RISK FACTORS

In addition to the other information included in this annual report, the considerations listed below could have a material adverse effect on Gold Fields' business, financial condition or results of operations, resulting in a decline in the trading price of Gold Fields' ordinary shares or ADSs. The risks set forth below comprise all material risks currently known to Gold Fields. These factors should be considered carefully, together with the information and financial data set forth in this document.

Gold Fields has experienced, and may continue to experience, difficulties, delays, costs or labour actions in relation to its restructuring plan at the South Deep operation in South Africa.

South Deep has had a number of operational challenges since Gold Fields acquired it in 2006. The key challenge has been the difficulty in transitioning the mine from one run with a conventional mining mindset and practices to mining with a modern, bulk, mechanised mining approach. South Deep (which represented 59 per cent. of Gold Fields' mineral reserves as at 31 December 2018) is a complex and unique mine, that has faced persistent issues that needed to be addressed in a holistic manner, which include:

- Rising operating and overhead costs not aligned with the profile of a high-volume, medium-grade operation or with output levels;
- Poorly defined execution tactics that lead to consistent failure to meet mining and production targets;
- Unique and complex mining method, long hole stoping mining at 3,000m with attendant challenging geotechnical and ground conditions requiring extensive support;
- Extensive infrastructure and support services required to underpin mining activities, which continued to operate sub-optimally impacting backfill and stope turn over;
- Poor equipment reliability, aging infrastructure and productivity impacted by poor maintenance practices and operational conditions;
- An operation staffed and resourced for a much higher production rate than has been achieved;
- Health and safety issues regarding the protection of employees; and
- Overall labour productivity significantly below industry average.

Despite numerous interventions to address these challenges, including optimising the mining method, extensive training and skills development, changing shift and work configurations, and outsourcing functions, the mine continued to make losses (R3.0 billion (U.S.$227 million) in 2018). As at 31 December 2018, Gold Fields had invested a total of approximately R34.5 billion (including the R22.3 billion acquisition cost) since acquiring the mine in 2006. Management believed that the mine could no longer sustain these cash losses and that the cost structure needed to be realigned with the lower level of production.

During the first quarter of 2018, South Deep completed phase 2 of its organisational restructuring plan, focusing on the lower levels of the organisation, through a voluntary retrenchment programme, which resulted in 261 employees leaving the company. This followed the restructuring in the fourth quarter of 2017 (phase 1) at the more senior levels of the business, which comprised a 25 per cent. reduction (47 employees) in the management level.

Although this restructuring was mostly voluntary in nature, it nonetheless had a significant negative impact on morale and consequently productivity and output during 2018. In addition, continued low mobile equipment reliability and productivity, the intersection of active geological features (faults and dykes) in the high-grade corridor 3 and poor ground conditions in the composites (far western part of the orebody) slowed production rates.

These challenges resulted in an underperformance on development and destress mining and impacted stope availability and output, which was also adversely affected as a result of slow ore loading and backfilling. These challenges not only impacted the mine's 2018 performance, but the knock-on effects are expected to carry through into 2019 and beyond. Despite the phase 1 and phase 2 restructuring, South Deep continued to face a number of organisational and structural challenges that directly impact both short and consequently long-term performance. The mine did not experience improvement in 2018 post the phase 1 and 2 restructuring and shift changes, with production lower at 4,885kg (157,100koz) from 8,748kg (281,300koz) in 2017. Similarly, the cash burn continued in 2018 at R1,891m (U.S.$141m) compared to R804m (U.S.$60m) in 2017.

On 14 August 2018, the company proposed to suspend mining activities in loss making areas of the mine and reduce operational and support staff commensurately, as well as suspend development activities in a new mining area. Both trade unions at the mine were served with section 189 retrenchment notices in terms of the Labour Relations Act on 14 August 2018, which commenced a 60-day consultation period. Progress with the majority union, the National Union of Mineworkers (NUM), was slow and confrontational during the consultation period and was characterised by a lack of consensus. The consultation period ended on 30 October 2018. The NUM branch at South Deep commenced a strike action on 2 November 2018 to protest the retrenchments and used violence and intimidation to block access illegally to the mine. This prevented South Deep from producing during the strike, though critical essential services were maintained. The mine experienced a cash burn of around R6m per day during the strike. On 13 December 2018, NUM called off the strike ahead of the signing of a formal settlement agreement between the company and NUM on 21 December 2018. As part of the settlement agreement, the retrenchments of 1,082 employees continued, with most of these retrenchments having already been processed. Retrenched employees were offered portable skills training to assist in their future job searches. To alleviate the financial burden of employees who were on the 'no-work no-pay' strike, South Deep agreed to deduct the lost earnings over four months and to pay all non-management employees who returned to work by 15 December 2018 an ex-gratia payment of 20 per cent. of basic pay. Employees could also earn back part of the lost earnings based upon monthly gold production targets being exceeded in January and February 2019. Also, as part of the settlement agreement, the parties agreed to renegotiate and modernise the collective and other agreements, which govern the working relationship between the two parties, and to engage in a facilitated relationship building programme to address the difficult relationship between the NUM branch leadership and management.

Failure by South Deep to address any of the issues noted above in an increasingly complex social-political landscape may result in the operation not achieving its expected production level or the reduced costs contemplated by the restructuring in a timely manner or at all. The actions taken by South Deep to address these issues may not yield the expected results. In addition, further strike action by employees or contractors at South Deep, as well as low morale, may have a negative impact on production levels, costs and the achievement of the targets of the restructuring plan. Any of the above could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Changes in the market price for gold, and to a lesser extent copper, which in the past have fluctuated widely, affect the profitability of Gold Fields' operations and the cash flows generated by those operations.

Gold Fields' revenues are primarily derived from the sale of gold that it produces. The Group's policy is to not to engage in long-term systemic gold price hedging, though hedges are sometimes undertaken to protect cash flows at times of significant expenditure, for specific debt servicing requirements and to safeguard the viability of higher cost operations. For example, during 2018, the Company undertook short-term, tactical hedging of the oil price, the copper price and the U.S. and Australian Dollar gold prices to protect cash-flow primarily due to the high levels of project capital expenditure incurred during 2018 and the volatility in commodity prices and exchange rates. The Company has continued with the gold hedging policies in Australia during 2019 and has also extended them to the Rand gold price to protect South Deep's cash-flow. Altogether, approximately 1 million oz of gold production for 2019 has been hedged. There can be no assurance that the use of hedging techniques will always be to our benefit. Hedging instruments that protect against the market price volatility of commodities, for example, oil, may prevent us from realising the full benefit from subsequent decreases in market prices with respect to oil, which would cause us to record a mark-to-market loss, thus decreasing our profits. Similarly, gold hedging instruments may prevent us from realising the full benefit of subsequent increases in the gold price. Hedging contracts also are subject to the risk that the other party may be unable or unwilling to perform its obligations under these contracts. Any significant non-performance could have a material adverse effect on our financial condition, results of operations and cash flows.

Where no hedges are in place, Gold Fields is exposed to changes in the gold price, which could lead to reduced revenue should the gold price decline. After falling 45 per cent. between September 2011 and December 2015, when it hit a low of U.S.$1,060 per ounce, the gold price recovered in fiscal 2017 hitting U.S.$1,300 per ounce, before slightly declining again to U.S.$1,280 per ounce at the end of fiscal 2018. As at 22 March 2019, it was U.S.$1,311 per ounce, as trading in the metal remains volatile amid global political and economic uncertainties. See "*Annual Financial Report—Notes to the consolidated financial statements—Note 38. Risk management activities*". The market price for gold has historically been volatile and is affected by numerous factors over which Gold Fields has no control, such as general supply and demand, speculative trading activity and global economic drivers.

Should the gold price decline below Gold Fields' production costs, it may experience losses and should this situation continue for an extended period, Gold Fields may be forced to curtail or suspend some or all of its growth projects, operations and/or reduce operational capital expenditures. Gold Fields might not be able to recover any losses it incurred during, or after, such events. A sustained period of significant gold price volatility may impact Gold Fields' ability to continue with existing operations or make other long-term strategic decisions. Furthermore, while depressed gold prices generally provide an opportunity to acquire assets at lower prices, the few quality in-production assets then demand premium prices, adversely affecting Gold Fields' ability to undertake new capital projects. The use of lower gold prices in reserve calculations and life of mine plans could also result in material impairments of Gold Fields' investment in mining properties or a reduction in its reserve estimates and corresponding restatements of its reserves and increased amortisation, reclamation and closure charges.

In Peru, copper accounts for a significant proportion of the revenues at Gold Fields' Cerro Corona mine, although copper is not a major element of Gold Fields' overall revenues. Over the period from 2011 to 2018, the price of copper has declined from an average price of U.S.$8,836 per tonne to an average price of U.S.$6,547 per tonne. As at 22 March 2019, the price of copper was U.S.$6,375 per tonne. A variety of factors have and may depress global copper prices and a decline in copper prices, which have also fluctuated widely, would adversely affect the revenues, profit and cash flows of the Cerro Corona mine.

Because gold is sold in U.S. dollars, while a significant portion of Gold Fields' production costs are in Australian dollars, Rand and other non-U.S. dollar currencies, Gold Fields' operating results and financial condition could be materially harmed by a material change in the value of these non-U.S. dollar currencies.

Gold is sold throughout the world in U.S. dollars. Gold Fields' costs of production are incurred principally in U.S. dollars, Australian dollars, Rand and other currencies. Recent volatility in the Rand (including significant depreciation of the Rand against the U.S. dollar in fiscal 2014 and 2015 before strengthening again in fiscal 2016 and 2017 followed by depreciation in fiscal 2018) and the Australian dollar against the U.S. dollar (including volatility throughout fiscal 2016 followed by a recovery in fiscal 2017 before depreciating in fiscal 2018) made our reported costs in South Africa and Australia and results of operations less predictable than when exchange rates are more stable. As a result, any significant and sustained appreciation of any of these non-U.S. dollar currencies against the U.S. dollar may materially increase Gold Fields' costs in U.S. dollar terms, and increase costs in Rand or Australian dollar terms, which could materially adversely affect Gold Fields' business, operating results and financial condition.

Conversely, inflation in any of the countries in which it operates could increase the prices Gold Fields pays for products and services and could have a material adverse effect on Gold Fields' business, operating results and financial condition if not offset by increased gold prices.

Gold Fields is subject to various regulatory costs, such as mining taxes and royalties, changes to which may have a material adverse effect on Gold Fields' operations and profits.

In recent years, governments (often with support from communities, non-governmental organisations (NGOs) and/or trade unions) in several jurisdictions have sought and, in some cases, have implemented greater cost imposts on the mining industry, including through the imposition of additional taxes and royalties. Such resource nationalism, whether in the form of cost imposts, interference in project management, mandatory social investment requirements, local content requirements or creeping expropriation, could impact the global mining industry and Gold Fields' business, operating results and financial condition.

In December 2017, during the African National Congress's (ANC) national conference, the ANC resolved that, as a matter of policy, the ANC should pursue the expropriation of land without compensation, provided that such expropriation is carried out without destabilising the agricultural sector, endangering food security or undermining economic growth and job creation. On 27 February 2018, the National Assembly assigned the Constitutional Review Committee (CRC) to review section 25 of South Africa's Constitution and other relevant clauses to make it possible for the state to expropriate land in the public interest without compensation. On 4 December 2018, Parliament adopted the CRC's report dated 15 November 2018 in which it recommended that section 25 of South Africa's Constitution be amended to make explicit that expropriation of land without compensation is a legitimate option for land reform. While the CRC's report recommended that such amendment to South Africa's Constitution be tabled and passed before the South African general elections in May 2019, the ad hoc committee responsible for preparing the bill to amend South Africa's Constitution has not yet submitted a timeline for meetings or public hearings. On 13 March 2019, the CRC announced that the work to amend section 25 of South Africa's Constitution will not be finished before the South African general elections in May 2019 and that the new Parliament will be tasked to take up this matter after the elections are complete.

The Mineral and Petroleum Resources Development Act, 2002 (MPRDA) provides a statutory right of access for the mining right holder to the mining area for the purposes of conducting mining operations and does not require the holder to own the land on which it conducts operations. Once a mining right is granted, a landowner cannot refuse a lawful mining right holder the right to conduct its mining operations. In addition, the landowner is not entitled to compensation from the mining right holder for the use of the land for mining operations conducted in terms of the MPRDA.

The proposed amendment to section 25 of South Africa's Constitution or any related expropriation legislation resulting in the expropriation of land on which Gold Fields operates or relies on would disrupt operations, which could have a material adverse effect on Gold Fields' business, operating results and financial condition.

In South Africa, the President appointed the Davis Tax Committee to look into and review the current mining tax regime. The committee's first interim report on mining, which was released for public comment on 13 August 2015, proposed no changes to the royalty regime but recommended the discontinuation of the upfront capital expenditure write-off regime in favour of an accelerated capital expenditure depreciation regime. In addition, the report recommended retaining the so-called "gold formula" for existing gold mines only, as new gold mines would be unlikely to be established in circumstances where profits are marginal or where gold mines would conduct mining of the type intended to be encouraged by the formula. The committee also recommended the phasing out of additional capital allowances available to gold mines in order to bring the gold mining corporate income tax regime in line with the tax system applicable to all taxpayers. For a description of the gold formula, see "*Annual Financial Report—Management's Discussion and Analysis of the Financial Statements—Income and Mining Taxes—South Africa*". On 12 December 2016, following a period of public comment, the committee issued its second and final report to the Minister of Finance, which largely reaffirmed its initial recommendations. The final reports were published on 13 November 2017. The South African National Treasury will continue to consider the committee's final recommendations. It is not clear at this stage which, if any, of the recommendations will be adopted as legislation.

In Ghana, the ownership of land on which there are mineral deposits is separate from the ownership of the minerals. On 1 January 2017, in line with the development agreement concluded between Gold Fields and the government of Ghana (the Development Agreement), Gold Fields' royalty rate changed from a flat 5 per cent. of revenue to a sliding scale royalty based on the price of gold, starting at a rate of 3 per cent. on a gold price below U.S.$1,300 per ounce. The Development Agreement also resulted in a reduction in the corporate tax rate from 35 per cent. to 32.5 per cent., effective 17 March 2016. The government of Ghana has a right to obtain a 10 per cent. free-carried interest in mining leases. In addition, stool/land rents of approximately U.S.$3 to U.S.$3.2 per acre are (depending on the exchange rate) payable to the government of Ghana. On 31 July 2018, the Ghanaian government delivered a letter to the Ghanaian Chamber of Mines (the Chamber) indicating that the government intends to enforce the purchase of 30 per cent, of gold produced in the country by the government. It is unclear what effect this action will have at this stage. See "*—Environmental and Regulatory Matters—Ghana—Mineral Rights*".

