milestones under the reinvestment plan
 - Fit-for-purpose organisational structure and continuous improvement initiatives
 - Ongoing monitoring of contract mining milestones
 - Pit wall control implementation
 - Drilling and mining of Amoanda and Huni pits as key additions to the long-term plan

- 4 Reserve depletion at Tarkwa – inadequate organic growth and LoM extension**
- Drilling to test new mineralisation targets
 - Comprehensive brownfields exploration on lease area
 - Innovation and technology programme to improve mining efficiencies
 - Ensure utilisation of DA benefits for long-term LoM and exploration potential

- 5 Power – switching to own/backup power generation and impact of costs**
- Monitoring of independent power purchase agreement with Genser Energy to reduce grid reliance
 - Strict implementation of project deadlines
 - Damang: Commissioning of Genser Power plants completed in Q4 2016
 - Tarkwa: Full commissioning of the fourth turbine to be completed in early 2018

Risks and mitigating strategies

Australia region



Reserve life at all mines

- Significant near-mine exploration to delineate further Mineral Reserves
- Divestment of Darlot completed and Gruyere construction on schedule
- Extended exploration programme at Agnew
- Ongoing business improvement initiatives to achieve cost savings

Gruyere project delivery

- Overall engineering and construction progress of the project on target
- Deliverables strictly monitored against engineering design and construction
- Joint venture management and steering committee structures in place
- Approvals for construction of gas pipeline obtained
- Amendments to environmental approvals obtained

Australian Dollar gold price

- Ongoing business improvement initiatives focused on business efficiencies and reduced costs
- Australian Dollar gold price hedging strategy

Turnover of key personnel and impact on operational performance

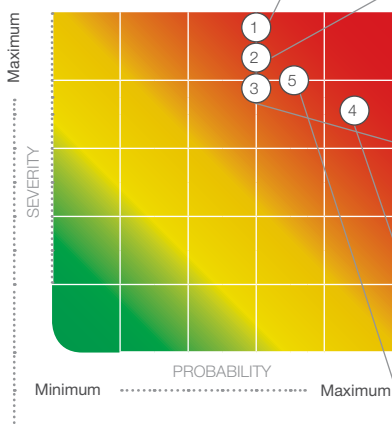
- Review and improvement of employee development programmes
- Strategic workshop to reposition attraction, retention and engagement of key personnel
- Market-related remuneration

External influences on rising input costs including taxes

- Jobs-first for Western Australia campaign launched through industry bodies
- Engagement with politicians and media
- Review of stakeholder relations strategy

Risks and mitigating strategies

South Africa region



Partial achievement of the production build-up targets as defined in the South Deep rebase plan and the associated loss of investor confidence

- Transforming organisational culture to ensure high performance based on trust and accountability at all levels
- Skills development programme, including artisan upskilling and supervisory training programmes implemented and monitored
- Grade and compliance to mine design programmes in place for early remediation
- Improve fleet performance by focusing on effective maintenance and operation of equipment
- Integrating and optimising all aspects of the mining value chain

Safety and health of employees

- Implementation of the ICMM Critical Control Management process to prevent major unwanted health and safety incidents
- Behaviour-based safety and visible felt leadership programmes strengthened
- Database established to log all safety incidents and sub-standard safety conditions
- People and vehicle proximity detection devices on locos and heavy equipment installed
- Seismicity monitoring system and response plans implemented
- Dust reduction task team created in line with regulatory requirements and Chamber of Mines working group established to reduce underground silica dust exposure
- Focus on fan silencing and equipment maintenance to reduce noise in the workplace and all category A and B employees to be issued with personalised hearing protection devices

Geotechnical risk associated with mining at depth and evolving mining operations

- Implemented Geotechnical Review Board recommendations, including revised support strategies, mining sequence, pillar, configuration changes and improved modelling capabilities
- High profile destress design change implemented with improved pillar yielding/reduced backfill dependency
- Comprehensive backfill intervention strategy implemented including the appointment of dedicated staff
- Support strategy implemented for ground support
- Pre-conditioning formal training by expert business partner

Regulatory uncertainty/Mining Charter in South Africa

- Ongoing consultation with the Minister of Mines and the Presidency of South Africa through the Chamber of Mines in developing a new Mining Charter for the South African mining industry
- Legal strategy in place and implemented through Chamber of Mines to facilitate certainty around historic transactions specifically with regard to ownership to ensure the security of mining licences

Loss of social licence to operate and community activism

- New 2018 – 2022 SLP approved by the Social, Ethics and Transformation Committee and submitted to the Department of Mineral Resources for approval
- Fit-for-purpose community relations and stakeholder engagement structure in place and delivery on this
- Delivery of the three-year host community employment and procurement plan on track, collaborating with community trusts on project implementation