GOLD FIELDS LTD
Form 20-F
December 07, 2007
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**As filed with the Securities and Exchange Commission on December 7, 2007**

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 20-F

**(Mark One)**

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
**or**

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended June 30, 2007**

**or**

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the transition period from to**

**or**

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**Date of event requiring this shell company report**

**For the transition period from to**

**Commission file number: 1-31318**

# Gold Fields Limited

**(Exact name of registrant as specified in its charter)**

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**Republic of South Africa**

**(Jurisdiction of incorporation or organization)**

**24 St. Andrews Road,**

**Parktown, 2193**

**South Africa**

**011-27-11-644-2400**

**(Address of principal executive offices)**

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

| **Title of Each Class** | **Name of Each Exchange on Which Registered** |
|---|---|
| Ordinary shares of par value Rand 0.50 each | New York Stock Exchange* |
| American Depositary Shares, each representing one ordinary share | New York Stock Exchange |

* Not for trading, but only in connection with the registration of the American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None**

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the Annual Report:

652,158,066 ordinary shares of par value Rand 0.50 each

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes x No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Yes ¨ No x

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ¨ Item 18 x

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¨ No x

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court: Yes ¨ No ¨

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**The Worldwide Locations of Gold Fields Operations**

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**Presentation of Financial Information**

Gold Fields Limited, or Gold Fields or the Company, is a South African company and the majority of its operations, based on gold production, are located there. Accordingly, its books of account are maintained in South African Rand and its annual and interim financial statements are prepared in accordance with International Financial Reporting Standards, or IFRS, as prescribed by law. Gold Fields also prepares annual financial statements in accordance with United States Generally Accepted Accounting Principles, or U.S. GAAP, which are translated into U.S. dollars. Except as otherwise noted, the financial information included in this annual report has been prepared in accordance with U.S. GAAP and is presented in U.S. dollars, and descriptions of critical accounting policies refer to accounting policies under U.S. GAAP.

For Gold Fields financial statements, unless otherwise stated, balance sheet item amounts are translated from Rand to U.S. dollars at the exchange rate prevailing on the date that it closed its accounts for fiscal 2007 (Rand 7.15 per $1.00 as of June 25, 2007), except for specific items included within shareholders equity that are translated at the rate prevailing on the date the relevant transaction was entered into, and statement of operations item amounts are translated from Rand to U.S. dollars at the weighted average exchange rate for each period (Rand 7.20 per $1.00 for the year ended June 30, 2007).

In this annual report, Gold Fields presents the financial items total cash costs, total cash costs per ounce, total production costs and total production costs per ounce, which have been determined using industry standards promulgated by the Gold Institute and are not U.S. GAAP measures. The Gold Institute was a non-profit international industry association of miners, refiners, bullion suppliers and manufacturers of gold products that ceased operation in 2002, which developed a uniform format for reporting production costs on a per ounce basis. The Gold Institute has now been incorporated into the National Mining Association. The guidance was first adopted in 1996 and revised in November 1999. An investor should not consider these items in isolation or as alternatives to production costs, net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided definitions for the calculation of total cash costs and total production costs, the calculation of total cash costs, total cash costs per ounce, total production costs and total production costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. See Key Information Selected Historical Consolidated Financial Data, Information on the Company Glossary of Mining Terms Total cash costs per ounce and Information on the Company Glossary of Mining Terms Total production costs per ounce.

**Defined Terms and Conventions**

In this annual report, all references to South Africa are to the Republic of South Africa, all references to Ghana are to the Republic of Ghana, all references to Australia are to the Commonwealth of Australia, all references to Venezuela are to the Bolivarian Republic of Venezuela, all references to Finland are to the Republic of Finland and all references to Peru are to the Republic of Peru.

This annual report contains descriptions of gold mining and the gold mining industry, including descriptions of geological formations and mining processes. In order to facilitate a better understanding of these descriptions, this annual report contains a glossary defining a number of technical and geological terms. See Information on the Company Glossary of Mining Terms.

In this annual report, R and Rand refer to the South African Rand and Rand cents refers to subunits of the South African Rand, $, U.S.$ and dollars refer to United States dollars, U.S. cents refers to subunits of the U.S. dollar, A$ and Australian dollars refer to Australian dollars, C$ refers to Canadian dollars and VEB and Bolivars refer to Venezuelan bolivars.

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In this annual report, gold production figures are provided in troy ounces, which are referred to as ounces or oz, and ore grades are provided in grams per metric ton, which are referred to as grams per ton or g/t. All references to tons or t in this annual report are to metric tons. See Information on the Company Glossary of Mining Terms for further information regarding units of measurement used in this annual report and a table providing rates of conversion between different units of measurement.

In this annual report, except where otherwise noted, all production and operating statistics are based on Gold Fields total operations, which include production from the Tarkwa and Damang mines in Ghana which is attributable to the minority shareholders in those mines.

For the convenience of the reader, certain information in this annual report presented in Rand and Australian dollars has been translated into U.S. dollars. Unless otherwise stated, the conversion rates for these translations are Rand 7.15 per $1.00 and A$1.00 per $0.85, which were the noon buying rates on June 25, 2007. For Bolivars, the conversion rate is VEB 2,150 per $1.00, which was the rate fixed by the Venezuelan government as of June 30, 2007. By including convenience currency translations, Gold Fields is not representing that the Rand, Australian dollar or Bolivar amounts actually represent the U.S. dollar amounts shown or that these amounts could be converted into U.S. dollars at the rates indicated.

**Information on South Deep, Western Areas and BGSA**

This annual report contains certain information relating to Western Areas Limited, or Western Areas, Barrick Gold South Africa (Pty) Limited, or BGSA, and the South Deep gold mine, or South Deep, including information contained in Risk Factors, Information on the Company, Operating and Financial Review and Prospects and Additional Information. This information, as it relates to information regarding South Deep, Western Areas and BGSA in the period before Gold Fields acquisition, has been compiled from information published by Western Areas, including information filed with the JSE Limited, or JSE, and certain due diligence materials made available to Gold Fields by Western Areas and Barrick Gold Corporation, or Barrick, and has not been commented on by any representative of Western Areas or Barrick. Gold Fields has sought to ensure that the information presented has been accurately reproduced from these sources. However, Gold Fields is otherwise unable to confirm that the information relating to Western Areas, South Deep and BGSA is in accordance with the facts and does not omit anything likely to affect the import of the information. Gold Fields attributable proven and probable reserves for South Deep are based on the pre-acquisition South Deep operation reserve figures as declared for December 2005 by an independent reserve panel for the Barrick Gold-Western Areas Joint Venture between BGSA (formerly, Placer Dome South Africa Proprietary Limited) and Western Areas, but updated by Gold Fields to June 30, 2007 for mining depletions. See also Risk Factors Gold Fields has not independently confirmed the reliability of the South Deep, BGSA or Western Areas information for the period prior to their respective acquisitions by Gold Fields included in this annual report.

**Forward-looking Statements**

This annual report contains forward-looking statements 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. Statements in this annual report that are not historical facts are forward-looking statements.

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 annual report and the exhibits to the annual 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

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considered in light of various important factors, including those set forth in this annual 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, Venezuela and elsewhere;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- the success of exploration and development activities;
- decreases in the market price of gold;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of labor disruptions;
- availability, terms and deployment of capital;
- changes in relevant government regulations, particularly environmental regulations and potential new legislation affecting mining and mineral rights;
- fluctuations in exchange rates, currency devaluations and other macroeconomic monetary policies; and
- political instability in South Africa, Ghana, or regionally in Africa.

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 annual report or to reflect the occurrence of unanticipated events.

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## PART I

## ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

## ITEM 2: OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

## ITEM 3: KEY INFORMATION

**Selected Historical Consolidated Financial Data**

The selected historical consolidated financial data set out below for each of the three years ended June 30, 2007, and as of June 30, 2007 and 2006 have been extracted from the more detailed information, including Gold Fields audited consolidated financial statements for those years and as of those dates and the related notes, which appear elsewhere in this annual report. The selected historical consolidated financial data for each of the two years ended June 30, 2004, and as of June 30, 2005, 2004 and 2003 have been derived from Gold Fields audited consolidated financial statements as of that date, which are not included in this annual report, and adjusted where applicable as described below. The selected historical consolidated financial data presented below have been derived from financial statements which have been prepared in accordance with U.S. GAAP.

| | Year ended June 30,[1][2] | | | | |
|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| | (in $ millions, except where otherwise noted) | | | | |
| **Statement of Operations Data** | | | | | |
| Revenues | 1,538.2 | 1,706.2 | 1,893.1 | 2,282.0 | 2,735.2 |
| Production costs (exclusive of depreciation and amortization) | 1,015.0 | 1,255.2 | 1,372.4 | 1,499.9 | 1,707.7 |
| Depreciation and amortization | 188.1 | 230.5 | 366.4 | 353.3 | 388.2 |
| Corporate expenditure | 16.6 | 20.3 | 22.5 | 21.9 | 38.4 |
| Employment termination costs | 3.8 | 10.5 | 13.7 | 9.1 | 4.9 |
| Exploration expenditure | 29.6 | 39.9 | 46.0 | 39.3 | 47.4 |
| Impairment of assets | 29.6 | 72.7 | 233.1 | | |
| Impairment of critical spares | | | 2.8 | | |
| (Decrease)/increase in post-retirement healthcare provision | (5.0) | (5.1) | (4.2) | (0.5) | 1.3 |
| Accretion expense on environmental rehabilitation | 5.3 | 8.4 | 11.5 | 8.6 | 6.4 |
| Share-based compensation | | | 2.1 | 11.5 | 12.5 |
| Harmony hostile bid costs | | | 50.8 | | |
| IAMGold transaction costs | | | 9.3 | | |
| Interest and dividends | (21.3) | 19.4 | 29.2 | 26.8 | 26.8 |
| Finance income/(expense) | 4.2 | (12.2) | (54.9) | (55.6) | (95.2) |
| Unrealized gain on financial instruments | 35.7 | 39.2 | 4.9 | 14.6 | 15.4 |
| Realized gain/(loss) on financial instruments | 15.1 | (8.7) | 2.1 | (9.1) | (10.7) |
| Realized loss on foreign exchange | | | | | (15.1) |
| Gain on disposal of St. Helena mine | 13.4 | | | | |
| Profit on sale of property, plant and equipment | | 0.3 | 0.8 | 3.7 | 7.4 |
| Profit on disposal of listed investments | 57.2 | 13.9 | 8.1 | 6.3 | 26.8 |
| Profit on disposal of exploration rights | | | 7.5 | | |
| Profit on disposal of mineral rights | | 27.1 | | | |
| Write-down of investments | | | (7.7) | | |
| Write-down of mineral rights | | (3.6) | | | |
| Other income/(expenses) | 3.4 | 1.8 | (4.3) | (16.5) | (2.2) |
| Income/(loss) before tax, share of equity investees losses and minority interests | 405.5 | 180.7 | (247.6) | 309.1 | 481.6 |

| | | | | | |
|---|---|---|---|---|---|
| Income and mining tax (expense)/benefit | (133.8) | (50.9) | 85.8 | (110.6) | (209.3) |

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| | Year ended June 30, [1][2] | | | | |
|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| | (in $ millions, except where otherwise noted) | | | | |
| Income/(loss) before share of equity investees losses and minority interests | 271.7 | 129.8 | (161.8) | 198.5 | 272.3 |
| Share of equity investees losses | | (13.3) | (0.8) | (7.0) | 0.3 |
| Minority interests | (14.4) | (21.8) | (20.6) | (29.8) | (26.5) |
| | | | | | |
| Income/(loss) before cumulative effect of changes in accounting principles | 258.3 | 94.7 | (183.2) | 161.7 | 246.1 |
| Cumulative effect of changes in accounting principles, net of tax | (1.3) | | | | |
| Net income/(loss) | 257.0 | 94.7 | (183.2) | 161.7 | 246.1 |
| | | | | | |
| **Other Financial and Operating Data** | | | | | |
| Basic (loss)/earnings per share before cumulative effect of changes in accounting principles ($) | 0.55 | 0.10 | (0.37) | 0.33 | 0.44 |
| Diluted (loss)/earnings per share before cumulative effect of changes in accounting principles ($) | 0.54 | 0.10 | (0.37) | 0.33 | 0.44 |
| Basic earnings/(loss) per share ($) | 0.54 | 0.19 | (0.37) | 0.33 | 0.44 |
| Diluted earnings/(loss) per share ($) | 0.54 | 0.19 | (0.37) | 0.33 | 0.44 |
| Dividend per share (Rand) | 3.70 | 1.40 | 0.70 | 0.80 | 2.00 |
| Dividend per share ($) | 0.39 | 0.19 | 0.11 | 0.13 | 0.28 |
| Total cash costs per ounce of gold produced($/oz)[3] | 212 | 273 | 302 | 338 | 394 |
| Total production costs per ounce of gold produced ($/oz)[4] | 254 | 329 | 385 | 419 | 482 |

Notes:

(1) The data for each of the three years ended June 30, 2006 and as of June 30, 2004, 2005 and 2006 has been adjusted due to a change in accounting policy regarding ore reserve development costs, which were previously expensed and are now capitalized. See Operating and Financial Review and Prospects Change in Accounting Principle Capitalization of Costs Relating to Ore Reserve Development at the South African Operations.

(2) As a result of the acquisition of Western Areas, Western Areas was fully consolidated with Gold Fields as from December 1, 2006. See Note 3(a) to Gold Fields audited consolidated financial statements included elsewhere in this annual report. During the period between December 1, 2006 and March 31, 2007, Gold Fields did not own 100% of Western Areas and therefore did not own 100% of South Deep. The percentages of the results of Western Areas and South Deep that did not accrue to Gold Fields have been accounted for as minority interests. U.S. GAAP requires that where a company is acquired through a series of transactions, an investment in that company that was previously accounted for as available for sale be retrospectively accounted for on an equity basis. Since Gold Fields had previously held interests in Western Areas which were accounted for as available for sale, its results for prior years and the period July 1, 2006 to November 30, 2006 have been adjusted accordingly to account for the investment in Western Areas using the equity method.

(3) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using guidance provided by the Gold Institute, by gold ounces sold for all periods presented. The Gold Institute was a non-profit international industry association of miners, refiners, bullion suppliers and manufacturers of gold products that ceased operation in 2002, which developed a uniform format for reporting production costs on a per ounce basis. The Gold Institute has now been incorporated into the National Mining Association. The guidance was first adopted in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e. central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand,

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Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total cash costs per ounce provides a measure for comparing Gold Fields operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total cash costs and total cash costs per ounce are not U.S. GAAP measures. An investor should not consider total cash costs and total cash costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. In particular, depreciation and amortization is included in a measure of production costs under U.S. GAAP, but is not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs, the calculation of total cash costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See Information on the Company Glossary of Mining Terms Total cash costs per ounce. For a reconciliation of Gold Fields production costs to its total cash costs for fiscal 2007, 2006 and 2005, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2007 and 2006 and Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2006 and 2005.

(4) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided a definition for the calculation of total production costs, the calculation of total production costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See Information on the Company Glossary of Mining Terms Total production costs per ounce. For a reconciliation of Gold Fields production costs to its total production costs for fiscal 2007, 2006 and 2005, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2007 and 2006 and Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2006 and 2005.

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| | Year ended June 30, [1][2] | | | | |
|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| | (in $ millions, except where otherwise noted) | | | | |
| Balance Sheet Data | | | | | |
| Cash and cash equivalents | 133.6 | 656.3 | 503.7 | 217.7 | 326.4 |
| Current portion of financial instruments | | 37.0 | 46.8 | 30.4 | |
| Receivables | 74.9 | 116.4 | 119.9 | 148.7 | 295.3 |
| Inventories | 76.8 | 63.9 | 77.4 | 111.3 | 144.9 |
| Material contained in heap leach pads | 41.8 | 42.5 | 55.1 | 47.7 | 58.1 |
| Total current assets | 327.1 | 916.1 | 802.9 | 555.8 | 824.7 |
| Property, plant and equipment, net[3] | 2,231.0 | 2,912.7 | 2,688.6 | 3172.1 | 5,576.8 |
| Goodwill | | | | | 1,222.7 |
| Non-current portion of financial instruments | 67.7 | 70.3 | 32.4 | | |
| Non-current investments | 101.0 | 161.5 | 192.0 | 371.8 | 401.8 |
| Total assets | 2,726.8 | 4,060.6 | 3,715.9 | 4.099.7 | 8,026.0 |
| Accounts payable and provisions | 184.7 | 273.4 | 241.9 | 299.8 | 474.4 |
| Interest payable | | 17.2 | 32.6 | 29.8 | 34.7 |
| Income and mining taxes payable | 52.0 | 14.2 | 18.0 | 46.8 | 72.2 |
| Current portion of long-term loans | 20.5 | | | 0.3 | 227.5 |
| Bank overdaft | | | | | 3.3 |
| Total current liabilities | 257.2 | 304.8 | 292.5 | 376.7 | 812.1 |
| Long-term loans | 21.1 | 643.2 | 653.1 | 737.9 | 1,211.8 |
| Deferred income and mining taxes | 647.3 | 811.8 | 650.0 | 781.8 | 1,247.1 |
| Provision for environmental rehabilitation | 99.2 | 116.0 | 134.6 | 146.4 | 197.2 |
| Provision for post-retirement healthcare costs | 23.9 | 18.9 | 9.0 | 7.4 | 9.5 |
| Minority interests | 58.8 | 102.7 | 118.4 | 125.1 | 127.1 |
| Share capital | 42.2 | 43.6 | 43.7 | 43.9 | 54.8 |
| Additional paid-in capital | 1,565.2 | 1,792.3 | 1,797.9 | 1,827.6 | 4,468.9 |
| Retained earnings | 255.3 | 261.7 | 24.0 | 123.9 | 211.8 |
| Accumulated other comprehensive loss | (243.4) | (34.4) | (7.3) | (71.0) | 55.7 |
| Total shareholders equity | 1,619.3 | 2,063.2 | 1,858.3 | 1,924.4 | 4,791.2 |
| Total liabilities and shareholders equity | 2,726.8 | 4,060.6 | 3,715.9 | 4,099.7 | 8,026.0 |

| | Year ended June 30, [1][2] | | | | |
|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| | (in $ millions, except where otherwise noted) | | | | |
| **Other Data** | | | | | |
| Number of ordinary shares as adjusted to reflect changes in capital structure | 472,364,872 | 491,492,520 | 492,294,226 | 494,824,723 | 652,158,066 |
| Net assets | 1,619.3 | 2,063.2 | 1,858.3 | 1,924.4 | 4,791.2 |

Notes:

(1) During the year ended June 30, 2007, Gold Fields changed its accounting principle regarding capitalization of underground mining costs at its South African operations to capitalize all underground development costs incurred to access specific ore blocks or other areas of the mine where such costs are expected to provide future economic benefits as a result of establishing proven and probable reserves associated with a specific block or area of operations, even after the reef horizon may have been intersected with the development of the first specific ore block or area of the mine. Under this revised accounting principle, all costs associated with the development of a specific underground block or area are capitalized until saleable minerals are extracted from that specific block or area. At Gold Fields underground mines, these

costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development. Previously, at Gold Fields underground mines, costs

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incurred to develop the property were capitalized only until the reef horizons were intersected. Subsequent mine development costs to access other specific ore blocks or areas of the mine were treated as variable production costs and expensed as incurred.

Gold Fields believes that the new principle is preferable because: (i) it aligns its accounting principles with those of its global gold mining company industry peers; (ii) it allows for a more direct link between revenue and associated expenditures; (iii) each block of ore can be described as a commencement of a new area of operations, separate and distinct from other existing operations, with the choice to mine based on an approved life-of-mine plan for that particular block of ore; and (iv) the additional costs capitalized under the revised accounting principle meet the definition of an asset. See Operating and Financial Review and Prospects Change in Accounting Principle Capitalization of Costs Relating to Ore Reserve Development at the South African Operations.

(2) As a result of the acquisition of Western Areas, Western Areas was fully consolidated with Gold Fields as from December 1, 2006. See Note 3(a) to Gold Fields audited consolidated financial statements included elsewhere in this annual report. During the period between December 1, 2006 and March 31, 2007, Gold Fields did not own 100% of Western Areas and therefore did not own 100% of South Deep. The percentages of the results of Western Areas and South Deep that did not accrue to Gold Fields have been accounted for as minority interests. U.S. GAAP requires that where a company is acquired through a series of transactions, an investment in that company that was previously accounted for as available for sale be retrospectively accounted for on an equity basis. Since Gold Fields had previously held interests in Western Areas which were accounted for as available for sale, its results for prior years and the period July 1, 2006 to November 30, 2006 have been adjusted accordingly to account for the investment in Western Areas using the equity method.

(3) Gold Fields changed its method of accounting for mineral and surface use rights during the 2004 fiscal year in accordance with the Financial Accounting Standards Board, or FASB, Staff Position FAS 141-1, which required the balance of the mineral interests and other intangible assets in 2003 to be restated and included as part of Property, plant and equipment, net.

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**Exchange Rates**

The following tables set forth, for the periods indicated, the average, high, low and period-end noon buying rates in New York City for cable transfers in Rand as certified for customs purposes by the Federal Reserve Bank of New York, expressed in Rand per $1.00:

| Year ended June 30, | Average[1] | High | Low | Period end |
|---|---|---|---|---|
| 2003 | 8.87 | 10.90 | 7.18 | 7.51 |
| 2004 | 6.78 | 7.80 | 6.17 | 6.23 |
| 2005 | 6.20 | 6.92 | 5.62 | 6.67 |
| 2006 | 6.42 | 7.43 | 5.99 | 7.17 |
| 2007 | 7.20 | 7.94 | 6.72 | 7.04 |
| 2008 (through November 30, 2007) | 6.89 | 7.00 | 6.45 | 6.80 |

Note:

(1) The average of the noon buying rates on the last day of each full month during the relevant period.

| Month ended | High | Low | Period end |
|---|---|---|---|
| June 30, 2007 | 7.27 | 7.04 | 7.04 |
| July 31, 2007 | 7.15 | 6.81 | 7.09 |
| August 31, 2007 | 7.50 | 7.02 | 7.16 |
| September 30, 2007 | 7.25 | 6.88 | 6.88 |
| October 31, 2007 | 6.91 | 6.49 | 6.54 |
| November 30, 2007 | 7.00 | 6.45 | 6.80 |

The noon buying rate for the Rand on December 5, 2007 was Rand 6.74 per $1.00. Fluctuations in the exchange rate between the Rand and the U.S. dollar will affect the dollar equivalent of the price of the ordinary shares on the JSE Limited, or JSE, which may affect the market price of the American Depositary Shares, or ADSs, on the New York Stock Exchange. These fluctuations will also affect the U.S. dollar amounts received by owners of ADSs on the conversion of any dividends paid in Rand on the ordinary shares.

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## 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. However, there may be additional risks that Gold Fields does not currently know of or that Gold Fields currently deems immaterial based on the information available to it. These factors should be considered carefully, together with the information and financial data set forth in this document.*

***Changes in the market price for gold, which in the past has fluctuated widely, affect the profitability of Gold Fields operations and the cash flows generated by those operations.***

Substantially all of Gold Fields revenues are derived from the sale of gold. Historically, the market price for gold has fluctuated widely and has been affected by numerous factors over which Gold Fields has no control, including:

- the demand for gold for industrial uses and for use in jewelry;
- actual, expected or rumored purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;
- speculative trading activities in gold;
- the overall level of forward sales by other gold producers;
- the overall level and cost of production by other gold producers;
- international or regional political and economic events or trends;
- the strength of the U.S. dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation; and
- interest rates.

In addition, the current demand for and supply of gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or the gold price. Central banks, financial institutions and individuals historically have held large amounts of gold as a store of value, and production in any given year historically has constituted a small portion of the total potential supply of gold. Historically, gold has tended to retain its value in relative terms against basic goods in times of inflation and monetary crisis. Pursuant to a gold sales agreement entered into by 15 European central banks, individual banks may sell up to 500 tons of gold per year, the effect on the market in terms of total gold sales is unclear. This agreement is scheduled to be reviewed in 2009.

While the aggregate effect of these factors is impossible for Gold Fields to predict, if gold prices should fall below Gold Fields cost of production and remain at such levels for any sustained period, Gold Fields may experience losses and may be forced to curtail or suspend some

or all of its operations and/or reduce capital expenditure. In addition, Gold Fields might not be able to recover any losses it may incur during that period.

***Because Gold Fields does not use commodity or derivative instruments to protect against low gold prices with respect to its production, Gold Fields is exposed to the impact of any significant drop in the gold price.***

As a general rule Gold Fields sells its gold production at market prices. Gold Fields generally does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its

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future gold production. In general, hedging reduces the risk of exposure to volatility in the gold price. Hedging also enables a gold producer to fix a future price for hedged gold that generally is higher than the then current spot price. To the extent that it does not generally use commodity or derivative instruments, Gold Fields will not be protected against decreases in the gold price, and if the gold price decreases significantly, Gold Fields runs the risk of reduced revenues in respect of gold production that is not hedged. See Quantitative and Qualitative Disclosures About Market Risk.

***Gold Fields reserves are estimates based on a number of assumptions, any changes to which may require Gold Fields to lower its estimated reserves.***

The ore reserves stated in this annual report represent the amount of gold that Gold Fields estimated, as of June 30, 2007, could be mined, processed and sold at prices sufficient to recover Gold Fields estimated future total costs of production, remaining investment and anticipated additional capital expenditures. Ore reserves are estimates based on assumptions regarding, among other things, Gold Fields costs, expenditures, prices and exchange rates, many of which are beyond Gold Fields control. In the event that Gold Fields revises any of these assumptions in an adverse manner, Gold Fields may need to revise its ore reserves downwards. In particular, if Gold Fields production costs or capital expenditures increase, if gold prices decrease or if the Rand, Australian dollar, Bolivar or Peruvian Nuevo Sole strengthens against the U.S. dollar, a portion of Gold Fields ore reserves may become uneconomical to recover, forcing Gold Fields to lower its estimated reserves. See Information on the Company Reserves of Gold Fields as of June 30, 2007.

***To the extent that Gold Fields seeks to expand through acquisitions, it may experience problems in executing acquisitions or managing and integrating the acquisitions with its existing operations.***

In order to expand its operations and reserve base, Gold Fields may seek to make acquisitions of selected precious metal producing companies or assets. Gold Fields success at making any acquisitions will depend on a number of factors, including, but not limited to:

- negotiating acceptable terms with the seller of the business to be acquired;
- obtaining approval from regulatory authorities;
- assimilating the operations of an acquired business in a timely and efficient manner;
- maintaining Gold Fields financial and strategic focus while integrating the acquired business;
- implementing uniform standards, controls, procedures and policies at the acquired business; and
- conducting and managing operations in a new operating environment to the extent that Gold Fields makes an acquisition outside of markets in which it has previously operated.

There can be no assurance that any acquisition will achieve the results intended. Any problems experienced by Gold Fields in connection with an acquisition as a result of one or more of these factors could have a material adverse effect on Gold Fields business, operating results and financial condition.

***To the extent that Gold Fields seeks to expand through its exploration program, it may experience problems associated with mineral exploration or developing mining projects.***

In order to expand its operations and reserve base, Gold Fields may rely on its exploration program for gold and platinum group metals and its ability to develop mining projects. Exploration for gold and other precious metals is speculative in nature, involves many risks and frequently is unsuccessful. Any exploration program entails risks relating to the location of economic orebodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and regulatory approvals and the construction of mining and processing facilities at the

mining site. Gold Fields exploration efforts may not result in the discovery of

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gold or platinum group metal mineralization and any mineralization discovered may not result in an increase of Gold Fields reserves. If orebodies are 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. Gold Fields exploration program may not result in the replacement of current production with new reserves or result in any new commercial mining operations. Also, to the extent Gold Fields participates in the development of a project through a joint venture, there could be disagreements or divergent interests or goals among the joint venture parties which could jeopardize the success of the project.

In addition, 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.

***Due to the nature of mining and the type of gold mines it operates, Gold Fields faces a material risk of liability, delays and increased production costs from environmental and industrial accidents and pollution.***

The business of gold mining by its nature involves significant risks and hazards, including environmental hazards and industrial accidents. In particular, hazards associated with Gold Fields underground mining operations include:

- rock bursts;
- seismic events, particularly at the Driefontein, Kloof and South Deep operations;
- underground fires and explosions, including those caused by flammable gas;
- cave-ins or falls of ground;
- discharges of gases and toxic substances;
- releases of radioactivity;
- flooding;
- sinkhole formation and ground subsidence; and
- other accidents and conditions resulting from drilling, blasting and removing and processing material from an underground mine.

Hazards associated with Gold Fields open pit mining operations include:

- flooding of the open pit;
- collapses of the open pit walls;

accidents associated with the operation of large open pit mining and rock transportation equipment;

accidents associated with the preparation and ignition of large-scale open pit blasting operations;

production disruptions due to weather; and

hazards associated with heap leach processing, such as groundwater and waterway contamination.

Hazards associated with Gold Fields rock dump and production stockpile mining and tailings disposal include:

accidents associated with operating a rock dump and production stockpile and rock transportation equipment;

production disruptions due to weather;

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collapses of tailings dams; and

ground and surface water pollution, on and off site.

Gold Fields is at risk of experiencing any and all of these environmental or other industrial hazards. The occurrence of any of these hazards could delay production, increase production costs and result in liability for Gold Fields.

***Gold Fields insurance coverage may prove inadequate to satisfy potential claims.***

Gold Fields may become subject to liability for pollution, occupational illnesses or other hazards 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. Should Gold Fields suffer a major loss, future earnings could be affected. In addition, 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 Gold Fields, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses or pollution.

***Because gold is generally sold in U.S. dollars, while most of Gold Fields production costs are in Rand and other non-U.S. dollar currencies, Gold Fields operating results or financial condition could be materially harmed by an appreciation in the value of these other currencies.***

Gold is sold throughout the world principally in U.S. dollars, but Gold Fields operating costs are incurred principally in Rand and other non-U.S. dollar currencies. As a result, any significant and sustained appreciation of any of these currencies against the U.S. dollar may materially increase Gold Fields costs in U.S. dollar terms.

Gold Fields is selling its Venezuelan production primarily in Bolivars. The lack of availability of foreign currency at official exchange rates due to existing exchange controls in Venezuela may have an adverse effect on Gold Fields Venezuelan operations.

***Economic or political instability in the countries or regions where Gold Fields operates may have an adverse effect on Gold Fields operations and profits.***

Gold Fields has significant operations in South Africa, Ghana, Australia and Venezuela, and a significant development project in Peru. As a result, changes or instability to the economic or political environment in any of these countries or in neighboring countries could affect an investment in Gold Fields.

Several of these countries have, or have had in the recent past, high levels of inflation. Continued or increased inflation in any of the countries where it operates could increase the prices Gold Fields pays for products and services, including wages for its employees, which if not offset by increased gold prices or currency devaluations could have a material adverse effect on Gold Fields financial condition and results of operations.

The South African government has implemented laws aimed at alleviating and redressing the disadvantages suffered by citizens under previous governments and Gold Fields believes it is in compliance with its obligations under them. In the future the South African government may implement new laws and policies, which in turn may have an adverse impact on Gold Fields operations and profits. In recent years, South Africa has experienced high levels of crime and unemployment. These problems may have impacted fixed inward investment into South Africa and have prompted emigration of skilled workers. As a result, Gold Fields may have difficulties attracting and retaining qualified employees.

There has been regional political and economic instability in certain of the countries surrounding South Africa. Any similar political or economic instability in South Africa could have a negative impact on Gold Fields ability to manage and operate its South African operations.

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In the past several years, Venezuela has experienced political and social turmoil and instability. There can be no assurance that there will not be further economic or political instability in Venezuela. Although Gold Fields has sold its Venezuelan operations, as part of the consideration for the sale Gold Fields received 140 million newly-issued Rusoro Mining Limited, or Rusoro, shares, which at the time of sale represented approximately 37% of the outstanding shares of Rusoro. For as long as Gold Fields continues to hold a stake in Rusoro, economic or political instability in Venezuela could have a material adverse effect on Gold Fields financial condition and results of operations.

There has been local opposition to mine development projects in Peru. Notwithstanding the fact that Gold Fields is substantially exceeding commitments it had made to the local communities, in mid-October 2006 there was an illegal blockade of the access road to the Cerro Corona Project site resulting in a temporary suspension of construction activities at the site for seven days. The blockade was accompanied by demands for increased employment from local communities and increased use of local contractors. In addition, the Cerro Corona site is located near the Yanacocha mine which is operated by another company. The Yanacocha mine has also been the subject of local protests, including ones that blocked the road between the Yanacocha mine complex and the City of Cajamarca, which also affected access to the Cerro Corona site, although they did not result in a suspension of construction activities. If Gold Fields experiences further opposition in connection with its operations in Peru, or if protests aimed at other mining operations affect operations at Cerro Corona, it could have a material adverse effect on Gold Fields financial condition and results of operations.

***Actual and potential shortages of production inputs may have an adverse effect on Gold Fields operations and profits.***

Gold Fields results of operations 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 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 on the supply of any of these materials would require Gold Fields to find substitute suppliers acceptable to the Company 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.

Gold Fields Ghana Limited, or Gold Fields Ghana, among other mining companies in Ghana, was asked by its electricity supplier, the Volta River Authority, or VRA, on August 14, 2006 to immediately reduce its electricity demand by 25%. On August 28, 2006, Gold Fields was asked to reduce its demand by a further 25%. The VRA requested these reductions in electricity usage largely because of the low water reservoir level of the VRA s Akosombo generating facility and concerns about its ability to meet future supply and demand at present consumption levels. Gold Fields Ghana agreed to reduce its demand for electricity from the VRA and the Electricity Company of Ghana Limited at the Tarkwa and Damang operations, respectively, and used emergency diesel powered generators situated at both mines to make up the difference. Gold Fields operating costs for fiscal 2007 arising from the use of diesel generators was approximately U.S.$11.2 million. The VRA has indicated that the requirement for reduced electricity demand will last until the water levels in the reservoir have reached appropriate levels. Though the water levels have now increased, the restrictions in respect of mining companies continue. There can be no assurance that Gold Fields will not be asked to further reduce its demand or that there will not be new disruptions to the electricity supply. For as long as the restrictions on electricity demand remain in place, Gold Fields may need to continue using diesel generators which will result in increased exposure to fluctuations in the price of diesel fuel.

Giant tires, of the type used by Gold Fields for its large earthmoving equipment and trucks, are in increasingly short supply, and prices have risen recently and may continue to rise in the future. This shortage of

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tires for earthmoving vehicles is causing mining companies to review operating practices, to seek additional methods of preserving tire life and to examine alternative sources of tire supply. As part of measures to ensure a continued supply of tires, Gold Fields Ghana has entered into agreements with OTR Tyres Limited for the construction, installation and management of a tire retread facility. To the extent that Gold Fields is unable to procure an adequate supply of these tires, it may have to alter its mining plans, especially at its open pit operations, which could reduce its gold production and have a material adverse effect on Gold Fields business, operating results and financial condition.

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

South Africa s 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. Transactions between South African residents (including companies) and non-residents of the Common Monetary Area are subject to exchange controls enforced by the South African Reserve Bank, or SARB. As a result, Gold Fields ability to raise and deploy capital outside the Common Monetary Area is restricted.

Under South African exchange control regulations, Gold Fields must obtain approval from the SARB regarding any capital raising involving a currency other than the Rand. In connection with its approval, it is possible that the SARB may impose conditions on Gold Fields use of the proceeds of any such capital raising, such as limits on Gold Fields ability to retain the proceeds of the capital raising outside South Africa or requirements that Gold Fields seek further SARB approval prior to applying any such funds to a specific use. 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 Information on the Company Regulatory and Environmental Matters South Africa Exchange Controls.

***An acquisition of shares in or assets of a South African company by a non-South African purchaser that is subject to exchange control regulations may not be granted regulatory approval.***

In some circumstances, potential acquisitions of shares in or assets of South African companies by non-South African resident purchasers are subject to review by the SARB pursuant to South African exchange control regulations. In 2000, the South African Treasury, or the Treasury, refused to approve an acquisition of Gold Fields by Franco-Nevada Mining Corporation Limited, a Canadian mining company. The Treasury may refuse to approve similar proposed acquisitions of Gold Fields in the future. As a result, Gold Fields management may be limited in its ability to consider strategic options and Gold Fields shareholders may not be able to realize the premium over the current trading price of Gold Fields ordinary shares which they might otherwise receive upon such an acquisition. See Information on the Company Regulatory and Environmental Matters South Africa Exchange Controls.

***Gold Fields operations and financial condition may be adversely affected by labor disputes or changes in South African, Ghanaian, Australian and Venezuelan labor laws.***

Gold Fields may be affected by certain labor laws that impose duties and obligations regarding worker rights, including rights regarding wages and benefits. For example, laws in South Africa impose monetary penalties for non-compliance with the administrative and the reporting requirements in respect of affirmative action policies while Ghanaian law contains broad provisions requiring mining companies to recruit and train Ghanaian personnel and to use the services of Ghanaian companies. There can be no assurance that existing labor laws will not be amended or new laws enacted to impose additional reporting or compliance obligations or further increase worker rights in the future. Any expansion of these obligations or rights, especially to the extent they increase Gold Fields labor costs, could have a material adverse effect on Gold Fields business, operating results and financial condition.

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***Gold Fields may suffer adverse consequences as a result of its reliance on outside contractors to conduct its operations in Ghana and Australia.***

A significant portion of Gold Fields operations at the operations in Ghana and Australia are currently conducted by outside contractors. 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:

- negotiating agreements with contractors on acceptable terms;
- the inability to replace a contractor and its operating equipment in the event that either party terminates the agreement;
- reduced control over those aspects of operations which are the responsibility of the contractor;
- failure of a contractor to perform under its agreement with Gold Fields;
- interruption of operations or increased costs in the event that a contractor ceases its business due to insolvency or other unforeseen events;
- failure of a contractor to comply with applicable legal and regulatory requirements, to the extent it is responsible for such compliance; and
- problems of a contractor with managing its workforce, labor unrest or other employment issues.

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, results of operations and financial condition. See Directors, Senior Management and Employees Employees Labor Relations Ghana and Directors, Senior Management and Employees Employees Labor Relations Australia.

***Gold Fields South African operations may be adversely affected by increased labor costs at its mining operations in South Africa.***

Wages and related labor costs accounted for approximately 50% of Gold Fields total production costs in South Africa in fiscal 2007. Accordingly, Gold Fields costs may be materially affected by increases in wages and related labor costs, particularly with respect to Gold Fields South African employees, who are unionized. Negotiations with South African unions concluded in August 2007 resulted in above inflation wage increases ranging from 8% to 8.5%, depending upon the category of employee, implemented with effect from July 2007. A further inflation-linked increase of 8% will be implemented with effect from July 1, 2008. Presently, the inflation-linked increase is 5.5% to 6%, depending on the category of employee. The next round of negotiations with the unions in South Africa is expected to commence in May 2009. In total, labor costs increased approximately 14% in South Africa in fiscal 2007 (excluding South Deep), mainly due to the annual wage increase of 5.5% to 6% from July 2006, together with indirect costs and allowances, which increased in line with industry trends, market-related adjustments and an increase in employee numbers necessary to support the increase in mining volumes.

If Gold Fields is unable to increase production levels or implement cost cutting measures to offset these increased wages and labor costs, these costs could have a material adverse effect on Gold Fields mining operations in South Africa and, accordingly, on Gold Fields business, operating results and financial condition. See Directors, Senior Management and Employees Employees Labor Relations South Africa.

***HIV/AIDS poses 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. In October 2006, management estimated that approximately 28.3% of Gold Fields workforce in South Africa was infected with HIV.

The actuarial model which the Company has applied consistently since 2001 estimates that peak prevalence has been reached. Based on this

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level of prevalence, other existing data and various other assumptions, many of which involve factors beyond Gold Fields control, management estimates that without appropriate interventions the ultimate impact of HIV/AIDS on its operating costs could be as high as $10.00 per ounce of gold produced at its South African operations. This estimate of the potential impact of HIV/AIDS on operations and financial condition is based on a variety of existing data and certain assumptions. These include the incidence of HIV infection among its employees, the progressive impact of HIV/AIDS on infected employees health, and the medical and other costs associated with the infection. Most of these factors are beyond Gold Fields control. Should Gold Fields actual experience significantly differ from the assumptions on which its current estimate is based, the actual impact of HIV/AIDS on its business, operating results and financial condition could be significantly worse than Gold Fields expects. See Directors, Senior Management and Employees Employees Health and Safety Health HIV/AIDS Program.

***Gold Fields operations in South Africa are subject to environmental and health and safety regulations which could impose significant costs and burdens.***

Gold Fields South African operations are subject to various environmental laws and regulations including, for example, those relating to waste treatment, emissions and disposal, and must comply with permits or standards governing, among other things, tailings dams and waste disposal areas, water consumption, air emissions and water discharges. Gold Fields may, in the future, incur significant costs to comply with the South African environmental 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. Also, Gold Fields may be subject to litigation and other costs as a result of environmental rights granted to individuals under South Africa s Constitution or other sources of rights. These costs could have a material adverse effect on Gold Fields business, operating results and financial condition.

Environmental impact assessment regulations, that were promulgated on July 3, 2006 under the National Environmental Management Act, or NEMA, introduced a more complex South African regime for environmental impact assessments. The specific sections of the regulations which cover mining operations have not yet been brought into effect. However, some activities which are ancillary to mining do require a two-tier authorization process, from the Department of Minerals and Energy and from the Department of Environmental Affairs and Tourism, or DEAT. When the new regulations become effective as to mining operations, they will impact on reconnaissance, exploration, prospecting and mining activities. This will result in more stringent requirements in obtaining environmental approval for new mining activities and, potentially, in the case of recommissioning old operations, which could increase Gold Fields costs for compliance. The new regulations will not have retrospective effect. Rectification and authorization is at the discretion of the environmental authorities and can be accompanied by an administrative fine per activity of up to Rand 1 million. Other changes in legislation or regulations (or the approach to enforcement of them) or other unforeseen circumstances may materially and adversely affect Gold Fields future environmental expenditures or the level and timing of Gold Fields provisioning for these expenditures. See Information on the Company Regulatory and Environmental Matters South Africa Environmental.

Although South Africa has a comprehensive environmental regulatory framework, enforcement of environmental law has traditionally been poor. The DEAT has indicated that enforcement will improve and Environmental Management Inspectors have been appointed under the NEMA. The Environmental Management Inspectors have commenced with environmental inspections and investigations at some of the major industrial facilities.

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The South African Mine Health and Safety Act No. 29 of 1996 imposes various duties on Gold Fields mines while granting the authorities broad powers to, among other things, close unsafe mines and order corrective action relating to health and safety matters. There have been a number of accidents, many of which have resulted in fatalities, at various mining operations in South Africa recently, including accidents at some of Gold Fields operations. President Thabo Mbeki has ordered the Department of Minerals and Energy to conduct an occupational health and safety audit at all mines. The audit of South African mines will be divided into two parts: (1) Legal Audit and (2) Technical Audit of certain installations and practices at mines. The outcome of these audits is intended to give an indication of the extent to which mines comply with health and safety requirements, and also to help mines develop programs of action to improve their health and safety practices, with the goal of reducing fatal accidents. In addition, the South African mining unions have indicated they may take industrial action to protest what they view as an inadequate safety regime and, in furtherance of this position, on December 4, 2007, the National Union of Mine Workers, the union to which the majority of Gold Fields South African workers belong, staged a one-day, industry-wide work stoppage. The Chamber of Mines of South Africa, an employers industry organization of which Gold Fields is a member, has approached the Minister of Minerals and Energy in an effort to find a solution to the current situation. There is no assurance that the occupational health and safety audit will not result in the introduction of more stringent safety regulations, which could result in restrictions on Gold Fields ability to conduct its mining operations and/or impose additional costs. Regardless of the outcome of the audit or improved health and safety programs, there can be no assurance that the unions will not take industrial action that could lead to losses in Gold Fields production. It is Gold Fields policy to halt production at its operations where serious accidents occur in order to rectify dangerous situations and, if necessary, retrain workers. Any additional stoppages in production, or increased costs, could have an adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Health and Safety.

The Occupational Diseases in Mines and Works Act 78 of 1973, or the Occupational Diseases Act, governs the payment of compensation and medical costs related to certain illnesses contracted by persons employed in mines or at sites where activities ancillary to mining are conducted. Occupational healthcare services are made available by Gold Fields to employees from its existing facilities. Pursuant to changes in the Occupational Diseases Act, Gold Fields may experience an increase in the cost of these services, which could have an adverse effect on Gold Fields business, operating results and financial condition. This increased cost, should it transpire, is currently indeterminate.

***Gold Fields mineral rights in South Africa have become subject to new legislation which could impose significant costs and burdens.***

*The 2002 Minerals Act*

The Mineral and Petroleum Resources Development Act No. 28 of 2002, or the 2002 Minerals Act, came into effect on May 1, 2004, together with the implementation of a broad-based socio-economic empowerment charter, or the Mining Charter, for effecting entry of historically disadvantaged South Africans, or HDSAs, into the mining industry. The Mining Charter requires each mining company to achieve a 15% HDSA ownership of mining assets within five years and a 26% HDSA ownership of mining assets within 10 years. Under the Mining Charter, the mining industry as a whole agrees to assist HDSA companies in securing finance to fund participation in an amount of Rand 100 billion over the first five years. In addition, the Mining Charter requires, among other things, that mining companies spell out plans for achieving employment equity at management level with a view to achieving a baseline of 40% HDSA participation in management and achieving a baseline of 10% participation by women in the mining industry, in each case within five years. When considering applications for conversion or renewal of relevant rights, the government will take a scorecard approach, evaluating the commitments of stakeholders to the different facets of promoting the objectives of the Mining Charter. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The 2002 Minerals Act.

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In order to comply with the terms of the charter, Gold Fields entered into a series of transactions, referred to in this discussion as the Mvelaphanda Transaction, involving the acquisition by Mvelaphanda Resources Limited of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of Rand 4,139 million. See Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction. The Mvelaphanda Transaction is intended to meet the charter s requirement that mining companies achieve a 15% HDSA ownership within five years of the charter coming into effect. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The 2002 Minerals Act. There is no guarantee, however, that the Mvelaphanda Transaction will not have a negative effect on the value of Gold Fields ordinary shares. In addition, any further adjustment to the ownership structure of Gold Fields South African mining assets in order to meet the mining charter s 10-year HDSA ownership requirement of 26% could have a material adverse effect on the value of Gold Fields ordinary shares and failing to comply with the charter s requirements could subject Gold Fields to negative consequences, the scope of which has not yet been fully determined. Gold Fields may also incur expenses to give effect to the charter s other requirements, and may need to incur additional indebtedness in order to comply with the industry-wide commitment to assist HDSAs in securing Rand 100 billion of financing during the first five years of the mining charter s effectiveness. Moreover, there is no guarantee that any steps Gold Fields has already taken or might take in the future will ensure the successful renewal of any or all of its existing mining rights or the granting of further new mining rights or that the terms of any renewals of its rights would not be significantly less favorable to Gold Fields than the terms of its current rights.

*The Royalty Bill*

The Mineral and Petroleum Royalty Bill, or the Royalty Bill, which was published on October 11, 2006 and remains open for comment from stakeholders, proposes to impose a royalty payable to the State which, in the case of gold mining companies, would be 3% in respect of the gross sales value of unrefined gold and 1.5% in respect of the gross value of refined gold. Gold is regarded as refined once it is processed to at least 99.5% purity and, accordingly, most companies in the South African mining sector, including Gold Fields, are likely to pay the refined rate. The Royalty Bill envisages that the royalty will become payable from May 1, 2009.

There is uncertainty as to what further amendments will be made to the Royalty Bill. If adopted, in either its current or a further revised form, the Royalty Bill could have a negative impact on Gold Fields South African operations and therefore an adverse effect on its business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The Royalty Bill.

***Gold Fields land and mineral rights in South Africa could be subject to land restitution claims which could impose significant costs and burdens.***

Gold Fields privately held land could be subject to land restitution claims under the Restitution of Land Rights Act 1994, or the Land Claims Act. Under this Act, any person who was dispossessed of rights in land in South Africa as a result of past racially discriminatory laws or practices without payment of just and equitable compensation is granted certain remedies, including the restoration of the land. Under the Land Claims Act, persons entitled to institute a land claim were required to lodge their claims by December 31, 1998. Gold Fields has not been notified of any land claims, but any claims of which it is notified in the future could have a material adverse effect on Gold Fields right to the properties to which the claims relate and, as a result, on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Land Claims.

The Restitution of Land Rights Amendment Act, or the Amendment Act, became law on February 4, 2004. Under the Land Claims Act, the Minister for Agriculture and Land Affairs, or the Land Minister, may not acquire ownership of land for restitution purposes without a court order unless an agreement has been reached between the affected parties. The Amendment Act, however, entitles the Land Minister to acquire ownership of land by

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way of expropriation in certain limited circumstances. Expropriation would be subject to provisions of legislation and the South African Constitution which provides, in general, for just and equitable compensation. There is, however, no guarantee that any of Gold Fields privately held land rights could not become subject to acquisition by the state without Gold Fields agreement, or that Gold Fields would be adequately compensated for the loss of its land rights, which could have a negative impact on Gold Fields South African operations and therefore an adverse effect on its business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Land Claims.

***Gold Fields operations in Ghana are subject to environmental and health and safety regulations which could impose significant costs and burdens.***

Gold Fields Ghana operations are subject to various environmental laws and regulations. The Ghanaian environmental protection laws require, among other things, that Gold Fields register with the Ghanaian environmental authorities, and obtain environmental permits and certificates for the Ghana operations, as well as to rehabilitate land disturbed as a result of their mining operations. Gold Fields is required to secure estimated environmental rehabilitation costs in part by posting a reclamation bond. Reclamation bonds posted by Gold Fields Ghana are assessed based on 50% of the agreed current estimated rehabilitation costs for the two-year period after the date of the last reclamation plan. Changes in the required method of calculation for these bonds or an unforeseen circumstance which produces unexpected costs may materially and adversely affect Gold Fields future environmental expenditures. See Information on the Company Regulatory and Environmental Matters Ghana Environmental.

Ghanaian health and safety regulations impose statutory duties on an owner of a mine to, among other things, take steps to ensure that the mine is managed and worked in a manner which provides for the safety and proper discipline of the mine workers. Additionally, Gold Fields is required under the terms of its mining leases to comply with the reasonable instructions of the relevant authorities for securing the health and safety of persons working in or connected with the mine. A violation of the health and safety regulations or a failure to comply with the reasonable instructions of the relevant authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, a loss of the right to mine or the imposition of costly compliance procedures and, in the case of a violation of the regulations relating to health and safety, constitutes an offense under Ghanaian law. If Ghanaian health and safety authorities require Gold Fields to shut down all or a portion of its mines or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters Ghana Health and Safety.

Gold Fields, as the holder of the mining lease, has potential liability arising from injuries to, or deaths of, workers, including, in some cases, workers employed by its contractors. In Ghana, statutory workers compensation is not the exclusive means for workers to claim compensation. Gold Fields insurance for health and safety claims or the relevant workers compensation arrangements may not be adequate to meet the costs which may arise upon any future health and safety claims.

***Gold Fields mineral rights in Ghana are currently subject to regulations, and may become subject to new regulations, which could impose significant costs and burdens.***

In Ghana, the ownership of land on which there are mineral deposits is separate from the ownership of the minerals. All minerals in their natural state in or upon any land or water are, under Ghanaian law, the property of Ghana and vested in the President on behalf of the people of Ghana. Although the Minerals Commission, the statutory corporation overseeing the mining operations on behalf of the government of Ghana, has submitted the Tarkwa property leases for parliamentary ratification along with leases for other mining companies in Ghana, these leases have not yet been ratified as required by law. Gold Fields Ghana has taken all the steps that it can take towards the ratification of its leases and to date this has not affected Gold Fields Ghana s ability to carry on

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its operations. To the extent that failure to ratify these leases adversely affects their validity, there may be a material adverse effect on Gold Fields business, operating results and financial condition. In addition, the new Minerals and Mining Act, 2006 (Act 703), or the Minerals and Mining Act, was passed by the Ghanaian Parliament in fiscal 2006. The Minerals and Mining Act repealed the Minerals and Mining Law, 1986 (PNDCL 153) as amended, or the Minerals and Mining Law, although, as regards existing mineral rights, the Minerals and Mining Law continues to apply to Gold Fields Ghana and Abosso Goldfields Limited, or Abosso, unless the minister responsible for mines provides otherwise by legislative instrument. Although the Minerals and Mining Act provides that it shall not have the effect of increasing the holder s costs, or financial burden, for a period of five years, if in the future new amendments or provisions are passed under the Minerals and Mining Act or new laws are passed which impose significant new costs or burdens on Gold Fields abilities to mine in Ghana or to obtain new mining leases for properties on which deposits are identified, this could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters Ghana Mineral Rights.

***Gold Fields operations in Australia are subject to environmental and health and safety regulations which could impose significant costs and burdens.***

Gold Fields Australian operations are subject to various laws and regulations relating to the protection of the environment, which are similar in scope to those of South Africa and Ghana. Gold Fields may, in the future, incur significant costs to comply with the Australian environmental 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. These costs may have a material adverse effect on Gold Fields business, operating results and financial condition.

Australian mining companies are required by law to undertake rehabilitation works as part of their ongoing operation and the Gold Fields subsidiaries that hold its Australian operations guarantee their environmental obligations by providing the Western Australian government with unconditional bank-guaranteed performance bonds to secure the estimated costs. These bonds do not cover remediation for events that were unforeseen at the time the bond was taken. Changes in the required method of calculation for these bond amounts or an unforeseen circumstance which produces unexpected costs may materially and adversely affect future environmental expenditures. See Information on the Company Regulatory and Environmental Matters Australia Environmental.

Gold Fields is obligated to provide and maintain a working environment which is safe for mine workers. A violation of the health and safety laws or a failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, a loss of the right to mine or the imposition of costly compliance procedures and penalties (including imprisonment). If health and safety authorities require Gold Fields to shut down all or a portion of the mine or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters Australia Health and Safety.

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

Certain of Gold Fields tenements are subject to native title claims, and there are Aboriginal heritage sites located on certain of Gold Fields tenements. Native title and Aboriginal legislation protect the rights of Aboriginals in relation to the land in certain circumstances. Other tenements may become subject to native title claims if Gold Fields seeks to expand or otherwise change its interest in rights to those tenements. Native title claims could require costly negotiations with the claimants or could affect 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.

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Aboriginal heritage sites relate to distinct areas of land which have either ongoing ethnographic, archaeological or historic significance. Aboriginal heritage sites have been identified with respect to portions of some of Gold Fields Australian mining tenements. Additional Aboriginal heritage sites may be identified on the same or additional tenements. Gold Fields may, in the future, incur significant costs as a result of changes in the interpretation of, or new laws regarding, native title and Aboriginal heritage, which may result in a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters Australia Land Claims.

***The acquisition of Western Areas, BGSA and South Deep may expose Gold Fields to unknown liabilities and risks.***

Prior to acquiring South Deep from Barrick Gold South Africa (Pty) Limited, or BGSA, a subsidiary of Barrick Gold Corporation, or Barrick, and Western Areas Limited, or Western Areas, Gold Fields was able to conduct only limited due diligence on South Deep, Western Areas and BGSA. There can be no assurance that Gold Fields identified all the liabilities of, and risks associated with, South Deep, BGSA or Western Areas prior to acquiring them or that it will not be subject to unknown liabilities of, and risks associated with, South Deep, Western Areas or BGSA, including liabilities and risks that may become evident only after Gold Fields has been involved in the operational management of South Deep for a longer period of time.

***Gold Fields has not independently confirmed the reliability of the South Deep, BGSA or Western Areas information for the period prior to their respective acquisitions by Gold Fields included in this annual report.***

In respect of information relating to South Deep or Western Areas presented in this annual report for the period before their respective acquisitions by Gold Fields, Gold Fields relied upon publicly available information, including information publicly filed by Western Areas with the JSE Limited, or the JSE, and certain due diligence materials supplied by Western Areas and Barrick. For example, Gold Fields attributable proven and probable reserves are based on the pre-acquisition South Deep operation reserve figures as declared for December 2005 by an independent reserve panel for the Barrick Gold Western Areas Joint Venture between Barrick Gold South Africa (Pty) Limited (formerly, Placer Dome South Africa Proprietary Limited) and Western Areas Limited, but updated by Gold Fields to June 30, 2007 for mining depletions. Although Gold Fields has no knowledge that would indicate that any statements contained in this annual report based upon that publicly available information and those due diligence materials are inaccurate, incomplete or untrue, Gold Fields was not involved in the preparation of the information and materials and has not had the opportunity to perform due diligence on them and, therefore, cannot verify the accuracy, completeness or truth of the information or materials or any failure by Western Areas or Barrick to disclose events that may have occurred, but that are unknown to Gold Fields, that may affect the significance or accuracy of any such information.

***Gold Fields may continue to face potential risks associated with operating in Venezuela due to its stake in Rusoro Mining Limited.***

On November 30, 2007, Gold Fields disposed of its operations in Venezuela. Gold Fields received U.S.$180 million in cash and 140 million newly-issued Rusoro shares, which at the time of sale represented approximately 37% of the outstanding shares of Rusoro. As a result of its stake in Rusoro, Gold Fields will be indirectly exposed to the risks of operating in Veneuzuela, which has experienced intense political and social turmoil in recent years. These risks include the costs associated with complying with a rigorous exchange control regime, the costs and other challenges associated with complying with labor laws, the risk of expropriation or other state intervention in the operation of mining businesses, risks associated with the implementation of a new mining rights regime, costs associated with a plan announced by the Venezuelan government to emphasize compliance with tax laws and the costs and other risks associated with complying with environmental, health and safety and worker protection laws. See Information on the Company Recent Developments Sale of Choco 10.

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***Investors in the United States 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.***

Gold Fields is incorporated in South Africa. The majority of Gold Fields directors and executive officers (and certain experts named herein) reside outside of 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. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court which pronounced the judgment had jurisdiction to entertain the case according to the principles recognized by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the United States proceedings were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgment was not obtained by fraudulent means;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Businesses Act 99 of 1978, as amended, of the Republic of South Africa.

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, that does not mean that such awards are necessarily contrary to public policy. Whether a judgment is contrary to public policy depends on the facts of each case. Exorbitant, unconscionable or excessive awards will generally be 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. South African courts will usually implement their own procedural laws and, where an action based on an international contract is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law. It is doubtful whether an original action based on United States federal securities laws may be brought before South African courts. 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. Furthermore, 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 may face liquidity risk in trading Gold Fields ordinary shares on the 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. See The Offer and Listing JSE Limited.