In Peru, the general corporate income tax rate was increased from 28 per cent. to 29.5 per cent. with effect from 1 January 2017. In turn, the dividends income tax rate applicable to non-resident shareholders has reduced from 6.8 per cent. to 5 per cent. Since July 2012, mining companies have also been required to pay an annual supervisory contribution to the Supervisory Body of Investment in Energy and Mining (*Organismo Supervisor de la Inversión en Energía y Minería*, or the OSINERGMIN), as well as to the Assessment and Environment Supervising Agency (*Organismo de Evaluación y Fiscalización Ambiental*, or the OEFA). See "*—Environmental and Regulatory Matters—Peru—Mining Royalty and Other Special Mining Taxes and Charges*". In 2017, the legal stability agreements executed by each of Gold Fields La Cima S.A. (La Cima) and Gold Fields Corona (BVI) Limited (GFC) with the Peruvian government in 2007 expired. These agreements locked-in certain existing specific legal regimes for both companies, such as the income tax regime, among others. With regards to GFC, its legal stability agreement was applicable to dividend or profit distribution and also protected GFC from the imposition of any new taxes other than income tax that affects dividends or profits.

In addition, a consultation law was enacted on 7 September 2011, requiring the government to consult with indigenous or native populations on legislative or administrative proposals that may have an impact on their collective rights. See "*—Environmental and Regulatory Matters—Peru—Mining Royalty and Other Special Mining Taxes and Charges*".

Australia operates a state-based royalty regime, and a Federal income tax regime. Each of Gold Fields' Australian mines are in the State of Western Australia, which imposes a 2.5 per cent. royalty on the value of gold produced. In the 2017 State Budget, the Western Australian government announced an increase to the mineral royalty rate for gold to 3.75 per cent. This proposal was met with significant co-ordinated opposition by the gold industry and was not successfully passed by the Legislative Council in either the first or second attempt by the Government of Western Australia (State Government). The 2018-2019 State Budget did not allow for an increase in the royalty on gold, maintaining the existing rate of 2.5 per cent. However, the Treasurer has not ruled out the possibility of further royalty changes, and the risk remains that the State Government will seek to impose increases during the current term of office (to 2021).

The Australian Federal government levies a corporate income tax at the rate of 30 per cent., or 27.5 per cent. for base rate entities. Additionally, integrity measures have been passed by Parliament effective from 1 July 2017 to ensure that the lower corporate tax rate will be limited to only those companies with no more than 80 per cent. passive income. Furthermore, there is currently a proposal to reduce the corporate tax rate to 25 per cent. over time. The law will permit a reduction in the tax rate for base rate entities to 26 per cent. for the income year ending in 2021 and to 25 per cent. for the income year ending in 2022 and later. The Australian Federal government has abandoned its proposal to reduce the corporate tax rate from 30 per cent. to 25 per cent. for other corporate entities.

The effect of these, or impositions of additional restrictions, obligations, operational costs, taxes or royalty payments could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields' mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which are the subject of dispute.

Gold Fields' right to own and exploit mineral reserves and deposits is governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of Gold Fields' reserves and deposits are located in countries where mining rights could be suspended or cancelled should it breach its obligations in respect of the acquisition and exploitation of these rights.

In all of the countries where Gold Fields operates, the formulation or implementation of governmental policies on certain issues may be unpredictable. This may include changes in laws relating to mineral rights and ownership of mining assets and the right to prospect and mine, and, in extreme cases, nationalisation, expropriation or nullification of existing rights, concessions, licences, permits, agreements and contracts.

The Mining Charter and the Amended Mining Charter

Gold Fields' operations in South Africa are subject to legislation regulating the exploitation of mineral resources through the granting of rights required to prospect and mine for minerals. This includes broad-based black economic empowerment (BBBEE), legislation designed to effect the entry of historically disadvantaged South Africans (HDSAs) into the mining industry and to increase their participation in the South African economy.

Gold Fields' South African operation is subject to the MPRDA, which came into effect on 1 May 2004 and transferred ownership of mineral resources to the South African people, with the South African government acting as custodian thereof in order to, among other things, promote equitable access to the nation's mineral resources by South Africans, expand opportunities for HDSAs who wish to participate in the South African mining industry and advance social and economic development. As custodian, the South African government exercises regulatory control over the exploitation of mineral resources and does so by exercising the power to grant, subject to terms and conditions, the rights required to prospect and mine for minerals. The MPRDA requires mining companies to lodge documents for the right to mine and/or prospect and to apply for the conversion of "old order" prospecting rights and mining rights to "new order" prospecting rights and mining rights. In order to qualify for these rights, applicants need to satisfy the South African government that the granting of such rights will advance the open-ended broad-based socio-economic empowerment requirements of the Mining Charter published pursuant to section 100(2)(a) of the MPRDA (the Mining Charter). The Mining Charter came into effect on 1 May 2004. The Mining Charter required 15 per cent. HDSA ownership by 2009 and 26 per cent. HDSA ownership by May 2014 (the 2014 Deadline).

In 2010, the DMR introduced the Amendment of the Broad-Based Socio-Economic Empowerment for the South African Mining and Minerals industry, 2010 (the Amended Mining Charter) containing guidelines envisaging, among other things, that mining companies should achieve a minimum of 40 per cent. HDSA demographic representation by 2014 at executive management (board) level, senior management (executive committee) level, core and critical skills, middle management level and junior management level.

In fiscal 2014, with the 2014 Deadline in view, the DMR initiated a process of assessing mining companies', including Gold Fields', compliance with the Mining Charter and the Amended Mining Charter. This review process raised a number of concerns among mining companies due to its inflexible approach towards the assessment of compliance with the Mining Charter and the Amended Mining Charter.

On 31 March 2015, the DMR released to the public an interim report of the consolidated results of the assessment, which showed relatively general compliance with the non-ownership requirements of the Mining Charter and the Amended Mining Charter. However, the DMR did not report the results of compliance with the HDSA ownership guidelines of the Mining Charter and the Amended Mining Charter, and noted that there is no consensus on certain applicable principles.

On the same date, the South African Chamber of Mines, which is now known as the Mineral Council South Africa (MCSA), reported that the DMR believes that empowerment transactions by mining companies concluded after 2004, where the HDSA ownership level has fallen due to HDSA disposal of shares or for other reasons, should not be included in the calculation of HDSA ownership for the purposes of, among other things, meeting the 26 per cent. HDSA ownership target referred to in the Mining Charter and in the Amended Mining Charter (the 26 per cent. HDSA Target). The position of the MCSA (including Gold Fields) is that such empowerment transactions should be included in the calculation of HDSA ownership for purposes of meeting the 26 per cent. HDSA Target.

The DMR and the MCSA agreed to approach the South African courts jointly to seek a declaratory order that will provide a ruling on the relevant legislation and the status of the Mining Charter and the Amended Mining Charter, including clarity on the status of previous empowerment transactions concluded by mining companies and a determination on whether the ownership element of the Mining Charter and the Amended Mining Charter should be a continuous compliance requirement for the duration of the mining right as argued by the DMR, or a once-off requirement as argued by the MCSA, also referred to as the “once empowered, always empowered” principle. The MCSA and the DMR filed papers in court (the Main Application) and the matter was placed on the roll to be heard on 15 March 2016. On 16 February 2017, the High Court postponed the hearing of the Main Application indefinitely to allow the MCSA and the South African government to engage in further discussion on this matter.

The Mining Charter, 2017

The South African Minister of Mineral Resources published the Broad-Based Black Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2017 (Mining Charter, 2017) which came into effect on 15 June 2017. The MCSA launched an urgent application in the High Court of South Africa, Gauteng Division, Pretoria (the Gauteng Division High Court) to interdict the implementation of the Mining Charter, 2017 (the Interdict Application) pending a judicial review application by the MCSA to set the Mining Charter, 2017 aside on the basis that it was unilaterally developed and imposed on the industry and that the process that was followed by the DMR in developing the Mining Charter, 2017 had been seriously flawed (the 2017 Review Application). However, the Minister and the MCSA reached an agreement on 13 September 2017 under which the Interdict Application did not proceed as the Minister undertook to suspend the Mining Charter, 2017 pending the outcome of the 2017 Review Application by the MCSA. The 2017 Review Application was subsequently indefinitely postponed by agreement between the DMR and the MCSA on the basis that the MCSA has entered into a new round of discussions with the President of South Africa, Cyril Ramaphosa, and the Minister of Mineral Resources, Gwede Mantashe. On 19 February 2018, the Gauteng Division High Court ordered that the DMR and the MCSA must also involve communities affected by mining activities in these new discussions relating to the Mining Charter, 2017.

When the Mining Charter, 2017 was published, the MCSA re-enrolled the Main Application for hearing and the High Court hearing was held in December 2017. On 4 April 2018, the Gauteng Division High Court issued a judgment in the Main Application finding that, once the DMR has considered and granted a mining right application in terms of the MPRDA, then the holder of the mining right will not be legally obligated to restore the HDSA percentage ownership (irrespective of how it was measured) to 26 per cent. where the HDSA shareholding has fallen below 26 per cent. This judgment applies to old order rights converted in terms of the MPRDA, but does not apply where the terms and conditions of the right itself stipulated that the 26 per cent. HDSA ownership had to be retained. The DMR has appealed the Gauteng Division High Court’s judgment in the Main Application and the MSCA will follow due process in this regard.

The Mining Charter, 2018

On 27 September 2018, the Minister of Mineral Resources gazetted the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (Mining Charter, 2018). The Mining Charter, 2018 stipulates that it is to be read together with implementation guidelines, which were gazetted on 19 December 2018.

Some of the salient features of the Mining Charter, 2018 are:

- Existing right holders who have achieved a minimum of 26 per cent. BEE shareholding shall be recognised as compliant for the duration of the mining right.
- Existing right holders whose BEE partners exited prior to the commencement of the Mining Charter, 2018 shall be recognised as compliant for the duration of the mining right (the once empowered, always empowered principle).
- The once empowered, always empowered principle will not be applicable to the renewal and transfer of a mining right.
- A pending application lodged and accepted prior to the commencement of the Mining Charter, 2018 will be processed in terms of the Mining Charter and the Amended Mining Charter (i.e., 26 per cent. BBBEE shareholding), subject to the mining right holder increasing BBBEE shareholding to 30 per cent. within a period of five years from the effective date of the mining right.
- A new mining right must have a minimum of 30 per cent. BEE shareholding distributed in the following manner:
  - a minimum of 5 per cent. non-transferable carried interest to qualifying employees;
  - a minimum of 5 per cent. non-transferable carried interest or “equity equivalent benefit” to host communities; and
  - a minimum of 20 per cent. effective ownership in the form of shares to a BEE entrepreneur, 5 per cent. of which must preferably be for women.
- Employment equity for Historically Disadvantaged Persons (as defined in the Mineral and Petroleum Resources Development Act, 2002) targets are prescribed at board: 50 per cent. (20 per cent. women); executive management: 50 per cent. (20 per cent. women); senior management: 60 per cent. (25 per cent. women); middle management: 60 per cent. (25 per cent. women); junior management: 70 per cent. (30 per cent. women) and a minimum 1.5 per cent. of all employees must be employees with disabilities. A period of five years is provided for mining companies to align with the employment equity targets and a five-year plan indicating progressive implementation of the provisions of the employment equity targets must be submitted to the DMR within six months of the publication of the Mining Charter, 2018.
- 70 per cent. of total mining goods procurement spend must be on South African manufactured goods (defined as goods with a minimum of 60 per cent. local content during the assembly or manufacturing of the product in South Africa. The calculation of local content excludes profit mark-up, intangible value such as brand value and overheads). The 70 per cent. must be distributed as follows:
  - 21 per cent. must be procured from a Historically Disadvantaged Person-owned or controlled company (defined as an entity in which Historically Disadvantaged Persons hold at least 51 per cent. of exercisable voting rights and economic interest);
  - 5 per cent. must be procured from women or youth owned and controlled company; and
  - 44 per cent. must be procured from a BEE Compliant Company (defined as a company with a minimum of BBBEE level 4 status in terms of the BBBEE Codes, and a minimum 25 per cent. plus one vote ownership by Historically Disadvantaged Persons).

- 80 per cent. of the total spend on services by mining companies must be sourced from South African companies. The 80 per cent. total services procurement spend must be apportioned as follows:
  - 50 per cent. must be spent on services supplied by Historically Disadvantaged Person-owned and controlled companies;
  - 15 per cent. must be spent on services supplied by women and controlled companies;
  - 10 per cent. must be spent on services supplied by a BEE-compliant company; and
  - 5 per cent. must be spent on services supplied by youth.
- A period of five years is provided for right holders to align with procurement targets a five-year plan indicating progressive implementation of the provisions of the employment equity targets must be submitted to the DMR within six months of the publication of Mining Charter, 2018.
- The implementation guidelines outline processes, procedures, forms and templates to facilitate compliance with the requirements of the Mining Charter, 2018 and do not introduce any new requirements.

The MCSA recognises that the Mining Charter, 2018 is an improvement on the Mining Charter, 2017, however there are still certain matters including renewals and transfers of mining rights, in the Mining Charter, 2018 that require more negotiations and discussions in order to promote a sustainable mining industry that will be supported by investment, growth, transformation and value creation.

On 26 March 2019, the MCSA filed an application for the judicial review and setting aside of certain clauses of the Mining Charter, 2018. The MCSA has engaged in ongoing attempts to reach a compromise with the Minister on certain provisions that are problematic for the industry, and which would be detrimental to its sustainability. The MCSA has delayed bringing the application in the hope that those discussions would be successful but, given the peremptory 180-day time bar imposed by the Promotion of Administrative Justice Act, the MCSA was obliged to launch the review proceedings, despite the fact that the discussions are ongoing and may yet bear fruit.

The application aligns with the MCSA’s previously stated view that most aspects of the Mining Charter, 2018 represent a reasonable and workable framework. However, the MCSA’s application contends that the Mining Charter, 2018 does not fully recognise the continuing consequences of previous empowerment transactions, particularly in relation to mining right renewals and transfers of such rights. According to the MCSA, this constitutes a breach of the declaratory order on the matter issued by the North Gauteng High Court in April 2018. The ultimate outcome of the review application and ongoing discussions with the Minister of Mineral Resources remain uncertain.

Gold Fields continues to support the collaborative and consultative process of engagement with the Minister of Mineral Resources and other stakeholders in this regard. If Gold Fields decides to renew the South Deep Mining Right (which will in accordance with its terms expire in 2040), Gold Fields may, on the current wording of the Mining Charter, 2018, be required by the DMR to conclude a further BEE transaction.

Gold Fields cannot guarantee that it will meet all the targets set out by the Mining Charter, 2018. Furthermore, if the Mining Charter, 2018 were to be implemented in its current form, there is no assurance that the goods, services and supplies in South Africa would be sufficient to allow Gold Fields to meet the new targets. For example, Gold Fields may not be able to meet the requirement that 70 per cent. of total mining goods procurement spend be on South African-manufactured goods due to an insufficient number of suppliers in South Africa with heavy equipment.

The MPRDA

According to the MPRDA, the mineral resources of South Africa belong to the nation and the state (as custodian of the nation’s resources), which is entitled to grant prospecting and mining rights. In May 2010, the

DMR approved the conversion of the South Deep old order mining right into a new-order mining right. The duration of the South Deep mining right is 30 years.

