GOLD FIELDS LTD
Form 20-F
November 17, 2008
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As filed with the Securities and Exchange Commission on November 17, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(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 30 June 2008

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)

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)

Michael Fleischer

Executive Vice President General Counsel

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24 St. Andrews Road

Parktown, 2193

South Africa

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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:

653,200,682 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 basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP x International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ¨ Item 18 ¨

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 2008 (Rand 8.00 per $1.00 as of June 24, 2008), 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 7.27 per $1.00 for the year ended June 30, 2008).

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, income before tax, net income, 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.

In this annual report Gold Fields also presents the financial items operating costs and notional cash expenditure , or NCE. Operating costs and NCE have been determined by Gold Fields on the basis of internally developed definitions and are not U.S. GAAP measures. Gold Fields defines operating costs as production costs (exclusive of depreciation and amortization) plus corporate expenditure, employment termination costs and accretion expense on provision for environmental rehabilitation and NCE as operating costs plus additions to property plant and equipment. See Operating and Financial Review and Prospects Costs Notional Cash Expenditure. An investor should not consider these items in isolation or as alternatives to production costs, cash flows from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. Operating costs and NCE as presented in this annual report may not be comparable to other similarly titled measures of performance of other companies.

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.

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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, PEN and Nuevos Soles refer to Peruvian Nuevos Soles and VEB and Bolivars refer to Venezuelan bolivars.

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.

Certain information in this annual report presented in Rand, Australian dollars, Bolivars and Peruvian Nuevos Soles has been translated into U.S. dollars. Unless otherwise stated, the conversion rates for these translations are Rand 8.00 per $1.00 and A$1.00 per $0.9573, which were the noon buying rates on June 24, 2008. For Bolivars, the conversion rate is VEB 2.1473 per $1.00, which was the rate fixed by the Venezuelan government as of June 30, 2008. By including the U.S. dollar equivalents, Gold Fields is not representing that the Rand, Australian dollar, Peruvian Nuevo Sol 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 (now known as Gold Fields Operations Limited), or Western Areas, Barrick Gold South Africa (Pty) Limited, or BGSA (now known as GFI Joint Ventures Holding (Pty) Limited, or GFI Joint Ventures), 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 of these entities, 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. The majority of Gold Fields proven and probable reserves for South Deep are outside the current mining area and 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. Gold Field has re-modeled, re-evaluated, designed and scheduled the current mining area in accordance with Gold Fields standards and procedures. The proven and probable reserves for South Deep included in this annual report take account of this revised information as well as mining depletion through June 30, 2008. 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.

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Forward-looking Statements

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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 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, Peru 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 or copper;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of labor disruptions;
- availability, terms and deployment of capital or credit;
- 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, Peru or regionally in Africa or South America.

Gold Fields undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this 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, 2008, and as of June 30, 2008 and 2007 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, 2005, and as of June 30, 2006, 2005 and 2004 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]				
	2004	2005	2006	2007	2008
	(in $ millions, except where otherwise noted)				
Statements of Operations Data					
Revenues	1,706.2	1,893.1	2,282.0	2,735.2	3,206.2
Production costs (exclusive of depreciation and amortization)	1,255.2	1,372.4	1,499.9	1,707.7	1,996.1
Depreciation and amortization	230.5	366.4	353.3	388.2	400.5
Corporate expenditure	20.3	22.5	21.9	38.4	41.0
Employment termination costs	10.5	13.7	9.1	4.9	16.2
Exploration expenditure	39.9	46.0	39.3	47.4	39.8
Impairment of assets	72.7	233.1			11.4
Shaft closure costs					3.3
Impairment of critical spares		2.8			
(Decrease)/increase in post-retirement healthcare provision	(5.1)	(4.2)	(0.5)	1.3	(0.7)
Accretion expense on environmental rehabilitation	8.4	11.5	8.6	6.4	12.0
Share-based compensation		2.1	11.5	12.5	20.7
Harmony hostile bid costs		50.8			
IAMGold transaction costs		9.3			
Interest and dividends	19.4	29.2	26.8	26.8	31.2
Finance income/(expense)	(12.2)	(54.9)	(55.6)	(95.2)	(100.4)
Unrealized gain on financial instruments	39.2	4.9	14.6	15.4	
Realized gain/(loss) on financial instruments	(8.7)	2.1	(9.1)	(10.7)	19.8
Realized loss on foreign exchange				(15.1)	1.7
Profit on sale of property, plant and equipment	0.3	0.8	3.7	7.4	4.6
Profit on disposal of subsidiaries					208.4
Profit on disposal of listed investments	13.9	8.1	6.3	26.8	3.7
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)	1.8	(4.3)	(16.5)	(2.2)	5.9

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	Year ended June 30,[1][2]				
	2004	2005	2006	2007	2008
	(in $ millions, except where otherwise noted)				
Income/(loss) before tax, impairment of investment in equity investee, share of equity investees (losses)/income and minority interests	180.7	(247.6)	309.1	481.6	840.8
Income and mining tax (expense)/benefit	(50.9)	85.8	(110.6)	(209.3)	(271.2)
Income/(loss) before impairment of investment in equity investee, share of equity investees (losses)/income and minority interests	129.8	(161.8)	198.5	272.3	569.6
Impairment of investment in equity investee					(61.3)
Share of equity investees (losses)/income	(13.3)	(0.8)	(7.0)	0.3	(16.0)
Minority interests	(21.8)	(20.6)	(29.8)	(26.5)	(39.8)
Net income/(loss)	94.7	(183.2)	161.7	246.1	452.5
Basic earnings/(loss) per share ($)	0.10	(0.37)	0.33	0.44	0.69
Diluted earnings/(loss) per share ($)	0.10	(0.37)	0.33	0.44	0.69
Other Financial and Operating Data					
Dividend per share (Rand)	1.40	0.70	0.80	2.00	1.60
Dividend per share ($)	0.19	0.11	0.13	0.28	0.22
Total cash costs per ounce of gold produced ($)[3]	273	302	338	394	505
Total production costs per ounce of gold produced ($)[4]	329	385	419	482	610
Notional cash expenditure per ounce of gold produced ($)[5]	402	416	441	596	822

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 in fiscal 2007 regarding ore reserve development costs, which were previously expensed and are now capitalized. Under this revised accounting policy, 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 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.

(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(c) 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 performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the

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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 2008, 2007 and 2006, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2008 and 2007 and Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2007 and 2006.

(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, and the Australian dollar compared with the U.S. dollar. Changes in the currency exchange rate between the Bolivar and the U.S. dollar affected changes in total production costs per ounce until the sale of the Choco 10 mine on November 30, 2007. 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 2008, 2007, and 2006, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2008 and 2007 and Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2007 and 2006.

(5) Gold Fields defines notional cash expenditure, or NCE, as operating costs plus additions to property, plant and equipment, and defines operating costs as production costs (exclusive of depreciation and amortization) plus corporate expenditure, employment termination costs and accretion expense on provision for environmental rehabilitation. Gold Fields reports NCE on a per ounce basis. Management considers NCE per ounce to be an important measure as it believes NCE per ounce provides more information than other commonly used measures, such as total cash costs per ounce, the real cost to Gold Fields of producing an ounce of gold, reflecting not only the ongoing costs of production but also the investment cost of bringing mines into production. Management also believes that NCE per ounce is a useful indication of the cash Gold Fields has available to do things other than produce gold, such as paying taxes, repaying debt, funding exploration and paying dividends.

Notional cash expenditure per ounce is not a U.S. GAAP measure. An investor should not consider NCE or operating costs in isolation or as alternatives to production costs, cash flows from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. NCE and operating costs as presented in this annual report may not be comparable to other similarly titled measures of performance of other companies. For a reconciliation of Gold Fields notional cash expenditure to its production costs for

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fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

	Year ended June 30,[1][2]				
	2004	2005	2006	2007	2008
	(in $ millions, except where otherwise noted)				
Balance Sheet Data					
Cash and cash equivalents	656.3	503.7	217.7	326.4	253.7
Current portion of financial instruments	37.0	46.8	30.4		6.9
Receivables	116.4	119.9	148.7	297.7	280.1
Inventories	63.9	77.4	111.3	144.9	152.8
Material contained in heap leach pads	42.5	55.1	47.7	58.1	74.5
Total current assets	916.1	802.9	555.8	827.1	768.0
Property, plant and equipment, net	2,912.7	2,688.6	3,172.1	5,576.8	5,423.7
Goodwill				1,222.7	1,092.8
Non-current portion of financial instruments	70.3	32.4			
Non-current investments	161.5	192.0	371.8	401.8	737.4
Total assets	4,060.6	3,715.9	4,099.7	8,028.4	8,021.9
Accounts payable and provisions	273.4	241.9	299.8	463.6	610.3
Current portion of financial instruments				10.8	
Interest payable	17.2	32.6	29.8	34.7	29.2
Income and mining taxes payable	14.2	18.0	46.8	72.2	123.1
Current portion of long-term loans			0.3	227.5	772.9
Bank overdraft				3.3	2.7
Total current liabilities	304.8	292.5	376.7	812.1	1,538.2
Long-term loans	643.2	653.1	737.9	1,211.8	564.2
Deferred income and mining taxes	811.8	650.0	781.8	879.5	719.9
Provision for environmental rehabilitation	116.0	134.6	146.4	197.2	216.2
Provision for post-retirement healthcare costs	18.9	9.0	7.4	9.5	7.9
Minority interests	102.7	118.4	125.1	127.1	151.4
Share capital	43.6	43.7	43.9	54.8	54.9
Additional paid-in capital	1,792.3	1,797.9	1,827.6	4,459.8	4,490.4
Retained earnings	261.7	24.0	123.9	211.8	521.8
Accumulated other comprehensive (loss)/income	(34.4)	(7.3)	(71.0)	64.8	(243.0)
Total shareholders equity	2,063.2	1,858.3	1,924.4	4,791.2	4,824.1
Total liabilities and shareholders equity	4,060.6	3,715.9	4,099.7	8,028.4	8,021.9

	Year ended June 30,[1][2]				
	2004	2005	2006	2007	2008
	(in $ millions, except where otherwise noted)				
Other Data					
Number of ordinary shares as adjusted to reflect changes in capital structure	491,492,520	492,294,226	494,824,723	652,158,066	653,200,682
Net assets	2,063.2	1,858.3	1,924.4	4,791.2	4,824.1

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 in fiscal 2007 regarding ore reserve development costs, which were previously expensed and are now capitalized. 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 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.

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(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(c) 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.

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]
2004	6.78
2005	6.20
2006	6.42
2007	7.20
2008	7.30
2009 (through October 31, 2008)	8.30

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
May 31, 2008	7.76	7.47
June 30, 2008	8.12	7.70
July 31, 2008	7.92	7.31
August 31, 2008	7.90	7.24
September 30, 2008	8.32	7.77
October 31, 2008	11.27	8.27

The noon buying rate for the Rand on October 31, 2008 was Rand 9.87 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, and to a lesser extent copper, which in the past have fluctuated widely, affect the profitability of Gold Fields operations and the cash flows generated by those operations.

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 the amount it costs Gold Fields to produce gold 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 expenditures. In addition, Gold Fields might not be able to recover any losses it may incur during that period.

Copper will account for a significant proportion of the revenues at Gold Fields Cerro Corona Project, although Gold Fields does not expect copper to be a major element of its overall revenues. A decline in copper prices, which have also fluctuated widely, could adversely affect the revenues and cashflows from the Cerro Corona Project.

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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 decline 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 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 and copper that Gold Fields estimated, as of June 30, 2008, 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 or copper prices decrease or if the Rand or Australian dollar 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, 2008.

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
- operating in a new 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 other metals associated with gold and its ability to develop mining projects. Exploration for gold and other metals associated with gold 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

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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 gold or other metals associated with gold 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 gravity falls of ground;

discharges of gases and toxic substances;

releases of radioactivity;

flooding;

accidents related to the presence of mobile machinery

ground and surface water pollution, including as a result of potential spillage or seepage from tailings dams;

sinkhole formation and ground subsidence; and

other accidents and conditions resulting from drilling, blasting and removing and processing material from an underground mine. Gold Fields South African operations may be more susceptible to certain of these risks because significant amounts of mining occur at deep levels of up to 3,500 meters below the surface.

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;

ground and surface water pollution, including as a result of potential spillage or seepage from tailings dams;

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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;

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 or halt production, increase production costs and result in liability for Gold Fields.

Gold Fields may also be subject to actions by labor groups or other interested parties who object to perceived conditions at the mines or to the perceived environmental impact of the mines. These actions may delay or halt production or may create negative publicity related to Gold Fields.

If Gold Fields experiences further losses of senior management or is unable to hire and retain sufficient technically skilled employees, its business may be materially and adversely affected.

Gold Fields ability to operate or expand effectively depends largely on the experience, skills and performance of its senior management team. There can be no certainty that the services of its senior management will continue to be available to Gold Fields. During fiscal 2008, Gold Fields Chief Executive Officer resigned and his position was filled by the Chief Financial Officer. As of the date of this Annual Report a new Chief Financial Officer has not yet been appointed. In addition, Gold Fields Head of Corporate Development resigned as of May 2008 and its Chief Operating Officer resigned as of October 2008. Any further senior management departures could adversely affect Gold Fields efficiency, control over operations and results of operations.

One of Gold Fields medium-term priorities is to restructure its operations into four regions that will operate with more autonomy than under Gold Fields current structure. See Information on the Company Strategy Medium-term Priorities . An important element of this plan is bolstering the technical skills base of each of the South African and International management teams to provide additional resources and to provide for succession planning. Due to the global resources boom combined with a reduction in training, the mining industry, including Gold Fields, is experiencing a global shortage of technically skilled employees. Gold Fields may be unable to hire or retain appropriate technically skilled employees or other management personnel, or may have to pay higher levels of compensation than it currently intends in order to do so. If Gold Fields is not able to hire and retain appropriate management and technically skilled personnel, it may not achieve the intended benefits of its regional restructuring, which could have an adverse effect on its results of operations and financial position.

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 costs of production 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, which could adversely affect Gold Fields operating results or financial condition.

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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 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 and power costs, 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. 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.

National elections are scheduled to take place in South Africa in the spring of 2009, which may result in the election of a new president. South Africa is a young democracy, with the upcoming election being only the fourth since the current political system was instituted. It is not certain what, if any, political or economic impact the elections will have in South Africa generally, or on Gold Fields specifically. National presidential elections are also scheduled to take place in Ghana in December 2008. It is not certain what, if any, political or economic impact the elections will have in Ghana generally, or on Gold Fields specifically.

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. 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.

Some of Gold Fields power suppliers have forced it to halt or curtail activities at its mines, due to severe power disruptions. Power stoppages, fluctuations and power cost increases may adversely affect Gold Fields results of operations and its financial condition.

