



GOLD FIELDS

ASX Announcement
30 July 2018



Gruyere Gold Project Update

- **First gold remains scheduled for the June quarter 2019**
- **Revised Project Final Forecast Capital cost estimate of \$621 million (level of accuracy range -2% / +2%)**
- **Gold Road's estimated share to date of agreed scope changes and force majeure costs is \$15 million (50% basis)**
- **As at 27 July 2018, overall Project engineering and construction was 94% and 61% complete respectively with EPC construction (process plant and associated infrastructure) 39% complete**
- **Construction workforce currently 440, planning to peak during the September 2018 quarter at 600**
- **Yamarna Gas Pipeline and Gruyere Power Station completed ahead of schedule, with commissioning anticipated in the September 2018 quarter**
- **Primary Bulk Earthworks Contract carried out by MACA has been extended with the award of final TSF work and ROM pad earthworks**

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Gold Road Resources Limited (**Gold Road**) and Gruyere Mining Company Pty Ltd, a member of the Gold Fields Limited group (**Gold Fields**), reports the independent third party review of the Definitive Estimate (**DE**) for the Gruyere Gold Project (the **Project**) including the Final Forecast Capital (**FFC**) cost estimate has now been completed. The Joint Venture partners also provide an update on construction activities at the Gruyere site located approximately 200 kilometres east of Laverton in Western Australia.

Review of Definitive Estimate, and completion of Final Forecast Capital Cost

The independent third party review of the DE cost and schedule has now been completed. The review process with an independent third party confirmed forecast first gold remains scheduled for the June 2019 quarter which is in line with the guidance issued in the April 2018 Project Update¹. The review highlighted areas in the cost estimate requiring further assessment which were also identified and updated by the Owners' Team.

The Owners' Team reviewed the DE in parallel to the independent third party review (**Review**), and have now completed the FFC estimate, taking account of the Review recommendations and further Project enhancements. It is now estimated the FFC will be \$621 million (level of accuracy range -2% / +2%) which includes:

- scope changes and force majeure costs of \$30 million; and
- contingency of \$30 million.

¹ Refer Gold Road ASX announcement dated 23 April 2018

The FFC represents an increase of 10% (including contingency) to the \$532 million capital cost estimate issued in June 2017², after adding the \$30 million in agreed scope changes and force majeure costs (i.e. \$562 million).

Key contributors to the FFC increase (before contingency) include:

- Agreed Project scope changes. Since the last approved budget, in June 2017, the Owners have agreed to a range of scope changes that:
 - improve operability and maintainability of the process plant and infrastructure
 - bring forward operating and capital expenditure,¹ including the purchase of additional equipment previously intended to be hired.
- Force majeure costs as result of the extreme 2018 rainfall events.
- TSF design change and increase in Schedule of Rates.
- Increased provisional costs of certain equipment, which are for the Project's account, due to price inflation (eg steel, copper, oil) with original costs estimated on mid-2016 vendor quotes.
- Changes in Project Owners' Team and roster changes to improve retention in an increasingly tight labour market, resulting in higher labour costs.
- Increases in camp and certain logistical costs.

Gold Road's estimated share of scope changes and force majeure costs to date is \$15 million (50% basis). Accordingly, Gold Road anticipates funding a total share of the FFC of \$284 million³ representing a 8% increase on budget², and which is expected to be funded from Gold Road's existing cash and working capital facilities. The remainder of the increased capital cost is to be funded by Gold Fields under the terms of the Joint Venture Agreement⁴, which was negotiated as part of Gold Fields' acquisition of a 50% interest in the Gruyere Gold Project in 2016⁵.

The FFC for the Project is an estimate of costs to the end of Project commissioning. This excludes budgeted Joint Venture support costs for the Project which are shared equally. These costs include Joint Venture management fees, amortisation of gas and power station capital costs before Project commissioning, and native title and community relations costs. The Joint Venture support costs are now budgeted at \$35 million from commencement of Project to the end of Project commissioning compared to the April 2018 estimate of \$35 - \$40 million.

As the Project enters the critical phase of construction and development, the Owners' Team has been enhanced by project delivery experience and capacity ensuring the team is best placed to facilitate the timely delivery of the Project in line with the FFC cost and revised schedule.

