GOLD FIELDS LTD
Form 6-K
August 18, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
**Report of Foreign Private Issuer**
**Pursuant to Rules 13a-16 or 15d-16 under**
the Securities Exchange Act of 1934
Dated 18 August 2016
Commission File Number: 001-31318
**GOLD FIELDS LIMITED**
(Translation of registrant's name into English)
150 Helen Rd.
Sandown, Sandton 2196
South Africa
(Address of principal executive offices)
Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F
Form 40-F
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

**Exceeding targets**

**JOHANNESBURG. 18 August 2016**

Gold Fields Limited (NYSE & JSE: GFI) today announced normalised earnings of US$103 million for the six months to June 2016 compared with normalised earnings of US$8 million for the six months to June 2015.

An interim dividend of 50 SA cents per share (gross) is payable on 12 September 2016.

**Statement by Nick Holland,**

Chief Executive Officer of Gold Fields

It is pleasing to report our H1 2016 results into a much more buoyant gold market compared with the start of the year. Following Brexit at the end of June, the gold price has increased almost US$100/oz and is approximately US$250/oz higher than our planning price for 2016. While we welcome the increase in the US$ gold price, we remain focused on delivering on our strategic objectives and have made good progress on a number of these during H1 2016.

**Materially higher earnings and cash flow in H1 2016**

Gold Fields had an operationally strong H1 2016, with attributable gold equivalent production for the Group of 1,044koz (H1 2015: 1,036koz), at all-in sustaining costs (AISC) of US$992/oz (H1 2015: US$1,083/oz) and all-in costs (AIC) of US$1,024/oz (H1 2015: US$1,108/oz).

In-line with the trading statement, published on 19 July, headline earnings for H1 2016 was US$124m or US$0.16/share, compared with US$5m or US$0.01/share reported for H1 2015. Normalised earnings for the period was US$103m or US$0.13/share compared with US$8m or US$0.01/share reported for H1 2015.

The increase in earnings was primarily driven by an increase in the US$ gold price (3% YoY) and good cost control which resulted in lower net operating costs in local currencies as well as the impact of converting these costs at weaker exchange rates. In H1 2016, the A$ was 5% weaker YoY and the rand was 29% weaker YoY, against the US$.

The Group generated net cash flow of US$60m for H1 2016, compared with US$1m in H1 2015, mainly due to the higher profit reported for the period and took into account US$22m spent on further drilling at Salares Norte.

We have declared an interim dividend of R0.50/share which is 12.5 times higher than the 2015 interim dividend of R0.04/share.

**South Deep outperforming guidance**

Production at South Deep increased by 87% to 4,356kg (140koz) from 2,332kg (75koz) in H1 2015 driven by increased volumes and grade. AIC in H1 2016 decreased 19% YoY to R622,453/kg (US$1,257/oz). Good progress was made on a number of important activities:

- Safety continues to be a priority at South Deep, with no fatalities reported in H1 2016 and the TRIFR improving 5% YoY to 2.89 in H1 2016 from 3.03 in H1 2015.
- Helped by the higher rand gold price and favourable working capital movements, the net cash outflow for the period was R50m compared with an outflow of R728m in H1 2015. Within this half year number, it is worth noting that the mine was cash positive in the June 2016 quarter.
- Development increased by 74% to 3,078 metres in H1 2016 from 1,773 metres in H1 2015.
- Destress mining increased by 46% to 19,845 square metres for the six months ended 30 June 2016 from 13,619 square metres for the six months ended 30 June 2015.

**SALIENT** FEATURES

**US$992**
**per ounce**
**All-in-sustaining costs**

**US$1,024**
**per ounce**
**All-in-costs**

**1,044**
**million ounces**

**of attributable gold**
**production**
**up 1% YoY**
**US$60 million**
**cash inflow**
**from operating activities***

Note: *Cash flow from operating activities less net capital expenditure, environmental payments and financing costs.

- The conversion from low profile to high profile destress mining yielded positive results. High profile destress mining contributed 53% to total destress mining for the period. Low profile destress mining was completed subsequent to quarter-end.
- Longhole stoping volumes increased by 120% to 301kt in H1 2016 from 137kt in H1 2015.
- Secondary support increased by 34% YoY in H1 2016 to 3,891 metres.
- Backfill placed was 47% higher YoY for the six months to June 2016 at 198m
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- As part of the fleet renewal strategy, 17 category 1 units were commissioned during H1 2016, with an additional 11 units to be commissioned during the remainder of 2016. In the past 18 months, we have commissioned 51 new category 1 units out of a total of 114 category 1 units.
- Most of the critical skill position identified at the start of 2015 have now been filled, with a limited number of specialist skill positions outstanding.

**Australia**

Gold production in the Australia region for H1 2016 was 2% lower YoY at 466koz due to lower production at all operations except Darlot, however all mines exceeded guidance. AIC for the region was only marginally higher in A$ terms at A$1,265/oz, but 6% lower YoY in US$ terms at US$928/oz due to the weakening of the A$ against the US$. AIC includes exploration expenditure (see below). Net cash flow from the region for H1 2016 was US$121m.

During H1 2016, A$52m of the exploration budget was spent, with 347,456 metres drilled during the period. There have been encouraging results at all operations including: extensions at Wallaby laterally and at depth; prospective results from drilling at Northern Fleet on Lake Carey at Granny Smith and Waroonga North at Agnew as well as extensions at Invincible and Invincible South and Retribution on the Eastern Causeway at St Ives. Darlot continues to find resources to incrementally extend its life, while exploration to find the 'game changer' continues. We anticipate replacing ounces mined into reserves at year-end.

**West Africa**

Attributable gold production from the West Africa region was 7% lower YoY in H1 2016 at 311koz, due to lower production at both Tarkwa and Damang. However, AIC for the region decreased 9% YoY to US$1,052/oz mainly as a result of lower net operating costs and lower capital expenditure, partially offset by lower gold sold. The region generated net cash flow of US$26m for the six months to June 2016.

As previously reported, the conclusion of a development agreement with the Government of Ghana was a key milestone during H1 2016 and provides the platform for targeting many years of sustainable production by Gold Fields in Ghana. The lower royalties will become effective in 2017.

We continue to evaluate a range of options for Damang, with additional work required following the conclusion of the Development Agreement. We expect to make a decision and provide an update to the market before year-end.

**South America**

Attributable equivalent gold production at Cerro Corona decreased by 15% YoY to 128koz, mainly due to lower gold head grades, as a result of planned sequencing at the mine, and the lower copper price. Consequently, AIC increased by 9% YoY to US$728 per equivalent ounce. Despite the lower production, the mine generated net cash flow of US$19m.

**Approaching 1x net debt to EBITDA target**

Net debt decreased to US$1,155m during H1 2016, from US$1,380m at end December 2015 following the bond buyback and subsequent equity raising undertaken in the period. The net debt to EBITDA ratio reduced to 1.05x at 30 June 2016, from 1.38x at end-December 2015 and positions the company well to meet its net debt to EBITDA target of 1.0x by year-end.

As previously reported in June, we have successfully refinanced our US$1,440m credit facilities due in November 2017. The new facilities amount to US$1,290m, with the interest rates being very similar to the previous facilities. The refinancing extends the maturity of our debt, with the first maturity now only in June 2019 (previously November 2017).