In South Africa, Gold Fields mining operations are dependent upon electrical power generated by the State utility, Eskom. Eskom holds a monopoly on power supply in the South African market. As a result of an increase in demand exceeding available generating capacity, South Africa has been subject to disruptions in electrical power supply. On January 24, 2008, Gold Fields suspended all mining activity at its South African operations, due to Eskom declaring *force majeure* and advised their Key Industrial Consumers, of which Gold Fields is one, that it could not guarantee the supply of electricity, forcing Gold Fields to reduce consumption to the minimum possible level. 50% of Gold Fields normal electrical consumption is required simply to pump, ventilate and refrigerate its South African operations. On January 28, 2008, the power supply was restored to 71% of total

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average consumption allowing Gold Fields to begin ramping up production at its South African operations. On January 29, 2008, 80% of total average consumption was restored to Gold Fields South African mines and Eskom authorized mines to increase their power load from 80% to 90% on February 1, 2008. On March 7, 2008, the South African mining industry was allocated an additional 260 MW of power and on Friday, March 14, 2008 Eskom informed Gold Fields of its portion of the additional amount, which Gold Fields has allocated to its Kloof and Driefontein mines. These allocations increased the total power available to Gold Fields Driefontein and Kloof mines to approximately 95% of the historical average consumption profile and the Beatrix and South Deep mines to approximately 90%. There can be no assurance that power supplies can or will be maintained at this level, particularly as the designation of the baseline historical average consumption rate remains under discussion with Eskom. Eskom has also advised Gold Fields that it intends to increase power tariffs significantly. Should the power constraints continue or should Gold Fields be unable to achieve its production or cost targets due to the current constraints, any additional power outages or any power tariff increases, then its financial condition and results of operations may be adversely impacted. In fiscal 2008, power costs made up approximately 11% to 12% of the costs of production at the South African operations. See Information on the Company Gold Fields Mining Operations Driefontein Operation Mining.

Gold Fields power needs in South Africa will increase as it builds up production at its South Deep mine. It has requested an additional allocation from Eskom and has been verbally informed that the request will be granted. However, there can be no assurance that it will receive all or any of the additional power it needs. Any failure to receive an additional power allocation could have an adverse effect on Gold Fields ability to develop South Deep.

Gold Fields Ghana Limited, or Gold Fields Ghana, among other mining companies in Ghana, was asked by the state 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 power costs of production for fiscal 2008 arising from the use of diesel generators was approximately U.S.$ 6.5 million. The VRA indicated that the requirement for reduced electricity demand would last until the water levels in the reservoir have reached appropriate levels. The rainy season of 2007, together with conservative management of hydroelectric generation, has allowed the Volta River to rise to pre-2004 levels and so, rationing was lifted in early 2008. However, there can be no assurance that there will not be new disruptions to the electricity supply.

On November 1, 2007, the government of Ghana increased the published electricity tariff to large customers, including the mining industry, due to the effect of the drought on hydroelectric power generation in the country and on July 1, 2008 it increased it again due to the rising price of oil. The recent increases in electricity tariff have particularly adversely affected Damang and may lead to a need for higher investment returns in order to justify further investment at Damang. These increases will also adversely affect income and cash flow from Gold Fields Ghanaian 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.

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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 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. 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.

The transportation of concentrate produced at Cerro Corona by truck and ship can be interrupted, or result in environmental damage.

The gold/copper concentrate produced at Gold Field s Cerro Corona operation in Peru is transported by truck from the mine to the coast where it is loaded onto ships for transportation to smelters in Asia and Europe, with the risk of loss passing to the buyers only once the concentrate is loaded onto the ship. Gold Fields uses convoys of at least five trucks, accompanied by security personnel to transport the concentrate to the port, but the trucks are still susceptible to road blockades and possible theft of concentrate. On arrival at the port, transfer of the concentrate to ships can be delayed by restrictions on port operations. Any delays in the transportation of concentrate can adversely affect the timing of Gold Fields cashflows and its results of operations. The movement of the concentrate also presents the possibility of environmental damage in the case of spillage. Gold Fields could be held responsible for the damage, even if a contractor undertakes the actual transportation.

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.

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 Environmental and Regulatory 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

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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 Environmental and Regulatory Matters South Africa Exchange Controls.

Gold Fields operations and financial condition may be adversely affected by labor disputes or changes in 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.

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

A significant portion of Gold Fields operations in Australia, Peru and the Damang operation in Ghana, and a smaller portion elsewhere, 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 or industrial action 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 2008. Accordingly, Gold Fields costs may be materially affected by increases in wages

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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 10% has been implemented with effect from July 1, 2008 for all employee categories except management. The next round of negotiations with the unions in South Africa is expected to commence in May 2009. In total, labor costs increased approximately 11% in South Africa in fiscal 2008 (excluding South Deep), mainly due to wage increases, 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.

In addition, the South African mining unions have taken and have indicated they may continue to take industrial action to protest a variety of issues. See Information on the Company Mining Operations Driefontein Operation Mining , Information on the Company Mining Operations Kloo Operation Mining , Information on the Company Mining Operations Beatrix Operation Mining and Information on the Company Mining Operations South Deep Operation Mining .

If Gold Fields is unable to increase production levels or implement cost cutting measures to offset these increased wages and labor costs and production losses from industrial action, these costs and losses 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 2007, management estimated that approximately 33.6% of Gold Fields workforce in South Africa was infected with HIV. Increasingly, Gold Fields is seeing an adverse impact of HIV/AIDS on its affected employees, evidenced by increased absenteeism and reduced productivity. The potential impact of HIV/AIDS on Gold Fields South African operations and financial condition is influenced by a number of factors including the incidence of HIV infection among Gold Fields employees, the progressive impact of HIV/AIDS on infected employees health and productivity, and the medical and other costs associated with the infection. Most of these factors are beyond Gold Fields control. 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.

See Information on the Company Environmental and Regulatory Matters South Africa Environmental.

Gold Field s South African operations are also subject to various health and safety laws and regulations which impose various duties on Gold Fields mines while granting the authorities broad powers to, among other

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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. In October 2007, former President Thabo Mbeki ordered the Department of Minerals and Energy, or the DME, to conduct an occupational health and safety audit at all mines. 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. The DME can and does issue instructions following safety incidents or accidents to partially or completely halt operations at affected mines. Moreover, 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. On September 23, 2008, the Mine Health and Safety Amendment Bill was passed by the National Assembly and the bill has now been transmitted to the National Council of Provinces for concurrence. If this bill is signed by the President and becomes law, Gold Fields may be subject to more stringent regulations regarding mine health and safety and may be subject to an increased risk of prosecution for industrial accidents as well as greater penalties and fines for non-compliance. Further, any changes to the health and safety laws which increase the burden of compliance or the penalties for non-compliance may cause Gold Fields to incur further significant costs. See Information on the Company Environmental and Regulatory Matters South Africa Health and Safety.

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. Among other things, the Mining Charter requires (i) 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, (ii) 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 and (iii) mining companies to 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. See Information on the Company Environmental and Regulatory Matters South Africa Mineral Rights The 2002 Minerals Act.

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 was effected to meet the requirement for a 15% HDSA ownership within five years of the charter coming into effect. See Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction. However, 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 all of its existing mining rights or the granting of further new mining rights or that the terms of renewals of its rights would not be significantly less favorable to Gold Fields than the terms of its current rights.

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The Royalty Bill

The Mineral and Petroleum Royalty Bill, or the Royalty Bill proposes to impose a royalty payable by mining companies to the State. The royalty percentage determined is applied to gross revenue for the gold sector. Based on the proposed formula, the rate for Gold Fields, if applied to its results for fiscal 2008, would have been approximately 2% of revenue.

The most recent version of the Royalty Bill was published on June 24, 2008 and subsequently passed by Parliament. However, the Royalty Bill has not yet been signed by the President. If signed, the Bill would come into effect as of May 1, 2009 by its own terms. 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 Environmental and Regulatory 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.

The Restitution of Land Rights Amendment Act, or the Amendment Act, became law on February 4, 2004. The Amendment Act entitles the Land Minister to acquire ownership of land by 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 Environmental and Regulatory Matters South Africa 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 the Land Claim 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 Environmental and Regulatory Matters South Africa Land Claims.

Illegal mining occurs on Gold Fields properties in Ghana, is difficult to control, can disrupt Gold Fields business and can expose Gold Fields to liability.

In Ghana, artisanal miners illegally access Gold Fields properties from time to time. In 2008, approximately 2,000 miners illegally occupied the Rex pit at the Damang operation. See Information on the Company Mining Operations Ghana Operations Damang Mine Mining . Illegal mining could result in surface depletion of mineral deposits, potentially making the future mining of such resources uneconomic. The activities of the illegal miners could cause environmental damage or other damage to Gold Fields properties, or personal injury or death for which Gold Fields could potentially be held responsible. The presence of illegal miners could lead to project delays and disputes regarding the development or operation of commercial gold deposits. Illegal mining could also have a material adverse effect on Gold Fields financial condition or results of operations.

Gold Fields operations in Ghana are subject to environmental and health and safety laws and 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

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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. Gold Fields Ghana is required to post a reclamation bond and deposit a cash amount sufficient to cover 50% of the estimated rehabilitation costs for the two-year period after the date of the last estimate. 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 Environmental and Regulatory 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 Environmental and Regulatory 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 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 Environmental and Regulatory Matters Ghana Mineral Rights.

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Gold Fields operations in Australia are subject to environmental and health and safety laws and 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 provide unconditional bank-guaranteed performance bonds to the Western Australian government as security for 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 Environmental and Regulatory 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 Environmental and Regulatory Matters Australia Health and Safety.

The Australian Government is currently moving to abolish the use of Australian Workplace Agreements which unions may view as an opportunity for greater collective bargaining and a stepping stone to attract greater membership in the future. Greater union activity may increase labor costs and the risk of strikes and may adversely affect Gold Fields financial position and results of operations. See Directors, Senior Management and Employees Employees Labor Relations Australia.

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.

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 Environmental and Regulatory Matters Australia Land Claims.

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

Gold Fields operations in Peru depend on mining concessions for exploration and exploitation works, obtained from the Geologic, Mining and Metallurgic Institute. In addition, Gold Fields operations in Peru depend on provisional permits, obtained from the Ministry of Energy and Mines, or the MEM, for exploration rights on the area of a claim, and processing concessions, obtained from the MEM, for treatment of mining ores. Under Peru s current regulatory regime, mining concessions have an indefinite term, contingent upon payment of the annual concession fee for each mining right. The mining rights are kept in good standing by meeting a minimum annual level of production or investment and by the annual payment of the concession fee. A penalty is to be paid per each year in which minimum production or investment requirements are not met. In addition, any concession fee not paid during its relevant year may be paid the following year within the term provided for making such payment. Any payment made will be applied to the prior year if such prior year payment was not made. Failure to pay such concession fees or penalties during any two consecutive or non-consecutive years shall result in the lapsing of one or more of the mining rights. Gold Fields processing concession at Cerro Corona enjoy the same duration and tenure as the mining rights, subject to payment of a fee based on nominal capacity for the processing plant. Failure to pay such processing fees or penalties during two consecutive or non-consecutive years shall result in the lapsing of the processing concession. If the Geologic, Mining and Metallurgic Institute or the MEM revoke any of Gold Fields concessions, Gold Fields financial condition and results of operations could be adversely affected.

On June 24, 2004, the Peruvian Congress approved the Mining Royalty Law, which established a mining royalty that owners of mining concessions must pay to the Peruvian government for the exploitation of metallic and non-metallic resources. The mining royalties are calculated on a sliding scale with rates ranging from 1% to 3% over the value of mineral concentrates based on international market prices. As provided by the Mining Royalty Law, effective since January 26, 2007, the Peruvian Tax Authority is responsible for the collection of mining royalties. There can be no assurance that the Peruvian government will not impose additional mining royalties in the future or that they will not have an adverse effect on Gold Fields results of operations or financial condition.

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

Gold Fields exploration, mining and milling activities in Cerro Corona are subject to a number of Peruvian laws and regulations, including environmental and health and safety laws and regulations. All mines, including the Cerro Corona Project, must obtain environmental permits from the government. Matters subject to regulation include, but are not limited to, transportation, water use and discharges, power use and generation, use and storage of explosives, housing and other facilities for workers, reclamation, labor standards and mine safety and occupational health.

Gold Fields anticipates that additional laws and regulations will be enacted over time with respect to environmental matters and, potentially health and safety matters. The development of more stringent environmental protection programs in Peru could impose constraints and additional costs on Gold Fields operations in Peru. Existing or new health and safety laws and regulations could cause health and safety authorities to require Gold Fields to shut down all or a portion of the mine or to implement costly compliance measures. Any of these events could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Environmental and Regulatory Matters Peru Health and Safety.

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

Prior to acquiring South Deep from GFI Joint Venture Holdings (Proprietary) Limited (previously known as Barrick Gold South Africa (Pty) Limited, or BGSA), a subsidiary of Barrick Gold Corporation, or Barrick, and

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Gold Fields Operations Limited (previously known as 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. On August 21, 2008, Western Areas received a summons from Randgold and Exploration Company Limited, or R&E, and African Strategic Investment (Holdings) Limited. The summons claims that under prior ownership, Western Areas was part of a scam whereby JCI Limited unlawfully disposed of shares owned by R&E in Randgold Resources Limited and Afrikander Lease Limited, now known as Uranium One. See Information on the Company Legal Proceedings .

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, the majority of Gold Fields attributable proven and probable reserves are outside the current mining area and 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. Gold Field has re-modeled, re-evaluated, designed and scheduled the current mining area in accordance with Gold Fields standards and procedures. The proven and probable reserves for South Deep included in this annual report take account of this revised information as well as mining depletion through June 30, 2008. 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 to Rusoro Mining Limited, or Rusoro. 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 and as of the date of this annual report represents approximately 36% 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 Venezuela, 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 History.

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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 (as well as Gold Fields independent registered accounting firm) 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 September 30, 2008, Gold Fields had an aggregate of 1,000,000,000 ordinary shares authorized to be issued and as of that date an aggregate of 653,243,630 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 32,660,034 ordinary shares. As of June 30, 2008, 24,973,180 shares had been awarded under these plans.

Gold Fields employees and directors had outstanding, as of September 30, 2008, options to purchase a total of 13,258,584 ordinary shares at exercise prices of between Rand 20.90 and Rand 154.65 that expire between November 30, 2008 and September 1, 2014. Gold Fields has outstanding, as of September 30, 2008, 3,807,027 share appreciation rights at strike prices of between Rand 70.90 and Rand 125.28, which expire between March 24, 2009 and September 1, 2014, and 5,356,648 performance vesting restricted shares due to be settled between March 24, 2009 and September 1, 2011. 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 or settlements 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.

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 50,000,000 ordinary shares of Gold Fields, which it will be free to sell. 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 an interest in a platinum group metal exploration project. Gold Fields is 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 and has a 71.1% interest in each of the Tarkwa gold mine and the Damang gold mine in Ghana. Gold Fields also owns an 80.72% economic interest in the Cerro Corona Project, which started producing in the first quarter of fiscal 2009. On November 30, 2007, Gold Fields sold the Choco 10 gold mining operation in Venezuela.

In addition, Gold Fields has gold and other precious metal exploration activities and interests in Africa, Eurasia, Australasia, and the Americas. On November 26, 2007, Gold Fields disposed of its 60% holding in the Essakane exploration project located in Burkina Faso. See Exploration Gold Fields Greenfields Exploration Projects.

As of June 30, 2008, Gold Fields had attributable proven and probable reserves of approximately 80.5 million ounces of gold, as compared to the 89.7 ounces reported as of June 30, 2007. In both years, the reserves are based on the figures reported by Gold Fields mining operations, other than the South Deep operation. The fiscal 2007 reserves for South Deep are based on the number 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. The fiscal 2008 reserves for South Deep are based on the pre-acquisition South Deep operation reserve figures as declared by the independent reserve panel but take account of revised information based on Gold Fields re-modeling, re-evaluation, design and schedule of the current mining area in accordance with Gold Fields standards and procedures, as well as depletions through June 30, 2008 (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). In the year ended June 30, 2008, Gold Fields processed 50.4 million tons of ore and produced 3.915 million ounces of gold, of which 3.670 million ounces were attributable to Gold Fields.