The MPRDA requires, among other things, that mining companies submit Social and Labour Plans (SLPs), which set out their commitments relating to human resource development, labour planning and socio-economic development planning to the DMR. In April 2013, Gold Fields submitted a new SLP for South Deep (the 2013 SLP) to replace its original SLP submitted in 2010. Although the 2013 SLP was never approved by the DMR, South Deep was annually measured on the 2013 SLP by the DMR. The 2013 SLP expired in December 2017 and, in compliance with its mining licence conditions, Gold Fields submitted a new SLP for the 2018 to 2022 period in December 2017 (the 2018 SLP). Gold Fields is awaiting the DMR’s approval of the 2018 SLP, however engagements with the DMR have indicated in principle agreement with the contents thereof. Community projects contemplated in the 2018 SLP have been commissioned despite the status of the approval process.

In terms of section 47 of the MPRDA, the Minister of Mineral Resources may suspend or cancel the existing mining rights, or under section 23(3) of the MPRDA, refuse to grant applications for new mining rights by mining companies, including Gold Fields, should the holders of such mining rights be deemed not to be in compliance with the requirements of the MPRDA as read with South Africa’s mining industry empowerment requirements. If the Minister were to determine that Gold Fields is not in compliance with the requirements of the MPRDA and its empowerment requirements, Gold Fields may be required to engage in remedial steps, including changes to management and actions that require shareholder approval.

There is currently uncertainty whether mining companies are, in addition to its required compliance with the MPRDA, required to comply with the BBBEE Act, 2003 (the BBBEE Act) and the BBBEE Codes of Good Practice issued thereunder (the BBBEE Codes), which apply generally to other industries in South Africa. The MPRDA does not require mining companies to comply with the BBBEE Act and the BBBEE Codes. The Mining Charter, 2018 reflects the DMR’s attempts at alignment notwithstanding the questionable need to do so.

If the DMR were to determine that Gold Fields is not in compliance with the MPRDA, for any reason, including HDSA ownership, Gold Fields may challenge such a decision in court. Any such court action may be expensive and there is no guarantee that Gold Fields’ challenge would be successful.

There is no guarantee that any steps Gold Fields has already taken or might take in the future will ensure the retention of its existing mining rights, the successful renewal of its existing mining rights, the granting of applications for new mining rights or that the terms of renewals of its rights would not be significantly less favourable than the terms of its current rights. Any further adjustment to the ownership structure of Gold Fields’ South African mining assets in order to meet the Mining Charter, 2018 requirements could have a material adverse effect on the value of Gold Fields’ securities.

Ghana

Gold Fields Ghana Limited (Gold Fields Ghana) has two major mining leases in respect of its mining operations, namely the Tarkwa property lease and the Teberebie property lease. There are three mining leases under the Tarkwa property lease, all of which were granted in 1997 and will expire in 2027, and two mining leases under the Teberebie property lease, which were granted between 1988 and 1992, and expired in 2018. The Minerals Commission has approved Gold Fields Ghana’s application for an extension of the Teberebie leases to 2036 and has made recommendations to the Minister of Land and Natural Resources to grant the extension. The Minister of Lands and Natural Resources approved the extension of the lease to 2036 on 12 November 2018. Gold Fields Ghana has fully paid for the fees associated with the extension. Abosso Goldfields Limited (Abosso) holds the mining lease in respect of the Damang mine which was granted in 1995 and expires in 2025, as well as the mining lease in respect of the Lima South pit that was granted in 2006 and expired in 2017 but remains valid until the application for the extension of the term is determined. On 18 December 2017, the Ghanaian Minerals Commission made a favourable recommendation to the Minister of Lands and Natural Resources for the extension of the Lima South lease for 10 years. Gold Fields is awaiting notice from the Minerals Commission to pay the applicable fees for the grant of the extension. For further information, see "*—Environmental and Regulatory Matters—Ghana—Mineral Rights*".

Failure by Gold Fields to comply with mineral rights legislation or to renew mining leases in any of the jurisdictions in which it operates may cause it to lose the right to mine, fail to acquire new rights to mine and may have a material adverse effect on Gold Fields' business, operating results and financial condition.

Further, Gold Fields may, in the future, incur significant costs as a result of changes in the interpretation of existing laws and guidelines or the imposition of new laws, whether relating to the mining industry or otherwise. For example, during 2018 the Ghanaian government issued a letter to the mining sector requiring all gold companies, including Gold Fields, to sell 30 per cent. of their gold production to the Government with a view to refining it and adding value to the metal locally. The Chamber is continuing to engage with the Government through a joint committee which is looking at mutually beneficial strategies to add value to the country's gold resources. It is possible that Gold Fields will challenge the Government's position in court, which may be expensive and there is no guarantee that the challenge would be successful. If finalised, the Government's right of pre-emption may have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields may experience unforeseen difficulties, delays or costs in implementing its business strategy and projects (particularly at Damang, Gruyere and Salares Norte), including any strategic projects, cost-cutting initiatives, divestments and other initiatives and any such strategy or project may not result in the anticipated benefits.

The ability to grow the business will depend on the successful implementation of Gold Fields' existing and proposed strategic initiatives, such as the reinvestment of Damang, the development of the Gruyere Gold Project as well as the achievement of a 15 per cent. free cash flow margin at a gold price of U.S.$1,200 per ounce. See "*Integrated Annual Report—Leadership—CEO Report—Strategy overview*". The Damang reinvestment, the Gruyere Gold Project, as well as the Salares Norte Project, are exposed to all of the risks described in "*—To the extent that Gold Fields seeks to add to or replace its reserve and resource base through exploration, it may experience problems associated with mineral exploration or developing mining projects*".

The successful implementation of the Company's strategic initiatives depends upon many factors, including those outside its control. For example, the successful achievement of a 15 per cent. free cash flow margin at a gold price of U.S.$1,200 per ounce will depend on, among other things, prevailing market prices for input costs.

Gold Fields may also prove unable to deliver on production targets and other strategic initiatives. Unforeseen difficulties, delays or costs may adversely affect the successful implementation of Gold Fields' business strategy and projects, and such strategy and projects may not result in the anticipated benefits. For example, the reinvestment in the Damang mine may not yield the extension of reserves or life of mine expected. Any such difficulties, delays or costs could prevent Gold Fields from fully implementing its business strategy, which could have a material adverse effect on its business, operating results and financial condition.

Gold Fields is in the process of implementing initiatives, notably in relation to its Damang mine which include its strategic restructuring, including the reduction of marginal mining, cost-efficiency initiatives, increased brownfield exploration, production planning and cost-cutting. Any future contribution of these measures to profitability will be influenced by the actual benefits and savings achieved and by Gold Fields' ability to sustain these ongoing efforts. Strategic restructuring and cost-cutting initiatives may involve various risks, including, for example, labour unrest and operating licence withdrawal. The risk is elevated in South Africa and Ghana, given Gold Fields' mining rights obligations. See "*—Gold Fields' mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which are the subject of dispute*".

With respect to the Gruyere Gold Project, Gold Fields may face cost overrun, delays to its planned commencement date or difficulties in achieving the expected technical parameters once operational, any of which could have a material adverse effect on Gold Fields' business, operating results and financial condition.

In addition, these initiatives may not be implemented as planned; turn out to be less effective than anticipated; only become effective later than anticipated; or not be effective at all. Depending on the nature of the outcomes of the initiatives, they, individually or in combination, may have a material adverse effect on Gold Fields' business, operating results and financial condition.

As part of its strategy, Gold Fields has disposed of certain of its exploration and development assets, such as the Arctic Platinum Project, which was sold to CD Capital Management in 2018. With respect to any further dispositions, Gold Fields may not be able to obtain prices that it expects for assets it seeks to dispose of or to complete the contemplated disposals in the timeframe contemplated or at all.

Any of the above could have a negative impact on Gold Fields' business, operating results and financial condition.

To the extent that Gold Fields makes acquisitions, enters into other business combination transactions or enters into joint ventures, it may experience problems in executing the acquisitions, combinations or joint ventures or managing and integrating the acquisitions, combinations or joint ventures with its existing operations.

In order to maintain or expand its operations and reserve and resource base, Gold Fields may seek to enter into joint ventures, enter into other business combination transactions or to make acquisitions of selected precious metal producing companies or assets. For example, in November 2016, Gold Fields entered into a 50:50 unincorporated joint venture with Gold Road Resources (Gold Road) for the development and operation of the Gruyere Gold Project in Western Australia. See "*—Additional Information on the Company—Gold Fields' Mining Operations—Australasia—Gruyere JV*". Furthermore, on 29 March 2018, Gold Fields announced that it entered into a joint venture with Asanko Gold, Inc. (Asanko Gold) under which Gold Fields' subsidiary will acquire a 50 per cent. stake in Asanko Gold Ghana Limited (AGG), which holds a 90 per cent. interest in the Asanko Gold Mine, its associated properties and exploration rights in Ghana (AGM). See "*—Additional Information on the Company—Gold Fields' Mining Operations—West Africa Operations—Asanko Gold Mine*". Any such acquisitions, combinations or joint ventures may change the scale of the Company's business and operations and may expose it to new geographic, geological, political, social, operating, financial, legal, regulatory and contractual risks. There can be no assurance that any acquisition, combination or joint venture will achieve the results intended, and, as such, could have a material adverse effect on Gold Fields' business, operating results and financial condition.

To the extent that Gold Fields seeks to add to or replace its reserve and resource base through exploration, it may experience problems associated with mineral exploration or developing mining projects.

In fiscal 2018, three out of Gold Fields' seven non-South African mines reported lower ore reserves after accounting for annual production depletion and all other influencing factors.

In order to replace its mineral reserves and resources at its international operations or expand its operations and reserve and resource base, Gold Fields expects to rely, in part, on exploration for gold, and other metals associated with gold, as well as its ability to develop mining projects. Exploration for gold and other metals associated with gold is speculative in nature, involves many risks and is frequently unsuccessful. To the extent that ore bodies are to be developed, it can take a number of years and substantial expenditures from the initial phases of drilling until production commences, during which time the economic feasibility of production may change. In addition, to the extent Gold Fields participates in the development of a project through a joint venture or any other multi-party commercial structure, such as the Gruyere Project in Western Australia in which Gold Fields holds a 50 per cent. interest, there could be disagreements, legal or otherwise, or divergent interests or goals among the parties, which could jeopardise the success of the project. There can be no assurances that Gold Fields will be able to replace its reserves and resources through exploration, development or otherwise and, if Gold Fields is unable to replace its reserves and resources, this could erode future planned cash flow and have a material adverse effect on its business, operating results and financial condition.

Furthermore, significant capital investment is required to achieve commercial production from exploration efforts. There is no assurance that Gold Fields will have, or be able to raise, the required funds to engage in these activities or to meet its obligations with respect to the exploration properties in which it has or may acquire an interest.

Gold Fields' mineral reserves are estimates based on a number of assumptions, which, if changed, may require Gold Fields to lower its estimated mineral reserves.

The mineral reserves stated in this annual report are estimates based on assumptions regarding, among other things, Gold Fields' costs, expenditures, commodity prices, exchange rates, geology models, geological criteria, mining methods, mining equipment and metallurgical and mining recovery assumptions, which may prove inaccurate due to a number of factors, many of which are beyond Gold Fields' control. In the event that Gold Fields adversely revises any of the assumptions that underlie its mineral reserves reporting, Gold Fields may need to revise its mineral reserves downwards. See "*—Additional Information on the Company—Reserves of Gold Fields as at 31 December 2018*".

Among other things, Gold Fields recently executed a restructuring at South Deep. See "*—Gold Fields has experienced and may continue to experience difficulties, delays, costs or labour actions in relation to its restructuring plan at the South Deep operation in South Africa*." The South Deep life of mine plan was revised in response to the restructuring, the implementation of the new operating model and application of updated modifying factors. The result was a 12 per cent. reduction in the mineral reserve to 32.81Moz as at 31 December 2018 (a reduction of 4.58Moz). The change was primarily the result of increased cut-off grade, updated geo-structural and related geotechnical loss factors, increased stoping loss factors and exclusion of the VCR ore body from the reserve pending confirmation of an appropriate mechanised mining method.

The South Deep year-on-year reserve reconciliation highlighted the following elements as the key drivers that impacted the change in reserves in addition to the annual depletion.

- A reduction of 2.4Moz due to incrementally higher cut-off grades used to define mineable blocks (increasing from 3.8g/t to 4.1g/t for current mine (CM) and north of wrench area (NoW), and from 4.2g/t to 4.5g/t for south of wrench area (SoW)), resulting from the impact of lower overall LoM throughput tonnages and the new operating model. The reserve grade LoM increased from 5.36g/t to 5.6g/t in response to the increased cut-off grade.
- A removal of 144koz from reserve designs in response to prevailing geo-technical conditions in CM and NoW up to 2022 (e.g. bracket pillars, holings into historical excavations and support pillar deterioration etc.) which is expected to be applied as a factor beyond 2022.
- A reduction of 1.8Moz from geo-structural and related geo-technical losses applied as a 5.5 per cent. loss factor to NoW and a 5.5 per cent. loss factor applied to SoW beyond 2023. This was based on practical learnings and experience from negotiating numerous geological dykes and faults in 2017 and 2018, a reduction of 401koz at NoW, 490koz at SoWE and 945koz at SoWW.
- A reduction of 0.94Moz from operations to better align with current performance trends. Long hole stoping current actual losses are approximately 26 per cent., now planned at approximately 15.8 per cent. versus the 6.4 per cent. used previously. Long hole stoping loss factors will be recalibrated annually as part of updating the mine planning assumptions.
- A reduction of 350koz from exclusion of the VCR due to no definitive fully mechanised mining method being defined.
- An increase of 1.24Moz from life of mine tail-end optimisation based on a reduced breakeven tonnage throughput requirement.

Gold Fields has also established an operational plan for South Deep in 2019 based upon the revised footprint and targets of the restructured mine. Delivery on the 2019 operation plan objective is essential to establishing whether the operation has the capacity to execute and deliver the production ramp up over the next five years of the LoM plan, which in turn is critical to validating the current reserve statement. If South Deep significantly underperforms in the 2019 operational plan, and insufficient progress is shown on the required productivity and cost improvements, then a reassessment of the LoM plan will need to be initiated to recalibrate to more realistic production and cost profiles with a resultant downward revision in reserves.

Although the restructuring is intended to sustainably build up production at the mine, there can be no assurance that the ongoing implementation of the restructuring will not result in lower than expected long-term steady state production volumes, cost fluctuations, reduced reported ore reserves and life of mine, or other associated issues at South Deep.

The depletion of reserves at Gold Fields' Tarkwa mine could lead to inadequate organic growth and LoM extension. There is no guarantee that Gold Fields will be able to effectively explore the Tarwka mine for long-term potential, improve its operations or make its processes more efficient. If the Tarwka mine reserve depletion leads to underperformance, a reassessment of its LoM plan will need to be initiated to recalibrate to more realistic production and cost profiles with a resultant downward revision in reserves.