**Improved FY16 production guidance**

As a result of the better than expected performance at South Deep, we have increased the FY16 production guidance for the mine to 9,000kg (289koz) from 8,000kg (257koz). However, we have also increased the AIC guidance for the year to R595,000/kg (US$1,310/oz) from R575,000/kg (US$1,265/oz). The higher AIC relates to increased capital expenditure of R211m (US$15m) to R1,210m (US$86m) due to a change in strategy on housing (decision to build instead of rent) and the acquisition of additional new fleet. The remainder of the increase is due to higher working costs, which comprise higher bonuses due to higher gold production achieved relative to plan as well as the investment in additional resources in line with the strategy to sustainably improve all aspects of the operation.

For Tarkwa, we have increased the FY16 AIC guidance to US$980/oz from US$940/oz, mainly due to a US$38m increase in capital expenditure to US$166m. The mine took advantage of the higher gold price and the benefits from the Development Agreement to increase capital stripping in order to increase flexibility for 2017 and beyond.

Based on the outperformance of the Australian operations relative to plan in H1 2016, we have increased the FY16 production guidance for the region to 925koz from 905koz.

Consequently, FY16 production guidance for the Group has been increased to 2.10 – 2.15koz, from 2.05 – 2.10koz. AISC and AIC guidance for the year remains unchanged at US$1,000 – 1,010/oz and US$1,035 – 1,045/oz. Group capital expenditure has increased to US$655m, from U$602m. The cost guidance is based on unchanged exchange rate assumptions: US$0.73 = A$1.00 and R14.14 = US$1.00.

**Stock data for the six months ended 30 June 2016**

Number of shares in issue

**NYSE – (GFI)**

– at 30 June 2016

820,548,799

Range – Six months

US$3.50 – US$4.91

– average for the six months

799,322,449

Average Volume – Six months

6,542,144 shares/day

Free Float

100 per cent

**JSE Limited – (GFI)**

ADR Ratio

1:1

Range – Six months

ZAR43.50 – ZAR83.88

Bloomberg/Reuters

GFISJ/GFLJ.J

Average Volume – Six months

3,208,583 shares/day

**Gold Fields** H1 2016 Results
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**Key Statistics**

| **UNITED STATES DOLLARS** | | **Quarter** | | | **Six months ended** | |
|---|---|---|---|---|---|---|
| | | **June 2016** | March 2016 | June 2015 | **June 2016** | June 2015 |
| Gold produced* | 000'oz | **529** | 515 | 535 | **1,044** | 1,036 |
| Tonnes milled/treated | 000 tonnes | **8,372** | 8,589 | 8,160 | **16,961** | 16,333 |
| Revenue | US$/oz | **1,242** | 1,192 | 1,174 | **1,218** | 1,186 |
| US$/South African rand conversion rate | US$/R | **14.99** | 15.79 | 12.06 | **15.39** | 11.89 |
| US$/Australian dollar conversion rate | US$/A$ | **0.75** | 0.72 | 0.78 | **0.74** | |

0.78
Operating costs
US$/tonne
**42**
40
44
**41**
44
All-in sustaining costs
#
US$/oz
**1,023**
961
1,029
**992**
1,083
Total all-in cost
#
US$/oz
**1,061**
986
1,059
**1,024**
1,108
Operating profit
US$m
**639**
522
EBITDA** US$
**579**
477
Net profit/(loss)
US$m
**115**
(2)
Net profit
US c.p.s.
**14**
-
Headline earnings
US$m
**124**
5
Headline earnings
US c.p.s.
**16**
1
Normalised earnings
US$m
**103**
8

Normalised earnings
US c.p.s.
**13**
1
**** Reconciliation between operating profit**
**and EBITDA**
Operating profit
US$
**639**
522
Environmental rehabilitation interest
US$
**5**
6
Other (includes environmental rehabilitation
interest)
US$
**(24)**
(19)
Exploration and project costs
US$
**(41)**
(33)
EBITDA US$
**579**
477

* All of the key statistics are managed figures from continuing operations, except for gold produced which is attributable equivalent production.
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Refer to page 20 and 21.
All operations are wholly owned except for Tarkwa and Damang in Ghana (90.0 per cent) and Cerro Corona in Peru (99.5 per cent).
Gold produced (and sold) throughout this report includes copper gold equivalents of approximately 5 per cent of Group production.
Figures may not add as they are rounded independently.

Certain forward looking statements

This report contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act,
and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to Gold Fields' financial condition, results of
operations, business strategies, operating efficiencies, competitive position, growth opportunities for existing services, plans and objectives of management,
markets for stock and other matters.
These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Gold Fields, wherever
they may occur in this report and the exhibits to the report, are necessarily estimates reflecting the best judgment of the senior management of Gold Fields
and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.
As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this report.

Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include,
without limitation:

• overall economic and business conditions in South Africa, Ghana, Australia, Peru and elsewhere;
• changes in assumptions underlying Gold Fields' mineral reserve estimates;
• the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
• the ability to achieve anticipated production cost estimates at existing operations as outlined in this report or as otherwise disclosed;
• the success of the Group's business strategy, development activities and other initiatives;
• the ability of the Group to comply with requirements that it operate in a sustainable manner and provide benefits to affected communities;
• decreases in the market price of gold or copper;
• the occurrence of hazards associated with underground and surface gold mining or contagious diseases at Gold Field's operations;
• the occurrence of work stoppages related to health and safety incidents;
• loss of senior management or inability to hire or retain employees;
• fluctuations in exchange rates, currency devaluations and other macroeconomic monetary policies;
• the occurrence of labour disruptions and industrial actions;
• power cost increases as well as power stoppages, fluctuations and usage constraints;
• supply chain shortages and increases in the prices of production imports;
• the ability to manage and maintain access to current and future sources of liquidity, capital and credit, including the terms and conditions of Gold Fields'
facilities and Gold Fields' overall cost of funding;
• the adequacy of the Group's insurance coverage;
• the manner, amount and timing of capital expenditures made by Gold Fields on both existing and new mines, mining projects, exploration project or
other initiatives;
• changes in relevant government regulations, particularly labour, environmental, tax, royalty, health and safety, water, regulations and potential new
legislation affecting mining and mineral rights;
• fraud, bribery or corruption at Gold Field's operations that leads to censure, penalties or negative reputational impacts; and
• political instability in South Africa, Ghana, Peru or regionally in Africa or South America.

Gold Fields undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or
circumstances after the date of this report or to reflect the occurrence of unanticipated events.

**Results for the Group**
**SAFETY**
The Group's fatality injury frequency rate improved from 0.08 for the six months ended 30 June 2015 to 0.00 for the six months ended 30 June 2016. The total recordable injury frequency rate (TRIFR)[1] for the Group improved by 35 per cent from 3.47 for the six months ended 30 June 2015 to 2.20 for the six months ended 30 June 2016.

[1] Total Recordable Injury Frequency rate (TRIFR). (TRIFR) = (Fatalities + Lost Time Injuries[2] + Restricted Work Injuries[3] + Medically Treated Injuries[4]) x 1,000,000/number of man-hours worked.

[2] A Lost Time Injury (LTI) is a work-related injury resulting in the employee or contractor being unable to attend work for a period of one or more days after the day of the injury. The employee or contractor is unable to perform any functions.