History

Since the beginning of fiscal 2008, the following significant events have occurred:

On July 26, 2007, Gold Fields entered into an agreement with JCI Limited, or JCI, and Randgold & Exploration Company Limited, or R&E, pursuant to which JCI and R&E relinquished any rights they may have had to exploration rights on ground contiguous to the South Deep mine (commonly know as Uncle Harry s Area) held by Western Areas Prospecting Limited, a company 74% owned by Western Areas (now known as Gold Fields Operations Limited). Gold Fields paid JCI and R&E a total of Rand 400 million (U.S.$50 million).

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.$413 million comprising 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 and as of the date of this annual report represent approximately 36% 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.

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On November 26, 2007, Gold Fields disposed of its 60% holding in the Essakane exploration project located in Burkina Faso to Orezone Resources Inc., or Orezone, for a consideration comprising U.S.$152 million in cash and 41,666,667 common shares of Orezone having an aggregate subscription price of U.S.$48 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.

On March 17, 2008, Gold Fields, Gold Fields Mining Services Limited, or GFLMSL, Mvela Resources, GFIMSA and Mvela Gold entered into an agreement under which the parties agreed that the number of ordinary shares of Gold Fields which Mvela Gold will receive if either Gold Fields or Mvela Gold exercises the right to require the exchange of Mvela Gold s GFIMSA shares for ordinary shares of Gold Fields (as contemplated in the Subscription and Share Exchange Agreement), will be 50 million Gold Fields shares.

During fiscal 2008, Gold Fields participated in a placement of shares by Sino Gold Mining Limited, or Sino Gold for $77.8 million. In addition, Gold Fields invested an additional $31.6 million into Sino Gold during fiscal 2008 resulting in a total investment of $109.4 million in fiscal 2008. As a result of its participation in the private placement and its additional investment, Gold Fields increased its ownership of Sino Gold to 19.7%. Gold Fields and Sino Gold also agreed to reduce the project entry hurdle in their China-wide exploration alliance to three million ounce targets, down from five million ounces, substantially broadening the scope of the alliance. The alliance has begun negotiating various prospects of which the Benge joint venture, focused on a copper-gold porphyry in the Yunan province, is the most advanced. See Exploration Sino Gold Alliance .

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.

Group Structure[1]

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

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Strategy

General

Gold Fields strategy has evolved over time and is premised on the following three basic pillars:

- operational excellence, which is aimed at improving returns through the optimization of existing assets. This is achieved in the first instance through improving productivity. 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; 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.

Health and Safety

Safety has always been of critical importance to Gold Fields, but in light of a significant number of recent health and safety issues, including the deaths of 47 workers at Gold Fields mines during fiscal 2008, the Company has undertaken a renewed commitment to safety, making the safe operation of its mines its top strategic priority. Indeed, Gold Fields has publicly stated that it will not mine if it cannot mine safely. As part of its commitment, the Company has undertaken the following initiatives:

- revised Health and Safety plans were implemented at Gold Fields South African operations in the second quarter of fiscal 2008, and were reviewed for potential improvements and reenergized during the fourth quarter,

- in February 2008, the operational bonus system was changed to provide an equal weighting between production and safety performance. A similar principle has been applied to executive incentive compensation starting in fiscal 2009, with approximately 30% of executive bonus payments, including those of the chief executive officer, now linked to health and safety performance;

- full audits for compliance with the Gold Fields Full Compliance Health and Safety Management System (see Directors, Senior Management and Employees Employees Health and Safety Safety) are now to occur at least once a year, and quarterly or semi-annually until required levels of compliance are achieved;

- a comprehensive review of pillar and remnant mining across all operations has been undertaken, resulting in a reduction of planned pillar mining at the Driefontein and Kloof operations in South Africa;

- DuPont International has been commissioned to conduct a comprehensive safety audit across all of Gold Fields operations, covering all aspects of Gold Fields health and safety management systems, strategies and plans. The project commenced at the South African operations in May 2008 and is scheduled for completion by the end of October 2008, after which it will be extended to the international operations; and

a comprehensive review of the status of infrastructure across all of Gold Fields operations was initiated, which identified a number of items in South Africa that required immediate action to improve safety, including three instances requiring a suspension or curtailment of normal production. An external consultant has been appointed to audit the results of the review with the audit for the more critical shafts expected to be completed by the end of calendar 2008 and the audit for the remainder of the shafts expected to be completed in the first half of calendar 2009.

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Strategic Review

In connection with Nicholas Holland s appointment as Chief Executive Officer as of May 1, 2008, Gold Fields undertook a strategic review that concluded that the basic strategy remained robust and appropriate but that a number of both short-term and medium-term strategic adjustments needed to be made.

Short-term Priorities

Gold Fields has set itself the goal of returning to production of four million ounces of gold on an annualized basis during the third quarter of fiscal 2009, with a target of achieving Notional Cash Expenditure, or NCE, of approximately $725 per ounce (as calculated for management reporting purposes, using an exchange rate of R8.00 to $1.00).

Gold Fields defines notional cash expenditure, or NCE, as operating costs plus additions to property plant and equipment, and defines operating costs as production costs (exclusive of depreciation and amortization) plus corporate expenditure, employment termination costs and accretion expense on provision for environmental rehabilitation. Gold Fields reports NCE on a per ounce basis. Management considers NCE per ounce to be an important measure as it believes NCE per ounce provides more information than other commonly used measures, such as total cash costs per ounce, regarding the real cost to Gold Fields of producing an ounce of gold, reflecting not only the ongoing costs of production but also the investment cost of bringing mines into production. Management also believes that NCE per ounce is a useful indication of the cash Gold Fields has available to do things other than produce gold, such as paying taxes, repaying debt, funding exploration and paying dividends.

NCE is not a U.S. GAAP measure. An investor should not consider NCE or operating costs in isolation or as alternatives to production costs, cash flows from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. NCE and operating costs as presented in this annual report may not be comparable to other similarly titled measures of performance of other companies. See Operating and Financial Review and Prospects Results of Operations years Ended June 30, 2008 and 2007 Notional Cash Expenditure .

By achieving these targets, Gold Fields expects to restore positive cash flow generation at gold prices above the targeted NCE of $725 per ounce (as calculated for management reporting purposes, using an exchange rate of R8.00 to $1.00). The necessary steps for achieving these goals include:

- the ramp-up to full production of the Cerro Corona Project in Peru;
- completion of the CIL plant expansion project at the Tarkwa operation in Ghana
- the ramp-up to full production of new underground mines at the St. Ives operation in Australia; and
- the completion of infrastructure rehabilitation projects at the Driefontein, Kloof and South Deep operations in South Africa, with a subsequent ramp-up of production in South Africa to an annualized rate of approximately 2.3 million ounces.

In setting this target, Gold Fields has assumed that its projects will deliver as planned, its costs will increase only in line with inflation and there are no unforeseen external issues.

Medium-term Priorities

In the medium term, Gold Fields target is to reorganize, diversify and grow itself into a truly global gold producer, with a goal of approximately one million gold equivalent ounces per annum either in or close to production in each of West Africa, Australasia and South America, and approximately 2.3 million ounces in South Africa.

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Growth Projects

Owing to the shortage of large, viable gold projects, Gold Fields has lowered its size selection criteria compared to previous years. 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 2,000,000 (formerly 5,000,000) ounces of reserves; production rates in the range of 200,000 (formerly 500,000) gold equivalent ounces per year; and a positive internal rate of return at long-term gold prices that Gold Fields models conservatively. Gold Fields is prepared to consider projects with a higher risk profile if it believes they will offer superior returns. This position could result in consideration of additional multi-commodity targets such as copper-gold deposits or gold-silver type deposits.

Outside South Africa, the three key regions of West Africa, Australasia and South America have been identified as containing prospective emerging gold and mineral belts with medium to long term potential where Gold Fields has existing operational capabilities. The objective of Gold Fields presence is to grow each of these regions and to develop one million ounce per annum production profiles in each. Emphasis is also placed on reviewing non-geological aspects of prospective projects, such as social, political, environmental and commercial risks, ensuring that an appropriate risk versus reward tradeoff analysis is factored into the decision. In appropriate circumstances, Gold Fields will also consider opportunities outside its key regions of focus.

For acquisitions of assets or companies outside South Africa, 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, the government has indicated that its intention is to gradually phase out the remaining exchange controls over time and Gold Fields has a strong track record in development gaining approval for its acquisitions and growing its international operations.

Regional Restructuring

Gold Fields views itself as a truly global mining company, but believes that in some circles it is perceived as predominantly a South African company with a few international operations. In order to change this perception and be recognized as a global diversified company, Gold Fields has begun the process of restructuring its operations into four regions that will operate with more autonomy than under Gold Fields current structure: South Africa; West Africa; South America; and Australasia. Each of these regions will be led by a strong, entrepreneurial and appropriately resourced and incentivized management team, tasked with running the mines safely and efficiently, as well as driving and being significantly involved in the growth of the business within the region. The current corporate head office will be reduced in scope and size to serve as a brain trust , focused on overall strategy, the allocation of capital and strategic guidance for the regions. The corporate head office will also establish and monitor operational standards which will apply across the regions in areas such as, for example, safety, health and environmental issues, finance and human resources. Gold Fields intends to reduce the corporate office by redeploying resources to the regions rather than through large-scale retrenchments.

Hedging

Gold Fields policy remains not to 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 in one or more of the following circumstances: to protect cash flows at times of significant capital expenditures; 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, 2008

Methodology

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, 2008 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, 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

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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.

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.

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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]	3 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.

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 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.

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Reserve Statement

As of June 30, 2008, Gold Fields had aggregate attributable proven and probable gold reserves of approximately 80.5 million ounces as set forth in the following table.

Gold ore reserve statement as of June 30, 2008[1]

	Proven reserves Head Grade			Probable reserves Head Grade			Total reserves Head Grade		Attributable gold production in the 12 months ended June 30, 2008[2]
	Tons (million)	(g/t)	Gold (000 oz)	Tons (million)	(g/t)	Gold (000 oz)	Tons (million)	(g/t)	Gold (000 oz)	(000 oz)
Underground (UG)										
South Africa										
Driefontein (UG) (total)	19.7	7.6	4,834	51.6	8.8	14,671	71.3	8.5	19,505	855
Above infrastructure[3]	19.7	7.6	4,834	19.3	9.7	6,003	39.0	8.6	10,837	855
Below infrastructure[3]				32.3	8.3	8,668	32.3	8.3	8,668	
Kloof (UG) (total)	18.7	8.9	5,334	19.5	8.6	5,374	38.2	8.7	10,708	791
Above infrastructure[3]	18.7	8.9	5,334	17.2	8.7	4,790	35.9	8.8	10,124	791
Below infrastructure[3]				2.3	7.9	584	2.3	7.9	584	
South Deep (UG) (total)[6]	14.6	6.4	3,000	135.1	6.0	26,127	149.7	6.1	29,127	224
Above infrastructure[3][6]	14.6	6.4	3,000	68.5	6.3	13,812	83.1	6.3	16,812	224
Below infrastructure[3][6]				66.6	5.8	12,315	66.6	5.8	12,315	
Beatrix (UG) (total)	12.0	4.6	1,781	29.5	5.2	4,915	41.5	5.0	6,696	438
Above infrastructure[3]	12.0	4.6	1,781	26.5	5.2	4,435	38.5	5.0	6,216	438
Below infrastructure[3]				3.0	5.0	480	3.0	5.0	480	
Australia										
St. Ives	0.6	7.3	150	3.3	5.7	602	3.9	5.9	751	140
Agnew	0.4	8.3	106	1.7	9.2	494	2.1	8.9	600	138
Total Underground	**66.0**	**7.2**	**15,205**	**240.7**	**6.7**	**52,183**	**306.7**	**6.8**	**67,387**	**2,586**
Surface (Rock Dumps)										
Driefontein				9.1	0.7	197	9.1	0.7	197	73
Kloof				12.8	0.8	362	12.8	0.8	362	30
South Deep[6]										8
Surface (Production Stockpile)										
Ghana										
Tarkwa	2.7	0.7	60				2.7	0.7	60	
Damang				3.4	1.1	117	3.4	1.1	117	
Australia										
St. Ives	4.3	1.2	163				4.3	1.2	163	
Agnew	0.4	1.2	15				0.4	1.2	15	
Peru										
Cerro Corona	0.5	1.4	23				0.5	1.4	23	
Surface (Open Pit)										
Ghana										
Tarkwa	110.2	1.3	4,530	90.0	1.2	3,453	200.2	1.2	7,983	459[4]
Damang[5]	3.3	2.6	276	11.4	1.6	569	14.7	1.8	845	138[4]

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	Proven reserves			Probable reserves			Total reserves			Attributable gold production in the 12 months ended June 30, 2008[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)
Australia										
St. Ives[5]	0.2	4.0	20	17.5	1.7	945	17.7	1.7	965	278[4]
Agnew[5]										66[4]
Peru										
Cerro Corona	19.0	1.1	680	56.4	1.0	1,731	75.5	1.0	2,411	
Total Surface	**140.6**	**1.3**	**5,767**	**200.6**	**1.1**	**7,374**	**341.3**	**1.2**	**13,141**	**1,052**
Grand Total	**206.6**	**3.2**	**20,973**	**441.3**	**4.2**	**59,557**	**647.9**	**3.9**	**80,530**	**3,638**
Totals by Mine										
Driefontein	19.7	7.6	4,834	60.7	7.6	14,868	80.4	7.6	19,702	928
Kloof	18.7	8.9	5,334	32.3	5.5	5,736	51.0	6.8	11,070	821
South Deep[6]	14.6	6.4	3,000	135.1	6.0	26,127	149.7	6.1	29,127	232
Beatrix	12.0	4.6	1,781	29.5	5.2	4,915	41.5	5.0	6,696	438
Tarkwa	112.9	1.3	4,590	90.0	1.2	3,453	202.9	1.2	8,044	459
Damang	3.3	2.6	276	14.9	1.4	686	18.1	1.7	963	138
St. Ives	5.1	2.0	333	20.8	2.3	1,547	25.9	2.3	1,879	418
Agnew	0.8	4.7	121	1.7	9.2	494	2.5	7.7	615	204
Cerro Corona	19.5	1.1	704	56.4	1.0	1,731	75.9	1.0	2,435	
Grand Total	**206.6**	**3.2**	**20,973**	**441.3**	**4.2**	**59,557**	**647.9**	**3.9**	**80,530**	**3,638**

Notes:

(1) (a) Quoted as mill delivered metric 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 97.0%; (2) Kloof 97.6%; (3) Beatrix 96.1%; (4) South Deep 97.1%; (5) Tarkwa 97.0% for milling, 65.0% for heap leach; (6) Damang 93.6% to 94%; (7) St. Ives 94% to 95% for milling, 57% to 85% for heap leach; (8) Agnew 93.3%; and (9) Cerro Corona 55% to 75% for gold. The metallurgical recovery is the ratio, expressed as a percentage, of the mass of the specific mineral 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 150,000 per kilogram ($650 per ounce at an exchange rate of Rand 7.18 per $1.00) was applied in calculating ore reserve figures. For the Tarkwa and Damang operations, ore reserve figures are based on an optimized pit at a gold price of $650 per ounce. For the Cerro Corona gold reserves, the optimized pit is based on a gold price of $650 per ounce and a copper price of $1.75 per pound, which, due to the nature of the deposit, need to be considered together. For the Australian operations ore reserve figures are based on a gold price of A$750 per ounce ($650 per ounce at an exchange rate of A$1.15 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 25% higher in South African Rand terms, 18% higher in U.S. dollar terms and 5% higher in Australian dollar terms than the prices used for the June 30, 2007 declaration and reflect the effect of a consistently increasing gold price 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 beyond the updated current mining area for South Deep as declared by the Barrick Gold Western Areas Joint Venture (now, the

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South Deep Joint Venture) as at December 31, 2005, before its acquisition by Gold Fields, updated to June 30, 2008 for mining depletion. These historical 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 23%; (ii) Kloof 27%; (iii) Beatrix 18.6%; (iv) Tarkwa 11%; (v) Damang 15% for hydrothermal and 3% to 33% depending on the channel width of the reef for paleoplacer; (vi) St. Ives 10% to 16% (open pits) and 5% to 35% (underground); (vii) Agnew 12%; and (viii) 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 and 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 87%; (ii) Kloof 40%; (iii) Beatrix 58%; (iv) Tarkwa 108%; (v) Damang 100%; (vi) St. Ives 95% (open pits) and 60% to 100% (underground); and (vii) Agnew 94%.