The reduction of reserves held by the Company, including due to any of the above could have a material adverse effect on Gold Fields' business, operating results and financial condition. See "—*Additional Information on the Company—Reserves of Gold Fields as at 31 December 2018—Methodology*".

Gold Fields' operations are subject to environmental and health and safety regulations, which could impose additional costs and compliance requirements and Gold Fields may face claims and liability for breaches, or alleged breaches, of such regulations and other applicable laws.

Gold Fields' operations are subject to various environmental and health and safety laws, regulations, permitting requirements and standards. For example, Gold Fields is required to secure estimated mine closure liabilities. In 2018, Gold Fields' total gross mine closure liability was U.S.$400 million. The funding methods used to make provision for the required portion of these mine closure cost liabilities, in accordance with in-country legislation, are as follows:

- South Africa: contributions to environmental trust funds and guarantees;
- Ghana: reclamation bonds underwritten by banks, and restricted cash;
- Australia: an annual levy to the State of Western Australia of 1 per cent. of the total mine closure liability which goes into a State-administered fund known as the Mine Rehabilitation Fund is used to rehabilitate legacy sites or sites that have been prematurely closed or abandoned. As a consequence, Gold Fields' Australian operations self-fund all mine closure liabilities; and
- Peru: based on Peruvian legislation, management expects mine operations to obtain bank guarantee letters that represent a percentage of the total mine closure liability, in order to support compliance with legal obligations.

Gold Fields may in the future incur significant costs to comply with such environmental and health and safety requirements imposed under existing or new legislation, regulations or permit requirements or to comply with changes in existing laws and regulations or the manner in which they are applied. If there is a breach of laws, Gold Fields may also be subject to litigation and other costs as well as actions by authorities relating to environmental and health and safety matters, including mine closures, the suspension of operations and prosecution for industrial accidents as well as significant penalties and fines for non-compliance. These costs could have a material adverse effect on Gold Fields' business, results of operations and financial condition. See "*—Additional Information on the Company—Environmental and Regulatory Matters*".

In 2014, the Peruvian government established a three-year moratorium on the application of fines and other punitive sanctions against persons and entities operating in Peru, prioritising instead the imposition of corrective measures. This moratorium expired on 13 July 2017. The expiry of the moratorium increases the chances that Gold Fields' Peruvian operations could be subject to greater focus by regulators on compliance with its environmental obligations.

The principal health risks associated with Gold Fields' mining operation in South Africa arise from occupational exposure and potential community environmental exposure to silica dust, noise and certain hazardous substances, including toxic gases and radioactive particulates. The most significant occupational diseases affecting Gold Fields' workforce include lung diseases, such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease (COAD), as well as noise-induced hearing loss (NIHL). Employees have sought and may continue to seek compensation for certain illnesses, such as silicosis, from their employer under workers' compensation and also, at the same time, in civil actions under common law (either as individuals or as a class) as is the case with the silicosis individual and class action lawsuits. Such actions may also arise in connection with the alleged incidence of such diseases in communities proximate to Gold Fields' mines.

In 2014, a consolidated application had been brought against several South African mining companies, including Gold Fields, for certification of a class action on behalf of current or former mineworkers (and their dependants) who had allegedly contracted silicosis and/or tuberculosis while working for one or more of the mining companies listed in the application. In May 2016, the South African South Gauteng High Court (the High Court) ordered, among other things, the certification of a silicosis class and a tuberculosis class. The High Court ruling did not represent a ruling on the merits of the cases brought against the mining companies.

On 3 May 2018, a group of the above South African mining companies, including Gold Fields, (the Gold Working Group) concluded a settlement agreement (the Settlement Agreement) with the attorneys representing the claimants in the silicosis and tuberculosis class action litigation. The Settlement Agreement provides compensation to all eligible workers suffering from silicosis or tuberculosis who worked in the Gold Working Group's mines from 12 March 1965 to the effective date of the Settlement Agreement. The Settlement Agreement is subject to certain suspensive conditions, including that an unconditional order of court, sanctioning the Settlement Agreement to make the Settlement Agreement an order of court, is obtained from the High Court.

Gold Fields has provided for the estimated cost of the above settlement based on actuarial assessments and the provisions of the Settlement Agreement. At 31 December 2018, the provision for Gold Fields' share of the settlement of the class action claims and related costs amounts to U.S.$25 million. The nominal value of this provision is U.S.$35 million. This provision compares to the initial amount raised in June 2017 of U.S.$30 million. The decrease is due to a change in the timing of expected cash flows and the effect of translation offset by the effect of unwinding. The ultimate outcome of these matters remains uncertain, with a possible failure to fulfil all the suspensive conditions, including the Settlement Agreement being approved by the High Court. The provision is consequently subject to adjustment in the future. See "*Annual Financial Report—Notes to the consolidated financial statements—Note 35. Contingent liabilities*". The failure of the Settlement Agreement becoming effective and/or the payment of compensation for the claims could have a material adverse effect on Gold Fields' business, reputation, results of operations and financial condition. In addition, Gold Fields may incur significant additional costs arising out of these issues, including costs relating to the payment of fees, increased levies or other contributions in respect of statutory compensation funds or other funds established and expenditures arising out of its efforts to remediate these matters or to resolve any outstanding claims or other potential action.

The DMR can and does issue, in the ordinary course of its operations, instructions, including Section 54 orders, following safety incidents or accidents to partially or completely halt operations at affected mines. It is also Gold Fields' policy to halt production at its operations when serious accidents occur in order to rectify dangerous situations and, if necessary, retrain workers. In fiscal 2018, nine Section 54 instructions were issued following visits by the DMR, which resulted in partial stoppages in different areas of the mine and negatively impacted production. These stoppages were issued as a result of either perceived or actual unsafe working conditions, inadequate safety procedures or untrained personnel. In addition, there can be no assurance that the unions will not take industrial action in response to such accidents which could lead to losses in Gold Fields’ production. Any additional stoppages in production, or increased costs associated with such incidents, could have a material adverse effect on Gold Fields’ business, operating results and financial condition. Such incidents may also negatively affect Gold Fields’ reputation with, among others, employees and unions, South African regulators and regulators in other jurisdictions in which Gold Fields operates.

In Western Australia, significant increases in monetary and criminal penalties for breaches of existing workplace health and safety legislation were introduced in fiscal 2018. In addition, new workplace health and safety laws are expected to come into force in 2019 or 2020. The new measures will likely impose more extensive workplace health and safety obligations on Gold Fields’ operations in Western Australia, including introducing personal responsibility on directors and officers to ensure the Company is complying with its health and safety obligations. Breaches of any such obligations by the Company or its directors or officers may result in criminal liabilities.

Gold Fields could incur significant costs as a result of pending or threatened litigation, which could have a material adverse effect on Gold Fields’ business, operating results and financial condition. See “*Annual Financial Report—Notes to the consolidated financial statements—Note 35. Contingent liabilities*”. Further, any new regulations, potential litigation or any changes to the health and safety laws which increase the burden of compliance or the penalties for non-compliance may cause Gold Fields to incur further significant costs and could have a material adverse effect on Gold Fields’ business, operating results and financial condition. See “*—Additional Information on the Company—Environmental and Regulatory Matters*”.

Gold Fields’ operations are subject to water use licences, which could impose significant costs and burdens.

Gold Fields operations are subject to water use licences and regulations that govern each operation’s water usage and that require, among other things, mining operations to achieve and maintain certain water quality limits regarding all water discharges. Gold Fields is required to comply with these regulations under its permits and licences and any failure to do so could result in the curtailment or halting of production at the affected locations. Gold Fields continues to use measures to remove underground water to permit the routine safe functioning of South Deep.

An amended Water Use Licence was issued to South Deep by the Department of Water and Sanitation (DWS) in December 2018. South Deep has implemented a water and environmental management strategy in an effort to satisfy the conditions of its water use licence and other relevant water and environmental regulatory requirements. However, there can be no assurance that Gold Fields will be able to meet all of its water and environmental regulatory requirements, primarily due to the inherent uncertainties related to certain requirements of the legislation, which are subject to ongoing discussions between government and the mining industry through the MCSA. Any constraint on the water supply to South Deep could result in delays on the ramp-up of that operation.

Further, a water quality discharge standard was introduced in Peru, which contained several stringent requirements and mines were given three years to submit their plans for adaption. La Cima has been engaging with the water authority on the water quality discharge standard since its introduction and in March 2017, La Cima submitted its plan for adaptation to the new maximum allowable limits and water quality discharge standard to the government. Comments from the water authority have been received by Cerro Corona and La Cima submitted a response and is awaiting approval from the authorities.

While Gold Fields continues to conduct diligence to comply with the water use and water quality discharge standards, there is no guarantee that it will always be compliant. For example, discharge from the water treatment plant at the Tarkwa Mine contains brine which is required to be disposed of. In spite of Gold Fields’ efforts to treat the brine, there is no guarantee that an environmental incident involving the mine’s brine will not occur, which could result in fines, penalties and sanctions by the competent authorities. There is no guarantee that Gold Fields will be able to successfully treat these or other issues, which could result in fines, sanctions and penalties from the component authorities. Any failure on Gold Fields' part to achieve or maintain compliance with the requirements of its water use licences with respect to any of its operations could result in Gold Fields being subject to substantial claims, penalties, fees and expenses; significant delays in operations; or the loss of the relevant water use licence, which could curtail or halt production at the affected operation and have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields has experienced and may experience further acid mine drainage related pollution, which may compromise its ability to comply with legislative requirements or result in additional operating or closure cost liabilities.

Acid mine drainage (AMD) and acid rock drainage (ARD, together with AMD, Acid Drainage or AD) are caused when certain sulphide minerals in rocks are exposed to oxidising conditions (such as the presence of oxygen, combined with water). AD can occur under natural conditions or as a result of the sulphide minerals that are encountered and exposed to oxidation during mining or during storage in waste rock dumps, ore stockpiles or tailings dams. The acidic water that forms usually contains iron and other metals if they are contained in the host rock.

AD generation, and the risk of potential long-term AD issues, specifically at Gold Fields' Cerro Corona, Damang and South Deep mines, is ongoing. Immaterial levels of surface AD generation also occur at Gold Fields' Tarkwa and St. Ives mines. The AD issues at Damang are confined to the Rex open pit. Any AD which is currently generated is contained on Gold Fields property at all operations where it occurs and is managed as part of each mine's operational water management strategy. The relevant regulatory authorities are also kept appraised of the Group's efforts to manage AD through various submissions and other communications.

Gold Fields continues to investigate technical solutions at its South Deep, Damang and Cerro Corona mines to better inform appropriate strategies for long-term AD management (mainly post-closure), as well as to work towards a reliable cost estimate of these potential issues. None of these studies have allowed Gold Fields to generate a reliable estimate of the total potential impact on the Group. In addition, there can be no assurance that Gold Fields will be successful in preventing or managing long-term potential AD issues at these operations.

Gold Fields' mine closure cost estimate (namely environmental rehabilitation cost provisions) for fiscal 2018 contains those aspects of AD management (namely tailings facilities, waste rock dumps, ore stockpiles and other surface infrastructure), which management has been able to reliably estimate. However, there could be no guarantee that Gold Fields' current cost estimate, including the cost of AD treatment and other types of post-closure water treatment, reflects all relevant factors and, as such, the actual closure costs may be higher.

No adjustment for any effects on the Company that may result from potentially material (mainly post-closure) AD impacts at South Deep, Damang and Cerro Corona, has been made in the consolidated financial statements, other than through the Group's normal environmental rehabilitation cost provisions.

The existence of material long-term AD issues at any of Gold Fields' operations could cause it to fail to comply with its water use licence requirements and could expose Gold Fields to fines, additional operating costs and other liabilities. In certain areas where Gold Fields operates, AD could also cause scarcity of water which can affect the continued process of mining and cause production curtailment and mine closures, any of which could have a material adverse effect on Gold Fields' business, production, operating results and financial condition.

If Gold Fields loses senior management or is unable to hire and retain sufficient technically skilled employees or sufficient historically disadvantaged South African representation in management positions, its business in South Africa may be materially adversely affected.

Gold Fields’ ability to operate or expand effectively depends largely on the experience, skills and performance of its senior management team and technically skilled employees. However, the mining industry, including Gold Fields, continues to experience a global shortage of qualified senior management and technically skilled employees. In particular, there is a shortage of mechanised mining skills in the South African gold mining industry. Gold Fields may be unable to hire or retain appropriate senior management, technically skilled employees or other management personnel, or may have to pay higher levels of remuneration than it currently intends in order to do so. Additionally, as a condition of the mining rights at South Deep and in accordance with the employment equity HDSA targets under the Mining Charter, 2018, Gold Fields must ensure that there is sufficient HDSA participation (including women and employees with disabilities) at the board and all other relevant management levels, and failure to do so could result in fines or the loss or suspension of its mining rights. See *“—Gold Fields’ mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which are the subject of dispute”*. If Gold Fields is not able to hire and retain appropriate management and technically skilled personnel or is unable to obtain sufficient HDSA representation at the board level and in management positions or if there are not sufficient succession plans in place, this could have a material adverse effect on its business (including production levels), operating results and financial position.

Power cost increases may adversely affect Gold Fields’ business, operating results and financial condition.

Gold Fields’ South Deep mining operation depends upon electrical power generated by the state-owned power provider, Eskom Limited (Eskom). See “*Annual Financial Report—Management’s Discussion and Analysis of the Financial Statements—Overview—Costs*”. Eskom holds a monopoly on power supply in the South African market, supplying nearly 95 per cent. of the country’s electricity needs. Eskom tariffs are regulated by the National Energy Regulator of South Africa (NERSA). Although Eskom applied to NERSA for a 19.9 per cent. average increase in electricity tariffs for Eskom’s 2018 to 2019 financial year, NERSA granted Eskom a 5.23 per cent. electricity tariff increase for this period. During 2018, NERSA granted Eskom an additional 4.41 per cent. tariff increase adjustment from the Regulatory Clearing Account (RCA), for the 2019 to 2020 financial year. Eskom has indicated that it intends to challenge NERSA’s decision not to grant the requested 19.9 per cent. tariff increase and recently filed court papers to challenge the 4.41 per cent. tariff increase in the RCA ruling. In the same period, Eskom submitted its multi-year price determination application to NERSA for the 2018 to 2019 financial year to the 2021 to 2022 financial year tariff basis, initially requesting 15 per cent. for these years. The application was later revised to 17 per cent., 15 per cent. and 15 per cent. for the 2019 to 2020, 2020 to 2021 and 2021 to 2022 financial years, respectively. In March 2019, NERSA awarded Eskom tariff increases of 9.42 per cent. (effectively 13.81 per cent. when combined with the previously agreed 4.4 per cent. increase that comes into effect April 2019), 8.1 per cent, and 5.22 per cent, for the 2019 to 2020, 2020 to 2021 and 2021 to 2022 financial years, respectively. NERSA also announced the approval of R3.869 billion from the RCA in costs incurred by Eskom over and above the previously regulated costs. The liquidation period is yet to be determined.

