

Gold Fields Limited
(Incorporated in the Republic of South Africa)
Registration Number 1968/004880/06
JSE, NYSE, DIFX Share Code: GFI
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CATEGORY 2 TRANSACTION ANNOUNCEMENT: ACQUISITION OF 50% OF GOLD ROAD'S GRUYERE GOLD PROJECT

1. Introduction

Gold Fields Limited (Gold Fields) (JSE, NYSE, DIFX: GFI) is pleased to announce that it has, through its wholly-owned Australian subsidiary Gruyere Mining Company Pty Ltd, agreed to acquire a 50% interest in ASX listed Gold Road Resources Limited's (ASX: GOR) (Gold Road) Gruyere Gold Project (Gruyere) in Western Australia and to form a 50:50 unincorporated joint venture over Gruyere (Gruyere Joint Venture) to develop, construct and operate Gruyere. The acquired interest and Gruyere Joint Venture includes the Gruyere, Central Bore, Attila/Alaric and other associated deposits.

Gruyere is a large shear hosted porphyry gold deposit, with reserves of 3.5Moz and total resources of 6.2Moz. Gold Road's drilling demonstrates that mineralisation likely continues at depth beneath the planned pit shell. The deposits at Central Bore (0.7Mt, 9.1g/t, 187koz) and Attila/Alaric (5.3Mt, 1.64g/t, 270koz), could further add additional value to the Gruyere development. Including these other ore sources, the JV has total resources of 6.6Moz.

2. Description of the business carried on by Gold Road

Gold Road is pioneering development of Australia's newest goldfield, the Yamarna Belt, 200 kilometres east of Laverton in Western Australia. Gold Road holds tenements covering 5,000km² in the region, which is historically underexplored and highly prospective for gold mineralisation. These tenements contain a gold resource of 6.6Moz, including 6.2Moz at the Gruyere deposit, which Gold Road discovered in 2013.

In addition to its retained 50% interest in Gruyere, Gold Road will continue to explore for similar-scale deposits on its 100% owned North Yamarna tenements and in conjunction with its joint venture partner, Sumitomo Metal Mining Oceania (a subsidiary of Sumitomo Metal Mining Co. Limited), on its South Yamarna tenements.

3. Particulars of the Proposed Transaction

Gold Fields will acquire a 50% interest in Gruyere for a total purchase consideration of A\$350 million payable in cash and a 1.5% royalty on Gold Fields' share of production after total mine production exceeds 2Moz with an approximate value of A\$15 million. The cash consideration will be split, with A\$250 million payable at completion and A\$100 million payable according to an agreed construction cash call schedule. The consideration will be funded utilising existing cash resources in Australia.

The aggregate consideration comprises:

- cash consideration of A\$350 million, comprising A\$250 million payable on completion of the transaction and A\$100 million contributed by Gold Fields to fund Gold Road's cash calls during the construction phase;
- a 1.5% net smelter return (NSR) royalty on Gold Fields' share of production from the Gruyere Joint Venture tenements, once total gold production exceeds 2Moz with an approximate value of A\$15 million;

Gold Fields will also contribute the following to the Gruyere Joint Venture in addition to contributions to construction cash calls):

- approximately A\$50 million in the form of conditional assumed liability by Gold Fields for up to a 10% overrun (if any) on the Gruyere initial development program and budget as agreed between the parties;
- approximately A\$75 million in funding support, in the form of a Gold Fields guarantee for any project-level bonding or guarantee requirements, to the extent required under the Gruyere Joint Venture;