[3] A Restricted Work Injury (RWI) is a work-related injury sustained by an employee or contractor which results in the employee or contractor being unable to perform one or more of their routine functions for a full working day, from the day after the injury occurred. The employee or contractor can still perform some of his duties.

[4] A Medically Treated Injury (MTI) is a work-related injury sustained by an employee or contractor which does not incapacitate that employee and who, after having received medical treatment, is deemed fit to immediately resume his/her normal duties on the next calendar day, immediately following the treatment/re-treatment.

**For the six months ended 30 June 2016 compared with the six months ended 30 June 2015**
**REVENUE**
Attributable equivalent gold production increased marginally from 1,036,000 ounces for the six months ended 30 June 2015 to 1,044,000 ounces for the six months ended 30 June 2016. South Deep and Darlot produced more gold in the six months ended 30 June 2016.

Gold production at South Deep in South Africa, increased by 87 per cent from 2,332 kilograms (75,000 ounces) to 4,356 kilograms (140,000 ounces).

Attributable gold production at the West African operations decreased by 7 per cent from 335,200 for the six months ended 30 June 2015 to 310,900 ounces for the six months ended 30 June 2016 due to lower production at both Tarkwa and Damang. Attributable equivalent gold production at Cerro Corona in Peru decreased by 15 per cent from 149,400 ounces for the six months ended 30 June 2015 to 126,900 ounces for the six months ended 30 June 2016. Gold production at the Australian operations decreased by 2 per cent from 476,400 ounces for the six months ended 30 June 2015 to 466,100 ounces for the six months ended 30 June 2016 due to lower production at all the operations except Darlot.

At the South Africa region, production at South Deep increased by 87 per cent from 2,332 kilograms (75,000 ounces) for the six months ended 30 June 2015 to 4,356 kilograms (140,000 ounces) for the six months ended 30 June 2016 due to increased volumes and grades.

At the West Africa region, managed gold production at Tarkwa decreased by 6 per cent from 292,000 ounces for the six months ended 30 June 2015 to 273,500 ounces for the six months ended 30 June 2016 mainly due to lower tonnes mined and lower plant throughput at a lower yield. At Damang, managed gold production decreased by 11 per cent from 80,500 ounces for the six months ended 30 June 2015 to 71,900 ounces for the six months ended 30 June 2016 mainly due to lower tonnes mined and processed as well as lower yield.

At the South America region, total managed gold equivalent production at Cerro Corona decreased by 15 per cent from 150,200 ounces for the six months ended 30 June 2015 to 127,500 ounces for the six months ended 30 June 2016 mainly due to the lower copper price relative to the gold price (price factor) and lower gold head grades, a function of planned changes in the mining sequence as the pit floor is lowered across the footprint.

At the Australia region, St Ives' gold production decreased by 6 per cent from 187,900 ounces for the six months ended 30 June 2015 to 175,900 ounces for the six months ended 30 June 2016 mainly due to decreased tonnes processed and lower grades. At Agnew/Lawlers, gold production decreased by 4 per cent from 113,400 ounces for the six months ended 30 June 2015 to 109,300 ounces for the six months ended 30 June 2016 mainly due to decreased tonnes mined and processed, partially offset by higher grades. At Darlot, gold production increased by 31 per cent from 28,500 ounces for the six months ended 30 June 2015 to 37,200 ounces for the six months ended 30 June 2016 mainly due to increased tonnes mined and processed as well as higher grades. At Granny Smith, gold production decreased by 2 per cent from 146,600 ounces for the six months ended 30 June 2015 to 143,700 ounces for the six months ended 30 June 2016 due to lower grades mined and processed.

The average US dollar gold price achieved by the Group increased by 3 per cent from US$1,186 per equivalent ounce for the six months ended 30 June 2015 to US$1,218 per equivalent ounce for the six months ended 30 June 2016. The average rand gold price increased by 31 per cent from R460,152 per kilogram to R601,187 per kilogram. The average Australian dollar gold price increased by 8 per cent from A$1,540 per ounce to A$1,657 per ounce. The average US dollar gold price for the Ghanaian operations increased by 1 per cent from US$1,207 per ounce for the six months ended 30 June 2015 to US$1,217 per ounce for the six months ended 30 June 2016. The average equivalent US dollar gold price, net of treatment and refining charges, for Cerro Corona increased by 16 per cent from US$1,059 per equivalent ounce for the six months ended 30 June 2015 to US$1,227 per equivalent ounce for the six months ended 30 June 2016. The average US dollar/Rand exchange rate weakened by 29 per cent from R11.89 for the six months ended 30 June 2015 to R15.39 for the six months ended 30 June 2016. The average Australian/US dollar exchange rate weakened by 5 per cent from A$1.00 = US$0.78 to A$1.00 = US$0.74.

Revenue increased by 3 per cent from US$1,270 million for the six months ended 30 June 2015 to US$1,305 million for the six months ended 30 June 2016 mainly due to the higher gold price achieved.

**OPERATING COSTS**

Net operating costs decreased by 11 per cent from US$748 million for the six months ended 30 June 2015 to US$666 million for the six months ended 30 June 2016. The US$82 million lower net operating costs were due to lower mining costs of US$28 million in local currencies and the exchange rate effect of US$54 million on translation into US dollars. The gold-in-process credit to cost of US$25 million for the six months ended 30 June 2016 compared with a charge of US$34 million for the six months ended 30 June 2015. This change in gold-in-process was mainly at St Ives due to the processing of low grade stockpiles while the Invincible pit was being stripped in the six months to June 2015. Sufficient ore to fill the mill and to create stockpiles was mined in the six months ended June 2016.

At the South Africa region, net operating costs at South Deep increased by 46 per cent from R1,340 million (US$113 million) for the six months ended 30 June 2015 to R1,959 million (US$127 million) for the six months ended 30 June 2016 mainly due to higher production, annual salary increases and an increase in employees and contractors in line with the strategy to sustainably improve all aspects of the operation.

At the West Africa region, net operating costs decreased by 12 per cent from US$262 million for the six months ended 30 June 2015 to US$230 million for the six months ended 30 June 2016. This decrease in net operating costs was mainly due to lower production, continued business process re-engineering, as well as a build-up of inventory of US$8 million for the six months ended 30 June 2016 compared with a drawdown of US$2 million for the six months ended 30 June 2015.

At the South America region, net operating costs at Cerro Corona decreased by 11 per cent from US$71 million for the six months ended 30 June 2015 to US$63 million for the six months ended 30 June 2016 mainly due to a build-up of concentrate of US$6 million for the six months ended 30 June 2016 compared with US$nil million for the six months ended 30 June 2015.

At the Australia region, net operating costs decreased by 13 per cent from A$387 million (US$303 million) for the six months ended 30 June 2015 to A$337 million (US$247 million) for the six months ended 30 June 2016 mainly due to gold-in-process movements. At St Ives, the gold-in-process credit to cost of A$16 million (US$12 million) for the six months ended June 2016 compared with a charge of A$38 million (US$30 million) for the six months ended June 2015. In the six months ended June 2015, St Ives processed low grade stockpiles, whereas enough ore was mined to fill the mill and to create stockpiles in the six months ended June 2016. At Granny Smith, the gold-in-process credit to cost of A$2 million (US$1 million) for the six months ended June 2016 compared with a charge of A$6 million (US$5 million) for the six months ended June 2015. This A$8 million (US$6 million) change in gold-in-process was mainly due to timing of the campaign milling. At Agnew/Lawlers, a gold-in-process charge of A$4 million (US$3 million) for the six months ended 30 June 2016 compared with a credit to cost of A$1 million (US$1 million) for the six months ended 30 June 2015. At Darlot, a gold-in-process charge of A$1 million (US$nil million) for the six months ended 30 June 2016 compared with A$2 million (US$1 million) for the six months ended 30 June 2015.