² Refer Gold Road ASX announcement dated 21 June 2017

³ If the capital cost exceeds \$614 million (based on the current agreed \$30 million of agreed scope changes and force majeure costs), Gold Road will need to share any excess cost as the cost overrun facility would be fully utilised

⁴ Gold Fields will fund the costs associated with Cyanide Code compliance and up to \$50.7 million of costs overruns, excluding scope changes and force majeure costs

⁵ Refer to Gold Road ASX announcement dated 7 November 2016

EPC Construction Progress

All long-lead items for the Gruyere process plant, including SAG and Ball mills, have been transported to site from Perth and are awaiting installation by the EPC contractor, Amec Foster Wheeler Cimtec Joint Venture (**ACJV**).

Activities by the ACJV on the Yeo borefield continue, with a significant portion of the pipes welded and pressure testing in progress. The installation of the overhead powerlines is well advanced, with the majority of poles installed and conductor installation approximately 50% complete. A small section in the north of the Yeo Borefield remains impacted by flooding and no activities have commenced in this area. This is not expected to impact completion and start-up of the plant. Flow rate testing on the Yeo water bores shows flow rates in line to slightly above Feasibility Study estimates. Commissioning planning is well advanced with early commissioning activities to commence in the final quarter this year.

Mining and Infrastructure

Construction of the 198-kilometre Yamarna Gas Pipeline, being carried out by Nacap Australia Pty Ltd on behalf of APA Group, which will own and operate the asset, was completed ahead of schedule in June.

The pipeline has now been connected to the 45MW Gruyere power station, which was also completed during the quarter. Integrity testing is in progress ahead of anticipated commissioning of the power station in the September 2018 quarter.

MACA Limited (**MACA**) completed the main bulk earthworks package in June and is now busy on a second package of work, mostly associated with the lining of the TSF.

Appointed mining services contractor Downer EDI is progressing well with the construction of its mining and workshop facilities expected to be completed in the September 2018 quarter. The bulk of the Downer workforce are scheduled to mobilise to site in the December 2018 quarter in time to start pre-strip activities on the Gruyere open pit in early 2019.



Aerial view of Power Station (foreground), Process Plant (background)



Aerial view of CIL tanks, pre-leach thickener and base structure for the SAG and Ball Mills

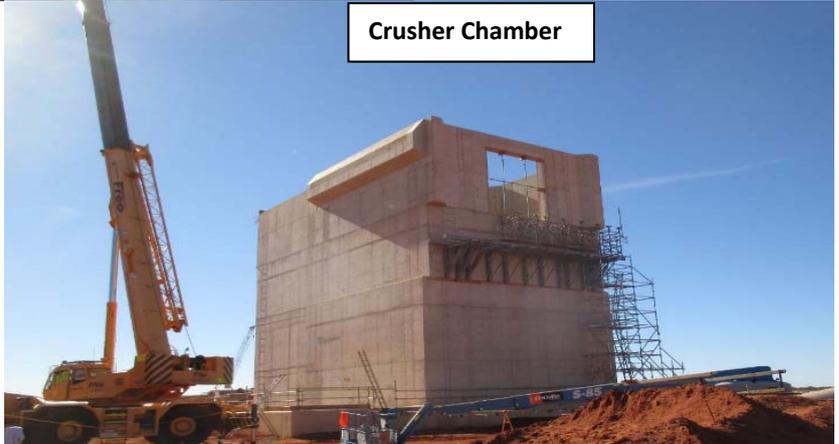


Installation of SAG and Ball Mills

CIL Tanks and Pre-Leach Thickner



Crusher Chamber



Coarse Ore Stockpile



Mining Infrastructure Area



Community

To celebrate NAIDOC week, around 120 representatives from Gruyere construction/ operations and Gold Road exploration teams attended a Community NAIDOC day hosted by members of the Yilka and Cosmo Newberry communities. The day involved learning how to hunt, and gather bush tucker such as witcherty grubs and honey ants as well as preparing and cooking traditional meats (Kangaroo and Emu). The day concluded with all enjoying the bush tucker lunch.



Above: the group ready for lunch

Far Left: preparing the meat for cooking

Left: Children from Cosmo Newberry

Below Left: Digging for bush tucker

Below: tasty treat - witcherty grub



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