(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 1,400 cm.g/t; (ii) Kloof 1,670 cm.g/t; (iii) Beatrix 910 cm.g/t; (iv) South Deep 4.24g/t to 5.24g/t (at South Deep, the values are expressed in g/t, as focus is on tonnage rather than square meters); (v) Tarkwa 0.34 g/t for heap leach and 0.50 g/t for mill feed; (vi) Damang 0.74 g/t for fresh ore and 0.38 g/t for oxide ore; (vii) St. Ives 0.35 g/t to 0.84 g/t for heap leach, 0.94 g/t to 2.8 g/t for mill feed open pit, and 2.9 g/t to 5.0 g/t for mill feed underground; (viii) Agnew 0.53 to 0.78 g/t for mill feed stockpiles, and 4.43 to 4.62 g/t for mill feed underground; and (ix) Cerro Corona $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.

(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 (1)(b) above.

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The following table sets forth the proven and probable copper reserves of the Cerro Corona Project as of June 30, 2008 that are attributable to Gold Fields.

Copper ore reserve statement as of June 30, 2008[1][2]

	Proven Reserves Grade			Probable Reserves Grade			Total Reserves Grade			Attributable copper production in the 12 months ended June 30, 2008 (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	19.5	0.6	253	56.4	0.5	604	75.9	0.5	856	

Notes:

(1) Metallurgical recovery factors have not been applied to the reserve figures. The approximate metallurgical factor for copper at Cerro Corona is 76% to 90%.

(2) For the copper reserves, the optimized pit is based on a gold price of $650 per ounce and a copper price of $1.75 per pound, which, due to the nature of the deposit, need to be considered together.

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 $650 per ounce used to estimate Gold Fields attributable gold reserves of 80.5 million ounces of gold as of June 30, 2008 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, 2008 listed above, but applying different gold prices that are 10% above and below the $650 per ounce gold price used to estimate Gold Fields attributable reserves, the attributable gold reserves of Gold Fields operations would have been as follows:

	$585/oz	$650/oz (000 oz)	$715/oz
Driefontein[1]	10,710[2]	19,702	20,265
Kloof[1]	8,885	11,070	11,432
Beatrix[1]	5,602	6,696	7,336
Tarkwa	6,565	8,044	9,279
Damang	909	963	1,034
St. Ives	1,777	1,879	1,922
Agnew	532	615	623
Cerro Corona[3]	2,435	2,435	2,435
Total[1][4]	37,415	51,403	54,325

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 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, 2008 for re-modeling at the current mining area only at this stage, 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.

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(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 Cerro Corona, 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 and Cerro Corona calculated in U.S.$, and applying an exchange rate of Rand 7.18 per $1.00 for the South African operations and A$1.15 per $1.00 for the Australian operations. Totals may not sum due to rounding. Where this occurs, it is not deemed significant.

The London afternoon fixing price for gold on October 31, 2008 was U.S.$730.75 per ounce. Gold Fields attributable gold reserves decreased from 89.7 million ounces at June 30, 2007 to 80.5 million ounces at June 30, 2008, primarily due to re-modeling, mining depletion, the sale of Choco 10 and a review of pillar mining.

The amount of copper mineralization that Gold Fields can economically extract, and therefore can classify as reserves, could be 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, 2008 listed above, but applying different copper prices that are 10% above and below the copper price of $1.75 per pound used to estimate Gold Fields attributable copper reserves, the attributable copper reserves of Gold Fields operations would have been as follows:

	$1.57/lb	**$1.75/lb**	**$1.93/lb**
	Copper (million lbs)		
Cerro Corona[(1)]	856	856	856

Note:

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

The London Metal Exchange, or LME, cash buyer price for copper on October 31, 2008 was U.S.$3,992.50 per tonne.

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 Driefontein operation, the Kloof operation, the Beatrix 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 significant portion of the world s recorded gold production since 1886.

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

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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 the Cerro Corona Project 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, Mining Operations Australia Operations Agnew , Gold Fields Mining Operations Peru Operations Cerro Corona Project .

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 copper and silver as by-products. 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.

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

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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. In South African mines, the 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. At the Australian operations, the broken ore is loaded straight from the stope face into trucks, using mechanical loaders, and hauled to the surface via the decline. 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 prior to the commencement of each fiscal year. The plans are based on financial parameters issued to the operation by Gold Fields Executive Committee. See Directors, Senior Management and Employees Executive Committee. The operational plan is presented to Gold Fields Executive Committee, which takes it to the Board 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 100 million (South Africa), A$15 million (Australia) and U.S.$15 million (Ghana/Peru) are submitted to the Gold Fields Board for approval. Material changes to the plans have to be referred back to the Executive Committee and the Board.

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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 Executive Committee 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, input costs and gold prices.

Processing

Gold Fields currently has 16 gold processing facilities (8 in South Africa, 4 in Ghana, 3 in Australia and 1 in Peru) which treat ore to extract gold and, in the case of Cerro Corona, copper. A typical 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 most 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.

At Cerro Corona, gold/copper concentrate is produced using a standard flotation process. The concentrate is then shipped to a smelter for further processing.

Productivity and Cost Initiatives

Towards the end of fiscal 2008, the Gold Fields South African operations reviewed a number of their productivity and cost projects in order to ensure that focus was only on those projects with substantial value beyond the next two to five years. The result of the review was the identification of a suite of projects called Project M , as noted below:

Project 1M *One meter extra face advance* is a productivity initiative primarily aimed at reversing the 8% reduction in face advance and thereafter increasing face advance by an extra meter per month by the end of fiscal 2010, through the application of basic and best mining practices.

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Project 2M *Mechanization of flat-end development*, which is development on the horizontal plane, is a technology sub-group initiative aimed at mechanizing all flat-end development at the long-life shafts by fiscal 2010 in order to improve safety and increase reserve flexibility.

Project 3M is a suite of projects focused on reducing energy and utilities consumption, work place absenteeism and surface costs. Project 3M comprises:

The Energy and Utilities Project which focuses on reducing, by ten per cent by fiscal 2010, the consumption of power, compressed air and water. It also aims to reduce diesel consumption by 20 per cent within a one-year period. This project is driven primarily at reducing the safety risk to employees of interruptible power supply, maintaining the integrity of equipment and machinery in the face of power supply risks and minimizing the erosion of operating margins due to higher power tariffs and oil prices.

Some of the key initiatives include on-line monitoring of power consumption, main fan vane controls, energy efficient lighting, energy efficient machinery and equipment and reducing air and water wastage through stope shut-off valves. In the case of diesel, although a comprehensive consumption review is underway, stricter controls have already been enforced, supported by the continued replacement of diesel with battery locomotives and outsourcing and upgrade of the old surface vehicle fleet.

The Unavailable Project focuses on reducing work place absenteeism by four per cent by fiscal 2010 in order to minimize the impact of lost shifts on production. Some of the key initiatives under this project include reducing unnecessary time spent by employees in training, work orientation and recruitment and health care assessment processes by creating a one-stop engagement and health assessment center, particularly for Driefontein and Kloof. Stricter controls have been implemented to manage sick leave and its abuse, while maintaining focus on continual improvement of wellness programs and employee and union relations.

The Above-ground Project focuses on reducing surface costs by at least R100 million per annum. Various initiatives are in place including review of surface labor, improving workshop performance, implementing salvage and reclamation programs, enhancing procurement processes, and efficient management and utilization of inventories through a vigorous application of standards and norms.

Uranium Project This project is focused on exploring the economic potential of processing the Gold Fields South African tailings dams and current horizons at Driefontein for the recovery of uranium and the related by-products. This project is being managed in two phases, namely, the Driefontein opportunity (the current horizons) and the historical tailings opportunity. A pre-feasibility study was completed on the Driefontein tailings at the end of 2007. A feasibility study on the Driefontein tailings and a pre-feasibility study on the historical tailings has been initiated at an anticipated cost of R160 million. It is expected that the feasibility study on the Driefontein tailings will be completed by the end of February 2009. The pre-feasibility study on the historical tailings is expected to be completed at the end of April 2009. The drilling of the historical tailings facilities on the West Wits has been accelerated in order to generate bulk sampling material for metallurgical testing. A financial model has been developed to evaluate the different treatment options and to determine the most suitable business model for this project. Partners will be brought in where required.

Refining and Marketing

South Africa

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

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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.

Ghana

All gold produced by Gold Fields at the Tarkwa and Damang mines in Ghana is refined by Rand Refinery pursuant to two non-exclusive evergreen 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 for gold received, and a realization fee for gold refined. Each of these agreements continues until either party terminates it upon 90 days written notice.

Australia

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 evergreen agreement which became effective on September 1, 2002. The agreement is between St. Ives Gold Mining Company Pty Ltd, Agnew Gold Mining Company Pty Ltd and AGR Matthey. AGR Matthey applies competitive charges for the collection, transport and refining services. The collection and transportation fees are calculated by the weight of the unrefined gold and a nominal fixed fee component. The refining fees are calculated per ounce of refined gold produced which includes small refining losses of both gold and silver. AGR Matthey takes responsibility for the unrefined gold at collection from St. Ives and Agnew where they engage a sub-contractor, Brinks Australia. Brinks delivers the unrefined gold to AGR Matthey in Perth, Australia where it is refined and the refined ounces of gold are credited to the relevant metal accounts held by St. Ives and Agnew with AGR Matthey. St. Ives and Agnew then inform Gold Fields treasury in the corporate office in Johannesburg of the amount of fine gold available for sale in Perth, Australia. After such confirmation, Gold Fields treasury either sells the gold directly to AGR Matthey, at the London afternoon fixing price, or swaps it into London for a competitive fee per ounce, meaning AGR Matthey provides that volume of fine gold in London for sale by Gold Fields. 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 in London is instructed by Gold Fields to deliver the gold to the relevant counterparty bank. The agreement with AGR Matthey continues indefinitely until terminated by either party upon 90 days written notice.

Peru

La Cima has three contracts for the sale of the entire output of concentrate from the Cerro Corona mine, one with a Japanese refiner, one with a South Korean refiner and one with a German refiner. Two of the contracts expire on December 31, 2015, while the third contract expires on December 31, 2014. Under these contracts, La Cima is to sell approximately one-third of the concentrate to each company and to use reasonable efforts to spread the deliveries evenly throughout the year. Risk passes when the concentrate is loaded in the port of Salaverry, Peru or an alternative port chosen by La Cima. Pricing for copper and gold under each of the contracts is based on average LME copper prices and London Bullion Market Association gold prices, respectively.

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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 and Damang 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 Cerro Corona and conducts some processing of surface rock dump material at Driefontein and Kloof. Tarkwa, Damang and Cerro Corona are open pit mines and Tarkwa and Damang 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 2006, 2007 and 2008 for all operations owned by Gold Fields during 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. The results of operations for mines sold during the relevant period are included through the date of execution of the sale agreement, which was November 30, 2007 for Choco 10.

	Year ended June 30,		
	2006[1]	**2007**	**2008**
Production			
Tons (000)	49,366	52,166	50,376
Recovered grade (g/t)	2.7	2.6	2.4
Gold produced (000 oz)[2][3]	4,348	4,285	3,915
Results of operations ($ million)			
Revenues	2,282.0	2,735.2	3,206.2
Total production costs[3]	1,825.8	2,052.5	2,387.9
Total cash costs[4]	1,469.3	1,692.5	1,975.2
Cash profit[5]	812.7	1,042.7	1,231.0
Cost per ounce of gold ($)			
Total production costs	419	482	610
Total cash costs	338	394	505
Notional cash expenditure per ounce of gold produced ($)[6]	441	596	822

Notes:

(1) Amounts for fiscal 2006 have been adjusted due to the change in accounting principle in fiscal 2007 regarding ore reserve development costs, which were previously expensed and are now capitalized.

(2) In fiscal 2006, 4.074 million ounces were attributable to Gold Fields, in fiscal 2007, 4.024 million ounces were attributable to Gold Fields and in fiscal 2008, 3.670 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana and Venezuela operation during fiscal 2006 and 2008 and attributable to minority shareholders in the Ghana, Venezuela and South Deep operations in fiscal 2007.

(3) For a reconciliation of Gold Fields total production costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

(4) For a reconciliation of Gold Fields total cash costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

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

(6)

For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

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Underground Operations

The following chart details the operating and production results for Gold Fields underground operations for fiscal 2006, 2007 and 2008. 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 December 1, 2006 for South Deep.

	Year ended June 30,		
	2006[1]	2007	2008
Production			
Tons (000)	12,831	13,386	12,017
Recovered grade (g/t)	7.1	6.7	6.7
Gold produced (000 oz)[2][3]	2,915	2,884	2,585
Results of operations ($million)			
Revenues	1,526.1	1,840.2	2,100.5
Total production costs[3]	1,264.0	1,346.4	1,535.0
Total cash costs[4]	996.4	1,086.5	1,244.7
Cash profit[5]	529.7	753.7	855.8
Cost per ounce of gold ($)			
Total production costs	433	474	594
Total cash costs	342	377	481

Notes:

(1) Amounts for fiscal 2006 have been adjusted due to the change in accounting principle in fiscal 2007 regarding ore reserve development costs, which were previously expensed and are now capitalized.

(2) In fiscal 2006, all 2.915 million ounces were attributable to Gold Fields, in fiscal 2007, 2.882 million ounces were attributable to Gold Fields with the remainder attributable to minority shareholders in South Deep, and in fiscal 2008, all 2.585 million ounces were attributable to Gold Fields.

(3) For a reconciliation of Gold Fields total production costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

(4) For a reconciliation of Gold Fields total cash costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

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

Tons milled from the underground operations decreased from 13.4 million tons in fiscal 2007 to 12.0 million tons in fiscal 2008. At the South African operations, the decrease was mainly due to the power disruptions experienced in the second half of fiscal 2008. The amount of gold produced from underground operations decreased from 2.884 million ounces in fiscal 2007 to 2,585 million ounces in fiscal 2008. This decrease was due to the lower mining volumes achieved due to the power disruptions as the average underground yield remained constant at 6.7 grams per ton in fiscal 2007 and fiscal 2008.