***Gold Fields may not pay dividends or make similar payments to its shareholders in the future.***

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 and

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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. 61 of 1973, or the Companies Act, and Gold Fields Articles of Association. Cash dividends or other similar payments may not be paid in the future.

***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 any dividends or distributions with respect to Gold Fields ordinary shares 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 no longer be freely transferable outside South Africa to shareholders who are not residents of the Common Monetary Area. 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 and the Mvela Gold share exchange option.***

As of November 20, 2007, Gold Fields had an aggregate of 1,000,000,000 ordinary shares authorized to be issued and as of that date an aggregate of 652,337,476 ordinary shares were issued and outstanding. Gold Fields currently has two securities option plans which are authorized to grant options in an amount of up to an aggregate of 25,071,013 ordinary shares. At their annual general meeting on November 17, 2005, Gold Fields shareholders approved two new securities option plans which will replace the two existing plans. The first allocation of shares under The Gold Fields Limited 2005 Share Plan was made in March 2006, when 430,500 performance vesting restricted shares were awarded. In November 2005, 33,000 restricted shares were awarded to the non-executive directors under The Gold Fields Limited 2005 Non-Executive Share Plan. The second allocation of shares under The Gold Fields Limited 2005 Share Plan was made in March 2007, when 1,496,897 performance vesting restricted shares were awarded. A further 69,100 performance vesting restricted shares were awarded in October, 2007. In November 2006 and November 2007, 18,900 and 29,600 restricted shares, respectively, were awarded to the non-executive directors under The Gold Fields Limited 2005 Non-Executive Share Plan**.**

Gold Fields employees and directors had outstanding, as of November 20, 2007, options to purchase a total of 5,369,632 ordinary shares at exercise prices of between Rand 20.90 and Rand 154.65 that expire between June 18, 2008 and October, 15, 2013 under The GF Management Incentive Scheme and 174,400 ordinary shares at exercise prices of between Rand 43.70 and Rand 110.03 that expire between December 16, 2008 and March, 28, 2010 under The GF Non-Executive Director Share Plan. Gold Fields has outstanding, as of November 20, 2007, 846,211 share appreciation rights at a strike price of Rand 125.28, which expire on March 24, 2012, and 330,081 performance vesting restricted shares due to be settled on March 24, 2009, under The Gold Fields Limited 2005 Share Plan. Gold Fields has outstanding, as of November 20, 2007, 890,440 share appreciation rights at a strike price of Rand 124.19, which expire on March 1, 2013, and 1,480,754 performance vesting restricted shares due to be settled on March 1, 2010, under The Gold Fields Limited 2005 Share Plan As of the same date, Gold Fields had outstanding 33,000 restricted shares due to be settled on November 17, 2008, 18,900 restricted shares due to be settled in November 2009 and 29,600 restricted shares due to be settled on November 2, 2010 under The Gold Fields Limited 2005 Non-Executive Share Plan. Shareholders equity interests in Gold Fields will be diluted to the extent of future exercises of these rights and any additional rights. See Directors, Senior Management and Employees The GF Management Incentive Scheme, Directors, Senior Management and Employees The Gold Fields Limited 2005 Share Plan, Directors, Senior Management and Employees The GF Non-Executive Director Share Plan and Directors, Senior Management and Employees The Gold Fields Limited 2005 Non-Executive Share Plan.

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As part of the Mvelaphanda Transaction, Mvelaphanda Gold (Proprietary) Limited, or Mvela Gold, is obliged to subscribe for 15% of the share capital of GFI Mining South Africa (Proprietary) Ltd, or GFIMSA, a wholly-owned subsidiary of Gold Fields, upon repayment of the Mvela Loan. Under the Subscription and Share Exchange Agreement entered into on December 11, 2003, between Gold Fields, GFIMSA, and Mvela Gold in connection with the Mvelaphanda Transaction, for a period of one year after the subscription of the GFIMSA shares each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold s GFIMSA shares for ordinary shares of Gold Fields of an equivalent value, but numbering not less than 45,000,000 and not more than 55,000,000 Gold Fields ordinary shares, adjusted as necessary to reflect changes to Gold Fields capital structure and certain corporate activities of Gold Fields. Shareholders equity interests in Gold Fields will be diluted if Gold Fields or Mvela Gold requires the exchange of GFIMSA shares for Gold Fields shares. See Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction.

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## ITEM 4: INFORMATION ON THE COMPANY

### Introduction

Gold Fields is a significant producer of gold and major holder of gold reserves in South Africa, Ghana, Australia and Peru. Gold Fields is primarily involved in underground and surface gold mining and related activities, including exploration, extraction, processing and smelting. Gold Fields also has strategic interests in platinum group metal exploration. Gold Fields is currently the largest gold producer in South Africa and one of the largest gold producers in the world, based on annual production.

The majority of Gold Fields operations, based on gold production, are located in South Africa. Its South African operations include Driefontein, Kloof, Beatrix and South Deep. Gold Fields also owns the St. Ives and Agnew gold mining operations in Australia, has a 71.1% interest in each of the Tarkwa gold mine and the Damang gold mine in Ghana. On November 30, 2007, Gold Fields sold the Choco 10 gold mining operation in Venezuela. See Recent Developments Sale of Choco 10.

Gold Fields also owns an 80.72% economic interest in the Cerro Corona Development Project, which is due to start producing in the fourth quarter of fiscal 2008. In addition, Gold Fields has gold and other precious metal exploration activities and interests in Africa, Australasia, China, Europe, North America and South America. See Gold Fields Mining Operations Development Projects Cerro Corona Development Project, Exploration Gold Fields Greenfields Exploration Projects and Recent Developments.

Based on the figures reported by Gold Fields mining operations together with the recently acquired South Deep operation reserve figures, as declared for December, 2005 by an independent reserve panel for the Barrick Gold Western Areas Joint Venture between Barrick Gold South Africa (Pty) Limited, or BGSA (formerly, Placer Dome South Africa Proprietary Limited), and Western Areas Limited, or Western Areas, but updated by Gold Fields to June 30, 2007 for mining depletions (see Risk Factors Gold Fields has not independently confirmed the reliability of the South Deep, BGSA or Western Areas information for the period prior to their respective acquisitions by Gold Fields included in this annual report ), as of June 30, 2007, Gold Fields had attributable proven and probable reserves of approximately 89.7 million ounces of gold, as compared to the 61.8 million ounces reported as of June 30, 2006. In the year ended June 30, 2007, Gold Fields processed 52.2 million tons of ore and produced 4.285 million ounces of gold, of which 44.1 million tons and 4.024 million ounces were attributable to Gold Fields.

### History

Since the beginning of fiscal 2007, the following significant events have occurred:

On December 1, 2006, Gold Fields acquired the entire issued share capital of BGSA (formerly, Placer Dome South Africa Proprietary Limited), which held a 50% interest in the Barrick Gold Western Areas Joint Venture (previously, the Placer Dome Western Areas Joint Venture), an unincorporated entity in which Barrick Gold Corporation, or Barrick, and Western Areas, each held an interest of 50%. The Barrick Gold Western Areas Joint Venture owned the developing South Deep gold mine adjacent to Gold Fields Kloof gold mine, located in the Witwatersrand basin near Johannesburg. Barrick received consideration of U.S.$1.525 billion, comprised of U.S.$1.2 billion in cash and 18.7 million Gold Fields shares, valued at U.S.$325 million. The Barrick Gold Western Areas Joint Venture, which was the entity s name at the time of acquisition, is now known as the South Deep Joint Venture.

On October 30, 2006, Gold Fields commenced an offer, referred to herein as the Offer, to acquire the entire issued share capital of Western Areas not already owned by Gold Fields by offering 35 Gold Fields ordinary shares for every 100 Western Areas shares. Western Areas principal asset was its 50% interest in South Deep. Pursuant to the Offer and the subsequent compulsory acquisition of Western Areas shares, Gold Fields issued a total of 33,461,565 Gold Fields Ordinary Shares to Western Areas shareholders.

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In support of the Offer, and pursuant to an agreement between Gold Fields, JCI Limited, or JCI, and certain subsidiaries of JCI, Gold Fields, on November 16, 2006, acquired 27 million Western Areas shares from one of the subsidiaries of JCI in exchange for the issue to JCI of 9,450,000 Gold Fields shares. In addition, pursuant to the agreement, Gold Fields, on November 28, 2006, exercised call options in respect of a further 9.96 million Western Areas shares held by the JCI subsidiaries. As a result of these transactions and the Offer, Gold Fields acquired 100% of Western Areas and the South Deep mine in fiscal 2007.

On November 30, 2007, Gold Fields disposed of its assets in Venezuela to Rusoro Mining Ltd., or Rusoro, for a total consideration of approximately U.S.$532 million (based on the volume weighted average price, or VWAP, of Rusoro shares as quoted by Bloomberg for the 10 days prior to the date the agreement was signed). Gold Fields received U.S.$180 million in cash and 140 million newly-issued Rusoro shares, which at the time of sale represented approximately 37% of the outstanding shares of Rusoro. Pursuant to the transaction, Rusoro acquired Gold Fields stake in the Choco 10 gold mine, as well as the contiguous mineral rights owned by Gold Fields.

Gold Fields is a public company incorporated in South Africa, with a registered office located at 24 St. Andrews Road, Parktown 2193, South Africa, telephone number +27-11-644-2400.

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**Organizational Structure**

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

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1 Unless otherwise stated, all subsidiaries are, directly or indirectly, wholly-owned by Gold Fields Limited.

2 In fiscal 2007, Gold Fields Venezuela Holding B.V. changed its name to Gold Fields Netherlands Services B.V. On November 30, 2007, Gold Fields Netherlands Services B.V. sold its Venezuelan assets to Rusoro Mining Limited. See Recent Developments Sale of Choco 10.

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**Strategy**

***General***

Gold Fields is a significant producer of gold and a major holder of gold reserves in South Africa, Ghana, Australia and Peru. Gold Fields also has reported gold and copper reserves at the Cerro Corona Project, a development project in Peru which is presently under construction. The gold industry has historically been highly fragmented and a trend has been underway to consolidate the industry through mergers and acquisitions.

***Global Context***

Gold Fields strategy was developed in the context of a global market characterized by an extended period of low gold prices, reduced global expenditure on gold exploration and increasing industry consolidation. This strategy has evolved over time, but despite the recent increase in the price of gold, Gold Fields has maintained a strategy of general caution with respect to financial commitments while maintaining full exposure to the effects of the gold price.

Generally, Gold Fields strategy consists of the following key elements:

- operational excellence, which is aimed at improving returns through the optimization of existing assets. This is achieved in the first instance through improving productivity. Secondly, it also implies the reduction of costs through cost management initiatives and growing assets through inward investment;

- growing Gold Fields by diversifying geographical, technical and product risk through acquiring and developing additional long-life assets. Starting in fiscal 2004, Gold Fields set a goal of achieving an additional 1.5 million ounces of annual gold production outside of South Africa by the end of calendar year 2009, a goal it retains notwithstanding the sales of the Essakane project and the Venezuelan operations; and

- securing the future of Gold Fields by earning and maintaining what Gold Fields calls its license to operate in those countries and regions in which it operates and by upholding strong principles of corporate governance. Gold Fields views its ability to conduct its operations as involving a reciprocal commitment from Gold Fields to the communities where it is located to deal with issues related to sustainable development.

***Operational Excellence***

Management believes that improved profitability at existing operations can be achieved by increasing mining rates, increasing mining quality and reducing costs. Management believes that significant opportunity exists to do this, specifically through:

- increasing development rates at the South African operations to provide for ore reserve and mining flexibility;

- increasing quality mining through increasing volumes mined above the pay limit and/or cut-offs and ensuring that dilution is minimized. Dilution can be minimized through programs aimed at reducing the quantities of waste mined both underground and in the open pits. Quality can be improved through ongoing grade control and optimizing mine call factors;

- increasing productivity through skills development programs, aligning incentive schemes with desired outcomes, removing bottlenecks, improving ventilation and lowering temperatures at the South African operations, rationalization of infrastructure and plant modernizations;

investing in cost reduction through replacement of older equipment with modern and more efficient equipment;

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reducing costs through improving controls over the consumption of materials used in the mines, implementing improved procurement practices and exploring opportunities for global and regional supply contracts; and

improving efficiencies and controls in areas such as people management, planned maintenance, transport and medical facilities.

***Acquisitions and Exploration***

Gold Fields is one of the largest producers of gold in the world. Gold Fields corporate development mandate is to grow as a world leader in developing and operating low-cost, long-life precious metal mines. Gold Fields is sensitive to the fact that increased competition for acquisitions and higher gold prices are pushing asset prices to levels that threaten returns. The impact on returns has been exacerbated by higher input costs, particularly as significant increases in base metal prices has led to increased mining of base metals, which uses some of the same inputs as gold mining, and therefore has increased overall demand for those products.

To be considered by Gold Fields, generally an exploration project must have the potential to meet certain target criteria (which vary depending on other strategic objectives and the quality of the project): the potential for a minimum of 5,000,000 ounces of reserves; production rates in the range of 500,000 gold equivalent ounces per year; and a double-digit rate of return. If these criteria are met and the project fits within Gold Fields strategic development goals, Gold Fields will consider taking on the project. Great effort is also placed on reviewing non-geological aspects of prospective projects, such as social, political, environmental and commercial risks, insuring that an appropriate risk versus reward tradeoff analysis is factored into the decision.

For acquisitions of gold assets or companies outside South Africa, Gold Fields is at somewhat of a disadvantage to certain of its competitors, but this also has offsetting strengths. South African exchange control regulations limit Gold Fields ability to provide guarantees or borrow outside South Africa without express approval from the South African Reserve Bank, or the SARB. However, in his speech to Parliament toward the end of October 2004, the Minister of Finance outlined the South African Treasury s medium-term budget policy statement and repeated that it was the government s eventual goal to replace all remaining exchange controls with prudential benchmarks. He also announced the abolition of exchange control limits on new outward foreign direct investments by South African corporations and the lifting of their obligation to repatriate foreign dividends. There have subsequently been further indications from the Ministry of Finance that it remains the government s intention to gradually phase out the remaining exchange controls over time. On the other hand, Gold Fields has a strong balance sheet and low debt-to-equity ratio and also has a skilled and effective corporate evaluation and acquisition team, and a sound track record in project development.

Gold Fields also maintains an active global exploration effort for gold and PGMs through exploration offices worldwide and an exploration philosophy that management believes is well focused and cost efficient.

***Hedging***

Gold Fields does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold production. Gold Fields believes that investors in Gold Fields shares seek an unlimited exposure to movements in the U.S. dollar gold price and the resulting effect on Gold Fields earnings. However, commodity hedges are sometimes undertaken on in one or more of the following circumstances to protect cash flows at times of significant capital expenditure; for specific debt servicing requirements; and to safeguard the viability of higher cost operations.

Gold Fields may from time to time establish currency and/or interest rate financial instruments to protect underlying cash flows or to take advantage of potential favorable currency movements.

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**Reserves of Gold Fields as of June 30, 2007**

***Methodology***

This reserve statement is a restatement of Gold Fields declared reserves as at December 31, 2006 figures to June 30, 2007. In this regard, the process followed was similar to that used by an independent mining industry consultant to restate Gold Fields declared reserves as of December 31, 2005 to June 30, 2006, with the primary difference being that this restatement was generated, documented and signed internally and then, after suitable internal corporate governance processes, provided to an independent mining industry consultant for review.

The methodology used by Gold Fields to produce its reserve statement as at December 31, 2006 and that used to restate those reserves to June 30, 2007 were similar in scope and methodology and involved for each mining asset, reviews and assessments of (i) the mining asset, including title, rights and applicable laws; (ii) the geology; (iii) mineralized material from which ore reserves are derived; (iv) the mine plan, schedule and ore reserves; (v) the processing method; (vi) tailings management; (vii) the engineering infrastructure, expected overhead costs and planned capital projects; (viii) human resources; (ix) safety and health issues; (x) any environmental issues, including legislation and liabilities; (xi) valuation, including financial models and resultant net present values; and (xii) risk assessment, including general risks, specific risks and remediation measures.

The main differences in the process for preparing the statement for June 30, 2007 was in the shorter timeframes involved, as only half the time had passed since the preparation of the immediately prior statements, resulting in limited new data, reviews and processes to which the resulting figures were exposed. This restatement therefore focused on a review of all available new information, updates, and any other material issues apparent since the Gold Fields reserve statement as at December 31, 2006, which was fully audited. In arriving at the final statement for the June 30, 2007 declaration, following and based on the reviews and assessments outlined above, the reserve estimates were updated where material changes were apparent, other figures associated with the items outlined above were also updated, and finally mining depletions were applied at the various operations.

While there are some differences between the definition of the South African Code for Reporting of Mineral Resources and Mineral Reserves, or SAMREC Code, and that of the Securities and Exchange Commission s, or SEC s, industry guide number 7, only reserves at each of Gold Fields operations and exploration projects as of June 30, 2007 which qualify as reserves for purposes of the SEC s industry guide number 7 are presented in the table below. See Glossary of Mining Terms. In accordance with the requirements imposed by the JSE, Gold Fields reports its reserves using the terms and definitions of the SAMREC Code. Mineral or ore reserves, as defined under the SAMREC Code, are divided into categories of proven and probable reserves and are expressed in terms of tons to be processed at mill feed head grades, allowing for estimated mining dilution and recovery factors.

Gold Fields reports reserves using cut-off grades (mainly for open pit operations) and pay limits to ensure the reserves realistically reflect both the cost structures and required margins relevant to each mining operation. Cut-off grade is the grade that distinguishes the material within an orebody that is to be extracted and treated from the remaining material. The pay limit is the grade at which an orebody can be mined without profit or loss calculated using an appropriate gold or copper price and working costs, plus modifying factors. Modifying factors used to calculate the pay limit grades include adjustments to mill delivered amounts, due to dilution incurred in the course of mining. Modifying factors applied in estimating reserves are primarily historical, but commonly incorporate adjustments for planned operational improvements such as those described below under Description of Mining Business Productivity Initiatives. Tonnage and grade may include some mineralization below the selected pay limit and cut-off grade to ensure that the reserve comprises blocks of adequate size and continuity. Reserves also take into account cost levels at each operation and are supported by mine plans.

The estimation of reserves at the South African underground operations is based on surface drilling, underground drilling, surface three-dimensional reflection seismics, orebody facies, structural modeling,

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underground channel sampling and geostatistical estimation. The reefs are initially explored by drilling from the surface on an approximately 500 meter to 2,000 meter grid. Once underground access is available, drilling is undertaken on an approximately 30 meter by 60 meter grid. Underground channel sampling perpendicular to the reef is undertaken at three meter intervals in development areas and five meter intervals at stope faces.

The following sets out the reserve estimation methodologies for the different categories of reserves at the underground operations of each of the South African mines (other than South Deep, where Gold Fields is still evaluating the reserve position following its acquisition of the mine).

*Driefontein*

| Reserve Classification | Sample Spacing Range Min/Max (meters) | Maximum Distance Data is Projected (meters) |
|---|---|---|
| Proven | 3 to 180 | 110 |
| Probable (AI)[1] | 3 to 1,140 | 570 |
| Probable (BI)[1] | 3 to 2,840 | 1,420 |

Note:

(1) AI is above infrastructure; BI is below infrastructure.

For proven reserves, the orebody is opened-up and sampled on a three meter spacing for development (such as raises), and a five meter grid for stoping, together with underground borehole spacings ranging from tens to hundreds of meters. Blocks classified as proven are therefore generally adjacent to close spaced sampling and generally pierced by a relatively dense irregular pattern of boreholes. Estimation is constrained within both geologically homogenous structural and facies zones, and is generally derived from either ordinary or simple kriged small-scale grids, ranging from 10 meter to 20 meter block sizes.

For above infrastructure probable reserves, the estimates access the significant numbers of samples on a three meter spacing for development, and a five meter grid for stoping bordering these areas. In addition underground borehole spacings ranging from tens to hundreds of meters are used together with surface drillholes and seismic surveys. Blocks classified as probable (AI) are generally adjacent to blocks classified as proven. Estimation is constrained within homogenous structural and facies zones, and is generally derived from either ordinary or simple kriged medium to macro scale sized grids ranging from 40 meter to 420 meter sizes, or through declustered averaging or Sichel t techniques. For planning purposes these blocks are further evaluated to facilitate the selection of blocks above the cut-off grade.

For below infrastructure probable reserves, the estimates access the significant numbers of samples on a three meter spacing for development, and a five meter grid for stoping above these areas. In addition underground borehole spacings ranging from tens to hundreds of meters are used together with surface drillholes and seismic surveys. Blocks classified as probable (BI) are generally below blocks classified as proven or probable (AI). Estimation is constrained within homogenous structural and facies zones, and is generally derived from either ordinary or simple kriged medium to macro scale sized grids ranging from 40 meters to 420 meter sizes, or through declustered averaging or Sichel t techniques. For planning purposes these blocks are further evaluated to facilitate the selection of blocks above the cut-off grade.

*Kloof*

| Reserve Classification | Sample Spacing Range Min/Max (meters) | Maximum Distance Data is Projected (meters) |
|---|---|---|
| Proven | 3 to 150 | 150 |
| Probable (AI)[1] | 3 to 718 | 360 |

| | | |
|---|---|---|
| Probable (BI)[1] | 3 to 1,390 | 890 |

Note:

(1) AI is above infrastructure; BI is below infrastructure.

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Estimations for proven reserves are made on the same basis as at Driefontein.

Estimations for above infrastructure probable reserves are made on the same basis as at Driefontein, but with medium sized kriged grids starting from 40 meters to macro blocks of 400 meters. For planning purposes these blocks are further evaluated to facilitate the selection of blocks above the cut-off grade.

Estimations for below infrastructure probable reserves are made on the same basis as at Driefontein, but with medium-sized kriged grids starting from 40 meters to macro blocks of 400 meters. The distinction between estimation techniques for above infrastructure and below infrastructure probable reserves is the same as at Driefontein. For planning purposes these blocks are further evaluated to facilitate the selection of blocks above the cut-off grade.

*Beatrix*

| Reserve Classification | Sample Spacing Range Min/Max (meters) | Maximum Distance Data is Projected (meters) |
|---|---|---|
| Proven | 3 to 120 | 120 |
| Probable (AI)[1] | 3 to 940 | 750 |
| Probable (BI)[1] | 540 to 610 | 740 |

Note:

(1) AI is above infrastructure; BI is below infrastructure.

Estimations for proven reserves are made on the same basis as at Driefontein but with kriging blocks ranging from 16 meters to 32 meters.

Estimations for above infrastructure probable reserves are made on the same basis as at Driefontein but with medium-sized kriged blocks of 32 meters, and macro geological zone estimates being made through declustered averaging or Sichel t techniques. For planning purposes these blocks are further evaluated to facilitate the selection of blocks above the cut-off grade.

Estimations for below infrastructure probable reserves are made on the same basis as at Driefontein but with medium-sized kriged blocks being 32 meters, to macro geological zone estimates through declustered averaging or Sichel t techniques. The distinction between estimation techniques for above infrastructure and below infrastructure probable reserves is the same as at Driefontein. For planning purposes these blocks are further evaluated to facilitate the selection of blocks above the cut-off grade.

The primary assumptions of continuity of the geologically homogenous zones are driven by the geological model, which is updated only if new information arises. Any changes to the model are subject to peer, internal technical corporate consultant and independent consultant review. Historically, mining at South African deep level gold mines has shown significant geological continuity, so that new mines were started based on limited surface borehole information. Customarily, geological facies are primarily based on the definition of different facies within each conglomerate horizon. These facies are extrapolated into new, undeveloped areas taking into account any surface borehole data in those areas. Normally these facies are continuous, supported by extensive historical sample databases, and can be incorporated in the macro kriging of large blocks.

For the Tarkwa open pit operation, estimation of reserves is based on a combination of an initial 100 or 200 meter grid of diamond drilling and in certain areas a 12.5 meter to 25.0 meter grid of reverse circulation drilling. For the Damang open pit operation, estimation of reserves is based on a 20 meter to 80 meter grid of diamond drilling and in certain areas reverse circulation drilling.

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At the Australian operations, the estimation of reserves for both underground and open pit operations is based on exploration, sampling and testing information gathered through appropriate techniques, primarily from drill holes and mine development. The locations of sample points are spaced closely enough to deduce or confirm geological and grade continuity. Generally, drilling is undertaken on grids, which range between 20 meters by 20 meters to 40 meters by 40 meters, although this may vary depending on the continuity of the orebody. Due to the variety and diversity of resources at St. Ives and Agnew, sample spacing may also vary depending on each particular ore type. For Choco 10 and the Cerro Corona Project, estimation is based on diamond drill and reverse circulation holes. The spacing of holes at Cerro Corona is generally around 50 meters, with some areas approximating a 25 meter grid. The drill spacing at Choco 10 is varied, depending on geological and grade continuity, with a general spacing of 50 meters by 25 meters to 25 meters by 25 meters.

***Reserve Statement***

As of June 30, 2007, Gold Fields had aggregated attributable proven and probable gold reserves of approximately 89.7 million ounces as set forth in the following table.

**Gold ore reserve statement as of June 30, 2007[1]**

| | Proven reserves | | | Probable reserves | | | Total reserves | | | Attributable gold production in the 12 months ended June 30, 2007[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| | Tons (million) | Head Grade (g/t) | Gold ( 000 oz) | Tons (million) | Head Grade (g/t) | Gold ( 000 oz) | Tons (million) | Head Grade (g/t) | Gold ( 000 oz) | ( 000 oz) |
| **Underground ( UG )** | | | | | | | | | | |
| Driefontein (UG) (total) | 19.1 | 8.5 | 5,207 | 53.3 | 9.0 | 15,483 | 72.5 | 8.9 | 20,690 | 926 |
| Above infrastructure[3] | 19.1 | 8.5 | 5,207 | 22.2 | 9.8 | 6,995 | 41.3 | 9.2 | 12,202 | 926 |
| Below infrastructure[3] | | | | 31.1 | 8.5 | 8,488 | 31.1 | 8.5 | 8,488 | |
| Kloof (UG) (total) | 11.6 | 10.7 | 3,997 | 27.3 | 10.0 | 8,804 | 38.9 | 10.2 | 12,801 | 909 |
| Above infrastructure[3] | 11.6 | 10.7 | 3,997 | 23.0 | 9.6 | 7,112 | 34.6 | 10.0 | 11,109 | 909 |
| Below infrastructure[3] | | | | 4.3 | 12.1 | 1,692 | 4.3 | 12.1 | 1,692 | |
| South Deep (UG) (total)[6] | 11.0 | 7.4 | 2,608 | 143.9 | 6.0 | 27,832 | 154.9 | 6.1 | 30.439 | 152 |
| Above infrastructure[3][6] | 11.0 | 7.4 | 2,608 | 77.3 | 6.2 | 15,517 | 88.3 | 6.4 | 18,125 | 152 |
| Below infrastructure[3][6] | | | | 66.6 | 5.8 | 12,315 | 66.6 | 5.8 | 12,315 | |
| Beatrix (UG) (total) | 14.1 | 5.4 | 2,472 | 31.8 | 5.6 | 5,711 | 46.0 | 5.5 | 8,182 | 543 |
| Above infrastructure[3] | 14.1 | 5.4 | 2,472 | 28.3 | 5.6 | 5,058 | 42.4 | 5.5 | 7,530 | 543 |
| Below infrastructure[3] | | | | 3.5 | 5.8 | 653 | 3.5 | 5.8 | 653 | |
| **Australia** | | | | | | | | | | |
| St. Ives | | | | 6.4 | 5.2 | 1,062 | 6.4 | 5.2 | 1,062 | 215 |
| Agnew | 0.5 | 10.6 | 167 | 1.3 | 7.8 | 318 | 1.8 | 8.6 | 485 | 136 |
| Total Underground | 56.3 | 8.0 | 14,451 | 264.0 | 7.0 | 59,210 | 320.5 | 7.1 | 73,659 | 2,882 |
| **Surface (Rock Dumps)** | | | | | | | | | | |
| Driefontein | | | | 4.6 | 0.9 | 133 | 4.6 | 0.9 | 133 | 90 |
| Kloof | | | | 12.3 | 0.7 | 296 | 12.3 | 0.7 | 296 | 14 |
| South Deep[6] | | | | | | | | | | 9 |

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| | Proven reserves | | | Probable reserves | | | Total reserves | | | Attributable gold production in the 12 months ended June 30, 2007[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| | Tons (million) | Head Grade (g/t) | Gold ( 000 oz) | Tons (million) | Head Grade (g/t) | Gold ( 000 oz) | Tons (million) | Head Grade (g/t) | Gold ( 000 oz) | ( 000 oz) |
| **Surface (Production Stockpile)** | | | | | | | | | | |
| **Ghana** | | | | | | | | | | |
| Tarkwa | 4.1 | 0.7 | 99 | | | | 4.1 | 0.7 | 99 | |
| Damang | | | | 4.4 | 1.1 | 150 | 4.4 | 1.1 | 150 | |
| **Australia** | | | | | | | | | | |
| St. Ives | 5.1 | 1.2 | 199 | | | | 5.1 | 1.2 | 199 | |
| Agnew | 0.9 | 1.9 | 59 | | | | 0.9 | 1.9 | 59 | |
| **Venezuela** | | | | | | | | | | |
| Choco 10 | 0.5 | 1.1 | 15 | | | | 0.5 | 1.1 | 15 | |
| **Peru** | | | | | | | | | | |
| Cerro Corona | 0.5 | 1.5 | 22 | | | | 0.5 | 1.5 | 22 | |
| **Surface (Open Pit)** | | | | | | | | | | |
| **Ghana** | | | | | | | | | | |
| Tarkwa | 100.7 | 1.3 | 4,277 | 108.1 | 1.2 | 4,304 | 208.9 | 1.3 | 8,581 | 496(4) |
| Damang[5] | 4.6 | 2.0 | 295 | 12.2 | 1.5 | 587 | 16.8 | 1.6 | 882 | 134(4) |
| **Australia** | | | | | | | | | | |
| St. Ives[5] | 0.8 | 2.5 | 63 | 21.8 | 1.7 | 1,184 | 22.6 | 1.7 | 1,247 | 272(4) |
| Agnew[5] | 0.2 | 3.7 | 22 | | 2.0 | | 0.2 | 3.7 | 22 | 76(4) |
| **Venezuela** | | | | | | | | | | |
| Choco 10 | 2.3 | 2.9 | 213 | 14.4 | 3.3 | 1,531 | 16.7 | 3.2 | 1,744 | 52(4) |
| **Peru** | | | | | | | | | | |
| Cerro Corona | 21.9 | 1.1 | 798 | 56.7 | 1.0 | 1,743 | 78.5 | 1.0 | 2,541 | |
| **Total Surface** | 141.6 | 1.3 | 6,061 | 234.5 | 1.3 | 9,929 | 376.1 | 1.3 | 15,991 | 1,142 |
| **Total** | 197.9 | 3.2 | 20,512 | 498.5 | 4.3 | 69,139 | 696.5 | 4.0 | 89,650 | 4,024 |
| **Totals by Mine** | | | | | | | | | | |
| Driefontein | 19.1 | 8.5 | 5,207 | 57.9 | 8.4 | 15,616 | 77.1 | 8.4 | 20,823 | 1,017 |
| Kloof | 11.6 | 10.7 | 3,997 | 39.5 | 7.2 | 9,100 | 51.2 | 8.0 | 13,097 | 923 |
| South Deep[6] | 11.0 | 7.4 | 2,608 | 143.9 | 6.0 | 27,832 | 154.9 | 6.1 | 30,439 | 161 |
| Beatrix | 14.1 | 5.4 | 2,472 | 31.8 | 5.6 | 5,711 | 46.0 | 5.5 | 8,182 | 543 |
| Tarkwa | 104.8 | 1.3 | 4,375 | 108.1 | 1.2 | 4,304 | 213.0 | 1.3 | 8,680 | 496 |
| Damang | 4.6 | 2.0 | 295 | 16.6 | 1.4 | 737 | 21.2 | 1.5 | 1,032 | 134 |
| St.Ives | 5.9 | 1.4 | 262 | 28.2 | 2.5 | 2,246 | 34.1 | 2.3 | 2,509 | 487 |
| Agnew | 1.6 | 4.8 | 248 | 1.3 | 7.8 | 318 | 2.9 | 6.1 | 566 | 212 |
| Choco 10 | 2.8 | 2.6 | 228 | 14.4 | 3.3 | 1,531 | 17.2 | 3.2 | 1,759 | 52 |
| Cerro Corona | 22.4 | 1.1 | 820 | 56.7 | 1.0 | 1,743 | 79.1 | 1.0 | 2,563 | |
| **Total** | 197.9 | 3.2 | 20,512 | 498.5 | 4.3 | 69,139 | 696.5 | 4.0 | 89,650 | 4,024 |

Notes:

(1) (a) Quoted as mill delivered tons and Run of Mine, or RoM, grades, inclusive of all mining dilutions and gold losses except mill recovery. Metallurgical recovery factors have not been applied to the reserve figures. The approximate metallurgical factors are as follows: (1) Driefontein 96.9%; (2) Kloof 97.4%; (3) Beatrix 96%; (4) South Deep 97.2%; (5) Tarkwa 95% for milling, 67% for heap leach; (6) Damang 92% to 93.5%; (7) St. Ives 94% to 95% for milling, 60% to 75% for heap leach; (8) Agnew 94%; (9) Choco 10 89% to 93%; and (10) Cerro Corona 55% to 75% for gold and 76% to 90% for copper. The metallurgical recovery is the ratio, expressed as a percentage, of the mass of the specific mineral

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product actually recovered from ore treated at the plant to its total specific mineral content before treatment. The South African operations have a fairly consistent metallurgical recovery, while the recoveries on the International operations vary according to the mix of the source material and method of treatment.

(b) For Driefontein, Kloof and Beatrix, a gold price of Rand 120,000 per kilogram ($550 per ounce at an exchange rate of Rand 6.79 per $1.00) was applied in calculating ore reserve figures. For the Tarkwa, Damang and Choco 10 operations and the Cerro Corona Project, ore reserve figures are based on an optimized pit at a gold price of $550 per ounce and a copper price of $1.25 per pound. For the Australian operations ore reserve figures are based on a gold price of A$715 per ounce ($550 per ounce at an exchange rate of A$1.30 per $1.00). Open pit ore reserves at the Australian operations are similarly based on optimized pits. The gold price used for reserves is the approximate three-year average, calculated on a monthly basis, of the London afternoon fixing price of gold. These prices are approximately 20% higher in South African Rand terms and 10% higher in U.S. and Australian dollar terms than the prices used for the December 31, 2006 declaration and reflect the effect of the increasing gold prices experienced in these currencies during the first half of calendar 2007 on the three-year historical average. Gold Fields is still evaluating the reserve position at South Deep following its acquisition of the mine during fiscal 2007 and accordingly has included the reserves for South Deep as declared by the Barrick Gold Western Areas Joint Venture (now, the South Deep Joint Venture) as at December 31, 2005, before its acquisition by Gold Fields, updated to June 30, 2007 for mining depletion. These reserves were calculated using a Rand price of 87,193 per kilogram ($400 per ounce at an exchange rate of Rand 6.78 per $1.00).

(c) For the South African operations, mine dilution relates to the difference between the mill tonnage and the stope face tonnage and includes other sources stoping (which is waste that is broken on the mining horizon, other than on the stope face), development to mill and tonnage discrepancy (which is the difference between the tonnage expected on the basis of the mine s measuring methods and the tonnage accounted for by the plant). For the International operations, dilution relates to unplanned waste and/or low-grade material being mined and delivered to the mill. Ranges are given for those operations that have multiple orebody styles and mining methodologies. The mine dilution factors are as follows: (i) Driefontein 21%; (ii) Kloof 20%; (iii) Beatrix 24%; (iv) Tarkwa 11%; (v) Damang 5% to 15%; (vi) St. Ives 5% to 16%; (vii) Agnew 10% to 15%; (viii) Choco 10 10% to 11%; and (ix) Cerro Corona 0.2%.

(d) The mining recovery factor relates to the proportion or percentage of ore mined from the defined orebody at the gold price used for the declaration of reserves. This percentage will vary from mining area to mining area. This percentage reflects planned and scheduled reserves against total potentially available reserves (at the gold price used for the declaration of reserves), with all modifying factors, mining constraints and pillar discounts applied. The mining recovery factors are as follows: (i) Driefontein 79%; (ii) Kloof 53%; (iii) Beatrix 69%; (iv) Tarkwa 99%; (v) Damang 74%; (vi) St. Ives 95%; and (vii) Agnew 95%.

(e) The pay limit (South African operations) and cut-off grade (International operations) vary per shaft, open pit or underground mine, depending on the respective costs, depletion schedule, ore type and dilution. The following are the average or range of values applied in the planning process: (i) Driefontein 1,770 cm.g/t; (ii) Kloof 1,760 cm.g/t; (iii) Beatrix 990 cm.g/t; (iv) South Deep 3.9g/t to 7.4g/t (at South Deep, the values are expressed in g/t, as focus is on tonnage rather than square meters) (v) Tarkwa 0.32 g/t for heap leach and 0.48 g/t for mill feed; (vi) Damang 0.84 g/t for fresh ore and 0.47 g/t for oxide ore; (vii) St. Ives 0.54 g/t to 0.92 g/t for heap leach, 0.94 g/t to 1.44 g/t for mill feed open pit, and 2.41 g/t to 3.02 g/t for mill feed underground; (viii) Agnew 0.9 g/t for mill feed open pit, and 3.3 to 3.7 g/t for mill feed underground; (ix) Choco 10 0.91 g/t to 1.07 g/t; and (x) Cerro Corona $8.32 to $8.40 net smelter return (combined copper and gold).

(f) Totals may not sum due to rounding. Where this occurs it is not deemed significant

(2) Actual gold produced after metallurgical recovery.

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(3) Above infrastructure reserves relate to mineralization which is located at a level at which an operation currently has infrastructure sufficient to allow mining operations to occur. Below infrastructure reserves relate to mineralization which is located at a level at which an operation currently does not have infrastructure sufficient to allow mining operations to occur, but where the operation has made plans to install additional infrastructure in the future which will allow mining to occur at that level.

(4) Includes some gold produced from stockpile material, which cannot be separately measured.

(5) Excludes inferred material within the pit design.

(6) See Risk Factors Gold Fields has not independently confirmed the reliability of the South Deep, BGSA or Western Areas information for the period prior to their respective acquisitions by Gold Fields included in this annual report and note (a) above.

The following table sets forth the proven and probable copper reserves of the Cerro Corona Project as of June 30, 2007 that are attributable to Gold Fields.

**Copper ore reserve statement as of June 30, 2007**

| | Proven Reserves Grade | | | Probable Reserves Grade | | | Total Reserves Grade | | | Attributable copper production in the 12 months ended June 30, 2007 (million lbs) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Tons (million) | Cu (%) | Cu (million lbs) | Tons (million) | Cu (%) | Cu (million lbs) | Tons (million) | Cu (%) | Cu (million lbs) | |
| **Surface (Open Pit) Peru** | | | | | | | | | | |
| Cerro Corona | 20.8 | 0.6 | 285 | 55.0 | 0.5 | 594 | 75.9 | 0.5 | 879 | |

**Gold and copper price sensitivity**

The amount of gold mineralization that Gold Fields can economically extract, and therefore can classify as reserves, is very sensitive to fluctuations in the price of gold. At gold prices different than the gold price of $550 per ounce used to estimate Gold Fields attributable reserves of 89.7 million ounces of gold as of June 30, 2007 listed above, Gold Fields operations would have had significantly different reserves. Based on the same methodology and assumptions as were used to estimate Gold Fields reserves as of June 30, 2007 listed above, but applying different gold prices that are 10% above and below the $550 per ounce gold price used to estimate Gold Fields attributable reserves, the attributable gold reserves of Gold Fields operations would have been as follows:

| | $495/oz | $550/oz ( 000 oz) | $605/oz |
|---|---|---|---|
| Driefontein[1] | 12,019[2] | 20,823 | 21,275 |
| Kloof[1] | 12,572 | 13,097 | 13,601 |
| Beatrix[1] | 6,378 | 8,182 | 9,297 |
| Tarkwa | 7,031 | 8,680 | 9,559 |
| Damang | 887 | 1,032 | 1,128 |
| St. Ives | 2,179 | 2,509 | 2,635 |
| Agnew | 526 | 566 | 578 |
| Cerro Corona | 2,563 | 2,563 | 2,563[3] |

| | | | |
|---|---|---|---|
| Choco 10 | 1,759 | 1,759 | 3,196 |
| Total[1][4] | 45,914 | 59,211 | 63,832 |

Notes:

(1) South African operations reserves include run-of-mine ore stockpiles. As Gold Fields is still evaluating the reserve position at South Deep following its acquisition of the mine during fiscal 2007, and has included the

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reserves for South Deep declared by the Placer Dome Western Areas Limited Joint Venture as at December 31, 2005, calculated using a U.S. dollar price of $400 per ounce, and updated to June 30, 2007 for minor additions and mining depletion, it is not feasible to present a comparable sensitivity analysis for South Deep. See Risk Factors Gold Fields has not independently confirmed the reliability of the South Deep, BGSA or Western Areas information for the period prior to their respective acquisitions by Gold Fields included in this annual report.

(2) Excludes Shaft No. 9 below infrastructure material that would not be economical to mine, and thus would not be a reserve, at this lower gold price.

(3) Under the current tailings dam design at the Cerro Corona Project, reserves would not respond to an upward movement of the gold price because of current capacity constraints at the tailings storage facility for the Cerro Corona Project. A decrease of 10% in gold prices is insufficient to affect the level of gold reserves.

(4) The sensitivity analyses are calculated as 10% above and below the base price in the local currency of the respective operation, with Ghana, Choco 10 and Cerro Corona calculated in U.S.$, and applying an exchange rate of Rand 6.79 per $1.00 for the South African operations and A$1.30 per $1.00 for the Australian operations.

The London afternoon fixing price for gold on December 5, 2007 was $793.00 per ounce. Gold Fields attributable gold reserves increased from 61.8 million ounces at June 30, 2006 to 89.7 million ounces at June 30, 2007, primarily due to the inclusion of the South Deep mine in fiscal 2007.

The amount of copper mineralization that Gold Fields can economically extract, and therefore can classify as reserves, is sensitive to fluctuations in the price of copper. Based on the same methodology and assumptions as were used to estimate Gold Fields copper reserves as of June 30, 2007 listed above, but applying different copper prices that are 10% above and below the copper price of $1.25 per pound used to estimate Gold Fields attributable copper reserves, the attributable copper reserves of Gold Fields operations would have been as follows:

| | **$1.13/lb** | **$1.25/lb** | **$1.38/lb** |
|---|---|---|---|
| | **Copper (million lbs)** | | |
| Cerro Corona | 879 | 879 | 879(1) |

Note:

(1) Under the current tailings dam design at the Cerro Corona Project, reserves would not respond to an upward movement of the copper price because of current capacity constraints at the tailings storage facility for the Cerro Corona Project. A decrease of 10% in copper prices is insufficient to affect the level of copper reserves.

Gold Fields methodology for determining its reserves is subject to change and is based upon estimates and assumptions made by management regarding a number of factors as noted above under Methodology. Accordingly, the sensitivity analysis of Gold Fields reserves provided above should not be relied upon as indicative of what the estimate of Gold Fields reserves would actually be or have been at the gold or copper prices indicated, or at any other gold or copper price, nor should it be relied upon as a basis for estimating Gold Fields ore reserves based on the current gold or copper price or what Gold Fields reserves will be at any time in the future. See Risk Factors Gold Fields reserves are estimates based on a number of assumptions, any changes to which may require Gold Fields to lower its estimated reserves.

***Geology***

The majority of Gold Fields gold production is derived from deep-level underground gold mines located along the northern and western margins of the Witwatersrand Basin in South Africa. These properties include the Beatrix operation, the Driefontein operation, the Kloof operation and the South Deep operation. These mines are typical of the many Witwatersrand Basin operations, which have been the primary contributors to South Africa s production of a third (over 1.6 billion ounces) of the world s recorded gold production over the last 122 years.

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The Witwatersrand Basin comprises a 6,000 meter vertical thickness of sedimentary rocks, extending laterally for some 300 kilometers northeast to southwest by some 100 kilometers northwest to southeast, generally dipping at shallow angles toward the center of the basin. The basin outcrops at its northern extent near Johannesburg but to the west, south and east it is overlaid by up to 4,000 meters of volcanic and sedimentary rocks. The Witwatersrand Basin is Achaean in age, meaning the sedimentary rocks are of the order of 2.7 to 2.8 billion years old.

Gold mineralization occurs within laterally extensive quartz pebble conglomerate horizons called reefs, which are developed above unconformable surfaces near the basin margin. As a result of faulting and primary controls on mineralization structure, the gold fields are not continuous and are characterized by the presence or dominance of different reef units. The reefs are generally less than two meters in thickness and are widely considered to represent laterally extensive braided fluvial deposits or unconfined flow deposits, which formed along the flanks of alluvial fan systems around the edge of an inland sea. Dykes and sills of diabase or doleritic composition are developed within the Witwatersrand Basin and are associated with several intrusive and extrusive events.

The gold generally occurs in native form, often associated with pyrite and carbon. Pyrite and gold within the reefs display a variety of forms, some obviously indicative of detrital transport within the depositional system and others suggesting crystallization within the reef itself.

The most fundamental controls of gold distribution are the primary sedimentary features such as facies variation and channel directions. Consequently, the modeling of sedimentary features within the reefs and the correlation of payable grades with certain facies is key to in situ reserve estimation as well as effective operational mine planning and grade control.

For a discussion of the geological features present at the Tarkwa, Damang, St. Ives, Agnew and Choco 10 mines, see the geology discussion contained in the description of each of those mines found below under Gold Fields Mining Operations Ghana Operations Tarkwa Mine, Gold Fields Mining Operations Ghana Operations Damang Mine, Gold Fields Mining Operations Australia Operations St. Ives, Gold Fields Mi Operations Australia Operations Agnew and Gold Fields Mining Operations Venezuela Operation Choco 10.

**Description of Mining Business**

The discussion below provides a general overview of the mining business as it applies to Gold Fields.

***Exploration***

Exploration activities are focused on the extension of existing orebodies and identification of new orebodies both at existing sites and at undeveloped sites. Once a potential orebody has been discovered, exploration is extended and intensified in order to enable clearer definition of the orebody and the potential portions to be mined. Geological techniques are constantly refined to improve the economic viability of prospecting and mining activities.

***Mining***

Gold Fields currently mines only gold, with silver as a by-product. As and when the Cerro Corona Project begins production, Gold Fields expects also to have copper as a by-product. The mining process can be divided into two principal activities: (1) developing access to the orebody; and (2) extracting the orebody once accessed. These two processes apply to both surface and underground mines.

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***Underground Mining***

*Developing Access to the Orebody*

For Gold Fields South African underground mines, access to orebodies is provided through vertical, inclined and declined shaft systems. If additional depth is required to fully exploit the reef, and it is economically feasible, then secondary (sub-vertical) or tertiary shafts are sunk from the underground levels. Horizontal development at various intervals of a shaft, known as levels, extends access to the horizon of the reef to be mined. On-reef development then provides specific mining access. South African mine layouts generally follow a linear, crisscross pattern, while Australian mines have more varied layouts and typically use a spiral-shaped decline layout to descend alongside the orebody.

*Extracting the Orebody*

Once an orebody has been accessed, drilling, blasting, supporting and cleaning activities are carried out on a daily basis and broken ore is scraped into and down gullies to ore passes, where it is channeled to the crosscut below. The ore is then hauled by rail to shaft ore passes, where it is tipped into loading stations for hoisting to the surface. Mining methods employed at Gold Fields operations include longwall mining, closely spaced dip pillar mining and conventional scattered mining. In Australia, extraction methods are highly mechanized, with mechanized equipment used within the declines and at the stope for drilling, loading and hauling. South African mining methods tend to be more labor-intensive than the Australian operations.

***Open Pit Mining***

*Developing Access to the Orebody*

In open pit mining, access to the ore is achieved by stripping the overburden in benches of fixed height to expose the ore below. This is most typically achieved by drilling and blasting an area, loading the broken rock with excavators into dump trucks and hauling the rock and/or soil to dumps.

*Extracting the Orebody*

Extraction of the orebody in open pit mining involves the same activity as in stripping the overburden. The rock is drilled and blasted, and lines are established demarcating ore from waste material. The ore is loaded into dump trucks and hauled to the crusher or stockpile, while the waste is hauled to waste rock dumps.

***Rock Dump and Production Stockpile Mining***

Gold Fields mines surface rock dumps and production stockpiles using mechanized earth moving equipment.

***Mine Planning and Management***

Operational and planning management on the mines receives support from corporate management and centralized support functions. The current philosophy is one of top-down/bottom-up management, with the non-financial operational objectives at each mine defined by the personnel at the mine based on parameters, objectives and guidelines provided by Gold Fields head office. This is based on the premise that the people on the ground have the best understanding of what is realistically achievable.

Gold Fields has a seamless mine planning process. Each operation compiles a detailed one-year operational plan that rolls into a life of mine, or LoM, plan during the second half of each fiscal year. The plans are based on financial parameters issued to the operation by Gold Fields Operating Committee. See Directors, Senior Management and Employees Operating Committees. The operational plan is presented to Gold Fields Board

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for approval before the commencement of each fiscal year. The planning process is sequential and is based upon geological models, evaluation models, mine design, depletion schedules and, ultimately, financial analysis. Capital planning is formalized pursuant to Gold Fields capital spending planning process. Projects are categorized in terms of total expenditure, and all projects involving amounts exceeding Rand 75 million (South Africa), A$15 million (Australia) and U.S.$10 million (Ghana/Peru/Venezuela) are submitted to the full Board for approval.

The South African operations have implemented an integrated electronic reserve and resource information system, called IRRIS, to enhance LoM planning capabilities. This system provides a common planning platform to facilitate quicker, more flexible and more accurate short- and long-term planning and more timely identification of production shortfalls. Short-term planning on the operations is conducted monthly and aligned with the operational plan. Financial and economic parameters for the LoM and the operational plan are issued to the operations from the head office and relevant survey and evaluation factors are determined in accordance with Gold Fields guidelines. Significant changes in the LoM plans may occur from year to year as a result of mining experience, new ore discoveries, changes in the ore reserve estimates, changes in mining methods and rates, process changes, investment in new equipment and technology and gold prices.

***Processing***

Gold Fields currently has 15 gold processing facilities (8 in South Africa, 4 in Ghana and 3 in Australia) which treat ore to extract gold. A typical gold processing plant circuit includes two phases: comminution and treatment.

*Comminution*

Comminution is the process of breaking up the ore to expose and liberate the gold and make it available for treatment. Conventionally, this process occurs in multi-stage crushing and milling circuits, which include the use of jaw and gyratory crushers and rod, tube, ball and semi-autogenous grinding, or SAG, mills. Most of Gold Fields milling circuits utilize SAG milling where the ore itself and steel balls are used as the primary grinding media. Through the comminution process, ore is ground to a minimum size before proceeding to the treatment phase.

*Treatment*

In all of Gold Fields metallurgical plants, gold is extracted into a leach solution by leaching with cyanide in agitated tanks. Gold is then extracted onto activated carbon from the solution using either the CIL or CIP process. The activated carbon is then eluted with gold recovered by electrowinning.

Gold Fields has three heap leach operations. In the heap leach process, crushed ore is stacked on impervious leach pads and a cyanide leaching solution is sprayed on the pile. The solution percolates through the heap and dissolves liberated gold. A system of underdrains removes the gold-containing solution, which is then passed through columns containing activated carbon. The loaded carbon is then eluted and the gold recovered by electrowinning.

As a final recovery step, gold recovered from the carbon using the above processes is smelted to produce rough gold bars. These bars are then transported to the refinery which is responsible for refining the bars to good delivery status.

***Productivity Initiatives***

Gold Fields has undertaken a number of initiatives, such as Project 500, Project 100, Project 100+ and Project Beyond, intended to increase productivity and cost efficiencies at its mines. These initiatives form part of

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the strategic objective of operational excellence and focus on activities such as creating ongoing and sustainable cost savings, optimizing the supply chain, optimizing spending on explosives, increasing productivity, improving mine design and employee training. In fiscal 2007, the Mining School of Excellence, which focuses on the training and development of core mining skills, became fully operational. Also in fiscal 2007, Gold Fields introduced its Tactics and Strategy Drive, which is focused on implementing appropriate technology to improve the flow of reef, people, equipment and material. Gold Fields intends to continue to advance productivity through various team mobilization initiatives in place at the mines and improve working practices through applying operational management principles combined with the application of the theory of constraints.

Each operation has a program in place to motivate its employees toward the goals of increased productivity and operational excellence, which is reinforced by a recognition and reward program. Gold Fields is committed to human resource development programs aligned with the Company s skills and competency needs.

***Refining and Marketing***

Gold Fields has appointed Rand Refinery Limited, or Rand Refinery, to refine all of Gold Fields South African produced gold. Rand Refinery is a non-listed public company in which Gold Fields holds a 34.9% interest, with the remaining interests held by other South African gold producers.

Since October 1, 2004, Gold Fields treasury department arranges the sale of all the gold production from the South African operations. Rand Refinery advises Gold Fields on a daily basis of the amount of gold available for sale. Gold Fields sells the gold at a price benchmarked against the London afternoon fixing price. Two business days after the sale of gold, Gold Fields deposits an amount in U.S. dollars equal to the value of the gold at the London afternoon fixing price into Rand Refinery s nominated U.S. dollar account. Rand Refinery deducts refining charges payable by Gold Fields relating to such amount of gold and deposits the balance of the proceeds into the nominated U.S. dollar account of Gold Fields. Rand Refinery charges a refining fee of $0.31 per troy ounce of gold and a refining charge of R70 per kilogram.

All gold produced by Gold Fields at the Tarkwa and Damang mines in Ghana is refined by Rand Refinery pursuant to two non-exclusive agreements entered into in October 2004 between Rand Refinery and Gold Fields Ghana Limited, or Gold Fields Ghana, and between Rand Refinery and Abosso Goldfields Limited, or Abosso. Under these agreements, Rand Refinery collects, refines and sells gold as instructed by Gold Fields Ghana and Abosso. Rand Refinery assumes responsibility for the gold upon collection at either the Tarkwa or Damang mine. The gold is then transported to the Rand Refinery premises in Johannesburg, South Africa, where it is refined. Gold Fields Ghana and Abosso reimburse Rand Refinery for transportation costs. Under these agreements, Rand Refinery sells the refined gold on behalf of Gold Fields Ghana and Abosso at the London afternoon fixing price for gold on the date of delivery. Rand Refinery receives refining fees of $0.36 per ounce of gold received, and a realization fee equal to $0.16 per ounce of gold refined. Each of these agreements continues until either party terminates it upon 90 days written notice.

In Australia, all gold produced by St. Ives and Agnew is refined by AGR Matthey, which is a partnership between WA Mint, Australian Gold Alliance and Johnson Matthey (Australia). Under an agreement which became effective on September 1, 2002 and which was last amended on January 1, 2007 and expires on December 31, 2008, among St. Ives Gold Mining Company Pty Ltd, Agnew Gold Mining Company Pty Ltd and AGR Matthey, AGR Matthey refines the gold produced by St. Ives and Agnew for a refining fee of A$0.38 per ounce of gold, which further increased to A$0.44 per ounce of gold from January 1, 2007, plus a transportation fee. The transportation fee is calculated as A$0.096 per ounce plus fixed fees per shipment. AGR Matthey retains 0.1% of the gold and 1.0% of any silver it refines to cover losses in the refining process. AGR Matthey collects the gold from St. Ives and Agnew, refines it and credits the gold to the relevant metals account held by St. Ives and Agnew with AGR Matthey. St. Ives and Agnew then inform the Gold Fields corporate office in Johannesburg of the amount available for sale in Perth, Australia. After confirming the relevant amount with AGR Matthey, Gold Fields either sells the gold directly to AGR Matthey at the London afternoon fixing price per

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ounce or it swaps the gold into London at a fee of $0.33 per ounce, which means that AGR Matthey provides gold in London for sale by Gold Fields in an amount equal to the gold from St. Ives and Agnew located in Perth. In the case of a location swap, AGR Matthey is instructed to credit St. Ives or Agnew s metal account held with Deutsche Bank, London. Once the gold is sold to a third party, Deutsche Bank, London is instructed by Gold Fields to deliver the gold to the relevant counterparty bank. This agreement continues indefinitely until terminated by either party upon 90 days written notice.

In Venezuela, a minimum of 15% of the gold produced must be sold locally. However, Gold Fields has been selling all its Venezuelan production to local buyers. These buyers pay in advance of collection of the gold at a price determined in Bolivars. The price is equivalent to the London afternoon fixing price on the day the transaction is negotiated, converted into Bolivars at the official exchange rate of 2,150 Bolivars per dollar, plus a premium. The premium is negotiated with each purchaser, but also includes certain deductions. Actual delivery takes place approximately four days later, once the proceeds have been deposited in Gold Fields bank account. On November 30, 2007, Gold Fields sold its assets in Venezuela. See Recent Developments Sale of Choco 10.

Gold Fields supports and participates in the gold marketing activities of the World Gold Council, or WGC, and contributes $1.75 per ounce of the gold it produces in South Africa and Australia and $1.75 per ounce of its attributable production from Tarkwa to the WGC in support of its activities.

***Services***

Mining activities require extensive services, located both on the surface and underground at the mines. Services include:

- mining-related services such as engineering, rock mechanics, ventilation and refrigeration, materials handling, operational performance evaluation and capital planning;
- safety and training;
- housing and health-related services, including hostel and hospital operations;
- reserves management, including sampling and estimation, geological services, including mine planning and design, and mine survey;
- metallurgy;
- equipment maintenance; and
- assay services.

Most of these services are provided directly by Gold Fields, either at the operational level or through the head office, although some are provided by third-party contractors.

**Gold Fields Mining Operations**

Gold Fields conducts underground mining operations at each site except Tarkwa, Damang and Choco 10 and conducts some processing of surface rock dump material at Driefontein, Kloof and South Deep. Beatrix ceased surface operations in 2005. Tarkwa, Damang and Choco 10 are open pit mines and also process material from production stockpiles. St. Ives and Agnew together include underground and open pit operations and also process material from production stockpiles.