**OPERATING PROFIT**

Operating profit for the Group increased by 22 per cent from US$522 million for the six months ended 30 June 2015 to US$639 million for the six months ended 30 June 2016 due to the increase in revenue and the decrease in net operating costs.

**AMORTISATION**

Amortisation for the Group increased by 6 per cent from US$283 million for the six months ended 30 June 2015 to US$300 million for the six months ended 30 June 2016. This increase of US$17 million was due to actual amortisation increases of US$34 million due to the change in estimate in the depreciation at Cerro Corona and in Australia mainly due to lower reserves at St Ives, partially offset by an exchange rate effect of US$17 million.

**OTHER**

Net interest expense for the Group decreased by 9 per cent from US$34 million for the six months ended 30 June 2015 to US$31 million for the six months ended 30 June 2016. Interest expense of

US$41 million, partially offset by interest income of US$3 million and interest capitalised of US$7 million for the six months ended 30 June 2016 compared with interest expense of US$46 million, partially offset by interest income of US$3 million and interest capitalised of US$9 million for the six months ended 30 June 2015.

The share of equity accounted losses decreased by 50 per cent from US$4 million for the six months ended 30 June 2015 to US$2 million for the six months ended 30 June 2016 due to downscaling of activities at Far Southeast project (FSE) and mainly related to ongoing study and evaluation costs.

The gain on financial instruments of US$6 million for the six months ended 30 June 2016 was mainly due to the South Deep currency hedge of US$70 million at an average price of R16.8273 to the US$. This compared with a loss of US$1 million for the six months ended 30 June 2015 which related to the mark to market adjustment on the diesel hedges that the Australian operations entered into on 10 September 2014 and 26 November 2014. The diesel hedges came to an end on 30 June 2015.

Share-based payments for the Group was similar at US$6 million while long-term employee benefits increased from US$3 million to US$20 million. The two schemes combined were at US$26 million for the six months ended 30 June 2016 compared with US$9 million for the six months ended 30 June 2015 due to upward mark to market adjustments on the long-term employee incentive scheme.

Other costs for the Group increased from US$19 million to US$24 million, mainly due to the write-off of bank facility fees of US$5 million as a result of refinancing the off-shore credit facility.

**EXPLORATION AND PROJECT COSTS**

Exploration and project costs increased from US$33 million for the six months ended 30 June 2015 to US$41 million for the six months ended 30 June 2016 mainly due to increased expenditure of US$8 million at Salares Norte.

**NON-RECURRING ITEMS**

Non-recurring income of US$6 million for the six months ended 30 June 2016 compared with non-recurring expenses of US$11 million for the six months ended 30 June 2015. The non-recurring income for the six months ended 30 June 2016 included profit of US$18 million on the buy-back of the bond which was partially offset by retrenchment costs of US$10 million at Damang.

The non-recurring expenses for the six months ended 30 June 2015 included impairment of the Group’s investment in Hummingbird (US$7 million) to its fair value and retrenchment costs of A$3 million (US$3 million) at St Ives.

**ROYALTIES**

Government royalties for the Group decreased from US$40 million for the six months ended 30 June 2015 to US$39 million for the six months ended 30 June 2016.

**TAXATION**

The taxation charge for the Group of US$68 million for the six months ended 30 June 2016 compared with US$87 million for the six months ended 30 June 2015. Normal taxation increased from US$64 million to US$83 million due to higher taxable income. The deferred tax credit of US$15 million for the six months ended 30 June 2016 compared with a charge of US$23 million for the six months ended 30 June 2015. The deferred tax credit for the six months ended 30 June 2016 arose mainly due to the strengthening of the Peruvian Nuevo Sol, as well as the change in the corporate tax rate from 35 per cent to 32.5 per cent in Ghana as a result of the conclusion of the Development Agreement in the March 2016 quarter.

The tax returns for Cerro Corona are filed in Peruvian Nuevo Sol (Soles) and the functional currency for accounting purposes is the US dollar. For accounting purposes the unredeemed capital allowance balance in respect of the operation must be converted from Soles to dollars at the closing rate at quarter end. Therefore, the US dollar equivalent of the unredeemed capital allowance balance fluctuates due to movements in the exchange rate between the Peruvian Nuevo Sol and the US dollar. This resulted in a change in the temporary taxation differences for non-monetary assets on translation. A deferred tax credit of US$5 million arose due to the strengthening of the exchange rate from 3.38 Nuevo Sol to 3.28 Nuevo Sol in the six months to June 2016, compared with a deferred tax charge of US$26 million which arose due to the weakening of the exchange rate from 2.84 Nuevo Sol to 3.17 Nuevo Sol in the six months ended June 2015. It has no cash effect.

**EARNINGS**

Net earnings attributable to owners of the parent of US$115 million or US$0.14 per share for the six months ended 30 June 2016 compared with net losses of US$2 million or US$0.00 per share for the six months ended 30 June 2015.

Headline earnings attributable to owners of the parent of US$124 million or US$0.16 per share for the six months ended 30 June 2016 compared with headline earnings of US$5 million or US$0.01 per share for the six months ended 30 June 2015.

Normalised earnings of US$103 million or US$0.13 per share for the six months ended 30 June 2016 compared with US$8 million or US$0.01 per share for the six months ended 30 June 2015.

**CASH FLOW**

Cash inflow from operating activities of US$384 million for the six months ended 30 June 2016 compared with US$342 million for the six months ended 30 June 2015. This increase was mainly due to an increase in operating profit of US$117 million and non-recurring income of US$6 million for the six months ended 30 June 2016 compared with non-recurring expense of US$11 million for the six months ended 30 June 2015, partially offset by an investment into working capital of US$13 million for the six months ended 30 June 2016 compared with a release of working capital of US$43 million for the six months ended 30 June 2015 as well as higher tax paid (US$127 million versus US$119 million).

Dividends paid of US$11 million for the six months ended 30 June 2016 compared with US$18 million for the six months ended 30 June 2015. Dividends paid to owners of the parent decreased from US$13 million for the six months ended 30 June 2015 to US$11 million for the six months ended 30 June 2016. Dividends paid to non-controlling interest holders of US$nil million for the six months ended 30 June 2016 compared with US$5 million 30 June 2015.

Cash outflow from investing activities decreased from US$340 million for the six months ended 30 June 2015 to US$321 million for the six months ended 30 June 2016 due to a decrease in capital expenditure from US$333 million for the six months ended 30 June 2015 to US$316 million for the six months ended 30 June 2016. This decrease of US$17 million related to a decrease of US$24 million due to currency changes, partially offset by actual increased capital expenditure of US$7 million in local currency. Environmental payments decreased from US$9 million for the six months ended June 2015 to US$8 million for the six months ended 30 June 2016.