In February 2019, the President of South Africa announced the vertical unbundling of Eskom. While full-state ownership will be maintained, the unbundling is expected to result in the separation of the company’s generation, transmission and distribution functions, which will require legislative, and possibly policy reform. It is expected that this process will take time to implement, causing continued poor reliability of the supply of electricity, instability in prices and a possible increase in the tariff. Should Gold Fields experience further power tariff increases, its business, operating results and financial condition may be adversely impacted.

In Australia, Gold Fields’ St. Ives and Agnew/Lawlers mines contract for the supply of electricity with BHP Nickel-West under separate power purchasing agreements. Granny Smith receives its entire electricity supply from a 24 megawatt gas-fired power station, sourcing gas from the Goldfields Gas Pipeline via a secondary spur pipeline. If any of Gold Fields' Australian operations were to lose their supply, replacement of this supply may entail a significant increase in costs. Any such increase in costs could have a material adverse impact on Gold Fields' business and operating results.

The State Government of Western Australia is undertaking reforms to electricity network access and the wholesale electricity market in Western Australia. The reforms are currently being drafted and any impact on future electricity prices is not yet known.

In Ghana, both Tarkwa and Damang concluded tariff negotiations for 2014 and 2015 with their respective power suppliers (the state electricity supplier, the VRA, supplies power to Tarkwa and the ECG provides power to Damang). The ECG's tariff for the period 1 February 2016 to 31 December 2016 was U.S.$0.23/kWh and for 1 January to 31 December 2017 was U.S.$0.23/kWh. Following negotiations with management, ECG agreed to decrease its tariffs to U.S.$0.20/kWh from 1 August 2015 to 31 January 2016. Tarkwa has agreed tariffs with VRA with a base tariff of U.S.$0.17/kWh with effect from 1 January 2015 using a tariff model which inputs actual variables (including the generation mix and input prices) of the previous quarter to determine the tariff for the current quarter. The average VRA tariff for 2017 was U.S.$ 0.167/kWh and for 2018 was U.S.$0.136/kWh.

In order to reduce their reliance on power supplied by VRA and ECG, Tarkwa and Damang entered into a power purchasing agreement with independent power producer Genser (the Genser PPA). Under the Genser PPA, Genser agreed to commission a gas power generation facility at Tarkwa and Damang. This power supply has replaced a significant proportion of Tarkwa and Damang's current supply from the VRA and ECG. Genser has installed a 27.5MW Power Plant comprising five units of Centrax gas turbines (owned and operated by Genser) on the Damang Mine, and a 44MW power plant comprising four units of Solar Mars (Caterpillar) gas turbines (operated by Genser) on the Tarkwa Mine. Both plants are expected to expand with the inclusion of the steam turbine technology. The fourth turbine was commissioned at the Genser's Tarkwa Plant in 2018 to bring the Tarkwa Mine installed capacity to 44MW. If any of these plants should fail or supply insufficient power, Tarkwa and Damang may be required to source additional power from the VRA and ECG or may be subject to power disruptions.

For the period of 2016 to 2017, the Public Utilities Regulatory Commission in Ghana increased tariffs by 3.1 per cent. ($0.0489/kWh). On 5 April 2017, the Energy Sector Levies (Amendment) Act, 2017 (Act 946) revised imposed levies with reduction in the public lighting and National Electrification Levy of 3 per cent. and 2 per cent., respectively, charged on electricity consumption by all categories of customers. In March 2018, Ghana's Public Utilities Regulatory Commission announced a 17.5 per cent. reduction in electricity tariffs for residential consumers, a 30 per cent. reduction for non-residential consumers, a 25 per cent. reduction for special load tariff consumers and a 10 per cent. reduction for mines. However, there is no guarantee that these tariffs will not increase in the future.

Changes in the cost or availability of electricity could increase Gold Fields' cost of operations and cause production stoppages, which could impact existing profit margins and have a material adverse effect on Gold Fields' business, operating results and financial condition. See "*—Additional Information on the Company—Environmental and Regulatory Matters*".

Power stoppages, fluctuations and usage constraints may force Gold Fields to halt or curtail operations.

Although the electricity supply in South Africa had improved prior to this year, Eskom began declaring load shedding in December 2018. The load shedding rose to Stage 4 (short of 4000 MW) in February 2019 and was reinstated in March 2019. Under Stage 4 load shedding, approximately 80 per cent. of the country's demand is met through scheduled load shedding 12 times over a four-day period for two hours at a time, or 12 times over an eight day period for four hours at a time. Eskom's inability to fully meet the country's demand has led to, and is expected to continue to lead to, rolling blackouts, unscheduled power cuts and surveillance programmes to ensure non-essential lighting and electricity appliances are powered off. There is no assurance that Eskom's efforts to protect the national electrical grid will prevent a complete national blackout, which would have a material adverse effect on Gold Fields' operations in South Africa.

During the period of load shedding, Eskom burned significant amounts of diesel to run its gas turbines and called Gold Fields and other large power users to curtail their power demand. In particular, South Deep was required to shift operational activities after they were asked to curtail their power load in line with the curtailment agreement in place. In addition, although Eskom applied to NERSA for a 19.9 per cent. average increase in electricity tariffs for Eskom's 2018 to 2019 financial year, NERSA granted Eskom a 5.23 per cent. electricity tariff increase for this period. During 2018, NERSA granted Eskom an additional 4.41 per cent. tariff increase adjustment from the RCA, for the 2019 to 2020 financial year. Eskom has expressed concern that this increase may not be adequate to prevent future electricity interruptions and indicated that it intends to challenge NERSA's decision not to grant the requested 19.9 per cent. tariff increase. It recently filed court papers to challenge the 4.41 per cent. tariff increase in the RCA ruling. As noted above, Eskom is expected to be vertically unbundled, resulting in the separation of the company's generation, transmission and distribution functions. Poor reliability of the supply of electricity and instability in prices are expected to continue through the unbundling process.

Gold Fields has a voluntary load curtailment agreement with Eskom. Under this agreement, Gold Fields is required to reduce demand by up to 25 per cent. of load, depending on the severity of the shortage, for a specified period of time during which the national grid is unable to maintain its load. During February 2019, Gold Fields was required to reduce demand by 10 per cent. three times, 15 per cent. two times and 20 per cent. one time. Any further disruption or decrease in the electrical power supply available to Gold Fields' South Deep operation could have a material adverse effect on its business, operating results and financial condition.

While the VRA has not imposed any power cuts in Gold Fields' Ghanaian operations since August 2006, power interruptions have occurred in the power supplied by the ECG in 2017 and 2018. In particular, the Tarkwa mine had many challenges with frequent power surges, which caused some delays in the process plant. While the Damang Mine has been insulated from ECG's power interruptions, because the Genser Plant at Damang operates independently from the ECG's grid, there can be no guarantee that this source of power will not fail or be interrupted. While Gold Fields has taken steps to source power from an independent power producer through on-site gas turbines to complement its self-generated sources, any gas supply chain-related risk specific to the regions where Gold Fields operates could affect Gold Fields' business, operating results and financial condition.

Should Gold Fields continue to experience power fluctuations or usage constraints at any of its operations, then its business, operating results and financial condition may be materially adversely impacted.

Gold Fields utilises information, communication and technology systems on which it records personal data. Failure of these systems, or the failure to protect personal data, could significantly impact Gold Fields' operations and business.

Gold Fields utilises and is reliant on various internal and external information, communication and technology system applications to support its business activities, in particular SAP, mining activity applications and other applications. Damage or interruption of Gold Fields' information, communication and technology systems, whether due to accidents, human error, natural events or malicious acts, may lead to important data being irretrievably lost, exposed or damaged, thereby adversely affecting Gold Fields' business, prospects and operating results.

The information security management system protecting Gold Fields' information, communication and technology infrastructure and network may be subject to security breaches (e.g. cyber-crime or activists) or other incidents that can result in misappropriation of funds, increased health and safety risks to people, disruption to our operations, environmental damage, loss of intellectual property, disclosure of commercially or personally sensitive information, legal or regulatory breaches and liability, other costs and reputational damage.

While no material losses related to cyber security breaches have been discovered, given the increasing sophistication and evolving nature of this threat, Gold Fields cannot rule out the possibility of them occurring in the future. An extended failure of critical system components, caused by accidental, or malicious actions, including those resulting from a cyber security attack, could result in a significant environmental incident, commercial loss or interruption to operations.

In addition, the interpretation and application of consumer, privacy and data protection laws in South Africa, the United States and elsewhere are uncertain and evolving. It is possible that regulators may interpret and apply these laws in a manner that is inconsistent with Gold Fields' data processes and practices. Complying with these various laws is difficult and could cause Gold Fields to incur substantial costs or require it to change its business practices in a manner adverse to its business. For example, on 25 May 2018 the General Data Protection Regulation (GDPR) came into force. The GDPR is a European Union-wide framework for the protection of personal data being processed in the EU. The GDPR enhances existing legal requirements through several new rules, including stronger rights for data subjects, cross-border transfer of information, mandatory data breach notification requirements, and an increase in penalties and fines for non-compliance. Failure to comply with the GDPR may lead to substantial penalties and fines. Confidentiality breaches have historically been a great risk for the mining sector.

South Africa's upcoming data protection legislation, the Protection of Personal Information Act, 2013 (POPI) is enacted but not yet in force. Only certain provisions enabling the appointment of the Information Regulator to regulate, perform functions and exercise powers in connection with POPI and the making of regulations are in force. Once a commencement date has been announced, organisations will have 12 months within which to become compliant with POPI. As with the GDPR, failure to comply with POPI may lead to significant penalties and fines

Mining companies are increasingly required to operate in a sustainable manner and to provide benefits to affected communities. Failure to comply with these requirements can result in legal suits, additional operational costs, investor divestment and loss of "social licence to operate", which could adversely impact Gold Fields' business, operating results and financial condition.

Many mining companies face increasing pressure over their "social licence to operate", which can be understood as the acceptance of the activities of these companies by stakeholders. While formal permission to operate is ultimately granted by host governments, many mining activities require social permission from host communities and influential stakeholders to carry out operations effectively and profitably.

These businesses are under pressure to demonstrate that, while they seek a satisfactory return on investment for shareholders, the environment, human rights and other key sustainability issues are responsibly managed and stakeholders, such as employees, host communities and the governments of the countries in which they operate, also benefit from their commercial activities. The potential consequences of these pressures and the adverse publicity in cases where companies are believed not to be creating sufficient social and economic benefit or are perceived to not be responsibly managing other sustainability issues may result in additional operating costs, higher capital expenditures, reputational damage, active community opposition (possibly resulting in delays, disruptions and stoppages), allegations of human rights abuses, legal suits, regulatory intervention and investor withdrawal.

In order to maintain its social licence to operate, Gold Fields may need to design or redesign parts of its mining operations to minimise their impact on such communities and the environment, either by changing mining plans to avoid such impact, by modifying operations, changing planned capital expenditures or by relocating the affected people to an agreed location. Anti-mining sentiments in some of the communities in which Gold Fields operates have been exacerbated by high unemployment and violent crime rates, forced resettlement of residents, environmental incidents and blasting.

Responsive measures may require Gold Fields to take costly and time consuming remedial measures, including the full restoration of livelihoods of those impacted. In addition, Gold Fields is obliged to comply with the terms and conditions of all the mining rights it holds in South Africa. In this regard, the SLP provisions of our mining rights must make provision for local economic development, among other obligations. See "*—Gold Fields' mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which are the subject of dispute—The MPRDA*". Gold Fields also undertakes social and economic development spending in Australia, Ghana and Peru, both voluntarily and as a condition of its mining rights. See "*Integrated Annual Report—Licence and Reputation—Stakeholder Relations—Community relations*". In addition, as Gold Fields has a long history of mining operations in certain regions or has purchased operations which have a long history, issues may arise regarding historical as well as potential future environmental or health impacts in those areas.

Delays in projects attributable to a lack of community support or other community-related disruptions or delays can translate directly into a decrease in the value of a project or into an inability to bring the project to, or maintain, production. The cost of measures and other issues relating to the sustainable development of mining operations has placed significant demands on our resources and could increase capital and operating costs and have a material adverse impact on Gold Fields' reputation, business, operating results and financial condition.

Regulation of greenhouse gas emissions and climate change issues may materially adversely affect Gold Fields' operations.

Energy is a significant input and cost to Gold Fields' mining and processing operations, with its principal energy sources being electricity, purchased petroleum products, and natural gas. A number of governments or governmental bodies, including the United Nations Framework Convention on Climate Change, have introduced or are contemplating regulatory changes in response to the potential impact of climate change. Many of these contemplate restricting emissions of greenhouse gases in jurisdictions in which Gold Fields operates.

On 19 February 2019, the South African Parliament's National Assembly approved a carbon tax bill (the Carbon Tax Bill), which will be sent to Parliament's National Council of Provinces to be debated and voted upon and then sent to the President. The Bill is expected to become law and come into effect on 1 June 2019 upon the President's assent and signature.

The carbon tax has been designed to fix liability on the person who conducts an activity in South Africa that results in greenhouse gas emissions above a certain threshold. The carbon tax design requires the calculation of liability to be based on the sum of greenhouse gas emissions, which result from fuel combustion, industrial processes and fugitive emissions. Taxpayers must determine emissions in accordance with the reporting methodology approved by the Department of Environmental Affairs (DEA).

Tax liable entities will, after reducing their emissions by any permissible deductions or allowances, be liable for carbon tax at a rate of R120 per tonne on the carbon dioxide equivalent (CO_2e) of their net greenhouse gas emissions. The rate of carbon tax will increase by the consumer prices index (CPI) (as determined by Statistics South Africa) plus 2 per cent. per year until December 2022 and by the CPI thereafter. To provide sectors with sufficient time and flexibility to transition their activities through investments in energy efficiency, renewables and other low carbon measures, the carbon tax design contains tax-free exemptions for gold mining ranging between 60 per cent. and 90 per cent., with various allowances that would permit a tax liable entity to further mitigate its tax liability. Accordingly, the effective tax rate will vary between R12 and R48 per tonne of CO_2e. Such allowances include a basic tax-free allowance, an increased tax-free threshold for trade exposed sectors, recognition of emission reduction efforts, an additional allowance for participating in the national carbon budgeting system and the use of carbon offsets against a carbon tax liability. If South Deep is liable to pay carbon tax, it is expected to qualify for approximately 80 per cent. of the allowances. As such, its exposure is expected to be initially calculated (in the first year of carbon tax exposure) on 20 per cent. of the mine's Scope 1 emissions which have been estimated to be 5,504 tonnes of CO_2e in fiscal 2018 (95.8 per cent. from diesel, 3.6 per cent. from blasting agents and 0.6 per cent. from petrol). Based on these emissions, the potential tax liability in 2019 is estimated at approximately U.S.$9,713. The South African government has stated that the carbon tax will have no net impact on the electricity price before 2022. A 10cZAR/litre carbon tax levy was announced by the South African Finance Minister in the February 2019 budget speech. South Deep’s 2018 diesel usage was around 1,961kL and the carbon tax levy would have amounted to around R197,000 (U.S.$15,000). Should Eskom be allowed to pass on the cost of the tax from its diesel usage related emissions to customers, electricity tariffs may rise significantly. Further, other commodities that South Deep consumes may see price increases as the tax is passed through the market.