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***Total Operations***

The following chart details the operating and production results for each of fiscal 2005, 2006 and 2007 for all operations owned by Gold Fields as of the end of that fiscal year. The results of operations for mines acquired during the relevant period are included as from the date of control, which is March 1, 2006 for Choco 10 and December 1, 2006 for South Deep.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005[1] | 2006[1] | 2007 |
| **Production** | | | |
| Tons ( 000) | 47,880 | 49,366 | 52,166 |
| Recovered grade (g/t) | 2.9 | 2.7 | 2.6 |
| Gold produced ( 000 oz)[2] | 4,488 | 4,348 | 4,285 |
| **Results of operations ($million)** | | | |
| Revenues | 1,893.1 | 2,282.0 | 2,735.2 |
| Total production costs[3] | 1,727.6 | 1,825.8 | 2,052.5 |
| Total cash costs[4] | 1,355.0 | 1,469.3 | 1,692.5 |
| Cash profit[5] | 538.1 | 812.7 | 1,042.7 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 385 | 419 | 482 |
| Total cash costs | 302 | 338 | 394 |

Notes:

(1) Amounts for fiscal 2005 and 2006 have been adjusted due to the change in accounting principle regarding ore reserve development costs, which were previously expensed and are now capitalized.

(2) In fiscal 2005, 4.221 million ounces were attributable to Gold Fields, in fiscal 2006, 4.074 million ounces were attributable to Gold Fields and in fiscal 2007, 4.024 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operation during fiscal 2005 and attributable to minority shareholders in both the Ghana and Venezuela operations in fiscal 2006 and attributable to minority shareholders in Ghana, Venezuela and South Deep in 2007.

(3) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(4) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(5) Cash profit represents revenues less total cash costs.

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***Underground Operations***

The following chart details the operating and production results for Gold Fields underground operations for fiscal 2005, 2006 and 2007. The underground operations include all of the mines in the South African operations and the underground portions of the mines in the Australian operations. The results of operations for mines acquired during the relevant period are included as from the date of control, which is March 1, 2006 for Choco 10 and December 1, 2006 for South Deep.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005[1] | 2006[1] | 2007 |
| **Production** | | | |
| Tons ( 000) | 13,807 | 12,831 | 13,386 |
| Recovered grade (g/t) | 7.1 | 7.1 | 6.7 |
| Gold produced ( 000 oz)[2][3] | 3,172 | 2,915 | 2,884 |
| **Results of operations ($ million)** | | | |
| Revenues | 1,336.4 | 1,526.1 | 1,840.2 |
| Total production costs[3] | 1,303.9 | 1,264.0 | 1,346.4 |
| Total cash costs[4] | 1,005.5 | 996.4 | 1,086.5 |
| Cash profit[5] | 330.9 | 529.7 | 753.7 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 411 | 433 | 474 |
| Total cash costs | 317 | 342 | 377 |

Notes:

(1) Amounts for fiscal 2005 and 2006 have been adjusted due to the change in accounting principle regarding ore reserve development costs, which were previously expensed and are now capitalized.

(2) In fiscal 2005, all 3.172 million ounces were attributable to Gold Fields, in fiscal 2006, all 2.915 million ounces were attributable to Gold Fields and in fiscal 2007, 2.882 million ounces were attributable to Gold Fields with the remainder attributable to minority shareholders in South Deep

(3) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(4) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(5) Cash profit represents revenues less total cash costs.

Tons milled from the underground operations increased from 12.8 million tons in fiscal 2006 to 13.4 million tons in fiscal 2007. At the South African operations, the increase was mainly due to the inclusion of South Deep and improved mining flexibility at Kloof. This was partially offset by a decrease in underground production at St. Ives and Agnew as a result of lower availability of underground ores. However, total tons at St. Ives and Agnew were similar year on year, as the loss of underground tons was replaced with tons from open pit and surface stockpiles. The amount of gold produced from underground operations decreased from 2.915 million ounces in fiscal 2006 to 2.884 million ounces in fiscal 2007. This decrease was due to the lower average underground yield which decreased from 7.1 grams per ton in fiscal 2006 to 6.7 grams per ton in fiscal 2007. Except for St. Ives, all mines reported lower yields and South Deep averaged 6.2 grams per ton during the seven months of control during fiscal 2007.

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***Surface Operations***

The following chart details the operating and production results for Gold Fields surface operations for fiscal 2005, 2006 and 2007. Surface operations include all of the mines in the Ghana and Venezuela operations, the open pit portions of the mines in the Australian operations and the surface rock dump material at the mines in the South African operation. The results of operations for mines acquired during the relevant period are included as from the date of control, which is March 1, 2006 for Choco 10 and December 1, 2006 for South Deep.

| | Year ended June 30, | | |
|---|---|---|---|
| | **2005** | **2006** | **2007** |
| **Production** | | | |
| Tons ( 000) | 34,073 | 36,535 | 38,780 |
| Recovered grade (g/t) | 1.2 | 1.2 | 1.1 |
| Gold produced ( 000 oz)[1] | 1,316 | 1,433 | 1,401 |
| **Results of operations ($ million)** | | | |
| Revenues | 556.7 | 755.9 | 895.0 |
| Total production costs[2] | 424.7 | 561.8 | 706.1 |
| Total cash costs[3] | 349.5 | 472.9 | 606.1 |
| Cash profit[4] | 207.2 | 283.0 | 289.0 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 323 | 292 | 504 |
| Total cash costs | 265 | 330 | 432 |

Notes:

(1) In fiscal 2005, 1.049 million ounces were attributable to Gold Fields, in fiscal 2006, 1.159 million ounces were attributable to Gold Fields and in fiscal 2007, 1.142 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations during fiscal 2005 and attributable to both the Ghana and Venezuela operations in fiscal 2006 and attributable to minority shareholders in Ghana, Venezuela and South Deep in 2007.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

Tons milled from the surface operations increased from 36.5 million tons in fiscal 2006 to 38.8 million tons in fiscal 2007, primarily because of increased production from the Australian operations, which replaced reduced underground tons with surface tons, together with the tons gained from both the newly acquired Choco 10 and South Deep mines, and increased tons from Tarkwa.

***Driefontein Operation***

*Introduction*

The Driefontein gold mine is located in the Northwest Province of South Africa in the Far West Rand mining district, some 70 kilometers southwest of Johannesburg. Driefontein operates under a mining authorization with a total area of approximately 8,600 hectares. It is an

underground mine with nominal surface reserves represented by rock dumps that have been accumulated through the operating history of the mine. Driefontein has multiple operating shaft systems and three metallurgical plants and operates at depths of between 700 meters and 3,420 meters below surface. The Driefontein operation has access to the national electricity grid and water, road and rail infrastructure and is located near regional urban centers where it can routinely obtain needed supplies. In the year ended June 30, 2007, it produced 1.017 million ounces of gold. As of June 30, 2007, Driefontein had approximately 18,300 employees, including approximately 2,100 employed by outside contractors.

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*History*

Driefontein was formed from the consolidation in 1981 of the East Driefontein and West Driefontein mines. Gold mining began at Driefontein in 1952.

*Geology*

Driefontein is located in the West Wits Line that forms part of the Far West Rand of the Witwatersrand Basin. The operation is divided into an Eastern Section and a Western Section, separated by a bank anticline and associated faulting. Gold mineralization at Driefontein is contained within three reef horizons. The Carbon Leader Reef, or Carbon Leader, the Ventersdorp Contact Reef, or VCR, and the Middelvlei Reef, or MVR, occur at depths of between 500 meters and 4,000 meters. Stratigraphically, the Carbon Leader is situated 40 to 70 meters below the VCR and MVR and is a generally high-grade reef comprising different facies and dips to the south at approximately 25 degrees. The Carbon Leader subcrops against the VCR in the eastern part of the mine. The west-dipping Bank Fault defines the eastern limit of both reefs. The VCR is most extensively developed in the east, and subcrops to the west. The MVR is a secondary reef, situated approximately 50 meters above the Carbon Leader, and, at present, it is a minor contributor to reserves and production. The average gold grades vary with lithofacies changes in all of the reefs.

*Mining*

In the northern, older portions of Driefontein, which include Shaft Nos. 2, 6, 7, 8 and 10, production is focused on remnant pillar extraction and accessing and mining of secondary reef horizons. In the southern, newer portions of the mine, which include Shaft Nos. 1 and 4, the focus is on scattered or longwall mining. The shafts at the deepest levels of the mine, consisting of Shaft No. 1 Tertiary and Shaft No. 5, employ the closely spaced dip pillar mining method. This method provides additional mining flexibility. The closely spaced dip pillar mining method is also planned for Shaft No. 9. During fiscal 2007, various events at Shaft No. 4 including seismicity, an underground fire and the loss of some high grade areas due to geological features caused production to be scaled down. Driefontein is in the process of implementing a contingency plan, which will create alternative access points for logistics and ore flows, in order to ensure that production will be able to continue in the event of shaft barrel failure at Shaft No. 4. Driefontein did not meet its development targets for fiscal 2007, mainly due to seismicity at Shaft Nos. 1 and 4.

In fiscal 2007, Driefontein commenced the pre-sinking phase of the Shaft No. 9 deepening project, with sinking planned to start in the second quarter of fiscal 2008. The drilling program aimed at confirming geological structures and grades in the immediate vicinity of the shaft is still in progress, but is hampered by logistical constraints and some water intersections. In order to leverage the higher gold price, Driefontein has also recommenced mining at Shaft No. 10 (previously closed in fiscal 2004). Production at this shaft is currently in a build up phase and should reach planned levels in fiscal 2008.

Detailed below are the operating and production results at Driefontein for the past three fiscal years.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005[1] | 2006[1] | 2007 |
| **Production** | | | |
| Tons ( 000) | 6,694 | 6,867 | 6,652 |
| Recovered grade (g/t) | 5.4 | 5.2 | 4.8 |
| Gold produced ( 000 oz) | 1,163 | 1,150 | 1,017 |
| **Results of operations ($ million)** | | | |
| Revenues | 489.7 | 599.9 | 648.2 |
| Total production costs[2] | 431.9 | 451.5 | 425.9 |
| Total cash costs[3] | 339.7 | 362.4 | 355.0 |
| Cash profit[4] | 150.0 | 237.5 | 293.2 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 371 | 393 | 419 |
| Total cash costs | 292 | 315 | 349 |

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Notes:

(1) Amounts for fiscal 2005 and 2006 have been adjusted due to the change in accounting principle regarding ore reserve development costs, which were previously expensed and are now capitalized.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

The decrease in tonnage from fiscal 2006 to 2007 was primarily due to fewer square meters being mined from Shaft No. 4, and a deliberate decrease in surface production in order to improve the recovery at No. 2 Plant. Gold production decreased primarily due to the scaled-down production at Shaft No. 4. Gold Fields experienced an increase in total cash costs and total production costs per ounce of gold from fiscal 2006 to fiscal 2007 at Driefontein, mainly due to the reduced gold production and an increase in labor costs. The increase in tonnage from fiscal 2005 to 2006 was primarily due to an increase in stope width, as a result of which more ore was mined, and an increase in tons from surface operations. Gold production decreased slightly due to a decrease in recovered grade. Gold Fields experienced an increase in total cash costs and total production costs per ounce of gold from fiscal 2005 to fiscal 2006 at Driefontein, mainly due to an increase in labor costs.

Output quality of the Driefontein orebody decreased over the course of fiscal 2007 primarily due to lower production levels at the high grade Shaft No. 4, and a lower Mine Call Factor at No. 2 Plant. Across the other shafts at Driefontein, output quality remained consistent with the grade qualities in fiscal 2006.

In order to improve operational excellence, Driefontein focused in fiscal 2007 on the implementation of various new technologies and intiatives. These initiatives are aimed at improving mining efficiencies and streamlining the mining process. They include the introduction of electric drilling machines at two of the shafts and the conversion from diesel-operated to battery-driven locomotives at the newer shafts. Progress has been made on the building of high performance work teams through the introduction of team leaders, which is intended to improve supervision.

The Driefontein operation is engaged in both underground and surface mining, and is thus subject to all of the underground and surface mining risks discussed in Risk Factors. The primary safety challenges facing the Driefontein underground operation include falls of ground, seismicity, flammable gas, water intrusion and rock temperatures. Water intrusion is dealt with through drilling, cementation sealing techniques and an extensive water-pumping network. Also, because rock temperatures tend to increase with depth, Driefontein requires an extensive cooling infrastructure. In fiscal 2007, Driefontein experienced six underground fires, of which five were disruptive because areas affected had to be closed while damage was assessed and remedied. One of the fires at Shaft No. 4 had a material effect on production, as it rendered two areas inaccessible and contributed to the forced restructuring of that shaft. Driefontein also suffered several seismic events, which resulted in two workers losing their lives. Driefontein is seeking to reduce seismicity problems through using a combination of closely spaced dip pillar mining techniques, the introduction of centralized blasting in areas where the density of mining activities requires a controlled blast and using plant tailings as backfill support to stabilize the working areas. In addition, pre-conditioning, which alters the stress profile immediately ahead of the mining face, is used where required, to reduce the chance of face ejection.

Driefontein continued to process low grade surface material in fiscal 2007, for which the biggest risk is the decrease in grade of the remaining dumps. In order to manage this risk, the grade of the rock dumps is monitored on a daily basis, and the monitoring method can cater for screening (upgrading) if the grade drops below the required cut-off grade. This process reduces the tonnage that will be available for processing. The surface operation safety risks include problems with ground stability, moving machinery and dust generation. Driefontein has a risk management system in place that guides the mining of the rock dumps to minimize these risks.

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In total during fiscal 2007, there were 13 fatalities at Driefontein and, to date in fiscal 2008, there have been six fatalities. There were no material work stoppages in connection with the events. The serious injury frequency rate for fiscal 2007 was 7.1 serious injuries for every million hours worked, reflecting an improvement as compared to the serious injury frequency rate of 7.4 for each of fiscal 2005 and 2006. The fatal injury frequency rate improved from 0.33 in fiscal 2006 to 0.28 fatalities for every million hours worked in fiscal 2007. In fiscal 2005, the fatal injury frequency rate was 0.17 fatalities for every million hours worked.

In fiscal 2007, production was not affected by industrial action at Driefontein and there were no material work stoppages. On December 4, 2007, there was a one-day, industry-wide work stoppage in South Africa that affected the Driefontein operation. For more information about labor relations at Driefontein, see Directors, Senior Management and Employees Employees Labor Relations South Africa. However, Driefontein s productivity improvement strategies continue to be hampered by high levels of worker absenteeism. Although the mine has succeeded in reducing the absenteeism rate, the sick rate, which is one factor of the absenteeism rate, remains an area of concern. Driefontein has embarked on a wellness program as an initiative aimed at improving the health of employees generally. The mine is also experiencing a shortage of skilled labor, with particularly high employee turnover of artisans, occupational health and environment practitioners, surveyors and geologists. Driefontein has introduced a scarce skills allowance for artisans and is in the process of implementing a gross remuneration package for certain categories of employees.

The total shaft hoisting capacity of Driefontein is detailed below.

| Shaft System | Hoisting capacity (tons/month) |
|---|---|
| No. 8 | 96,000 |
| No. 6 | 118,000 |
| No. 7 | 190,000 |
| No. 1 | 155,000 |
| No. 2 | 185,000 |
| No. 4 | 180,000 |
| No. 5 | 175,000 |
| No. 10 | 121,000 |

Assuming that Gold Fields does not increase or decrease reserve estimates at Driefontein and that there are no changes to the current mine plan at Driefontein, Driefontein s June 30, 2007 proven and probable reserves of 20.8 million ounces of gold will be sufficient to maintain production through approximately fiscal 2036. However, as discussed earlier in Risk Factors and Mine Planning and Management, there are numerous factors which can affect reserve estimates and the mine plan, which thus could materially change the life of mine.

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*Processing*

The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2007, for each of the plants at Driefontein:

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| Plant | Year commissioned[1] | Comminution phase | Treatment phase | Capacity[2] (tons/month) | Average milled for the year ended June 30, 2007 (tons/month) | Approximate recovery factor for the year ended June 30, 2007[3] |
| No. 1 Plant | 1972 | SAG milling | CIP treatment and electrowinning | 240,000[4] | 231,200 | 97% |
| No. 2 Plant | 1964 | SAG/ball milling | CIP treatment[5] | 200,000 | 202,700 | 94% |
| No. 3 Plant | 1998 | SAG milling | CIP treatment[5] | 115,000 | 120,500 | 94% |

Notes:

(1) No. 1 Plant was substantially upgraded in fiscal 2004, and No. 2 Plant was substantially upgraded in fiscal 2003. No. 3 Plant was originally commissioned as a uranium plant and was upgraded to a gold plant in 1998. Therefore, No. 3 Plant lists the year commissioned as a gold plant.

(2) Nameplate capacity. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(3) Percentages are rounded to the nearest whole percent.

(4) Capacity was increased from 200,000 tons per month to 240,000 tons per month during fiscal 2003.

(5) After CIP treatment, electrowinning occurs at No. 1 Plant.

No. 1 Plant was upgraded in fiscal 2004 with the installation of a new comminution circuit and the installation of a CIP treatment facility. The optimization program at the plant was completed in fiscal 2007 so that targeted plan throughput can now be achieved.

In fiscal 2007, the Driefontein plants collectively extracted approximately 96.3% of the gold contained in ore delivered for processing.

*Capital Expenditure*

Gold Fields spent approximately $113 million on capital expenditure at the Driefontein operation in fiscal 2007, primarily on ore reserve development at all shafts, together with the continuation of ore handling arrangements at Shaft No. 1, shaft pillar extraction at Shaft No. 4, backfill arrangements, upgrading of power distribution, mining equipment, the provision of compressed air at Shaft No. 5 and the Shaft No. 9 deepening project. Gold Fields has budgeted approximately $140 million of capital expenditure at Driefontein for fiscal 2008, principally for ore reserve development, the shaft pillar extraction at Shaft No. 4, the Shaft No. 9 deepening project, a battery locomotive project at the newer shafts, rail track upgrade and compliance with the International Cyanide Management Code.

***Kloof Operation***

*Introduction*

Kloof is situated approximately 60 kilometers west of Johannesburg, near the towns of Carletonville and Westonaria in the Gauteng Province of South Africa. The Kloof mine operates under a mining lease covering a

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total area of approximately 20,100 hectares. It is principally an underground operation, with a limited amount of surface rock dump material being processed. Kloof currently has five operating shaft systems serviced by two metallurgical plants. Kloof is an intermediate and deep-level mine, with operating depths between 1,300 meters and 3,500 meters below surface. The Kloof operation has access to the national electricity grid and water, road and rail infrastructure and is located near regional urban centers where it can routinely obtain needed supplies. In the fiscal year ended June 30, 2007, it produced 0.923 million ounces of gold. As of June 30, 2007, Kloof had approximately 17,900 employees, including approximately 2,800 who were employed by outside contractors.

*History*

Kloof s present scope of operations is the result of the consolidation of the Kloof, Libanon, Leeudoorn and Venterspost mines. Gold mining began in the area now covered by these operations in 1934.

*Geology*

The majority of production at Kloof is from the VCR, which occurs at depths between 1,300 meters and 3,350 meters below surface. The VCR is a tabular orebody that has a general northeast-southwest strike and dips to the southeast at between 20 and 45 degrees. The MVR is classified as Kloof s secondary reef and minor production volumes are also delivered from the Kloof Reef, or KR, and Libanon Reef, or LR.

Kloof lies between the Bank Fault to the west, and the north trending West Rand Fault to the east. The latter truncates the VCR along the eastern boundary of the mine, with a 1 to 1.5 kilometer up throw to the east. Normal faults are developed sub-parallel to the westerly dipping West Rand Fault, with sympathetic north-northeast trending dykes that show little to no apparent offset of the stratigraphy. A conjugate set of faults and dykes occurs on a west-southwest trend, with throws of 1 to 15 meters. Structures that offset the VCR increase in frequency toward the southern portion of the mine as the Bank Fault is approached.

*Mining*

The current preferred mining method at Kloof is closely spaced dip pillar mining, with limited application of longwalling and remnant pillar mining in the mature areas. Shaft Nos. 1, 3, 4 and 7 provide the main centers of current production at Kloof.

In fiscal 2007, Kloof faced challenges in meeting several of its planned production targets. Planned production was affected by lower than anticipated grades in the second and third quarters due to unforeseen variability of grade from the primary VCR reef, which compromised the mining flow as crews continually had to be moved to more economical pay areas. As a result, grade management is increasingly focused on capturing the variability of the VCR model. Additionally, in the third quarter of fiscal 2007, lower production and work stoppages resulted from a slow return to standard production after the Christmas break, together with power outages from Kloof s electricity supplier. Finally, planned production in fiscal 2007 was affected by temporary work stoppages after several incidents of seismic related falls of ground and logistical constraints due to infrastructural problems, such as ore pass scalings, which made removing ore from the underground workings from certain areas of the mine more difficult.

Development and shaft infrastructure work for the extraction of the high-grade Shaft No. 1, or the Main Shaft, pillar is at an advanced stage, with support infrastructure for the shafts and ventilation Phase 2 construction nearing completion and exploration drilling to confirm grade and structure fully complete. At Shaft No. 4, management is focusing on improving multiple access points to the reef, de-bottlenecking plans with improved infrastructure layouts and general improvement with regards to environmental conditions with the commissioning of an additional refrigeration plant. Shaft No. 7 has benefited from improved ventilation and refrigeration infrastructure, which has improved working conditions. Shaft No. 8 underperformed for the fiscal 2007 year because the remnant mining on the VCR horizon was plagued by complex geological structures which

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resulted in reef elimination and gold loss. In fiscal 2007, programs were implemented at Kloof to accelerate improvements in infrastructure and services to increase flexibility and other conditions that are intended to boost production levels. In line with the overall Gold Fields productivity initiatives, Kloof continues to focus on optimizing mine design and configuration, while ensuring that the high-productivity drivers of workforce motivation and competence are addressed through training and incentive schemes.

Overall for Kloof, management is focusing on improving grade prediction by capturing the variability of the primary VCR horizon onto the IRRIS system and, together with an effective short interval control system in place, managing and improving the recovered grade from the mine. The resource definition drilling for the Kloof Extension area (KEA) is scheduled to be completed in the second quarter of fiscal 2008 although the development layout for the project is subject to changes after the geological model is complete. The mine is engaged in further optimization studies in the eastern part of the mine and a number of scenarios are being considered, utilizing current or new infrastructure, to exploit the higher grade reef.

Detailed below are the operating and production results at Kloof for the past three fiscal years.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005[1] | 2006[1] | 2007 |
| **Production** | | | |
| Tons ( 000) | 4,655 | 3,666 | 3,829 |
| Recovered grade (g/t) | 6.9 | 7.8 | 7.5 |
| Gold produced ( 000 oz) | 1,037 | 914 | 923 |
| **Results of operations ($ million)** | | | |
| Revenues | 436.4 | 479.3 | 587.0 |
| Total production costs[2] | 453.5 | 426.8 | 423.1 |
| Total cash costs[3] | 342.2 | 341.7 | 338.6 |
| Cash profit[4] | 94.2 | 137.6 | 248.4 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 437 | 467 | 458 |
| Total cash costs | 330 | 374 | 367 |

Notes:

(1) Amounts for fiscal 2005 and 2006 have been adjusted due to the change in accounting principle regarding ore reserve development costs, which were previously expensed and are now capitalized.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

Gold production for fiscal 2007 increased by 1% to 0.923 million ounces from 0.914 million ounces in fiscal 2006, as the mining of lower than anticipated grades was offset by the processing of more underground tons. Recovered grade dropped from 7.8 g/t in fiscal 2006 to 7.5 g/t in fiscal 2007, primarily due to a decrease in underground recovered grade. The drop in grade was associated with the unpredictability of variability within the VCR facies and the lower production from high grade work areas as a result of logistical constraints, seismic events and other production-related events. Total cash costs per ounce decreased marginally in fiscal 2007, as the increase in production costs (increase in wages and cost of inputs such as steel) was offset by the appreciation of the Rand against the U.S. dollar and the higher gold production.

Operating margins were positively impacted due to the higher gold price during the year.

The Kloof operation is engaged in underground mining, and is thus subject to all of the underground risks discussed in Risk Factors. The primary challenge facing the Kloof operation is seismicity, and to a lesser

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extent flammable gas. Gold Fields seeks to reduce the impact of seismicity at Kloof by using the closely spaced dip pillar mining method. Early detection and increased ventilation of the shafts are being used to minimize the risk of incidents caused by flammable gas. Also, as with Driefontein, Kloof requires extensive cooling infrastructure to maintain comfortable conditions for workers due to the extreme depth of its operations.

Eleven workers lost their lives at Kloof in fiscal 2007, as compared to sixteen fatalities in fiscal 2006. To date in fiscal 2008, there have been 10 fatalities at Kloof. The serious injury frequency rate at Kloof in fiscal 2007, 2006 and 2005 was 7.0, 8.3 and 7.9 injuries per million hours worked, respectively. The fatality frequency rate in fiscal 2007, 2006 and 2005 was 0.23, 0.37 and 0.28 fatalities per million hours worked, respectively. Additionally, the Kloof Main Shaft complex achieved one million fatality-free shifts and Shaft No. 8 had another fatality-free year. Kloof s safety management system received OHSAS 18001 accreditation in April 2007. Management is committed to reducing serious injuries and fatalities at Kloof mine through its safety and development programs, including the Kloof *Eyethu* team development program, the *Snakes* safety campaign and an incident reporting initiative entitled Cabanga Inyoka. These are team development programs that focus on the aspects pertaining to employee behavior that will impact positively on the operational performance, in terms of safety and productivity.

Other than the stoppages associated with the seismicity related falls of ground mentioned above, there were no other interruptions to production due to operational causes in fiscal 2007. In fiscal 2008, Kloof experienced two days of production loss due to an unprotected work stoppage on November 1, 2007. On December 4, 2007, there was a one day industry-wide work stoppage in South Africa that affected the Kloof operation. Additionally, on November 23, 2007, a seismic accident resulted in suspension of mining activities in pillar extraction areas for three days. To date, 15% of the pillars are still not operational. See Directors, Senior Management and Employees Labor Relations South Africa.

The total shaft hoisting capacity of Kloof is detailed below.

| Shaft System | Hoisting capacity (tons/month) |
|---|---|
| No. 1 | 300,000 |
| No. 3[(1)] | 150,000 |
| No. 4[(2)] | 110,000 |
| No. 7 | 205,000 |
| No. 8 | 75,000 |

Notes:

(1) This shaft does not hoist material to the surface. It has a capacity of 150,000 tons per month for sub-surface hoisting.

(2) This shaft hoists only waste rock to the surface. It has a capacity of 110,000 tons per month for sub-surface hoisting.

Assuming that Gold Fields does not increase or decrease reserve estimates at Kloof and that there are no changes to the current mine plan at Kloof, Kloof s June 30, 2007 proven and probable reserves of 13.1 million ounces of gold will be sufficient to maintain production through approximately fiscal 2027. However, as discussed earlier in Risk Factors and Mine Planning and Management, there are numerous factors which can affect reserve estimates and the mine plan, which could thus materially change the life of mine.

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*Processing*

The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2007, for each of the plants at Kloof:

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| **Plant** | **Year commissioned** | **Comminution phase** | **Treatment phase** | **Capacity[1] (tons/month)** | **Average milled for the year ended June 30, 2007 (tons/month)** | **Approximate recovery factor for the year ended June 30, 2007[2]** |
| No. 1 Plant | 1968 | Traditional crushing and milling | CIP treatment[3] | 180,000 | 178,500 | 97.8% |
| No. 2 Plant | 1990 | SAG milling | CIP treatment and electrowinning | 150,000 | 140,600 | 97.5% |

Notes:

(1) Nameplate capacity. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(2) Percentages are rounded to the nearest whole percent.

(3) After CIP treatment, electrowinning occurs at No. 2 Plant.

In fiscal 2007, the Kloof plants collectively extracted approximately 97.7% of gold contained in ore delivered for processing. An outside contractor, Jet Demolition, has completed the demolition phase of No. 3 Plant. Management expects the rehabilitation phase to be completed by December 2007.

*Capital Expenditure*

Gold Fields spent approximately $108 million on capital expenditures at the Kloof operation in fiscal 2007, primarily on ventilation, refrigeration and general infrastructure for the Shaft No. 1 pillar extraction, development and refrigeration for the KEA, development at Shaft No. 4 and ore reserve development. Capital expenditure was also focused on mechanized drill and support rigs and the introduction of battery locomotives in fiscal 2007. Gold Fields expects to spend approximately $127 million on capital expenditure in fiscal 2008, primarily on development at Shaft No. 4, the Shaft No. 1 pillar extraction, track upgrades and an ice plant for refrigeration at the KEA and ore reserve development.

***Beatrix Operation***

*Introduction*

The Beatrix operation is located in the Free State Province of South Africa, some 240 kilometers southwest of Johannesburg, near Welkom and Virginia, and comprises the Beatrix mine. The Beatrix operation was formerly known as the Free State operation.

Beatrix operates under a mining license with a total area of approximately 16,800 hectares. It is only an underground operation. Beatrix has four shaft systems, with two ventilation shafts to provide additional up-cast and downcast ventilation capacity, which are serviced by two

metallurgical plants. It is a shallow to intermediate depth mining operation, at depths between 700 meters and 2,200 meters below surface. The Beatrix mine has access to the national electricity grid and water, road and rail infrastructure and is located near regional urban

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centers where it can routinely obtain needed supplies. In the fiscal year ended June 30, 2007, Beatrix produced 0.543 million ounces of gold. As of June 30, 2007, Beatrix had approximately 11,400 employees, including approximately 900 employed by outside contractors.

*History*

Beatrix s present scope of operations is the result of the consolidation with effect from July 1, 1999 of two adjacent mines: Beatrix and Oryx. Gold mining commenced at Beatrix in 1985 and at Oryx in 1991.

*Geology*

The Beatrix mine exploits the Beatrix Reef, or BXR, at Shaft Nos. 1, 2 and 3, and the Kalkoenkrans Reef, or KKR, at Shaft No. 4 (the former Oryx mine). The reefs are developed on the Aandenk erosional surface and dip to the north and north-east at between four degrees and nine degrees.

In general, the BXR occurs at depths of between 570 meters and 1,380 meters and the KKR occurs at depths of between 1,800 meters and 2,200 meters. Both the BXR and KKR reefs are markedly channelized and consist of multi-cycle, upward fining conglomerate beds with sharp erosive basal contacts. A general east-west trending pay-zone, some 500 to 800 meters wide, has been identified east of Shaft No. 4 and is known as the main channel Zone 2. In addition, surface exploratory drilling, including two surface boreholes completed in fiscal 2007, and underground development has confirmed the reserves to the south of Beatrix s Shaft No. 4 main channel in Zone 5, which now represents the majority of the reserves at the operation. Ongoing development and underground exploration drilling has continued over the past fiscal year so that all facies and structures have been updated and layouts and planning adapted. All new information is used as part of customary mine planning practices.

*Mining*

In fiscal 2005, Gold Fields implemented a restructuring project at Beatrix to improve operational efficiencies and reduce costs. As a result, Beatrix is now managed as three operational sections: the North Section (comprising Shaft No. 3 and the lower levels of Shaft No. 1), the South Section (comprising Shaft No. 2 and the upper levels of Shaft No. 1) and the West Section (comprising Shaft No. 4). This operational structure remained in place for fiscal 2007 and is not expected to change.

Mining at Beatrix is based upon the scattered mining method. Shaft Nos. 1, 2 and 4 are the primary sources of production at present, but over time Gold Fields expects mining concentration to shift to Shaft No. 3 as well as Shaft No. 4. During fiscal 2007, management focused on increasing development volumes at all shafts to provide future mining flexibility, orebody definition and grade management. This resulted in a 22% increase in main development volumes at Beatrix in fiscal 2007, as compared to fiscal 2006. This emphasis on development volumes is planned to continue in fiscal 2008.

Overall stoping volumes at each mining section increased marginally, by approximately 2.5%, between fiscal 2006 and 2007. Development was significantly higher in fiscal 2007 due to an increased number of development crews and additional management focus on improving mineable reserves for the mine. Beginning in fiscal 2006, new schedules of routine activities for mining employees and methodologies that reduce the amount of water needed to cool the area and minimize dust and improve gold recovery have helped maintain the mine call factor at all shafts. No shafts were closed or opened in fiscal 2007.

At the North Section in fiscal 2007, activity at Shaft No. 3 focused upon haulage development and initial stoping in order to build up production at the shaft and development and stoping volumes were in line with expectations. The power source being used at Shaft No. 3 for a variety of activities including drilling is primarily hydropower, as opposed to compressed air, with a majority of the mining equipment being run off a high-pressure water system. The benefits of the system include improved cooling underground, improved machine efficiency, lower noise levels and less electrical power usage.

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Stoping volumes in the South Section met expectations, although increased frequency of faulting and grade variability contributed to a decrease in the amount and grade of gold mined in fiscal 2007.

There was moderately improved performance at Shaft No. 4 in fiscal 2007 due to improved ventilation and logistics, and consistent grade and volumes at the KKR. The KKR, which was historically characterized as being a highly erratic reef structure, is tending to exhibit greater reef consistency in Zone 5. Stoping and development, coupled with continued underground exploration drilling programs, continued to define and support the higher grade Zone 5 area model. Stoping and main development volumes at the West Section were in line with expectations in fiscal 2007, as a result of an increased number of development crews and the consequent increase in mineable reserves. Shaft No. 4 was impacted in fiscal 2007 by geological structure delays, adverse ground conditions and the impacts of swelling of ground clay due to water absorption on access tunnels at the West Section, the effects of which were limited by remedial action.

In fiscal 2007, ongoing improvements were made to haulage tracks and ventilation conditions, largely through the installation of new bulk air coolers. New locomotives and rolling stock were purchased. These improvements and purchases across the mine are part of a project to increase logistics capacity and support future mining volumes, and they are expected to continue in fiscal 2008. Lower grade and marginal mining activities continued to be curtailed at Beatrix in fiscal 2007, despite the increasing gold price, as the mine plans to maintain operating margins. Where appropriate, localized sections of lower grade material were extracted on an incremental basis at the South Section, and this will continue in the future.

Beatrix requires cooling infrastructure to maintain comfortable conditions for workers at depth. The Beatrix West Section has a refrigeration plant installed on its surface, which provides chilled water to bulk air coolers on surface and mid-shaft to the West Section s primary sub vertical shaft, Shaft No. 4. Presently, this cooling system at Shaft No. 4 extends into Zone 5, where Gold Fields installed two bulk air coolers during fiscal 2007. The surface bulk air cooler project at Shaft No. 3 was completed during the third quarter of fiscal 2007 to provide additional cooling capacity. It became operational during the first quarter of fiscal 2008. This bulk air cooler will be serviced by the surface refrigeration plant installed at Shaft No. 1.

Based on the higher gold price received and in anticipation of improving gold prices in the longer term, a number of incremental expansion opportunities are being examined at Beatrix. For example, work is being done on the Vlakpan project area, which involves an extension of Beatrix on lower levels with access via the infrastructure of Shaft No. 1 and Shaft No. 3, which will continue in fiscal 2008. Under current plans, mining of this area would be expected to commence in fiscal 2009. Additionally, a dip down extension project to access ground below the bottom level of Shaft No. 3 is under way and mining of this area would be expected to commence in fiscal 2010.

Detailed below are the operating and production results at Beatrix for the past three fiscal years.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005[1] | 2006[1] | 2007 |
| **Production** | | | |
| Tons ( 000) | 4,181 | 3,551 | 3,590 |
| Recovered grade (g/t) | 4.6 | 5.2 | 4.7 |
| Gold produced ( 000 oz) | 624 | 596 | 543 |
| **Results of operations ($ million)** | | | |
| Revenues | 264.5 | 312.9 | 344.9 |
| Total production costs[2] | 267.6 | 253.3 | 247.5 |
| Total cash costs[3] | 220.0 | 210.8 | 205.6 |
| Cash profit[4] | 44.5 | 102.1 | 139.3 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 429 | 425 | 455 |
| Total cash costs | 352 | 354 | 378 |

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Notes:

(1) Amounts for fiscal 2005 and 2006 have been adjusted due to the change in accounting principle regarding ore reserve development costs, which were previously expensed and are now capitalized.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

The increase in tonnage milled from fiscal 2006 to fiscal 2007 was primarily due to the slight increase in production stoping volumes, higher tonnages from the recovery of vamping and sweeping tonnages and a small increase in stoping width. Gold production, however, was lower in fiscal 2007 and the overall recovered grade in fiscal 2007 decreased due to slightly lower stoping grades and the impact of the lower mine call factor at the North and South Sections in the second half of fiscal 2007. The lower mine call factor at the North and South section was offset in part by higher mine call factor values at the West section.

Recovered grade increased in fiscal 2006 primarily due to a cessation of low grade surface material processing and an improvement in quality factors, such as a slight reduction in stoping width, less dilution from shortfall sources and an increase in the mine call factor. Tonnage milled decreased in fiscal 2006, primarily due to the cessation of surface dump treatment, reduced stope widths and reduced shortfall, which means the amount by which reef tonnage hoisted exceeded tonnage broken. Gold produced decreased in fiscal 2006 due to lower stoping volumes, the impact of employee strikes in August 2005 and an overall decrease in the mined grade. However, the lower mine grade was offset in part by increased production volumes from sweepings and vamping, which improved the mine call factor and recovered grade in fiscal 2006.

The increase in total cash costs and total production costs per ounce of gold from fiscal 2006 to fiscal 2007 resulted primarily from the reduced gold produced and the increase in labor costs.

The Beatrix mine is engaged in underground mining, and thus is subject to all of the underground mining risks discussed in Risk Factors. The primary safety risks at Beatrix are falls of ground, tramming accidents and flammable gas explosions. Beatrix does experience seismic events and, while the seismic risk is much lower at Beatrix than it is at Kloof or Driefontein, the operation manages these events with a seismic network consisting of several geophones.

Beatrix embarked on a focused training course and awareness campaign on fall of ground accidents in March 2006. Since the introduction of this campaign, there has been a significant lessening of these types of accidents. This campaign includes miner training, hazard awareness, increased supervision and early stope entry examinations. Methane hazard awareness training is ongoing. During fiscal 2007, Beatrix mine was audited against the requirements of the OHSAS 18001 and received accreditation in the first quarter of fiscal 2008.

There were a total of five underground fires in fiscal 2007, two of which occurred at Beatrix North and three at Beatrix South. None of these fires materially affected production. As part of the operating requirement for hazardous locations on the mine, all relevant areas are equipped with methane, velocity and/or ventilation door sensors, which are electronic devices that indicate if a ventilation door is open and if air flow is affected. These sensors are connected to the mine s electronic telemetry system. Furthermore, all critical fans are connected to the telemetry system and, in certain instances, equipped with localized alarms. These safety systems are monitored on a 24-hour basis from a central control room from which action is taken in the event of alarm.

The serious injury frequency rate for fiscal 2007, 2006 and 2005 was 4.02, 4.37 and 4.72 serious injuries for every million hours worked, respectively. In fiscal 2007, the fatal injury frequency rate decreased to 0.13 fatalities for every million hours worked, as compared to 0.24 fatalities for every million hours worked in fiscal

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2006. The fatal injury rate for fiscal 2005 was 0.10 for every million hours worked. Although Beatrix achieved one million fatality-free shifts in fiscal 2007, there were four fatalities at its operations in fiscal 2007, as compared to seven fatalities at Beatrix in fiscal 2006. Beatrix experienced no shaft closures for any length of time in fiscal 2007 or to date in fiscal 2008 due to accidents. To date in fiscal 2008, there have been two fatalities at Beatrix.

Production was not affected by any local or national strikes or labor slowdowns in fiscal 2007. Shaft No. 4 was closed for two days in November 2007 due to factional fighting associated with union elections. There were no interruptions to production in fiscal 2007 due to operational causes. On December 4, 2007, there was a one-day, industry-wide work stoppage in South Africa that affected the Beatrix operation. See Directors, Senior Management and Employees Employees Labor Relations South Africa.

The total shaft hoisting capacities of Beatrix are detailed below.

| Shaft System | Hoisting capacity (tons/month) |
|---|---|
| No. 1 | 170,000 |
| No. 2 | 170,000 |
| No. 3 | 180,000 |
| No. 4 | 180,000 |

Assuming that Gold Fields does not increase or decrease reserves estimates at Beatrix and that there are no changes to the current mine plan, Beatrix s June 30, 2007 proven and probable reserves of 8.2 million ounces of gold will be sufficient to maintain production through to approximately fiscal 2020. However, as discussed earlier in Risk Factors and Mine Planning and Management, there are numerous factors which can affect reserve estimates and the mine plan, which could thus materially change the life of mine.

*Processing*

The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2007, for each of the plants at Beatrix:

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| Plant | Year commissioned | Comminution phase | Treatment phase | Capacity[1] (tons/month) | Average milled for the year ended June 30, 2007 (tons/month) | Approximate recovery factor for the year ended June 30, 2007[2] |
| No. 1 Plant | 1983 | SAG milling | CIL treatment | 260,000 | 240,600 | 96% |
| No. 2 Plant | 1992 | SAG milling | CIP treatment | 150,000 | 58,600 | 96% |

Notes:

(1) Nameplate capacity. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(2) Percentages are rounded to the nearest whole percent.

In fiscal 2007, the Beatrix plants collectively extracted approximately 96% of gold contained in ore delivered for processing, which is the same percentage extracted in fiscal 2006. In fiscal 2004, Gold Fields installed a Knelson concentrator at the No. 1 Plant which removes gold earlier in the metallurgical process. A

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gravity concentrating circuit, which was commissioned in November 2006, was installed at No. 2 Plant in order to reduce locked up gold in the mills and to improve the overall recovery. These improvements to capacity are expected to remain effective going forward.

None of the metallurgical plants or facilities were upgraded or temporarily or permanently closed in fiscal 2007, and normal routine maintenance and repairs were carried out as part of regular asset management. No major expansion or upgrades are currently planned.

*Capital Expenditure*

Gold Fields spent approximately $83 million on capital expenditures at the Beatrix operation in fiscal 2007, primarily on the refrigeration project at Shaft No. 3, including bulk cooling infrastructure and pumping capacity, hydropower equipment, conversion of current accommodation for employees and ore reserve development. Gold Fields expects to spend approximately $77 million on capital expenditure at Beatrix in fiscal 2008, primarily on off-reef development, improvements to rail infrastructure from high volume stoping areas and the continuing infrastructure development at Shaft No. 3.

***South Deep Operation***

*Introduction*

Gold Fields acquired control of South Deep on December 1, 2006. South Deep is situated adjacent to Kloof, in the Gauteng Province of South Africa. South Deep operates under a mining license with a total area of approximately 3,566 hectares. It is engaged in underground mining and surface rock dump processing and is comprised of two operating shaft systems, the South Shaft Complex and the South Deep Twin Shaft Complex, and one metallurgical plant. The South Shaft Complex includes a main shaft and three sub-vertical (SV) shafts; SV 2 is used to hoist rock with SV 3 being used to move personnel and materials. The South Deep Twin Shaft Complex consists of a single barrel main shaft and adjoining ventilation shaft. Both shaft complexes operate at depths between 1,510 meters and 3,220 meters below surface. The South Deep operation has access to the national electricity grid, water, road and rail infrastructure and is located near regional urban centers where it can routinely obtain needed supplies. In the seven months ended June 30, 2007, South Deep produced 0.163 million ounces of gold. As of June 30, 2007, South Deep had approximately 6,458 employees, including approximately 1,819 employed by outside contractors.

*History*

The current South Deep operations derive from the Barrick Gold  Western Areas Joint Venture, which Gold Fields acquired in a series of transactions in second and third quarter of fiscal 2007. The Barrick Gold  Western Areas Joint Venture is now named the South Deep Joint Venture.

*Geology*

Gold mineralization at South Deep is hosted by conglomerates of the Upper Elsburg reefs and the VCR. The Upper Elsburg reefs sub-crop against the VCR in a north-easterly trend, which defines the western limits of the Upper Elsburg reefs. To the east of the sub-crop, the Upper Elsburg reefs are preserved in an easterly diverging sedimentary wedge attaining a total thickness of approximately 120 meters, which is subdivided into the lower  Individuals  and the overlying  Massives.  To the west of the sub-crop, only the VCR is preserved.

The stratigraphic units at South Deep generally dip southward at around twelve to fifteen degrees and the gold-bearing reefs occur at depths of 1,500 meters to 3,500 meters below surface. The gold grade generally decreases within a reef unit, gradually toward the east away from the Upper Elsburg Reef sub-crop, as sedimentary parameters influence the overall tenor of the reefs in the distal environment.

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The north south trending normal West Rand and Panvlakte faults, which converge on the western side of the lease, are the most important large-scale faults in the area and form the western limit to gold mineralization for the mine.

*Mining*

Production at South Deep currently is from the VCR, as well as the Upper Elsburgs (the Massives and the Individuals). The VCR occurs in the western extremity of the mining authorization. The Upper Elsburgs occur to the east of a north-northeast striking subcrop with the overlaying VCR and form part of an easterly divergent clastic wedge. In general terms, the Upper Elsburg succession represents an easterly prograding sedimentary sequence, with the Massives containing higher gold grades and showing more proximal sedimentological attributes in the eastern sector of the mining authorization than the underlying Individuals.

The VCR is mined by conventional longwall mining methods, whereas the Upper Elsburgs are mined by a variety of methods including conventional narrow reef stoping, long hole open stoping and mechanized mining (drift-and-fill and drift-and-benching). South Deep s workings are at depth, and therefore require significant cooling infrastructure.

Following a shaft accident in the South Deep Twin Shaft Complex Main Shaft in May 2006 which required the shaft to be closed, the main shaft of the South Deep Twin Shaft Complex was re-commissioned in January 2007, ahead of schedule and without a single lost time injury. In addition, a fire that started in August 2006 and took until late December to bring under control caused several portions of the mine to be temporarily closed. The impact of the fire has adversely affected the production build-up.

South Deep remains, at present, a developing mine with large sections of its infrastructure, especially at lower levels, incomplete. The ramping up of production was affected by high staff turnover in the mechanised mining section of the mine which contributes 70% of the ore mined. These staff skills are highly sought after by other trackless miners and the construction sector. Remuneration adjustments were made by year-end to attract and retain such staff. The trackless section has returned to the full three-shift cycle. Discussions are underway with the Gold Fields Business and Leadership Academy, or GFBLA, to invest in trackless training simulators to reduce the future risk of skills attrition.

The integration of the South Deep administrative, management and IT systems into the Gold Fields systems was scheduled to be completed by December 2007 and some synergies have been achieved. The South Deep Twin Shaft Complex ventilation deepening project and installation of infrastructure were also delayed due to the logistical reorganization associated with the recommissioning of the South Deep Twin Shaft Complex. A shortage of civil engineering staff experienced by contractors also exacerbated the situation.

In the second half of fiscal 2007, a 95-level workshop was commissioned, which allows the commencement of long hole open stoping. At full production, this should provide an additional 150,000 tons of marginal Elsburg ore per quarter to supplement current ore production. Moving forward, the focus will be on developing the pumping and rock-handling infrastructure below 95-level and the completion of the 94-level refrigeration project, which should allow the expansion of mining at the lower levels. Mechanized de-stress and backfill programs are being put in place to counter the risk of increased seismicity at these lower levels.

Gold Fields technical expertise is being employed to revisit mine planning and orebody optimization over the mine life. Gold Fields believes that portions of the South Deep orebody could be accessed using the Kloof infrastructure. This could have the potential of increasing the rate at which the South Deep orebody is mined, as well as reducing the unit cost of mining at both Kloof and South Deep. In addition Gold Fields intends to seek to identify other operational synergies between the two operations, which could include the provision of technical and financial services, the utilization of surface infrastructure such as workshops and offices, the procurement of consumables and supply chain management.

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Detailed below are the operating and production results at South Deep for the seven-month period from December 1, 2006 to June 30, 2007 (the period of Gold Fields ownership of the mine in fiscal 2007).

| | Seven months ended June 30, 2007 |
|---|---|
| **Production** | |
| Tons ( 000) | 1,104 |
| Recovered grade (g/t) | 4.6 |
| Gold produced ( 000 oz)[1] | 163 |
| **Results of operations ($ million)** | |
| Revenues | 107.9 |
| Total production costs[2] | 118.6 |
| Total cash costs[3] | 98.9 |
| Cash profit[4] | 9.0 |
| **Cost per ounce of gold ($)** | |
| Total production costs | 714 |
| Total cash costs | 595 |

Notes:

(1) In fiscal 2007, production is reported from December 1, 2006, the date on which Gold Fields effectively acquired the mine.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

South Deep is engaged in underground mining and is thus subject to all of the underground mining risks discussed in Risk Factors . The primary safety issues facing South Deep underground operations include seismic induced falls of ground, seismicity and rock temperatures. A fall of ground prevention campaign, which was started by Gold Fields during the second half of fiscal 2007, has reduced such incidents but has highlighted the need to focus on slip and fall risks.

In the seven months ended June 30, 2007, the serious injury frequency rate was 4.03 injuries for every million hours worked and the fatal injury frequency rate was 0.13 fatalities for every million hours worked. There was one fatality at the South Deep operation in the seven months ended June 30, 2007 and, in fiscal 2008, there has been one fatality.

Production was not affected by any local or national strikes or labor slowdowns in fiscal 2007. There were no interruptions to production in fiscal 2007 or to date in fiscal 2008 due to operational causes. On December 4, 2007 there was a one-day, industry-wide work stoppage in South Africa that affected the South Deep operation. See Directors, Senior Management and Employees Employers Labor Relations South Africa.

The ISO 14001:2004 Environmental Management System implementation is on track and certification is anticipated during calendar 2008. There was a return water dam overflow during August 2007 as a result of insufficient dam capacity during the cleanup of one of the compartments of the dam. The solution was neutralized as a precautionary measure through the addition of ferrous sulphate.

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The total shaft hoisting capacities of South Deep are detailed below.

| Shaft System | Hoisting capacity (tons/month) |
|---|---|
| Twins Main | 202,000 |
| SV2 | 164,000 |
| South Shaft | 164,000 |

Gold production for the seven months to June, 2007 amounted to 0.163 million ounces, which included both underground and surface sources. The underground grade recovered was 6.2 grams per ton for the same period. Assuming that Gold Fields does not increase or decrease reserves estimates at South Deep and that there are no changes to the current mine plan at South Deep, South Deep s June 30, 2007 proven and probable reserves of 30.4 million ounces will be sufficient to maintain production through approximately fiscal 2049. However, as discussed earlier in Risk Factors and Mine Planning and Management, there are numerous factors which can affect reserve estimates and the mine plan, which could thus materially change the life of mine. Moreover, Gold Fields is still evaluating the reserve position at South Deep following its acquisition of the mine during fiscal 2007, and these reserves are included in the Independent Review Panel report dated December 31, 2005, but updated by Gold Fields to June 30, 2007 for mining depletions.

*Processing*

All processing at South Deep is provided by a single plant. The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and metallurgical recovery factors during the seven months ended June 30, 2007 for the plant:

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| Plant | Year commissioned | Comminution phase | Treatment phase | Capacity[1] (tons/month) | Average milled for the seven months ended June 30, 2007 (tons/month) | Approximate recovery factor for the seven months ended June 30, 2007[2] |
| Twin Shaft Plant | 2002 | SAG and ball milling | Leach, CIP treatment with elution and electro winning | 220,000 | 158,000 | 97% |

Notes:

(1) Nameplate capacity as stated by the manufacturer. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(2) Percentages are rounded to the nearest whole percent.

During fiscal 2007, between 12% and 33% by mass of the annual tons milled reported underground as backfill. The current backfill plant has the capacity to recover 48% by mass of the tons milled as backfill product. Deposition rates on the current residue disposal facilities is limited to 170,000 tons per month. The design for a new residue disposal facility for South Deep has been completed and construction is due to start in early 2008. Gold Fields expects it will take four years to complete the construction program and two years before residue can be diverted to the new dam, at a reduced rate initially.

The previous owners of South Deep completed a feasibility study which aims to increase mine throughput from the current design of 200,000 tons per month to 330,000 tons per month. This includes increasing hoisting

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capacity at the South Deep Twin Shaft Complex, increasing ventilation and refrigeration capacity, increasing backfill capacity and modifying the metallurgical plant and tailings disposal sites. Included in the feasibility study is the completion of all ancillary infrastructure below 95 level at the South Deep Twin Shaft Complex and the development to ore positions on 100,105 and 110 levels. Gold Fields is advancing the activities as laid out in the feasibility study.

*Capital Expenditure*

Post-acquisition, through the end of fiscal 2007 Gold Fields spent approximately $23 million, primarily on the Twin Shaft ventilation deepening project, the 94-level refrigeration plant and the design of the new slimes dam.

Gold Fields expects to spend approximately $136 million on capital expenditure at South Deep in fiscal 2008, primarily on development and equipping below level 95, increasing ventilation and refrigeration capacity and surface exploration drilling.

***Ghana Operations***

The Ghana operations are comprised of the Tarkwa and Damang mines.

*Tarkwa Mine*

*Introduction*

Gold Fields Ghana, which holds the interest in the Tarkwa mine, is owned 71.1% by Gold Fields, 18.9% by IAMGold and 10.0% by the government of Ghana.

The Tarkwa mine is located in south-western Ghana, about 300 kilometers by road west of Accra. The Tarkwa mine consists of several open pit operations on the original Tarkwa property and the adjacent southern portion of the property, which was formerly referred to as the Teberebie property and was acquired by Gold Fields in August 2000, together with two heap leach facilities, referred to as the North Plant and the South Plant. A new SAG mill and CIL plant commenced continuous operations at the Tarkwa property in November 2004. The Tarkwa mine operates under mining leases with a total area of approximately 20,800 hectares. It currently conducts only surface operations, although it previously had a small underground mining operation which it operated through July 1999 under Gold Fields agreement with the government of Ghana. The Tarkwa mine has access to the national electricity grid, water, road and railroad infrastructure. Most supplies are trucked in from either the nearest seaport, which is approximately 140 kilometers away by road in Takoradi, or from Tema near Accra, which is approximately 300 kilometers away by road. In the fiscal year ended June 30, 2007, Tarkwa produced 0.697 million ounces of gold, of which 0.496 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in Gold Fields Ghana. As of June 30, 2007, Tarkwa had approximately 3,800 employees, including approximately 2,200 employed by outside contractors.

*History*

Investment in large-scale mining in the Tarkwa area commenced in the last quarter of the nineteenth century. In 1993, Gold Fields of South Africa, or GFSA, took over an area previously operated by the State Gold Mining Corporation, or SGMC. SGMC had in turn acquired the property from private companies owned by European investors. Following initial drilling, feasibility studies and project development (which included the removal of overburden and the resettlement of approximately 22,000 people), mining operations commenced in 1997.

*Geology*

Gold mineralization at Tarkwa is hosted by Proterozoic Tarkwaian metasediments, which overlie but do not conform to a Birimian greenstone belt sequence. Gold mineralization is concentrated in conglomerate reefs and

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has some similarities to deposits in the Witwatersrand Basin in South Africa. The deposit comprises a succession of stacked, tabular paleoplacer units consisting of quartz pebble conglomerates. Approximately 10 such separate economic units occur in the concession area within a sedimentary package ranging from 40 meters to 110 meters in thickness. Low grade to barren quartzite units are interlayered between the separate reef units.

*Mining*

The existing surface operation currently exploits narrow auriferous conglomerates from four pits, namely Pepe, Akontansi, Teberebie and Kottraverchy. A fifth pit, West Hill, was fully depleted in February 2007. Two additional pits, Atuabo and Mantraim, which have previously been mined by Gold Fields, are temporarily inactive, but both are planned to be reactivated within the next few years pending the relocation of an electrical sub-station which lies on the edge of the current allowed blast radius and as adjacent active pits are expanded to join them.

Tarkwa uses the typical open pit mining methods of drilling, blasting, loading and hauling. The progression of blasting in the open pit occurs in steps of six meters (or in some cases three meters) with the ore loaded into 144-ton dump trucks.

Tarkwa currently presents no unusual challenges beyond those faced at most open pit and heap leaching mining operations, including variations in amenability of ores to leaching. However, harder ores are expected at Tarkwa which could reduce throughput at the two heap leach facilities. As yet, throughput has not been affected, but heap leach recoveries have declined from fiscal 2006. The primary operational challenges include managing effective grade control, lowering operating costs, optimizing throughput in the plant operations and managing gold-in-process on heap leach pads (that is, gold in the processing circuit that is expected to be recovered during or after operations).

Gold Fields took over the mining activities previously performed on a contract basis by African Mining Services (Ghana) Pty Ltd, or AMS, in the first quarter of fiscal 2005, having purchased its own mining fleet of equipment during the latter half of fiscal 2004. The transition from contractor mining to owner mining went smoothly, with Gold Fields re-engaging the majority of the AMS operators. Additionally, Gold Fields continued to operate at Tarkwa under maintenance and repair contracts with its major equipment suppliers, which were agreed upon in 2004 and have a five-year term. Engineering & Projects Company Limited, a South African company, has been contracted through an alliance agreement to expand the existing CIL Plant to handle one million tons per month. Engineers & Planners Company Limited, a Ghanaian company, was contracted in fiscal 2007 to construct a heap leach pad expansion and to assist in soft topsoil waste mining. Another contractor, P.W. Ghana Limited, was hired to commence work on July 1, 2006 to accelerate stripping in the Teberebie pit in order to guarantee adequate hard ore for the SAG mill. This contractor completed this phase of the work in January 2007 and, in early 2007, after purchasing new mining equipment, Gold Fields took over the stripping operation from the contractors.

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Detailed below are the operating and production results at Tarkwa for the past three fiscal years.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005 | 2006 | 2007 |
| **Production** | | | |
| Tons ( 000) | 19,633 | 21,487 | 22,639 |
| Recovered grade (g/t) | 1.1 | 1.0 | 1.0 |
| Gold produced ( 000 oz)[1] | 677 | 709 | 697 |
| **Results of operations ($million)** | | | |
| Revenues | 287.5 | 373.0 | 444.8 |
| Total production costs[2] | 196.1 | 248.2 | 302.6 |
| Total cash costs[3] | 156.9 | 212.6 | 263.6 |
| Cash profit[4] | 130.6 | 160.4 | 181.2 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 290 | 350 | 434 |
| Total cash costs | 232 | 300 | 378 |

Notes:

(1) In fiscal 2005, 2006 and 2007, 0.481 million ounces, 0.504 million ounces and 0.496 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

In fiscal 2007, overall ore tonnage increased compared to fiscal 2006 levels as CIL production increased as a result of continuous improvement initiatives. Total ore and waste mined increased as additional equipment was added to provide the amount of life of mine waste strip mining required to open sufficient ore reserves for mining. Compared to fiscal 2006 levels, ounces of gold produced at Tarkwa decreased slightly in fiscal 2007 because of expected lower recoverable head grade. Total cash costs per ounce of gold increased approximately 10% during fiscal 2007, primarily due to the decreased recoverable grade and rising fuel (including diesel to run the generators), cyanide, cement and steel prices, higher fleet maintenance costs and an increase in the level of waste stripping and increased power costs.