Cash inflow from operating activities less net capital expenditure and environmental payments of US$60 million for the six months ended 30 June 2016 compared with US$1 million for the six months ended

30 June 2015 mainly due to higher profit and lower capital expenditure, partially offset by higher royalties and taxation paid and negative working capital adjustments. The US$60 million for the six months ended 30 June 2016 comprised: US$163 million net cash generated by the eight mining operations (after royalties, taxes, capital expenditure and environmental payments), less US$37 million of net interest paid, US$28 million for exploration mainly at Salares Norte (this excludes any mine based brownfields exploration which is included in the US$163 million above) and US$38 million on non-mine based costs of which US$29 million was due to working capital movements. The US$1 million for the six months ended 30 June 2015 comprised: US$70 million generated by the eight mining operations less US$39 million of interest paid (this excludes any interest paid by the mines), US$18 million for exploration (this excludes any mine based brownfields exploration which is included in the US$70 million above) and US$12 million on non-mine based costs.

In the South Africa region at South Deep, capital expenditure increased from R419 million (US$35 million) for the six months ended 30 June 2015 to R682 million (US$44 million) for the six months ended 30 June 2016 due to higher expenditure on fleet, the refurbishment of the man winder at Twin shaft and higher expenditure on new mine development.

At the West Africa region, capital expenditure decreased from US$141 million to US$102 million. At Tarkwa, capital expenditure decreased from US$133 million to US$91 million due to higher fleet expenditure for the six months to June 2015 related to timing of deliveries and orders. Capital expenditure for the six months to June 2016 was mainly incurred on pre-stripping. Capital expenditure at Damang increased from US$8 million to US$11 million mainly due to waste stripping at Amoanda pit.

In the South America region at Cerro Corona, capital expenditure decreased from US$19 million to US$14 million. The majority of the expenditure was on the construction of further raises to the tailings dam.

At the Australia region, capital expenditure increased from A$176 million (US$138 million) for the six months ended 30 June 2015 to A$214 million (US$157 million) for the six months ended 30 June 2016. At St Ives, capital expenditure increased from A$77 million (US$60 million) for the six months ended 30 June 2015 to A$94 million (US$69 million) for the six months ended 30 June 2016 due to increased pre-strip at Neptune, Invincible and A5. At Agnew/Lawlers, capital expenditure increased from A$44 million (US$34 million) to A$54 million (US$40 million) due to increased decline development. At Darlot, capital expenditure increased marginally from A$13 million (US$10 million) to A$14 million (US$10 million) and at Granny Smith, capital expenditure increased from

A$43 million (US$34 million) for the six months ended 30 June 2015 to A$51 million (US$38 million) for the six months ended 30 June 2016 due to increased capital development, the new fresh air intake ventilation raise and the completion of the new gas fired power station.

Net cash inflow from financing activities of US$7 million for the six months ended 30 June 2016 compared with outflow from financing activities of US$18 million for the six months ended 30 June 2015. The inflow for the six months ended 30 June 2016 related to a drawdown of US$422 million and proceeds on the issue of shares of US$152 million, partially offset by the repayment of US$567 million on offshore and local loans. The outflow for the six months ended June 2015 related to a net repayment of loans.

The net cash inflow for the Group of US$59 million for the six months ended 30 June 2016 compared with an outflow of US$34 million for the six months ended 30 June 2015. After accounting for a positive translation adjustment of US$4 million on non-US dollar cash balances, the cash inflow for the six months ended 30 June 2016 was US$63 million. The cash balance was US$415 million at 30 June 2015 compared with US$503 million at 30 June 2016.

**ALL-IN SUSTAINING AND TOTAL ALL-IN COST**

The Group all-in sustaining costs decreased by 8 per cent from US$1,083 per ounce for the six months ended 30 June 2015 to US$992 per ounce for the six months ended 30 June 2016 mainly due to lower net operating costs and lower sustaining capital expenditure, partially offset by lower by-product credits and higher cash remuneration (long term employee benefits). Total all-in cost decreased by 8 per cent from US$1,108 per ounce for the six months ended 30 June 2015 to US$1,024 per ounce for the six months ended 30 June 2016 for the same reasons as all-in sustaining costs.

In the South Africa region, at South Deep, all-in sustaining costs decreased by 17 per cent from R731,017 per kilogram (US$1,912 per ounce) to R608,825 per kilogram (US$1,229 per ounce) mainly due to increased gold sold, partially offset by higher operating costs and higher sustaining capital expenditure. The total all-in cost decreased by 19 per cent from R772,702 per kilogram (US$2,020 per ounce) to R622,453 per kilogram (US$1,257 per ounce) due to

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the same reasons as for all-in sustaining costs as well as lower non-sustaining capital expenditure.

At the West Africa region, all-in sustaining costs and total all-in cost decreased by 9 per cent from US$1,156 per ounce for the six months ended 30 June 2015 to US$1,052 per ounce for the six months ended 30 June 2016 mainly due to lower net operating costs and lower capital expenditure, partially offset by lower gold sold.

At the South America region, all-in sustaining costs and total all-in cost increased by 16 per cent from US$423 per ounce to US$489 per ounce mainly due to lower gold sold and lower by-product credits, partially offset by lower net operating costs. All-in sustaining costs and total all-in cost per equivalent ounce increased by 9 per cent from US$666 per equivalent ounce to US$728 per equivalent ounce mainly due to the same reasons as above, other than lower by-product credits as well as lower equivalent ounces sold.

At the Australia region, all-in sustaining costs and total all-in cost increased marginally from A$1,263 per ounce (US$990 per ounce) for the six months ended 31 December 2015 to A$1,265 per ounce (US$928 per ounce) for the six months ended 30 June 2016 mainly due to higher capital expenditure and lower gold sold.

**FREE CASH FLOW MARGIN.**

The free cash flow (FCF) margin is revenue less cash outflow divided by revenue expressed as a percentage.

The FCF for the Group for the six months ended June 2016 is calculated as follows:

| | **US$'m** | US$/oz |
|---|---|---|
| Revenue* | **1,247.8** | 1,225 |
| Less: Cash outflow | **(1,078.5)** | 1,059 |
| AIC | **(1,042.8)** | (1,024) |
| Adjusted for | | |
| Share-based payments (as non-cash) | **5.6** | 5 |
| Long-term employee benefits | **20.1** | 20 |

Exploration, feasibility and evaluation
costs outside of existing operations
**28.0**
28
Tax paid (excluding royalties which is
included in AIC above)
**(89.4)**
(88)
Free cash flow**
**169.3**
166
FCF margin
**14%**
Gold sold only – 000'ounces
**1,018.4**
*
Revenue from income statement at US$1,304.9 million less revenue from by-products in AIC at US$57.1 million equals US$1,247.8 million.
** Free cash flow does not agree with cash flows from operating activities less capital expenditure in the statement of cash flows on page 17 mainly due to working capital adjustments and non-recurring items included in statement of cash flows.

The FCF margin of 14 per cent for the six months ended 30 June 2016 at a gold price of US$1,218 per ounce compared with 4 per cent in the for the six months ended 30 June 2015 at a gold price of US$1,186 per ounce.

The higher FCF margin for the six months ended 30 June 2016 was mainly due to lower net operating costs, lower capital expenditure and the higher gold price received.