4. Structure of the joint venture:

- Gold Fields and Gold Road will establish a 50:50 unincorporated joint venture, the Gruyere Joint Venture, to develop and operate the Gruyere Gold Project, with both parties assuming responsibility for their respective share of post-feasibility study expenditure;
- Gold Road will continue to manage the Gruyere Gold Project during a transition period of up to 6 months post completion, after which Gold Fields will become the manager on a 'no profit / no loss' basis, where a management fee will be payable to Gold Fields to recover certain overhead costs that are not recovered directly through joint venture cash calls (such costs to be estimated and then subject to periodic adjustment and review);
- a Management Committee, a Technical Committee and a Steering Committee will be formed during the development and commissioning stages of the Gruyere Joint Venture. The committees will be responsible for providing oversight of Gold Fields, as the Manager, and approving key decisions including business plans and budgets;
- Gold Road and Gold Fields will initially have the right to appoint three representatives each to the respective committees;
- the initial Chairperson of the Gruyere Joint Venture will be appointed by Gold Road during the transition period, after which the right to nominate the Chairperson will rotate every 12 months, unless changed by supermajority vote. The Chairperson will not hold a casting vote;
- pre-emptive rights will exist in relation to the transfer of all or part of a joint venturer's interest to a non-affiliated party, except in relation to a change of control at the listed parent company level;
- Gold Road will maintain an ability to process ore from its 100%-owned North Yamarna and 50%-owned South Yamarna tenements through the Gruyere processing plant under a conditional commercial tolling framework;

- Gold Road will maintain access rights to the extensive infrastructure developed by the Gruyere Joint Venture, including the bore fields, gas pipeline, tailings dam, airstrip, roads, transport equipment, emergency equipment, communications infrastructure; and
- Gold Road and Gold Fields have provided warranties and indemnities to each other that are standard for a transaction of this nature.

5. Rationale for the Acquisition

Australia is a key part of our business and our largest cash generator and this deal enhances our portfolio and expands our exposure to a new and emerging goldfield in Western Australia. Gruyere will add life, margin and cash flow into what is already a strong region for Gold Fields and which has proven its ability to integrate new operations with ease. We are excited about partnering with Gold Road and are hopeful this is the start of a multi-decade, mutually beneficial relationship and see significant potential synergies in resourcing, intellectual property, procurement and technical skills.

We believe this acquisition is extremely competitive on a per ounce basis, when compared to similar recent deals globally, at A\$200 (US\$153) per reserve ounce and A\$113 (US\$86) per resource ounce.

The Feasibility Study for Gruyere, which was completed in October 2016, indicated the Project's 3.5Moz reserve (6.2Moz resource) could support average annualised production of 270koz for a 13-year life of mine (LOM). All-in sustaining costs (AISC) over the LOM are expected to be A\$945/oz (US\$690/oz) and all-in costs (AIC) of A\$1,103/oz (US\$805/oz), with construction capital expenditure estimated at A\$507 million. First production from Gruyere is expected at the end of 2018/early 2019.

Reserves and Resources

Reserves			
	Tonnes (Mt)	Grade (g/t)	Contained gold (Moz)
Proved	14.9	1.09	0.52
Probable	76.7	1.22	3.00
Total	91.6	1.20	3.52

Resources			
	Tonnes (Mt)	Grade (g/t)	Contained gold (Moz)
Measured	13.86	1.18	0.53
Indicated	91.12	1.29	3.79
Inferred	42.73	1.35	1.85
Total	147.71	1.30	6.16

The full feasibility study for the Gruyere project was published by Gold Road on 19 October 2016. Below are some of the salient features (on a 100% basis):

- First gold at end-2018/early-2019
- Annual production: 270koz
- Life of Mine: 13 years
- AISC: A\$945/oz (US\$690/oz)
- AIC: A\$1,103/oz (US\$805/oz)

- Total capital cost: A\$507m (US\$370 million); A\$514 million including escalation
- Tonnes mined: 30Mt pa for first 5 years, 44Mt pa for next 5 years
- Tonnes milled: 7.5Mt pa of fresh ore and up to 8.8Mt pa of oxide ore
- Head grade: 1.1g/t - 1.3g/t over LOM
- Recoveries: 91% - 94% over LOM
- Strip ratio: 2.8 including pre-strip (2.7 excluding pre-strip)

6. Condition Precedent

The acquisition is subject to the following conditions precedent to be fulfilled on or before 90 days after the date of the Asset Sale Agreement:

- a. Foreign Investment Review Board Approval: The Treasurer of the Commonwealth of Australia (Treasurer) either:
 - (i) ceases to be empowered to make an order under Part III of the Foreign Acquisitions and Takeovers Act 1975 (Cth) in respect of the acquisitions contemplated by the agreement; or
 - (ii) gives the Gold Fields advice in writing of a decision by, or on behalf of, the Treasurer that the Commonwealth Government has no objection to the acquisitions contemplated by the agreement (either unconditionally or on terms and conditions that are acceptable to Gold Fields, acting reasonably);
- b. The Western Australian Government Mines Minister, or an officer of the Department of Mines and Petroleum providing written consent to Gold Fields in respect of the acquisition; and
- c. written notice of the acquisition having been duly given to the native title party under Gold Road's native title agreement, and the native title party not disputing Gold Fields' financial and technical capacity as acquirer of an interest in Gruyere (or any such dispute having been resolved in accordance with the native title agreement.

7. Completion Date of the Acquisition

- The completion date of the acquisition is the fifth business day after the conditions precedent have been fulfilled, as detailed in 5 above.

8. Financial information

As at the date of this announcement, the Gruyere Joint Venture has not been established, and the Gruyere Gold Project is still in a feasibility phase with construction due to commence shortly. Accordingly, the Gruyere Joint Venture has no producing assets and there are no profits attributable to assets

9. Classification of the Transaction

The Acquisition is classified as a Category 2 transaction in terms of the Listing Requirements issued by JSE Limited.

10. Conclusion

Gold Fields is already one of the largest gold producers in Australia. This transaction provides Gold Fields with exposure to an emerging goldfield in Western Australia, further enhancing the group's position

in the region. Gruyere will add life and cash flow to a strategically important region for Gold Fields.

7 November 2016

Sponsor

JP Morgan Equities South Africa (Pty) Ltd.

Notes:

The Gold Road mineral information as well as information relation to the Gold Road Feasibility Study is JORC 2012 compliant. The financial information set out in this announcement has not been reviewed, or reported on, by Gold Fields' auditors.

Forward Looking Statements

This announcement contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to Gold Fields' financial condition, results of operations, business strategies, operating efficiencies, competitive position, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Gold Fields, wherever they may occur in this report and the exhibits to the report, are necessarily estimates reflecting the best judgment of the senior management of Gold Fields and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- overall economic and business conditions in South Africa, Ghana, Australia, Peru and elsewhere;
- changes in assumptions underlying Gold Fields' mineral reserve estimates;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- the ability to achieve anticipated cost savings at existing operations;
- the success of the Group's business strategy, development activities and other initiatives;
- the ability of the Group to comply with requirements that it operate in a sustainable manner and provide benefits to affected communities;
- decreases in the market price of gold or copper;
- the occurrence of hazards associated with underground and surface gold mining or contagious diseases at Gold Field's operations;
- the occurrence of work stoppages related to health and safety incidents;
- loss of senior management or inability to hire or retain employees;
- fluctuations in exchange rates, currency devaluations and other macroeconomic monetary policies;

- the occurrence of labour disruptions and industrial actions;
- power cost increases as well as power stoppages, fluctuations and usage constraints;
- supply chain shortages and increases in the prices of production imports;
- the ability to manage and maintain access to current and future sources of liquidity, capital and credit, including the terms and conditions of Gold Fields' facilities and Gold Fields' overall cost of funding;
- the adequacy of the Group's insurance coverage;
- the manner, amount and timing of capital expenditures made by Gold Fields on both existing and new mines, mining projects, exploration project or other initiatives;
- changes in relevant government regulations, particularly labour, environmental, tax, royalty, health and safety, water, regulations and potential new legislation affecting mining and mineral rights;
- fraud, bribery or corruption at Gold Field's operations that leads to censure, penalties or negative reputational impacts; and
- political instability in South Africa, Ghana, Peru or regionally in Africa or South America.

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 report or to reflect the occurrence of unanticipated events.