Of significance in fiscal 2007 were the changes made to the electricity supply arrangements as a result of the energy crisis in the country following poor rainfall and the depletion of the Akosombo dam to below the minimum operating level required to operate the hydro generation facility. As a result, in August 2007 a load shedding regime was put in place by the government of Ghana, which called for commercial and domestic consumers to reduce their offtake by a specified percentage of their average consumption. This percentage varied between 25% and 50% from August to December 2006 and then remained constant at 25% for the period from January to June 2007. In order to maintain production levels at both the Tarkwa and Damang operations while adhering to the load shed requirements, Gold Fields decided to run the on-site diesel generation facilities at both mines. Because the larger generating capacity of Gold Fields on-site generating facilities is located at Damang, Tarkwa, with the agreement of the Volta River Authority (the government-owned utility), or the VRA, made a smaller reduction in demand while Damang made a larger reduction, relying more heavily on the on-site generation facilities. As a result, Damang used 82% of the total self-generated electricity. The cost of generation over this period amounted to $11.4 million, which was allocated proportionally between Tarkwa and Damang. Through discussions at the Ghana Chamber of Mines, it was agreed that on-site generation was not a sustainable solution.

As a result, the four largest mining companies in Ghana formed a consortium and agreed to jointly fund the construction of an 80MW power plant, known as the Mining Reserve Plant, or MRP, to guarantee electricity

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supply into the future. The basis of the arrangement was that 25% of the funding would be provided by each consortium member, that the consortium would in addition pay an operations and maintenance contractor to maintain and run the plant for one year, that the MRP would be handed over to the VRA for it to ultimately manage and operate and, in exchange, the consortium would be protected from any future load shedding requirements up to the installed capacity of the MRP.

In October 2007 the load shedding requirement for the consortium members was reduced from 25% to 10%, with an indication that it would be removed entirely as from January 1, 2008. To achieve the new 10% target, Gold Fields has decided to find ways of improving energy efficiency rather than continuing with costly on-site generation or using power generated from the MRP. A 35% increase in the electricity tariff became effective on November 1, 2007. This increase is primarily attributable to the need for re-investment in the energy sector through new projects and upgrades.

In fiscal 2006, overall ore tonnage increased compared to fiscal 2005 levels as CIL production increased and minor bottlenecks on screens and pumps were eliminated. Total ore and waste mined increased as additional equipment was added and two contractors were hired to help the plants meet processing capacity. Furthermore, compared to fiscal 2005 levels the ounces of gold produced at Tarkwa increased by 32,000 ounces in fiscal 2006 because the CIL plant produced for the full year, as compared to seven months in fiscal 2005, and all processing facilities exceeded planned production rates. Total cash costs per ounce of gold increased significantly during fiscal 2006, primarily due to rising fuel, cyanide, cement and steel prices, higher fleet maintenance costs and an increase in the level of waste stripping.

Assuming that Gold Fields does not increase or decrease reserves estimates at Tarkwa and that there are no changes to the current mine plan at Tarkwa, Tarkwa s June 30, 2007 proven and probable reserves of 12.2 million ounces (8.7 million of which were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations) will be sufficient to maintain production through approximately fiscal 2022. However, as discussed earlier in Risk Factors and Mine Planning and Management, there are numerous factors which can affect reserve estimates and the mine plan, which could thus materially change the life of mine.

The Tarkwa mine is engaged in open pit mining and is thus subject to all of the risks associated with open pit mining discussed in Risk Factors. Although surface mining generally is less dangerous than underground mining, serious and even fatal accidents do still occur. Tarkwa had no fatalities in fiscal 2007 and had one fatality in fiscal 2006. To date in fiscal 2008, there have been three fatalities at Tarkwa. The overall safety record at Tarkwa has improved during the last three years due to the introduction of the Occupational Health and Safety Assessment Series 18001, which is an international occupational health and safety management system standard. The serious injury frequency rate for fiscal 2007, 2006 and 2005 was 0.0, 0.1 and 0.2 serious injuries for every million hours worked, respectively. The fatal injury frequency rate for fiscal 2007 was 0.0 fatal injuries for every million hours worked and for each of 2006 and 2005 it was 0.1 fatal injuries for every million hours worked. There were no material work stoppages during fiscal 2007 or to date in fiscal 2008. The mine is also certified to the ISO 14001 standard in terms of its environmental management system.

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*Processing*

Tarkwa s ore can be processed either using conventional heap leach techniques with acceptable recoveries or SAG milling with a CIL plant. The current operation incorporates two separate heap leach circuits, the North Plant and the South Plant, and a new SAG mill plant which was commissioned in 2004. The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and metallurgical recovery factors during the fiscal year ended June 30, 2007, for each of the plants at Tarkwa:

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| **Plant** | **Year commissioned** | **Comminution phase** | **Treatment phase** | **Capacity[1] (tons/month)** | **Average milled for the year ended June 30, 2007 (tons/month)** | **Approximate recovery factor for the year ended June 30, 2007[2]** |
| CIL Plant | 2004 | SAG milling | CIL treatment | 350,000 | 468,300 | 96% |
| North Plant Heap Leach Facility | 1997 | Multiple stage crushing and screening process and agglomeration | Heap leach[3] with AD&R treatment | 810,000 | 870,100 | 83% |
| South Plant Heap Leach Facility | 1992 | Multiple stage crushing and screening process and agglomeration | Heap leach[3] with AD&R treatment and electrowinning | 530,000 | 548,100 | 69% |

Notes:

(1) Nameplate capacity as stated by the manufacturer. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(2) Percentages are rounded to the nearest whole percent.

(3) Heap leach recoveries are the result of an extended solution application process with full recovery requiring several leach cycles. Full recovery of all recoverable gold for current ores is only achieved over several years. Thus, recoveries must be considered in terms of recovery as time progresses, or a progressive recovery. Over time, Gold Fields expects both plants to achieve progressive recovery factors of about 64% of contained gold, equivalent to full recovery of all recoverable gold during the life of mine.

The SAG mill and CIL plant were commissioned in early fiscal 2005 and consistently exceeded nameplate capacity during fiscal 2006 and 2007. The amount of tonnage treated at the heap leach facilities rose slightly in fiscal 2007 as a result of continuing improvements to both the North and South Plants. Expansion of the North Plant heap leach pads commenced during the third quarter of fiscal 2007. The CIL plant processed 5.6 million tons in fiscal 2007, as compared to 4.7 million tons in fiscal 2006. An expansion project commenced in the fourth quarter of fiscal 2007 which is expected to increase the capacity of the CIL Plant to one million tons per month. This expansion project is expected to be completed during September 2008.

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*Capital Expenditure*

Gold Fields spent approximately $83 million on capital expenditure at the Tarkwa operation in fiscal 2007, primarily on construction of the North Plant heap leach pad, CIL Plant expansion, replacement and expansion of mining equipment and the MRP. Gold Fields has budgeted approximately $147 million for capital expenditure at Tarkwa for fiscal 2008, principally for the CIL Plant expansion, further expansion of the North Plant heap leach pad, and additional mining equipment.

*Damang Mine*

*Introduction*

Abosso, which owns the interest in the Damang mine, is owned 71.1% by Gold Fields, 18.9% by IAMGold and 10% by the Ghanaian government, mirroring the shareholding structure of Gold Fields Ghana.

The Damang deposits are located in the Wassa West District in south-western Ghana approximately 360 kilometers by road west of Accra and approximately 30 kilometers by road northeast of the Tarkwa mine. The Damang mine consists of an open pit operation with a SAG mill and CIL processing plant.

Damang operates under a mining lease with a total area of approximately 8,100 hectares. The Damang mine has access to the national electricity grid and water and road infrastructure. Most supplies are trucked in from either the nearest seaport, which is approximately 200 kilometers away by road in Takoradi, or from Accra, which is approximately 360 kilometers away by road. In the fiscal year ended June 30, 2007, the Damang mine produced 0.188 million ounces of gold, of which 0.134 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in Abosso. As of June 30, 2007, Damang had approximately 1,000 employees, including approximately 700 employed by outside contractors.

*History*

Mining on the Abosso concession began with underground mining in the early twentieth century. Surface mining at Damang commenced in August 1997 and Gold Fields assumed control of operations on January 23, 2002.

*Geology*

Damang is located on the Damang Anticline, which is marked by Tarkwaian metasediments on the east and west limbs, around a core of Birimian metasediments and volcanics. Gold in the Tarkwaian metasediment and volcanics is predominantly found in the conglomerates of the Banket Formation and is similar to the Witwatersrand in South Africa; however, at Damang, hydrothermal processes have enriched much of this paleoplacer mineralization. Within the region, the contact between the Birimian and Tarkwaian metasediment and volcanics is commonly marked by zones of intense shearing and is host to a number of significant shear hosted gold deposits including Prestea, Bogoso, and Obuasi.

Paleoplacer mineralization occurs on the west limb of the anticline at Abosso, Chida, and Tomento, and on the east limb of the anticline at the Kwesie, Lima, Lima South, Bonsa North and Bonsa locations. Hydrothermal enrichment of the Tarkwaian paleoplacer occurs at the Rex, Amoanda, and Nyame areas on the west limb and the Damang and Bonsa areas on the east limb.

*Mining*

Damang uses the typical open pit mining methods of drilling, blasting, loading and hauling. The progression of blasting in the open pit occurs in six-meter benches, which are then combined to form steps of three meters with the ore and waste loaded into 100-ton dump trucks. The primary operational challenges include managing

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effective grade control, lowering operating costs, managing groundwater and geotechnical issues at the Damang Pit Cut Back, or DPCB, and maintaining adequate and timely supply of appropriate plant feed blend. There were no material stoppages to the mining operations during fiscal 2007. However, there were interruptions to the crushing operation due to mechanical and electrical problems on the primary crusher.

During fiscal 2007, the Amoanda, DPCB and J2SW pits were the high-grade fresh ore feed sources to the plant. The Amoanda pit was fully depleted by the end of the first quarter of fiscal 2007. The J2SW pit was the south extension of the DPCB and was fully depleted during the fouth quarter of fiscal 2007. Mining continued at Tomento during fiscal 2007. Of the five Tomento pits, two were fully depleted in fiscal 2007 and two are currently the main oxide ore feed source to the plant. A greater proportion (95%) of the Tomento pit 4 material has changed from soft (oxide) to hard (fresh) material and mining activities continued at this pit to supplement the high-grade fresh ore from the DPCB and the oxide ore from Tomento pits 1 and 2. The Kwesie North pit, which was a back-up pit for oxide supply to the plant, was fully depleted by the end of the fourth quarter of fiscal 2007.

The DPCB waste stripping continued in fiscal 2007. Approval was sought for additional expenditure over the life of the pit. The expenditure, which is projected to increase compared to the original forecast due to the increase in mining volumes and increasing AMS contract rates, is required for the continued development of the DPCB. In addition, a scoping study to evaluate the underground mining potential at Abosso Deeps, an area at the southern end of the Damang lease area near the old Abosso underground mine, has been drafted. Further study into the feasibility of utilizing manual mining method is currently underway.

The development of Damang s several satellite pits has increased the size of the mine extensively, requiring compensation payments and in some cases the resettlement of affected landowners. During fiscal 2004 and 2005, the Kwesi-Lima, Amoanda and Tomento North resettlement projects were implemented, affecting 192 households in the area. In fiscal 2006, development at Lima South and Tomento involved the resettlement of a further 55 households. A total of approximately 60 households were resettled in fiscal 2007. The impending commencement of the Tomento East pit is expected to require resettlement of approximately 36 households in that area.

Following Gold Fields acquisition of this mine in January 2002, an exploration program was started to seek alternative sources of ore to replace the Damang pit, by testing both hydrothermal and conglomerate styles of mineralization across the Damang lease area. The Rex pit may commence mining during fiscal 2010.

AMS performs a substantial proportion of the operations at Damang. In January 2006, AMS was awarded a six-year contract beginning June 25, 2005 to reflect the increased scope of works from mining the DPCB and the Damang satellite pits. AMS provides employees, supplies and equipment for mining at Damang, including drilling, blasting and waste stripping, as well as the haulage of the material produced from the mining activities, including both ore and waste. AMS receives fees under the contract which depend on the type of service being performed and the equipment being used. Under the terms of the contract, AMS is liable for any damage or loss it causes, including that caused by any subcontractor it hires. AMS is not liable for damage that is the result of work performed in accordance with the terms of the contract that is unavoidable or that is caused by any negligent act or omission of employees of Abosso or third parties over whom AMS has no control. AMS is required to take out insurance to cover potential damage and liability. Abosso can terminate its contract at any time; however, there are significant penalties associated with doing this particularly early on in the life of the contract. In the event of termination, Abosso is under no obligation to purchase any of the AMS equipment, although should AMS agree, it would have an option to purchase such equipment.

A different contractor, Engineers & Planners Company Limited, performs the ore haulage contract work at Damang, using 30-ton trucks to haul the material from the various satellite pits to the Run of Mine, or RoM, pad, which is the ore stockpile dump close to the crushing plant.

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Detailed below are the operating and production results at Damang for the past three fiscal years.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005 | 2006 | 2007 |
| **Production** | | | |
| Tons ( 000) | 5,215 | 5,328 | 5,269 |
| Recovered grade (g/t) | 1.5 | 1.4 | 1.1 |
| Gold produced ( 000 oz)[1] | 248 | 235 | 188 |
| **Results of operations ($ million)** | | | |
| Revenues | 104.3 | 123.1 | 119.5 |
| Total production costs[2] | 74.9 | 105.0 | 113.1 |
| Total cash costs[3] | 69.9 | 101.5 | 112.2 |
| Cash profit[4] | 34.4 | 21.6 | 7.3 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 302 | 447 | 602 |
| Total cash costs | 282 | 432 | 597 |

Notes:

(1) In fiscal 2005, 2006 and 2007, 0.176 million ounces, 0.167 million ounces and 0.134 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in Abosso.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenue less total cash costs.

While various satellite pits were brought to production to offset the Damang pit depletion, the grade and gold production in fiscal 2007 decreased primarily due to depletion of the relatively high-grade fresh material from the Amoanda and J2SW pits. Total production and cash costs increased in fiscal 2007 due to increases in mining, haulage, fuel and consumable costs, together with expenditure incurred on the DPCB, which amounted to $23.4 million. Mill tonnage decreased due to 19 days of unplanned mechanical downtime on the primary crusher. The unplanned mechanical downtime was mainly due to the failure of a crusher bearing. The crusher is not a common make, and so time was required to find a matching bearing, deliver it to site and install it. Subsequently, the mine has ordered another bearing and other special one-off components so that if failure of these components occurs, similar downtime events can be avoided or minimized.

Damang has a back-up power generation facility that is owned and controlled by Damang. Similar to Tarkwa, Damang was required to reduce its power requirements from the main grid and in doing so replaced such power with self-generation, which it will continue to do until the MRP is fully operational. Where they are required to reduce demand from the national grid, Tarkwa and Damang will rely on the MRP for power first and then on their onsite generators.

The grade and gold production in fiscal 2006 decreased primarily due to completion of the relatively high-grade fresh material from the J2SE pit, which was adjacent to the Damang pit, and high-grade oxide from the Amoanda pit. Total production costs and cash costs increased in fiscal 2006 due to increases in mining, haulage, fuel and consumable costs, together with expenditure incurred on the DPCB, which amounted to $23 million. Optimization of the mill feed blend and plant set up allowed the Damang mine to treat more tonnage in fiscal 2006 than fiscal 2005. Mill tonnage increased due to a 1.7% increase in mill utilization and a slight increase in the hourly throughput rate. The Damang pit contains

higher grade ore than the new pits and this higher grade pit was the primary contributor to production in fiscal 2006, before the cutback.

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Assuming that Gold Fields does not increase or decrease reserves estimates at Damang and that there are no changes to the current mine plan at Damang, Damang s June 30, 2007 proven and probable reserves of 1.5 million ounces (1.03 million of which were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations) will be sufficient to maintain production through approximately fiscal 2014. However, as discussed earlier in Risk Factors and Mine Planning and Management, there are numerous factors that can affect reserve estimates and the mine plan, which could thus materially change the life of mine.

The Damang mine comprises open pit mining, and is thus subject to all of the risks associated with open pit mining discussed in Risk Factors. Although surface mining generally is less dangerous than underground mining, serious and even fatal accidents do still occasionally occur. The Damang mine has not had a fatal injury since its acquisition by Gold Fields in 2002, including to date in fiscal 2008. The serious injury frequency rate at Damang for fiscal 2007, 2006 and 2005 was 0.0, 0.0 and 0.2 serious injuries for every million hours worked, respectively, reflecting improvement over the period. The Damang mine has introduced a management system in accordance with the Occupational Health and Safety Assessment Series, or OHSAS, 18001. The environmental management system at the mine is certified to the ISO 14001 standard. There were no strikes or material work stoppages at Damang in fiscal 2007 or to date in fiscal 2008.

*Processing*

All processing at Damang is provided by a single plant. The following table sets forth the year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2007 for the plant.

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| **Plant** | **Year commissioned** | **Comminution phase** | **Treatment phase** | **Capacity[1] (tons/month)** | **Average milled for the year ended June 30, 2007 (tons/month)** | **Approximate recovery factor for the year ended June 30, 2007[2]** |
| Main Plant | 1997 | Single stage crushing with SAG and ball milling | CIL treatment | 383,000 | 439,100 | 92% |

Notes:

(1) Nameplate capacity as stated by the manufacturer. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(2) Percentages are rounded to the nearest whole percent.

Optimization of the Damang mill involves careful blending of hard and soft ores to maximize use of the milling circuit, which remains the constraint in this plant. Mining operations continue to focus on maintaining an appropriate plant feed blend.

Feasibility for the design and installation of a seventh CIL tank was completed in November 2005 and tenders were submitted in April 2006 for final costing. This project is near completion and is expected to be fully commissioned by the end of the second quarter of fiscal 2008.

*Capital Expenditure*

Gold Fields spent approximately $9 million on capital expenditures at the Damang mine in fiscal 2007, primarily on increasing capacity at a tailings storage facility, construction on the seventh CIL tank and

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development of the Tomento pits. Gold Fields has budgeted approximately $13 million of capital expenditure at Damang for fiscal 2008, primarily for continued work on increasing capacity at the tailings storage facility, completion of construction on the additional CIL tank and continued development of the new pits.

***Australia Operations***

When Gold Fields acquired the St. Ives and Agnew gold mining operations from WMC Resources Limited, or WMC, on November 30, 2001, part of the purchase consideration included Gold Fields agreeing to pay a royalty to WMC. Separate, but similar, royalties were payable for gold produced from the St. Ives and Agnew operations, calculated as follows:

- 4% of the net smelter returns for gold produced from St. Ives to the extent that cumulative production of gold from November 30, 2001 exceeded 3.3 million ounces, but subject to the average spot price of gold for the relevant quarter exceeding A$400 per ounce. A similar royalty was payable for gold production at Agnew but only for cumulative production of gold from November 30, 2001 in excess of 0.8 million ounces; and

- a price participation royalty equal to 10% of the difference between the spot gold price and A$600 per ounce of gold in respect of all gold produced from the St. Ives and Agnew operations each quarter after November 30, 2001, subject to the spot price of gold exceeding A$600 per ounce.

On June 26, 2002, WMC agreed to give up its right to receive royalties from the Agnew operation in exchange for a payment of A$3.6 million. In July 2002, WMC sold its right to royalties from the St. Ives operation to Morgan Stanley. That royalty obligation remains in place.

During fiscal 2007, the increase in the gold price triggered the price participation royalty and for fiscal 2007 royalties of A$10,223,326 (approximately U.S.$8 million) were paid. It is expected that during fiscal 2008, total gold produced from St. Ives since November 30, 2001 will exceed 3.3 million ounces, potentially creating liability to pay the 4% net smelter return royalty.

*St. Ives*

*Introduction*

St. Ives is located 80 kilometers south of Kalgoorlie and 20 kilometers south of Kambalda, straddling Lake Lefroy in Western Australia. It holds mining leases covering a total area of approximately 87,400 hectares. St. Ives is both a surface and underground operation, with a number of open pits, three operating underground mines, one underground mine under development, a metallurgical plant and a heap leach facility. The St. Ives operation has access to the local electricity supplier and water, rail and road infrastructure, and needed supplies are trucked in locally from both Kambalda and Kalgoorlie. In fiscal 2007, St. Ives produced 0.487 million ounces of gold. St. Ives had a workforce of approximately 800 employees as of June 30, 2007, approximately 500 of whom were employed by outside contractors.

Gold production takes place over an extensive area at St. Ives, although it is mainly concentrated in a 30 kilometer corridor extending south-southeast from Kambalda across Lake Lefroy.

*History*

Gold mining began in the St. Ives area in 1897, with WMC commencing gold mining operations at St. Ives in 1980. Gold Fields acquired the St. Ives gold mining operation from WMC in November 2001.

*Geology*

The gold deposits of St. Ives are located at the southern end of the Norseman-Wiluna greenstone belt of the West Australian Goldfields Province. In the St. Ives area the belt consists of Kalgoorlie Group volcanic rocks,

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Black Flag group felsic volcanic rocks and sediments and a variety of intrusive and overlying post-tectonic sediments. The area is structurally complex, with host rocks highly metamorphosed to upper greenschist and lower amphibolite facies. Gold mineralization discovered to date is best developed in the mafic dominated parts of the sequence, hosted in minor structures including vein arrays, breccia zones and central, quartz rich and mylonitic parts of shear zones. Deposit styles and ore controls are varied, but deposits are commonly associated with subsidiary structures which splay off the regionally extensive Boulder-Lefroy Fault.

*Mining*

St. Ives sources production from a variety of underground and surface operations, and has a heap leach facility which treats low and marginal grade ore and a mill that treats primary ore. The principal production sources in fiscal 2007 included the Leviathan and Argo underground mines together with the Mars, Thunderer and Delta North open pits. Gold Fields management expects the principal underground production sources in fiscal 2008 to be different from fiscal 2007, with the Leviathan underground mine ceasing production and the Belleisle underground mine commencing production together with the Cave Rocks underground mine. The primary open pit production sources are expected to shift in fiscal 2008, with the full depletion of the Thunderer and Delta North pits, which will be replaced by new open pits at Leviathan, North Revenge and Bahama. As many of the operations at St. Ives involve mining deposits on or under Lake Lefroy (which is a shallow salt pan that has water in it only intermittently), extracting ore requires construction of bunds and other earthworks to prevent water intrusion. Open pit operations use 180- to 250-ton excavators loading 150-ton trucks. Waste dumps are formed adjacent to the pits or, if practicable, waste is dumped in previously exhausted pits.

*Argo Complex.* Stoping activities at the Argo mine commenced in November 2003. The Argo underground mine operated below capacity during fiscal 2007, with the actual geometry of the ore bodies preventing the planned extractions sequences and some sections of the ore bodies failed to meet modeled grade expectations. However, the mined grade improved in the second half of the year, reflecting changes in mine design, sequencing and mining method, combined with revised ore body modeling. Margins were below expectations during fiscal 2007. Performance at Argo in fiscal 2008 is expected to result in significant improvements.

*Greater Revenge Complex.* Mining at the Greater Revenge Area commenced in 1989. The mines apply typical open pit and lake sediment mining methods. Further exploration and mine design updates resulted in extensions to the Agamemnon open pit during fiscal 2007. The North Revenge pit was fully depleted in the first half of fiscal 2008, with production from Agamemnon expected to continue into fiscal 2009.

*Belleisle Underground Mine.* The Belleisle deposit lies in the Greater Revenge area adjacent to the Mars open pit. Development of a decline tunnel commenced in the second half of fiscal 2007 to access the Belleisle ore body. Development is scheduled to continue throughout fiscal 2008 with commencement of ore production scheduled from the fourth quarter of fiscal 2008.

*Leviathan Underground Complex.* The Leviathan complex consists of three distinct underground areas: Sirius (fully depleted in fiscal 2005), East Repulse, and Conqueror. East Repulse commenced stoping operations in fiscal 2004 and mining continued throughout fiscal 2006 with delineation of additional production areas, enabling the mine life to be extended to the end of fiscal 2006. Some limited production is expected from the East Repulse area during fiscal 2008. Development of the Conqueror area began in late fiscal 2004 with water drainage and rehabilitation of old access areas. Development was further accelerated in fiscal 2005 and the area achieved targeted production levels during the course of fiscal 2006. Production from Conqueror remained strong throughout fiscal 2007. While production at Conqueror was scheduled to cease at the end of fiscal 2007, it has continued at a reduced rate into fiscal 2008 and is expected to be completed during fiscal 2008. Gold Fields is continuing to explore opportunities for further extensions of mining operations within the Leviathan complex. However, the mining of the Leviathan open pit will restrict access to some parts of the Leviathan underground mine.

*Thunderer Open Pit.* Waste removal at the Thunderer open pit commenced in fiscal 2006 and continued through the first half of fiscal 2007. Ore production commenced in the first half of fiscal 2007, following the

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cessation of mining at the Mars open pit. The mine applies typical open pit and lake sediment mining methods. The deposit is located straddling the southern shore of Lake Lefroy to the east of the new Lefroy processing plant. The deposit is hosted underneath moderate depths of lake sediment and dunal sand cover. The Thunderer open pit is expected to be fully depleted in the second quarter of fiscal 2008.

*Bahama Open Pit.* Mining commenced at the Bahama open pit in the first quarter of fiscal 2007 with waste removal. This deposit is located in the middle of Lake Lefroy and to the immediate north east of the Santa Ana open pit, mined by WMC in the mid-1990s. The mine also applies typical open pit and lake sediment mining methods. The deposit mine was inundated twice during the waste removal phase of mining, delaying mining and resulting in a re-scheduling of the mining sequence to defer mining of ore until fiscal 2008.

*Delta North Open Pit.* Mining, in the form of waste removal, commenced at the Delta North open pit in the first quarter of fiscal 2007. This deposit is located near the shoreline of Lake Lefroy, at Delta Island. Mining of the deposit was completed during fiscal 2007, with both tonnage and grade exceeding expectations.

*Cave Rocks.* Cave Rocks is located approximately six kilometers to the west of the Kambalda West township and was previously an open pit mine in the mid-1980s. A feasibility study was completed during fiscal 2007, and mining of a series of three open pits commenced, producing a small quantity of ore in the last quarter of fiscal 2007. Mining of the open pits is scheduled to be completed during fiscal 2008. Development of an underground mine via a decline tunnel from the southern pit commenced in August 2007, with a second decline to be developed from the northern pit, which is expected to commence in November 2007. The underground mine will utilize open stoping methods to extract ore over an approximately four year period, with the first significant production expected to occur in the fourth quarter of fiscal 2008.

*Leviathan Open Pit.* The Leviathan open pit is based on the expansion of a pre-existing open pit located approximately two kilometers southeast of the Lefroy processing plant. Mining of the cut back commenced in the third quarter of fiscal 2007, with first ore production in the fourth quarter. The mine utilizes conventional shovel and truck mining practices; however, it has bulk mining zones, requiring less grade control drilling and enabling higher productivities to be achieved.

St. Ives whole of lease geological study incorporating shallow aircore drilling through to deep stratigraphic diamond drilling continued during fiscal 2007. This program incorporates follow-up exploration of identified targets. In addition, during fiscal 2007 exploration was advanced on a number of near mine extensions and new mine opportunities.

The complexity of the orebodies at St. Ives continued to present particular challenges to production levels and recovered grades in fiscal 2007. Refinement of the open pit and underground geological models was ongoing during fiscal 2007 as a result of additional drilling and reinterpretation of data and geology. The disruption caused to the mining sequence and schedule as a consequence of the delays experienced after the re-design of the Argo underground decline in fiscal 2006 further delayed St. Ives in its plans to reach some of the higher grade portions of the orebody, which were not accessed until the latter part of fiscal 2007. A significant reduction in mining dilution was achieved during fiscal 2007 in both the open pits and the underground mines.

The St. Ives production schedule requires that new open pit and underground mining sources are progressively accessed. The Bahama open pit began waste stripping during fiscal 2007 and it is expected that an extension to the Agamemnon and Pluton open pits, as well as Cave Rocks and Belleisle underground mines, will commence production during fiscal 2008. In addition, feasibility work for a new open pit and/or underground mine at Athena is expected to be undertaken. Based on the outcome of this feasibility study, mining of the deposit at Athena could commence in fiscal 2009.

All underground mining activities are completed under a contract with Carlowen Proprietary Ltd, which trades as GBF Underground Mining, or GBF. A five-year agreement with GBF commenced in April 2004, and it

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operates under a cost reimbursable model. GBF provides all the employees, equipment and consumables necessary to complete the underground development and stoping. Under the terms of the contract, Gold Fields approves all expenditures incurred and guarantees to reimburse 95% of these costs, with the remaining 5% plus any profit earned contingent on GBF achieving certain key performance indicators. Under the terms of the contract, GBF is liable for claims arising from its performance or non-performance, and any loss, damage, injury or death related to the presence of its employees onsite. GBF is not liable for liabilities or losses that are the result of negligence or a breach of a statutory duty of the mine owner. GBF is required to ensure that it and any subcontractors have adequate insurance.

Leighton Contractors Proprietary Limited, or Leighton, performs the surface mining at St. Ives under an alliance contract which was extended in January 2004 for a five year period. Leighton provides employees, consumables and equipment for mining ore and waste disposal. The contract is structured so that Leighton carries all the risk on plant and personnel performance with Gold Fields carrying the risk on costs through reimbursement. Leighton is reimbursed 100% of its direct costs and is given an additional amount for overhead costs. Payments above costs are contingent upon Leighton achieving certain key performance indicators. Under the terms of the contract, Leighton is liable for claims arising from any loss and/or damage related to the negligence, injury or death of its employees on the sites. Leighton is not liable for claims or loss resulting from the mine owner s negligence. Leighton is required to ensure that it and any subcontractors have adequate insurance.

Detailed below are the operating and production results at St. Ives for the past three fiscal years.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005 | 2006 | 2007 |
| **Production** | | | |
| Tons ( 000) | 6,332 | 6,690 | 6,759 |
| Recovered grade (g/t) | 2.6 | 2.3 | 2.2 |
| Gold produced ( 000 oz) | 527 | 497 | 487 |
| **Results of operations ($ million)** | | | |
| Revenues | 221.4 | 260.8 | 310.4 |
| Total production costs[1][2] | 231.6 | 242.2 | 286.8 |
| Total cash costs[3] | 176.9 | 171.9 | 202.6 |
| Cash profit[4] | 44.5 | 88.9 | 107.8 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 439 | 488 | 589 |
| Total cash costs | 336 | 346 | 416 |

Notes:

(1) For purposes of allocating production costs between St. Ives and Agnew, the consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

From fiscal 2006 to fiscal 2007 there was a slight increase in tonnage at St. Ives with a slightly higher tonnage treated at the Lefroy Plant more than offsetting a small decrease in tonnage treated through the heap leach circuit. The reduced tonnage treated through the heap leach was a consequence of ongoing refurbishment of the crushing circuit and operational delays in stacking to infill small gaps in the heaps. Gold

production declined

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from fiscal 2006 to fiscal 2007 primarily due to the lower grade of ores treated. In particular, the under-performance of the Argo underground mine in terms of tonnage mined and ore grade was a significant factor. Total cash costs in fiscal 2007 increased slightly as compared to fiscal 2006 due to the reduced gold production and rising input costs.

From fiscal 2005 to fiscal 2006 there was an increase in tonnage at St. Ives as a result of a full year of production from the new Lefroy Plant which achieved slightly better than nameplate capacity. Tonnage treated through the heap leach circuit declined slightly in fiscal 2006 due to work undertaken to upgrade the plant after St. Ives acquired the crushing circuit from the previous contractor in fiscal 2005. Gold production declined from fiscal 2005 to fiscal 2006 primarily due to the depletion of the large and higher grade Junction underground mine during fiscal 2005, which was effectively replaced by lower grade open pit ore during fiscal 2006. In addition, the East Repulse area within the Leviathan underground complex moved into the lower grade areas of its reserves as mining neared completion. Total cash costs in fiscal 2006 increased slightly as compared to fiscal 2005 due to reduced gold production and rising input costs.

Assuming that Gold Fields does not increase or decrease reserves estimates at St. Ives and that there are no changes to the current mine plan at St. Ives, St. Ives June 30, 2007 proven and probable reserves of 2.5 million ounces will be sufficient to maintain production through approximately fiscal 2013. However, as discussed earlier in Risk Factors and Mine Planning and Management, there are numerous factors which can affect reserve estimates and the mine plan, which could thus materially change the life of mine.

St. Ives is engaged in underground mining and in both open pit and production stockpile surface mining, and is thus subject to all of the underground and surface mining risks discussed in Risk Factors. Seismicity is the primary safety risk with mining increasingly occurring at depths below 500 meters. The risk is addressed through the use of backfilling and by mining different parts of the orebody in controlled steps to improve stability, which is called stope sequencing. No fatalities were recorded in fiscal 2005, 2006, 2007 or to date in fiscal 2008. The serious injury frequency rate for fiscal 2007, 2006 and 2005 was 0.0, 0.0 and 0.4 serious injuries per million hours worked, respectively. St. Ives has a health and safety system that conforms to the requirements of OHSAS 18001 and is integrated with its ISO 14001 environmental management system. There were no strikes or material work stoppages at St. Ives in fiscal 2007 or to date in fiscal 2008.

*Processing*

The Heap Leach Facility treats low and marginal grade ore from St. Ives. The crushing and stacking for this plant was previously conducted by a contractor, Henry Walker Eltin Proprietary Ltd, or Henry Walker Eltin. Gold Fields bought Henry Walter Eltin s crushing equipment, which forms part of the Heap Leach Facility, in fiscal 2005 and now does its own crushing and stacking. The table below sets forth year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and metallurgical recovery factors during fiscal 2007, for each of the plants at St. Ives:

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| **Plant** | **Year commissioned** | **Comminution phase** | **Treatment phase** | **Capacity[1] (tons/month)** | **Average milled for the year ended June 30, 2007 (tons/month)** | **Approximate recovery factor for the year ended June 30, 2007[2]** |
| Lefroy Plant | 2005 | Single stage crushing and SAG milling | CIP | 375,000 | 389,000 | 92% |
| Heap Leach Facility[3] | 2000 | Multiple stage crushing and screening process | Carbon absorption | 167,000 | 174,000 | 52% |

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Notes:

(1) Nameplate capacity as stated by the manufacturer. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(2) Percentages are rounded to the nearest whole percent.

(3) Heap leach recoveries are the result of an extended solution application process with full recovery requiring several leach cycles. Full recovery of all recoverable gold (about 60% of the contained gold) for current ores is only achieved over several years. Thus, recoveries must be considered in terms of recovery as time progresses, or a progressive recovery. Over time, Gold Fields expects the plant to achieve progressive recovery factors of about 60% of contained gold, equivalent to full recovery of all recoverable gold.

The Lefroy Plant was fully commissioned in February 2005 and is located on the south shore of Lake Lefroy, approximately 12 kilometers south of the township of Kambalda. The plant consistently achieved in excess of nameplate capacity throughout fiscal 2007 and optimization continued throughout the year to realize incremental improvements in throughput, costs and recovery.

During fiscal 2007, a number of improvements were made on the heap leach circuit after it was purchased from Henry Walker Eltin in fiscal 2005. In addition, an agglomeration drum, which should improve leaching performance of low grade oxide ores, was installed and began operation in the fourth quarter of fiscal 2007.

*Capital Expenditure*

Gold Fields spent approximately U.S.$76 million on capital expenditures at St. Ives in fiscal 2007, primarily on on-going development of underground operations at Argo and Belleisle and pre-strip waste removal at the Bahama and North Revenge open pits. Gold Fields has budgeted approximately U.S.$70 million for capital expenditure at St. Ives for fiscal 2008, which is principally earmarked for mine development. Development expenditures are expected to focus on the ongoing development of the Argo and Belleisle underground mines and commencement of development of the Cave Rocks underground mine.

*Agnew*

*Introduction*

Agnew is located 23 kilometers southwest of Leinster, approximately 375 kilometers north of Kalgoorlie in Western Australia. It holds mining leases covering a total area of approximately 61,602 hectares. Agnew is a surface and underground operation, with one open pit, one underground mine (exploiting numerous ore zones), and one metallurgical plant. Agnew has access to the local electricity supplier and road infrastructure. Less than 10% of the water requirement comes from local bores. The bulk of the water is supplied from the mining operations and recovered from the in-pit tailings facility. Supplies are generally trucked in from Perth or Kalgoorlie. In fiscal 2007, the operation produced 0.212 million ounces of gold. As of June 30, 2007, Agnew had approximately 300 employees, including approximately 200 who were employed by outside contractors.

*History*

Gold was discovered at Agnew in 1895 and has since been produced there intermittently. WMC acquired the operation in the early 1980s and commenced open pit mining operations in 1987.

*Geology*

The Agnew deposits are located within the northwest portion of the Norseman-Wiluna greenstone belt of the West Australian Goldfields. In the Agnew area the greenstone belt consists of an older sequence of ultramafic

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flows, gabbros, basalts, felsic volcanics and related sedimentary rocks. The rocks are folded about the large, moderately north plunging Lawlers Anticline. The Agnew deposits are located on the western limb of this anticline, and major deposits discovered to date lie on sheared contacts between stratigraphic units. The anticline is cut by north-northeast trending faults such as the Waroonga and East Murchison Unit shear zones.

*Mining*

The principal production sources in fiscal 2007 at Agnew were the Waroonga underground mining complex that comprises the Kim South and Main Lodes together with the Songvang open pit. Gold Fields expects the principal production sources in fiscal 2008 to be predominantly from the Waroonga underground mining complex. Mining of the Songvang open pit was completed in the first quarter of fiscal 2008. There is potential for production to be supplemented by ore from a trial mining project, which will be extracted from the Claudius orebody to confirm the feasibility study parameters.

*Waroonga Complex.* The Waroonga Complex currently includes underground mining of the Kim South and Main Lode deposits. Underground mining currently involves open stoping methods with cemented paste fill placed in mined out voids to improve ground stability, minimize waste dilution and maximize extraction of the reserve. Access to the orebody is through a decline tunnel which accommodates workers, materials and equipment. Ore production from the high grade Kim South deposit was less than anticipated due to the late commissioning of the paste fill plant, stope failures, ground rehabilitation works due to the deterioration of ground conditions in ore drives developed ahead of stoping and other operational delays resulting in lower tonnages mined. Production from the Main Lode was significantly below expectations due to the same causes. In fiscal 2007, exploration extended the life of Kim South by proving the continuation of the ore body with depth. In fiscal 2008, Gold Fields has scheduled the Kim South deposit to produce at consistent levels, but at a slightly lower rate and grade than fiscal 2007. It is anticipated that Main Lode production will increase significantly in tonnage and grade to give a balanced production profile to the complex for fiscal 2008.

*Songvang Open Pit.* The Songvang open pit, located 16 kilometers south of the Agnew metallurgical plant, commenced production during fiscal 2005. Mining during fiscal 2006 fell behind planned expectations due to the continuation of industry-wide shortages in labor with the requisite skills during the current resources boom and harder than expected ground conditions, which impacted equipment productivity. Additional drilling rigs were employed during fiscal 2007 together with technical input and improvements from site personnel and from the explosives supplier to improve blasting effectiveness. Mining equipment productivities increased as a consequence and the total volume mined exceeded expectations. The pit was completed early in fiscal 2008.

*Claudius Underground Prospect.* The Claudius underground prospect consists of a parallel extension to Agnew s former Crusader and Deliverer underground mines. The infrastructure associated with the previous mining enabled the establishment, in fiscal 2005, of an exploration decline to the Claudius Prospect. Gold Fields deferred making a development decision on the project until fiscal 2007, due to the performance of the Kim underground deposit within the Waroonga complex, which exceeded expectations in fiscal 2005 and fiscal 2006. Assessment of the Claudius Prospect continued during fiscal 2007. A decision to mine a trial parcel of ore from Claudius to confirm the feasibility study assumptions was taken late in fiscal 2007. Development at that trial parcel commenced in early in fiscal 2008 and mining is expected to begin during fiscal 2008.

In fiscal 2006, Gold Fields executed an agreement with BMV Properties Pty Ltd, a subsidiary of Breakaway Resources Limited, or Breakaway. The previous joint venture agreements between the parties encompassing the Vivien deposit and the Miranda tenement package were replaced by an agreement in which Gold Fields is to be the registered tenement holder of all of the Vivien ground and the majority of the Miranda ground with all gold rights going to Gold Fields and all base metals rights going to Breakaway. Breakaway s base metal rights are subject to Gold Fields right to a 2% royalty on future base metal production on the Miranda tenement. Although the agreement was executed in fiscal 2006, final settlement was dependent on the satisfaction of several outstanding conditions precedent, the principal one being the release of a third-party mortgage held over the tenements for gold and base metal royalties. By the end of fiscal 2006, the agreement of the third-party mortgage

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holder had been confirmed, but other third-party consents (principally pertaining to access rights) were yet to be obtained. Final settlement took place in the third quarter of fiscal 2007.

Fiscal 2008 exploration at Agnew is planned to focus on early stage prospects within the regional tenements, including the Miranda tenement package, while continuing to look at reserve extensions at existing mine operations and feasibility projects, in particular at the Kim South deposit and other targets within the Waroonga complex.

Leighton performs the surface mining at Agnew, under an alliance-style contract which commenced in August 2004. Please see St. Ives Mining for further information. Underground mining is performed by Byrnecut Mining Limited, or Byrnencut. Byrnecut provides employees, consumables and equipment for underground mining activities including drilling, blasting and haulage of the material produced from the mining activities, including both ore and waste. Byrnecut receives fees under the contracts which depend on the type of service being performed and the equipment being used, with adjustments for performance. Under the terms of the agreement, Byrnecut is liable for claims arising from its performance or non-performance and any loss, damage or injury related to the presence of its employees on the sites. Byrnecut is not liable for claims or loss due to the mine owner s negligence. Byrnecut is required to ensure that it and any subcontractors have adequate insurance. The current agreement was extended to May 23, 2007 during fiscal 2006 and negotiations regarding a further extension and scope increase were conducted at that time. In fiscal 2007, the terms of a three -year extension were agreed and formal ratification occurred in the first quarter of fiscal 2008.

Detailed below are the operating and production results at Agnew for the past three fiscal years.

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005 | 2006 | 2007 |
| **Production** | | | |
| Tons ( 000) | 1,170 | 1,323 | 1,323 |
| Recovered grade (g/t) | 5.6 | 5.2 | 5.0 |
| Gold produced ( 000 oz) | 212 | 222 | 212 |
| **Results of operations ($ million)** | | | |
| Revenues | 89.3 | 116.1 | 136.3 |
| Total production costs[1][2] | 69.1 | 72.4 | 98.2 |
| Total cash costs[3] | 49.4 | 59.7 | 84.7 |
| Cash profit[4] | 39.9 | 56.4 | 51.6 |
| **Cost per ounce of gold ($)** | | | |
| Total production costs | 325 | 326 | 462 |
| Total cash costs | 233 | 268 | 399 |

Notes:

(1) For purposes of allocating production costs between St. Ives and Agnew, the consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

In fiscal 2007, 1.3 million tons of ore were processed and 0.2 million ounces of gold were produced. Tons processed were the same as in fiscal 2006 and gold production was slightly lower than in fiscal 2006 due to the treatment of lower grade ores. Total cash costs increased during fiscal 2007, as the contribution from the higher

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cost Songvang open pit increased and open pit mining costs increased as the mine progressed into deeper and harder portions of the deposit.

In fiscal 2006, 1.3 million tons of ore were processed and 0.2 million ounces of gold were produced, compared to 1.2 million tons of ore in fiscal 2005. Tons processed and gold production were higher than fiscal 2005 due to improved productivity through the processing plant from systematic de-bottlenecking studies and actions, while maintaining ore grades at previous levels. The cessation of mining from the Crusader underground mine during fiscal 2005 was offset in fiscal 2006 by increased production from the Waroonga underground complex and improved grades from the Songvang open pit. Total cash costs increased during fiscal 2006, as the contribution from the higher cost Songvang open pit increased and open pit mining costs increased as the mine progressed into deeper and harder portions of the deposit.

Assuming that Gold Fields does not increase or decrease reserves estimates at Agnew and that there are no changes to the current mine plan at Agnew, Agnew s June 30, 2007 proven and probable reserves of 0.6 million ounces will be sufficient to maintain production through approximately fiscal 2010. However, as discussed earlier in Risk Factors and Mine Planning and Management, there are numerous factors which can affect reserve estimates and the mine plan, which could thus materially change the life of mine.

Agnew is engaged in underground mining, open pit mining and surface stockpile reclamation and is thus subject to all of the underground and surface mining risks discussed in Risk Factors. The primary safety risk at Agnew is falls of ground at the underground operations, which is addressed through the use of ground support, backfilling of open voids and sequencing of mine operations to improve overall stability of the ground. There were no fatalities at Agnew in fiscal 2005, 2006, 2007 or to date in fiscal 2008. The serious injury frequency rate for fiscal 2007, 2006 and 2005 was 0.0, 0.0 and 2.2 serious injuries per million hours worked, respectively. Agnew deploys a health and safety management system that conforms to the requirements of OHSAS 18001. The mine also has an environmental management system that is certified to the ISO 14001 standard. There were no strikes or material work stoppages at Agnew in fiscal 2007 or to date in fiscal 2008.

*Processing*

All processing at Agnew is provided by a single plant. The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and the metallurgical recovery factor during the fiscal year ended June 30, 2007 for the plant:

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| **Plant** | **Year commissioned** | **Comminution phase** | **Treatment phase** | **Capacity[1] (tons/month)** | **Average milled for the year ended June 30, 2007 (tons/month)** | **Approximate recovery factor for the year ended June 30, 2007[2]** |
| Main Plant | 1986 | 2-stage ball milling | CIP treatment | 100,000 | 110,000 | 92% |

Notes:

(1) Nameplate capacity as stated by the manufacturer. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(2) Percentages are rounded to the nearest whole percent.
In fiscal 2007, a new elution circuit heater was installed and commissioned to improve the efficiency of the elution circuit to cater for the high silver content in the open pit ore.

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*Capital Expenditure*

Gold Fields spent approximately U.S.$28 million on capital expenditures at Agnew in fiscal 2007, primarily on ongoing development of the Kim South and Main Lode underground mines and expansion of accommodation facilities at Leinster township. Gold Fields has budgeted approximately U.S.$24 million for capital expenditure at Agnew for fiscal 2008, primarily for exploration and further development of the Kim South and Main Lode underground mines.

***Venezuela Operation***

On November 30, 2007, Gold Fields disposed of its assets in Venezuela. See Recent Developments. Gold Fields owned its 95% interest in the Choco 10 mine through its shareholding in Promotora Minera de Guayana (PMG) S.A., or PMG. PMG was originally a joint venture company formed between Promotora Minera de Venezuela, S.A., or Promiven (now a wholly-owned subsidiary of Gold Fields), and CG Ferrominera Orinoco, C.A., or FMO, a subsidiary of Corporación Venezolana de Guayana, or CVG, a governmental development entity for the Guayana region.

Gold Fields 95% interest in PMG resulted from an agreement between Promiven and FMO with the mediation of the Ministry of Basic Industries and Mines on July 15, 2005, in connection with a shareholding dispute regarding the share capital of PMG that arose prior to Gold Fields acquisition of PMG. Pursuant to this agreement, the remaining 5% interest in PMG is not subject to dilution. CVG expressed its intent to assign FMO s participation either to CVG or a different subsidiary thereof. As part of the settlement, Promiven agreed to make payments totaling U.S.$6 million (of which U.S.$5 million has been paid) to FMO. Notwithstanding the above, due to changes at the Ministry of Basic Industries and Mines and CVG, the agreement had not been formally implemented prior to Gold Fields sale of its Venezuelan assets. Gold Fields assumed operation of PMG on March 1, 2006.

The properties held through PMG include Choco 10, Choco 4, Bochinche B1 and B2 and Bochinche Zero, which were 95% owned by Gold Fields. Other exploration properties, which include Choco 1, 2, 6, 9, 12 and 13 and Increible 16, were wholly-owned by Gold Fields and held through various other Venezuelan subsidiaries.

Pursuant to the Choco 4 and Choco 10 lease agreements between CVG and PMG, PMG must pay a monthly production royalty to CVG and CVG Técnica Minera C.A. (a CVG subsidiary). The royalty is paid monthly in arrears in Bolivars, at the official exchange rate in place (or in gold at the request of CVG, although to date CVG had not made this request prior to Gold Fields sale of its Venezuelan assets), within the first 10 days of each calendar month, based on the production of the immediately preceding calendar month. It is calculated monthly, is based on the number of ounces of gold produced and ranges between 1.0% and 3.5%, depending on the average price of gold in the New York market for the relevant month, as determined by CVG. This royalty amount is subject to value added tax at a rate of 9%.

*Choco 10*

*Introduction*

The Choco 10 mine is located in the south-eastern part of Venezuela in the Bolivar state, approximately 15 kilometers west of the town of El Callao. The mine is located on an exploitation project which amalgamates the Choco 10 and Choco 4 concessions. Choco 10 operates under a mining lease which is approximately 2,100 hectares. The major industrial city of Puerto Ordaz is located 190 kilometers northwest of El Callao and is linked to the mine by paved road. Venezuela has a good road infrastructure, although close to the mine area road conditions have been deteriorating during the last 15 years. Under the terms of its exploitation certificate Gold Fields was obligated to maintain a portion of the access road for the Choco 10 mine.

The Choco 10 mine commenced production in August 2005. Current operations consist of open pit mining and a processing plant comprising conventional comminution and carbon-in-pulp processing. The Choco 10 mine

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uses typical open pit mining methods of drilling, blasting, loading and hauling. Gold Fields operated two pits within the Choco 10 concession, Pisolita and Rosika-Coacia. The pits are located two to three kilometers from the main plant.

The Choco 10 mine is connected to the main electricity grid that transmits energy from Venezuela to Brazil. A rain-dependent reservoir supplies water for use at the mine, which is supplemented through a well field that is being developed and commissioned. For the year ended June 30, 2007, the Choco 10 mine produced approximately 0.055 million ounces of gold. As of June 30, 2007, Choco 10 had approximately 1,000 employees, including 400 employed by outside contractors.

*History*

Mining in the area of the Choco 10 concession dates back to 1897, when a British company operated the historic Concordia mine located two kilometers from the current Choco 10 operation. Modern exploration commenced with Promiven s 1992 concession for Choco 10. The mine was commissioned in April 2005 and operations started in August of the same year.

*Geology*

Gold mineralization is typical of Archaean-Proterozoic orogenic gold deposits. The deposit is hosted in the Early Proterozoic sequence of the Pastora Greenstone Belt of the Guiana Shield. The stratigraphy comprises a tholeiitic to calc-alkaline volcanic package, overlain by volcaniclastic and epiclastic rocks intruded by gabbroic sills. The rock package has been subjected to intense tropical weathering. Mineralization is hosted in a series of structurally controlled quartz-vein shear lodes which dominantly strike north-south and northeast-southwest. High-grade gold mineralization occurs with pyrite, carbonate, strong silicification and quartz-veining in low-strain zones of deformation typically associated with folding and chaotic foliations.

*Mining*

Choco 10 presented no unusual operational challenges beyond those faced at most open pit mining operations. The principal operational challenges were improving the processing plant availability and throughput, although substantial improvements were made. Alternative water sources for processing plant usage were developed and improvements were made in process water recovery implemented.

Gold Fields owned its own fleet of mining equipment which it acquired as part of the Bolivar transaction. The fleet experienced low mechanical availability due mainly to the lack of critical spares parts and the long lead time associated with procurement. A mining contractor was brought in to assist in meeting the required tonnage movement.

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Detailed below are the operating and production results at Choco 10 for the four-month period from March 1, 2006 to June 30, 2006 (the period of Gold Fields ownership of the mine in fiscal 2006) and for fiscal 2007.

| | Four months ended June 30, 2006 | Year ended June 30, 2007 |
|---|---|---|
| **Production** | | |
| Tons ( 000) | 454 | 1,001 |
| Recovered grade (g/t) | 1.7 | 1.7 |
| Gold produced ( 000 oz)[1] | 25 | 55 |
| **Results of operations ($ million)** | | |
| Revenues | 16.9 | 36.0 |
| Total production costs[2] | 11.3 | 36.7 |
| Total cash costs[3] | 8.3 | 31.3 |
| Cash profit[4] | 8.6 | 4.7 |
| **Cost per ounce of gold ($)[5]** | | |
| Total production costs | 399 | 659 |
| Total cash costs | 293 | 562 |

Notes:

(1) In fiscal 2006, production was reported from March 1, 2006, the date on which Gold Fields acquired the mine, and for this period 0.024 million ounces of gold were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Venezuelan operation. In fiscal 2007, 0.052 million ounces of gold were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Venezuelan operation.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(4) Cash profit represents revenues less total cash costs.

(5) Calculated based on ounces of gold sold.

Choco 10 engages in open pit and production stockpile surface mining and is thus subject to all of the surface mining risks discussed in Risk Factors. Although surface mining generally is less dangerous than underground mining, serious and even fatal accidents do still occasionally occur. Choco 10 did not have any fatal injuries in fiscal 2006, fiscal 2007 or in fiscal 2008 while it was owned by Gold Fields. Because Gold Fields took over operation of the mine late in fiscal 2006, the Company was not able to generate fiscal year accident frequency rates on a basis comparable to those provided for Gold Fields other operations for fiscal 2006 or 2005. The serious injury frequency rate for fiscal 2007 was 4.3 serious injuries per million hours worked.

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*Processing*

All processing at Choco 10 is provided by a single plant. The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average tons milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2007 for the plant:

| | | Processing Techniques | | | | |
|---|---|---|---|---|---|---|
| **Plant** | **Year commissioned** | **Comminution phase** | **Treatment phase** | **Capacity[1] (tons/month)** | **Average milled for the year ended June 30, 2007 (tons/month)** | **Approximate recovery factor for the year ended June 30, 2007[2]** |
| Choco 10 Plant | 2005 | Single stage crushing with SAG and ball milling | CIP treatment | 160,000 | 83,400 | 89% |

Notes:

(1) Nameplate capacity as stated by the manufacturer. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.

(2) Percentages are rounded to the nearest whole percent.

Choco 10 ore is processed using a conventional SAG-ball milling system and CIP circuit plant. The plant was commissioned in 2005. During the period of ownership by Gold Fields it became apparent that modifications and improvements were required to raise the throughput to the nameplate throughput consistently and safely, which Gold Fields undertook. At the time of sale, production at Choco 10 was at nameplate capacity of 160,000 tons per month on a consistent basis.

*Capital Expenditure*

Gold Fields spent approximately $18 million on capital expenditure at the Choco 10 operation in fiscal 2007, primarily on water related projects, mining equipment and management implementation systems, or SAPS. Prior to the sale of Choco 10 on November 30, 2007, Gold Fields spent approximately $5.5 million on capital expenditure at Choco 10 in fiscal 2008, primarily on exploration and on water related projects and mining equipment.

***Development Projects***

*Cerro Corona Development Project*

The Cerro Corona Project is a development project which is currently under construction and is expected to become operational in the fourth quarter of fiscal 2008. It forms part of a porphyry copper-gold deposit situated within the Hualgayoc Mining District in northern Peru. It is located in the highest part of the Western Cordillera of the Andes, in northern Peru, close to the headwaters of the Atlantic continental basin. It lies approximately 90 kilometers by road north of the Department of Cajamarca s capital city and near the village of Hualgayoc. Access to the Cerro Corona Project from Cajamarca is by means of two roads, one from Cajamarca to the Yanacocha Mine (45 kilometers), and then from Yanacocha to the village of Hualgayoc and the town of Bambamarca (45 kilometers).

In December 2003, Gold Fields, through a subsidiary, signed a definitive agreement to purchase an 80.72% economic and 92% voting interest in the Cerro Corona Project from a Peruvian family-owned company,

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Sociedad Minera Corona S.A., or SMC. The agreement called for a reorganization whereby the assets of the Cerro Corona Project were transferred to a Peruvian company named Gold Fields La Cima S.A. (formerly known as Sociedad Minera La Cima S.A.), or La Cima, in July 2004. The environmental impact assessment for the project was submitted to the Peruvian Ministry of Energy and Mines, or MEM, in May 2005. Following public consultation and comment, the MEM approved the environmental impact assessment on December 2, 2005. Gold Fields subsequently completed the purchase of a 92% voting interest (80.7% economic interest) in La Cima in January 2006, for a total consideration of $40.5 million. La Cima has now acquired all requisite additional permits to construct the mine and construction commenced in May 2006.

The Cerro Corona Project involves the development of a single surface mine anticipated to produce 6.2 million tons per annum of ore at a life of mine stripping ratio of 0.58. This ore will be treated in a conventional milling and sulphide flotation concentrator capable of treating 6.2 million tons per annum of ore and producing between 100,000 and 140,000 tons per annum of copper and gold containing concentrate, which will be custom treated at smelters in Japan, Korea and Europe. At June 30, 2007, the Cerro Corona Project had attributable reserves of approximately 2.56 million ounces of gold and 879 million pounds of copper.

Average life of mine metal production is projected to be some 140,000 ounces of gold and 27,000 tons of copper per annum, though production levels will be somewhat higher in initial years due to high grades encountered in the shallow portions of the pit. Cash costs in the first four years of the mine life are projected to be between U.S.$300 and U.S.$330 per gold equivalent ounce in real terms and based on current market conditions. The cost trends that have been seen in construction of the tailings management facility, or TMF, discussed below, have been projected in the estimated life of mine capital cost for this facility and are expected to increase life of mine capital costs from approximately U.S.$10 per ounce to U.S.$30 per ounce of gold equivalent production. Work remains underway to develop alternative methods for managing the tailing, with a view to improving this cost. Gold Fields spent U.S.$161 million in capital expenditure for Cerro Corona in fiscal 2007 and has budgeted an additional U.S.$201 million of capital expenditure for fiscal 2008.

Following completion of a definitive cost and schedule estimate in January 2007, the capital construction costs for the Cerro Corona Project was estimated at approximately U.S.$343 million as at January 2007 and the treatment of ore was scheduled to commence early in the third quarter of fiscal 2008. However, through the first half of fiscal 2007, progress on the TMF and the later stages of erection of the concentrator have lagged behind schedule and cost escalations of various aspects of this project have been experienced. On November 15, 2007, La Cima announced a four-month delay and a revised capital forecast for the Cerro Corona Project. The delay is mainly due to (i) deficient progress on the construction of the TMF caused by poor rock quality in the project quarries, and inadequate material delivery rates required for the construction of the TMF embankment and (ii) underperformance in September and October 2007 by several contractors responsible for the structural and mechanical installation of the concentrator. The construction costs have now been revised to U.S.$421 million, which include an additional contingency of U.S.$20 million, and the treatment of ore is now scheduled to commence toward the middle of the fourth quarter of fiscal 2008. There are four primary causes of the increase in construction costs:

- the delay in the completion of the Project which attracts significant additional costs in terms of management and engineering personnel, as well as attendant indirect or support costs such as the maintenance of the remote onsite camp and other services such as transportation and meals;
- an increase in the construction costs for the TMF due to higher unit rates for mining and crushing of construction materials;
- poor ground conditions encountered in the construction of the various facility platforms as well as mine and access road construction which has necessitated additional cut and fill activities to ensure the stability of the various structures; and
- continued price escalation of commodity based products, such as electrical cabling and power lines as well as the piping and mechanical and electrical components of the tailing management systems.