**BALANCE SHEET**

Net debt (long-term loans plus the current portion of long-term loans less cash and deposits) decreased from US$1,477 million for the six months ended 30 June 2015 to US$1,155 million for the six months ended 30 June 2016, a US$322 million decrease.

**NET DEBT/EBITDA**

The net debt/EBITDA ratio of 1.05 at 30 June 2016 compared with 1.38 at the end of the financial year ended 31 December 2015.

**South Africa region**

**South Deep Project**
**Six months ended**
**June**
**2016**
June
2015
Gold produced
000'oz
**140.0**
75.0
kg

**4,356**
2,332
Yield – underground reef
g/t
**5.77**
4.70
AISC
R/kg
**608,825**
731,017
US$/oz
**1,229**
1,912
AIC
R/kg
**622,453**
772,702
US$/oz
**1,257**
2,020

Gold production increased by 87 per cent from 2,332 kilograms (75,000 ounces) for the six months ended 30 June 2015 to 4,356 kilograms (140,000 ounces) for the six months ended 30 June 2016 due to increased volumes and grades.

Underground tonnes milled increased by 52 per cent from 493,000 tonnes for the six months ended 30 June 2015 to 750,000 tonnes for the six months ended 30 June 2016. Total tonnes milled increased by 104 per cent from 0.56 million tonnes to 1.14 million tonnes. Total tonnes milled for the six months ended 30 June 2016 included 47,900 tonnes of underground waste mined and 346,300 tonnes of surface tailings material compared with 8,700 tonnes of underground waste mined and 58,300 tonnes of surface tailings material for the six months ended 30 June 2015. Underground reef yield increased by 23 per cent from 4.70 grams per tonne to 5.77 grams per tonne due to greater adherence to spatial mining plans along with improved processes in the entire mining value chain.

Development increased by 74 per cent from 1,773 metres for the six months ended 30 June 2015 to 3,078 metres for the six months ended 30 June 2016. New mine capital development (phase one, sub 95 level) increased by 524 per cent from 83 metres for the six months ended 30 June 2015 to 518 metres for the six months ended 30 June 2016. Development in the current mine areas in 95 level and above increased by 51 per cent from 1,690 metres to 2,560 metres. Destress mining increased by 46 per cent from 13,619 square metres for the six months ended 30 June 2015 to 19,845 square metres for the six months ended 30 June 2016. The destress conversion from low profile to high profile mining was completed subsequent to quarter-end. Longhole stoping volume mined increased by 120 per cent from 136,858 tonnes for the six months ended 30 June 2015 to 300,966 tonnes for the six months ended 30 June 2016. High profile destress mining started in June 2015 and improved significantly from 52 square metres for the six months ended 30 June 2015 to 10,599 square metres for the six months ended 30 June 2016 mainly due to the introduction of 3 new drill rigs, improved productivity and the continued roll-out of the method across the entire mine. The high profile and low profile methods contributed 53 per cent and 47 per cent, respectively, to total destress for the six months ended 30 June 2016.

The current mine (95 level and above) contributed 65 per cent of the ore tonnes for the six months ended 30 June 2016, while the new mine (below 95 level) contributed 35 per cent. The long-hole stoping method accounted for 42 per cent of total ore tonnes mined compared with 37 per cent for the six months ended 30 June 2015.

Net operating costs increased by 46 per cent from R1,340 million (US$113 million) for the six months ended 30 June 2015 to R1,959 million (US$127 million) for the six months ended 30 June 2016. The main contributing factor is the 52 per cent increase in tonnes mined, which resulted in higher bonuses paid, higher consumable spend and higher utility consumption. The increased costs were also due to annual salary increases and additional resources (employees and contractors) in line with the strategy to sustainably improve all aspects of the operation.

Operating profit of R668 million (US$43 million) for the six months ended 30 June 2016 compared with a loss of R267 million (US$22 million) for the six months ended 30 June 2015. This was mainly due to the 87 per cent (2,024 kilograms) increase in gold production together with a 31 per cent improvement in the rand gold price, partially offset by increased net operating costs.

Capital expenditure increased by 63 per cent from R419 million (US$35 million) for the six months ended 30 June 2015 to R682 million (US$44 million) for the six months ended 30 June 2016 as a result of higher spending on fleet and the refurbishment of the man winder at Twin shaft.

All-in sustaining costs decreased by 17 per cent from R731,017 per kilogram (US$1,912 per ounce) for the six months ended 30 June 2015 to R608,825 per kilogram (US$1,229 per ounce) for the six months ended 30 June 2016 mainly due to increased gold sold, partially offset by higher operating costs and higher sustaining capital expenditure.

Total all-in cost decreased by 19 per cent from R772,702 per kilogram (US$2,020 per ounce) for the six months ended 30 June 2015 to R622,453 per kilogram (US$1,257 per ounce) for the six months ended 30 June 2016 due to the same reasons as for all-in-sustainable costs as well as lower non-sustaining capital expenditure.

Sustaining capital expenditure increased from R322 million (US$27 million) for the six months ended 30 June 2015 to R623 million (US$40 million) for the six months ended 30 June 2016 due to additional fleet and the refurbishment of the twin shaft man winder. Non-sustaining capital expenditure decreased from R97 million (US$8 million) to R59 million (US$4 million).

The independent Geotechnical Review Board (GRB), a committee of local and international experts, will continue to peer review progress at South Deep to ensure exposure to relevant industry leading practices and world class geotechnical support in massive underground mining at depth.

**West Africa region**
**GHANA**
**Tarkwa**

| | | **Six months ended June 2016** | June 2015 |
|---|---|---|---|
| Gold produced | 000'oz | **273.5** | 292.0 |
| Yield – CIL plant | g/t | **1.25** | 1.33 |
| AISC and AIC | US$/oz | **993** | 1,106 |

Gold production decreased by 6 per cent from 292,000 ounces for the six months ended 30 June 2015 to 273,500 ounces for the six months ended 30 June 2016 due to lower tonnes mined, lower plant throughput and lower grade.
Total tonnes mined, including capital stripping, decreased from 52.4 million tonnes for the six months ended 30 June 2015 to 51.3 million tonnes for the six months ended 30 June 2016. Ore tonnes mined decreased from 7.3 million tonnes to 6.5 million tonnes. Operational waste tonnes mined increased from 16.0 million tonnes to 16.9 million tonnes while capital waste tonnes mined decreased from 29.1 million tonnes to 27.6 million tonnes. Head grade mined increased from 1.43 grams per tonne to 1.44 grams per tonne. The strip ratio increased from 6.1 to 6.8.

The CIL plant throughput decreased from 6.81 million for the six months ended 30 June 2015 to 6.80 million tonnes for the six months ended 30 June 2016 due to unplanned downtime (both power and operational related). Realised yield from the CIL plant decreased from 1.33 grams per tonne to 1.25 grams per tonne due to lower head grades processed as a result of the blend between lower grade stockpiles, higher grade ore tonnes mined, related to timing differences between ore mined and ore feed to the plant.

Net operating costs, including gold-in-process movements, decreased by 7 per cent from US$168 million for the six months ended 30 June 2015 to US$156 million for the six months ended 30 June 2016 due to a net increase in gold-in-process and lower operating costs. The US$9 million build-up of stockpiles for the six months ended 30 June 2016 compared with a drawdown of US$nil million for the six months ended 30 June 2015.