Surface Operations

The following chart details the operating and production results for Gold Fields surface operations for fiscal 2006, 2007 and 2008. Surface operations include all of the mines in the Ghana, Venezuela and Peru operations, the open pit portions of the mines in the Australian operations and the surface rock dump material at

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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. The results of operations for Choco 10 are included only through the date of the sale, which was November 30, 2007.

	Year ended June 30,		
	2006	2007	2008
Production			
Tons (000)	36,535	38,780	38,359
Recovered grade (g/t)	1.2	1.1	1.1
Gold produced (000 oz)[1]	1,433	1,401	1,330
Results of operations ($million)			
Revenues	755.9	895.0	1,105.7
Total production costs[2]	561.8	706.1	852.9
Total cash costs[3]	472.9	606.1	730.5
Cash profit[4]	283.0	289.0	375.2
Cost per ounce of gold ($)			
Total production costs	292	504	642
Total cash costs	330	432	550

Notes:

(1) In fiscal 2006, 1.159 million ounces were attributable to Gold Fields, in fiscal 2007, 1.142 million ounces were attributable to Gold Fields and in fiscal 2008, 1.085 million ounces were attributable to Gold Fields, with the remainder attributable to both the Ghana and Venezuela operations in fiscal 2006 and 2008 and attributable to minority shareholders in Ghana, Venezuela and South Deep in fiscal 2007.

(2) For a reconciliation of Gold Fields total production costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

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

Tons milled and treated from the surface operations decreased from 38.8 million tons in fiscal 2007 to 38.4 million tons in fiscal 2008, primarily because of mining more high grade hard rock from the main pit cutback at Damang and fewer tons from Choco 10 sold during the year.

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 fiscal year ended June 30, 2008, it produced 0.928 million ounces of gold. As of June 30, 2008, Driefontein had approximately 18,200 employees, including approximately 1,300 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 (the ore from which is currently hoisted via Shaft No. 8) and 8, 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 Sub-Vertical, employ the closely spaced dip pillar mining method. This method provides additional mining flexibility. During fiscal 2008, the mine experienced increased seismicity, impacting on the footwall development at Shaft No. 1 and Shaft No. 5. The damage to development infrastructure was exacerbated by a backlog in secondary support in these shafts. This caused significant delays in the development for the fiscal year. A comprehensive strategy is in place to increase the support density in off-reef development, including re-deployment of development crews to install secondary support and the recruitment of a approximately 700 additional personnel to establish additional secondary support crews. Gold Fields believes this will limit the deterioration of footwall infrastructure due to seismicity.

A seismic event on April 28, 2008 at Shaft No. 10, which resulted in four people losing their lives, led to the suspension of mining operations at the shaft, as well as a comprehensive pillar mining review across the mine which resulted in the permanent stoppage of mining of the higher risk pillars. Activity at Shaft No. 10 is now limited to clean-up, reclamation and salvaging. In fiscal 2008, Driefontein suspended the Shaft No. 9 deepening project, due to power constraints.

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

	Year ended June 30,		
	2006[1]	2007	2008
Production			
Tons (000)	6,867	6,652	5,981
Recovered grade (g/t)	5.2	4.8	4.8
Gold produced (000 oz)	1,150	1,017	928
Results of operations ($million)			
Revenues	599.9	648.2	756.8
Total production costs[2]	451.5	425.9	477.6
Total cash costs[3]	362.4	355.0	384.5
Cash profit[4]	237.5	293.2	372.3
Cost per ounce of gold ($)			
Total production costs	393	419	515
Total cash costs	315	349	414
Notional cash expenditure per ounce of gold produced ($)[5]	403	481	584

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Notes:

(1) Amounts for fiscal 2006 have been adjusted due to the change in accounting principle in fiscal 2007 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 Operating and Financial Review and Prospects Results of Operations .

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

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

(5) For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

The decrease in tonnage from fiscal 2007 to 2008 was primarily due to power constraints. Gold production also decreased primarily due to power constraints.

The closure of the lower grade Shaft No. 7, as well as the suspension of mining at the lower grade lowest portion of Shaft No. 6 as a result of reductions in power supply resulted in an improved underground yield, and there was also an improved surface yield. However, greater reliance on surface tonnage was insufficient to offset the underground production losses caused by the disruption to power supply and this increased production from lower grade surface resources resulted in the average grade remaining constant year on year. Gold Fields experienced an increase in total cash costs and total production costs per ounce of gold from fiscal 2007 to fiscal 2008 at Driefontein, mainly due to the reduced gold production, and an increase in the cost of labor and commodities.

In order to improve operational excellence, Driefontein focused in fiscal 2008 on the implementation of various new technologies and initiatives. These initiatives are aimed at improving mining efficiencies and streamlining the mining process. They include the introduction of development drill rigs, Hilti drills and a boxhole borer at Shaft No. 5. In addition, Driefontein is introducing modern battery operated locomotives at Shaft Nos 1, 4 and 5 to reduce the reliance on diesel locomotives at those shafts.

The Driefontein operation is engaged in both underground and rock dump mining, and is thus subject to all of the underground and rock dump 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 2008, Driefontein experienced one fall of ground that resulted in three workers losing their lives. Driefontein has instituted a number of initiatives to reduce the risks posed by seismicity, including a detailed analysis of previous seismic events, preconditioning and backfilling, the use of hydraulic props, monitoring seismic risk parameters to allow quicker reactions to changes and centralized blasting. Also, Gold Fields has contracted Dupont International to conduct a safety audit of all its mining operations including Driefontein.

On January 24, 2008, Gold Fields suspended all mining activity at its South African operations, due to Eskom requesting their Key Industrial Consumers, of which Gold Fields is one, to reduce consumption to the minimum possible load. On January 28, 2008, the power supply was restored to 71% of total average consumption allowing Gold Fields to begin ramping up production at its South African operations. 50% of Gold Fields normal electrical consumption is required simply to pump, ventilate and refrigerate its operations. Therefore, the amount available on January 28, 2008, was sufficient for essential maintenance, pumping, ventilation, refrigeration, opening up faces and ensuring working areas were safe to operate, but not for production or beneficiation purposes. On January 29, 2008, 80% of total average consumption was restored to

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Gold Fields mines and Eskom authorized mines to increase their power load from 80% to 90% on February 1, 2008. On March 7, 2008, the South African mining industry was allocated an additional 260 MW of power and on Friday, March 14, 2008, Eskom informed Gold Fields of its portion of the additional amount, which Gold Fields has allocated to its Kloof and Driefontein mines. These allocations increased the total power available to Gold Fields South African mines to approximately 95% of the historical average consumption profile at Driefontein and Kloof, and 90% at the Beatrix and South Deep mines. See Risk Factors Some of Gold Fields power suppliers have forced it to halt or curtail activities at its mines, due to severe power disruptions. Power stoppages, fluctuations and power cost increases may adversely affect Gold Fields results of operations and its financial condition .

The reduction in power supply resulted in a decline in the tonnage milled as well as gold production at Driefontein. The initial reduction in power consumption resulted in the early closure of Shaft No. 7, the temporary closure of Shaft No. 6 and the suspension of sinking operations at Shaft No. 9. The restricted power supply resulted in approximately 1,600 contractor jobs being terminated across the mine as a result of replacing contractors with Gold Fields employees in an effort to minimize job losses.

Production at Shaft No. 6 was initially stopped following the power reductions, and employees at the shaft were relocated to other shaft operations to replace contract labor. At the end of the fiscal year, the process of recruitment of labor for Shaft No. 6 was still ongoing, and production is steadily being increased at the shaft. Certain areas of Shaft No. 7, which are accessible from Shaft No. 8, are also being mined at present. The total mine is currently being operated at approximately 90% of average historical power consumption. Sinking operations at Shaft No. 9 have been suspended indefinitely. Gold Fields plans to continue to perform essential maintenance on the shaft so that the deepening project may be resumed quickly if Gold Fields decides to do so.

In the interim, Driefontein will continue with the drilling program in the area below the lowest area currently being mined, targeting the area expected to be accessed by Shaft No. 9. Two conceptual studies on the mechanization of the mining method at Shaft No. 9 were completed in fiscal 2008. The feasibility study on the mechanization of the project, as well as the appropriate application of new technology, will continue in fiscal 2009. Driefontein continued to process low grade surface material in fiscal 2008, for which the biggest risk is a 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. Grade management is undertaken through the screening of material to separate out the smaller fraction sizes of ore, which tend to be higher 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.

In total during fiscal 2008, there were twelve fatalities at Driefontein and, to date in fiscal 2009, there have been three fatalities. Of the twelve fatalities, eight occurred in seismic events, three in tramming related accidents and one in a truck accident. The serious injury frequency rate for fiscal 2008 was 4.4 serious injuries for every million hours worked, reflecting an improvement as compared to the serious injury frequency rate of 7.1 for fiscal 2007 and 7.4 for fiscal 2006. The fatal injury frequency rate decreased from 0.28 in fiscal 2007 to 0.26 fatalities for every million hours worked in fiscal 2008. In fiscal 2006, the fatal injury frequency rate was 0.33 fatalities for every million hours worked.

Driefontein has received instructions after each recent major mine incident or accident from the Principal Inspector of the Gauteng area of the Department of Minerals and Energy, or DME, to stop some or all of its mining operations. Driefontein complied with these instructions and, following compliance with the DME s requirements, production resumed after each instruction. The DME conducted several inspections at Driefontein. In October 2007, former President Thabo Mbeki ordered the DME to conduct an occupational health and safety audit at all mines, including Gold Fields mines. The audit of legal compliance has been completed and a report of its finding is expected in the near future. See Information on the Company Environmental and Regulatory Matters South Africa Health and Safety .

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Gold Fields also conducted an internal audit to measure Driefontein s compliance with the Gold Fields Full Compliance Health and Safety Management System. Although there was significant improvement on the previous audit done in 2006, the conclusion was that the implementation of the system at Driefontein is not satisfactory and further effort will be required. See Directors, Senior Management and Employees Employees Safety . Driefontein maintained its Occupational Health and Safety Assessment Series, or OHSAS, 18001 certification through external audits conducted in fiscal 2008.

On December 4, 2007, there was a one-day, industry-wide work stoppage in South Africa that affected the Driefontein operation. On August 6, 2008, there was a national stay away organized by COSATU to protest the energy crisis. For more information about labor relations at Driefontein, see Directors, Senior Management and Employees Employees Labor Relations South Africa. 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 is exploring a number of options in response to this shortage including restructuring remuneration packages for certain skilled employees.

The total shaft hoisting capacity of Driefontein is detailed below.

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

Note:

(1) Shaft No. 7 is currently closed with ore being hoisted via Shaft No. 8.

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, 2008 proven and probable reserves of 19.7 million ounces of gold will be sufficient to maintain production through approximately fiscal 2041. 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 factors during the fiscal year ended June 30, 2008, 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, 2008 (tons/month)**	**Approximate recovery factor for the year ended June 30, 2008[3]**
No. 1 Plant	1972	SAG milling	CIP treatment and electrowinning	240,000	225,174	97.5%
No. 2 Plant	1964	SAG/ball milling	CIP treatment[3]	200,000	178,994	96.1%
No. 3 Plant	1998	SAG milling	CIP treatment[3]	115,000	94,289	93.0%

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) 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 be achieved.

In fiscal 2008, the Driefontein plants collectively extracted approximately 97.1% of the gold contained in ore delivered for processing.

Capital Expenditure

Gold Fields spent approximately $140 million on capital expenditures at the Driefontein operation in fiscal 2008, primarily on 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 the ongoing process of complying with the International Cyanide Management Code. Gold Fields has budgeted approximately $127 million of capital expenditures at Driefontein for fiscal 2009, principally for ore reserve development, shaft pillar extraction at Shaft No. 4, upgrading and building of accommodation units, continued implementation of new technology such as development drill rigs and a box hole borer and the introduction of battery locomotives.

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 total area of approximately 20,100 hectares. It is principally an

underground operation, with surface rock dump material being processed at both Kloof and South Deep plants. 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

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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, 2008, it produced 0.821 million ounces of gold. As of June 30, 2008, Kloof had approximately 16,900 employees, including approximately 1,400 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, although Shaft No. 1 is scheduled to be closed for the first six months of fiscal 2009 for maintenance.

In fiscal 2008, Kloof faced challenges in meeting several of its planned production targets. Planned production was severely affected by the Eskom power crisis in the third quarter, with all mining activities during that quarter adversely affected by Eskom s power rationing. Production was also adversely affected by a slow return to standard production levels following the Christmas break, a number of safety related shaft and full mine production stoppages during the year and an illegal stay-away by some miners at Kloof for two months beginning on June 11, 2008. The grade of ore was lower than anticipated in the third and fourth quarters due to an unforeseen amount of lower grade slope reef, which was thinner than the surrounding areas. This compromised the mining flow as crews continually had to be moved to more economical areas. Although grade variability of the primary VCR reef was high, total underground average yield was 2% higher than in fiscal 2007.

The planned extraction of the high-grade Shaft No. 1, or Main Shaft, pillar has been deferred until 2014 after an external audit review by GroundWorks Consulting revealed that the geotechnical information concerning the Main Shaft pillar area is insufficient to guide the pillar extraction and associated activities required to assist in the safe and profitable extraction of this pillar. Collection of detailed geotechnical information is also required to allow future modeling of the pillar. Gold Fields believes the risks associated with the extraction without this information are too high. However, a substantial portion of the support infrastructure necessary to begin mining the pillar is already in place. At Shaft No. 4, mining plans are on track to establish multiple access points to the reef, to continue de-bottlenecking plans with improved infrastructure layouts and to generally improve environmental conditions with the commissioning of an additional refrigeration plant which is in the final phase of completion. Shaft No. 7 has all major infrastructure in place and working conditions are conducive to

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production delivery. Shaft No. 8 has reduced remnant mining on the VCR horizon due to the presence of complex geological structures which have to be negotiated and which result in reef elimination and gold losses. 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.

In the second quarter, there were a number of stoppages as a result of instructions given by the DME. As a result of a fatal accident at Shaft No. 8, all pillar mining was stopped for a period of five days while the pillars were fully reviewed. In addition there was a four day, mine-wide stoppage for a safety review. The mine experienced a fire at the sub-vertical portion of Shaft No. 2 which lasted for 16 days and caused a loss of production during that time. As of the date of this annual report, approximately 50% of the pillars scheduled to be mined at Shaft No. 8 are not being mined due to safety concerns. In the fourth quarter, further safety related production stoppages ordered by the DME and an illegal miners stay-away adversely affected production.