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Over the last few years Peru has seen many cases of conflict and dissention between local communities and mining operations and mining projects, stemming largely from the communities desire for greater participation in the economic benefits of these mining projects. The Cerro Corona project has undertaken extensive community consultation and negotiation since 2003 through the land purchase and permitting process to achieve agreement with local communities on various aspects such as training, levels of employment from local communities, during construction and operations, and development assistance from the project. Through the construction phase, La Cima has carefully delivered on these agreements.

Although Gold Fields believes that over time the Cerro Corona Project has generated strong community relationships, there have been instances of conflict with the local communities. The most significant occurred in October 2006 when road access to the project site was blockaded for three weeks by some members of the local community protesting over levels of local employment and the use of community based contracting companies by the Cerro Corona Project. The blockade did not enjoy the support of all community members. The local support, coupled with continuous dialogue with Peruvian ministry officials, assisted in achieving the lifting of the blockade which, nonetheless, caused in excess of three weeks lost construction time on site. Work resumed on November 15, 2006. Following lifting of the blockade the community contractor selection, communication, contracting and certification processes were enhanced while La Cima has also developed extensive capacity in its project management team to manage and support these contractors.

On November 14, 2006, La Cima entered into a U.S.$150 million project finance facility agreement. See Operating and Financial Review and Prospects Credit Facilities Cerro Corona Facility.

**Exploration**

Gold Fields holds a diverse portfolio of active gold exploration projects and assets in Africa, Europe, China, the Americas and Australasia, which are primarily held through project companies incorporated in the jurisdiction where the exploration projects or assets are located. In addition, Gold Fields has in place a number of exploration projects in connection with mineral rights it holds which are adjacent to its active mining operations and advanced exploration projects in South Africa, Ghana, Peru and Australia. Gold Fields exploration program is headquartered in Denver, Colorado, which also acts as the regional office for the Americas, with regional offices in Oxford, England (responsible for Europe, the former Soviet Union and Africa) and Perth, Australia (responsible for Australasia). The Company also has two satellite offices in Santiago, Chile and Accra, Ghana. As of June 30, 2007, Gold Fields exploration team included 35 geoscientists, along with support staff.

Gold Fields exploration strategy is based on a balanced approach to projects, which permits it to consider a project at any stage of development, from grassroots projects through to the feasibility study phase. Gold Fields focuses its exploration activities on finding quality mineral assets with potential for low-cost extraction of gold or platinum group metals. When determining whether it will proceed with a project, Gold Fields weighs a variety of cost factors, including the cost of acquiring the project, expected cash operating costs, costs of capital and overhead costs, against the likely returns for the project and the project s strategic importance in terms of geographic diversification and production profiles. With respect to exploration projects which are adjacent to Gold Fields existing mining operations, Gold Fields also considers possible operating synergies which can be realized, for example, by sharing processing plants and other infrastructure.

Gold Fields has expanded its exploration activities in countries and regions where it has limited experience by means of equity investments in, and strategic alliances with, junior mining partners that are already operating in the relevant region with the requisite operating experience and in some cases mining permits and approvals. Gold Fields has applied this strategy to exploration projects in Burkina Faso, China, the Dominican Republic, Kyrgyztan and Slovakia, among others.

Generally, Gold Fields budgets to spend up to $15 per ounce of gold it produces on greenfields exploration (distinct from brownfields exploration which refers to exploration around Gold Fields mine sites), provided the

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opportunities offered warrant such expenditure. At high acquisition prices for gold prospects, the universe of gold prospects that may offer positive returns is limited and exploration efforts are carefully selected with strict economic criteria in mind.

To be considered by Gold Fields, generally an exploration project must have the potential to meet certain target criteria (which vary depending on other strategic objectives and the quality of the project): the potential for a minimum of 5,000,000 ounces of reserves; production rates in the range of 500,000 gold equivalent ounces per year; and a double-digit rate of return. If these criteria are met and the project fits within Gold Fields strategic development goals, Gold Fields will consider taking on the project. Great effort is also placed on reviewing non-geological aspects of prospective projects, such as social, political, environmental and commercial risks, insuring that an appropriate risk versus reward tradeoff analysis is factored into the decision.

Gold Fields goal in its search for quality assets is to have a breakeven cost defined as the sum of acquisition costs, total cash operating costs, capital costs and general and administrative costs of less than 75% of the estimated long-term gold price.

Gold Fields divides the different phases of a project s development into what it refers to as the resource triangle. The resource triangle provides for the progression of an exploration project in five steps: (1) project acquisition and drill target definition, (2) initial drilling, (3) resource definition, (4) pre-feasibility study and (5) feasibility study. Greenfield exploration is generated by reviewing and ranking the most prospective terrains across the world and exploration areas are selected after considering country risk and strategic fit. In fiscal 2006, the Company established a specific Project Generative Exploration team to conduct prospective gold evaluations and develop new targets for exploration. Each regional exploration office continuously monitors and reviews projects in its region and targets projects at all stages of development. Once a project reaches the feasibility stage, a team from Gold Fields corporate development office evaluates the project with feedback regarding the project s strategic implications.

***Gold Fields Greenfields Exploration Projects***

The table below provides a breakdown of the number of projects in Gold Fields three exploration regions for each of the five phases of the resource triangle as of June 30, 2007. The table does not include exploration projects on sites adjacent to Gold Fields existing operations in South Africa, Ghana, Australia and Venezuela.

| Phase | Europe and Africa | Australasia | The Americas |
|---|---|---|---|
| Feasibility[1] | 2 | | |
| Pre-feasibility | | | |
| Resource definition | | 1 | 1 |
| Initial drilling | 4 | 2 | 3 |
| Greenfield | | 2 | 1 |

Note:

(1) On November 26, 2007, Gold Fields sold its 60% stake in the Essakane project to Orezone Resources Inc. See Essakane Joint Venture. Gold Fields spent $41.0 million on greenfields exploration projects not adjacent to its mining operations and $21.5 million on equity investments in exploration-related, third-party companies during fiscal 2007. Gold Fields total exploration budget for greenfields projects for fiscal 2008 is approximately $65.0 million, including for equity investments, which will be evaluated as identified throughout the year.

On July 10, 2002, Gold Fields announced that it had granted Mvelaphanda Resources Limited participation rights of up to 15% in Gold Fields precious metals exploration projects in Africa, after March 1, 2002. See Major Shareholders and Related Party Transactions Related Party Transactions Mvelaphanda.

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*Arctic Platinum Project*

The Arctic Platinum Project, or APP, is located approximately 60 kilometers south of the city of Rovaniemi in northern Finland. The APP was set up in 2000 as a joint venture to develop potential platinum group metal deposits through surface and underground operations. Gold Fields held 51% of the APP during fiscal 2003, with the remainder owned by Outokumpu Oy, or Outokumpu, a Finnish industrial conglomerate with over 50 years experience designing and supplying technology for the mining and metallurgical industries. On September 11, 2003, Gold Fields exercised its pre-emptive right to acquire Outokumpu s 49% interest in the APP for consideration of $31 million, comprising $23 million in cash and Gold Fields ordinary shares worth $8 million.

The APP is assessing two potential surface mineable deposits called Konttijarvi and Ahmavaara, which are referred to as the Suhanko Project. The Konttijarvi and Ahmavaara deposits are found in the Konttijarvi-Suhanko Intrusion, which forms part of the Portimo mafic layered complex situated in northern Finland. Gold Fields completed a feasibility study for the Suhanko Project in the third quarter of fiscal 2005. Based on the results of the study, including a lower than expected mine head grade, prevailing metal market conditions and significant euro currency strengthening, Gold Fields decided to postpone the development of a large-scale surface mining complex and to continue investigations into smaller scale, high-margin projects. Exploration drilling at Konttijarvi and Ahmavaara continued until March 2005.

On October 18, 2005, Gold Fields announced that it had entered into a letter of intent with North American Palladium Limited, or NAP, a Canadian platinum metals group producer, to form a joint venture to further explore mining properties and develop a mine at the APP.

On March 24, 2006, an Acquisition and Framework Agreement, or Acquisition Agreement, was entered into between NAP, Gold Fields Exploration BV, Gold Fields Finland Oy and North American Palladium Finland Oy. The Acquisition Agreement took effect from April 13, 2006 and, in accordance with the terms and conditions of the Acquisition Agreement, a Service Agreement was also entered into between Gold Fields Arctic Platinum Oy, NAP and North American Palladium Arctic Services Oy on March 24, 2006, pursuant to which NAP will provide services to the APP.

The APP s location and geology are similar to that of NAP s other properties and it is expected that NAP will be able to utilize its operating and development experience in the design and construction of a mine at the APP. The Acquisition Agreement provides that NAP will be granted an option to acquire up to a 60% undivided interest in the APP, including the Suhanko, SJ Reef and SK Reef mining properties and claims located south of Rovaniemi, Finland. NAP s option to acquire its interest in the APP will vest upon NAP satisfying the following conditions on or before August 31, 2008: (i) completing a re-scoping study and exploration program; (ii) completing a feasibility study; (iii) incurring at least $12.5 million in approved expenses; and (iv) making a decision to develop a mine at the APP. In consideration for the acquisition of the 60% interest in the APP, NAP shall issue NAP common shares to Gold Fields with a value of approximately $45 million, based on the weighted average trading price on the American Stock Exchange for the 11 trading days commencing on October 11, 2005. The relevant share price was $4.88, meaning that NAP will issue 9,227,033 NAP common shares. Additionally, Gold Fields has an option to maintain its interest at 50%, by taking receipt of only 80% of the consideration shares, or 7,381,626 NAP common shares. During the option period NAP is the operator with the responsibility to manage and fund the project.

Upon NAP s acquisition of an interest in the APP, a joint venture will be formed, with NAP holding a 60% interest and Gold Fields holding a 40% interest. The parties will enter into a Shareholders Agreement which will govern their respective interests in the APP. NAP will remain operator of the joint venture, which will be managed under a joint venture arrangement.

On October 31, 2006, NAP announced the results of the first phase of drilling on the Narkaus (SK) Project, which is part of the APP and comprises three target areas: (i) Kuohunki, (ii) Nutturalampi and (iii) Siika Kama. These areas are being evaluated for their accretive potential and positive impact on the main project at Suhanko.

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The Suhanko Project is located within 20 kilometers of these deposits and is the subject of ongoing pre-feasibility work. On November 30, 2006, the Environmental Permit Authority of Northern Finland made an approving statement regarding the environmental impact assessment program on the effects of the mining project in Narkaus. On December 21, 2006, Gold Fields Arctic Platinum Oy received a mining license certificate for the Suhanko Project.

NAP s Phase One program, which began in February 2006, comprised a total of 53 diamond drill holes for 10,917 meters at Narkaus, a total of 12 holes for 1,797 meters at Penikat and a total of two holes for 99 meters in Vaaralampi, each of which are prospective deposits.

Aker Kvaerner completed a scoping study on the Suhanko Project in October 2007. The study indicated that the mineral resources could potentially support a 20-year mine life at 7.5 million tonnes per annum. Based on positive results of the scoping study NAP proceeded into the feasibility study phase. NAP has retained Aker Kvaerner to prepare a definitive feasibility study for the Suhanko Project and commissioned Micon International Co Limited to conduct the mineral resource and mineral reserve estimates, the surface mine designs and optimization. The study will include the results of the NAP Phase Two drilling comprising a total of 89 holes for 12,693 meters at Suhanko. NAP is studying a development scenario consisting of two open pit mines at the Konttijärvi and Ahmavaara deposits. Under this scenario, the nickel-copper-PGM bearing material would be processed through a centrally-located concentrator. Additionally, NAP believes that the economics of the development scenario might be enhanced by the development of two higher grade deposits at the Narkaus Project. Metallurgical test work is being conducted by SGS Lakefield Research to examine different processing options in an attempt to improve metal recoveries and reduce operating costs. Bulk sampling was completed in October and metallurgical pilot plant tests are scheduled to commence by the end of 2007 at GTK Mineral Processing in Outokumpu, Finland. The proposed exploration program will focus on the APP s SK Reef and SJ Reef projects. The feasibility study is expected to generate a report with sufficient engineering detail and cost estimates in order for the APP to be considered for project financing or other suitable financing alternatives. The definitive feasibility study is expected to be completed by August 31, 2008.

See also Additional Information Material Contracts Arctic Platinum Project.

*Essakane Joint Venture*

The Essakane Joint Venture, or EJV, is located 330 kilometers northeast of Burkina Faso s capital city of Ouagadougou, adjacent to the artisanal miner village of Essakane. Gold Fields acquired 50% of the EJV from Orezone Resources Inc., or Orezone, in the last quarter of fiscal 2005, after reaching an aggregate project expenditure of U.S.$8 million. In January 2006, Gold Fields also took over the management of the project and exploration program as provided by the EJV option agreement.

During fiscal 2007, work on the Essakane project was delayed due to the inability of local laboratories to provide assaying services of the quality required for the extensive re-assay program. These issues were resolved and the data derived from the re-assays was used to update the resource model for the Full Feasibility Study (previously referred to as the Bankable Feasibility Study ), which Gold Fields commenced in November 2006 with a budget of U.S.$11.4 million. Gold Fields earned an additional 10% interest in the project by delivering the Full Feasibility Study to the project board of directors on September 11, 2007.

In April 2007, Gold Fields and Orezone finalized the commercial and operating agreements for the Essakane project. These comprised a Members Agreement (corporate structure agreement) as well as a Master Mining Service Agreement detailing the operational nature of the project.

In August 2007, the Environmental and Socio-economic Impact Assessment, or ESIA, report for the Essakane project was submitted to the Burkina Faso Minister of Environment. This began a three-month approval process of the environmental plan required for the award of a Mining Permit. In addition, a budget of

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U.S.$15.6 million was approved by Gold Fields on behalf of the project, to finance activities until the end of December 2007.

On November 26, 2007, Gold Fields sold its 60% stake in the Essakane project to Orezone. Gold Fields received U.S.$150 million in cash and 41,666,667 common shares of Orezone having an aggregate subscription price of U.S.$50 million, which were issued to Gold Fields wholly-owned subsidiary Gold Fields Essakane (BVI) Limited. Following the acquisition, Gold Fields owns 41,666,667 common shares of Orezone, representing 12.2% of Orezone s issued and outstanding common shares.

**Living Gold**

At the end of calendar 2002, Gold Fields initiated the Living Gold project, an export-oriented business which produces roses as part of the South African cut-flower industry. The rationale was to establish a job-creating, economically sustainable community investment project in the Carletonville area in which Gold Fields Driefontein mine operates. Living Gold involves a partnership with the Industrial Development Corporation, which owns 35% of the company. In fiscal 2007, Living Gold produced approximately 26 million stems and had revenue of approximately R20 million ($2.7 million).

**Recent Developments**

***Acquisition of Prospecting Rights Contiguous to South Deep***

Gold Fields announced on July 27, 2007 that JCI and Randgold & Exploration Company Limited, or R&E, will relinquish certain rights which they have to the prospecting rights contiguous to South Deep for a consideration of R400 million plus value added tax. On October 31, 2007, the shareholders of JCI and R&E approved the agreement and the transaction, which closed on November 5, 2007. The transaction has resulted in Gold Fields Operations Limited (formerly, Western Areas) owning 74% of a company which holds the prospecting rights to the contiguous ground, immediately to the south. east and west of South Deep, with Peotona Gold holding the balance.

***Sale of Choco 10***

On November 30, 2007, Gold Fields disposed of its assets in Venezuela to Rusoro Mining Ltd., or Rusoro, for a total consideration of approximately U.S.$532 million (based on the volume weighted average price, or VWAP, of Rusoro shares as quoted by Bloomberg for the 10 days prior to the date the agreement was signed). Gold Fields received U.S.$180 million in cash and 140 million newly-issued Rusoro shares, which at the time of sale represented approximately 37% of the outstanding shares of Rusoro. Pursuant to the transaction, Rusoro acquired Gold Fields stake in the Choco 10 gold mine, as well as the contiguous mineral rights owned by Gold Fields.

***Sale of Essakane***

On November 26, 2007, Gold Fields sold its 60% stake in the Essakane project to Orezone. See Exploration Gold Fields Greenfields Exploration Projects Essakane Joint Venture.

**Insurance**

Gold Fields holds insurance policies providing coverage for general liability, accidental loss or damage to its property, business interruption in the form of fixed operating costs or standing charges, material damage and other losses, some of which are insured, through a captive insurance company domiciled in Gibraltar. Gold Fields insurance program does not insure all potential losses associated with its operations as some insurance premiums might be considered to be economically unacceptable, or the risk considered too remote to insure. Should an event occur for which there is no or limited insurance cover, this could affect Gold Fields cash flows and profitability.

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Management believes that the scope and amounts of coverage of its insurance policies are adequate, taking into account the probability and potential severity of each identified risk, and in accordance with customary practice for a gold mining company of its size with multinational operations. See Risk Factors Gold Fields insurance coverage may prove inadequate to satisfy potential claims.

**Regulatory and Environmental Matters**

***South Africa***

*Environmental*

Gold Fields South African operations are subject to various laws relating to the protection of the environment. South Africa s Constitution grants the people of South Africa the right to an environment that is not harmful to human health or well-being and to protection of that environment for the benefit of present and future generations through reasonable legislative and other measures. The Constitution and the National Environmental Management Act 107 of 1988 grant legal standing to a wide range of people and interest groups to bring legal proceedings to enforce their environmental rights, which are enforceable against private entities as well as the South African government.

South African environmental legislation commonly requires businesses whose operations may have an impact on the environment to obtain permits and authorizations for those operations. The applicable environmental legislation also imposes general compliance requirements and incorporates the polluter pays principle. Under the terms of the 2002 Minerals and Petroleum Resources Development Act, or MPRDA, all prospecting and mining operations are to be conducted according to an environmental management plan which must be approved by the Department of Minerals and Energy and it makes express provision for directors liability in circumstances when environmental harm arises pursuant to mining operations. See Mineral Rights.

South African mining companies are required by law to undertake rehabilitation works as part of their ongoing operations in accordance with an approved environmental management plan. In addition, during the operational life of the mine they must provide for the cost of mine closure and post-closure rehabilitation and monitoring once mining operations cease. Gold Fields funds these environmental rehabilitation costs by making contributions into an environmental trust fund. The trust fund system enables payments to be made in a tax-efficient way, while providing comfort to the regulators that the operator has the means to restore any mine after operations have ceased. As of October 31, 2007, Gold Fields had contributed more than Rand 600 million, including accrued interest, to the fund. Gold Fields has implemented environmental management systems in compliance with ISO 14001 throughout its operations in South Africa, and has received full certification under ISO 14000 for all surface portions of its South African operations. South Deep, a recent acquisition, is in the process of implementing an EMS that is ISO14001 compliant, after which it will apply for certification.

In addition, Gold Fields became a signatory to the International Cyanide Management Code, or Cyanide Code, on November 3, 2005, along with nine gold companies and five cyanide manufacturers. All of Gold Fields operations, including the South African operations, are committed to complying with the Cyanide Code. The implementation structure of the Cyanide Code allows the operations up to three years to have independent, third-party audits conducted to evaluate compliance status.

Under the National Water Act all water in the hydrological cycle is the property of the State held in trust for the people of South Africa and all water users have been required to re-register their water uses. In addition, the National Water Act governs waste water and waste discharge into water resources. Gold Fields is lawfully removing water from its South African mines and, while there has been a delay in processing the water license application at Driefontein, which was submitted within the applicable time limits and there is some uncertainty regarding the water quality parameters applicable to the removed water, Gold Fields has engaged the Department of Water Affairs and Forestry, or DWAF, to address these issues.

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In September 2005, certain sections of the National Environmental Management Air Quality Act, or the Air Quality Act, came into force. In the past, certain air polluting activities were allowed to be carried on provided that the operator registered the activity and was granted permission from the authority with responsibility for air quality in the region. However, the Air Quality Act sets more onerous standards which companies will be required to achieve. It is envisaged that the Air Quality Act will be fully phased in over the next few years. To the extent that more stringent requirements may be introduced regarding dust, Gold Fields is positioning itself operationally.

On July 3, 2006, new environmental impact assessment regulations were promulgated under the National Environmental Management Act, or NEMA. The new regulations introduce a fundamental change in this area of the law for the mining sector. Previously, the Department of Minerals and Energy, or DME, had primary responsibility for authorizing the environmental impacts of mining operations, although other departments played a role in approving certain aspects of mining-related activities. Under the new regulations, the Department of Environmental Affairs and Tourism, or DEAT, will play a greater role in the environmental impact assessment decision-making process. The new regulations introduce a more complex regime for environmental impact assessments that includes a two-tiered assessment process, involving first the DME and then the DEAT. The specific sections of the regulations which cover mining operations have not yet been brought into effect but, when they do, they will impact on reconnaissance (defined in the MPRDA as the activity of searching for a mineral or petroleum by geological, geophysical and photogeological surveys, including by remote sensing but excluding by prospecting and exploration), exploration, prospecting and mining activities, as currently defined in the Minerals and Petroleum Resources Development Act. This will result in more stringent requirements in obtaining environmental approval for new mining activities and, potentially, in the case of recommissioning old operations, which could increase Gold Fields costs for obtaining the approvals. Gold Fields is taking steps to comply with the new regulations. The regulations with respect to certain activities ancillary to mining are already in effect so that they now require a two-tier authorization process, from the DME and from the DEAT. The new regulations will not have retrospective effect. Section 24G of the National Environmental Management Act 107 of 1998 introduced an amnesty period to continue with operations which had not been authorised under the previous Environment Conservation Act EIA regulations. The amnesty period was available from January 7, 2005 to July 6, 2005. Gold Fields submitted three applications for such amnesty (as each identified activity required its own application) and is currently awaiting the decision of the environmental authorities in this regard. The applications related to the authorisation of cyanide plants at Beatrix, Kloof and Driefontein. It is likely that the applications will be granted. If the applications are granted the maximum fine that can be levied is R1 million per application. In the unlikely event that the applications are not granted the authorities may order that the activities are stopped and that remediation and rehabilitation takes place.

Although South Africa has a comprehensive environmental regulatory framework, enforcement of environmental law has traditionally been poor. The Department of Environmental Affairs and Tourism has indicated that enforcement will improve and Environmental Management Inspectors have been appointed under the NEMA. The Environmental Management Inspectors have commenced with environmental inspections and investigations at some of the major industrial facilities The focus to date has been on those industries that impact heavily on air quality, such as platinum mines and the steel industry.

Gold Fields undertakes activities which are regulated by the National Nuclear Regulator Act 47 of 1999, or the NNR Act. The NNR Act requires Gold Fields to obtain authorization from the National Nucler Regulator, or NNR, and undertake activities in accordance with the conditions of such authorizations. The NNR has alleged certain non-compliance issues relating to radiation levels in water running adjacent to certain of Gold Fields properties. Gold Fields does not concede the accuracy of the NNR samples and is currently undertaking its own sampling following which it will reengage with the NNR.

It has been publicly indicated by various individuals purporting to represent certain non-governmental organizations and other interested parties that they believe that Gold Fields, together with various other mining companies in South Africa, have polluted the water in and around the Wonderfontein Spruit, which is a catchment area in the West Wits Basin. This may lead to action being taken against Gold Fields, individually or

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collectively with other mining companies, and/or against the regulator. As far as Gold Fields is aware, no formal action has been taken against Gold Fields.

*Health and Safety*

The principal objective of the South African Mine Health and Safety Act No. 29 of 1996, or the Mine Health and Safety Act, is to protect the health and safety of persons at mines. The Mine Health and Safety Act requires that employers and others ensure their operating and non-operating mines provide a safe and healthy working environment, determines penalties and a system of administrative fines for non-compliance and gives the Minister of Minerals and Energy the right to restrict or stop work at any mine and require an employer to take steps to minimize health and safety risks at any mine. The Mine Health and Safety Act further provides for employee participation through the establishment of health and safety committees and by requiring the appointment of health and safety representatives. It also gives employees the right to refuse dangerous work. Finally, it describes the powers and functions of a mine health and safety inspectorate and the process of enforcement.

Under the Mine Health and Safety Act, an employer is obligated, among other things, to ensure, as far as reasonably practicable, that its mines are designed, constructed and equipped to provide conditions for safe operation and a healthy working environment and the mines are commissioned, operated, maintained and decommissioned in such a way that employees can perform their work without endangering their health and safety or that of any other person. Every employer must ensure, as far as reasonably practicable, that persons who are not employees, but who may be directly affected by the activities at a mine, are not exposed to any hazards to their health and safety.

As a result of a recent spate of accidents at various mining operations in South Africa, including Gold Fields operations, President Thabo Mbeki ordered the Department of Minerals and Energy to conduct an occupational health and safety audit at all mines. The department has developed audit protocols and divided them into two parts: (1) Legal Audit and (2) Technical Audit of certain installations and practices at mines. Together, the outcome of these audits is intended to give an indication of the extent to which mines comply with health and safety requirements, and also to help mines develop programs of action to improve their health and safety. The audit will broadly cover the topics indicated below:

Legal audit of mines:

- Design and maintenance;
- Legal appointments;
- Occupational health and safety policy;
- Occupational health and safety risk management;
- Training;
- Health and safety representatives and committees;
- Reporting;
- Mandatory codes of practice;

Explosives control;

Water management; and

Public health and safety.

Technical audit of mines:

Shafts and shaft infrastructure;

Rockfalls and rockbursts;

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Rail bound and trackless mobile equipment;

Occupational health; and

Effectiveness of the Mine Health and Safety Act legal sanctions.

See Risk Factors Gold Fields operations in South Africa are subject to environmental and health and safety regulations which could impose significant costs and burdens.

The Occupational Diseases in Mines and Works Act 78 of 1973, or the Occupational Diseases Act, governs compensation and medical costs related to certain illnesses contracted by persons employed in mines or at sites where activities ancillary to mining are conducted. Occupational healthcare services are made available by Gold Fields to employees from its existing facilities. Pursuant to changes in the Occupational Diseases Act, Gold Fields may experience an increase in the cost of these services. See Risk Factors Gold Fields operations in South Africa are subject to environmental and health and safety regulations which could impose significant costs and burdens. This increased cost, should it transpire, is currently indeterminate.

*Mineral Rights*

The 2002 Minerals Act. The 2002 Minerals Act came into effect on May 1, 2004. The 2002 Minerals Act vests the right to prospect and mine in the state (which includes the rights to grant prospecting and mining rights on behalf of the nation) to be administered by the government of South Africa in order to, among other things, promote equitable access to the nation s mineral resources by South Africans, expand opportunities for historically disadvantaged persons who wish to participate in the South African mining industry, advance social and economic development, and create an internationally competitive and efficient administrative and regulatory regime, based on the universally accepted principle, and consistent with common international practice, that mineral resources are part of a nation s patrimony.

Under the 2002 Minerals Act, prospecting rights are initially granted for a maximum period of five years and can be renewed once upon application for a further period not exceeding three years. Mining rights are valid for a maximum period of 30 years, and can be renewed upon application for further periods each of which may not exceed 30 years. Provision is made for the grant of retention permits, which would have a maximum term of three years and could be renewed once upon application for a further two years. A wide range of factors and principles, including proposals relating to black economic empowerment and social responsibility, will be considered by the Minister of Minerals and Energy when exercising her discretion whether to grant these applications. A mining right can be cancelled if the mineral to which such mining right relates is not mined at an optimal rate. In November 2006, the DME approved the conversion of Gold Fields mining licenses under the old regulatory regime at Driefontein, Kloof and Beatrix into rights under the new regime. The South Deep application has been completed and is currently under review, prior to final submission to the Department of Minerals and Energy.

The 2002 Minerals Act provides that pursuant to the terms of the 2002 Minerals Act a broad-based socio-economic empowerment charter for effecting entry of historically disadvantaged South Africans, or HDSAs, into the mining industry became effective on May 1, 2004.

The charter s stated objectives are to:

promote equitable access to South Africa s mineral resources for all the people of South Africa;

substantially and meaningfully expand opportunities for HDSAs, including women, to enter the mining and minerals industry and to benefit from the exploitation of South Africa s mineral resources;

utilize the existing skills base for the empowerment of HDSAs;

expand the skills base of HDSAs in order to serve the community;

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promote employment and advance the social and economic welfare of mining communities and areas supplying mining labor; and

promote beneficiation of South Africa s mineral commodities beyond mining and processing, including the production of consumer products.

The charter clarifies that it is not the government s intention to nationalize the mining industry.

To achieve these objectives, the charter requires that, within five years of its May 1, 2004 effective date, each mining company achieves a 15% HDSA ownership of mining assets and, within 10 years of that date, a 26% HDSA ownership of mining assets. Ownership can comprise active involvement, through HDSA-controlled companies (where HDSAs own at least 50% plus one share of the company and have management control), strategic joint ventures or partnerships (where HDSAs own at least 25% plus one vote of the joint venture or partnership interest and there is joint management and control) or collective investment vehicles, the majority ownership of which is HDSA based, or passive involvement, particularly through broad-based vehicles such as employee stock option plans. The charter envisages measuring progress on transformation of ownership by:

taking into account, among other things, attributable units of production controlled by HDSAs;

allowing flexibility by credits or offsets, so that, for example, where HDSA participation exceeds any set target in a particular operation, the excess may be offset against shortfalls in another operation;

taking into account previous empowerment deals in determining credits and offsets; and

considering special incentives to encourage the retention by HDSAs of newly acquired equity for a reasonable period.

It is envisaged that transactions will take place in a transparent manner and for fair market value with stakeholders meeting after five years to review progress in achieving the 26% target. Under the charter, the mining industry as a whole agrees to assist HDSA companies in securing finance to fund participation in an amount of Rand 100 billion over the first five years. Beyond the Rand 100 billion commitment, HDSA participation will be increased on a willing seller-willing buyer basis, at fair market value, where the mining companies are not at risk.

In addition, the charter requires, among other things, that mining companies:

spell out plans for achieving employment equity at management level with a view to achieving a baseline of 40% HDSA participation in management and achieving a baseline of 10% participation by women in the mining industry, in each case within five years;

give HDSAs preferred supplier status, where possible, in the procurement of capital goods, services and consumables; and

identify current levels of beneficiation and indicate opportunities for growth.

When considering applications for the conversion of existing licenses, the government takes a scorecard approach to the different facets of promoting the objectives of the charter. The scorecard sets out the requirements of the charter in tabular form which allows the DME to tick off areas where a mining company is in compliance. The scorecard covers the following areas:

human resource development;

employment equity;

migrant labor;

mine community and rural development;

housing and living conditions;

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ownership and joint ventures;

beneficiation; and

reporting.

The scorecard does not indicate the relative significance of each item, nor does it provide a particular score which an applicant must achieve in order to be in compliance with the charter and be granted new order rights. The charter, together with the scorecard, provides a system of credits or offsets with respect to measuring compliance with HDSA ownership targets. Offsets may be claimed for beneficiation activities undertaken or supported by a company above a predetermined base state, which has not yet been established for each mineral. Offsets may also be claimed for continuing effects of previous empowerment transactions.

The charter also requires mining companies to submit annual, audited reports on progress toward their commitments, as part of an ongoing review process.

On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvelaphanda Transaction, involving the acquisition by Mvelaphanda Resources Limited, or Mvela Resources, of a 15% beneficial interest in the South Africa gold mining assets of Gold Fields for cash consideration of R4,139 million. See Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction.

The Mvelaphanda Transaction is intended to meet the charter s requirement that mining companies achieve a 15% HDSA ownership within five years of the mining charter coming into effect. There is no guarantee, however, that the Mvelaphanda Transaction will not have a negative effect on the value of Gold Fields ordinary shares. In addition, any further adjustment to the ownership structure of Gold Fields South African mining assets in order to meet the mining charter s 10 year HDSA ownership requirement of 26% could have a material adverse effect on the value of Gold Fields ordinary shares and failing to comply with the charter s requirements could subject Gold Fields to negative consequences, the scope of which has not yet been fully determined. Gold Fields may also incur expenses to give effect to the mining charter s other requirements, and may need to incur additional indebtedness in order to comply with the industry-wide commitment to assist HDSAs in securing Rand 100 billion of financing during the first five years of the mining charter s effectiveness. See Risk Factors Gold Fields mineral rights in South Africa have become subject to new legislation which could impose significant costs and burdens The 2002 Minerals Act. Management believes that Gold Fields is well positioned to meet the requirements of the mining charter within the prescribed periods.

*The Royalty Bill.* On March 20, 2003, the draft Mineral and Petroleum Royalty Bill was released for public comment. After extensive consultation, the draft Mineral and Petroleum Royalty Bill was revised and this revised bill, or the Royalty Bill, was published on October 11, 2006, affording stakeholders a further opportunity to provide comments.

The Royalty Bill proposes to impose a royalty payable to the State which, in the case of gold mining companies, would be 3% in respect of the gross sales value of unrefined gold and 1.5% in respect of the gross value of refined gold. Gold is regarded as refined once it is processed to at least 99.5% purity and, accordingly, most companies in the South African mining sector, including Gold Fields, are likely to pay the refined rate. The Royalty Bill envisages that the royalty will become payable from May 1, 2009. In all likelihood there will be a further revised draft of the bill, and there can be no assurance that the royalty rate actually implemented will not be higher than 3%.

If adopted, in either its current or a further revised form, the Royalty Bill could have an adverse effect on Gold Fields South African operations and therefore an adverse effect on its business, operating results and financial condition. See Risk Factors Gold Fields mineral rights in South Africa have become subject to new legislation which could impose significant costs and burdens The Royalty Bill.

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*Land Claims*

Gold Fields privately held land could be subject to land restitution claims under the Restitution of Land Rights Act 1994, or the Land Claims Act. Under this Act, any person who was dispossessed of rights in land in South Africa as a result of past racially discriminatory laws or practices without the payment of just and equitable compensation is granted certain remedies including, but not limited to:

- restoration of the land claimed with or without compensation to the holder;
- granting of an appropriate right in alternative state-owned land to the claimant; or
- payment of compensation by the state to the claimant.

If land is restored without fair compensation it is possible that a constitutional challenge to the restoration could be successful. Once a notice of a land claim has been published in the Government Gazette the rights of any person in respect of such land are restricted in that he may not perform certain actions, including, but not limited to, selling, leasing or developing such land, unless the Regional Land Claims Commissioner has been given one month s written notice. The Commission is obligated to notify the owner of land in respect of which a claim has been lodged or any other party which might have an interest in a claim. All claims were required to be lodged with the Commission by December 31, 1998. Although this was the final date for filing claims, many claims lodged before the deadline are still being reviewed and not all parties who are subject to claims have yet been notified. However, new land claims may only be instituted after December 31, 1998, if an original claim was filed incorrectly. Gold Fields has not been notified under the Land Claims Act of any land claims against it but it may be notified of claims in the future. If Gold Fields is notified of land claims in the future, these claims could have a material adverse effect on Gold Fields right to the properties to which the land claims relate. See Risk Factors Gold Fields land and mineral rights in South Africa could be subject to land restitution claims which could impose significant costs and burdens.

The Restitution of Land Rights Amendment Act, or the Amendment Act, became law on February 4, 2004. Under the Land Claims Act, the Minister for Agriculture and Land Affairs, or the Land Minister, may not acquire ownership of land for restitution purposes without a court order unless an agreement has been reached between the affected parties. The Amendment Act, however, entitles the Land Minister to acquire ownership of land by way of expropriation either for claimants who do not qualify for restitution or, in respect of land as to which no claim has been lodged but the acquisition of which is directly related to or affected by a claim, the acquisition of which promotes restitution to those entitled or would encourage alternative relief to those not entitled. See Risk Factors Gold Fields land and mineral rights in South Africa could be subject to land restitution claims which could impose significant costs and burdens.

*Exchange Controls*

South African law provides for exchange control regulations, which restrict the export of capital from the Common Monetary Area, comprising South Africa, the Kingdoms of Lesotho and Swaziland and the Republic of Namibia. The exchange control regulations, which are administered by the South African Reserve Bank, or the SARB, are applied throughout the Common Monetary Area and regulate transactions involving South African residents, including companies. The basic purpose of exchange controls is to mitigate the decline of foreign capital reserves in South Africa and the devaluation of the Rand against other currencies, in particular the U.S. dollar. It is anticipated that South African exchange controls will continue to operate for the foreseeable future. The South African government has, however, committed itself to gradually relaxing exchange controls and a significant relaxation has occurred in recent years. It is the stated objective of the authorities to achieve equality of treatment between residents and non-residents in relation to inflows and outflows of capital. The gradual approach to the abolition of exchange controls adopted by the South African government is designed to allow the economy to adjust more smoothly to the removal of controls that have been in place for a considerable period of time.

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SARB approval is required for Gold Fields and its South African subsidiaries to receive loans from and repay loans to non-residents of the Common Monetary Area. Repayment of principal and interest on such loans will usually be approved where the payment is limited to the amount borrowed and a market-related rate of interest.

Funds raised outside of the Common Monetary Area by Gold Fields non-South African resident subsidiaries (whether through debt or equity) can be used for overseas expansion, subject to any conditions imposed by the SARB. Gold Fields and its South African subsidiaries would, however, require SARB approval in order to provide guarantees for the obligations of any of Gold Fields subsidiaries with regard to funds obtained from non-residents of the Common Monetary Area. Debt raised outside the Common Monetary Area by Gold Fields non-South African subsidiaries must be repaid or serviced by those foreign subsidiaries. Absent SARB approval, income earned in South Africa by Gold Fields and its South African subsidiaries cannot be used to repay or service such foreign debts. Also, absent specific SARB approval, income earned by one of Gold Fields foreign subsidiaries cannot be used to finance the operations of another foreign subsidiary.

Transfers of funds from South Africa for the purchase of shares in existing offshore entities or for the expansion of existing business ventures offshore require exchange control approval. Under the exchange control regulations, Gold Fields and its South African subsidiaries can invest overseas only if the investment meets certain tests, including one of national interest, as determined by the SARB. However, consideration will be given to applications submitted to the SARB to transfer funds from South Africa for the purpose of initial foreign expansion and expansion of existing projects.

South African companies are allowed to retain outside South Africa foreign dividends declared after October 26, 2004. Foreign dividends repatriated to South Africa after that date may be retransferred abroad at any time and be used for any purpose.

A listing by a South African company on any stock exchange other than the JSE in connection with raising capital needs permission from the SARB. Any such listing which would result in a South African company being redomiciled also needs approval from the Minister of Finance.

Under South African exchange control regulations, Gold Fields must obtain approval from the SARB regarding any capital raising involving a currency other than the Rand. In connection with its approval, it is possible that the SARB may impose conditions on Gold Fields use of the proceeds of any such capital raising, such as limits on Gold Fields ability to retain the proceeds of the capital raising outside South Africa or requirements that Gold Fields seeks further SARB approval prior to applying any such funds to a specific use. Any limitations imposed by the SARB on Gold Fields use of the proceeds of a capital raising could adversely affect Gold Fields financial and strategic flexibility. See Risk Factors Gold Fields financial flexibility could be materially constrained by South African exchange control regulations.

In his speech to Parliament toward the end of October 2004, the Minister of Finance outlined the South African Treasury s medium-term budget policy statement and repeated that it was the government s eventual goal to replace all remaining exchange controls with prudential benchmarks. He also announced the abolition of exchange control limits on new outward foreign direct investments by South African corporations and the lifting of their obligation to repatriate foreign dividends. There have subsequently been further indications from the Ministry of Finance that it remains the government s intention to gradually phase out the remaining exchange controls over time.

***Ghana***

*Environmental*

The laws and regulations relating to the environment in Ghana have their roots in the 1992 Constitution which charges both the state and individuals with a duty to take appropriate measures to protect and safeguard

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the natural environment. Mining companies are also required under the Minerals and Mining Act, 2006 (Act 703), or the Minerals and Mining Act, to obtain all necessary approvals from the Environmental Protection Agency and the Forestry Commission before undertaking mining operations. The Minerals and Mining Act also requires mines to comply with all laws for the protection of the environment.

Under the relevant environmental laws and regulations, mining operations are required to undergo an environmental impact assessment process and obtain approval for an environmental permit prior to commencing operations. Within 24 months of the date upon which operations commence, Ghanaian mining operations must submit an environmental management plan for the operations to obtain an environmental certificate. Environmental management plans are submitted every three years and include details regarding the likely impact of the operation on the environment, including local communities, as well as a comprehensive plan and timetable for actions to lessen and remediate adverse impacts.

The laws also require mining operations to rehabilitate land disturbed as a result of mining operations pursuant to an environmental reclamation plan agreed with the Ghanaian environmental authorities. The reclamation plan provides an estimate of the costs to rehabilitate the mining area for the life of the mine, or the life of mine rehabilitation estimate, and an estimate of the costs to rehabilitate the mine as at the date of the reclamation plan, or the current estimated rehabilitation costs. These estimates are adjusted every two years, taking into account any new disturbance or rehabilitation undertaken during the two year period from the date of the previous estimate. The obligations to rehabilitate the mining area and to provide security for the rehabilitation costs is included in a reclamation security agreement negotiated with the Environmental Protection Agency, or EPA, and signed by the mining company. Each mining company is required to secure 50% of the current estimated rehabilitation costs by posting a reclamation bond and a cash deposit, which serve as a security deposit against default.

In Ghana, updated reclamation plans are submitted to the EPA every two years with a readjustment of the calculated bond based on the current estimated rehabilitation costs. Gold Fields Ghana s current reclamation bond secures an amount of $7.4 million which is 50% of the rehabilitation costs estimated as at December 2005. The current life of mine rehabilitation estimate forecast for Tarkwa, following its expansion, is $39.2 million. Tarkwa is reviewing the current closure plan in light of the expansion program for the mine. This plan is expected to be submitted to the EPA by March, 2008 and Gold Fields expects it will initiate the re-negotiation of the reclamation security agreement, which is likely to lead to revised bond requirements to cover the increased liablity. Gold Fields Ghana was required to submit updated reclamation plans for a revision of its existing reclamation bond in early 2006. However, with the proposed expansion at the Tarkwa mine, Gold Fields Ghana has been advised by the EPA that a new reclamation security bond must be entered into. Gold Fields has been asked to submit an updated reclamation plan after the approval of its new environmental impact statement.

Gold Fields Ghana was issued an environmental certificate dated October 27, 2003 which expired on October 26, 2006. The EPA has advised Gold Fields Ghana that given the proposed expansion of its CIL and heap leach facilities, Gold Fields Ghana should undertake a new environmental impact statement, or EIS, and prepare a new environmental management plan, or EMP. Gold Fields submitted a new EIS in February 2007 which was approved by the EPA in May 2007. A new environmental permit was issued, subject to Gold Fields completing a new EMP for the expanded operations within 18 months. Gold Fields expects to submit a new EMP by June 2008, at which time it expects to receive a new environmental certificate. Pending the issuance of a new environmental certificate, Gold Fields Ghana is allowed to continue to operate Tarkwa.

Abosso has submitted the required environmental management plans and reclamation plans and is in compliance with all permit, certificate and reclamation requirements. An environmental certificate for the Damang mine was issued on October 9, 2003 for a two-year period to October 8, 2005. Following submission of Damang s Environmental Management Plan 2005 to 2008 in August 2005, on January 23, 2006 this certificate was renewed for a further three years.

Abosso was the first mining company in Ghana to sign a reclamation security agreement, in May 2001. Following various intermediate amendments to the agreement, in April 2006, Abosso provided the EPA with a

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revised draft reclamation security agreement. The draft reclamation security agreement is based on calculated current estimated rehabilitation costs totaling $4.2 million. The current life of mine rehabilitation estimate is $5.8 million (which includes the $4.2 million in current estimated rehabilitation costs) and again takes into account a reduction in the liability for completed reclamation works. Meetings with the EPA have been held during 2007 and the agreement is near finalization. The existing security comprising a reclamation bond (in the form of an irrevocable letter of credit) of $2.0 million and a $200,000 cash deposit remain in place and the amount secured will be revised based on adjusted current estimated rehabilitation costs when the reclamation security agreement is signed by both parties.

Gold Fields has implemented environmental management systems in compliance with ISO 14001 throughout its operations in Ghana. Gold Fields operations in Ghana received full certification under ISO 14001:1996 in fiscal 2003, and the operations were re-certified under ISO 14001:2004 in May 2006 for a further three years.

Following Gold Fields becoming a signatory to the Cyanide Code on November 3, 2005, all its operations, including the Ghanaian operations, are committed to complying with the code. The implementation structure of the code allows the Ghanaian operations up to three years to have independent, third-party audits conducted to evaluate compliance status.

*Health and Safety*

A mine owner is statutorily obligated to, among other things, take steps to ensure that the mine is managed and worked in accordance with the regulations that provide for the safety and proper discipline of the mine workers. The regulations prescribe the measures to be taken at every mining operation to ensure the safety and health of mine workers. Additionally, Gold Fields is required under the terms of its mining leases to comply with the reasonable instructions of the Chief Inspector of Mines regarding health and safety in the mine. A violation of the provisions of the health and safety regulations or failure to comply with the reasonable instructions of the Chief Inspector of Mines could lead to, among other things, a shutdown of all or a portion of the mine or the imposition of costly compliance procedures, and, in the case of a violation of the regulations relating to health and safety, constitutes an offense. Gold Fields, as the holder of the mining lease, has potential liability arising from injuries to, or deaths of, workers, including, in some cases, workers employed by its contractors. Although Ghanaian law provides statutory workers compensation for injuries or fatalities to workers, it is not the exclusive means for workers to claim compensation. Gold Fields insurance for health and safety claims or the relevant workers compensation may not be adequate to meet the costs which may arise upon any future health and safety claims. As a result, Gold Fields may suffer adverse consequences. See Risk Factors Gold Fields operations in Ghana are subject to environmental and health and safety regulations which could impose significant costs and burdens.

Every person resident in Ghana is required to belong to either a public or private health insurance scheme. Since August 1, 2004, to fund the National Health Insurance Fund, a levy of 2.5% has been imposed on goods and services produced or provided in, or imported into, Ghana, although certain types of machinery used in mining, as well as water and certain types of fuel, are exempt from the levy. Employers who establish or contribute to a private health insurance scheme are not exempt from payment of the levy. See Risk Factors Gold Fields operations in Ghana are subject to environmental and health and safety regulations which could impose significant costs and burdens.

*Mineral Rights*

Gold Fields Ghana holds five mining leases in respect of its operations at the Tarkwa property, each dated April 18, 1997, and two mining leases dated February 2, 1988 and June 18, 1992, respectively, for its operations at the former Teberebie property. The Tarkwa property mining leases all expire in 2027 and the Teberebie property mining leases both expire in 2018. Under the provisions of the Minerals and Mining Law,

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1986 (PNDCL 153), or the Minerals and Mining Law, and the terms of the mining leases, all of the Tarkwa property and Teberebie property mining leases are renewable by agreement between Gold Fields Ghana and the government of Ghana.

Abosso holds a mining lease in respect of the Damang mine dated April 19, 1995, as amended by an agreement dated April 4, 1996. This lease expires in 2025. Abosso also holds a mining lease in respect of Lima South, dated March 22, 2006, which expires in 2017. As with the Tarkwa and Teberebie mining leases, these leases are renewable under their terms and the provisions of the Minerals and Mining Law by agreement between Abosso and the government of Ghana.

In addition, under Ghanaian law, the Tarkwa property mining leases are subject to the ratification of Parliament. Although the Minerals Commission, the statutory corporation overseeing the mining operations on behalf of the government of Ghana, has submitted the Tarkwa property leases for parliamentary ratification along with leases for other mining companies in Ghana, these leases have not yet been ratified as required by law. Gold Fields Ghana has taken all the steps that it can take towards the ratification of its leases and to date this has not affected Gold Fields Ghana s ability to carry on its operations. See Risk Factors Gold Fields mineral rights in Ghana are currently subject to regulations, and may become subject to new regulations, which could impose significant costs and burdens.

A license is required for the export, sale or other disposal of minerals and the permission of the Chief Inspector of Mines is required to remove minerals obtained by the holder of a mineral right. Under Ghanaian law, the government has the right to compel the sale to it of all mineral rights obtained in Ghana and all products derived from the refining or treatment of minerals. However, the current project development agreement entitles Gold Fields to export and sell its entire production of gold and by-products. In respect of Abosso, the government has agreed not to exercise these pre-emption rights for as long as Abosso follows such procedure for marketing its products as may be approved by the Bank of Ghana acting on the advice of the Minerals Commission.

Under the provisions of the Minerals and Mining Law, the size of an area in respect of which a mining lease may be granted cannot exceed 50 square kilometers for any single grant or 150 square kilometers in the aggregate for any company. Gold Fields Ghana s mining leases cover approximately 207 square kilometers and Abosso s mining lease covers approximately 52 square kilometers. Gold Fields Ghana is currently discussing a development agreement with the Ghanaian government which would permit it to hold all its current land.

The Minerals and Mining Act came into force on March 31, 2006. Although the Minerals and Mining Act repealed the Minerals and Mining Law, and the amendments to it, the Minerals and Mining Act provides that leases, permits and licenses granted or issued under the repealed laws will continue under those laws unless the Minister responsible for minerals provides otherwise by regulation. Therefore, unless and until such regulations are passed in respect of Gold Fields mineral rights, the Minerals and Mining Law will continue to apply to Gold Fields current operations in Ghana.

The major provisions of the Minerals and Mining Act are as follows:

- the government of Ghana s right to a 10% free carried interest in mineral operations is restricted to mining leases. The government may participate further in mineral operations upon agreement with the holder;

- mineral rights in land over which mineral rights have been granted may not be granted to any other person in respect of the same minerals;

- introduction of a new system for demarcating the land, referred to as the cadastral system, whereby land is demarcated in blocks. Under the new system, a mining lease area may not be less than one block or more than 300 contiguous blocks. A block is defined as 21 hectares;

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mining companies which have invested or intend to invest at least $500 million may benefit from stability and development agreements, relating to both existing and new operations, which will serve to protect holders of current and future mining leases for a period not exceeding 15 years against changes in laws and regulations generally and in particular relating to customs and other duties, levels of payment of taxes, royalties and exchange control provisions, transfer of capital and dividend remittances. A development agreement may contain further provisions relating to the mineral operations and environmental issues. Each stability and development agreement is subject to the ratification of Parliament;

provisions requiring the renewal of a mining lease for a further period of up to 30 years once the holder has made an application for renewal pursuant to the terms of the lease if the holder is in material compliance with its obligations under law and under the lease;

provisions restricting royalty rates to not more than 6% or less than 3% of the total revenue of minerals; and

changes to the definition of a mining company. Under the Minerals and Mining Law, a mining company is defined as a company which or whose subsidiary is the holder of a mining lease. The Minerals and Mining Act defines a mining company as a company which or whose subsidiary is the holder of a mineral right (holders of mineral rights include prospecting and reconnaissance license holders) and excludes companies listed on a stock exchange and companies whose holding in mining companies or whose subsidiary s assets are less than 50% of the market value of their total assets. The effect of this re-definition is that persons seeking to become controllers of prospecting or reconnaissance license holders as well as mining lease holders are required to seek the approval of the Minister responsible for mines. Further, mineral rights holders are required to notify the Minister of changes in control. Additionally, similar to its rights currently in respect of companies holding mining leases, the government of Ghana is entitled to a special share in prospecting or reconnaissance license holders. See Government Option to Acquire Shares of Mining Companies.

Under the Minerals and Mining Act, neither a landowner nor any other person may search for minerals or mine on any land without having been granted a mineral right by the Minister responsible for mines. Additionally, even if a mineral right granted under the Minerals and Mining Law is made subject to the Minerals and Mining Act, the Act provides that this shall not have the effect of increasing the holder s costs, or financial burden, for a period of five years.

*Government Option to Acquire Shares of Mining Companies*

Under Ghanaian law, the government is entitled to a 10% interest in any Ghanaian company which holds a mining lease in Ghana, without the payment of compensation. The government of Ghana has already received this 10% interest in each of Gold Fields Ghana and Abosso. The government also has the option, under the Minerals and Mining Law, of acquiring an additional 20% interest in the share capital of mining companies whose rights were granted under the Minerals and Mining Law at a price agreed upon by the parties, at the fair market value at the time the option is exercised, or as may be determined by international arbitration. The government of Ghana exercised this option in respect of Gold Fields Ghana and subsequently transferred the interest, which now forms part of the IAMGold interest in Gold Fields Ghana. The Government of Ghana retains this option to purchase an additional 20% of the share capital of Abosso. As far as management is aware, the government of Ghana has not exercised this option for any other gold mining company in the past.

Under the Minerals and Mining Law, which continues to apply to Gold Fields Ghana s operations, and under the Minerals and Mining Act, the government has a further option to acquire a special share in a mining company for no consideration or in exchange for such consideration as the government and that company shall agree. This interest, when acquired, constitutes a special share which gives the government the right to attend and speak at any general meeting of shareholders, but does not entitle the government to any voting rights. The special share does not entitle the government to distributions of profits of the company which issues it to the

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government. The written consent of the government is required to make any amendment to a company s articles of incorporation relating to the government s option to acquire a special share. Although the government of Ghana has agreed not to exercise this option in respect of Gold Fields Ghana, it has retained this option for Abosso.

*Exchange Controls*

Under Ghana s mining laws, the Bank of Ghana or the Minister for Finance may permit the holder of a mining lease to retain a percentage of its foreign exchange earnings for certain expenses in bank accounts in Ghana. Under a foreign exchange retention account agreement with the government of Ghana, Gold Fields Ghana is required to repatriate 20% of its revenues derived from the Tarkwa mine to Ghana and use the repatriated revenues in Ghana or maintain them in a Ghanaian bank account. Management believes that Gold Fields Ghana is entitled to rely on the provisions of the foreign exchange retention account agreement for the duration of the Tarkwa mining leases. Abosso is currently obligated to repatriate 25% of its revenue to Ghana, although the level of repatriation under the deed of warranty between Abosso and the government of Ghana is subject to renegotiation every two years. The most recent negotiations were concluded in February 2003. Since then there have been no requests for negotiations by either side and Abosso s obligations remain the same. Until Abosso s repatriation level is renegotiated, it will remain the same. While management has no reason to believe that the repatriation level will increase as a result of the next set of negotiations, there is no agreed ceiling on the repatriation level, and it could be increased. Any increase could adversely affect Gold Fields ability to use the cash flow from the Damang mine outside Ghana, including to fund working costs and capital expenditures at other operations, to provide funds for acquisitions and to repay principal and interest on indebtedness. Gold Fields currently repatriates approximately 40% of revenues from the Ghana operations to Ghana.

***Australia***

*Environmental*

While Australia s national government retains the power to regulate activities which impact matters of national environmental significance, the Constitution vests the power to legislate environmental matters principally in the states. Gold Fields gold operations in Australia are primarily subject to the environmental laws and regulations of the State of Western Australia which require, among other things, that Gold Fields obtains environmental licenses, work approvals and mining licenses to begin mining operations.

During the operational life of its mines, Gold Fields is required by law to make provisions for the ongoing rehabilitation of its mines and to provide for the cost of post-closure rehabilitation and monitoring once mining operations cease. Gold Fields guarantees its environmental obligations by providing the Western Australian government with unconditional bank-guaranteed performance bonds. However, these bonds would not cover any environmental events requiring remediation that were unforeseen at the time the bonds were issued or which occur as a result of a breach of Gold Fields environmental licensing conditions.

Gold Fields is subject to the Environmental Protection Act 1986, which was last amended in 2004. Gold Fields is required to report known or suspected contaminated sites. The Australian government s Department of Environment and Conservation then classifies the site based on the risk posed to human health and the environment. Gold Fields may be required to investigate or remediate an affected site if there is contamination that is likely to cause harm to human health or the environment. If that happens, Gold Fields environmental duties and responsibilities will be increased. See Risk Factors Gold Fields operations in Australia are subject to environmental and health and safety regulations which could impose significant costs and burdens.

Following Gold Fields becoming a signatory to the Cyanide Code on November 3, 2005, all its operations, including its Australian operations, are committed to complying with the code. The implementation structure of the code allows operations up to three years to have independent, third-party audits conducted to evaluate compliance status.

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*Health and Safety*

The Western Australia Mines Safety and Inspection Act 1994 (WA), or the Safety and Inspection Act, regulates the duties of employers and employees in the mining industry with regard to occupational health and safety and outlines offenses and penalties for breach. The regulations prescribe specific measures and provide for inspectors to review the work site for hazards and violations of the health and safety requirements. A violation of the health and safety laws or failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, a loss of the right to mine or the imposition of costly compliance procedures. However, mine owner liability for contractors employees and labor hire employees under the Safety and Inspection Act extends only to matters over which the Company has the capacity to exercise control. See Risk Factors Gold Fields operations in Australia are subject to environmental and health and safety regulations which could impose significant costs and burdens.

The Safety and Inspection Act was amended in April 2005 and the changes include:

- a new regime of penalties characterized by significant increases (particularly in relation to companies), higher penalties for repeat offenses, and new offenses of causing death or serious harm through gross negligence, which attract high penalties including the option of imprisonment;

- broader powers for inspectors to impose improvements or prohibition notices on machinery and work practices; and

- a new duty of care imposed on employers with respect to residential accommodation supplied in connection with employment.

The effect of the amendments is that Gold Fields exposure to prosecution has increased, as has the cost of health and safety compliance of Gold Fields mining operations in Australia.

*Mineral Rights*

In Australia, the ownership of land is separate from the ownership of most minerals, which are the property of the states and are thus regulated by the state governments. The Western Australian Mining Act 1978 (WA), or the Mining Act, is the principal piece of legislation governing exploration and mining on land in Western Australia. Licenses and leases for, among other things, prospecting, exploration and mining must be obtained pursuant to the requirements of the Mining Act before the relevant activity can begin. Application fees and rental payments are payable in respect of each mining tenement.

Prospecting licenses, exploration licenses and mining leases are subject to prescribed minimum annual expenditure commitments. Royalties are payable to the state based on the amount of ore produced or obtained from a mining tenement. A monthly production report must be filed and royalties are calculated accordingly at a fixed rate of 2.5%.

Ministerial consent is required with respect to assignment or sale of a mining lease and certain other leases and tenements. Gold Fields has obtained ministerial consent for the transfer of all material mining leases and other tenements acquired from WMC.