In August 2015, the Australian Government committed to reduce greenhouse gas emissions by 26 to 28 per cent below 2005 levels by 2030 (the Target). In December 2017, the Australian Government conducted a review into national climate change policies and concluded that it is on track to meet the Target through policies such as: the voluntary carbon abatement scheme known as the ‘Emissions Reduction Fund’ and accompanying ‘Safeguard Mechanism’ which encourages large emitters to keep their emissions within historical levels; and the Renewable Energy Target, which is designed to deliver 33,000 gigawatt hours of additional renewable electricity generation by 2020. However, there is significant and ongoing political uncertainty regarding future climate change policy and emissions target levels in Australia, particularly in light of the upcoming Federal election in 2019.

In addition, a number of other regulatory initiatives are underway in countries in which Gold Fields operates that seek to reduce or limit industrial greenhouse gas emissions. These regulatory initiatives will be either voluntary or mandatory and are likely to impact Gold Fields’ operations directly or by affecting the cost of doing business, for example by increasing the costs of its suppliers. Inconsistency of regulations particularly between developed and developing countries may affect both Gold Fields’ decision to pursue opportunities in certain countries and its costs of operations. Furthermore, additional, new and/or different regulations in this area, such as the imposition of stricter limits than those currently contemplated, could be enacted, all of which could have a material adverse effect on Gold Fields’ business, financial condition, results of operations and prospects. In April 2018, Peru released a climate change framework law seeking collaboration between the government and the private sector (the Climate Change Framework). The Climate Change Framework is intended to realise Peru’s nationally determined contribution by reducing emissions by up to 30 per cent. by 2030. The Climate Change Framework also seeks to meet a 20 per cent. carbon reduction goal through the energy, industry, and waste sectors. Assessments of the potential impact of this and other future climate change regulations are uncertain, given the wide scope of potential regulatory change in countries in which Gold Fields operates.

Furthermore, the high variability in local weather patterns and extreme weather events caused by climate change have led to the higher risk of inundation from pits flooding, lack of water supply from extended droughts and extreme temperatures. Each of these potential physical impacts of climate change could disrupt Gold Fields’ operations and adversely impact its business, operating results and financial condition.

Gold Fields faces continued geotechnical challenges, which could adversely impact its production and profitability

Gold Fields and the mining industry are facing continued geotechnical challenges due to the older age of certain mines and a trend toward mining deeper pits and more complex deposits. This leads to higher pit walls, more complex underground environments and increased exposure to geotechnical instability and hydrological impacts. As Gold Fields operations are maturing, the open pits at many of its sites are getting deeper and it has experienced certain geotechnical failures at some of its mines.

No assurances can be given that unanticipated adverse geotechnical and hydrological conditions, such as landslides and pit wall failures, will not occur in the future or that such events will be detected in advance. Gold Fields has appointed an external geotechnical review board (the Geotechnical Review Board) to look at this matter. Gold Fields also cannot guarantee that any recommendations by the Geotechnical Review Board will be implemented effectively or that the ongoing monitoring Gold Fields’ mines will not be interrupted. Geotechnical instabilities can be difficult to predict and are often affected by risks and hazards outside of Gold Fields' control, such as severe weather and rainfall, which may lead to periodic floods, mudslides, wall instability and seismic activity, which may result in slippage of material.

Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could have a material adverse impact on Gold Fields' reputation, business, operating results and financial condition.

Due to the nature of mining and the extensive environmental footprint of the operations, environmental and industrial accidents and pollution may result in operational disruptions such as stoppages which could result in increased production costs as well as financial and regulatory liabilities.

Gold mining by its nature involves significant risks and hazards, including environmental hazards and industrial and mining accidents. These may include, for example, seismic events, fires, cave-ins and blockages, flooding, discharges of gases and toxic substances, contamination of water, air or soil resources, radioactivity and other accidents or conditions resulting from mining activities including, among other things, blasting and the transport, storage and handling of hazardous materials. For example, Gold Fields experienced two level 3 environmental incidents during 2018. In April 2018, supernatant water from Damang's Far East tailings storage facility leaked into the environment when permeable waste rock overburden was unintentionally transferred to a nearby body of water. Once discovered, the relevant regulatory authorities and adjacent communities were notified, the permeable rock was removed and the area was rehabilitated before any lasting environmental impacts were identified. Gold Fields experienced a second level 3 environmental incident in December 2018, when water containing tailings from the Cerro Corona Tailing Storage Facility in Peru flowed through an authorised diversion pipe to La Hierba creek reaching the Tingo river. An emergency response team was immediately deployed by the Company and the incident was reported to the competent authorities and host communities. The flow to the creek was stopped three hours after the Company became aware of it and the remediation process, including cleaning the area, commenced 17 December 2018. The cleaning process was formally completed on 6 January 2019 and the rest of the remediation works are currently being executed according to the remediation plan prepared by the Company and communicated to the authorities. While neither fines nor sanctions have been formalised yet, and the Company has been fully collaborating with the competent authorities, there can be no guarantee that these incidents or similar ones will not result in fines or other costs in the future.

The occurrence of any of these hazards or risks could delay or halt production, increase production costs and result in financial and regulatory liability for Gold Fields (including as a result of the occurrence of hazards that took place at the Spin-off operations when they were owned by Gold Fields), which could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Our high debt levels pose risks to our viability and may make us more vulnerable to adverse economic and competitive conditions, as well as other adverse developments.

Gold Fields carries significant debt relative to its shareholder equity. As of 31 December 2018, Gold Fields' consolidated debt was U.S.$2.0 billion. U.S.$1.4 billion of Gold Fields' consolidated debt securities becomes due over the 24 months following 31 December 2018.

Gold Fields' significant levels of debt can adversely affect it in several respects, including:

- limiting its ability to access the capital markets;
- exposing it to the risk of credit rating downgrades, which would raise its borrowing costs and could limit its access to capital;
- hindering its flexibility to plan for or react to changing market, industry or economic conditions;

- making it more vulnerable to economic or industry downturns, including interest rate increases;
- increasing the risk that it will need to sell assets, possibly on unfavourable terms, to meet payment obligations;
- increasing the risk that it may not meet the financial covenants contained in its debt agreements or timely make all required debt payments; or
- affecting its ability to service the interest on its debt.

The effects of each of these factors could be further intensified if Gold Fields increases its borrowings. As Gold Fields continuously reviews its funding and maturity profile, it expects to consider additional opportunities to access the international U.S.$ bond markets primarily to refinance its debt facilities. A sustained and negative movement in the price of gold will negatively impact Gold Fields' ability to repay its debt. Any failure to make required debt payments could, among other things, adversely affect Gold Fields' ability to conduct operations or raise capital, which could have a material adverse effect on Gold Fields' business, operating results or financial condition.

A further downgrade of South Africa's credit rating may have an adverse effect on Gold Fields' ability to secure financing.

Prior to 2018, the challenges facing the mining industry and other sectors, among other factors, had resulted in the downgrading of South Africa's sovereign credit rating to non-investment grade by Standard & Poor's and Fitch Ratings. On 23 November 2017, Standard & Poor's further downgraded South Africa's sovereign credit rating to BB with a stable outlook due to, among other things, declining consumption on a per capita basis, economic growth performance that is among the weakest of emerging market sovereigns and income inequality that is among the highest in the world. On 23 November 2017, Fitch Ratings reaffirmed its South Africa's sovereign credit rating of BB+ with a negative outlook. On 6 December 2018, Fitch Ratings retained South Africa's sub-investment grade credit rating of BB+ with a stable outlook. On 9 June 2017, Moody's downgraded South Africa's sovereign credit rating to Baa3 with a negative outlook. On 23 March 2018, Moody's affirmed its Baa3 sovereign credit rating for South Africa and upgraded its outlook to stable, listing the beginning of reform under president Ramaphosa. On 26 May 2018, Standard & Poor's affirmed its BB sovereign credit rating of South Africa with a stable outlook and on 23 November 2018 kept South Africa's sovereign credit ratings unchanged at non-investment grade.

Further downgrading of South Africa's sovereign credit rating to non-investment grade status by Standard & Poor's, Moody's or Fitch Ratings may adversely affect the South African gold mining industry and Gold Fields' business, operating results and financial condition by making it more difficult to obtain external financing or could result in any such financing being available only at greater cost or on more restrictive terms than might otherwise be available. The recent downgrades of South Africa's sovereign credit rating could also have a material adverse effect on the South African economy as many pension funds and other large investors are required by internal rules to sell bonds once two separate agencies rate them as non-investment grade. Any such negative impact on the South African economy may adversely affect the South African gold mining industry and Gold Fields' business, operating results and financial condition.

Economic, political or social instability in the countries or regions where Gold Fields operates may have a material adverse effect on Gold Fields' operations and profits.

In fiscal 2018, 7 per cent., 36 per cent., 42 per cent. and 15 per cent. of Gold Fields' gold-equivalent production was in South Africa, Ghana, Australia and Peru, respectively. Changes or instability in the economic, political or social environment in any of these countries or in neighbouring countries could affect an investment in Gold Fields.

High levels of unemployment, particularly among the youth, and a shortage of critical skills in South Africa, despite increased government expenditure on education and training, remain issues and deterrents to foreign investment. The volatile and uncertain labour and political environments, which severely impacts the local economy and investor confidence, has led, and may lead, to further downgrades in national credit ratings, making investment more expensive and difficult to secure. See "*—Gold Fields' operations and profits have been and may continue to be adversely affected by union activity and new and existing labour laws*" and "*—A further downgrade of South Africa's credit rating may have an adverse effect on Gold Fields' ability to secure financing*". This may restrict Gold Fields' future access to international financing and could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Furthermore, while the South African government has stated that it does not intend to nationalise mining assets or mining companies, certain political parties have stated publicly and in the media that the government should embark on a programme of nationalisation. Any threats of, or actual proceedings to, nationalise any of Gold Fields' assets, could halt or curtail operations, resulting in a material adverse effect on Gold Fields' business, operating results and financial condition and could cause the value of Gold Fields' securities to decline rapidly and dramatically, possibly causing investors to lose the entirety of their respective investments.

In February 2018, Jacob Zuma resigned as President of South Africa and was replaced by Cyril Ramaphosa, National elections in South Africa are scheduled for 8 May 2019. A Federal election is also scheduled to occur in Australia in 2019. In addition, on 23 March 2018, Pedro Pablo Kuczynski resigned as Peru's president following allegations of corruption and was replaced by Martin Vizcarra. The mining policy in Peru has remained positive since and the President and Ministry of Energy and Mines (MEM) have worked towards the consolidation of the mining investment in the country. It is not certain what if any other political, economic or social impacts the newly elected, appointed or re-elected governments will have on South Africa, Australia or Peru, respectively, or on Gold Fields specifically.

Peru's local authorities (the regional governor, the provincial mayor and the district mayor) have expressed concern regarding the lack of clean and values-based mining within their communities. In addition, engagement with community stakeholders, including in Peru and South Africa, can pose challenges to local management and any inability to properly manage these relationships may have a negative impact on our production or associated costs. There is also the potential for social instability or protests regarding mining activity in the communities near Gold Fields' South Deep, Cerro Corona, Damang and Tarkwa mines relating to, among other things, community investment, unemployment, environmental concerns, service delivery by local government or other issues. Occurrence of any of the above mentioned developments could result in Gold Fields experiencing opposition or disruptions in connection with any of its operations. Such opposition or disruptions at any of Gold Fields' operations, in particular if it has an adverse impact or costs or causes any stoppages (including as a result of any protests aimed at government and other mining operations that affect operations) could have a material adverse effect on Gold Fields' business, operating results and financial condition.

An actual or alleged breach or breaches in governance processes, or fraud, bribery and corruption may lead to public and private censure, regulatory penalties, fines and/or sanctions, loss of licences or permits and impact negatively upon our empowerment status and may damage Gold Fields' reputation.

Gold Fields operates globally in multiple jurisdictions and with numerous and complex frameworks, and its governance and compliance processes may not prevent potential breaches of law or accounting or other governance practices. Gold Fields' operating and ethical codes, among other rules, codes, standards and guidance, may not prevent instances of fraudulent behaviour and dishonesty, nor guarantee compliance with legal and regulatory requirements.

For example, new legislation in Peru effective as of 1 January 2018 created administrative liabilities for companies in connection with crimes of transnational active bribery and active bribery of domestic public officials or servants. In addition, pursuant to the new legislation, companies must establish a criminal compliance system, which Gold Fields has already implemented.

To the extent that Gold Fields suffers from any actual or alleged breach or breaches of relevant laws, including South African anti-bribery and corruption legislation or the U.S. Foreign Corrupt Practices Act of 1977 (the FCPA) under any circumstances, they may lead to investigations and examinations, regulatory and civil penalties, fines and/or sanctions, litigation, public and private censure, loss of operating licences or permits and impact negatively upon our empowerment status and may damage Gold Fields' reputation. The occurrence of any of these events could have a material adverse effect on Gold Fields' business, operating results and financial condition.

The failure to modernise operations may have a material adverse effect on Gold Fields' business

Gold Fields' business is increasingly dependent on its ability to modernise its operations, including operating models, IT systems and digital technology. Improvements to these systems are necessary for Gold Fields to increase its resource to reserve conversion, reduce costs, decrease power consumption and reduce environmental impact, among other things.

Modernisation of its operations require Gold Fields to adopt new technologies, new organisational structures and new skills. It also requires Gold Fields to manage its technology development and costs. Among other things, Gold Field will likely have to form partnerships with original equipment manufacturers over whom Gold Fields does not have operational control.

Implementation of new technologies and systems is capital intensive and there is no guarantee that the use of new technologies and systems will deliver the intended benefits. Initiatives to modernise Gold Fields' operations may cause operational disruptions, IT failures, safety system failures, increased costs, lower productivity and other challenges.

Gold Fields' competitors are also undertaking modernisation initiatives which may result in it becoming more difficult for Gold Fields to compete if it fails to update its operations. Failure to modernise its operations may also make it more difficult for Gold Fields to effectively convert resources to reserves, reduce costs and attract employees with critical skills. This may also have negative effects on the reputation of the company.

Any of the above could have a material adverse effect on God Fields' business, operating results or financial condition.