Short term grade management is well entrenched and together with the newly launched Mine Call Factor and Quality management program it is envisaged that the full potential of the mining grade can be realized. The objectives of the quality management program are to ensure that the mine reduces the loss of grade between the mine and the plant, to optimize the size of rock fragments delivered to the plant and to ensure that effective cleaning methods of ore accumulations are employed. The resource definition drilling for the Kloof Extension area (KEA) was completed in fiscal 2008. The KEA project in its contemplated format has been terminated due to new interpretation of the grade of the geological facies. A modified KEA project has been initiated and a pre-feasibility study is underway. In addition, Kloof 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,		
	2006[1]	2007	2008
Production			
Tons (000)	3,666	3,829	3,953
Recovered grade (g/t)	7.8	7.5	6.5
Gold produced (000 oz)	914	923	821
Results of operations ($million)			
Revenues	479.3	587.0	660.9
Total production costs[2]	426.8	423.1	445.6
Total cash costs[3]	341.7	338.6	354.6
Cash profit[4]	137.6	248.4	306.3
Cost per ounce of gold ($)			
Total production costs	467	458	543
Total cash costs	374	367	432
Notional cash expenditure per ounce of gold produced ($)[5]	473	501	602

Notes:

(1) Amounts for fiscal 2006 have been adjusted due to the change in accounting principle in fiscal 2007 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 Operating and Financial Review and Prospects Results of Operations .

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

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

(5) For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

Gold production for fiscal 2008 decreased by 11% to 0.821 million ounces from 0.923 million ounces in fiscal 2007, as the mining was affected by business interruptions that resulted in a number of work stoppages. Recovered grade dropped from 7.5 g/t in fiscal 2007 to 6.5 g/t in fiscal 2008, primarily due to a decrease in tonnage and grade from underground sources due to numerous business interruptions, lower grade ore mined at Shaft No. 7 in the third quarter, seismicity, logistical constraints in a portion of Shaft No. 3 and an increase in surface sources milled at a lower grade. Total cash costs per ounce increased in fiscal 2008, due to normal inflationary pressure such as increases in wages and the cost of steel and power together with a decrease in gold sales. Operating margins were positively impacted due to the higher average gold price received during the year.

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

As discussed in regards to Driefontein, the Kloof operations experienced a total suspension of production during the third quarter of fiscal 2008 due to power constraints. See Information on the Company Gold Fields Mining Operations Driefontein Operation Mining. Some of Gold Fields power suppliers have forced it to halt or curtail activities at its mines, due to severe power disruptions. Power stoppages, fluctuations and power cost increases may adversely affect Gold Fields results of operations and its financial condition . Gold Fields currently plans to operate Kloof at 90% of its historical average consumption. Production at Shaft Nos. 1, 2, 4 and 7 has not been affected by the power restrictions. Following the suspension of operations, Gold Fields re-examined its mine plan and scaled back production plans at Shaft Nos. 3 and 8 at Kloof. Shaft No. 3 will mine the eastern area together with a maximum of 2 levels of mining at any one time. Shaft No. 8 is building back up to normal production levels.

Fifteen workers lost their lives at Kloof in fiscal 2008, in 11 separate incidents, including 6 incidents related to fall of grounds, 2 to tramming, 1 to conveyance, 1 to explosion and 1 as a result of a mud rush. There were 11 fatalities in fiscal 2007. To date in fiscal 2009, there have been two fatalities at Kloof. The serious injury frequency rate at Kloof in fiscal 2008, 2007 and 2006 was 6.3, 7.0 and 8.3 injuries per million hours worked, respectively. The fatality frequency rate in fiscal 2008, 2007 and 2006 was 3.3, 0.23 and 0.37 fatalities per million hours worked, respectively. Additionally, Shaft No. 7 achieved one million fatality-free shifts in November 2007 and Kloof as a whole achieved one million fatality-free shifts in June 2008. Management is committed to reducing serious injuries and fatalities at Kloof through its safety programs, including the Kloof *Eyethu* team development program, the Sawubona Kusasa initiative and an incident reporting initiative entitled Cabanga Inyoka. To date, 72% of all employees have been through the Sawubona Kusasa Training and positive feedback has been received from follow-up audits on all shafts. See Directors, Senior Management and Employees Employees Safety . Kloof maintained its OHSAS 18001 certification through external audits conducted in fiscal 2008. In October 2007, former President Thabo Mbeki ordered the DME to conduct an occupational health and safety audit at all mines, including Gold Fields mines. The audit of legal compliance has been completed and a report of its finding is expected in the near future. See Information on the Company Environmental and Regulatory Matters South Africa Health and Safety .

In fiscal 2008, Kloof experienced two days of production loss due to a wildcat 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. In the third quarter, a slow start-up after the traditional Christmas break caused

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partially by absenteeism and a miners strike affected production. In the fourth quarter of fiscal 2008, the dismissal of 217 striking miners resulted in a further 2 months of lower production, lasting into fiscal 2009. On August 6, 2008, there was a national stay away organized by COSATU to protest the energy crisis. 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, 2008 proven and probable reserves of 10.7 million ounces of gold will be sufficient to maintain production through approximately fiscal 2023. 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, 2008, 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, 2008 (tons/month)	Approximate recovery factor for the year ended June 30, 2008[2]
No. 1 Plant	1968	Traditional crushing and milling	CIP treatment[3]	180,000	153,930	98%
No. 2 Plant	1990	SAG milling	CIP treatment and electrowinning	150,000	147,280	98%

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.

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In fiscal 2008, the Kloof plants collectively extracted approximately 98% of gold contained in ore delivered for processing. An outside contractor, Jet Demolition, has completed the demolition phase of No. 3 Plant. The gold rehabilitation phase was completed in fiscal 2007 and the environmental rehabilitation phase is scheduled to commence in fiscal 2009.

Capital Expenditures

Gold Fields spent approximately $124 million on capital expenditures at the Kloof operation in fiscal 2008, primarily on development at Shaft No. 4, the Shaft No. 1 pillar extraction, track upgrades, a social labor plan, which includes things like new housing and upgrades on current accommodations, and ore reserve development. Gold Fields expects to spend approximately $152 million on capital expenditures in fiscal 2009, primarily on development at Shaft No. 4, the social labor plan, emergency power generators, compliance with the International Cyanide Management Code, Shaft No. 1 steelwork 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 an underground only 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 centers where it can routinely obtain needed supplies. In the fiscal year ended June 30, 2008, Beatrix produced 0.438 million ounces of gold. As of June 30, 2008, Beatrix had approximately 13,000 employees, including approximately 1,350 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.

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Mining

Beatrix is 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).

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 2008, management continued to focus on increasing development volumes at all shafts to provide future mining flexibility and ore body definition. However, cessation of activities on some levels and an interruption in exploration drilling due to the January 2008 power crisis, as well as delays associated with water intersections, resulted in a 9% decrease in development volumes at Beatrix in fiscal 2008, as compared to fiscal 2007. The emphasis on development volumes is planned to continue in fiscal 2009.

Overall stoping volumes at each mining section decreased by approximately 12% between fiscal 2007 and 2008. Development was lower in fiscal 2008 relative to fiscal 2007 due to power interruptions and a number of delays associated with water intersections and structural drilling. No shafts were closed or opened in fiscal 2008.

At the North Section in fiscal 2008, activity at Shaft No. 3 focused upon continued haulage development and building up stoping production to full production at the shaft. In general, development and stoping volumes were in line with expectations but were lower year on year due to power shortages in January 2008, a declining face advance per blast and overall lower crew efficiencies. The overall mining grade at the North Section remained constant year on year and gold output was affected by the lower mine call factor and volumes at that section. 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.

The South Section maintained volumes in fiscal 2008 at an improved grade. This, coupled with a positive reduction in stope width, contributed to improved economics and earnings at that section.

The performance at Shaft No. 4 regressed in fiscal 2008 primarily as a result of lower stoping volumes associated with delays in logistics close to the stoping horizon. Shaft No. 4 was nominally impacted in fiscal 2008 by geological structure delays, adverse ground conditions and the impact of swelling of clay due to water absorption on access tunnels at the West Section, the effects of which were limited by remedial action. These issues were further compounded by numerous middle and senior management changes due to skills retention difficulties caused by the global mining boom. The KKR, which was historically characterized as being a highly erratic reef structure, is tending to exhibit greater reef consistency in Zone 5.

The overall mine call factor, or MCF, remained a major technical and operational challenge for the first nine months of fiscal 2008. Renewed efforts during the year coupled with training and in-stope behavior changes, such as revised drilling patterns and explosives usage, to reduce the loss of free gold content within the various Beatrix reefs were undertaken. Further, an external review of mining quality conducted early in the year found that blasting was producing rock size that was too small and therefore a change in explosive type and drilling and blasting practices was required. Implementation of these recommendations remains ongoing.

The program initiated to address the above external review recommendations and the clean-up of accumulated broken rock and mud in the mine resulted in a positive change in the MCF trend and metrics during the fourth quarter of fiscal 2008.

In fiscal 2008, ongoing improvements were made to rail tracks and ventilation conditions, largely through the installation of new bulk air coolers. New, modern 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

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mining volumes, and they are expected to continue in fiscal 2009. Lower grade and marginal mining activities continued to be curtailed at Beatrix in fiscal 2008, despite the increasing gold price, as the mine plans to maintain operating margins. Where appropriate, localized sections of lower grade material were extracted when determined to be economical at the South and North Sections during fiscal 2008, and this is expected to continue in the future on a nominal basis.

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. Additional cooling installations are planned on the lower levels at Shaft No. 4, which will replace the mid-shaft cooling system. These cooling systems are expected to be installed during the third quarter of fiscal 2009.

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, initial development work commenced 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 2009. Development of this area commenced in fiscal 2008. 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 could commence in fiscal 2010.

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

	Year ended June 30,		
	2006[1]	2007	2008
Production			
Tons (000)	3,551	3,590	3,215
Recovered grade (g/t)	5.2	4.7	4.2
Gold produced (000 oz)	596	543	438
Results of operations ($million)			
Revenues	312.9	344.9	359.7
Total production costs[2]	253.3	247.5	269.4
Total cash costs[3]	210.8	205.6	228.0
Cash profit[4]	102.1	139.3	131.7
Cost per ounce of gold ($)			
Total production costs	425	455	615
Total cash costs	354	378	520
Notional cash expenditure per ounce of gold produced ($)[5]	487	552	724

Notes:

(1) Amounts for fiscal 2006 have been adjusted due to the change in accounting principle in fiscal 2008 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 Operating and Financial Review and Prospects Results of Operations .

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

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

(5) For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

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The decrease in tonnage milled from fiscal 2007 to fiscal 2008 was primarily due to lower overall stoping volumes associated with the power constraints at all shafts and higher levels of work stoppages on both a local and national basis. Gold production was lower in fiscal 2008 and the overall recovered grade in fiscal 2008 decreased due to fluctuating yields received from underground ore, as well as an overall decline in ore mined during the second half of the year as a result of power disruptions.

No surface tonnage was processed during the year as values contained within the remaining dumps remain uneconomical at prevailing gold prices. Beatrix will continue to examine and review these low grade dumps under the dynamics of variable gold prices.

The increase in total cash costs and total production costs per ounce of gold from fiscal 2007 to fiscal 2008 resulted primarily from the reduced gold produced and the increases in labor and electricity 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, winches, ventilation control 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.

As discussed in regards to Driefontein, the Beatrix operations experienced a total suspension of production during the third quarter of fiscal 2008 due to power constraints. Power has been restored to 90% of the historical average consumption profile and Gold Fields believes that Beatrix can be fully functional at current levels of electricity supply owing to the shallower depth at which Beatrix operates. Beginning in March 2008, power savings initiatives and programs were implemented to conserve energy and improve efficiencies. These programs include intensive control room monitoring and management and reducing refrigeration consumption in the presence of favorable ambient temperatures. The mine continues to implement energy savings projects relating to ventilation, water usage and pumping, conservation of energy principles and overall energy awareness and usage minimization. Current mine planning and project implementation have taken these power constraints into account and are aligned with power availability. See Risk Factors Some of Gold Fields power suppliers have forced it to halt or curtail activities at its mines, due to severe power disruptions. Power stoppages, fluctuations and power cost increases may adversely affect Gold Fields results of operations and its financial condition and Information on the Company Gold Fields Mining Operations Driefontein Operation Mining .

In April 2008, Beatrix embarked on a focused awareness campaign called Khuseleka (be protected) regarding the predominant risks it faces. This campaign involves a one day team concept training session, covering theoretical and practical issues. Health and safety audits of working places are used to measure behavior when crews return to work. Methane hazard awareness training remains an area of focus and is ongoing. During fiscal 2007, Beatrix was audited against the requirements of OHSAS 18001. It received accreditation in the first quarter of fiscal 2008 and two surveillance audits were carried out during fiscal 2008.

The mine has an ongoing methane management system which includes the declaration by competent ventilation staff of certain locations as hazardous, methane emission rate monitoring, ongoing awareness campaigns as well as the deployment of gas, velocity and fan sensors connected to an electronic telemetry system to act as early warning. 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 2008, 2007 and 2006 was 2.89, 4.02 and 4.37 serious injuries for every million hours worked, respectively. In fiscal 2008, the fatal injury frequency rate remained the same as in fiscal 2007 at 0.13 fatalities for every million hours worked. The fatal injury rate for fiscal 2006 was 0.24 for every million hours worked. Although Beatrix achieved one million fatality-free shifts twice in fiscal 2008, there

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were four fatalities at its operations in fiscal 2008 and four fatalities in fiscal 2007. Beatrix experienced no shaft closures for any length of time in fiscal 2008 due to accidents. To date in fiscal 2009, there has been one fatality at Beatrix. In October 2007, former President Thabo Mbeki ordered the DME to conduct an occupational health and safety audit at all mines, including Gold Fields mines. The audit of legal compliance has been completed and a report of its finding is expected in the near future. See Information on the Company Environmental and Regulatory Matters South Africa Health and Safety .

Production was affected by local and national strikes in fiscal 2008. Shaft No. 4 was closed for two days in November 2007 due to factional fighting associated with union elections. 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. On July 16, 2008 there was a further one day, regional work stoppage in the Free State province in support of COSATU s (a national labor organization) protest on the electricity crisis in South Africa followed by another one day COSATU national stay away on August 6, 2008 for the same reason. There were two further incidents of industrial action at the Beatrix West Section, on June 5 and 6, 2008 in which employees were kept underground involuntarily for approximately 23 hours by individuals demanding changes in the shift system. A further work stoppage occurred at Shaft No. 4 on July 1 and 2, 2008 when the South African Police Services arrested a number of employees for criminal activities.

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, 2008 proven and probable reserves of 6.9 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, 2008, 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, 2008 (tons/month)	Approximate recovery factor for the year ended June 30, 2008[2]
No. 1 Plant	1983	SAG milling	CIP treatment	260,000	218,692	96%
No. 2 Plant	1992	SAG milling	CIP treatment	150,000	49,208	97%

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.

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In fiscal 2008, the Beatrix plants collectively extracted approximately 96% of gold contained in ore delivered for processing. In fiscal 2004, Gold Fields installed a Knelson concentrator at the No. 1 Plant which removes gold earlier in the metallurgical process. A 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 2008, 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 $79 million on capital expenditures at the Beatrix operation in fiscal 2008, 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 $82 million on capital expenditures at Beatrix in fiscal 2009, 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 is a capital project and remains a developing mine where currently most of the permanent infrastructure to support full production remains substantially incomplete. South Deep operates under a mining license with a total area of approximately 3,566 hectares. It is engaged in underground mining and is comprised of two operating shaft systems, the older South Shaft Complex and the newer Twin Shaft Complex, and one metallurgical plant. The South Shaft Complex includes a main shaft and three sub-vertical (SV) shafts, two of which are operational. SV 2 is used to hoist rock with SV 3 being used to move personnel and materials. The Twin Shaft Complex consists of a single barrel main shaft and an adjoining ventilation shaft. Both shaft complexes operate at depths between 1,510 meters and 2,995 meters below surface. The South Deep operation has access to the national electricity grid, water, and road infrastructure and is located near regional urban centers where it can routinely obtain needed supplies. In the fiscal year ended June 30, 2008, South Deep produced 0.232 million ounces of gold. As of June 30, 2008, South Deep had approximately 6,300 employees, including approximately 1,850 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 the second and third quarters 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 Upper Elsburgs (the Massives and the Individuals). 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. South Deep s workings are at depth and therefore require significant cooling infrastructure.