*Land Claims*

In 1992, the High Court of Australia recognized a form of native title which protects the rights of indigenous people in relation to land in certain circumstances. As a result of this decision, the Native Title Act 1993 (Cth), or Native Title Act, was enacted to recognize and protect existing native title by providing a mechanism for the determination of native title claims and a statutory right for Aboriginal groups or persons to negotiate, object, and/or be consulted when, among other things, there is an expansion of, or change to, the rights and interests in the land which affects native title and constitutes a future act under the Native Title Act. The existence of these

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claims does not necessarily prevent continued mining under existing tenements. Tenements granted prior to January 1, 1994 are not future acts and do not need to comply with the aforementioned consultation or negotiation procedures. As a general rule, tenements granted after January 1, 1994 need to comply with this process. However, in Western Australia (where Gold Fields St. Ives and Agnew operations are located), some tenements were granted without complying with this consultation or negotiation process on the basis of then prevailing Western Australian legislation. This legislation was subsequently found to be invalid as it conflicted with the Native Title Act which is Commonwealth legislation. Subsequent legislation was passed validating the grant of tenements between January 1, 1994 and December 23, 1996, provided certain conditions were met.

Certain of Gold Fields tenements are currently subject to native title claims. However, most of Gold Fields tenements were granted prior to Janaury 1, 1994. Where tenements were granted between January 1, 1994 and December 23, 1996, Gold Fields believes it complies with the conditions set out by the Native Title Act for those tenements to be validly granted. On those tenements not granted before December 1996, Gold Fields has entered into agreements with the claimant parties which provides the Company with security of tenure. Therefore, the granting of native title over any of these tenements will not have a material effect on Gold Fields tenure.

Mining leases do not necessarily extinguish all native title, but do extinguish the native title rights with which they conflict. The right of native title holders to control access to land is extinguished by a mining lease in Western Australia. However, mining leases may not extinguish other native title rights. Therefore, some native title rights may co-exist with the rights granted under a mining lease. Compensation could be payable for rights lost by native title holders on the grant of a mining lease. In addition, negotiations with native title applicants are generally necessary before a new mining lease will be granted by the state and these can be time consuming and costly.

It is possible that land comprised in seven of Gold Fields existing tenements could be at risk due to native title claims, because those particular tenements may have been granted by the State of Western Australia in a manner contrary to the Native Title Act. Although the validity of those seven tenements is in question, Gold Fields management does not believe those tenements are material to its Australian operation.

The Aboriginal heritage laws protect sites of significance to Aboriginal people which have ongoing ethnographic, archaeological or historic significance. Gold Fields is aware of several Aboriginal heritage sites on its tenements. However, it does not believe that the protected status of these sites will materially affect its current operations in Australia. See Risk Factors Gold Fields tenements in Australia are subject to native title claims and include Aboriginal heritage sites which could impose significant costs and burdens.

***Venezuela***

*Environmental*

Activities that threaten to degrade the environment, or Threatening Activities, are subject to the control of the Ministry of Environment and Natural Resources, or the Ministry of the Environment. Various decrees established regulations, standards and procedures applicable to individuals and corporations carrying out Threatening Activities. These technical regulations must be considered in the development of mining projects and non-compliance with the above listed regulations may result in criminal, civil and administrative liabilities.

In order for mining companies, including Gold Fields, to conduct exploration/exploitation activities in Venezuela, the following permits are required:

*Authorization for Occupation of Territory, or Occupation Permit:* This permit authorizes a company s presence at a location, but not the undertaking of any activity. An Occupation Permit must be approved before mining concessions are granted.

*Authorization for Usage of Natural Resources for Exploration, or Exploration Permit:* After the Occupation Permit is granted, a mining company must file an application for an Exploration Permit

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with the Ministry of the Environment. The Exploration Permit must include a brief description of the proposed project, measures for preventing, mitigating and correcting environmental impact and the conditions and recommendations for the exploration phase. An Environmental Supervision Plan, or Supervision Plan, must be filed as part of the Exploration Permit application (in practice, Supervision Plans are filed after the issuance of the Exploration Permit). The Supervision Plan sets forth the manner in which the execution of the project will be evaluated and controlled.

*Authorization for Usage of Natural Resources for Exploitation, or Exploitation Permit:* An application for an Exploitation Permit must be filed with the Ministry of the Environment prior to the commencement of exploitation activities. The Exploitation Permit must include: (i) a brief description of the proposed project; (ii) a description of plans to prevent, mitigate and correct the environmental impact of the project; and (iii) the conditions under which the environment may be affected or impacted. A bond issued by a local bank or insurance company must be posted in order to guarantee the execution of the measures necessary for the reclamation of the area and the reduction of the impact of mining activities on the environment during the exploitation phase.

*Health and Safety*

In general, employees working in Venezuela are subject to Venezuelan labor laws as set forth in the Organic Labor Law, or the Labor Law, even if they are employed by a foreign corporation. Under the Labor Law, an employer is liable to employees or their relatives, as the case may be, for work-related accidents and occupational illnesses suffered by them, unless such accidents: (i) occur due to *force majeure* events; (ii) derive from the intentional will of the employee; (iii) occur while an individual is performing an occasional service for the employer which is not related to the company s business; or (iv) occur in the course of work undertaken by the employee working from his own domicile. The Labor Law provides for indemnification payments of up to two years salary, but not in excess of 25 times the applicable monthly minimum salary. As of June 30, 2006, the minimum monthly salary was VEB 465,750 (U.S.$216.63 at the official rate). The payment of indemnification is triggered when the accident derives from the service or is directly related to it, whether or not there is fault or negligence of the employer or the employee. Furthermore, as an employer engaged in mining activities, Gold Fields faces potential liability arising from injuries to, or deaths of, workers, including workers employed by its contractors.

Venezuela s Organic Law of Work Conditions, or the Organic Law, imposes on employers the obligation to maintain a work environment where employees are safeguarded against work-related accidents and illnesses. The Organic Law imposes certain obligations on employers which can be onerous, such as the implementation and maintenance of medical services and the creation of employer-employee committees in charge of coordinating policies related to work and safety procedures, conditions and precautions. In case of infringement, the Organic Law provides for penalties, including criminal liability where an employee s injury results from the negligence of his or her employer or the employer s non-compliance with legal requirements.

For further discussion regarding Venezuela s labor laws, see Directors, Senior Management and Employees Employees Labor Relations Venezuela.

*Mineral Rights*

Pursuant to the Decree Law of Mines, which was enacted in 1999 and reflects current Venezuelan law governing mining rights, all mineral deposits are the property of the Venezuelan State. The Decree Law of Mines regulates the assignment of mining rights, as well as the activities ancillary to mining such as transport, commerce and exports of minerals, requiring authorizations or registration for most of these activities. Furthermore, the Decree Law of Mines includes procedures for guaranteeing mining concession and contract holders the rights to use the land necessary for their activities, through rights of way, temporary occupation of land and even expropriation. The Decree Law of Mines includes provisions on reversion of assets at the end of the concession term, a system of penalties and termination of concessions and limitations restricting certain

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individuals from directly or indirectly owning mining rights (e.g., public servants and their families and foreign governments).

When the Decree Law of Mines was enacted, it contained a transitional provision, valid for the 12-month period following enactment, which allowed the holders of mining contracts awarded by Corporación Venezolana de Guayana S.A., or CVG, a governmental development entity which until 1994 had the right to grant mining rights in the Guayana region to private investors by way of contracts, to convert such contracts into concessions issued by the Ministry of Mining, in order to enhance the nature of the mining rights derived from such CVG contracts. The transitional provisions allowed, but did not require, the holders of mining contracts to request the conversion of their contracts into concessions, subject to several conditions. Approximately 340 contract holders applied for conversion during this transitional period, but only a few conversions were issued. In September 2003, the authority to oversee compliance of the contracts granted by CVG was transferred to the Ministry of Mining.

In general, the Decree Law of Mines provides for three forms of holding mining rights in a particular area:

*Direct exploitation:* Direct exploitation rights may be awarded by a simple resolution of the Ministry of Mining, to whomever it sees fit, and there are no limits on the area, size or duration of such rights.

*Exploration and subsequent exploitation concessions:* Exploration and subsequent exploitation concessions are granted to individuals or corporations, foreign or national, through a procedure that includes the approval by the Ministry of Mining of the technical and financial capacity of the applicant as well as an opposition period for claims by third parties. Concessions are granted only to mine the minerals described in the mining title. If a deposit of a different mineral is found, the concession holder has to give notice to the Ministry of Mining, which may decide to mine it directly (usually through an agreement with the concession holder) or to award it by way of a concession, for which the concession holder will have a preferential right.

The Decree Law of Mines instructed the Ministry of Mining to create a mining grid covering all the territory of the country. This grid created units with a surface of between 493 and 513 hectares (one degree north-south by one and a half degrees east-west) depending on the location of the units (nearness to the equator). Areas of concessions are measured by these units and also by lots, which are equal to the size of 12 units (5,196 to 6,156 hectares). One concession holder cannot hold more than two lots, or 24 units, at the same time. Once a lot has been explored, the concession holder can only keep a maximum of six adjacent units for mining. The remaining units have to be returned to the Ministry of Mining.

Concessions are granted for an initial exploration period of three years, which can be extended for one additional year. Within the exploration period the concession holder must carry out an exploration plan, select the units for exploitation (which cannot exceed 50% of the total concession area) and complete a feasibility study. The selection of units for exploitation together with the feasibility study must be presented to the Ministry of Mining for approval. Once approved, a Certificate of Exploitation is granted over the selected units, which grants the right to exploit the actual concessions. After a Certificate of Exploitation is granted, the concession term may not exceed 20 years, plus possible discretionary extensions that cannot exceed 10 years each and 20 years in aggregate. Concessions must be brought into production within seven years from the date of publication of the Certificate of Exploitation and, once begun, exploitation cannot be suspended for more than a year, save in the case of *force majeure* events with the approval of the Ministry of Mining.

Assignments of concessions, sales of any assets used in the concession and major agreements, including concession leases, have to be approved by the Ministry of Mining. At the end of the term of the concession, all concession-holder s assets used in the concession and any land acquired for the purpose of the concession revert to the state at no cost.

*Authorizations for small miners:* Small mining is limited to Venezuelan individuals or corporations. Although there are no parameters to define small-scale mining, the Decree Law of Mines establishes

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that authorizations for small-scale mining will not exceed an area of 10 hectares, with a term no longer than 10 years and to be worked by not more than 30 miners/workers. Small miners can form communities or co-operatives to improve the efficiency of their mining operations.

Notwithstanding the foregoing, in 2006 the Venezuelan government began promoting a reform to the Decree Law of Mines with the National Assembly. It appears that the goals of this reform are to immediately assume control of inoperative mining concessions and then, in the longer term, assume control of mining operations. The proposed model followed the guidelines applied to Venezuela s oil sector in the case of operational agreements. During late 2006 and 2007, several mining communities and cooperatives organized as the Unidad Minera de Sur, or Southern Mining Unity, promoted an alternative mining law reform project, which, among other things, allowed for the continuance of independent private mining operations. The status of these mining law projects are currently uncertain. Despite the fact that the original mining law reform contained a grandfathering provision pursuant to which concessions that are in good standing will be allowed to continue until their natural expiration in the future, it is still possible that private entities will only be allowed to participate in mining projects through mixed companies where the government has majority equity participation.

*Exchange Controls*

On January 21, 2003 the Venezuelan government authorized the Ministry of Finance to agree with the Venezuelan Central Bank, or the Central Bank on certain measures, which limit the free conversion of Bolivars into foreign currency and the transfer of funds outside Venezuela.

On February 5, 2003, the Ministry of Finance and the Central Bank entered into Exchange Agreement No. 1 and Exchange Agreement No. 2. Exchange Agreement No. 1 has been amended several times and currently sets the framework of the exchange control system which establishes limitations on the free conversion of Bolivars into foreign currency and the transfer of funds outside Venezuela. Exchange Agreement No. 2, as amended, currently sets the official exchange rate at VEB 2,150 per U.S. dollar.

Exchange Agreement No. 1 establishes that the acquisition of foreign currency by individuals and companies for transfers, remittances and payments for imports of goods and services and principal and interest on duly registered private debt, will be limited and subject to the requirements and conditions to be determined by the Comisión de Administración de Divisas (Currency Administration Commission, or CADIVI), the entity responsible for administering the exchange control system. Although in theory the acquisition of foreign currency for dividend payments on direct foreign investment, capital repatriation, payments in respect of service contracts, technology licenses, royalties and similar payments is guaranteed, pursuant to existing exchange control regulations it is also necessary to apply to CADIVI to acquire foreign currency at the official exchange rate for these purposes. To obtain CADIVI s authorization for the acquisition of foreign currency for any purpose, individuals and companies must be registered at the Registro de Usuarios del Sistema de Administración de Divisas and comply with a series of additional requirements.

Exchange Agreement No. 1 additionally provides that companies must also be registered at the Superintendency of Foreign Investments in order to obtain authorization from CADIVI for the purchase of foreign currency for remittance of dividends, capital gains and interest derived from foreign investments and for foreign currency payments derived from service and technology agreements, royalties and other payments derived from the use of industrial and intellectual property rights.

In addition to the above general framework, CADIVI has issued several administrative provisions regulating other areas that could materially affect the activities of the subsidiaries of Gold Fields in Venezuela. These include:

mandatory sale to the Central Bank of all foreign currency derived from exports (save for a maximum of 10% to cover export-related expenses);

limited acquisition of foreign currency necessary for imports;

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acquisition of foreign currency for the payment of foreign bank debt; and

acquisition of foreign currency for technical assistance, royalties, patents and trademarks payments.

As a result of these regulations, (i) all foreign currency derived from exports and (ii) foreign currency entering the country derived from other sources must be sold to the Central Bank. Pursuant to Exchange Agreement No. 1, all foreign currency originated from exports of goods and services, must be sold to the Central Bank, within five working days from the date of the availability of the foreign currency. Exporters are allowed to retain up to 10% of the export proceeds to cover export-related expenses. In this case, they must present support for such expenses. CADIVI may exceptionally authorize individuals and companies to retain more than 10% of the export proceeds in foreign currency. With the exception of those amounts which are required to be converted at the official exchange rate, such as proceeds of exports or other foreign currency entering the country, individuals and entities may purchase or sell foreign currency through other, unofficial channels, involving transactions in the capital markets. However, the exchange rates available through these channels are less favorable than the official rate.

Under the exchange control system, CADIVI will approve the acquisition of foreign currency at the official exchange rate to repay foreign debt only if the debt is registered pursuant to regulations promulgated by CADIVI. Currently, there are only regulations for the registration of foreign bank debt. There are no regulations for the registration of foreign non-bank debt. Therefore, any non-bank debt, including loans from affiliated companies or shareholders, must be repaid using currency acquired at unofficial or parallel market exchange rates.

The Law Against Illicit Exchange Transactions came into effect on October 14, 2005. This law describes the actions that constitute illegal exchange acts, including, among others, purchase, sale, export or import of foreign currency in excess of U.S.$10,000 in a given year, fraudulent acquisition of foreign currency through CADIVI, failure to declare export proceeds, failure to repatriate and convert export proceeds and use of legally acquired foreign currency for purposes different than those authorized. Penalties for violations of the law include fines, ranging from one to two times the amount of the illegal transaction (which can be doubled in the case of repeated offenses), and imprisonment, ranging from two to seven years, depending on the type of illicit act. The law applies to both individuals and companies that, acting either in their own name or as administrators, representatives, verifiers, recipients or beneficiaries, contravene the law s provisions or the provisions established by the Exchange Agreements.

*Law of Monetary Reconversion*

In addition, pursuant to the Law of Monetary Reconversion, the government plans to strengthen the Bolivar against foreign currencies. Starting on January 1, 2008, the new currency will be the Bolivar Fuerte, or Strong Bolivar, will be equivalent to 1,000 current Bolivars. Notwithstanding several measures adopted and information disseminated by the government and the Venezuelan Central Bank, it is generally expected that this reconversion may accelerate inflation in 2008.

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**Property**

Gold Fields operations as of June 30, 2007 comprised the following:

**Gold Fields operative mining areas as of June 30, 2007**

| Operation | Size |
|---|---|
| **South Africa** | |
| Driefontein | 8,561 hectares |
| Kloof | 20,087 hectares |
| Beatrix | 16,821 hectares |
| South Deep | 3,566 hectares |
| **Ghana** | |
| Tarkwa | 20,825 hectares |
| Damang | 8,111 hectares |
| **Australia** | |
| St. Ives | 87,363 hectares |
| Agnew | 61,602 hectares |
| **Venezuela** | |
| Choco 10 | 2,124 hectares |

Gold Fields leases its corporate headquarters in Johannesburg and its exploration offices not located at the mines.

As discussed earlier, the 2002 Minerals Act came into operation on May 1, 2004 and vests the right to prospect and mine in the South African State with administration by the government of South Africa. In November 2006, the South African Department of Minerals and Energy approved the conversion of Gold Fields mining licenses under the former regulatory regime at Driefontein, Kloof and Beatrix into licenses under the new regime. The application for the conversion of the South Deep mining authorization is being prepared and is intended to be submitted for approval during fiscal 2008. See Regulatory and Environmental Matters South Africa Mineral Rights.

Gold Fields also owns most of the surface rights with respect to its South African mining properties. Where Gold Fields conducts surface operations on land the surface rights of which it does not own, it does so in accordance with applicable mining and property laws. In addition, Gold Fields owns various mineral rights, under the previous regime, and surface rights contiguous to its operations in South Africa. As required under the 2002 Minerals Act, Gold Field has registered its surface rights utilized for mining purposes. Gold Fields has received prospecting rights on properties which it has identified as being able to contribute, now or in the future, to its business and will similarly seek to convert those prospecting rights to mining rights under the 2002 Minerals Act. See Regulatory and Environmental Matters South Africa Mineral Rights.

Gold Fields Ghana obtained the mining rights for the Tarkwa property from the government of Ghana in 1993. In August 2000, with the consent of the government of Ghana, Gold Fields Ghana was assigned the mining rights for the northern portion of the Teberebie property. The Tarkwa rights expire in 2027, while the Teberebie rights expire in 2018. Abosso holds the right to mine at the Damang property under a mining lease from the government of Ghana which expires in 2025. Gold Fields may exploit all surface and underground gold at all three sites until the rights expire, provided that Gold Fields pays the government of Ghana a royalty which is calculated on the basis of a formula which ranges from 3% to 12% of revenues derived from mining at the sites. For fiscal 2007, this formula resulted in Gold Fields Ghana paying royalties equivalent to approximately 3% of the revenues from gold produced at the Tarkwa and Teberebie properties, and Abosso paying approximately 3% of the revenues from gold produced at the Damang property.

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In Australia, mining rights and property are leased from the state. Australian mining leases have an initial term of 21 years with one automatic 21-year renewal period and thereafter an indefinite number of 21-year renewals with government approval. At the St. Ives operations, the initial 21-year term has expired for seven mining leases, with those mining leases having now entered (in most cases only quite recently) their second 21-year term. At the Agnew operations all mining leases, save for one, are within their initial 21-year term. The one relevant mining lease at Agnew has only recently begun its second 21 year term. In relation to gold produced from these mining leases at St. Ives and Agnew, Gold Fields pays a royalty to the state of 2.5%.

In Venezuela, all mineral deposits are the property of the state. Mining rights are usually granted to individuals or corporations through exploration and subsequent exploitation concessions. Most of Gold Fields mining rights (including Choco 10) are concessions granted to CVG, which have been leased by CVG to different subsidiaries of Gold Fields.

In Peru, exploration and extraction activities can only be performed in duly authorized areas. Authorization is granted when a mining concession is issued. Mining concessions are for an indefinite term provided the titleholder complies with the timely payment of annual concession fees and applicable fines.

Once the claimed area is subject to a mining concession, the titleholder must register its title with the Registro de Derechos Mineros, or Mining Registry, administered by the Superintendencia Nacional de Registros Públicos, or SUNARP, where all the agreements, resolutions and acts thereto must also be registered.

To maintain mining concessions in good standing, the titleholder must pay a concession fee, which currently amounts to U.S.$3.00 per hectare per year. Failure to pay the concession fee for two consecutive years could lead to the cancellation of the mining concession.

Holders of mining concessions are also required to meet minimum annual production targets prescribed by law. This target is currently U.S.$100.00 per hectare per year. Titleholders are entitled to aggregate multiple concessions for these purposes provided certain conditions are met. If the titleholder has not met the minimum annual production target within seven years of the concession having been granted, the titleholder is required to pay a penalty equal to U.S.$6.00 per year per hectare for the eighth to eleventh year following the granting of the concession. The penalty increases to U.S.$20.00 per year per hectare if the minimum production target is not met within 12 years of the concession having been granted. Failure to pay this penalty for two consecutive years may lead to the cancellation of the mining concession, although titleholders may be able to avoid paying the penalty if they can prove to the mining authorities that they have invested an amount equivalent to at least 10 times the amount of the penalty in the local area.

Gold Fields La Cima S.A. s mining areas at the Cerra Corona Project consist of the following:

All the existing mining rights owned by Gold Fields La Cima S.A. cover an area of 4,011.6386 hectares.

The area covered by the mining rights related to the Cerro Corona Project which is owned by Gold Fields La Cima S.A. is 1,961.0251 hectares.

The area covered by the mining rights outside the Cerro Corona Project which is owned by Gold Fields La Cima S.A. is 2,050.6135 hectares.

The area covered by the surface rights related to the Cerro Corona Project which is owned by Gold Fields La Cima S.A. is 766.1553 hectares and 10,000 square meters.

Gold Fields La Cima S.A. leases its corporate headquarters in Lima, Peru from Inversiones Centenario S.A.A. The lease expires on April 30, 2010.

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As of June 30, 2007, Gold Fields also held exploration tenements covering a total of approximately 3.75 million hectares in various countries, including the Dominican Republic, Venezuela (recently sold), Peru, Chile, Brazil, Indonesia, Finland, South Africa, Ghana, Guinea, Burkina Faso (recently sold), the Democratic Republic of Congo, Mali and Australia. Gold Fields ownership interests in these sites vary with its participation interests in the relevant exploration projects. See Exploration.

Gold Fields also holds title to numerous non-mining properties in South Africa, including buildings, shops, farmland and hospitals. Gold Fields controls approximately 47,000 hectares of land in the West Wits and Welkom regions.

**Research and Development**

Gold Fields undertakes various research and development projects relating to gold production technology and potential uses of gold. In particular, Gold Fields has developed a patented technology called Biox® through its wholly-owned Swiss subsidiary Biomin Technologies S.A. Biox® involves a process by which bacteria release gold from sulfide bearing gold ore to permit more economical recovery of the gold.

Gold Fields participates in a collaborative research and development project, entitled the Autek Project, together with AngloGold Ashanti Limited, Harmony Gold Mining Company Limited and Mintek, which is focused on investigating potential new industrial uses for gold. The Autek Project has been integrated into the Nanotechnology Innovation Centre, which is an initiative of the South African government s Department of Science and Technology. Gold Fields primary contribution to the Autek Project is aimed at researching gold nanotechnology.

Gold Fields collaborates with an external laboratory and technology development partner in the development and testing of pipe reactor technology for the dissolution of uranium. The Company is also currently involved in the testing of biotechnology and chlorine dioxide for the destruction of cyanide compounds in residue streams, for the purpose of complying with the Cyanide Code.

**Legal Proceedings**

Gold Fields is not a party to any material legal or arbitration proceedings, nor is any of its property the subject of pending material legal proceedings.

**Glossary of Mining Terms**

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding some of the terms used in this annual report.

**Absorption, desorption and recovery, or AD&R:** a treatment process involving the extraction of gold in solution using activated carbon, followed by removal of the gold from the carbon.

**Agglomeration:** a method of concentrating gold based on its adhesive characteristics.

**Backfill:** material, generally sourced from tailings or waste rock, used to refill mined-out areas to increase the long-term stability of mines and mitigate the effects of seismicity.

**Call option:** a contract which provides the owner with the right, but not the obligation, to purchase an asset at a specified price on or before a specified date.

**Carbon absorption:** a treatment process which uses activated carbon to remove gold in solution.

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**Carbon in leach, or CIL:** a process similar to CIP (described below) except that the ore slurries are not leached with cyanide prior to carbon loading. Instead, the leaching and carbon loading occur simultaneously.

**Carbon in pulp, or CIP:** a common process used to extract gold from cyanide leach slurries. The process consists of carbon granules suspended in the slurry and flowing counter-current to the process slurry in multiple-staged agitated tanks. The process slurry, which has been leached with cyanide prior to the CIP process, contains soluble gold. The soluble gold is absorbed onto the carbon granules which are subsequently separated from the slurry by screening. The gold is then recovered from the carbon by electrowinning onto steel wool cathodes or by a similar process.

**Cleaning:** the process of removing broken rock from a mine.

**Closely spaced dip pillar mining method:** a mining method where support pillars are left in place at relatively close intervals to increase the stability of the mine. Mining is conducted using conventional drilling and blasting techniques.

**Comminution:** the breaking, crushing or grinding of ore by mechanical means.

**Crosscut:** a mine working driven horizontally and at right angles to a level.

**Cut-off grade:** the grade which distinguishes the material within the orebody that is to be extracted and treated from the remainder.

**De-bottlenecking:** decreasing production constraints (e.g., removing mechanical deficiencies so that processed tonnage may be increased).

**Decline or incline:** a sloping underground opening for machine access from the surface to an underground mine or from level to level in a mine. Declines and inclines are often driven in a spiral to access different elevations in the mine.

**Declustered averaging:** an estimation technique used in the evaluation of ore reserves.

**Depletion:** the decrease in quantity of ore in a deposit or property resulting from extraction or production.

**Development:** activities (including shaft sinking and on-reef and off-reef tunneling) required to prepare for mining activities and maintain a planned production level and those costs incurred to enable the conversion of mineralization to reserves.

**Dilution:** the mixing of waste rock with ore, resulting in a decrease in the overall grade.

**Dissolution:** the process whereby a metal is dissolved and becomes amenable to separation from the gangue material.

**Electrowinning:** the process of removing gold from solution by the action of electric currents.

**Elution:** removal of the gold from the activated carbon.

**Exploration:** activities associated with ascertaining the existence, location, extent or quality of mineralization, including economic and technical evaluations of mineralization.

**Flotation:** the process whereby certain chemicals are added to the material fed to the leach circuit in order to float the desired minerals to produce a concentrate of the mineral to be processed. This process can be carried out in column flotation cells.

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**Gangue:** commercially valueless material remaining after ore extraction from rock.

**Gold in process:** gold in the processing circuit that is expected to be recovered during or after operations.

**Gold reserves:** the gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tons and head grade).

**Grade:** the quantity of metal per unit mass of ore expressed as a percentage or, for gold, as grams of gold per ton of ore.

**Greenfield:** a potential mining site of unknown quality.

**Grinding:** reducing rock to the consistency of fine sand by crushing and abrading in a rotating steel grinding mill.

**Head grade:** the grade of the ore as delivered to the metallurgical plant.

**Heap leaching:** a relatively low-cost technique for extracting metals from ore by percolating leaching solutions through heaps of ore placed on impervious pads. Generally used on low-grade ores.

**In situ:** within unbroken rock or still in the ground.

**Kriging:** an estimation technique used in the evaluation of ore reserves.

**Leaching:** dissolution of gold from the crushed and milled material, including reclaimed slime, for absorption and concentration onto the activated carbon.

**Level:** the workings or tunnels of an underground mine which are on the same horizontal plane.

**Life of mine, or LoM:** the expected remaining years of production, based on production rates and ore reserves.

**London afternoon fixing price:** the afternoon session open fixing of the gold price which takes place daily in London and is set by a board comprising five financial institutions.

**London morning fixing price:** the morning session open fixing of the gold price which takes place daily in London and is set by a board comprising five financial institutions.

**Longwall mining method:** a mining method involving mining over large continuous spans without the use of pillars.

**Mark-to-market:** the current fair value of a derivative based on current market prices, or to calculate the current fair value of a derivative based on current market prices, as the case may be.

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**Measures:** conversion factors from metric units to U.S. units are provided below.

| Metric unit | | U.S. equivalent |
|---|---|---|
| 1 ton | = 1 t | = 1.10231 short tons |
| 1 gram | = 1 g | = 0.03215 ounces |
| 1 gram per ton | = 1 g/t | = 0.02917 ounces per short ton |
| 1 kilogram per ton | = 1 kg/t | = 29.16642 ounces per short ton |
| 1 kilometer | = 1 km | = 0.62137 miles |
| 1 meter | = 1 m | = 3.28084 feet |
| 1 centimeter | = 1 cm | = 0.39370 inches |
| 1 millimeter | = 1 mm | = 0.03937 inches |
| 1 hectare | = 1 ha | = 2.47104 acres |

**Metallurgical plant:** a processing plant used to treat ore and extract the contained gold.

**Metallurgical recovery factor:** the proportion of metal in the ore delivered to the mill, that is recovered by the metallurgical process or processes.

**Metallurgy:** in the context of this document, the science of extracting metals from ores and preparing them for sale.

**Mill delivered tons:** a quantity, expressed in tons, of ore delivered to the metallurgical plant.

**Milling/mill:** the comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

**Mine call factor:** the ratio, expressed as a percentage, of the specific product recovered at the mill (plus residue) to the specific product contained in an orebody calculated based on an operation s measuring and valuation methods.

**Mineralization:** the presence of a target mineral in a mass of host rock.

**Net smelter return:** the volume of refined gold sold during the relevant period multiplied by the average spot gold price and the average exchange rate for the period, less refining, transport and insurance costs.

**Open pit:** mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

**Ore:** a mixture of material containing minerals from which at least one of the minerals can be mined and processed at an economic profit.

**Orebody:** a well defined mass of material of sufficient mineral content to make extraction economically viable.

**Ore grade:** the average amount of gold contained in a ton of gold-bearing ore expressed in grams per ton.

**Ore reserves or reserves:** that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

**Ounce:** one troy ounce, which equals 31.1035 grams.

**Overburden:** the soil and rock that must be removed in order to expose an ore deposit.

**Pay limit:** the value at which the orebody can be mined without profit or loss, calculated using an appropriate gold price, production costs and recovery factors.

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**Probable reserves:** reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

**Production stockpile:** the selective accumulation of low grade material which is actively managed as part of the current mining operations.

**Prospect:** to investigate a site with insufficient data available on mineralization to determine if minerals are economically recoverable.

**Prospecting permit or right:** permission to explore an area for minerals.

**Proven reserves:** reserves for which: (1) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; (2) grade and/or quality are computed from the results of detailed sampling; and (3) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

**Reef:** a gold-bearing sedimentary horizon, normally a conglomerate band, that may contain economic levels of gold.

**Refining:** the final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.

**Rehabilitation:** the process of restoring mined land to a condition approximating its original state.

**Remnant pillar mining:** the removal of blocks of ground previously left behind for various reasons during the normal course of mining.

**Rock burst:** an event caused by seismicity which results in damage to underground workings and/or loss of life and equipment.

**Rock dump:** the historical accumulation of low grade material derived in the course of mining which is processed in order to take advantage of spare processing capacity.

**Run of Mine, or RoM:** a loose term to describe ore of average grade.

**Sampling:** taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).

**Scattered mining method:** conventional mining which is applied in a non-systematic configuration.

**Seismicity:** a sudden movement within a given volume of rock that radiates detectable seismic waves. The amplitude and frequency of seismic waves radiated from such a source depend, in general, on the strength and state of stress of the rock, the size of the source of seismic radiation, and the magnitude and the rate at which the rock moves during the fracturing process. Rock bursts, as defined above, involve seismicity.

**Semi-autogenous grinding, or SAG, mill:** a piece of machinery used to crush and grind ore which uses a mixture of steel balls and the ore itself to achieve comminution. The mill is shaped like a cylinder causing the grinding media and the ore itself to impact upon the ore.

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**Shaft:** a shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It may be equipped with a surface hoist system that lowers and raises conveyances for men, materials and ore in the shaft. A shaft generally has more than one conveyancing compartment.

**Shortfall:** the ratio of actual reef tonnage hoisted compared to monthly reef tonnage broken.

**Sichel t :** an estimation technique used in the evaluation of ore reserves.

**Slimes:** the finer fraction of tailings discharged from a processing plant after the valuable minerals have been recovered.

**Slurry:** a fluid comprising fine solids suspended in a solution (generally water containing additives).

**Smelting:** thermal processing whereby molten metal is liberated from beneficiated ore or concentrate with impurities separating as lighter slag.

**Spot price:** the current price of a metal for immediate delivery.

**Stockpile:** a store of unprocessed ore.

**Stope:** the underground excavation within the orebody where the main gold production takes place.

**Stripping:** the process of removing overburden to mine ore.

**Stripping ratio:** the number of units of overburden which must be removed in order to mine one unit of ore.

**Sulfide:** a mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite (iron sulfide). Also a zone in which sulfide minerals occur.

**Tailings:** finely ground rock from which valuable minerals have been extracted by milling.

**Tailings dam/slimes dam:** dams or dumps created from tailings or slimes.

**Ton:** one ton is equal to 1,000 kilograms (also known as a metric ton).

**Tonnage:** quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.

**Total cash costs per ounce:** a measure of the average cost of producing an ounce of gold, calculated by dividing the total cash costs in a period by the total gold sold over the same period. Total cash costs represent production costs as recorded in the statement of operations less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs) and rehabilitation costs, plus royalties and employee termination costs. In determining the total cash cost of different elements of the operations, production overheads are allocated pro rata.

**Total production costs per ounce:** a measure of the average cost of producing an ounce of gold, calculated by dividing the total production costs in a period by the total gold production over the same period. Total production costs represent total cash costs, plus amortization, depreciation and rehabilitation costs.

**Waste:** rock mined with an insufficient gold content to justify processing.

**Yield:** the actual grade of ore realized after the mining and treatment process.

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**ITEM 4A: UNRESOLVED STAFF COMMENTS**

Not applicable.

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## ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*You should read the following discussion and analysis together with Gold Fields consolidated financial statements including the notes, appearing elsewhere in this annual report. Certain information contained in the discussion and analysis set forth below and elsewhere in this annual report includes forward-looking statements that involve risks and uncertainties. See Forward-looking Statements and Risk Factors for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this annual report.*

**Overview**

***General***

Gold Fields is a significant producer of gold and major holder of gold reserves in South Africa, Ghana, Australia, Venezuela and Peru. Gold Fields is primarily involved in underground and surface gold mining and related activities, including exploration, extraction, processing and smelting. Gold Fields is currently the largest gold producer in South Africa, and one of the largest gold producers in the world, on the basis of annual production. In the year ended June 30, 2007, Gold Fields produced 4.285 million ounces of gold, 4.024 million ounces of which were attributable to Gold Fields, and the remainder of which were attributable to minority shareholders in Gold Fields Ghana Limited, or Gold Fields Ghana, Abosso Goldfields Limited, or Abosso, Promotora Minera de Guayana (PMG) S.A., or PMG and South Deep, which for a period prior to year end was not wholly owned; see Acquisition of South Deep. Gold Fields reported attributable gold reserves of 89.7 million ounces as of June 30, 2007.

The Gold Fields group holdings evolved through a series of transactions, principally in 1998 and 1999. With effect from January 1, 1998, a company formed on November 21, 1997 and referred to in this discussion as Original Gold Fields acquired substantially all of the gold mining assets and interests previously held by Gold Fields of South Africa Limited, or GFSA, Gencor Limited, New Wits Limited and certain other shareholders in the companies owning the assets and interests. These assets and interests included all of the Beatrix, Oryx and Kloof mines, a 70.0% interest in the Tarkwa mine (which was increased to 71.1% through dilution of some of the other shareholders in 1999), a 54.2% interest in the St. Helena mine and a 37.3% interest in the Driefontein mine. The transaction involved a purchase of the assets and interests held by the three selling companies, as well as offers to the minority shareholders of the three companies holding the Beatrix, Oryx and Kloof mines to acquire their shares in exchange for Original Gold Fields shares. Original Gold Fields accounted for the transaction as a purchase. Because Original Gold Fields was formed as a subsidiary of GFSA, the assets acquired from GFSA were accounted for at the value they had been carried at on GFSA s books. The assets acquired from Gencor Limited, New Wits Limited and the minority shareholders were accounted for at fair value.

With legal effect from January 1, 1999, Original Gold Fields was acquired by the company that is today Gold Fields. For accounting purposes, Original Gold Fields was fully consolidated with effect from June 1, 1999. Although for legal purposes Gold Fields acquired Original Gold Fields, for accounting purposes, Original Gold Fields was considered the acquirer because the Original Gold Fields shareholders obtained the majority interest in the enlarged company. As part of this transaction, the remaining interest in the Driefontein mine came into the Gold Fields group.

With effect from July 1, 1999, Gold Fields acquired the remaining interest in the St. Helena mine and reorganized the group to simplify its holding structure. Since that time, Gold Fields has acquired its Australian and Ghanaian operations, sold the St. Helena mine, sold a 15% beneficial interest in its South African operations to Mvelaphanda Resources Limited, or Mvela Resources, restructured its South African operations, and acquired its interests in the Cerro Corona Project and its Venezuelan operations. See Information on the Company.

In fiscal 2007, Gold Fields acquired the entire issued share capital of Barrick Gold South Africa (Proprietary) Limited, or BGSA, and the remaining shares of Western Areas Limited, or Western Areas, which it

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did not already own. BGSA and Western Areas each held a 50% interest in the Barrick Gold Western Areas Joint Venture, an unincorporated entity that owned the developing South Deep gold mine adjacent to Gold Fields Kloof gold mine, located in the Witwatersrand basin near Johannesburg. See Acquisition of South Deep.

Total gold production was 4.348 million ounces in fiscal 2006 (4.074 million ounces of which were attributable to Gold Fields with the remainder attributable to minority shareholders in Gold Fields Ghana Limited, or Gold Fields Ghana, Abosso and PMG. In fiscal 2007 total gold production decreased to 4.285 million ounces (4.024 million ounces of which were attributable to Gold Fields with the remainder attributable to minority shareholders in Gold Fields Ghana, Abosso, PMG and South Deep, which for a period prior to year end was not wholly owned; see Acquisition of South Deep ). This decrease was mainly due to lower gold production from the international operations with a 20% decrease in production at Damang as a result of a lack of available high grade fresh ore and marginally lower production from Tarkwa, St. Ives and Agnew, mainly due to lower grades. Production from the South African operations was little changed with lower production due to lower grades, mostly offset by the production from South Deep.

*Mvelaphanda Transaction*

On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvelaphanda Transaction, involving the acquisition by Mvelaphanda Resources Limited, or Mvela Resources, of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of Rand 4,139 million.

The Mvelaphanda Transaction was preceded by an internal restructuring of Gold Fields, whereby each of the Driefontein, Kloof and Beatrix mining operations, as well as certain ancillary assets and operations, were transferred to a new, wholly-owned subsidiary of Gold Fields, GFI Mining South Africa (Proprietary) Limited, or GFIMSA.

On November 26, 2003, Gold Fields, Mvela Resources, Mvelaphanda Gold (Proprietary) Limited, or Mvela Gold, a wholly-owned subsidiary of Mvela Resources, and GFIMSA entered into a covenants agreement, or the Covenants Agreement, regulating their rights and obligations with respect to GFIMSA. This agreement became effective following the advance by Mvela Gold of the loan to GFIMSA described below, which is referred to in this discussion as the Mvela Loan, and, among other things, provides for Mvela Gold to nominate two members of GFIMSA s board of directors and two members of each of GFIMSA s Operations Committee and Transformation Committee, the latter of which has been established to monitor compliance with the mining charter promulgated under the Mineral and Petroleum Resources Development Act 2002 No. 28 of 2002. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights. Under the Covenants Agreement, GFIMSA cannot dispose of any material assets, enter into, cancel or alter any material transaction between GFIMSA and any related party or make any material amendment to its constitutive documents without the prior written consent of Mvela Gold. In addition, if Gold Fields or GFIMSA wants to increase the interest of black empowerment entities in GFIMSA or in any business or assets of GFIMSA, other than pursuant to an employee share incentive scheme, Gold Fields must offer to Mvela Gold the opportunity to increase its interest in GFIMSA. By its terms, the Covenants Agreement remains in force for so long as Gold Fields remains a shareholder in GFIMSA and Mvela Gold holds its empowerment interest in or is a shareholder of GFIMSA and Mvela Gold holds the right to subscribe for 15% of the share interest in GFIMSA, provided that it terminates if the shares of GFIMSA are listed on the JSE.

On December 11, 2003, Gold Fields, GFIMSA, and Mvela Gold entered into a subscription and share exchange agreement, or the Subscription and Share Exchange Agreement, pursuant to which, upon repayment of the Mvela Loan, Mvela Gold must subscribe for shares equal to 15% of GFIMSA s outstanding share capital, including the newly issued shares, for consideration of Rand 4,139 million. In addition, for a period of one year after the subscription by Mvela Gold of the GFIMSA shares, each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold s GFIMSA shares for ordinary shares of Gold Fields of an equivalent

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value based on an exchange ratio equal to 15% of a discounted cash flow calculation as applied to GFIMSA s operations divided by the same calculation as applied to Gold Fields operations, with certain adjustments. In the event that the parties do not agree on the number of Gold Fields ordinary shares to be issued to Mvela Gold in such exchange, then the exchange ratio will be determined by an independent merchant bank or investment bank appointed by the parties. Mvela Gold has ceded its rights under the Subscription and Share Exchange Agreement to secure its obligations under certain mezzanine financing it incurred to fund, in part, the Mvela Loan. Mvela Gold is entitled to dispose of the GFIMSA shares and any Gold Fields ordinary shares it may hold only in accordance with the terms of a pre-emptive rights agreement entered into by the parties whereby if Mvela Gold receives an offer for, or otherwise wishes to sell, any GFIMSA or Gold Fields shares, it must first offer to sell them to Gold Fields. The Subscription and Share Exchange Agreement became unconditional following the advance of the Mvela Loan to GFIMSA on March 17, 2004.

On December 11, 2003, Gold Fields, GFIMSA, Mvela Gold, First Rand Bank Limited, Gold Fields Australia Pty Limited, or Gold Fields Australia, and Gold Fields Guernsey Limited (now Gold Fields Holdings Company (BVI) Limited, or Gold Fields Holdings), entered into a loan agreement, or the Mvela Loan Agreement, pursuant to which Mvela Gold advanced a loan of Rand 4,139 million, or the Mvela Loan, to GFIMSA on March 17, 2004. GFIMSA applied the loan toward funding its acquisition of Gold Fields South African mining operations and certain ancillary assets and operations as part of the internal restructuring of Gold Fields. The Mvela Loan has a term of five years, bears interest at a rate of 10.57% per annum and is guaranteed by Gold Fields, Gold Fields Australia and Gold Fields Holdings. GFIMSA may elect to repay the Mvela Loan, together with the present value of the then outstanding interest payment obligations and the tax payable by Mvela Gold as a result of such repayment, at any time starting 12 months after the Mvela Loan was advanced. While the Mvela Loan is outstanding, Gold Fields and any of its material subsidiaries, which is defined as any subsidiary whose gross turnover in the most recently ended financial year represents more than 5% of the consolidated gross turnover of Gold Fields and its subsidiaries, may not, subject to certain exceptions, (i) sell, lease, transfer or otherwise dispose of any assets, (ii) enter into any merger or similar transaction, or (iii) encumber its assets. The Mvela Loan will become immediately due and payable upon the occurrence of any event of default, which includes, among other things:

failure to make payments of interest or principal;

breach of the covenants in the agreement or of any material provision of the documents relating to the Mvelaphanda Transaction;

any representation or statement of GFIMSA or any guarantor in the documents relating to the Mvela Loan being incorrect or misleading in a material and adverse way;

default under other indebtedness of Gold Fields or any of its material subsidiaries in excess of Rand 75 million;

insolvency of Gold Fields or any of its material subsidiaries;

failure of Gold Fields or any of its material subsidiaries to pay any judgment in excess of Rand 75 million within five days of it becoming due;

government expropriation of Gold Fields or any of its material subsidiaries or their respective material assets;

a change in the business, condition or prospects of any guarantor or Gold Fields and its subsidiaries taken as a whole that is reasonably likely to have a material adverse effect on the ability of GFIMSA or of any guarantor to perform its obligations or on the validity or enforceability of any document relating to the Mvela Loan;

any litigation, arbitration, administrative proceedings or governmental or regulatory investigations or proceedings against Gold Fields or any of its material subsidiaries that is reasonably likely to be adversely determined and if so determined, could reasonably be expected to have a material adverse effect on the ability of GFIMSA or any guarantor to perform its obligations or on the validity or enforceability of any document relating to the Mvela Loan;

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any change in control of Gold Fields that occurs without the written consent of the agent of the providers of the commercial bank debt that funded, in part, the Mvela Loan, or the Senior Agent, where the change in control could reasonably be expected to have a material adverse effect on the ability of any guarantor to perform its obligations or on the validity or enforceability of any document relating to the Mvela Loan; and

GFIMSA ceasing to be a wholly-owned subsidiary of Gold Fields.

The Mvela Loan was funded by way of commercial bank debt of approximately Rand 1,300 million and mezzanine finance of approximately Rand 1,100 million, with the balance of approximately Rand 1,700 million being raised by way of an international private placement of shares of Mvela Resources. In connection with the mezzanine finance, Gold Fields subscribed for preference shares in an amount of Rand 200 million in Micawber 325 (Proprietary) Limited, or Micawber, a special purpose entity established by the mezzanine lenders. Further, Gold Fields subscribed for Rand 100 million of the shares issued by Mvela Resources in the private placement. In addition, pursuant to an agreement entered into on February 13, 2004, or the PIC Agreement, Gold Fields has effectively guaranteed a loan of Rand 150 million made by the PIC to Micawber, or the PIC Loan. Interest on the PIC Loan accrues at the rate of 14.25%, is compounded semi-annually and is payable in one lump sum at the end of the term of the loan. Under the terms of the PIC Agreement, the PIC has the right to require Gold Fields to assume all its rights and obligations under the PIC Loan, together with its underlying security, which consists of the PIC s proportionate share of Mvela Gold s rights under the Subscription and Share Exchange Agreement and a guarantee of Rand 200 million from Mvela Resources, at a price equal to the value of the principal and interest of the PIC Loan, net of a guarantee fee equal to 3.75% per annum of the value of the principal and interest of the loan, if, at the time the PIC Loan is due for repayment, Micawber does not repay the loan in full. Whether or not the PIC requires Gold Fields to assume its rights and obligations under the PIC Loan, the PIC is obligated to pay the guarantee fee to Gold Fields on the date on which the PIC Loan is repaid to the PIC. See Liquidity and Capital Resources Cash Resources Investing and Credit Facilities Mvela Loan.

On February 13, 2004, the Mvela Loan Agreement was amended, principally in order to add and clarify certain definitions.

On November 17, 2004, GFL Mining Services Limited, or GFLMSL, Gold Fields, Mvela Gold, Mvela Resources and GFIMSA entered into an agreement, referred to in this discussion as the Amendment Agreement, amending the existing agreements relating to the Mvelaphanda Transaction, including the Subscription and Share Exchange Agreement and the Covenants Agreement. Pursuant to the Amendment Agreement, among other things, (i) GFIMSA agrees not to repay any debt owing, as at the date on which the Mvela Loan was advanced, to Gold Fields or any subsidiary of Gold Fields that is not a subsidiary of GFIMSA prior to the time Mvela Gold may exchange its shares in GFIMSA for Gold Fields ordinary shares, pursuant to the Subscription and Share Exchange Agreement, (ii) GFIMSA must utilize 50% of its free cash flow to pay certain intra-group indebtedness and (iii) Mvela Gold will be entitled to not less than 45,000,000 or not more than 55,000,000 Gold Fields ordinary shares in the event that GFIMSA shares are exchanged for Gold Fields shares pursuant to the Subscription and Share Exchange Agreement. These minimum and maximum numbers of ordinary shares are subject to adjustment to take account of changes to Gold Fields capital structure and certain corporate activities of Gold Fields. The amendments were approved by the Senior Agent and by the lenders who provided the commercial bank debt and mezzanine finance to Mvela Gold to fund, in part, the Mvela Loan.

During the first part of fiscal 2007, Mvela Holdings entered into various agreements in terms of which the status quo regarding the shareholding in Mvela Resources as of the date of the Mvelaphanda Transaction was restored by Mvela Holdings once again having a direct interest in the issued share capital of Mvela Resources. On July 17, 2006, Gold Fields, Mvela Gold, Mvela Resources, Mvela Holdings, GFIMSA, GFLMSL and others entered into an agreement further amending the existing agreements relating to the Mvelaphanda Transaction, including, among others, the Covenants Agreement and the Sponsor Support, Guarantee and Retention Agreement. In accordance with the revised agreements, Mvela Holdings undertook to remain an HDSA company, to retain beneficial ownership of no less than 26% of the issued equity share capital of Mvela Resources, to have board control of Mvela Resources (together with other HDSAs) and to retain management control of Mvela Resources pursuant to a written management agreement.

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On December 7, 2006, Mvela Resources announced a transaction between Mvela Resources, Mvela Holdings (Proprietary) Limited, or Mvela Holdings, the parent company of Mvela Resources, Lazarus Zim and Afripalm Resources, an HDSA company formed by Lazarus Zim, in terms of which the parties amongst other things agreed as follows:

- Afripalm will subscribe for shares in Mvela Resources to acquire economic and voting interests in Mvela Resources of approximately 19.3% and 31%, respectively. As a result of such acquisition, the economic and voting interests of Mvela Holdings, the other major HDSA shareholder in Mvela Resources, will be approximately 22.9% and 19.6%, respectively. As a result of the increase in the broad-based HDSA voting control of Mvela Resources to more than 50%, Mvela Resources will thus be an HDSA controlled company; and

- the management agreement between Mvela Resources and Mvela Holdings, in terms of which the latter managed the day-to-day operations of Mvela Resources, was cancelled.

Subsequently, Gold Fields, Mvela Gold, Mvela Resources, Mvela Holdings, GFIMSA, GFLMSL and others entered into an agreement further amending the existing agreements relating to the Mvelaphanda Transaction, including, among others, the Covenants Agreement and the Sponsor Support, Guarantee and Retention Agreement. In accordance with the revised agreements, Mvela Holdings and Afripalm (and certain of its subsidiaries) undertook jointly (i) to remain HDSA companies, (ii) to retain beneficial ownership of no less than 26% of the issued equity share capital of Mvela Resources, (iii) to retain voting control over no less than 50% of the issued equity share capital of Mvela Resources, and (iv) to have board control of Mvela Resources (together with other HDSAs).

On August 24, 2007, the Mvela Loan Agreement was amended, principally in order to relax certain financial covenants.

*Acquisition and Disposal of Choco 10*

In a transaction announced on November 21, 2005, and which became effective on February 28, 2006, Gold Fields acquired a 95% interest in the Choco 10 gold mine and surrounding exploration tenements in the El Callao district of Guayana, Venezuela, through the purchase of Bolivar Gold Corp., or Bolivar, for total cash consideration of approximately U.S.$330 million.

Gold Fields owned its interest in the Choco 10 mine through its 95% holding in PMG. PMG is a joint venture between Promotora Minera de Venezuela, S.A., or Promiven (a wholly-owned subsidiary of Gold Fields which it acquired from Bolivar), and a subsidiary of Corporacion Venezolana de Guayana, or CVG, a governmental development entity for the Guayana region. Gold Fields assumed operation of PMG on March 1, 2006. See Information on the Company Gold Fields Mining Operations Venezuela Operation.

On November 30, 2007, Gold Fields disposed of its assets in Venezuela to Rusoro Mining Ltd., or Rusoro, for a total consideration of approximately U.S.$532 million (based on the volume weighted average price, or VWAP, of Rusoro shares as quoted by Bloomberg for the 10 days prior to the date the agreement was signed). Gold Fields received U.S.$180 million in cash and 140 million newly-issued Rusoro shares, which at the time of sale represented approximately 37% of the outstanding shares of Rusoro. See Information on the Company Recent Developments Sale of Choco 10.

*Acquisition of La Cima*

On January 11, 2006, Gold Fields acquired an 80.72% economic and 92% voting interest in Sociedad Minera La Cima S.A., now known as Gold Fields La Cima S.A., or La Cima, for a total consideration of

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U.S.$40.5 million. La Cima is the holding company for the Cerro Corona Project. See Information on the Company Gold Fields Mining Operations Development Projects Cerro Corona Development Project and Credit Facilities Cerro Corona Facility.

On October 4, 2007, La Cima and its parent company, Gold Fields Corona (BVI) Limited, or Gold Fields Corona, signed stability agreements with the relevant governmental authorities in Peru. These agreements, among other things, stabilize the current 4.1% withholding tax on dividends and the current 30% income tax rate for a period of 10 years. In order to take advantage of these stabilized rates, the inter-company loans made to La Cima by Gold Fields Corona and Orogen that were outstanding when the stability agreements were executed must be capitalized within two years from that date. Accordingly, although Gold Fields has not made any firm decision regarding this issue, it may capitalize some or all of the approximately U.S.$280 million of inter-company loans (including accrued interest) that were outstanding.

*Acquisition of South Deep*

In fiscal 2007, pursuant to a series of transactions, Gold Fields acquired 100% of BGSA and Western Areas, giving it ownership of the South Deep gold mine in South Africa. See Information on the Company History and Credit Facilities.

On December 1, 2006, Gold Fields acquired 100% of the issued share capital of BGSA for $1,154.8 million. The $1,154.8 million comprised:

- $324.0 million in Gold Fields ordinary shares issued;
- $801.8.0 million in cash;
- $24.2 million relating to the reimbursement of an insurance claim to the vendors; and
- $4.8 million of direct costs relating to the acquisition.

Gold Fields also repaid $407.0 million owing by BGSA to Barrick Gold Africa.

Through a series of purchases completed by March 31, 2007, Gold Fields acquired 100% of the issued share capital of Western Areas for $1,033.5 million. The $1,033.5 million comprised:

- $893.8 million in Gold Fields ordinary shares issued;
- $116.6 million in respect of shares acquired in years prior to fiscal 2007;
- $17.2 million in cash paid in fiscal 2007; and
- $5.9 million of direct costs relating to the acquisition.

Therefore, the total purchase consideration to acquire South Deep was $2,188.3 million.

These business combinations have been accounted for as purchase transactions, with Gold Fields being identified as the acquirer and BGSA and Western Areas as the acquirees. Gold Fields consolidated financial statements include the operating results of BGSA and Western Areas for the period from December 1, 2006 to June 30, 2007.

For the purposes of Gold Fields consolidated financial statements, the purchase consideration for each of BGSA and Western Areas has been allocated to the underlying assets acquired and liabilities assumed, based on management s best estimates, taking into account all available information at the time of acquisition.

Gold Fields concluded that the excess of the purchase consideration over the net identifiable tangible and intangible assets acquired represents goodwill in respect of the transaction.

The allocation of the purchase consideration of $2,188.3 million is as follows:

Property, plant and equipment totaling $1,867.7 million;

Other assets worth $297.5 million;

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Liabilities totaling $1,196.2 million which included the gold derivative structure held by Western Areas; and

Goodwill of $1,219.3 million.

The goodwill arising on the acquisition of BGSA and Western Areas principally represents the difference between the purchase consideration and the fair value on the assets acquired and can be attributed to the upside potential of the asset.

As a result of Gold Fields acquiring 100% of the issued share capital of BGSA, South Deep was fully consolidated as from December 1, 2006. This was due to BGSA owning 50% of South Deep and having the casting vote, therefore giving it effective control of South Deep.

During the period between December 1, 2006 and March 31, 2007, Gold Fields did not own 100% of Western Areas and therefore did not own 100% of South Deep. The percentages of the results of Western Areas and South Deep that did not accrue to Gold Fields have been accounted for as minority interests. U.S. GAAP requires that where a company is acquired through a series of transactions, an investment in that company that was previously accounted for as available for sale be retrospectively accounted for on an equity basis. Since Gold Fields had previously held interests in Western Areas which were accounted for as available for sale, its results for prior years and the period July 1, 2006 to November 30, 2006 have been adjusted accordingly.

As a result of the acquisition of Western Areas, Gold Fields became exposed to the gold derivative structure held by Western Areas, which consisted of put and call options as well as deferred premium. The marked to market valuation of this derivative structure as of December 1, 2006, the date of acquisition, was negative $539.0 million at a gold price of $631.75 per ounce. The structure was closed out on January 24, 2007 at a gold price of $643.00 per ounce with a payment of $549 after deducting scheduled maturities of $10 million. This resulted in a realized loss of $20.7 million.

During December 2006 and January 2007, Western Areas purchased 1.005 million ounces of gold, which was the net delta position of the gold derivative structure, at an average gold price of $622.14 per ounce. These purchases are referred to herein as gold delta purchases. This position was subsequently sold at a gold price of $643.00 per ounce on January 24, 2007 resulting in a net gain of $21.0 million on the gold delta purchases.

*Acquisition of IRCA*

On March 1, 2007, Gold Fields acquired 70% of IRCA (PTY) Limited, or IRCA, for $7.9 million. The consideration consisted of $5.3 million in cash plus the assumption of a bank overdraft of $2.6 million. IRCA is a company that specializes in mine safety training and it is now part of the Gold Fields Business Leadership Academy, or GFBLA, structure.

*Sale of Essakane Joint Venture*

On October 11, 2007, Gold Fields reached an agreement to sell its 60% stake in the Essakane project to Orezone for a minimum total consideration of U.S.$200 million. The transaction closed on November 26, 2007. Orezone paid Gold Fields U.S.$150 million in cash and issued 41,666,667 common shares having an aggregate subscription price of U.S.$50 million to its wholly-owned subsidiary Gold Fields Essakane (BVI) Limited. Following the acquisition, Gold Fields owns 41,666,667 common shares of Orezone, representing 12.2% of Orezone s issued and outstanding common shares. As of October 2007, Gold Fields had spent a total of approximately U.S.$47 million on the Essakane project. See Information on the Company Exploration Gold Fields Greenfield Exploration Projects Essakane Joint Venture.

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**Revenues**

Substantially all of Gold Fields revenues are derived from the sale of gold. As a result, Gold Fields revenues are directly related to the price of gold. Historically, the price of gold has fluctuated widely. The gold price is affected by numerous factors over which Gold Fields does not have control. See Risk Factors Changes in the market price for gold, which in the past has fluctuated widely, affect the profitability of Gold Fields operations and the cash flows generated by those operations. The volatility of gold prices is illustrated in the following table, which shows the annual high, low and average of the London afternoon fixing price of gold in U.S. dollars for the past 12 calendar years and to date in calendar year 2007:

| | Price per ounce[1] | | |
|---|---|---|---|
| | High | Low | Average |
| | ($) | | |
| 1995 | 396 | 372 | 384 |
| 1996 | 415 | 367 | 388 |
| 1997 | 367 | 283 | 331 |
| 1998 | 313 | 273 | 294 |
| 1999 | 326 | 253 | 279 |
| 2000 | 313 | 264 | 282 |
| 2001 | 293 | 256 | 270 |
| 2002 | 349 | 278 | 310 |
| 2003 | 416 | 320 | 363 |
| 2004 | 454 | 375 | 409 |
| 2005 | 537 | 411 | 445 |
| 2006 | 725 | 525 | 604 |
| 2007 (through November 30, 2007) | 834 | 607 | 687 |

Source: Bloomberg

Note:

(1) Rounded to the nearest U.S. dollar.
On December 5, 2007, the London afternoon fixing price of gold was $793 per ounce.