The effects of the regional re-watering may have a material adverse effect on Gold Fields' South Deep operation

On 31 August 2016, Sibanye-Stillwater announced that it would be closing its Ezulwini (Cooke 4) mine. As a part of this process, Sibanye-Stillwater filed an application for closure and the cessation of water pumping from the mine. Sibanye-Stillwater submitted a final assessment report to the regulator in October 2017. Sibanye-Stillwater received a negative environmental authorisation that declined their application for closure and cessation of pumping in 2018 and has lodged an appeal against this decision. South Deep filed papers opposing the upholding of the appeal and the decision from the Minister of Environmental Affairs was received in early March 2019. The decision set aside the environmental authorisation and referred the matter back to the DMR for reconsideration on the basis that it must take account of comments that were filed by various government departments after the DMR took a decision on the negative environmental authorisation. South Deep is entitled to be consulted as an interested and affected party in relation to such comments and a modified basic assessment report has to be furnished. South Deep is also an interested and affected party in the process, as there may be a number of adverse impacts on the mine, should pumping of mine water cease at Cooke 4 if Sibanye-Stillwater were to get the required approvals. While water plugs have been installed to prevent water flowing from Cooke 4 to the South Deep mine and the South Deep mine has begun a program of water pumping, water has been allowed to build up above the water plugs on certain levels leading to the increased risk of fluid induced seismicity which could result in catastrophic mine failure, widespread mine flooding, reduced security of water supply, fatalities and the loss of the mine.

South Deep, which is opposed to the cessation of pumping, is continuing to engage with Sibanye-Stillwater and other stakeholders to find an appropriate and effective solution and has appointed consulting engineers to develop alternative water treatment options. The occurrence of any of the risks noted above could have a material adverse effect on Gold Fields' business, operating results and financial condition.

The failure of a dam at a tailings storage facility could negatively impact Gold Fields' business, reputation and results of operations

Mining companies face inherent risks in their operation of tailings storage facilities. Tailings storage facilities are structures built for the containment of the metals and mining waste, known as tailings. This waste, which consists mainly of material that is extracted during mining but not used in the production of metals, must be disposed of in an appropriate manner so as not to impact the safety of the workforce and communities or cause environmental damage. However, the use of tailings storage facilities exposes Gold Fields to certain risks, among them seepage of decanted tailings water or AMD (as discussed in "*—Gold Fields has experienced and may experience further acid mine drainage related pollution, which may compromise its ability to comply with legislative requirements or results in additional operating or closure cost liabilities"*) and the failure of a dam at a tailings storage facility. Tailings storage facilities designed with upstream constructed embankments typically present greater risk, particularly where the facility is located in a high seasonal rainfall area and where the embankments are constructed using reclaimed tailings materials. For example, in January 2019, the dam of a Brazilian mining company's tailings storage facility (not associated with Gold Fields) failed, releasing muddy tailings downstream, reaching and flooding certain communities, causing multiple deaths and extensive property and environmental damage in the surrounding area. This dam failure followed another similar incident in Brazil in 2015 and in Canada in 2014. The dam failure in 2019 resulted in the immediate stoppage of that company's mining operations pursuant to an order by government authorities. The occurrence of a dam failure at one of Gold Fields' tailings storage facilities could also lead to the loss of human life and/or extensive property and environmental damage.

Gold Fields maintains measures to manage its dams' safety, including compliance with the International Council on Mining and Metals' Tailings Governance Position Statement and undertakes routine reviews by independent international consulting companies. However, Gold Fields cannot guarantee the effectiveness of its designs, construction quality or regular monitoring throughout its operations or that these measures will prevent the failure of one or more of its tailings dams or that such potential failure will be detected in advance. Gold Fields also cannot guarantee that its partners maintain similar safety precautions or monitoring systems on their tailings storage facilities. For example, Gold Fields is working with Lepanto Mining on the Far Southeast project in the Philippines, which has a tailings storage facility located in a region with high seismic activity and frequent typhoons. There is no assurance that the safety measures will prevent the failure of the dam at the tailings storage facility.

The failure of a dam at a tailings storage facility could lead to multiple legal proceedings and investigations, which could include securities class actions, criminal proceedings and public civil actions (against the company or individuals) for significant amounts of damages. Furthermore, the elimination of the "conventional" practice of storing wet tailings (e.g. alternatively filtering, "dry" stacking and compacting the tailings) could require the research and development of new technologies, which could lead to additional large expenditures. As a result of the recent dam failures or as a result of future dam failures, additional environmental and health and safety laws and regulations may be forthcoming globally, including in jurisdictions where Gold Field operates, which may ban or curtail any storage of wet tailings or the construction or use of upstream tailings dams. In addition, changes in laws and regulations may impose more stringent conditions in connection with the licensing process of projects and operations and increased criminal and civil liability for companies, officers and contractors.

Furthermore, the unexpected failure of a dam at a tailings storage facility could lead to the need for a large expenditure on contingencies and on recovering the regions and people affected, extensive and permanent environmental damage and the payment of penalties, fines or other money damages. The occurrence of any of such risks could have a material adverse effect on Gold Fields’ business, operating results and financial condition.

Gold Fields’ operations and profits have been and may continue to be adversely affected by union activity and new and existing labour laws.

Over recent periods, there has been an increase in union activity in some of the countries in which Gold Fields operates. Any union activity that affects Gold Fields could have a material adverse impact on its operations, production and financial performance.

In South Africa, a recent increase in labour unrest has resulted in more frequent industrial disputes and extended negotiations that have negatively affected South Africa’s sovereign debt rating and subsequently the credit ratings of a number of the country’s leading mining companies, including Gold Fields. In 2018, the trade unions at Gold Fields’ South Deep mine in South Africa under took a strike action in response to a proposed restructuring at the mine. See “*—Gold Fields has experienced, and may continue to experience, difficulties, delays, costs or labour actions in relation to its restructuring plan at the South Deep operation in South Africa*”. There can be no guarantee that future negotiations will not be accompanied by further strikes, work stoppages or other disruptions.

Furthermore, guidelines and targets have been provided to facilitate compliance with the open-ended broad- based socio-economic empowerment requirements espoused in Section 2 of the MPRDA and in the Mining Charter, 2018. See “*—Gold Fields’ mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which are the subject of dispute*”. The ongoing implementation and enforcement of these requirements, including as a result of any changes thereto following the announced review, may be contentious.

Gold Fields’ operations in Ghana and Peru have recently been, and may in the future be, impacted by increased union activities and new labour laws. Restructurings often lead to these increased union activities. While Gold Fields seeks to strengthen its relationship with the labour unions in the regions where it operates, there can be no guarantee that labour unions will not undertake strikes or “go-slow” actions during periods of resistance to Gold Fields’ operational decisions, impacting the Group’s operations and those of other related industries and suppliers. Furthermore, changes in local regulations can result in increased costs and penalties being incurred by the Group.

Wage agreements reached with the Ghana Mineworkers Union (GMWU) for fiscal 2016 and 2017 were signed, with a 10 per cent. and 6 per cent. increase, respectively. In late fiscal 2017, Gold Fields announced its decision to transition from owner mining to contractor mining. This prompted the GMWU to plan protests and strikes, alongside bringing suit against Gold Fields and the Ghanaian attorney general over this decision to adopt contractor mining, which included plans for the retrenchment of approximately 1,400 employees. On 2 March 2018, the Ghanaian High Court dismissed an interlocutory injunction application brought by the GMWU to prevent Gold Fields from carrying out the retrenchment before the matter was determined by the court. Following the Ghanaian High Court’s ruling, Gold Fields retrenched all unionised employees at the Tarkwa and Damang mines. The GMWU filed an appeal against the ruling of the Ghanaian High Court and also filed an application for stay of execution pending the appeal. However, the GMWU discontinued the legal action against Gold Fields on 25 April 2018 and Gold Fields implemented the transition to contractor mining successfully. Gold Fields and GMWU subsequently negotiated the 2018 wage increase and agreed on a 4 per cent. increase in wage for 2018. All qualified active and ex-employees have received the back pay. While Gold Fields no longer employs unionised workers in Ghana, it remains subject to the Labour Act and related labour laws, which are still applicable to all direct employees.

In June 2019, the Group will enter negotiations in Peru with its union in Cerro Corona, which will seek improvements that could affect the costs of the Company. This will be the third trade union negotiation since its formation in 2011 and there is evidence of increased union activity in Peru's mining industry. See "—*Additional Information on the Company—Environmental and Regulatory Matters—Peru*".

In Australia, Gold Fields concluded a new enterprise agreement with their employees in July 2018, which expires in April 2022 (the Enterprise Agreement). During the term of the Enterprise Agreement, Gold Fields is not exposed to lawful industrial action, including strike activity, though unlawful industrial action remains a possibility.

In the event that Gold Fields experiences further industrial relations related interruptions at any of its operations or in other industries that impact its operations, or increased employment-related costs due to union or employee activity, these may have a material adverse effect on its business, production levels, operating costs, production targets, operating results, financial condition, reputation and future prospects. In addition, lower levels of mining activity can have a longer term impact on production levels and operating costs, which may affect operating life. Mining conditions can deteriorate during extended periods without production, such as during and after strikes, and Gold Fields will not re-commence mining until health and safety conditions are considered appropriate to do so.

Existing labour laws (including those that impose obligations on Gold Fields regarding worker rights) and any new or amended labour laws may increase Gold Fields' labour costs and have a material adverse effect on Gold Fields' business, operating results and financial condition.

Due to ageing infrastructure at our operations, unplanned breakdowns and stoppages may result in production delays, increased costs and industrial accidents.

Once a shaft or a processing plant has reached the end of its intended lifespan, more than normal maintenance and care is required. Some of Gold Fields' infrastructure in South Africa, Ghana and Australia falls into this category. Ageing infrastructure may also cause the Group to be unable to maintain throughput at its operations in Peru. Although Gold Fields has comprehensive strategies in place to address these issues, including maintenance and process plant optimisation projects, incidents resulting in production delays, increased costs or industrial accidents may occur. Such incidents may have a material adverse effect on Gold Fields' business, operating results and financial condition.

Actual and potential supply chain shortages and increases in the prices of production inputs may have a material adverse effect on Gold Fields' operations and profits.

Gold Fields' operating results may be affected by the availability and pricing of raw materials and other essential production inputs, including fuel, steel and cyanide and other reagents. The price and quality of raw materials may be substantially affected by changes in global supply and demand, along with weather conditions, governmental controls and other factors. A sustained interruption in the supply of any of these materials would require Gold Fields to find acceptable substitute suppliers and could require it to pay higher prices for such materials. Any significant increase in the prices of these materials will increase the Company's operating costs and affect production considerations.

The price of oil has been volatile, fluctuating between U.S.$50.47 and U.S.$85.98 per barrel of Brent Crude in 2018. As of 22 March 2019, the price of oil was at U.S.$66.92 per barrel of Brent Crude.

In May 2017 and June 2017, the Ghanaian operations entered into fixed price ICE Gasoil cash settled swap transaction for a total of 125.8 million litres of diesel for the period June 2017 to December 2019. The average swap price is U.S.$457.2 per metric tonne (equivalent U.S.$61.4 per barrel). At the time of the transactions, the average Brent swap equivalent over the tenor was U.S.$49.8 per barrel. At 31 December 2018, the mark-to-market value on the hedge was U.S.$3.0 million.

In May 2017 and June 2017, the Australian operations entered into fixed price Singapore 10ppm Gasoil cash settled swap transactions for a total of 77.5 million litres of diesel for the period June 2017 to December 2019. The average swap price is U.S.$61.15 per barrel. At the time of the transactions, the average Brent swap equivalent over the tenor was U.S.$49.92 per barrel. At 31 December 2018, the mark-to-market value on the hedge was U.S.$1.7 million.

There can be no assurance that the use of hedging techniques will always be to our benefit. Hedging instruments that protect against the market price volatility of commodities, in this case oil, may prevent us from realising the full benefit from subsequent decreases in market prices with respect to oil, which would cause us to record a mark-to-market loss, thus decreasing our profits. Hedging contracts also are subject to the risk that the other party may be unable or unwilling to perform its obligations under these contracts. Any significant non-performance could have a material adverse effect on our financial condition, results of operations and cash flows.

Furthermore, the price of steel has also been volatile. Steel is used in the manufacture of most forms of fixed and mobile mining equipment, which is a relatively large contributor to the operating costs and capital expenditure of a mine.

Fluctuations in oil and steel prices may have a significant impact on operating costs and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects non-viable.

Gold Fields' insurance coverage may not adequately satisfy all potential claims in the future.

Gold Fields has an insurance programme, however, it may become subject to liability against which it has not insured, cannot insure or has insufficiently insured, including those in respect of past mining activities. Gold Fields' existing property and liability insurance contains exclusions and limitations on coverage. For example, should Gold Fields be subject to any regulatory or criminal fines or penalties, these amounts would not be covered under its insurance programme. Should Gold Fields suffer a major loss, future earnings could be affected. In addition, Gold Fields' insurance does not cover loss of profits. Further, insurance may not continue to be available at economically acceptable premiums. As a result, in the future, Gold Fields' insurance coverage may not cover the extent of claims against it or any cross-claims made.

Gold Fields' financial flexibility could be materially constrained by South African exchange control regulations.

South Africa's exchange control regulations (the Exchange Control Regulations) restrict the export of capital from South Africa, the Republic of Namibia, and the Kingdoms of Lesotho and Swaziland, known collectively as the Common Monetary Area (the CMA). Transactions between South African residents (including companies) and non-residents of the CMA are subject to exchange controls administered by the Financial Surveillance Department of the South African Reserve Bank (SARB). As a result, Gold Fields' ability to raise and deploy capital outside the CMA is restricted. These restrictions could hinder Gold Fields' financial and strategic flexibility, particularly its ability to fund acquisitions, capital expenditures and exploration projects outside South Africa. See "*—Additional Information on the Company—Environmental and Regulatory Matters—South Africa—Exchange Controls*".

Gold Fields may suffer material adverse consequences as a result of its reliance on outside contractors to conduct some of its operations.

A portion of Gold Fields' operations in South Africa, Ghana, Australia and Peru are currently conducted by outside contractors. Notably, as Gold Fields transitions to contract mining commencing in fiscal 2018 at its Tarkwa mine, a greater proportion of its operations will be conducted by contractors in Ghana. As a result, Gold Fields' operations at those sites are subject to a number of risks, some of which are outside Gold Fields' control, including contract risk, execution risk, litigation risk, regulatory risk and labour risk.

In addition, Gold Fields may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could have a material adverse effect on Gold Fields' business, operating results and financial condition. See "*Integrated Annual Report—Safe operational delivery—Fit-for-purpose workforce*".

Theft of gold and copper bearing materials and production inputs, as well as illegal and artisanal mining, occur on some of Gold Fields' properties, are difficult to control, can disrupt Gold Fields' business and can expose Gold Fields to liability.

A number of Gold Fields' properties have experienced illegal and artisanal mining activities and theft of gold and copper bearing materials and copper cables (which may be by employees or third parties). These activities could lead to future interference with Gold Fields' operations and result in conflict situations that present a security threat to property and human life.