Mining at South Deep will be mechanized. The Upper Elsburgs are mined by a variety of methods including long hole open stoping, drift-and-fill and drift-and-benching. South Deep s primary mining method will be trackless, mechanized mining. Trackless mining is a modern rock excavation technique which features a complex array of methods and machines combined so as to form the most efficient excavation system for a given area.

South Deep remains, at present, a developing mine with large sections of its infrastructure, especially at lower levels, incomplete. Horizontal development below the current mining area has now started and is expected to build up to 600 meters per month by March 2009. De-stressing on the Upper Elsburg Individual horizon using mechanized methods is due to begin in fiscal 2009. Employees with the skills to undertake trackless, mechanized mining, including drill rig operation, load haul dumper operation and utility vehicle operation, are highly sought after by other trackless miners and the construction sector. Gold Fields made adjustments to remuneration packages during the fiscal year to attract and retain qualified staff. Also, a trackless training simulator was commissioned at the South Deep Twin Shaft Complex in August 2008 to train miners in the use of mechanized trackless mining methods in order to alleviate the shortage of skills.

The planned production build-up at South Deep could not be delivered due to the following factors which required the re-planning of the mine in February 2008. The VCR encountered the Waterpan Fault above the current mining area earlier than previously anticipated, leading to the earlier depletion of conventional mining above the current mining area. Conventional mining stopped mine-wide by February 2008. In addition, the strategy of down-dip mining below the current mining area from the trackless mining project was reviewed and due to a lack of structural and geological information, this mining method was put on hold. Subsequently, the mechanized tonnage buildup was stabilized at the current volumes until the development below the current mining area is completed to allow mine planning to confidently position the trackless mining in the correct reef band of the Elsburg Massive reef package. Since future production volumes of the Elsburg Reef package remain dependent upon de-stress mining rates, the shift from conventional to mechanized de-stress mining was reviewed in order to bring forward the implementation of mechanized mining as much as possible. Lastly, the mine was re-planned with the intent to complete the initial Twin Shaft infrastructure and develop the orebody below the current mining area. The above changes led to the restructuring of the mine and the downsizing of the workforce by approximately 1,900 employees.

On May 1, 2008, underground mining at South Deep was suspended after a ventilation raise hole accident resulted in nine workers losing their lives. Underground mining at the current mining area resumed on May 8, 2008 after safety checks on winding operations at all of Gold Fields South African operations.

Installation of the Brattice wall at the Twin Shaft Complex ventilation shaft was completed in the first quarter of fiscal 2009 and commissioning of the surface fans is expected early in the second quarter of fiscal 2009. Further work on deepening the shaft and equipping it for rock hoisting has an estimated completion date of March 2012. Moving forward, management focus will be on developing pumping and rock-handling infrastructure below the current mining area and installation of additional refrigeration units, which should allow the expansion of mining at the lower levels.

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Gold Fields is revisiting mine planning and orebody optimization over the mine life. Efforts are currently focused on bringing the mine into full production by the end of calendar 2014. As a result, the conceptual study of potential underground synergies between Kloof and South Deep has been deemphasized. However, 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.

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) and the fiscal year ended June 30, 2008.

	Seven months ended June 30, 2007	Year ended June 30, 2008
Production[1]		
Tons (000)	1,104	1,367
Recovered grade (g/t)	4.6	5.3
Gold produced (000 oz)	163	232
Results of operations ($ million)		
Revenues	107.9	184.6
Total production costs[2]	118.6	213.2
Total cash costs[3]	98.9	178.2
Cash profit[4]	9.0	6.4
Cost per ounce of gold ($)		
Total production costs	714	919
Total cash costs	595	768
Notional cash expenditure per ounce of gold produced ($)[5]	866	1,253

Notes:

(1) For 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 Operating and Financial Review and Prospects Results of Operations .

(3) For a reconciliation of Gold Fields total cash costs to production costs, see Operating and Financial Review and Prospects Results of Operations .

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

(5) For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

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 seismicity (including seismic induced falls of ground) 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. South Deep is addressing the seismic risks through de-stressing and backfilling which help to alleviate seismic risks. In addition, mechanized mining requires fewer workers and allows them to conduct mining activities at a greater distance

from the rock face than conventional mining methods, thereby reducing the exposure of employees to higher risk areas.

As discussed in regards to Driefontein, the South Deep operation experienced a total suspension of production during the third quarter of fiscal 2008 due to power constraints. While power has been restored to 90% of the historical average consumption profile, Gold Fields believes that South Deep is currently fully functional at 90% of historical average consumption owing to the shift from more power intensive conventional

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mining to mechanized mining. See Risk Factors Some of Gold Fields power suppliers have forced it to halt or curtail activities at its mines, due to severe power disruptions. Power stoppages, fluctuations and power cost increases may adversely affect Gold Fields results of operations and its financial condition and Information on the Company Gold Fields Mining Operations Driefontein Operation Mining .

As production builds up, the power needs at South Deep will increase. Gold Fields has applied to Eskom for an additional power allocation and has no reason to expect it will not be granted. Moreover as Gold Fields power allocation is granted to its South African operations as a whole, rather than on a mine-by-mine basis, Gold Fields will be able to shift power usage from one mine to another as the power requirements at the various mines change.

In fiscal 2008, the serious injury frequency rate was 4.16 injuries for every million hours worked and the fatal injury frequency rate was 0.75 fatalities for every million hours worked. There were 12 fatalities at the South Deep operation in fiscal 2008 including 9 in a ventilation raise hole accident on May 1, 2008 and, to date in fiscal 2009, there have been no fatalities. In October 2007, former President Thabo Mbeki ordered the DME to conduct an occupational health and safety audit at all mines, including Gold Fields mines. The audit of legal compliance has been completed and a report of its finding is expected in the near future. See Information on the Company Environmental and Regulatory Matters South Africa Health and Safety .

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. On May 7, 2008, work was stopped at South Deep for a day of mourning after the shaft accident that occurred on May 1, 2008. On July 23, 2008, there was a one day regional work stoppage in Gauteng province in support of COSATU s protect of the electricity crisis in South Africa followed by another one day COSATU national stay away on August 6, 2008 for the same reason.

The ISO 14001:2004 Environmental Management System implementation is on track and certification is anticipated during calendar 2008.

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

Shaft System	Hoisting capacity (tons/month)
Twins Main	175,000
SV2[1]	157,500
South Shaft[2]	157,500

Notes:

(1) This shaft does not hoist material to the surface. It has a capacity of 157,500 tons per month for sub-surface hoisting.

(2) As of the date of this annual report, the South Shaft is not operational. It is undergoing maintenance and is expected to be recommissioned in fiscal 2010 for temporary hoisting of a portion of the expected production from the Twin Shaft Complex prior to the commissioning of the hoisting capability at the Twin Shaft ventilation shaft.

Gold production for fiscal 2008 amounted to 0.232 million ounces, which included both underground and surface sources. The underground grade recovered was 6.5 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, 2008 proven and probable reserves of 29.1 million ounces will be sufficient to maintain production through approximately fiscal 2052. 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 majority of Gold

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Fields proven and probable reserves at South Deep are outside the current mining area and are based on the pre-acquisition 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 Gold Field has re-modeled, re-evaluated, designed and scheduled the current mining area in accordance with Gold Fields standards and procedures. The proven and probable reserves for South Deep included in this annual report take account of this revised information as well as mining depletion through June 30, 2008.

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 fiscal 2008 for the plant:

		Processing Techniques				
Plant	**Year commissioned**	**Comminution phase**	**Treatment phase**	**Capacity[1] (tons/month)**	**Average milled for the year ended June 30, 2008 (tons/month)**	**Approximate recovery factor for the year ended June 30, 2008[2]**
Twin Shaft Plant	2002	Primary SAG and Secondary Ball milling	Leach, CIP treatment with elution and electro winning	220,000	139,523	97.5%

Note:

(1) Nameplate capacity as designed. 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.

During fiscal 2008, the South Deep Plant treated an average of 0.114 million tons per month made up of underground and surface material. Since November 2007 the plant has treated an average of approximately 42,000 tons of Kloof low grade surface material per month. No major changes to plant design were made in fiscal 2008. However, feasibility planning on the requirements needed to increase plant capacity is scheduled to begin in fiscal 2009.

During fiscal 2008, 28.5% by mass of the annual tons milled returned underground as backfill. The current backfill plant has the capacity to recover 42% by mass of the tons milled as backfill product. The current residue disposal facilities have a capacity of only 132,000 tons per month. The design for a new residue disposal facility for South Deep has been completed and approved by the Board. Construction is due to start in the last quarter of fiscal 2009. It is expected to take eighteen months to two years to complete the construction program to a point where deposits of residue on the dam can begin.

Capital Expenditure

Gold Fields spent approximately $108 million on capital expenditures at the South Deep operation in fiscal 2008, primarily on development, refrigeration plant equipping, ventilation and shaft infrastructure, equipment for mechanized development of the orebody and the installation of emergency diesel power generators. Gold Fields expects to spend approximately $136 million on capital expenditures at South Deep in fiscal 2009, primarily on developing the orebody and ventilation and shaft infrastructure.

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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, 2008, Tarkwa produced 0.65 million ounces of gold, of which 0.46 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in Gold Fields Ghana. As of June 30, 2008, Tarkwa had approximately 4,700 employees, including approximately 2,900 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 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.

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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 declined from 75% in fiscal 2007 to 71% in fiscal 2008. 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). During fiscal 2008, although Tarkwa produced similar tonnage amounts as in fiscal 2007, the recovered grade was lower. This was due to the world-wide giant tire shortage and excessive rainfall which reduced access to higher grade ore at Teberebie.

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

	Year ended June 30,		
	2006	2007	2008
Production			
Tons (000)	21,487	22,639	22,035
Recovered grade (g/t)	1.0	1.0	0.9
Gold produced (000 oz)[1]	709	697	646
Results of operations ($million)			
Revenues	373.0	444.8	531.5
Total production costs[2]	248.2	302.6	357.0
Total cash costs[3]	212.6	263.6	317.6
Cash profit[4]	160.4	181.2	213.9
Cost per ounce of gold ($)			
Total production costs	350	434	553
Total cash costs	300	378	492
Notional cash expenditure per ounce of gold produced ($)[5]	357	500	753

Notes:

(1) In fiscal 2006, 2007 and 2008, 0.504 million ounces, 0.496 million ounces and 0.459 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.

(5) For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

In fiscal 2008, overall ore tonnage decreased by 0.6 million tons compared to fiscal 2007 levels due to a planned decrease in mining rates to allow for the processing of low grade stockpiles in anticipation of the closure of the South Heap Leach Facility. Stacking of ore on heaps is scheduled to cease in December 2008 but irrigation of heaps will continue until all economically viable gold has been recovered. Total waste mined increased as additional equipment was added to ensure that sufficient waste was mined to meet the production profile for the

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life of mine. Compared to fiscal 2007 levels, gold production at Tarkwa decreased in fiscal 2008 primarily because of expected lower recovered grade. Total cash costs per ounce of gold increased approximately 13.5% during fiscal 2008, primarily due to the decreased recovered grade and rising fuel (including diesel to run generators), power, cyanide, cement and steel prices, higher fleet maintenance costs and an increase in the level of waste stripping.

Of significance in fiscal 2008 was the continuation of an electricity load shedding regime that was put in place by the government of Ghana in August 2006, which called for commercial and domestic consumers to reduce their off take 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 September 2007. In October 2007, the load shedding requirement for the commercial users was eliminated. In order to maintain production levels at both the Tarkwa and Damang operations while adhering to the load shedding 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 for Tarkwa amounted to $9.6 million in fiscal 2007 and $1.6 million in fiscal 2008. 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 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. The MRP was commissioned in the second quarter of fiscal 2008 but due to the reduced need for co-generation it has not been put into service as an operating unit yet.

A 60% increase in the electricity tariff became effective on November 1, 2007, followed by a further 80% increase with effect from July 1, 2008. Negotiations, primarily through the Chamber of Mines, are ongoing with the VRA to reduce the second increase although any reduction may require Gold Fields to make further investment in the energy sector through new projects and upgrades.

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, 2008 proven and probable reserves of 11.2 million ounces (7.9 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 three fatalities in fiscal 2008 and had no fatalities in fiscal 2007. To date in fiscal 2009, there have been no fatalities at Tarkwa. The first fatality was as a result of electrocution. In a separate incident, two men lost their lives as a result of a conveyor belt failure. The serious injury frequency rate for fiscal 2008, 2007 and 2006 was 0.2, 0.0 and 0.1 serious injuries for every million hours worked, respectively. The fatal injury frequency rate for fiscal 2008 was 0.2 fatal injuries for every million hours worked, for 2007 and 2006 it was 0.0 and 0.1 fatal injuries for every million hours worked, respectively. OHSAS 18001 certification was maintained during the year. There were no material work stoppages during fiscal 2008 or to date in fiscal 2009. The mine is also certified to the ISO 14001: 2007 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, 2008, 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, 2008 (tons/month)**	**Approximate recovery factor for the year ended June 30, 2008[2]**
CIL Plant	2004	SAG milling	CIL treatment	350,000	464,000	96%
North Plant Heap Leach Facility	1997	Multiple stage crushing and screening process and agglomeration	Heap leach with AD&R treatment	810,000	871,400	74%[3]
South Plant Heap Leach Facility	1992	Multiple stage crushing and screening process and agglomeration	Heap leach with AD&R treatment and electrowinning	530,000	500,500	64%[3]

Notes:

(1) Nameplate capacity as designed. 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 continued to exceed nameplate capacity during fiscal 2008. The amount of tonnage treated at the heap leach facilities fell by 0.55 million tons in fiscal 2008 as a result of unseasonably high rainfall in the year which resulted in excessive blockages in the plants while processing lateritic stockpile ore and, to a lesser extent, the increasing hardness of the ore. Expansion of the North Plant heap leach pads commenced during the third quarter of fiscal 2007. The CIL plant processed 5.57 million tons in fiscal 2008, as compared to 5.6 million tons in fiscal 2007. 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. Construction of this expansion project is expected to be completed during December 2008, with full

production expected to be achieved soon thereafter.

Tarkwa achieved International Cyanide Management Code certification during fiscal 2008.

Capital Expenditure

Gold Fields spent approximately $170 million on capital expenditures at the Tarkwa operation in fiscal 2008, primarily on construction of the North Plant heap leach pad, CIL plant expansion, replacement and

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expansion of mining equipment and capital waste mining. Gold Fields has budgeted approximately $146 million for capital expenditures at Tarkwa for fiscal 2009, principally for the CIL plant expansion, further expansion of the North Plant heap leach pad, additional mining equipment and capital waste mining.