As a general rule, Gold Fields sells the gold it produces at market prices to obtain the maximum benefit from prevailing gold prices and does not enter into hedging arrangements such as forward sales or derivatives which establish a price in advance for the sale of its future gold production. However, hedges are sometimes undertaken in one or more of the following circumstances: to protect cash flows at times of significant capital expenditure; for specific debt servicing requirements; and to safeguard the viability of higher cost operations. See Quantitative and Qualitative Disclosure About Market Risk Commodity Price Sensitivity Commodity Price Hedging Policy. Significant changes in the price of gold over a sustained period of time may lead Gold Fields to increase or decrease its production in the near-term, which could have a material impact on Gold Fields revenues.

***Gold Fields Realized Gold Price***

The following table sets out the average, the high and the low London afternoon fixing price of gold and Gold Fields average U.S. dollar realized gold price during the past three fiscal years:

| | Year ended June 30, | | |
|---|---|---|---|
| | 2005 | 2006 | 2007 |
| | ($/oz) | | |

| | | | |
|---|---|---|---|
| Average | 422 | 525 | 638 |
| High | 454 | 725 | 691 |
| Low | 387 | 418 | 561 |
| Gold Fields average realized gold price[1] | 422 | 524 | 638 |

Note:

(1) Gold Fields average realized gold price may differ from the average gold price due to the timing of its sales of gold within each year.

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**Costs**

Over the last three fiscal years, Gold Fields total cash costs have typically made up approximately 80% of total costs and consist primarily of labor and, where applicable, contractor costs, and consumable stores, which include explosives, timber and other consumables, including diesel fuel and other petroleum products.

Gold Fields South African operations are labor intensive due to the use of deep level underground mining methods. As a result, over the last three fiscal years labor has represented on average approximately 51% of total cash costs at the South African operations. At the South African operations, power and water made up on average approximately 11% of total cash costs over the last three fiscal years. At the Ghana operations, mining operations at Damang are conducted by an outside contractor, while starting in fiscal 2005, Tarkwa began engaging in owner mining, having purchased its own mining equipment which was fully commissioned by September 2004, and therefore significantly reducing its use of outside contractors. Contractor costs represented on average 24% of total cash costs at Tarkwa over the last three fiscal years, and 24% of total cash costs during fiscal 2007. Over the last three fiscal years contractor costs represented on average 43% of total cash costs at Damang. Direct labor costs represent on average a further 11% of total cash costs at Tarkwa over the last three fiscal years and 11% in fiscal 2007. Over the last three fiscal years direct labor costs represented on average 7% at Damang. At the Australian operations, mining operations are conducted by outside contractors. Over the last three fiscal years, total contractor costs represented on average 61% at Agnew and 39% at St. Ives of total cash costs and direct labor costs represented on average a further 16% at Agnew and 10% at St. Ives of total cash costs.

For open-pit operations, such as those at the Ghana and Australia operations, cash costs tend to vary over the life of the open pit. Initially, cash costs are relatively high because the proportion of waste rock to ore, or stripping ratio, is higher when operations first commence. As an open pit evolves, the stripping ratio and cash cost per ounce tend to decrease. Stripping ratios can, however, increase over the life of an operation.

Gold Fields operations in Ghana consume large quantities of diesel fuel for the running of its mining fleet. The cost of diesel fuel is directly related to the oil price and any movement in the oil price will have an impact on the cost of diesel fuel and therefore the cost of running the mining fleet. In addition, during fiscal 2007, limitations on electricity supplies from Gold Fields Ghana s electricity supplier meant that Gold Fields Ghana was forced to use emergency diesel-powered generators to make up the difference. As a result, Gold Fields incurred operating costs of approximately U.S.$11.2 million from the use of the diesel generators in fiscal 2007. The supplier has indicated that the requirement for reduced electricity demand will last until the water levels in the reservoir have reached appropriate levels. Though the water levels have now increased, the restrictions in respect of mining companies continues. There can be no assurance that Gold Fields will not be asked to further reduce its demand or that there will not be new disruptions to the electricity supply. See Risk Factors Actual and potential shortages of production inputs may have an adverse effect on Gold Fields operations and profits and Information on the Company Ghana Operations Tarkwa Mine Mining. Over the last three fiscal years, fuel costs have represented approximately 14% of total cash costs at the Ghana operations. Fuel use is proportionately higher at the Ghana operations than at the South African or Australian operations because open pit mining in general requires more fuel usage than underground mining and because of the configuration of the Ghana operations, including the scale of certain of the open pits and the distances between the pits and the plants. In order to provide some protection against future rises in oil prices, and therefore in diesel fuel prices, on July 3, 2006, Gold Fields Ghana and Abosso purchased an Asian-style International Petroleum Exchange, or IPE, gasoil call option for one year, expiring June 30, 2007, for a total of 58.8 million liters at a strike price of U.S.$0.5716 per liter. Approximately two thirds of this hedge was for Tarkwa and one third was for Damang. On June 28, 2007, Gold Fields Ghana Holdings (BVI) Limited, the holding company for Gold Fields Ghana and Abosso, entered into a three-month Asian style call option, starting July 1, 2007, for over 15 million liters at a strike price of U.S.$0.5572 per liter. It entered into a further three-month option starting September 1, 2007, on the same terms. Both these options were allocated 70% to Tarkwa and 30% to Abosso. See Quantitative and Qualitative Disclosures About Market Risk Commodity Price Sensitivity, Quantitative and Qualitative Disclosures About Market Risk Commodity Price Hedging Policy Oil, Quantitative and Qualitative Disclosures About Market Risk Commodity Price Hedging Experience Oil and Quantitative and Qualitative Disclosures About Market Risk Commodity Price Contract Position Oil.

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During fiscal 2007, the increase in the gold price triggered the price participation royalty obligation in respect of St. Ives and for fiscal 2007 royalties of A$10,223,326 (approximately U.S.$8 million) were paid. It is expected that during fiscal 2008, total gold produced from St. Ives since November 30, 2001 will exceed 3.3 million ounces, potentially creating liability to pay the 4% net smelter return royalty. See Information on the Company Gold Fields Mining Operations Australia Operations.

The remainder of Gold Fields total costs consist primarily of amortization and depreciation, exploration costs and selling, administration and general and corporate charges.

**Income and Mining Taxes**

***South Africa***

Gold Fields pays taxes on its taxable income generated by its mining and non-mining tax entities. Under South African law, gold mining companies and non-gold mining companies are taxed at different rates. For tax purposes, GFIMSA is considered a gold mining company whereas Gold Fields itself and its other South African subsidiaries are non-gold mining companies. All non-gold mining companies pay tax at the statutory rate of 29% which was reduced from 30% for tax years ending on or after April 1, 2005, whereas gold mining companies pay tax at a rate which is calculated in terms of a formula which is explained below. In addition, non-gold mining companies are liable for Secondary Tax on Companies, or STC, which is currently charged at a rate of 10%, effective as from October 1, 2007 (previously 12.5%).

Gold mining companies are subject to tax at different rates on their mining and non-mining income. Mining income is taxed on a formula basis, in terms of which the tax rate rises as the ratio of taxable income to gross mining revenue increases. The formula takes the form of y = a-ab/x, where y = the tax rate, a = the marginal tax rate, b = the quantum of revenue that is free of tax (which is a form of depletion allowance and is calculated as a percentage of mining revenue, with the currently applicable rate being effectively 5%) and x = the ratio of profit to revenue (expressed as a percentage).

Gold mining companies can elect to be exempt from STC and different formulae are used to calculate tax on mining income depending on whether an election has been made. If the election has been made, the current relevant values are a = 45 and b = 5. These values have been effective for tax years ending on or after April 1, 2005. For tax years ending on or after April 1, 2005, the rate applicable to non-mining income for gold mining companies who have made the election is 37%.

As a result of the consolidation of the South African assets into GFIMSA in 2004, the mines are no longer separate tax entities but are treated as a single tax entity. However, unredeemed capital expenditure is still ring fenced between the divisions of GFIMSA, so that capital expenditure at one mine cannot be used to reduce taxable income from another mine. GFIMSA has elected to be exempt from STC. However, Gold Fields itself, as a holding company not conducting any gold mining operations, as well as its other non-mining South African subsidiaries, are not eligible to be exempt from STC. To the extent Gold Fields receives dividends from GFIMSA, such received dividends are offset against the amount of dividends paid by Gold Fields for purposes of calculating the net amount subject to STC.

***Ghana***

Ghanaian resident companies are subject to tax on the basis of income derived from, accruing in or brought into Ghana. The standard corporate income tax rate is currently 25% having been reduced from 28% with effect from January 1, 2006. Because the mineral rights are owned by the state, the Tarkwa and Damang operations are also subject to a gold royalty of a minimum of 3% and a maximum of 6%, depending on the profitability of the mine, calculated on the basis of a formula which came into effect from July 4, 1986. This royalty is included in the income and mining tax benefit/(expense) line item in Gold Fields consolidated statements of operations. A reconstruction and development levy of 2.5% on operating profit that was introduced on January 1, 2001 was abolished from January 1, 2006.

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Tax depreciation of capital equipment operates under a capital allowance regime. The capital allowances consist of an initial allowance of 80% of the cost of the asset and the balance is added to the balance carried forward and depreciated at a rate of 50% per year on a declining balance basis. For the purposes of computing depreciation for the year following its acquisition, 5% of the cost of the mining asset is included in the balance, effectively allowing a total of 105% allowance on mining assets. Under the project development agreement entered into between the Ghanaian government and Gold Fields Ghana and the deed of warranty entered into between the Ghanaian government and Abosso, the government has agreed that no withholding tax shall be payable on any dividend or capital repayment declared by Gold Fields Ghana or Abosso which is due and payable to any shareholder not normally resident in Ghana.

***Australia***

Generally, Australia will impose tax on the worldwide income (including capital gains) of all of Gold Fields Australian incorporated and tax resident entities. The current income tax rate for companies is 30%. Exploration costs are deductible in full as incurred and other capital expenditure is deductible over the lives of the assets acquired. In addition, other expenditures, such as export market development, mine closure costs and the defense of native title claims, may be deducted from income. The St. Ives and Agnew operations are also subject to a 2.5% gold royalty, which came into effect from July 1, 1998, because the mineral rights are owned by the state. This royalty is included in the income and mining tax benefit/(expense) line item in Gold Fields consolidated statements of operations.

With effect from July 1, 2001 the Australian legislature introduced a Uniform Capital Allowance, which allows tax deductions for:

- depreciation attributable to assets; and
- certain other capital expenditures.

Gold Fields Australia and its wholly-owned Australian controlled entities have elected to be treated as a tax consolidated group for taxation purposes. As a tax consolidated group, a single tax return is lodged for the group based on the consolidated results of all companies within the group. The decision to implement the tax consolidation regime was made by Gold Fields during the 2005 fiscal year and applied as of July 1, 2003. Certain transitional provisions were made available to encourage entities into the tax consolidation regime. These provisions addressed the mechanism for transferring losses into the tax consolidated group and made provision for companies that consolidate to recalculate the tax base of certain assets based on a market value calculation. These provisions were on balance advantageous to Gold Fields resulting in a net gross up of $26.8 million. An amendment to the Australian tax laws in fiscal 2007 resulted in a shorter useful life of mine being applied to St. Ives than had originally been selected. The retrospective application of this change triggered a recalculation of the tax base of the assets and led to a further U.S.$3.3 million gross up in fiscal 2007. These gross-ups have been included in the income and mining tax benefit for fiscal 2005 and fiscal 2007.

Withholding tax is payable on dividends, interest and royalties paid by Australian residents to non-residents. In the case of dividend payments to non-residents, withholding tax at a rate of 30% will apply. However, where the recipient of the dividend is a resident of a country with which Australia has concluded a double taxation agreement, the rate of withholding tax is generally limited to 15% (or 10% where the dividend is paid to a company s parent company). Where dividends are paid out of profits that have been subject to Australian corporate tax there is no withholding tax, regardless of whether a double taxation agreement is in place.

***Venezuela***

Venezuela taxes resident individuals and domiciled corporations on their worldwide income. Taxable income is therefore defined to include territorial income, income resulting from activities performed or deemed to be performed outside of Venezuela and assets located or deemed to be located outside of Venezuela, and income resulting from inflation adjustment. Conversely, certain extraterritorial expenses are allowed as deductible expenses.

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While the Venezuelan corporate tax rate is determined with reference to a progressive tax scale, in practice, the effective corporate tax rate applicable to foreign and domestic corporations is 34%.

Tax losses may be carried forward by corporations for a period of three tax years.

Venezuelan corporate income tax law provides for inflation adjustment in terms of which Venezuelan corporations are required to adjust their non-monetary assets and liabilities (including debt in foreign currency) for inflation on a yearly basis. Inflation adjustments usually generate phantom income or losses which affect taxable income. These types of adjustments also generate differences between the net taxable income and accounting income, which has an effect on tax on dividends, as discussed below.

Venezuela levies withholding tax on interest payments on loans granted to Venezuelan companies to be used in Venezuela at a rate of 5% if the beneficiary is a Venezuelan domiciled company and according to a progressive tax scale up to 34% if the beneficiary is a non-Venezuelan domiciled company. Notwithstanding the foregoing, withholding tax on interest derived from loans granted by foreign banks or financial institutions not domiciled in Venezuela is only 4.95%.

Dividends paid by Venezuelan companies are taxable at 34% to the extent that they arise from profits that have not been subject to tax at the corporate level. The tax is calculated on that portion of the dividends that is paid out of corporate profits in excess of net taxable income. Tax on dividends is withheld at source by the declaring company.

Withholding tax is also levied on technical/technological assistance at an effective rate of 10.2% (technical assistance) or 17% (technological services).

Payments made to foreign parties protected by double tax treaties concluded with Venezuela will be subject to the relevant relief on the above withholding taxes made from Venezuela as applicable.

Capital allowances on tangible and non-tangible goods situated in Venezuela are generally allowed to be written off for income tax purposes. The applicable depreciation method, write-off periods and other relevant factors vary from asset to asset. Accelerated depreciation on capital assets is possible with notification to the local tax authorities.

Taxpayers engaged in mining activities may amortize capitalized costs relating to the acquisition of mining assets, exploration costs, geological surveys and development costs once the mining production of a particular concession commences.

Capitalized mining exploration expenses may generally be written off on a straight-line basis over five years once mining production has commenced.

Extracted gold from the Choco 10 mine is subject to an exploitation tax of 3%, calculated on the average commercial value of the gold in the city of Caracas for the month in which the gold was produced by PMG, as determined by the Ministry of Basic Industries and Mines.

**Exchange Rates**

Gold Fields South African revenues and costs are very sensitive to the Rand/U.S. dollar exchange rate because revenues are generated using a gold price denominated in U.S. dollars, while the costs of the South African operations are incurred principally in Rand. Depreciation of the Rand against the U.S. dollar reduces Gold Fields average costs when they are translated into U.S. dollars, thereby increasing the operating margin of the South African operations. Conversely, appreciation of the Rand results in South African operating costs being translated into U.S. dollars at a lower Rand/U.S. dollar exchange rate, resulting in lower operating margins. The

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impact on profitability of any change in the value of the Rand against the U.S. dollar can be substantial. Furthermore, the exchange rates obtained when converting U.S. dollars to Rand are set by foreign exchange markets, over which Gold Fields has no control. For more information regarding fluctuations in the value of the Rand against the U.S. dollar, see Key Information Exchange Rates. During fiscal 2007, Gold Fields had three different U.S. dollar/Rand forward purchase contracts to manage its exposure to fluctuations in the value of the Rand against the U.S. dollar. They were:

- U.S.$30 million of forward cover existed to hedge the Group s offshore commitments. This cover was rolled over on December 5, 2006 and then closed-out on March 20, 2007;

- As a result of the U.S.$550 million draw-down under a $1.8 billion bridge loan facility entered into by GFIMSA to close-out the Western Areas gold derivative structure and refinance certain working capital loans, U.S. dollar/rand forward cover was purchased during the fiscal quarter ended March 31, 2007 in an amount of U.S.$550.8 million for settlement August 6, 2007, at an average forward rate of 7.3279. This cover was established at an average spot rate of 7.1918. For accounting purposes, this forward cover has been designated as a hedging instrument and gains and losses are accounted for under exchange gain or loss on loans under finance income or expense where they offset the exchange gains and losses on the revaluation of the underlying $550 million loan; and

- In anticipation of repaying the U.S.$1.2 billion borrowed under a bridge loan facility to partly finance the South Deep acquisition, a U.S.$600 million forward exchange contract at a rate of R7.3916 was purchased. This contract was settled at a rate of R7.2000 on February 8, 2007.

With respect to its operations in Ghana, a substantial portion of Gold Fields operating costs (including wages) are either directly incurred in U.S. dollars or are determined according to a formula by which costs are indexed to the U.S. dollar. Accordingly, fluctuations in the Cedi do not materially impact operating results for the Ghana operations.

With respect to the Australian operations, Gold Fields expects that the effect of fluctuations in the value of the Australian dollar against the U.S. dollar will be similar to that for the Rand, with weakness in the Australian dollar resulting in improved earnings for Gold Fields and strength in the Australian dollar producing the opposite result. Gold Fields agreed with the lenders providing the loans for the acquisition of St. Ives and Agnew to manage its exposure to fluctuations in the value of the Australian dollar against the U.S. dollar by entering into financial instruments that fix the exchange rates for a portion of the expected future revenues from the operations. These financial instruments were closed out on January 7, 2004. However, in order for the Group to participate in any future Australian dollar appreciation, a strip of quarterly maturing Australian dollar/U.S. dollar call options were purchased of which the value dates and amounts matched those of the original structure. The remaining instruments matured during fiscal 2007. Gold Fields accounts for these financial instruments on a mark-to-market basis, using exchange rates prevailing at the end of the relevant accounting period.

In Venezuela a system of exchange controls is in place and the Central Bank sets a fixed exchange rate for the Bolivar against the U.S. dollar. Currently, the official rate is VEB 2,150 per $1.00 although that rate may be adjusted from time to time, and typically the Bolivar has been devalued against the U.S. dollar. To the extent the Bolivar depreciates against the U.S. dollar, Gold Fields should obtain higher earnings to the extent it sells its gold produced in Venezuela outside Venezuela. However, Gold Fields is obligated to repatriate to Venezuela and convert to Bolivars at the official exchange rate all amounts generated from exports. See Information on the Company Regulatory and Environmental Matters Venezuela Exchange Controls.

**Inflation**

It is possible that a period of significant inflation in South Africa could adversely affect Gold Fields results and financial condition. However, because the majority of Gold Fields costs at the South African operations are in Rand, while its revenues from gold sales are in U.S. dollars, the extent to which the Rand devalues against the U.S. dollar will offset the impact of South African inflation. In Ghana, Gold Fields operations are not significantly impacted by Ghanaian inflation because a substantial portion of Gold Fields costs are either

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incurred directly in U.S. dollars or are determined according to a formula by which U.S. dollar amounts are converted into Cedi. Gold Fields expects that the impact of Australian inflation will be similar to that of South Africa, as will Venezuelan inflation.

**South African, Ghanaian and Venezuelan Economic and Political Environment**

Gold Fields is a South African company and a substantial portion of its operations, based on gold production, are in South Africa. As a result, Gold Fields is subject to various economic, fiscal, monetary and political policies and factors that generally affect South African companies. See Risk Factors Economic or political instability in the countries or regions where Gold Fields operates may have an adverse effect on Gold Fields operations and profits.

South African companies, including Gold Fields, are subject to exchange control restrictions which require companies to repatriate some or all of their offshore profits. While exchange controls have been relaxed in recent years, South African companies remain subject to restrictions on their ability to deploy capital outside of the Southern African Common Monetary Area. In particular, in his speech to Parliament toward the end of October 2004, the Minister of Finance outlined the South African Treasury s medium-term budget policy statement and repeated that it was the government s eventual goal to replace all remaining exchange controls with prudential benchmarks. He also announced the abolition of exchange control limits on new outward foreign direct investments by South African corporations and the lifting of their obligation to repatriate foreign dividends. There have subsequently been further indications from the Ministry of Finance that it remains the government s intention to gradually phase out the remaining exchange controls over time. See Information on the Company Regulatory and Environmental Matters South Africa Exchange Controls.

Gold Fields also has significant operations in Ghana and is therefore subject to various economic, fiscal, monetary and political policies and factors that affect companies operating in Ghana. See Risk Factors Economic or political instability in the countries or regions where Gold Fields operates may have an adverse effect on Gold Fields operations and profits. In addition, pursuant to an agreement which it has entered into with the Ghanaian government with respect to the Tarkwa mine, Gold Fields is required to repatriate at least 20% of the revenues derived from the Tarkwa mine to Ghana and either use such amounts in Ghana or maintain them in a Ghanaian bank account. Abosso is currently obligated to repatriate 25% of its revenue to Ghana, although the level of repatriation under the deed of warranty between Abosso and the government of Ghana is subject to renegotiation every two years. See Information on the Company Regulatory and Environmental Matters Ghana Mineral Rights. Although it has been more than two years since the last set of negotiations with the Bank of Ghana regarding the Damang mine s level of repatriation, the next set of negotiations has not been scheduled pending the execution of a new development agreement with the government of Ghana. Gold Fields currently repatriates approximately 40% of revenues from the Ghana operations to Ghana. While management has no reason to believe that the repatriation level will increase as a result of the next set of negotiations, there is no agreed ceiling on the repatriation level, and it could be increased. Any increase could adversely affect Gold Fields ability to use the cash flow from the Damang mine outside Ghana, including to fund working costs and capital expenditures at other operations, to provide funds for acquisitions and to repay principal and interest on indebtedness.

Gold Fields operations in Venezuela mean it is also subject to various economic, fiscal, monetary and political policies and factors that affect companies operating in Venezuela. See Risk Factors Economic or political instability in the countries or regions where Gold Fields operates may have an adverse effect on Gold Fields operations and profits. In addition, companies operating in Venezuela, including Gold Fields, are subject to exchange control restrictions which impose restrictions and conditions on their ability to purchase foreign currency and require them, to convert foreign currency derived from the export of goods, services or technologies to Bolivars via the Venezuelan Central Bank at the official exchange rate. See Information on the Company Regulatory and Environmental Matters Venezuela Exchange Controls.

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**Change in Accounting Principle Capitalization of Costs Relating to Ore Reserve Development at the South African Operations**

At Gold Fields surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs incurred to develop the property are capitalized as incurred until saleable minerals are extracted from the mine and are amortized using the units-of-production method over the estimated life of the orebody based on estimated recoverable ounces or pounds mined from proven and probable reserves. These costs include costs to further delineate the ore body and remove overburden to initially expose the orebody. Subsequent mine development costs are treated as variable production costs.

Previously, at Gold Fields South African underground mines, costs incurred to develop the property were capitalized only until the reef horizons were intersected. Subsequent mine development costs to access other specific ore blocks or areas of the mine were treated as variable production costs. During the year ended June 30, 2007, Gold Fields changed its accounting principle to capitalize all underground development costs to access specific ore blocks or other areas of the mine where such costs will provide future economic benefits as a result of establishing proven and probable reserves associated with a specific block or area of operations, even after the reef horizon may have been intersected with the development of the first specific ore block or area of the mine. Under this revised accounting principle, all costs associated with the development of a specific underground block or area are capitalized until saleable minerals are extracted from that specific block or area. At Gold Fields underground mines, these costs include the cost of shaft sinking and access, of building access ways, of lateral development, of drift development, of ramps, of box cuts and of other infrastructure development.

Gold Fields believes that the newly adopted principle is preferable because: (i) it aligns its policy with those of its global gold mining company industry peers; (ii) allows for a more direct link between revenue and associated expenditures; (iii) each block of ore can be described as a commencement of a new area of operations, separate and distinct from other existing operations, with the choice to mine based on an approved life-of-mine plan for that particular block of ore; and (iv) the additional costs capitalized under the revised principle meet the definition of an asset.

The change in accounting for underground development costs has been applied retrospectively and the comparative statements for the years ended June 30, 2006 and 2005 have been restated. The effect of the change on the years ended June 30, 2006 and 2005 is set out below. Opening accumulated retained earnings at July 1, 2004 have been increased by $64.3 million (net of deferred tax of $42.8 million), which is the adjustment relating to periods prior to and including the period ended June 30, 2004.

| | Year ended June 30, | |
|---|---|---|
| | 2006 | 2005 |
| | ($ millions, except per share amounts) | |
| Decrease in production costs (exclusive of depreciation and amortization) | 121.8 | 128.3 |
| Increase in depreciation and amortization | (84.2) | (91.9) |
| Effect on production costs (inclusive of depreciation and amortization) | 37.6 | 36.4 |
| Effect on deferred income tax expense | (13.3) | (14.5) |
| Effect on net (loss)/income | $ 24.3 | $ 21.8 |
| Effect on per share amounts: | | |
| Basic (loss)/earnings per share | 0.05 | 0.04 |
| Fully diluted (loss)/earnings per share | 0.05 | 0.04 |

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| | June 30, 2006 | 2005 |
|---|---|---|
| | ($ millions) | |
| Effect on property, plant and equipment, net | 153.7 | 134.5 |
| Effect on deferred income taxes | 59.9 | 53.8 |

Under Gold Fields revised method of accounting for underground development costs, the costs incurred to access specific ore blocks or areas of the mine, which only provide an economic benefit over the period during which that ore block or area is being mined, are attributed to earnings using the units-of-production method where the denominator is estimated recoverable ounces of gold contained in proven and probable reserves within that ore block or area. Capitalized costs that provide an economic benefit over the entire mine life, such as the initial primary shaft in an underground complex, will continue to be attributed to earnings using the units-of-production method, where the denominator is the estimated recoverable ounces of gold contained in total accessible proven and probable reserves.

Interest on borrowings incurred in respect of assets requiring a substantial period of time to prepare for their intended use are capitalized to the date on which the assets are substantially completed and ready for their intended use.

**Critical Accounting Policies and Estimates**

Gold Fields significant accounting policies are more fully described in note 2 to its audited consolidated financial statements included elsewhere in this annual report. Some of Gold Fields accounting policies require the application of significant judgements and estimates by management that can affect the amounts reported in the financial statements. By their nature, these judgements are subject to a degree of uncertainty and are based on Gold Fields historical experience, terms of existing contracts, management s view on trends in the gold mining industry, information from outside sources and other assumptions that Gold Fields considers to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

Gold Fields significant accounting policies that are subject to significant judgements, estimates and assumptions are summarized below.

***Business combinations***

Management accounts for its business acquisitions under the purchase method of accounting. The total value of consideration paid for acquisitions is allocated to the underlying net assets acquired, based on their respective estimated fair values determined by using internal or external valuations. Management uses a number of valuation methods to determine the fair value of assets and liabilities acquired including discounted cash flows, external market values, valuations on recent transactions or a combination thereof and others and believes that it uses the most appropriate measure or a combination of measures to value each asset or liability. In addition, management believes that it uses the most appropriate valuation assumptions underlying each of those valuation methods based on current information available including discount rates, market risk rates, entity risk rates, cash flow assumptions and others. The accounting policy for valuation of business acquisitions is considered critical because judgements made in determining the estimated fair value and expected useful lives assigned to each class of assets and liabilities acquired can significantly impact the value of the asset or liability, including the impact on deferred taxes, the respective amortization periods and ultimately net profit. Therefore the use of other valuation methods, as well as other assumptions underlying these valuation methods, could significantly impact the determination of financial position and the results of operations.

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***Depreciation, depletion and amortization of mining assets***

Depreciation, depletion and amortization charges are calculated using the units-of-production method and are based on Gold Fields' current gold production as a percentage of total expected gold production over the lives of Gold Fields' mines. An item is considered to be produced at the time it is removed from the mine. The lives of the mines are estimated by Gold Fields' mineral resources department using interpretations of mineral reserves, as determined in accordance with the SEC's industry guide number 7.

Depreciation, depletion and amortization at Gold Fields' South African operations (which are long-life mines ranging from 13 to 28 years), are calculated using above-infrastructure proven and probable reserves only, which because of their reserve base and respective long lives, are less sensitive to change in reserve assumptions. Accordingly, at these locations, it is Gold Fields policy to update its depreciation, depletion and amortization calculations only once the new ore reserve declarations have been approved by Gold Field's Board. However, if Gold Fields' management becomes aware of significant changes in its above-infrastructure reserves ahead of the scheduled updates, management would not hesitate to immediately update its depreciation, depletion and amortization calculations and then subsequently notify the Board.

A similar approach is followed at Gold Fields' operations in Ghana, due to the longer life of the primary orebody. At Gold Fields' Australian operations, where mine-life ranges from two to four years, proven and probable reserves used for the calculation of depreciation, depletion and amortization are more susceptible to changes in reserve estimates. At these locations, Gold Fields' depreciation, depletion and amortization calculations are updated on a more regular basis (at least quarterly) for all known changes in proven and probable reserves. The nature of the orebody, and the on-going information being gathered in connection with the orebody, facilitates these updates.

The estimates of the total expected future lives of Gold Fields' mines could be different from the actual amount of gold mined in the future and the actual lives of the mines due to changes in the factors used in determining Gold Fields' mineral reserves. Changes in management's estimates of the total expected future lives of Gold Fields' mines would therefore impact the depreciation, depletion and amortization charge recorded in Gold Fields' consolidated financial statements. Changes due to acquisitions, sales or closures of shafts expected to have a material impact on Gold Fields' depreciation, depletion and amortization calculations, are incorporated in those calculations as soon as they become known.

***Impairment of long-lived assets***

Gold Fields reviews and tests the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The lowest level at which such cash flows are generated are generally at an individual operating mine, even if the individual operating mine is included in a larger mine complex.

If there are indications that an impairment may have occurred, Gold Fields prepares estimates of expected future cash flows for each group of assets. Expected future cash flows are based on a probability-weighted approach applied to potential outcomes and reflect:

- estimated sales proceeds from the production and sale of recoverable ounces of gold contained in proven and probable reserves;
- expected future commodity prices and currency exchange rates (considering historical and current prices, price trends and related factors). In impairment assessments conducted in fiscal 2007, the Group used an expected future market gold price of $580 per ounce, and expected future market exchange rates of R7.50 to $1.00 and A$1.38 to $1.00;
- expected future operating costs and capital expenditures to produce proven and probable gold reserves based on mine plans that assume current plant capacity, but exclude the impact of inflation; and

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expected cash flows associated with value beyond proven and probable reserves, which includes the expected cash outflows required to develop and extract the value beyond proven and probable reserves.

Gold Fields records a reduction of a group of assets to fair value as a charge to earnings if expected future cash flows are less than the carrying amount. Gold Fields estimates fair value by discounting the expected future cash flows using a discount factor that reflects a market-related rate of interest for a term consistent with the period of expected cash flows.

Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve estimates, together with economic factors such as gold prices and currency exchange rates, estimates of costs to produce reserves and future sustaining capital.

Because of the significant capital investment that is required at many mines, if an impairment occurs, it could materially impact earnings. Due to the long-life nature of many mines, the difference between total estimated undiscounted net cash flows and fair value can be substantial. An impairment is only recorded when the carrying amount of a long-lived asset exceeds the total estimated undiscounted net cash flows. Therefore, although the value of a mine may decline gradually over multiple reporting periods, the application of impairment accounting rules could lead to recognition of the full amount of the decline in value in one period. Due to the highly uncertain nature of future cash flows, the determination of when to record an impairment charge can be very subjective. Management makes this determination using available evidence taking into account current expectations for each mining property.

For acquired exploration-stage properties, the purchase price is capitalized, but post-acquisition exploration expenditures are expensed. The future economic viability of exploration stage properties largely depends upon the outcome of exploration activity, which can take a number of years to complete for large properties. Management monitors the results of exploration activity over time to assess whether an impairment may have occurred. The measurement of any impairment is made more difficult because there is not an active market for exploration properties, and because it is not possible to use discounted cash flow techniques due to the very limited information that is available to accurately model future cash flows. In general, if an impairment occurs at an exploration stage property, it would probably have minimal value and most of the acquisition cost may have to be written down.

Gold Fields recorded no impairment charges on its long-lived assets during fiscal 2007 or fiscal 2006, but recorded impairment charges amounting to $233.1 million in fiscal 2005.

***Deferred taxation***

When determining deferred taxation, management makes estimates as to the future recoverability of deferred tax assets. If management determines that a deferred tax asset will not be realized, a valuation allowance is recorded for that portion of the deferred tax asset which is not considered more likely than not recoverable. These determinations are based on the projected taxable income and realization of tax allowances and tax losses. In the event that these tax assets are not realized, an adjustment to the valuation allowance would be required, which would be charged to income in the period that the determination was made. Likewise, should management determine that Gold Fields would be able to realize tax assets in the future in excess of the recorded amount, an adjustment to reduce the valuation allowance would be recorded generally as a credit to income in the period that the determination is made.

Gold Fields is periodically required to estimate the tax basis of assets and liabilities. Where tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes. The most significant estimate is the tax basis of certain Australian assets

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following elections in 2005 under new tax regimes in Australia. These elections resulted in the revaluation of certain assets in Australia for income tax purposes. Part of the revalued tax basis of these assets was estimated based on a valuation completed for tax purposes. This valuation is under review by the Australian Tax Office, or ATO, and the amount finally accepted by the ATO may differ from the assumption used to measure deferred tax balances at the end of fiscal 2005. See note 6 to the audited consolidated financial statements which appear elsewhere in this annual report.

***Derivative financial instruments***

The determination of the fair value of derivative financial instruments, when marked-to-market, takes into account estimates such as interest rates and foreign currency exchange rates under prevailing market conditions, depending on the nature of the financial derivatives. These estimates may differ materially from actual interest rates and foreign currency exchange rates prevailing at the maturity dates of the financial derivatives and, therefore, may materially influence the values assigned to the financial derivatives, which may result in a charge to or an increase in Gold Fields earnings through maturity of the financial derivatives.

***Environmental rehabilitation costs***

Gold Fields makes provision for environmental rehabilitation costs and related liabilities when environmental disturbances occur based on management s interpretations of current environmental and regulatory requirements. The provisions are recorded by discounting the expected cash flows associated with the environmental rehabilitation using a discount factor that reflects a credit-adjusted, risk-free rate of interest. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics that ultimately impact the environment; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. In general, as the end of the mine life becomes nearer, the reliability of expected cash flows increases, but earlier in the mine life, the estimation of rehabilitation liabilities is inherently more subjective. Significant judgements and estimates are made when estimating the fair value of rehabilitation liabilities. In addition, expected cash flows relating to rehabilitation liabilities could occur over periods up to the planned life of mine at the time the estimate is made and the assessment of the extent of environmental remediation work is highly subjective. While management believes that the environmental rehabilitation provisions made are adequate and that the interpretations applied are appropriate, the amounts estimated for the future liabilities may, when considering the factors discussed above, differ materially from the costs that will actually be incurred to rehabilitate Gold Fields mine sites in the future.

***Employee benefits***

Management s determination of Gold Fields obligation and expense for pension and provident funds, as well as post-retirement healthcare liabilities, depends on the selection of certain assumptions used by actuaries to calculate the amounts. These assumptions are described in note 16 to Gold Fields consolidated financial statements and include, among others, the discount rate, healthcare inflation costs and rates of increase in compensation costs. Actual results that differ from management s assumptions are accumulated and charged over future periods, which will generally affect Gold Fields recognized expense and recorded obligation in future periods. While management believes that these assumptions are appropriate, significant changes in the assumptions may materially affect Gold Fields pension and other post-retirement obligations as well as future expenses, which will result in an impact on earnings in the periods that the changes in the assumptions occur.

***Stockpiles, gold-in-process and product inventories***

Costs that are incurred in or benefit the production process are accumulated as stockpiles, gold-in-process, ore on leach pads and product inventories. Net realizable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing and long-term metals prices, less estimated costs to complete production and bring the product to sale.

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Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of gold actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time.

***Share-based compensation***

Effective July 1, 2005, Gold Fields adopted Statement of Financial Accounting Standards No. 123(R), Share-Based Payment, or SFAS 123(R), for all share option grants subsequent to that date. SFAS 123(R) requires Gold Fields to determine the fair value of share options as of the date of the grant, which is then amortized as share-based compensation expense in the income statement over the vesting period of the option grant. Gold Fields has determined the fair value of all its options grants (a) prior to, but not yet vested as of, July 1, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123(R), and (b) subsequent to July 1, 2005 based on the grant-date fair value estimated in accordance with SFAS 123(R), using the Black-Scholes valuation model, which requires Gold Fields to make assumptions regarding the estimated term of the option, share price volatility, expected forfeiture rates and Gold Fields expected dividend yield. While Gold Fields management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the option grant and the related recognition of share-based compensation expense in the consolidated income statement. Gold Fields options have characteristics significantly different from those of traded options and therefore fair values may also differ.

**Recent Accounting Pronouncements**

In June 2006, the Financial Accounting Standards Board, or FASB, issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, or FIN 48, an interpretation of FASB Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation requires that a company recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, and disclosure.

In May 2007, the FASB issued FSP No. FIN 48-1, Definition of Settlement in FASB Interpretation No. 48, or FSP FIN 48-1. This Staff Position clarifies how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. FSP FIN 48-1 specifically addresses the interaction between reviews and examinations by the taxing authority and settlement of uncertain tax positions. The provisions of FIN 48 and FSP FIN 48-1 are effective beginning July 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of retained earnings. Gold Fields is currently evaluating the impact of adopting FIN 48 and FSP FIN 48-1 on its financial position and results of operations.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, or SAB 108. The interpretations in SAB 108 express the staff s views regarding the process of quantifying financial statement misstatements. The Staff believes registrants must consider the impact of correcting all misstatements, including the effect of misstatements that were not corrected at the end of the prior year. These prior year misstatements should be considered in quantifying misstatements in current year financial statements. Thus, a registrant s financial statements would require adjustment when the assessment in the current year or in prior years results in qualifying a misstatement that is material, after considering all relevant quantitative and qualitative factors. The adoption of SAB 108 did not have an impact on the Group s financial position and results of operations.

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In September 2006, the FASB issued FASB No. 157 Fair Value Measurements, or SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements; rather, it emphasizes that fair value is a market-based measurement (that is, fair value should be based on the assumptions market participants would use when pricing the asset or liability, not an entity specific measurement). In support of this principle, the standard establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity s own data. SFAS 157 applies for derivatives and other financial instruments measured at fair value under SFAS No. 133, Derivative Financial Instruments at initial recognition and all subsequent periods. This statement is effective for Gold Fields from July 1, 2008. Management is currently evaluating the impact of SFAS 157 on Gold Fields financial position and results of operations.

In February 2007, FASB issued SFAS No. 159 The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FAS 115, or SFAS No. 159. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. Application of the provisions of SFAS No. 159 is optional and the provisions can be elected on an instrument-by-instrument basis. If Gold Fields elects to utilize the provisions of this Statement, it may do so beginning on July 1, 2008. Gold Fields is currently evaluating the impact of SFAS No. 159 on its financial position and results of operations.

**Results of Operations**

***Years Ended June 30, 2007 and 2006***

*Revenues*

Product sales increased by $453 million, or 20%, from $2,282.0 million in fiscal 2006 to $2,735.2 million in fiscal 2007. The increase in product sales was due to an increase in the average realized gold price of 21.8% from $524 per ounce in fiscal 2006 to $638 per ounce in fiscal 2007, partially offset by a decrease of approximately 0.062 million ounces, or 1.4%, in total gold sold, from 4.351 million ounces in fiscal 2006 to 4.289 million ounces in fiscal 2007. The decrease in ounces sold resulted from lower production from the international operations, mainly Damang, partially offset by production from the Choco 10 mine in Venezuela, which was acquired on March 1, 2006. Production at the South African operations in fiscal 2007 was similar to fiscal 2006, as lower production from the existing mines was offset by production from the South Deep mine, which was acquired on December 1, 2006.

At the South African operations, gold production decreased from 2.66 million ounces in fiscal 2006 to 2.65 million ounces in fiscal 2007. Production at Driefontein decreased by 12% to 1.02 million ounces mainly due to lower underground and surface grades, as well as lower tonnage. Production at Kloof increased marginally to 0.92 million ounces in fiscal 2007 from 0.91 million ounces in fiscal 2006, with lower surface and underground grades offset by higher tonnage. Gold production at Beatrix decreased by 9% from 0.60 million ounces in fiscal 2006 to 0.54 million ounces in fiscal 2007, despite a small increase in tonnage, due to lower grades. The overall lower production at these operations was largely offset by production from South Deep, which Gold Fields acquired on December 1, 2006 and which produced 0.17 million ounces for the seven months to June 30, 2007.

At the international operations, total gold production decreased from 1.69 million ounces in fiscal 2006 to 1.64 million ounces in fiscal 2007. In Ghana, Damang s gold production decreased by 20% from 0.24 million ounces in fiscal 2006 to 0.19 million ounces in fiscal 2007 due to a reduction of available high grade fresh ore tonnages mined and processed. Production at Tarkwa was marginally lower at 0.70 million ounces, compared to 0.71 million ounces in fiscal 2006. In Australia, production at St. Ives and Agnew both decreased by about 3% to 0.49 million ounces and 0.21 million ounces, respectively, in fiscal 2007, from 0.50 million ounces and 0.22 million ounces, respectively, in fiscal 2006. The decrease at St. Ives was due to a reduction of high grade underground ore from Junction and East Repulse, which was replaced with lower grade surface ore. At Agnew,

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the decrease was due to an increase in ore mined from the lower grade Songvang open pit, which replaced depleted higher grade underground ore. At Choco 10, gold production was hampered by a lack of water to run the mill at design capacity as from December, 2006. Despite this, gold production doubled to 0.056 million ounces, as fiscal 2006 included only production as from the acquisition date of March 1, 2006. See Information on the Company Gold Fields Mining Operations.

Total gold sold and total gold produced are the same at all the operations with the exception of Choco 10, where there may be differences due to timing of sales.

*Costs and Expenses*

The following table sets out Gold Fields total ounces sold and weighted average total cash costs and total production costs per ounce for fiscal 2006 and fiscal 2007. Amounts for fiscal 2006 have been adjusted due to the change in accounting principle regarding ore reserve development costs, which were previously expensed and are now capitalized. See Change in Accounting Principle Capitalization of Costs Relating to Ore Reserve Development at the South African Operations.

| | Fiscal 2006 | | | Fiscal 2007 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Gold sold ( 000 oz) | Total cash costs[1] ($/oz) | Total production costs[2] ($/oz) | Gold sold ( 000 oz) | Total cash costs[1] ($/oz) | Total production costs[2] ($/oz) | Percentage increase/ (decrease) in unit total cash costs (%) | Percentage increase/ (decrease) in unit total production costs (%) |
| **South Africa** | | | | | | | | |
| Driefontein | 1,150 | 315 | 393 | 1,017 | 349 | 419 | 10.8 | 6.6 |
| Kloof | 914 | 374 | 467 | 923 | 367 | 458 | (0.2) | (0.2) |
| Beatrix | 596 | 354 | 425 | 543 | 378 | 455 | 6.8 | 7.1 |
| South Deep[3] | | | | 166 | 595 | 714 | | |
| **Ghana** | | | | | | | | |
| Tarkwa[4] | 709 | 300 | 350 | 697 | 378 | 434 | 26.0 | 24.0 |
| Damang[5] | 235 | 432 | 447 | 188 | 597 | 602 | 38.2 | 34.7 |
| **Venezuela** | | | | | | | | |
| Choco 10[6] | 28 | 293 | 399 | 56 | 565 | 659 | 92.8 | 65.2 |
| **Australia**[7] | | | | | | | | |
| St. Ives | 497 | 346 | 488 | 487 | 416 | 589 | 20.2 | 20.7 |
| Agnew | 222 | 268 | 326 | 212 | 399 | 462 | 48.9 | 41.7 |
| **Total**[8][9] | 4,351 | | | 4,289 | | | | |
| Weighted average | | 338 | 419 | | 394 | 482 | 16.6 | 15.0 |

Notes:

(1) For information on how Gold Fields has calculated total cash costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(2) For information on how Gold Fields has calculated total production costs per ounce by dividing total production costs, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) In fiscal 2007, 0.163 million ounces of sales were attributable to Gold Fields, with the remainder attributable to minority shareholders in the South Deep operation.

(4) In fiscal 2006 and 2007, 0.504 million ounces and 0.496 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(5) In fiscal 2006 and 2007, 0.167 million ounces and 0.134 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

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(6) In fiscal 2006 and 2007, 0.027 million ounces and 0.053 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Choco 10 operation.

(7) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(8) In fiscal 2006 and 2007, 4.074 million ounces and 4.024 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana and Venezuela operations and, in fiscal 2007, South Deep.

(9) The total may not reflect the sum of the line items due to rounding.

The following tables set out a reconciliation of Gold Fields production costs to its total cash costs and total production costs for fiscal 2007 and fiscal 2006.

| | For the year ended June 30, 2007 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Driefontein | Kloof | Beatrix | South Deep | Tarkwa | Damang | Choco 10 | St. Ives | Agnew | Corporate | Group |
| | (in $ millions except as otherwise noted)[1] | | | | | | | | | | |
| **Production Costs** | **361.2** | **344.9** | **211.1** | **99.0** | **261.5** | **109.0** | **33.7** | **212.5** | **83.1** | **(8.3)** | **1,707.7** |
| Less: | | | | | | | | | | | |
| G&A other than corporate costs | 7.5 | 7.9 | 6.0 | 0.1 | 11.2 | 0.2 | 3.6 | 4.2 | 1.5 | (5.8) | 36.4 |
| GIP adjustment | | | | | (0.6) | | | 0.9 | (7.2) | | (6.9) |
| Exploration | 0.8 | 0.2 | 0.4 | | 0.6 | 0.2 | | 12.6 | 7.6 | | 22.4 |
| Plus: | | | | | | | | | | | |
| Employment termination cost | 2.1 | 1.8 | 0.9 | | | | | | | 0.1 | 4.9 |
| Royalty | | | | | 13.3 | 3.6 | 1.2 | 7.8 | 3.5 | | 29.4 |
| **Total cash costs** | **355.0** | **338.6** | **205.6** | **98.9** | **263.6** | **112.2** | **31.3** | **202.6** | **84.7** | **(2.4)** | **1,690.1** |
| Plus: | | | | | | | | | | | |
| Amortization[2] | 70.1 | 84.3 | 41.5 | 19.7 | 39.7 | 2.7 | 5.4 | 83.1 | 22.5 | 19.2 | 388.2 |
| GIP adjustments[2] | | | | | (0.6) | | | 0.9 | (7.2) | | (6.9) |
| Rehabilitation | 0.8 | 0.2 | 0.4 | | (0.1) | (1.8) | | (0.2) | (1.8) | | (2.1) |
| **Total production costs** | **425.9** | **423.1** | **247.5** | **118.6** | **302.6** | **113.1** | **36.7** | **286.8** | **98.2** | **16.8** | **2,069.3** |
| Gold produced ( 000 oz)[3] | 1,016.5 | 922.9 | 543.4 | 163.2 | 697.2 | 187.9 | 54.6 | 486.9 | 212.4 | | 4,284.9 |
| **Gold sold ( 000 oz)** | **1,016.5** | **922.9** | **543.4** | **166.1** | **697.2** | **187.9** | **55.7** | **487.0** | **212.4** | | **4,288.9** |
| **Total cash costs ($/oz)[4]** | **349** | **367** | **378** | **595** | **378** | **597** | **562** | **416** | **399** | | **394** |
| **Total production costs ($/oz)[5]** | **419** | **458** | **455** | **714** | **434** | **602** | **659** | **589** | **462** | | **482** |

Notes:

(1) Calculated using an exchange rate of R7.20 per $1.00.

(2) Non-cash portion of GIP adjustments shown separately. Gold in process, or GIP, represents gold in the processing circuit, which is expected to be recovered.

(3)

In fiscal 2007, 4.024 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana, Choco 10 and South Deep operations.

(4) For information on how Gold Fields has calculated total cash costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(5) For information on how Gold Fields has calculated total production costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

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| | For the year ended June 30, 2006 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Driefontein | Kloof | Beatrix | Tarkwa | Damang | Choco 10 | St. Ives | Agnew | Corporate | Group |
| | (in $ millions except as otherwise noted)[1] | | | | | | | | | |
| **Production Costs**[2] | 365.1 | 343.4 | 212.2 | 211.7 | 101.7 | 8.4 | 176.3 | 80.9 | | 1,499.7 |
| Less: | | | | | | | | | | |
| G&A other than corporate costs | 5.2 | 4.8 | 3.5 | 11.5 | 1.9 | 0.6 | 4.2 | 3.4 | | 35.1 |
| GIP adjustment | | | | (1.2) | | | (1.9) | (0.2) | | (3.3) |
| Exploration | | | | | 2.0 | | 9.4 | 21.4 | | 32.8 |
| Plus: | | | | | | | | | | |
| Employment termination cost | 2.4 | 3.0 | 2.1 | | | | 0.8 | 0.5 | | 8.8 |
| Royalty | | | | 11.2 | 3.7 | 0.5 | 6.5 | 2.9 | | 24.8 |
| Total cash costs | 362.3 | 341.6 | 210.8 | 212.6 | 101.5 | 8.3 | 171.9 | 59.7 | | 1,468.7 |
| Plus: | | | | | | | | | | |
| Amortization[3] | 87.4 | 82.5 | 40.9 | 36.5 | 3.5 | 3.0 | 71.3 | 12.9 | 12.3 | 350.3 |
| GIP adjustments[3] | | | | (1.2) | | | (1.9) | (0.2) | | (3.3) |
| Rehabilitation | 1.8 | 2.6 | 1.6 | 0.3 | | | 0.9 | | | 7.2 |
| **Total production costs** | 451.5 | 426.7 | 253.3 | 248.2 | 105.0 | 11.3 | 242.2 | 72.4 | 12.3 | 1,822.9 |
| Gold produced ( 000 oz)[4] | 1,149.5 | 914.0 | 596.1 | 709.2 | 235.1 | 25.3 | 496.4 | 222.4 | | 4,348.0 |
| **Gold sold ( 000 oz)** | 1,149.5 | 914.0 | 596.1 | 709.2 | 235.1 | 28.3 | 496.4 | 222.4 | | 4,351.0 |
| **Total cash costs ($/oz)**[5] | 315 | 374 | 354 | 300 | 432 | 293 | 346 | 268 | | 338 |
| **Total production costs ($/oz)**[6] | 393 | 467 | 425 | 350 | 447 | 399 | 488 | 326 | | 419 |

Notes:

(1) Calculated using an exchange rate of R6.40 per $1.00.

(2) Production costs for fiscal 2006 have been adjusted due to the change in accounting principle regarding ore reserve development costs, which were previously expensed and are now capitalized.

(3) Non-cash portion of gold in process, or GIP, adjustments shown separately. GIP represents gold in the processing circuit, which is expected to be recovered.

(4) In fiscal 2006, 4.074 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana and Choco 10 operations.

(5) For information on how Gold Fields has calculated total cash costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(6) For information on how Gold Fields has calculated total production costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

Gold Fields weighted average total cash costs per ounce increased by $56 per ounce, or 16.6%, from $338 per ounce in fiscal 2006 to $394 per ounce in fiscal 2007. The majority of this increase was due to increased expenditure on the Teberebie cutback at Tarkwa and the Damang pit cutback, together with lower production due to less high grade ore available at Damang and lower yields across the Group. In addition, there was a significant increase in input costs, especially fuel, steel and cyanide and other reagents, and in wages, especially at the South African operations together with increased fleet maintenance costs at Tarkwa. The higher unit cash cost of the newly acquired South Deep also contributed toward this increase. These higher costs were partially offset by the conversion of Rand costs at the South African operations to dollars at a weaker Rand/U.S. dollar exchange rate. The Rand weakened 12.5% against the U.S. dollar from an average of 6.40 in fiscal 2006 to 7.20 in fiscal 2007.

*Production costs*

Production costs increased by $207.8 million, or 13.9%, from $1,499.9 million in fiscal 2006 to $1,707.7 million in fiscal 2007. This was primarily due to the increased cost of waste removal at the Teberebie cutback at Tarkwa and the Damang main pit cutback, together with an increase at St. Ives due to a general increase in mining costs and increased royalties. Production costs from Choco 10 quadrupled due to the inclusion of costs

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for the full year compared with only four months in fiscal 2006 and the mine build-up to meet the anticipated increase in production. In South Africa production costs were similar at Driefontein, Kloof and Beatrix, as the increase in Rand costs due to increased labor and input costs was offset by the 12.5% weaker Rand when converting to U.S. dollars. In Rand terms, production costs increased at all the South African operations from fiscal 2006 to fiscal 2007. Costs at South Deep have been included since it was acquired on December 1, 2006. In addition, there was a significant increase in input costs across Gold Fields operations, especially fuel, steel and cyanide and other reagents.

*Depreciation and amortization*

Depreciation and amortization charges increased by $34.9 million, or 9.9%, from $353.3 million in fiscal 2006 to $388.2 million in fiscal 2007. Depreciation and amortization is calculated on the units-of-production method and is based on current gold production as a percentage of total expected gold production over the lives of the different mines. The principal reason for this increase was the inclusion of South Deep since it was acquired on December 1, 2006 and the increase in mining volumes at the Australian operations.

The table below depicts the changes from June 30, 2005 and December 31, 2005 to December 31, 2006 for proven and probable reserves above current infrastructure and for the life of mine for each operation, and the resulting impact on the amortization charge in fiscal 2006 and 2007, respectively. The life of mine numbers below are taken from the operations strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortization is calculated using the life of mine for each operation, which is based on: (1) the proven and probable reserves above infrastructure for the operation at the start of the relevant year (which are taken to be the same as at the end of the prior fiscal year and using only above infrastructure reserves) and (2) the amount of gold produced by the operation during the year. During fiscal 2006, Gold Fields decided to align determination of its reserves with its planning cycle and as a result a reserve statement as at December 31, 2005 was issued. This ore reserve statement became effective for amortization calculations as from April 1, 2006. The ore reserve statement as at December 31, 2006 become effective on May 1, 2007. Ore reserves have since been calculated as at June 30, 2007 and appear elsewhere in this annual report. See Information on the Company Reserves of Gold Fields as of June 30, 2007.

| | Proven and probable reserves as of | | | Life of mine[1] as of | | | Amortization as of | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2005 | December 31, 2005 | December 31, 2006 | June 30, 2005 | December 31, 2005 | December 31, 2006 | June 30, 2006 | June 30, 2007 |
| **South Africa** | | | | | | | | |
| Driefontein | 15,100 | 14,400 | 12,900 | 16 | 18 | 17 | 87.4 | 70.1 |
| Kloof[2] | 13,000 | 12,500 | 11,900 | 15 | 15 | 15 | 82.5 | 84.3 |
| Beatrix | 8,200 | 8,200 | 7,800 | 14 | 14 | 13 | 40.9 | 41.5 |
| South Deep [3] | | | 18,200 | | | 23 | | 19.7 |
| **Ghana** | | | | | | | | |
| Tarkwa[4] | 13,400 | 14,400 | 12,700 | 21 | 23 | 14 | 37.5 | 39.7 |
| Damang[5] | 1,300 | 1,400 | 1,600 | 5 | 6 | 6 | 3.5 | 2.7 |
| **Venezuela** | | | | | | | | |
| Choco 10 | | 1,200 | 1,800 | 8 | 8 | 9 | 3.0 | 5.4 |
| **Australia[6]** | | | | | | | | |
| St. Ives | 2,500 | 2,200 | 2,600 | 5 | 5 | 5 | 73.2 | 84.4 |
| Agnew | 900 | 800 | 700 | 4 | 3 | 3 | 13.1 | 22.5 |
| **Corporate and other** | | | | | | | 12.2 | 19.1 |
| **Total** | 54,400 | 55,100 | 70,200 | | | | 353.3 | 388.2 |
| Cerro Corona | | 3,200 | 3200 | | | | | |
| Reserves below infrastructure[7] | 10,200 | 10,000 | 23,100 | | | | | |
| Total reserves [8] | 64,600 | 68,300 | 96,400 | | | | | |

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Notes:

(1) The life of mine for each operation shown in the above table differs from that shown in Information on the Company Gold Fields Mining Operations. The life of mine in the above table is based on the above infrastructure proven and probable reserves, whereas the life of mine information in Information on the Company Gold Fields Mining Operations is based on both above and below infrastructure proven and probable reserves.

(2) At Kloof, amortization decreased due primarily to changes in the sources of production as amortization is calculated based on the reserves at each shaft.

(3) As of December 31, 2006, reserves of 2.940 million ounces were attributable to Gold Fields with the remainder attributable to minority shareholders in the South Deep operation.

(4) As of June 30, 2005 and December 31, 2005 and 2006, reserves of 9.500 million ounces, 10.200 million ounces and 9.000 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(5) As of June 30, 2005 and December 31, 2005 and 2006, reserves of 0.920 million ounces, 1.000 million ounces and 1.140 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(6) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(7) Below infrastructure reserves relate to mineralization which is located at a level at which an operation currently does not have infrastructure sufficient to allow mining operations to occur, but where the operation has made plans to install additional infrastructure in the future which will allow mining to occur at that level.

(8) As of June 30, 2005 and December 31, 2005 and 2006, reserves of 60.400 million ounces, 63.100 million ounces and 91.600 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghanaian and Venezuelan operations.

*Corporate expenditure*

Corporate expenditure was $38.4 million in fiscal 2007 compared to $21.9 million in fiscal 2006, an increase of 75.3%. Corporate expenditure consists primarily of general corporate overhead and corporate service department costs, primarily in the areas of technical services, human resources and finance, which are used by the operations. Corporate expenditure also includes business development costs. In Rand terms, corporate expenditure increased from R140.0 million in fiscal 2006 to R276.0 million in fiscal 2007. The main reason for this increase was increased staffing and other costs at the corporate level to service Gold Fields growing portfolio of assets, both in South Africa and internationally.

*Employment termination costs*

In fiscal 2007, Gold Fields incurred employment termination costs of $4.9 million compared to $9.1 million in fiscal 2006. The decrease in employee terminations costs resulted principally from lower retrenchments during fiscal 2007.