Operating profit decreased from US$184 million for the six months ended 30 June 2015 to US$177 million for the six months ended 30 June 2016 as a result of the lower gold sales, partially offset by lower net operating costs.

Capital expenditure decreased by 32 per cent from US$133 million to US$91 million mainly due to the purchase of mining fleet for replacement in the six months ended June 2015. Mining fleet expenditure for the six months ended June 2015 was US$46 million compared with US$nil million for the six months ended June 2016.

All-in sustaining costs and total all-in cost decreased by 10 per cent from US$1,106 per ounce for the six months ended 30 June 2015 to US$993 per ounce for the six months ended 30 June 2016 due to lower net operating costs and lower capital expenditure.

**Damang**

| | | Six months ended June 2016 | June 2015 |
|---|---|---|---|
| Gold produced | 000'oz | **71.9** | 80.5 |
| Yield | g/t | **1.11** | 1.19 |
| AISC and AIC | US$/oz | **1,260** | 1,336 |

Gold production decreased by 11 per cent from 80,500 ounces for the six months ended 30 June 2015 to 71,900 ounces for the six months ended 30 June 2016 mainly due to lower tonnes mined and processed and lower yield.

Total tonnes mined, including capital stripping, decreased from 10.5 million tonnes for the six months ended 30 June 2015 to 9.8 million tonnes for the six months ended 30 June 2016 due to the late start of mining at the Amoanda pit as a result of delays in securing Environmental Protection Agency (EPA) permit.

Ore tonnes mined decreased from 2.3 million tonnes to 1.4 million tonnes. Operational waste tonnes mined decreased from 8.2 million tonnes to 5.0 million tonnes as a result of only mining operational waste tonnes for the six months ended June 2015, while both operational waste tonnes and capital waste tonnes were mined for the six months ended June 2016. Capital waste of 3.4 million tonnes was mined at Amoanda pit for the six months ended June 2016. The six months to June 2015 had no capital waste. Head grade mined increased from 1.25 grams per tonne to 1.42 grams per tonne. The strip ratio increased from 3.5 to 6.0 due to capital stripping at the Amoanda pit.

Yield decreased from 1.19 grams per tonne to 1.11 grams per tonne due to an increase in lower grade stockpiles treated. For the six months ended June 2015, 1.79 million tonnes of fresh ore and oxides were milled at an average grade of 1.31 grams per tonne and 0.33 million tonnes of stockpiles were milled at an average grade of 1.34 grams per tonne. This compared with 1.15 million tonnes of fresh ore and oxides milled at an average grade of 1.44 grams per tonne and 0.86 million tonnes of stockpiles milled at an average grade of 0.90 grams per tonne for the six months ended June 2016.

Tonnes processed decreased from 2.11 million tonnes for the six months ended 30 June 2015 to 2.01 million tonnes for the six months ended 30 June 2016 due to a tailings line blockage for 10 days.

Net operating costs, including gold-in-process movements, decreased by 21 per cent from US$94 million to US$74 million mainly due to lower mining and consumable costs in line with the lower production as well as lower payroll costs as a result of retrenchments for the six months ended June 2016.

Operating profit increased from US$4 million for the six months ended 30 June 2015 to US$13 million for the six months ended 30 June 2016 due to lower net operating costs and higher gold prices achieved, partially offset by lower gold sold.

Capital expenditure increased by 38 per cent from US$8 million to US$11 million with the majority spent on waste stripping at Amoanda pit.

All-in sustaining costs and total all-in cost decreased by 6 per cent from US$1,336 per ounce for the six months ended 30 June 2015 to US$1,260 per ounce for the six months ended 30 June 2016 due to lower operating costs, partially offset by lower gold sold.

**South America region**

**PERU**

**Cerro Corona**

**Six months ended**
**June**
**2016**
June
2015
Gold produced
000’oz

**70.5**
78.1
Copper produced
tonnes
**14,693**
14,566
Total equivalent gold produced
000’eq oz
**127.5**
150.2
Total equivalent gold sold
000’eq oz
**120.1**
147.2
Yield
– gold
g/t
**0.65**
0.87
– copper
per cent
**0.43**
0.55
– combined
g/t
**1.12**
1.45
AISC and AIC
US$/oz
**489**
423
AISC and AIC *
US$/eq oz
**728**
666
Gold price**
US$/oz
**1,209**
1,206
Copper price**
US$/t
**4,699**
5,955
* Refer to page 20 and 22 for calculations.
** Average daily spot price for the period used to calculate total equivalent gold ounces produced.
Gold production decreased by 10 per cent from 78,100 ounces for the six months ended 30 June 2015 to 70,500 ounces for the six months ended 30 June 2016. Copper production increased marginally from 14,566 tonnes to 14,693 tonnes. Equivalent gold

production decreased by 15 per cent from 150,200 ounces to 127,500 ounces. The decrease in equivalent gold production was due to the lower copper price ratio as well as lower gold head grades treated. The lower head grades were in line with the mine sequencing and the planned production schedule for the six months ended 30 June 2016. Gold head grade decreased from 1.08 grams per tonne to 0.96 grams per tonne and copper head grade decreased from 0.53 per cent to 0.50 per cent. Gold recoveries decreased from 71.6 per cent to 67.4 per cent mainly due to mineralisation characteristics of the ore mined which is expected to dissipate by the end of the September quarter 2016 once this section of the orebody is mined. Copper recoveries increased from 86.4 per cent to 86.7 per cent. As a result, gold yield decreased from 0.87 grams per tonne to 0.65 grams per tonne and copper yield decreased from 0.55 per cent to 0.43 per cent. The decreases in grade is in line with the plan.

For the six months ended 30 June 2016, concentrate with a payable content of 66,847 ounces of gold was sold at an average price of US$1,220 per ounce and 13,877 tonnes of copper was sold at an average price of US$4,021 per tonne, net of treatment and refining charges. This compared with 76,720 ounces of gold that was sold at an average price of US$1,192 per ounce and 14,174 tonnes of copper that was sold at an average price of US$5,190 per tonne, net of treatment and refining charges, for the six months ended 30 June 2015. Total equivalent gold sales decreased by 18 per cent from 147,200 ounces for the six months ended 30 June 2015 to 120,100 ounces for the six months ended 30 June 2016 mainly due to lower volumes produced.

Total tonnes mined increased by 24 per cent from 6.12 million tonnes for the six months ended 30 June 2015 to 7.56 million tonnes for the six months ended 30 June 2016 in line with the mine sequencing. The higher tonnes mined was due to lower intensity of the rainy season. Ore mined increased by 6 per cent from 3.36 million tonnes to 3.56 million tonnes. Waste tonnes mined increased by 45 per cent from 2.76 million tonnes to 4.00 million tonnes. The strip ratio increased from 0.82 to 1.13 due to higher waste mined for the six months ended 30 June 2016. Waste mined was higher for the six months ended June 2016 mainly due to the prioritisation of ore mined for the six months ended June 2015 due to the rainy season and the mining sequence.

Ore processed increased by 9 per cent from 3.23 million tonnes for the six months ended 30 June 2015 to 3.53 million tonnes for the six months ended 30 June 2016 mainly due to record plant throughput (835 tonnes per hour vs 791 tonnes per hour) after the completion of the plant optimisation project.