Illegal and artisanal mining is associated with a number of negative impacts, including environmental degradation and human rights abuse. Effective local government administration is often lacking in the locations where illegal and artisanal miners operate because of rapid population growth and the lack of functioning structures which can create a complex social and unstable environment. In Ghana, the government lifted its ban on small scale mining, effective 17 December 2018. The ban was imposed at the beginning of 2017 in an attempt to regularise the small-scale mining sub-sector. The government also indicated its intention to withdraw military personnel who were deployed to mining concessions to provide security and help prevent encroachment by illegal miners. The withdrawal was to be effective at the end of January 2019. To fill the void that would be created by the absence of the military, the Chamber is negotiating a security agreement with the Ghana Police Service, on behalf of its members.

The activities of illegal and artisanal miners could lead to depletion of mineral reserves, potentially affecting the economic viability of mining certain areas and shortening the lives of the operations as well as causing possible operational disruption, project delays, disputes with illegal miners and communities, pollution, damage to property, personal injury or death. For example, at the Gloria mine in South Africa, a recent explosion caused several fatalities and trapped over 20 illegal miners underground. As a result, the government has called for increased security at all mines. It is possible that mine owners may be held responsible for the actions of such illegal miners or for any damages, injuries or fatalities that occur due to their actions.

Furthermore, the environmental, social, safety and health impacts of illegal and artisanal mining are frequently attributed to formal mining activities, and it is often assumed that illegal and artisanal-mined gold is channelled through large-scale mining operators. These misconceptions negatively impact the reputation of Gold Fields and of the industry. The occurrence of any of these events could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Some of Gold Fields' tenements in Australia are subject to native title claims and include Aboriginal heritage sites, which could impose significant costs and burdens.

Native title and Aboriginal cultural heritage legislation protects the claims, determined rights and cultural heritage sites of Aboriginal people in relation to land and waters throughout Australia in certain circumstances. Native title claims could require costly negotiations with the registered claimants or native title holders and could have implications for Gold Fields' access to or use of its tenements and, as a result, have a material adverse effect on Gold Fields' business, operating results and financial condition. Similarly, there are risks that if Aboriginal cultural heritage sites are damaged or materially altered as a result of current or future operations, Gold Fields could be subject to criminal and/or civil penalties under relevant legislation. See "*—Additional Information on the Company—Environmental and Regulatory Matters—Australia—Land Claims*".

Compensation may be payable to native title holders in respect of Gold Fields' Australian operations.

The Native Title Act 1993 (Cth) allows native title holders (i.e. Aboriginal people who have achieved statutory recognition of their native title rights) to seek compensation for the extinguishment or impairment of their native title which occurred following the commencement of the Racial Discrimination Act (1975) (Cth). The Commonwealth, States and Territories are generally responsible for any native title compensation for acts (such as the granting of land and mining tenures) attributable to them. However, this liability may be passed on to third parties (including the holders of mining tenure) either contractually or by legislation.

Native title has been recognised over Gold Fields' St Ives and Agnew mines, and the Gruyere Gold Project. Consequently, the native title holders for each of these areas are now entitled to, and there is a reasonable prospect that they will, commence compensation claims (to the extent that such rights have not been waived). As there is no specific timeframe in which such proceedings must be brought, it remains open to the native title holders over the areas including the St Ives and Agnew mines (where there are no native title agreements) to commence compensation claims at any time.

To the extent that it is ultimately determined that the State's compensation liability may be passed on to Gold Fields as a holder of mining tenure in a determined native title claim area, Gold Fields may be liable for any native title compensation determined in relation to those tenements. However, until the relevant legislation is fully considered and a sufficient body of compensation claims have worked their way through the Australian courts, the allocation, quantum and timing of this liability will remain uncertain.

An increasing number of compensation claims are expected following the High Court's decision on 13 March 2019 to award compensation of approximately A$2.5 million to native title holders in Timber Creek in the Northern Territory. The decision did not address how compensation is to be assessed where the impact on native title is caused by interests (such as mining leases) which impair native title rights without extinguishing them. This issue will likely be addressed in future decisions of the court. Gold Fields is monitoring this issue and will assess any potential risks associated with this once settled calculation methodologies emerge.

HIV/AIDS, tuberculosis and other contagious diseases pose risks to Gold Fields in terms of lost productivity and increased costs.

The prevalence of HIV/AIDS in South Africa poses risks to Gold Fields in terms of potentially reduced productivity and increased medical and other costs. Compounding this are the concomitant infections, such as tuberculosis, that can accompany HIV illness, particularly at the end stages, and cause additional healthcare-related costs. If there is a significant increase in the incidence of HIV/AIDS infection and related diseases among the workforce, this may have a material adverse effect on Gold Fields' business, operating results and financial condition. See "*Integrated Annual Report—Safe operational delivery—Health—HIV/Aids*".

Additionally, the spread of contagious diseases such as respiratory diseases are exacerbated by communal housing and close quarters. The spread of such diseases could impact employees' productivity, treatment costs and, therefore, operational costs.

Gold Fields' appointment of a new registered independent accounting firm could result in additional costs and difficulties in complying with regulations governing public company corporate governance including reporting delays in the filing of its reports with the SEC, and Gold Fields' new registered independent accounting firm may interpret accounting rules differently from its former firm, which could adversely impact its business.

On 23 July 2018, Gold Fields announced its intention to dismiss its former registered independent accounting firm, KPMG, Inc., and its plan to engage a new firm, PricewaterhouseCoopers, Inc., to serve in that role. Consequently, Gold Fields' new registered independent accounting firm will be reviewing and auditing its financial reporting and internal controls in the future. Gold Fields’ continuing preparation for and implementation of various corporate governance reforms and enhanced disclosure laws and regulations adopted in recent years requires it to incur significant additional accounting and legal costs, and this change in auditors could add to the overall cost required for compliance. Any new auditor will not have the institutional knowledge of Gold Fields and its management held by the previous auditor, and the transition will require significant additional efforts on the parts of Gold Fields’ personnel and management.

Given the complexities of public company accounting rules and the differences in how those rules are interpreted by various accounting firms, it is possible that Gold Fields’ new registered independent auditor will require it to characterise certain transactions and/or present financial data differently than was done in prior periods. Similarly, it is possible that the new auditor will disagree with the way Gold Fields has presented financial results in prior periods, in which case it may be required to restate those financial results. In either case, these changes could negatively impact Gold Fields’ future financial results and/or previously reported financial results, could subject it to the expense and other consequences of restating prior financial statements, and could lead to government investigation and/or shareholder litigation. Any unanticipated difficulties in preparing for and implementing these and other corporate governance and reporting reforms could result in material delays in compliance or significantly increase Gold Fields’ costs which could have a material adverse effect on Gold Fields’ business, operating results and financial condition.

Shareholders outside South Africa may not be able to participate in future issues of securities (including ordinary shares) carried out by or on behalf of Gold Fields.

Securities laws of certain jurisdictions may restrict Gold Fields’ ability to allow participation by certain shareholders in future issues of securities (including ordinary shares) carried out by or on behalf of Gold Fields. In particular, holders of Gold Fields securities who are located in the United States (including those who hold ordinary shares or ADSs) may not be able to participate in securities offerings by or on behalf of Gold Fields unless a registration statement under the Securities Act is effective with respect to such securities or an exemption from the registration requirements of the Securities Act is available thereunder.

Securities laws of certain other jurisdictions may also restrict Gold Fields’ ability to allow the participation of all holders in such jurisdictions in future issues of securities carried out by Gold Fields. Holders who have a registered address or are resident in, or who are citizens of, countries other than South Africa should consult their professional advisers as to whether they require any governmental or other consents or approvals or need to observe any other formalities to enable them to participate in any offering of Gold Fields securities.

Investors in the United States and other jurisdictions outside South Africa may have difficulty bringing actions, and enforcing judgments, against Gold Fields, its directors and its executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof or under the laws of other jurisdictions outside South Africa.

Gold Fields is incorporated in South Africa. All of Gold Fields’ directors and executive officers reside outside the United States. Substantially all of the assets of these persons and substantially all of the assets of Gold Fields are located outside the United States. As a result, it may not be possible for investors to enforce against these persons or Gold Fields a judgment obtained in a United States court predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. In addition, investors in other jurisdictions outside South Africa may face similar difficulties.

Investors should be aware that it is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system, it does not mean that such awards are necessarily contrary to public policy. South African courts cannot enter into the merits of a foreign judgment and cannot act as a court of appeal or review over the foreign court where the recognition and enforcement of a foreign judgement is sought. South African courts will usually implement their own procedural laws. It is doubtful whether an original action based on United States federal securities laws or the laws of other jurisdictions outside South Africa may be brought before South African courts. Further, a plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. In addition, the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for the purpose of use in South Africa.

Investors should also be aware that a foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts only if certain conditions are met.

Investors may face liquidity risk in trading Gold Fields' ordinary shares on JSE Limited.

Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other major markets. The ability of a holder to sell a substantial number of Gold Fields' ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity.

Gold Fields may not pay dividends or make similar payments to its shareholders in the future and any dividend payment may be subject to withholding tax.

Gold Fields pays cash dividends only if funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available and Gold Fields' capital expenditures (on both existing infrastructure as well as on exploration and other projects) and other cash requirements existing at the time. Under South African law, Gold Fields will be entitled to pay a dividend or similar payment to its shareholders only if it meets the solvency and liquidity tests set out in the Companies Act No. 71 of 2008 (the Companies Act) and Gold Fields' Memorandum of Incorporation (MOI). Given these factors and the Board of Directors' discretion to declare cash dividends or other similar payments, dividends may not be paid in the future. It should be noted that a 20 per cent. withholding tax on dividends declared by South African resident companies to non-resident shareholders or non-resident ADS holders was introduced with effect from 22 February 2017. See "*—Additional Information—Taxation—Certain South African Tax Considerations—Tax on Dividends*".

Gold Fields' non-South African shareholders face additional investment risk from currency exchange rate fluctuations since any dividends will be paid in Rand.

Dividends or distributions with respect to Gold Fields' ordinary shares have historically been paid in Rand. The U.S. dollar or other currency equivalent of future dividends or distributions with respect to Gold Fields' ordinary shares, if any, will be adversely affected by potential future reductions in the value of the Rand against the U.S. dollar or other currencies. In the future, it is possible that there will be changes in South African exchange control regulations, such that dividends paid out of trading profits will not be freely transferable outside South Africa to shareholders who are not residents of the CMA. See "*—Additional Information—South African Exchange Control Limitations Affecting Security Holders*".

Gold Fields' ordinary shares are subject to dilution upon the exercise of Gold Fields' outstanding share options.

Shareholders' equity interests in Gold Fields will be diluted to the extent of future exercises or settlements of rights under the Gold Fields 2012 Share Plan (the 2012 Plan), the Gold Fields 2005 Share Plan (the 2005 Plan), the revised Gold Fields Limited 2012 share plan, (the revised Gold Fields Limited 2012 Share Plan), or the Gold Fields 2018 Long-term Incentive (LTI) Plan (the 2018 LTI Plan) and any additional rights. See "*Annual Financial Report—Remuneration Report—Remuneration policy—Cash-settled Long-term incentives" and "Annual Financial Report—Notes to the consolidated financial statements—Note 5. Share-based payments*". Gold Fields shares are also subject to dilution in the event that the Board is required to issue new shares in compliance with BBBEE legislation.

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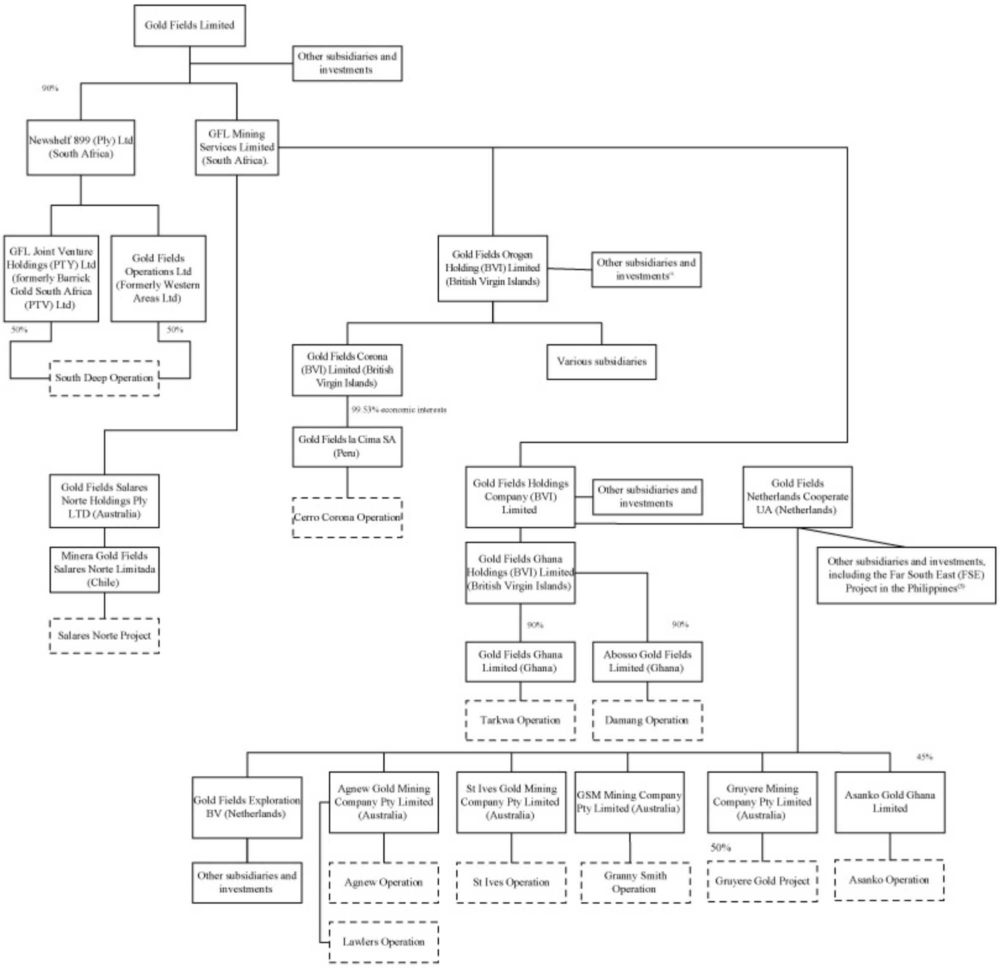
ADDITIONAL INFORMATION ON THE COMPANY

Organisational Structure[1, 2, 3]

Gold Fields is a holding company with its significant ownership interests organised as set forth below.

Group Structure



1 As of 29 March 2019, unless otherwise stated, all subsidiaries are, directly or indirectly, wholly owned by Gold Fields.

2 Not all other subsidiaries and investments are wholly owned.

3 Gold Fields is contemplating the restructure of its operating companies in Ghana (Gold Fields Ghana Limited and Abosso Goldfields Limited) which would result in Gold Fields Ghana Limited and Abosso Goldfields Limited being held via one of its Dutch companies, which are held 99.99 per cent. via Gold Fields Holdings Company.