*Exploration expenditure*

Exploration expenditure was $48.4 million in fiscal 2007, an increase of 23.2% from $39.3 million in fiscal 2006. Gold exploration increased from $38.7 million in fiscal 2006 to $41.9 million in fiscal 2007 as a result of a deliberate effort to step up exploration activities. Exploration expenditure incurred at the Arctic Platinum Project, or the APP, increased from $0.6 million in fiscal 2006 to $6.5 million in fiscal 2007 due to the expenditure incurred by North American Palladium under the terms of its buy-in arrangement. See Information on the Company Exploration Arctic Platinum Project.

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*Impairment of assets*

In both fiscal 2007 and fiscal 2006, Gold Fields had no asset impairments.

*Profit on disposal of property, plant and equipment*

During fiscal 2007, Gold Fields continued to dispose of certain surplus property, plant and equipment. The net profit on the sale of this property, plant and equipment amounted to $7.4 million, comprising:

- $2.6 million profit from the sale of two stage winders by Driefontein;
- $3.5 million profit from the sale of surplus housing by Beatrix and South Deep;
- $0.7 million profit from the sale of two mills by Driefontein; and
- $0.6 million from miscellaneous asset sales by the operating mines.

During fiscal 2006, Gold Fields disposed of certain surplus property, plant and equipment. The net profit on the sale of this property, plant and equipment amounted to $3.7 million, comprising:

- $2.3 million profit from the sale of a winder by Kloof; and
- $1.7 million profit from the sale of mine houses by Beatrix, offset in part by a $0.3 million loss from miscellaneous asset sales by the operating mines.

*Increase/(Decrease) in provision for post-retirement healthcare costs*

In South Africa, Gold Fields provides medical benefits to employees in its operations through the Medisense Medical Scheme.

Under the medical plan which covers certain of its former employees, Gold Fields remains liable for 50% of the employees medical contribution to the medical schemes after their retirement. At June 30, 2007, approximately 224 (fiscal 2006: 226) former employees were covered under this plan, which is not available to members of the scheme formerly available to employees of the former Free State operation (which is now the Beatrix operation) who retired after August 31, 1997 and members of the Medisense medical scheme who retired after January 31, 1999.

As part of the acquisition of South Deep, Gold Fields assumed an additional post-retirement healthcare cost liability. Former employees of South Deep belong to a commercial medical scheme with employer liability for contribution per pensioner limited to R400 per month. The R400 monthly contribution is fixed until the termination of Gold Fields obligations on December 31, 2011. At June 30, 2007, there were 235 former South Deep employees that were subject to this employer contribution. See Directors, Senior Management and Employees Employees Benefits.

In fiscal 2007, an amount of $1.3 million was debited to earnings, compared to a credit of $0.5 million in fiscal 2006, in respect of Gold Fields obligations under these medical plans. The $1.3 million debit in fiscal 2007 comprises the annual interest and service charge of $1.3m. The $0.5 million credit in fiscal 2006 was the result of a reversal of $0.5 million relating to the release of the cross-subsidization liability and a $0.7 million release as a result of benefits forfeited offset in part by the annual interest and service charge of $0.7 million. The post-retirement healthcare provision is updated annually based on actuarial calculations, with any increase in the provision reflected in the statement of operations.

*Accretion expense on environmental rehabilitation*

At all of its operations, Gold Fields makes full provision for environmental rehabilitation based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance

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sheet date. The rehabilitation charge for fiscal 2007 was $6.4 million compared to $8.6 million in fiscal 2006. The decrease is due primarily to a reduction in the liability at Damang for which there was no rehabilitation asset against which to offset this reduction, with the result that the reduction was credited to costs.

For its South African operations, Gold Fields contributes to environmental trust funds it has established to provide for any environmental rehabilitation obligations and expected closure costs relating to its mining operations. The amounts invested in the trust funds are classified as non-current assets and any income earned on these assets is accounted for as interest income. For the Ghana, Australia and Venezuela operations Gold Fields does not contribute to a trust fund.

*Share compensation cost*

The charge for share compensation cost in fiscal 2007 was $12.5 million compared to $11.5 million in fiscal 2006.

Effective July 1, 2005, the Company adopted SFAS No. 123(R). Prior to July 1, 2005, the Company had elected to follow Accounting Policies Board Opinion No. 25 Accounting for Stock Issued to Employees, or APB No. 25, and its related interpretations in accounting for its share option schemes. The Company adopted SFAS 123(R) using the modified prospective transition method. Under this method, compensation cost recognized in fiscal 2006 included: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of July 1, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123(R); and (b) compensation cost for all share-based payments granted subsequent to July 1, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R).

*Interest and dividends*

Interest and dividends amounted to $26.8 million in both fiscal 2007 and fiscal 2006. Interest received on cash and cash equivalents amounted to $24.6 million in fiscal 2007 as compared to $24.4 million in fiscal 2006. Dividends received amounted to $2.2 million in fiscal 2007 as compared to $2.4 million in fiscal 2006.

*Finance expense*

Gold Fields recognized net finance expense of $95.2 million in fiscal 2007 as compared to $55.6 million in fiscal 2006.

Net finance expense in fiscal 2007 consisted of interest payments of $89.4 million and realized exchange losses on loans of $5.8 million.

The interest payments of $102.7 million in fiscal 2007 comprised:

- $61.6 million on the Mvelaphanda loan;
- $9.3 million on the $168 million borrowed to partly finance the Bolivar acquisition;
- $13.8 million on $1.2 billion borrowed to finance the acquisition of BGSA under a $1.8 billion bridge loan facility entered into by GFIMSA;
- $12.9 million on a further $550 million borrowed under the bridge facility to settle the Western Areas gold derivative structure and to finance certain working capital requirements;
- $3.6 million of loan transaction costs incurred on the $1.8 billion bridge loan facility and a $750 million syndicated loan facility entered into by GFIMSA, Orogen Holdings (BVI) Limited, or Orogen, and Western Areas; and

$1.5 million of miscellaneous interest payments.

See Liquidity and Capital Resources Credit Facilities.

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$13.3 million of interest payments were capitalized to capital projects, resulting in net interest payments of $89.4 million. Interest on borrowings incurred in respect of assets requiring a substantial period of time to prepare for their intended use is capitalized to the date on which the assets are substantially completed and ready for their intended use. The $13.3 million was capitalized to:

| | |
|---|---|
| Kloof: | $0.2 million; |
| Driefontein: | $0.2 million; |
| South Deep: | $0.1 million; |
| Tarkwa: | $0.4 million; and |
| Cerro Corona: | $12.4 million. |

The realized exchange losses on loans of $5.8 million comprised a $6.3 million loss on the $1.2 billion borrowed under the bridge loan facility to finance the acquisition of BGSA, offset in part by a $0.5 million gain on the $550 million borrowed to settle the Western Areas gold derivative structure before this exposure was hedged by a foreign exchange contract.

Net finance expense in fiscal 2006 consisted of interest payments of $74.4 million, comprising $69.3 million on the Mvelaphanda loan and $5.1 million of other interest payments. This was offset in part by realized exchange gains of $18.8 million.

Other interest payments comprised $2.5 million interest paid on the $158.0 million borrowed on March 9, 2006 under a U.S.$250.0 million credit facility entered into by Orogen Holdings (BVI) Limited, or Orogen, to partly finance the Bolivar acquisition, $1.5 million interest paid on a bridging loan related thereto incurred using Gold Fields uncommitted borrowing facilities pending the availability of the U.S.$250.0 million credit facility and $1.1 million of miscellaneous interest payments. See Liquidity and Capital Resources Credit Facilities. The realized exchange gains consisted of a $10.3 million currency translation gain on funds held to meet commitments in respect of the Bolivar acquisition and an $8.5 million currency conversion gain arising from a change in the functional currency from U.S. dollars to Rand of one of the Group s offshore subsidiary companies, Gold Fields Holdings.

*Unrealized gain on financial instruments*

Gold Fields recognized an unrealized gain of $15.4 million in fiscal 2007 compared to an unrealized gain of $14.6 million in fiscal 2006 relating to financial instruments.

The unrealized gain of $15.4 million in fiscal 2007 consisted of a mark-to-market gain on various warrants and options held in respect of underlying share investments, primarily related to the Mvelaphanda Transaction and Sino Gold Limited options held. The unrealized gain of $14.6 million in fiscal 2006 consisted of a $12.8 million unrealized mark-to-market gain on various warrants and options held in respect of underlying share investments, primarily related to the Mvelaphanda Transaction, and an unrealized gain of $3.8 million on the $30.0 million U.S. dollar/Rand currency financial instruments Gold Fields holds to cover U.S. dollar commitments payable from South Africa. This was partly offset by an unrealized loss of $1.6 million on the Australian dollar/U.S. dollar currency financial instruments Gold Fields holds to allow it to participate in appreciation of the Australian dollar against the U.S. dollar and an unrealized loss of $0.4 million on the IPE gasoil call options Gold Fields entered into during fiscal 2005. See Quantitative and Qualitative Disclosures About Market Risk Foreign Currency Sensitivity Foreign Currency Hedging Experience and Commodity Price Sensitivity Commodity Price Hedging Experience Oil.

*Realized (loss)/gain on financial instruments*

Gold Fields recognized a realized loss of $10.7 million in fiscal 2007 compared to a realized loss of $9.1 million in fiscal 2006 relating to financial instruments.

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The $10.7 million realized loss in fiscal 2007 comprised:

- $1.0 million net loss on the settlement of the $30.0 million U.S. dollar/Rand currency financial instruments;
- $2.5 million loss on the settlement of the IPE gasoil call options;
- $20.7 million loss on settlement of the Western Areas gold derivative structure; and
- $16.0 million loss on the forward exchange contract taken out to partly settle the $1.2 billion borrowed under the $1.8 billion bridge loan facility to finance substantially all of the cash portion of the acquisition of BGSA, partly offset by:
- $21.0 million gain on the Western Areas gold delta purchases;
- $8.2 million gain related to an interest rate swap Gold Fields had entered into in connection with the Mvela Loan. This swap was closed out on June 3, 2005 resulting in a realized gain of $36.2 million. This gain is being accounted for in the income statement over the remaining period of the underlying loan. $8.2 million was accounted for in the income statement in fiscal 2007. The balance of $18.0 million will be accounted for in fiscal 2008 to fiscal 2009; and
- $0.3 million gain on the U.S. dollar/Australian call options.

Of the $9.1 million realized loss in fiscal 2006, there was a $15.2 million loss on treasury trading activities, a $1.9 million realized loss on a Rand/U.S. dollar swap relating to the financing of the Bolivar acquisition and a $1.2 million net realized loss on the settlement of the $30.0 million U.S. dollar/Rand currency financial instruments. This was partly offset by a $9.2 million gain related to the interest rate swap Gold Fields entered into in connection with the Mvela Loan. See Quantitative and Qualitative Disclosures About Market Risk Interest Rate Sensitivity General Interest Rate Hedging Experience.

*Realized loss on foreign exchange*

Gold Fields recognized an exchange loss of $15.1 million in fiscal 2007. This comprises a $16.5 million exchange loss on the settlement of the Western Areas gold derivative structure, partially offset by a $1.4 million exchange gain on foreign currency denominated bank balances, mainly at Choco 10 and Cerro Corona.

*Profit on disposal of listed investments*

During fiscal 2007, Gold Fields continued to liquidate certain non-current investments. The profit on the sale of these investments amounted to $26.8 million resulting from the following sales:

- $17.1 million from the sale of 19.8 million shares in Avoca Resources Ltd;
- $6.0 million from the sale of the Bibiani project in Ghana;

$1.0 million from the sale of 3.2 million shares in the TLC Ventures Corporation;

$1.0 million from the sale of 7.6 million shares in Comaplex Minerals Corporation;

$0.7 million from the sale of 21.5 million shares in Anglo Australian Resources Ltd; and

$1.0 million from the sale of various other investments.

During fiscal 2006, Gold Fields liquidated certain non-current investments. The profit on the sale of these investments amounted to $6.3 million. The largest portion of this amount was $4.7 million from the sale of Gold Fields 55% interest in the Committee Bay Joint Venture. In exchange for its 55% interest, Gold Fields received 7 million shares in Committee Bay Resources Limited, valued at $4.7 million. As the interest had a nil cost, the $4.7 million value of the shares received was also the profit.

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*Other expenses*

Other expenses represents miscellaneous corporate expenditure not allocated to the operations and therefore not included in the corporate expenditure line item net of miscellaneous revenue items such as scrap sales and rental income. Other expenses decreased by $14.3 million, from $16.5 million in fiscal 2006 to $2.2 million in fiscal 2007.

Other expenses in fiscal 2007 and fiscal 2006 consisted of miscellaneous cost items which included:

- corporate social investment costs;
- professional fees related to corporate advice;
- auditors fees and other costs relating to Gold Fields becoming compliant with the requirements of the Sarbanes-Oxley Act of 2002; and
- costs related to marketing Biox®.

*Income and mining tax (expense)/benefit*

The table below sets forth Gold Fields effective tax rate for fiscal 2007 and fiscal 2006, including normal and deferred tax.

| | Year ended June 30, | |
|---|---|---|
| | 2007 | 2006 |
| Effective tax expense | 43.5% | 35.8% |

In fiscal 2007, the effective tax expense rate of 43.5% differed from the maximum South African mining statutory tax rate of 45%, due to a reduction of $62.6 million in net tax charge arising from non-South African mining income being taxed at lower rates, a $27.9 million reduction relating to the South African mining tax formula and a $3.3 million reduction due to an increase in tax values in Australia following the recalculation of the consolidation of St. Ives and Agnew for tax purposes. A change in legislation in Australia allows companies that consolidate for tax purposes to recalculate the tax values of assets based on a market value calculation.

These reductions were partly offset by the Group incurring $29.4 million in charges relating to levies and royalties in Ghana and Australia, a further $45.5 million of net non-deductible expenditure, mainly due to exploration costs and share-based payment costs and a $20.5 million increase in valuation allowance on Western Areas and BGSA s losses.

In fiscal 2006, the effective tax expense rate of 35.8% differed from the maximum mining statutory tax rate of 45% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of $13.5 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations taxable income, $8.4 million due to the reduction during fiscal 2006 of the Ghanaian tax rates from 28.0% to 25.0% and $59.0 million due to certain of Gold Fields subsidiary companies having statutory tax rates that are lower than the maximum mining statutory tax rate of 45%. The effect of these items was offset by an amount of $22.3 million relating to the non-deductibility of certain exploration costs and share-based payment costs and by an amount of $24.9 million relating to foreign levies and royalties, which is included in the tax charge.

*Share of equity investee s income/(losses)*

Share of equity investee s income/(losses) decreased from $7.0 million loss in fiscal 2006 to $0.3 million income in fiscal 2007. The $0.3 million income in fiscal 2007 relates to the recording of $2.0 million of profits

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from Rand Refinery Limited, of which Gold Fields owns 34.9%, partly offset by $1.7 million of equity losses related to Western Areas prior to Gold Fields gaining control of Western Areas, with effect from December 1, 2006.

The $7.0 million loss in fiscal 2006 relates to the recording of the equity losses related to Bolivar prior to Gold Fields acquisition of the remaining interest in Bolivar it did not previously own with effect from February 28, 2006 and equity losses related to Western Areas prior to Gold Fields gaining control of Western Areas, with effect from December 1, 2006.

*Minority interests*

Minority interests represented an expense of $26.5 million in fiscal 2007, compared to an expense of $29.8 million in fiscal 2006. These amounts reflect the portion of the net income of Gold Fields Ghana, Abosso, Choco 10 and Living Gold attributable to their minority shareholders and Western Areas and South Deep for the four months, from December 1, 2006 to March 31, 2007, that Gold Fields controlled, but did not own 100% of, those entities. The minority shareholders interest was 28.9% in Gold Fields Ghana and Abosso in fiscal 2007 and 2006, 5% in Choco 10 in fiscal 2007 and fiscal 2006, 35% in Living Gold in fiscal 2007 and 40% in fiscal 2006. The amounts due to minority shareholders were lower in fiscal 2007 primarily due to decreased net income at Gold Fields Ghana and Abosso in fiscal 2007.

*Net income/(loss)*

As a result of the factors discussed above, Gold Fields net income was $246.1 million in fiscal 2007, compared with net income of $161.7 million in fiscal 2006.

***Years Ended June 30, 2006 and 2005***

*Revenues*

Product sales increased by $388.9 million, or 20.5%, from $1,893.1 million in fiscal 2005 to $2,282.0 million in fiscal 2006. The increase in product sales was due to an increase in the average realized gold price of 24.2% from $422 per ounce in fiscal 2005 to $524 per ounce in fiscal 2006, partially offset by a decrease of approximately 0.137 million ounces, or 3.1%, of total gold sold from 4.488 million ounces in fiscal 2005 to 4.351 million ounces in fiscal 2006. The decrease in ounces sold resulted from lower production from the South African operations, partially offset by the production from the newly acquired Choco 10 mine in Venezuela.

The decrease in ounces sold from the South African operations, from 2.824 million ounces in fiscal 2005 to 2.660 million ounces in fiscal 2006, resulted primarily from the loss of over a week s production due to a wage related strike in August 2005 at all the South African operations together with poor performance at Kloof, due to mining inflexibility and a labor dispute in January 2006 which resulted in slowdowns in production. Gold output from Kloof decreased by 11.9% or 0.123 million ounces in fiscal 2006 when compared with fiscal 2005. At Beatrix there was a decrease in gold output of 4.5% or 0.028 million ounces due to lower stoping volumes, the impact of the strike in August 2005 and an overall decrease in the grade of mined ore, offset in part by increased volumes of sweepings and vamping, which improved the mine call factor and gold recovery in fiscal 2006. Production at Driefontein was only marginally lower in fiscal 2006. Production at the international operations increased by 1.6% from 1.664 million ounces in fiscal 2005 to 1.691 million ounces in fiscal 2006. All of this increase was due to the production from the newly acquired Choco 10 mine, as a net decrease in production from Australia was offset by the net increase in production in Ghana. See Information on the Company Gold Fields Mining Operations.

Total gold sold and total gold produced are the same at all the operations with the exception of Choco 10, where there may be differences due to timing of sales.

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*Costs and Expenses*

The following table sets out Gold Fields total ounces sold and weighted average total cash costs and total production costs per ounce for fiscal 2005 and fiscal 2006. Amounts for fiscal 2006 and fiscal 2005 have been adjusted due to the change in accounting principle regarding ore reserve development costs, which were previously expensed and are now capitalized. See Change in Accounting Principle Capitalization of Costs Relating to Ore Reserve Development at the South African Operations.

| | Fiscal 2005 | | | Fiscal 2006 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Gold Sold ( 000 oz) | Total cash costs[1] ($/oz) | Total production costs[2] ($/oz) | Gold Sold ( 000 oz) | Total cash costs[1] ($/oz) | Total production costs[2] ($/oz) | Percentage increase/ (decrease) in unit total cash costs (%) | Percentage increase/ (decrease) in unit total Production costs |
| **South Africa** | | | | | | | | |
| Driefontein | 1,163 | 292 | 371 | 1,150 | 315 | 393 | 7.9 | 5.9 |
| Kloof | 1,037 | 330 | 437 | 914 | 374 | 467 | 13.3 | 6.9 |
| Beatrix | 624 | 353 | 429 | 596 | 354 | 425 | 0.3 | 0.9 |
| **Ghana** | | | | | | | | |
| Tarkwa[3] | 677 | 232 | 290 | 709 | 300 | 350 | 29.3 | 20.7 |
| Damang[4] | 248 | 282 | 302 | 235 | 432 | 447 | 53.2 | 48.0 |
| **Venezuela** | | | | | | | | |
| Choco 10[5] | | | | 28.3 | 293 | 399 | | |
| **Australia**[6] | | | | | | | | |
| St. Ives | 527 | 336 | 439 | 497 | 346 | 488 | 3.0 | 11.2 |
| Agnew | 212 | 232 | 325 | 222 | 268 | 326 | 15.5 | 0.3 |
| **Total**[7][8] | 4,488 | | | 4,351 | | | | |
| Weighted average | | 302 | 385 | | 338 | 419 | 11.9 | 8.8 |

Notes:

(1) For information on how Gold Fields has calculated total cash costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(2) For information on how Gold Fields has calculated total production costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

(3) In fiscal 2005 and 2006, 0.481 million ounces and 0.504 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(4) In fiscal 2005 and 2006, 0.176 million ounces and 0.167 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(5) In fiscal 2006, 0.027 million ounces of sales were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Choco 10 operation.

(6) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(7) In fiscal 2005 and 2006, 4.219 million ounces and 4.074 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana and Venezuela operations.

(8) The total may not reflect the sum of the line items due to rounding.

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The following tables set out a reconciliation of Gold Fields production costs to its total cash costs and total production costs for fiscal 2006 and fiscal 2005.

| | For the year ended June 30, 2006 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Driefontein** | **Kloof** | **Beatrix** | **Tarkwa** | **Damang** | **Choco 10** | **St. Ives** | **Agnew** | **Corporate** | **Group** |
| | **(in $ millions except as otherwise noted)[1]** | | | | | | | | | |
| **Production Costs** | 365.1 | 343.4 | 212.2 | 211.7 | 101.7 | 8.4 | 176.3 | 80.9 | | 1,499.7 |
| Less: | | | | | | | | | | |
| G&A other than corporate costs | 5.2 | 4.8 | 3.5 | 11.5 | 1.9 | 0.6 | 4.2 | 3.4 | | 35.1 |
| GIP adjustment | | | | (1.2) | | | (1.9) | (0.2) | | (3.3) |
| Exploration | | | | | 2.0 | | 9.4 | 21.4 | | 32.8 |
| Plus: | | | | | | | | | | |
| Employment termination cost | 2.4 | 3.0 | 2.1 | | | | 0.8 | 0.5 | | 8.8 |
| Royalty | | | | 11.2 | 3.7 | 0.5 | 6.5 | 2.9 | | 24.8 |
| **Total cash costs** | 362.3 | 341.6 | 210.8 | 212.6 | 101.5 | 8.3 | 171.9 | 59.7 | | 1,468.7 |
| Plus: | | | | | | | | | | |
| Amortization[2] | 87.4 | 82.5 | 40.9 | 36.5 | 3.5 | 3.0 | 71.3 | 12.9 | 12.3 | 350.3 |
| GIP adjustments[2] | | | | (1.2) | | | (1.9) | (0.2) | | (3.3) |
| Rehabilitation | 1.8 | 2.6 | 1.6 | 0.3 | | | 0.9 | | | 7.2 |
| **Total production costs** | 451.5 | 426.7 | 253.3 | 248.2 | 105.0 | 11.3 | 242.2 | 72.4 | 12.3 | 1,822.9 |
| Gold produced ( 000 oz)[3] | 1,149.5 | 914.0 | 596.1 | 709.2 | 235.1 | 25.3 | 496.4 | 222.4 | | 4,348.0 |
| **Gold sold per production cost ( 000 oz)** | 1,149.5 | 914.0 | 596.1 | 709.2 | 235.1 | 28.3 | 496.4 | 222.4 | | 4,351.0 |
| **Total cash costs ($/oz)[4]** | 315 | 374 | 354 | 300 | 432 | 293 | 346 | 268 | | 338 |
| **Total production costs ($/oz)[5]** | 393 | 467 | 425 | 350 | 447 | 399 | 488 | 326 | | 419 |

Notes:

(1) Calculated using an exchange rate of R6.40 per $1.00.

(2) Non-cash portion of GIP adjustments shown separately. GIP, represents gold in the processing circuit, which is expected to be recovered.

(3) In fiscal 2006, 4.074 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana and Choco 10 operations.

(4) For information on how Gold Fields has calculated total cash costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(5) For information on how Gold Fields has calculated total production costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

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| | For the year ended June 30, 2005 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Driefontein | Kloof | Beatrix | Tarkwa | Damang | St. Ives | Agnew | Corporate | Group |
| | (in $ millions except as otherwise noted)[1] | | | | | | | | |
| **Production Costs** | 342.4 | 342.6 | 219.6 | 158.2 | 68.6 | 184.5 | 56.4 | | 1,372.3 |
| Less: | | | | | | | | | |
| G&A other than corporate costs | 6.5 | 5.4 | 3.8 | 8.9 | 1.8 | 4.7 | 1.5 | | 32.6 |
| GIP adjustment | | | | (0.2) | | (2.1) | 0.1 | | (2.2) |
| Exploration | | | | (1.2) | | (10.7) | (7.5) | | (19.4) |
| Plus: | | | | | | | | | |
| Employment termination costs | 3.7 | 5.0 | 4.3 | | | | | 0.7 | 13.7 |
| Royalty | | | | 8.6 | 3.1 | 5.7 | 2.1 | 0.7 | 19.5 |
| **Total cash costs** | 339.6 | 342.2 | 220.1 | 156.9 | 69.9 | 176.9 | 49.4 | | 1,355.7 |
| Plus: | | | | | | | | | |
| Amortization[2] | 90.4 | 107.9 | 46.5 | 38.1 | 4.8 | 56.5 | 19.3 | 3.7 | 366.5 |
| GIP adjustments[2] | | | | (0.2) | | (2.1) | 0.1 | | (2.2) |
| Rehabilitation | 1.8 | 3.5 | 1.0 | 1.3 | 0.2 | 0.3 | 0.3 | | 8.4 |
| **Total production costs** | 431.8 | 453.6 | 267.6 | 196.1 | 74.9 | 231.6 | 69.1 | 3.0 | 1,727.7 |
| Gold produced ( 000 oz)[3] | 1,162.6 | 1,037.1 | 624.3 | 676.8 | 247.7 | 527.0 | 212.5 | | 4,488.0 |
| **Gold sold per production cost ( 000 oz)** | 1,162.6 | 1,037.1 | 624.3 | 676.8 | 247.7 | 527.0 | 212.5 | | 4,488.0 |
| **Total cash costs ($/oz)[4]** | 292 | 330 | 353 | 232 | 282 | 336 | 232 | | 302 |
| **Total production costs ($/oz)[5]** | 371 | 437 | 429 | 290 | 302 | 439 | 325 | | 385 |

Notes:

(1) Calculated using an exchange rate of R6.21 per $1.00.

(2) Non-cash portion of GIP adjustments shown separately. GIP, represents gold in the processing circuit, which is expected to be recovered.

(3) In fiscal 2005, 4.219 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa and Damang operations.

(4) For information on how Gold Fields has calculated total cash costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 1.

(5) For information on how Gold Fields has calculated total production costs per ounce, see Key Information Selected Historical Consolidated Financial Data Statement of Operations Data Footnote 2.

Gold Fields weighted average total cash costs per ounce increased by $36 per ounce, or 11.9%, from $302 per ounce in fiscal 2005 to $338 per ounce in fiscal 2006. The strengthening of the Rand against the U.S. dollar had a 3.1% negative impact on the costs converted from the South African operations. In Rand terms, weighted average cash costs per ounce increased at the South African operations principally as a result of the impact of the strike in August 2005 and the poorer performance at Kloof during fiscal 2006 as compared to fiscal 2005. Weighted average total cash costs per ounce at the international operations increased significantly in fiscal 2006 mainly due to the pre-stripping of the Teberebie pit at Tarkwa and at the Damang main pit cutback as well as increased production from the higher cost Songvang open pit at Agnew and the replacement of high grade Damang main pit material with lower grade stockpile ore. Weighted average total cash costs per ounce at St. Ives increased more modestly as the operation benefited from the introduction of the new, more efficient Lefroy mill which completed its first full year of production. In addition, there was a significant increase in input costs, especially fuel, steel and cyanide and other reagents, and in wages, especially at the South African operations.

*Production costs*

Production costs increased by $127.5 million, or 9.3%, from $1,372.4 million in fiscal 2005 to $1,499.9 million in fiscal 2006. This was primarily due to the increased production from Tarkwa and the added cost of

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waste removal at the Teberebie cutback at Tarkwa and the Damang main pit cutback. The increase at Agnew was due to the increased activity at Songvang open pit. Production costs from Choco 10 were included from March 2006. In South Africa costs were slightly higher, with the increase at Driefontein partially offset by lower costs at Kloof and Beatrix, mainly due to the lower production. Added to this was a significant increase in input costs, especially fuel, steel and cyanide and other reagents, wage increases above inflation and the weakening of the South African rand which depreciated on average by 3.1% against the U.S. dollar during fiscal 2006 compared with fiscal 2005, resulting in increased costs in U.S. dollar terms. The Australian dollar was virtually unchanged against the U.S. dollar.

*Depreciation and amortization*

Depreciation and amortization charges decreased by $13.1 million, or 3.6%, from $366.4 million in fiscal 2005 to $353.3 million in fiscal 2006. Depreciation and amortization is calculated on the units of production method and is based on current gold production as a percentage of total expected gold production over the lives of the different mines. The principal reason for this decrease was the decrease in production at Kloof offset in part by additional amortization and depreciation of the new mill at St. Ives.

The table below depicts the changes from June 30, 2004 to June 30, 2005 for proven and probable reserves above current infrastructure and for the life of mine for each operation, and the resulting impact on the amortization charge in fiscal 2005 and 2006, respectively. The life of mine numbers below are taken from the operations strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortization is calculated using the life of mine for each operation, which is based on: (1) the proven and probable reserves above infrastructure for the operation at the start of the relevant year (which are taken to be the same as at the end of the prior fiscal year and using only above infrastructure reserves) and (2) the amount of gold produced by the operation during the year. However, during fiscal 2006 Gold Fields decided to align determination of its reserves with its planning cycle and, as a result, a reserve statement as at December 31, 2005 was issued. This ore reserve statement became effective for amortization calculations as of April 1, 2006.

| | Proven and probable reserves as of | | | Life of mine[1] as of | | | Amortization as of | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2004 | June 30, 2005 | December 31, 2005 | June 30, 2004 | June 30, 2005 | December 31, 2005 | June 30, 2005 | June 30, 2006 |
| Driefontein | 15,300 | 15,100 | 14,400 | 16 | 16 | 18 | 90.3 | 87.4 |
| Kloof[2] | 13,000 | 13,000 | 12,500 | 15 | 15 | 15 | 107.9 | 82.5 |
| Beatrix | 9,400 | 8,200 | 8,200 | 20 | 14 | 14 | 46.5 | 40.9 |
| Ghana | | | | | | | | |
| Tarkwa[3] | 14,700 | 13,400 | 14,400 | 11 | 21 | 23 | 38.1 | 37.5 |
| Damang[4] | 900 | 1,300 | 1,400 | 5 | 5 | 6 | 4.8 | 3.5 |
| Venezuela | | | | | | | | |
| Choco 10[5] | | | 1,200 | | 8 | 8 | | 3.0 |
| Australia[6] | | | | | | | | |
| St. Ives | 3,100 | 2,500 | 2,200 | 5 | 5 | 5 | 56.5 | 73.2 |
| Agnew | 700 | 900 | 800 | 3 | 4 | 3 | 19.3 | 13.1 |
| Corporate and other | | | | | | | 3.0 | 12.2 |
| Total | 57,100 | 54,400 | 55,100 | | | | 366.4 | 353.3 |
| Cerro Corona | | | 3,200 | | | | | |
| Reserves below infrastructure[7] | 23,000 | 10,200 | 10,000 | | | | | |
| Total reserves[8] | 80,100 | 64,600 | 68,300 | | | | | |

Notes:

(1) The life of mine for each operation shown in the above table differs from that shown in Information on the Company Gold Fields Mining Operations. The life of mine in the above table is based on the above

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infrastructure proven and probable reserves at December 31, 2005 whereas the life of mine information in Information on the Company Gold Fields Mining Operations. is based on both above and below infrastructure proven and probable reserves at December 31, 2005.

(2) Although total reserves remained the same at Kloof, amortization decreased due primarily to changes in the sources of production, as amortization is calculated based on the reserves at each shaft.

(3) As of June 30, 2004 and 2005 and December 31, 2005, reserves of 10.450 million ounces, 9.500 million ounces and 10.200 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(4) As of June 30, 2004 and 2005 and December 31, 2005, reserves of 0.640 million ounces, 0.920 million ounces and 0.995 million ounces, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(5) As of December 31, 2005, reserves of 1.140 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in PMG.

(6) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(7) Below infrastructure reserves relate to mineralization which is located at a level at which an operation currently does not have infrastructure sufficient to allow mining operations to occur, but where the operation has made plans to install additional infrastructure in the future which will allow mining to occur at that level.

(8) As of June 30, 2004 and 2005 and December 31, 2005, reserves of 75.600 million ounces, 60.400 million ounces and 63.100 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghanaian and Venezuelan operations.

*Corporate expenditure*

Corporate expenditure was $21.9 million in fiscal 2006 compared to $22.5 million in fiscal 2005, a decrease of 2.7%. Corporate expenditure consists primarily of general corporate overhead and corporate service department costs, primarily in the areas of technical services, human resources and finance, which are used by the operations. Corporate expenditure also includes business development costs. This decrease was due to the depreciation of the Rand against the U.S. dollar as Rand costs remained constant at R140.0 million in both fiscal 2006 and 2005.

*Employment termination costs*

In fiscal 2006, Gold Fields incurred employment termination costs of $9.1 million compared to $13.7 million in fiscal 2005. The decrease in employee terminations costs resulted principally from lower retrenchments during fiscal 2006.

*Exploration expenditure*

Exploration expenditure was $39.3 million in fiscal 2006, a decrease of 14.6% from $46.0 million in fiscal 2005. Gold exploration expenditure increased from $31.7 million in fiscal 2005 to $38.7 million in fiscal 2006 as a result of a deliberate effort to step up exploration activities. However, this increase was more than offset by the decrease in exploration expenditure incurred at the Arctic Platinum Project, or the APP, which decreased from $14.3 million in fiscal 2005 to $0.6 million in fiscal 2006 as Gold Fields determined how to proceed with the APP. See Information on the Company Exploration.

*Impairment of assets*

For fiscal 2006, Gold Fields had no asset impairments as compared to asset impairments of $233.1 million in fiscal 2005. During fiscal 2005, there was an impairment charge of $211.1 million relating to Beatrix North

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and South sections (formerly Beatrix Shaft Nos. 1, 2 and 3). Beatrix is a low grade mine and therefore very sensitive to changes in its cost profile. Changes in the cost profile affect the pay limits, which in turn affects the reserves. During fiscal 2005, there were cost increases at Beatrix, which resulted in an increase in the pay limit. Due to the increase in the pay limit, certain reserves at Shaft No. 2 (now part of the South section) and Vlakpan included in fiscal 2004 became uneconomical to mine and were therefore excluded from the 2005 life of mine profile. In addition, due to the restructuring at the South section, certain areas were closed which further impacted the life of mine plan.

During fiscal 2005, closures resulted in the following additional asset impairments:

- at Driefontein, Shaft No. 10 was closed, resulting in an impairment of $2.0 million;
- at Kloof, the No. 3 metallurgical plant was closed, resulting in an impairment of $1.8 million; and
- at St. Ives, the old mill was closed, resulting in an impairment of $9.8 million.

Also during fiscal 2005, an impairment charge was incurred at Living Gold, the rose project at Driefontein. See Information on the Company Living Gold. As Living Gold is not a gold asset, its valuation was based on its business plan using a long term exchange rate of R8.51 to the euro, the currency in the markets where it anticipated making most of its sales, and a discounted cash flow valuation using a real discount rate of 10%. This resulted in an impairment of $8.4 million. The main reason for the impairment is that the original plan forecast a higher exchange rate of R9.87 to the euro and thus higher earnings.

*Impairment of critical spares*

With the closure of the old St. Ives mill during fiscal 2005, $2.8 million worth of critical spares kept for the maintenance of the old plant were impaired as they had become redundant.

*Profit on disposal of exploration rights*

During fiscal 2005 Gold Fields sold its interest in the Angelina Project in Chile to its joint venture partner Meridian for $7.5 million plus a 2% net smelter royalty on the majority of land within the joint venture. As the interest had a nil cost, the proceeds of $7.5 million was also the profit. No exploration rights were disposed of in fiscal 2006.

*Profit on disposal of property, plant and equipment*

During fiscal 2006, Gold Fields continued to dispose of certain surplus property, plant and equipment. The net profit on the sale of this property, plant and equipment amounted to $3.7 million comprising:

- $2.3 million profit from the sale of a winder by Kloof; and
- $1.7 million profit from the sale of mine houses by Beatrix, offset in part by a $0.3 million loss from miscellaneous asset sales by the operating mines of the Group.

During fiscal 2005, Gold Fields realized a net profit of $0.8 million on the sale of surplus property, plant and equipment by the operating mines of the Group.

*Decrease in provision for post-retirement healthcare costs*

In South Africa, Gold Fields provides medical benefits to employees in its operations through the Medisense Medical Scheme.

Under the medical plan which covers certain of its former employees, Gold Fields remains liable for 50% of the employees medical contribution to the medical schemes after their retirement. During fiscal 2005, 21% of

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these former employees and dependants were bought out of the scheme at a 15% premium. No former employees were bought out during fiscal 2006. At June 30, 2006, approximately 226 (fiscal 2005: 243) former employees were covered under this plan, which is not available to members of the scheme formerly available to employees of the former Free State operation (which is now the Beatrix operation) who retired after August 31, 1997 and members of the Medisense medical scheme who retired after January 31, 1999. See Directors, Senior Management and Employees Employees Benefits. In fiscal 2006, an amount of $0.5 million was credited to earnings, compared to $4.2 million in fiscal 2005, in respect of Gold Fields obligations under this medical plan, representing a 12% decrease. The $0.5 million credit in fiscal 2006 was the result of a reversal of $0.5 million relating to the release of the cross-subsidization liability and a $0.7 million release as a result of benefits forfeited offset in part by the annual interest and service charge of $0.7 million. In fiscal 2005, the credit was the result of a reversal of $4.5 million relating to the release of the cross-subsidization liability as a result of the buyout and a $2.2 million release as a result of benefits forfeited, offset in part by the annual interest and service charge of $1.7 million and a $0.8 million charge relating to the 15% premium mentioned above. The post-retirement healthcare provision is updated annually based on actuarial calculations, with any increase in the provision reflected in the statement of operations.

*Accretion expense on environmental rehabilitation*

At all its operations Gold Fields makes full provision for environmental rehabilitation based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. The rehabilitation charge for fiscal 2006 was $8.6 million compared to $11.5 million in fiscal 2005. The decrease in the charge in fiscal 2006 was due to lower inflation and interest rates applicable to the fiscal 2006 layer added as well as the effects of converting at a weaker Rand/U.S. dollar exchange rate.

For its South African operations, Gold Fields contributes to environmental trust funds it has established to provide for any environmental rehabilitation obligations and expected closure costs relating to its mining operations. The amounts invested in the trust funds are classified as non-current assets and any income earned on these assets is accounted for as interest income. For the Ghana, Australia and Venezuela operations Gold Fields does not contribute to a trust fund.

*Share compensation cost*

Effective July 1, 2005, the Company adopted SFAS No. 123(R). Prior to July 1, 2005, the Company had elected to follow Accounting Policies Board Opinion No. 25 Accounting for Stock Issued to Employees, or APB No. 25, and its related interpretations in accounting for its share option schemes. The Company adopted SFAS 123(R) using the modified prospective transition method. Under this method, compensation cost recognized in fiscal 2006 included: (a) compensation cost for all share-based payments granted prior to, but not yet vested, as of July 1, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123(R), and (b) compensation cost for all share-based payments granted subsequent to July 1, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). The results for prior periods have not been restated. As a result of adopting SFAS 123(R), $11.5 million of stock compensation charges was recognized in fiscal 2006.

Prior to fiscal 2006 Gold Fields had elected to follow APB No. 25 and its related interpretations in accounting for its share option schemes. Under APB No. 25, because the exercise price of Gold Fields and its subsidiaries employee share options equaled the market price of the underlying share on the date of the grant, no compensation expense had historically been recognized in the consolidated financial statements, other than on occasions where the terms of share option vesting schedules are modified or accelerated. During fiscal 2005 however, as a result of the inability by participants to exercise their share options during the period of the attempted hostile bid by Harmony Gold Mining Company Limited, or Harmony, Gold Fields extended the life of options for certain employees whose options would otherwise have expired by June 25, 2005. The Company accounted for the modification of the intrinsic value with a new measurement date and, since the options were fully vested on the modification date, recorded the incremental compensation cost of $2.1 million as an expense.

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*Harmony hostile bid costs*

On October 18, 2004, Harmony announced an unsolicited and hostile tender offer to acquire the entire issued share capital of Gold Fields. Gold Fields mounted a vigorous defense to the offer, which continued during much of the remainder of fiscal year 2005. The offer came to a conclusion on May 20, 2005 when the High Court of South Africa ruled that the tender offer had, in fact, lapsed on December 18, 2004 and was not capable of being revised or reinstated. Gold Fields incurred costs of $50.8 million in defending against the Harmony offer which was expensed.

*IAMGold transaction costs*

On September 30, 2004, Gold Fields, Gold Fields Ghana Holdings Limited, Gold Fields Holdings and IAMGold Corporation, or IAMGold, signed a definitive agreement which would have resulted in Gold Fields combining its assets situated outside the Southern African Development Community with those of IAMGold by means of a reverse takeover. On December 7, 2004, this proposed transaction did not receive the required majority approval by shareholders and it was therefore not completed. Gold Fields incurred costs of $9.3 million relating to the failed IAMGold deal during fiscal 2005 which was expensed.

*Interest and dividends*

Interest and dividends decreased by $2.4 million or 8.2%, from $29.2 million in fiscal 2005 to $26.8 million in fiscal 2006. Interest received on cash and cash equivalents was $24.4 million in fiscal 2006 as compared to $26.4 million in fiscal 2005, primarily due to lower average cash balances during fiscal 2006 compared to fiscal 2005. Dividends received were $2.4 million in fiscal 2006 as compared to $2.8 million in fiscal 2005.

*Finance expense*

Gold Fields recognized net finance expense of $55.6 million in fiscal 2006 as compared to $54.9 million in fiscal 2005. Net finance expense in fiscal 2006 consisted of interest payments of $74.4 million, comprising $69.3 million on the Mvelaphanda loan and $5.1 million of other interest payments. This was offset in part by realized exchange gains of $18.8 million.

Other interest payments comprise $2.5 million interest paid on the $158.0 million borrowed on March 9, 2006 under a U.S.$250.0 million credit facility entered into by Orogen Holdings (BVI) Limited, or Orogen, to partly finance the Bolivar acquisition, $1.5 million interest paid on a bridging loan related thereto incurred using Gold Fields uncommitted borrowing facilities pending the availability of the U.S.$250.0 million credit facility and $1.1 million of miscellaneous interest payments. See Liquidity and Capital Resources Credit Facilities. The realized exchange gains consists of a $10.3 million currency translation gain on funds held to meet commitments in respect of the Bolivar acquisition and an $8.5 million currency conversion gain arising from a change in the functional currency from U.S. dollars to Rand of one of the Group s offshore subsidiary companies, Gold Fields Holdings.

Net finance expense in fiscal 2005 consisted of interest payments of $57.6 million, comprising $56.9 million on the Mvelaphanda loan and $0.7 million miscellaneous interest payments. This was offset in part by a $2.7 million realized exchange gain on certain offshore funds held in Euros.

*Unrealized gain on financial instruments*

Gold Fields recognized an unrealized gain of $14.6 million in fiscal 2006 compared to an unrealized gain of $4.9 million in fiscal 2005 relating to financial instruments.

The unrealized gain of $14.6 million in fiscal 2006 consisted of a $12.8 million unrealized mark-to-market gain on various warrants and options held in respect of underlying share investments, primarily related to the

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Mvelaphanda Transaction, and an unrealized gain of $3.8 million on the $30.0 million U.S. dollar/Rand currency financial instruments Gold Fields holds to cover U.S. dollar commitments payable from South Africa. This was partly offset by an unrealized loss of $1.6 million on the Australian dollar/U.S. dollar currency financial instruments Gold Fields holds to allow it to participate in appreciation of the Australian dollar against the U.S. dollar and an unrealized loss of $0.4 million on the IPE gasoil call options Gold Fields entered into during fiscal 2005. See Quantitative and Qualitative Disclosures About Market Risk Foreign Currency Sensitivity Foreign Currency Hedging Experience and Commodity Price Sensitivity Commodity Price Hedging Experience Oil. The unrealized gain of $4.9 million in fiscal 2005 consisted of a $5.3 million unrealized gain on the Australian dollar/U.S. dollar currency financial instruments Gold Fields holds to allow it to participate in appreciation of the Australian dollar against the U.S. dollar and a $0.3 million unrealized gain on the IPE gasoil call options Gold Fields entered into during fiscal 2005, offset in part by a $0.7 million negative mark-to-market valuation as at June 30, 2005 in respect of the $30.0 million U.S. dollar/Rand currency financial instruments Gold Fields holds to cover any U.S. dollar commitments payable from South Africa.

*Realized (loss)/gain on financial instruments*

Gold Fields recognized a realized loss of $9.1 million in fiscal 2006 compared to a realized gain of $2.1 million in fiscal 2005 relating to financial instruments.

Of the $9.1 million realized loss in fiscal 2006, there was a $15.2 million loss on treasury trading activities, a $1.9 million realized loss on a Rand/U.S. dollar swap relating to the financing of the Bolivar acquisition and a $1.2 million net realized loss on the settlement of the $30.0 million U.S. dollar/Rand currency financial instruments. This was partly offset by a $9.2 million gain related to an interest rate swap Gold Fields had entered into in connection with the Mvela Loan. This swap was closed out on June 3, 2005 resulting in a realized gain of $36.2 million. This gain is being accounted for in the income statement over the remaining period of the underlying loan. $9.2 million was accounted for in the income statement in fiscal 2006. The balance of $26.2 million will be accounted for in fiscal 2007 to fiscal 2009. See Quantitative and Qualitative Disclosures About Market Risk Interest Rate Sensitivity General Interest Rate Hedging Experience.

Of the $2.1 million realized gain in fiscal 2005, a $1.3 million gain was realized on the settlement of the $50.0 million U.S. dollar/Rand currency financial instruments and $0.8 million related to an interest rate swap Gold Fields had entered into in connection with the Mvela Loan.

*Profit on disposal of listed investments*

During fiscal 2006, Gold Fields continued to liquidate certain non-current investments. The profit on the sale of these investments amounted to $6.3 million, the largest portion of which resulted from $4.7 million from the sale of Gold Fields 55% interest in the Committee Bay Joint Venture. In exchange for its 55% interest Gold Fields received 7,000,000 shares in Committee Bay Resources Limited valued at $4.7 million. As the interest had a nil cost, the $4.7 million value of the shares received was also the profit.

During fiscal 2005, Gold Fields liquidated certain non-current investments. The profit on the sale of these investments amounted to $8.1 million, the largest portion of which resulted from the sale of 36.0 million shares in Zijin Mining Group Company Limited.

*Write-down of investments*

During fiscal 2005 investments whose market value was lower than their original costs for a period of longer than 12 months were written-down by $7.7 million, the largest portion of which was on Mvelaphanda Resources Limited.

During fiscal 2006 no write down was required, as there were no investments whose market value was lower than their original costs for a period of longer than 12 months.

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*Other expenses*

Other expenses represents miscellaneous corporate expenditure not allocated to the operations and therefore not included in the corporate expenditure line item net of miscellaneous revenue items such as scrap sales and rental income. Other expenses increased by $12.2 million, from $4.3 million in fiscal 2005 to $16.5 million in fiscal 2006.

Other expenses in fiscal 2006 consisted of miscellaneous cost items totaling $17.5 million which included:

- corporate social investment costs which prior to fiscal 2006 were included in production costs;
- one time professional fees related to corporate advice and costs in relation to the expanding international portfolio as well as increased staffing related to Gold Fields expanding international portfolio;
- auditors fees and other costs relating to Gold Fields becoming compliant with the requirements of the Sarbanes-Oxley Act of 2002; and
- costs related to marketing Biox®.

These amounts were offset in part by $1.0 million in other income, comprised primarily of rent.

Other expenses in fiscal 2005 consisted of $4.6 million in other income, comprised principally of mineral right sales and rent, which was more than offset by miscellaneous cost items totaling $8.9 million which included:

- auditors fees and other costs relating to Gold Fields becoming compliant with the requirements of the Sarbanes-Oxley Act of 2002;
- costs related to marketing Biox®, which prior to fiscal 2005 were accounted for under exploration expense;
- the cost of cash rewards given to all Gold Fields employees for the successful defense of the Harmony hostile bid; and
- additional sundry professional fees.

*Income and mining tax (expense)/benefit*

The table below sets forth Gold Fields effective tax rate for fiscal 2005 and fiscal 2006, including normal and deferred tax.

| | Year ended June 30, | |
|---|---|---|
| | **2006** | **2005** |
| Effective tax (expense)/benefit rate | (35.8)% | 34.7% |

In fiscal 2006, the effective tax expense rate of 35.8% differed from the maximum mining statutory tax rate of 45% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of $13.5 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations taxable income, $8.4 million due to the reduction during fiscal 2006 of the Ghanaian tax rates from 28.0% to 25.0% and $59.0 million due to certain of Gold Fields subsidiary companies having statutory tax rates that are lower than the maximum mining statutory tax rate of 45%. The effect of these items was offset by an amount of $22.3 million relating to the

non-deductibility of certain exploration costs and share-based payment costs and by an amount of $24.9 million relating to foreign levies and royalties, which is included in the tax charge.

In fiscal 2005, the effective tax benefit rate of 34.7% differed from the maximum mining statutory tax rate of 45% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of

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$11.5 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations taxable income, a $26.8 million credit due to an increase in the tax values of the Australian operations following the consolidation of St. Ives and Agnew for tax purposes and $8.4 million due to the reduction in fiscal 2005 of the Ghanaian tax rates from 32.5% to 28.0%. The Australian tax legislation makes provision for companies that consolidate for tax purposes to recalculate their tax values based on a market value calculation. The effect of these items was offset by an amount of $40.0 million relating to the non-deductibility of certain exceptional items, namely the Harmony hostile bid costs, the IAMGold transaction costs and exploration costs and by an amount of $21.8 million relating to foreign levies and royalties, which is included in the tax charge.

*Share of equity investee s losses*

Share of equity investee s losses increased to $7.0 million in fiscal 2006 from $0.8 million in fiscal 2005. The $7.0 million loss relates to the recording of the equity losses related to Bolivar prior to Gold Fields acquisition of the remaining interest in Bolivar it did not previously own effective February 28, 2006 and equity losses related to Western Areas prior to Gold Fields gaining control of Western Areas effective December 1, 2006.

*Minority interests*

Minority interests represented an expense of $29.8 million in fiscal 2006, compared to an expense of $20.6 million in fiscal 2005. These amounts reflect the portion of the net income of Gold Fields Ghana, Abosso, Choco 10 and Living Gold attributable to their minority shareholders. The minority shareholders interest was 28.9% in Gold Fields Ghana and Abosso in fiscal 2006 and 2005, 5% in Choco 10 in fiscal 2006 and 40% in Living Gold in fiscal 2006 and 2005. The amounts due to minority shareholders were higher in fiscal 2006 due to increased net income at Gold Fields Ghana and Abosso in fiscal 2006. Also the minority shareholders of Choco 10 were included for the first time in fiscal 2006.

*Net income/(loss)*

As a result of the factors discussed above, Gold Fields net income was $161.7 million in fiscal 2006 compared with net loss of $183.2 million in fiscal 2005.

**Liquidity and Capital Resources**

***Cash resources***

*Operations*

Net cash provided by operations in fiscal 2007 was $205.2 million compared to $587.1 million in fiscal 2006.

Gold Fields realized gold price increased from an average of $524 per ounce in fiscal 2006 to an average of $638 per ounce in fiscal 2007. The increase in realized price more than offset the decline in ounces of gold sold and resulted in revenue from product sales increasing by $453.2 million from $2,282.0 million in fiscal 2006 to $2,735.2 million in fiscal 2007.

The increased revenue was more than offset by:

- $207.8 million increase in production costs which increased from $1,499.9 in fiscal 2006 to $1,707.7 in fiscal 2007;
- $534.6 million paid to settle the Western Areas derivative structure;
- $44.5 million increase in taxes paid as a result of the increased profitability;

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$39.6 million increase in finance expenses; and

$16.5 million increase in corporate expenditure.

Net cash provided by operations in fiscal 2006 was $587.1 million compared to $310.2 million in fiscal 2005. In fiscal 2006, Gold Fields realized gold price increased to an average of $524 per ounce compared to $422 per ounce in fiscal 2005. The increase in the realized price more than offset the decline in ounces of gold sold and resulted in revenues from product sales increasing by $388.9 million from $1,893.1 million in fiscal 2005 to $2,282.0 million in fiscal 2006.

The increased revenues were offset in part by a $127.5 million increase in production costs, which increased from $1,372.4 million in fiscal 2005 to $1,499.9 million in fiscal 2006. Also, in fiscal 2005, Gold Fields incurred costs of $50.8 million and $9.3 million on the Harmony hostile bid and the IAMGold transaction, respectively, which did not recur in fiscal 2006. The net effect was a $361.9 million increase in cash flow provided by operations before taxation and working capital changes. This increase in cash provided by operations was partly offset by an increase in taxes paid of $16.4 million and a decrease in working capital changes of $35.5 million.

Although revenues from Gold Fields South African operations are denominated in U.S. dollars, Gold Fields receives them in Rand, which are then subject to South African exchange control limitations. See Information on the Company Regulatory and Environmental Matters South Africa Exchange Controls. As a result, those revenues are generally not available to service Gold Fields non-Rand debt obligations or to make investments outside South Africa without the approval of the South African Reserve Bank.

Revenues from Gold Fields Ghanaian and Australian operations are also denominated in U.S. dollars, but unlike in South Africa, Gold Fields receives them in U.S. dollars or is freely able to convert them into U.S. dollars. These U.S. dollar amounts can be used by Gold Fields to service its U.S. dollar-denominated debt and to make investments in its non-South African operations.

Gold Fields receives revenues from its Venezuelan operations either in Bolivars, or U.S. dollars, depending on whether the sales are made locally or exported. To the extent Gold Fields receives U.S. dollars, it must repatriate them to Venezuela and convert them to Bolivars at the official exchange rate. In certain circumstances, Gold Fields may be able to convert, or reconvert, as the case may be, Bolivars to U.S. dollars, but there are restrictions on the uses for which such funds may be applied and any conversion at the official exchange rate is subject to approval by the relevant authorities. See Information on the Company Regulatory and Environmental Matters Venezuela Exchange Controls.

*Investing*

Net cash utilized in investing activities was $2,066.5 million in fiscal 2007 compared to $958.1 million in fiscal 2006. The increase was primarily due to an increase in the acquisition of subsidiaries of $825.3 million, an increase in capital expenditure of $419.9 million partially offset by a decrease in the purchase of investments of $95.4 million.

Net cash utilized in investing activities was $958.1 million in fiscal 2006 compared to $446.6 million in fiscal 2005. The increase in net cash utilized of $511.5 million was primarily due to an increase in the acquisition of subsidiaries of $415.6 million and an increase in purchase of listed investments of $133.1 million, offset in part by a decrease in capital expenditure of $68.9 million.

Capital expenditure increased by $419.9 million to $797.0 million in fiscal 2007 compared to $377.1 million in fiscal 2006. Capital expenditure decreased by $68.9 million to $377.1 million in fiscal 2006 compared to $446.0 million in fiscal 2005. In Rand terms, capital expenditure increased to R5,738.6 million in fiscal 2007 from R2,413.7 million in fiscal 2006 which was a decrease from R2,770.2 million in fiscal 2005. The increase in capital expenditure was mainly due to spending on the Cerro Corona project in Peru, an increase in ore reserve

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development at the South African operations, Driefontein s Shaft No. 9 deepening project, the Beatrix Shaft No. 3 expansion project and new mining equipment at Tarkwa. Added to this was expenditure incurred at the South Deep mine which was acquired on December 1, 2006.

Expenditure on Gold Fields major capital projects in fiscal 2007 included:

- $234 million on the Cerro Corona project in Peru, as compared to $52 million in fiscal 2006 and $12 million in fiscal 2005;
- $137.1 million on ore reserve development at the South African operations (including $2.6 million at South Deep, which was acquired on December 1, 2006), compared to $121.8 million in fiscal 2006 and $128.3 million in fiscal 2005;
- $36.7 on the development and equipping of the newly acquired South Deep mine as the mine builds to full production;
- $22.5 million on the Driefontein Shaft No. 9 deepening project, compared with $0.5 million in fiscal 2006 and $nil in fiscal 2005;
- $20.0 million on the Beatrix Shaft No. 3 expansion project, as compared to $17.5 million in fiscal 2006 and $21.7 million in fiscal 2005;
- $18.5 million on the new CIL expansion project at Tarkwa, as compared to $ nil in fiscal 2006 and 2005;
- $17.3 million on new mining equipment at Tarkwa, as compared to $4.7 million in fiscal 2006 and $20.8 million in fiscal 2005;
- $13.3 million of interest capitalized as compared to $nil in fiscal 2006 and $nil in fiscal 2005;
- $11.6 million on the Shaft No. 4 project at Kloof, as compared to $6.6 million in fiscal 2006 and $16.9 million in fiscal 2005;
- $10.4 million on heap leach pads at Tarkwa, as compared to $14.1 million in fiscal 2006 and $10.9 million in fiscal 2005;
- $9.6 million on the Shaft No. 1 and Shaft No. 5 projects at Driefontein, as compared to $16.9 million in fiscal 2006 and $19.1 million in fiscal 2005;
- $8.6 million on the Kloof Shaft No. 1 pillar extraction, as compared to $6.3 million in fiscal 2006 and $1.7 million in fiscal 2005; and
- $7.4 million on the Songvang open pit at Agnew, as compared to $0.4 million in fiscal 2006 and $11.8 million in fiscal 2005.

Proceeds on the disposal of property, plant and equipment increased from $6.3 million in fiscal 2006 to $8.8 million in fiscal 2007. In both years this related to the disposal of various mining assets by the South African and Australian mining operations. Proceeds on the disposal of property, plant and equipment was $10.2 million in fiscal 2005.

Purchase of listed investments decreased from $163.5 million in fiscal 2006 to $68.1 million in fiscal 2007. The major investment purchases comprising the $68.1 million spent in fiscal 2007 were:

$48.6 million invested in Sino Gold Limited;

$8.6 million invested in Conquest Mining Limited;

$3.2 million on the conversion of options held in Mvelaphanda Resources Limited to shares;

$2.9 million invested in Emed Mining Public Limited;

$2.2 million invested in Lero Gold Corporation; and

$2.2 million invested in CMQ Resources Incorporated.

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Purchase of listed investments increased from $30.4 million in fiscal 2005 to $163.5 million in fiscal 2006. The $163.5 million spent on the purchase of listed investments in fiscal 2006 was made up of:

- $133.5 million invested in Western Areas Limited;
- $24.5 million invested in Sino Gold Limited;
- $3.0 million invested in Medoro Resources Limited;
- $0.5 million invested in Avoca Resources Limited;