Net operating costs, including gold-in-process movements, decreased by 11 per cent from US$71 million for the six months ended 30 June 2015 to US$63 million for the six months ended 30 June 2016. The lower cost was mainly due to a US$6 million build-up of concentrate inventory for the six months ended 30 June 2016 compared with US$nil million for the six months ended 30 June 2015.

Operating profit was similar at US$85 million.

Capital expenditure decreased by 26 per cent from US$19 million to US$14 million. The six months ended 30 June 2015 included construction of the new fuel station and the new camp.

All-in sustaining costs and total all-in cost increased by 16 per cent from US$423 per ounce for the six months ended 30 June 2015 to US$489 per ounce for the six months ended 30 June 2016. This was mainly due to lower gold sold and lower by-product credits, partially offset by lower net operating costs and lower capital expenditure. All-in sustaining costs and total all-in costs per equivalent ounce increased by 9 per cent from US$666 per equivalent ounce to US$728 per equivalent ounce mainly due to the same reasons as above and lower equivalent ounces sold.

**Australia region**

**St Ives**

| | | **Six months ended** | |
|---|---|---|---|
| | | **June 2016** | June 2015 |
| Gold produced | 000'oz | **175.9** | 187.9 |
| Yield – underground | g/t | **4.92** | 4.45 |
| – surface | g/t | **2.39** | 1.80 |
| – combined | g/t | **2.81** | 2.84 |
| AISC and AIC | A$/oz | **1,247** | 1,375 |
| | US$/oz | **915** | 1,079 |

* Heap leach produced 400 ounces, rinsed from inventory (2,500 ounces was rinsed in the six months ended 30 June 2015).

Gold production decreased by 6 per cent from 187,900 ounces for the six months ended 30 June 2015 to 175,900 ounces for the six months ended 30 June 2016 due to the closure of the Cave Rocks and Athena underground mines and transition to a predominantly open pit operation.

Total tonnes mined increased by 113 per cent from 10.5 million tonnes for the six months ended 30 June 2015 to 22.4 million tonnes for the six months ended 30 June 2016. The additional tonnes mined are a result of the transition to a predominantly open pit operation.

At the underground operations, ore mined decreased by 53 per cent from 0.70 million tonnes for the six months ended 30 June 2015 to 0.33 million tonnes for the six months ended 30 June 2016 with the closure of the Cave Rocks and Athena underground mines. The grade mined increased by 19 per from 4.52 grams per tonne to 5.40 grams per tonne as a result of the closure of the lower grade Cave Rocks mine.

At the open pit operations, total ore tonnes mined increased by 213 per cent from 0.60 million tonnes for the six months ended 30 June 2015 to 1.88 million tonnes for the six months ended 30 June 2016 due to the ramp-up of Invincible pit. Grade mined increased by 11 per cent from 2.25 grams per tonne to 2.49 grams per tonne as the Invincible pit moved into a higher grade portion of the ore body.

Operational waste tonnes mined increased by 287 per cent from 1.20 million tonnes for the six months ended 30 June 2015 to 4.64 million tonnes for the six months ended 30 June 2016. Capital waste tonnes mined increased by 94 per cent from 8.0 million tonnes to 15.5 million tonnes. The strip ratio decreased from 15.5 to 10.7 as the Invincible Pit has moved from a predominately stripping to a production phase, partially offset by the stripping of the Neptune pit in the six months ended 30 June 2016. The increased tonnes reflect the increase in activity at the Invincible mine which is now in full production and the commencement of Stage 2 of the Neptune open pit giving St Ives two significant areas of open pit activity in 2016 and beyond. The strip ratio for Invincible pit decreased from 20.5 to 8.7, while the strip ratio for Neptune pit was 58.2 for the six months ended 30 June 2016. There was no mining activity at Neptune during the first half of 2015.

Throughput at the Lefroy mill decreased by 5 per cent from 2.05 million tonnes for the six months ended 30 June 2015 to 1.95 million tonnes for the six months ended 30 June 2016 due to low grade stockpiles used to supplement production for the six months ended June 2015. St Ives adopted a campaign milling strategy towards the end of the six months ended 30 June 2015. Yield decreased from 2.84 grams per tonne to 2.81 grams per tonne in line with less underground production, offset by no longer feeding low grade stockpiled material. Gold production from the Lefroy mill decreased from 185,400 ounces for the six months ended 30 June 2015 to 173,500 ounces for the six months ended 30 June 2016. In addition, 93,000 tonnes of toll treatment produced 2,000 ounces for the six months to June 2016.

Residual leaching and irrigation of the existing heap leach pad produced a further 400 ounces for the six months ended 30 June 2016. This compared with 2,500 ounces produced for the six months ended 30 June 2015. The residual leaching has now ceased being economic and the heap leach is being closed. Since cessation of stacking activities, a total of 24,800 ounces was produced.

Net operating costs, including gold-in-process movements decreased from A$164 million (US$129 million) for the six months ended 30 June 2015 to A$108 million (US$79 million) for the six months ended 30 June 2016. The significant cost reduction is the result of:

- the closure of the Cave Rocks and Athena underground mines;
- efficiencies in the open pits with the cost per tonne of material movement decreasing by 29 per cent on larger volumes and productivity improvements; and
- the benefits of enhanced open pit production resulting in a credit of A$16 million (US$12 million) due to a build-up of stockpiles compared with a cost of A$38 million (US$30 million) on drawdown of stockpiles in the six months ended 30 June 2015.

The benefits of the above cost reductions were partially offset by increased mining volumes.

Operating profit increased from A$125 million (US$98 million) for the six months ended 30 June 2015 to A$182 million (US$134 million) for the six months ended 30 June 2016 due to a higher Australian dollar gold price (A$1,651 per ounce vs A$1,542 per ounce) and significant net operating cost reductions, partially offset by lower production.

Capital expenditure increased by 22 per cent from A$77 million (US$60 million) for the six months ended 30 June 2015 to A$94 million (US$69 million) for the six months ended 30 June 2016 with an additional A$13 million (US$10 million) incurred on pre-stripping at Neptune and A5 pit.

All-in sustaining costs and total all-in cost decreased by 9 per cent from A$1,375 per ounce (US$1,079 per ounce) for the six months ended 30 June 2015 to A$1,247 per ounce (US$915 per ounce) for the six months ended 30 June 2016 due to the significant reduction in net operating costs, partially offset by lower production and higher capital expenditure.

**Agnew/Lawlers**
**Six months ended**
**June**
**2016**
June
2015
Gold produced
000'oz
**109.3**
113.4
Yield
g/t

**6.00**
5.64
AISC and AIC
A$/oz
**1,456**
1,277
US$/oz
**1,068**
1,001

Gold production decreased by 4 per cent from 113,400 ounces for the six months ended 30 June 2015 to 109,300 ounces for the six months ended 30 June 2015 mainly due to a reduction in ore tonnes mined and processed, partially offset by higher grades.

Ore mined from underground decreased by 14 per cent from 622,000 tonnes for the six months ended 30 June 2015 to 532,000 tonnes for the six months ended 30 June 2016. Ore mined from New Holland decreased by 19 per cent from 345,000 tonnes to 278,000 tonnes, mainly due to the Genesis 500 Series North nearing

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completion and the focus on developing the Cinderella