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, 2008, the Damang mine produced 0.194 million ounces of gold, of which 0.138 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in Abosso. As of June 30, 2008, Damang had approximately 1,600 employees, including approximately 1,350 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. Historically, the underground mine was in operation from 1878 until 1956 until closure due to an extended strike and lack of cashflow.

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 South, and Bonsa North 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 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 2008.

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During fiscal 2008, the DPCB pit was the high-grade fresh ore feed source to the plant. Of the five Tomento pits, four were fully depleted by the end of fiscal 2008. Tomento pits 3 and 5 were depleted at the end of fiscal 2007. Tomento pits 1 and 4 were depleted in fiscal 2008. The fifth pit (Tomento pit 2) is currently the main oxide ore feed source to the plant. The south end of Tomento pit 2 is turning into hard material and therefore the Tomento East pit was started during the fourth quarter of fiscal 2008 to supplement the oxides generated from Tomento pit 2.

The DPCB waste stripping continued in fiscal 2008. 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 African Mining Services (Ghana) Pty Ltd, or AMS, contract rates, is required for the continued development of the DPCB. In addition, a scoping study supplementary to the pre-feasibility study was completed 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 completed. Further study into the feasibility of utilizing manual mining methods will be conducted once additional exploration holes have been drilled and an updated model has been completed. This study, once completed, will be included in the detailed feasibility study of the Abosso underground mine.

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. The commencement of the Tomento East pit required additional resettlement of approximately 26 households in that area during fiscal 2008. The resettlement was completed in accordance with Gold Fields policy.

Following Gold Fields acquisition of Damang 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 is a new pit located on southern extent of the Damang Mining Lease. The Rex exploration program was conducted in fiscal 2006 and the pit was originally planned to be mined in fiscal 2010. In light of the occurrence of illegal mining activities in the Rex project area, management decided to accelerate the mining of the Rex pit to fiscal 2009. Negotiations between the mine and the illegal miners resulted in the removal of the miners over several months without incident. The illegal miners mined some of the ore body but they were removed before the mining plan was significantly affected.

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. In July 2008, this contract was extended by three years. 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,		
	2006	2007	2008
Tons (000)	5,328	5,269	4,516
Recovered grade (g/t)	1.4	1.1	1.3
Gold produced (000 oz)[1]	235	188	194
Results of operations ($ million)			
Revenues	123.1	119.5	160.4
Total production costs[2]	105.0	113.1	131.6
Total cash costs[3]	101.5	112.2	127.8
Cash profit[4]	21.6	7.3	32.6
Cost per ounce of gold ($)			
Total production costs	447	602	678
Total cash costs	432	597	658
Notional cash expenditure per ounce of gold produced ($)[5]	450	624	717

Notes:

(1) In fiscal 2006, 2007 and 2008, 0.167 million ounces, 0.134 million ounces and 0.138 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.

(5) For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

The walls of the East Tailings Storage Facility were raised during fiscal 2008 to increase the capacity of the facility. This is expected to provide capacity for the tailings to be generated during the expected life of the mine. The remaining work on the facility is planned to be completed during the second quarter of fiscal 2009.

The grade and gold production in fiscal 2008 increased primarily due to the increased mining of the high-grade fresh material from the DPCB. Total production and cash costs increased in fiscal 2008 due to increases in mining, haulage, fuel and consumable costs, together with expenditure incurred on the DPCB amounting to $25.6 million. Mill tonnage decreased due to unplanned mechanical downtime on the primary crusher which required major maintenance works. The unplanned mechanical downtime was mainly due to the failure of a key component. The crusher is not a common make, and so time was required to find a new part, deliver it to site and install it. Subsequently, the mine has ordered spare one-off components so that if failure of these components occurs, similar downtime events can be avoided or minimized.

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.

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Damang receives its electricity supply from the Volta River Authority, or VRA, and the local supply is managed by Electricity Company of Ghana. Damang has a back-up power generation facility that is owned and controlled by the mine. This is only used during power outages or reduced supply capacity from VRA or ECG. Supply was severely affected by a transformer failure at VRA during the second quarter of fiscal 2008. During this period, the diesel driven power generating station at Damang was required to operate for an extended period to support supply to Damang and the Tarkwa Operation. Due to the age and condition of the generating sets, a number will be replaced in fiscal 2009.

As discussed in relation to Tarkwa, of significance in fiscal 2008 were the changes made to the electricity supply arrangements as a result of the energy crisis in the country. In order to maintain production levels at both the Tarkwa and Damang operations, Gold Fields decided to run the on-site diesel generation facilities at its Ghana operations. The cost of generation for Damang amounted to $4.8 million in fiscal 2007 and $4.9 million in fiscal 2008. See Tarkwa Mine Mining .

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, 2008 proven and probable reserves of 1.35 million ounces (0.96 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 2009. The serious injury frequency rate at Damang for fiscal 2008, 2007 and 2006 was 0.0, 0.0 and 0.0 serious injuries for every million hours worked. The Damang mine has introduced a management system in accordance with 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 2008 or to date in fiscal 2009.

Processing

All ore at Damang is processed through a single facility. 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, 2008 for the plant.

		Processing Techniques				
Plant	**Year commissioned**	**Comminution phase**	**Treatment phase**	**Capacity[1] (tons/month)**	**Average milled for the year ended June 30, 2008 (tons/month)**	**Approximate recovery factor for the year ended June 30, 2008[2]**
Main Plant	1997	Single stage crushing with SAG and ball milling	CIL treatment	383,000	376,365	94%

Notes:

(1) Nameplate capacity as designed. 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.

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Optimization of the Damang mill involves careful blending of hard and soft ores to maximize use of the milling circuit, which remains the major throughput 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. The seventh CIL tank was commissioned in December 2007 and as expected, contributed to the increase in the recovery factor from 92% in fiscal 2007 to 94% in fiscal 2008.

Capital Expenditure

Gold Fields spent approximately $11 million on capital expenditures at the Damang mine in fiscal 2008, primarily on increasing capacity at a tailings storage facility, construction on the seventh CIL tank, waste stripping at the DPCB and development of the Tomento pits. Gold Fields has budgeted approximately $20.7 million of capital expenditures at Damang for fiscal 2009, primarily for crusher rehabilitation and development of satellite 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 2008, the gold price continued to exceed the A$600 price required to trigger the price participation royalty and for fiscal 2008 royalties of A$13.5 million (approximately U.S.$12.1 million) were expensed. During June 2008, total gold produced from St. Ives since November 30, 2001 exceeded 3.3 million ounces, creating liability to pay the 4% net smelter return royalty on subsequent ounces sold, and for fiscal 2008 royalties of A$0.9 million (approximately U.S.$0.8 million) were expensed.

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 84,500 hectares. St. Ives is both a surface and underground operation, with a number of open pits, three operating underground mines, a metallurgical CIP plant and a heap leach facility. The St. Ives operation obtains electricity pursuant to a contract with a major mining company that expires in January 2014 and has access to water, rail and road infrastructure. Needed supplies are trucked in locally from both Kambalda and Kalgoorlie. In fiscal 2008, St. Ives produced 0.42 million ounces of gold. St. Ives had a workforce of approximately 1,175 employees as of June 30, 2008, approximately 360 of whom were employed by outside contractors.

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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, 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 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, has a mill that treats primary ore and a heap leach facility which treats low and marginal grade ore. The principal production sources in fiscal 2008 included the Argo underground mine together with the Leviathan, Bahama, Pluton and North Revenge open pits. During fiscal 2009, Gold Fields management expects the underground production to increase significantly as the Cave Rocks and Belleisle underground mines move from a capital development phase with some production into full production. The primary open pit production sources are expected to shift in fiscal 2009, with the full depletion of the Bahama, Pluton and North Revenge pits, which are expected to be replaced by new open pits at Agamemnon and Grinder. 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 2008, impacted by delays in paste filling and the geometry of the ore bodies preventing the planned extractions sequences and leading to some sections of the ore bodies failing to meet scheduled grade expectations. Performance at Argo in fiscal 2009 is expected to improve significantly.

Greater Revenge Complex. Mining at the Greater Revenge Area commenced in 1989. The operation utilizes typical open pit and lake sediment mining methods. Further exploration and mine design updates resulted in extensions to the Agamemnon open pit during fiscal 2008. The North Revenge and Pluton pits are expected to be fully depleted early in fiscal 2009, with production from the Agamemnon and Grinder pits starting in 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 continued during fiscal 2008 but was delayed due to a number of water in-flow intersections and difficult working conditions. Some ore production occurred during the development phase and a first stope opened in June 2008. The Belleisle mine is expected to move into a full production schedule during the second quarter of fiscal 2009.

Bahama Open Pit. 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. Mining at Bahama was completed during fiscal 2008.

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Cave Rocks. Cave Rocks is located approximately six kilometers to the west of the Kambalda West township and was previously an open pit mine completed in 1985. The mining of a series of three open pits was completed in the first quarter of fiscal 2009. Development of an underground mine via a decline tunnel from the southern pit commenced in September 2007, with a second decline being developed from the northern pit, which commenced in November 2007. Development was based on the ore body mined in the open pits. However, during development, the geometry of the ore body was found to be different than expected. The underground mine will utilize primarily open stoping methods to extract ore. The life of this mine is expected to be approximately four years. Development continued during fiscal 2008 with some ore production during the development phase and a first stope opened in the fourth quarter of fiscal 2008. The Cave Rocks mine is expected to move into a full production schedule during the third quarter of fiscal 2009.

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 truck and shovel mining practices. Mining is planned to occur through areas previously exploited by underground mining methods, requiring special care when passing through these mined areas. Well established procedures are being implemented to manage the risks associated with these zones. Production is scheduled to continue at Leviathan throughout fiscal 2009.

St. Ives s exploration program in fiscal 2008 has led to an improved understanding of the underlying geological mineralization, enabling consolidation of a number of key project areas going forward. The majority of activities were early stage exploration activities aimed at preparing the site for aggressive resource drill-outs in fiscal 2009. In fiscal 2009, the exploration program is expected to include expansion of underground reserves, extensional growth at operating open pit mining areas, and selective targeting in prospective greenfield areas.

The St. Ives production schedule requires that new open pit and underground mining sources are progressively accessed. Underground production in fiscal 2009 is expected to be enhanced by the Cave Rocks and Belleisle underground mines moving into full production while the Grinder and Agamemnon open pits are planned to replace depleted pits. In addition, feasibility work for a new open pit and/or underground mine at Athena, two kilometers east of Argo, is expected to be undertaken. Based on the outcome of this feasibility study, mining of the deposit at Athena could commence as early as fiscal 2010.

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, which includes a cost reimbursable performance based remuneration model. The status of this agreement is under review. GBF provides all the employees and equipment 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 The status of this agreement is under review. Leighton provides employees and equipment for mining ore and waste from the open pit mines. The contract is structured so that Leighton carries risk on plant and personnel performance with Gold Fields carrying the risk on costs. Leighton is reimbursed 100% of its direct costs and is given an additional margin payment. Performance bonuses 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.

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

	Year ended June 30,		
	2006	2007	2008
Production			
Tons (000)	6,690	6,759	7,233
Recovered grade (g/t)	2.3	2.2	1.8
Gold produced (000 oz)	497	487	418
Results of operations ($ million)			
Revenues	260.8	310.4	342.1
Total production costs[1][2]	242.2	286.8	351.4
Total cash costs[3]	171.9	202.6	276.0
Cash profit[4]	88.9	107.8	66.1
Cost per ounce of gold ($)			
Total production costs	488	589	841
Total cash costs	346	416	661
Notional cash expenditure per ounce of gold produced ($)[5]	452	582	915

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.

(5) For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

From fiscal 2007 to fiscal 2008 there was an increase in tonnage at St. Ives with an additional 0.5 million tones treated at the heap leach circuit. Tonnage treated at the Lefroy Plant remained consistent with fiscal 2007. The increased tonnage treated through the heap leach was a consequence of the addition of an oxide feeder allowing stockpiles of oxide material to be treated in the heap leach circuit. Gold production declined from fiscal 2007 to fiscal 2008 primarily due to reductions in recovered grade resulting from the depletion of the high grade Conqueror underground mine in June 2007. The production at Conqueror was replaced by lower grades obtained from open pits and from the temporary reopening of the East Repulse Underground Mine. Total cash costs per ounce in fiscal 2008 increased as compared to fiscal 2007 due to the lower grades obtained, overall cost increases including salaries and diesel prices and a $13 per ounce increase in royalties payable on the higher gold prices achieved.

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 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.

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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, 2008 proven and probable reserves of 1.88 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 2006, 2007, 2008 or to date in fiscal 2009. The serious injury frequency rate for fiscal 2008, 2007 and 2006 was 0.0, 0.0 and 0.0 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 2008 or to date in fiscal 2009.

Processing

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 2008, 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, 2008 (tons/month)**	**Approximate recovery factor for the year ended June 30, 2008[2]**
Lefroy Plant	2005	Single stage crushing and SAG milling	CIP	375,000	387,000	93%
Heap Leach Facility	2000	Multiple stage crushing and screening process	Carbon absorption	167,000	215,000	64%[3]

Notes:

(1) Nameplate capacity as designed. 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 2008 and optimization continued throughout the year to realize incremental improvements in throughput, costs and recovery.

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The Heap Leach Facility treats low and marginal grade ore from St. Ives. During fiscal 2008, a number of improvements were made on the heap leach circuit, including the addition of an agglomeration drum to improve leaching performance of low grade oxide ores and an oxide feeder to allow stockpiles of oxide ore to be processed.

Capital Expenditure

Gold Fields spent approximately U.S.$84 million on capital expenditures at St. Ives in fiscal 2008, primarily on project development of underground operations at Belleisle and Cave Rocks and ongoing development of the underground Argo mine. Gold Fields has budgeted approximately U.S.$92 million for capital expenditures at St. Ives for fiscal 2009, which is principally earmarked for the continued development of the underground operations at Argo, Bellisle and Cave Rocks and expansion of the Heap Leach Facility.

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 60,000 hectares. Agnew is an underground operation, with one underground mine (exploiting numerous ore zones) and one metallurgical plant. Agnew obtains electricity pursuant to a contract with a neighboring mine operated by a major mining company that expires in January 2014 and has access to road infrastructure. Accommodation for workers at Agnew is provided pursuant to an arrangement with the same neighboring mine. 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 2008, the operation produced 0.2 million ounces of gold. As of June 30, 2008, Agnew had approximately 450 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. Western Mining Corporation, or 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 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 2008 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 2009 to be predominantly from the Waroonga underground mining complex.

Waroonga Complex. The Waroonga Complex currently includes underground mining of the Kim South, Rajah 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,

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materials and equipment. Waroonga underground performance increased from less than 30,000 tons per month in June 2007 to greater than 60,000 tons per month by June 2008. A review of stoping sequences, geotechnical parameters and timing in opening up stopes allowed for significant changes to existing working practices which enabled significantly higher production volumes from minimal additional effort or risk. This was complemented by a 100% increase in development meters quarter-on-quarter over the course of the year. Gold Fields has scheduled the Waroonga complex to continue producing at 50,000 to 60,000 tons per month in fiscal 2009.

Songvang Open Pit. The Songvang open pit, located 16 kilometers south of the Agnew metallurgical plant, commenced production during fiscal 2005. The Songvang open pit was successfully depleted in August 2007 and the mining fleet demobilized. The Songvang high grade stockpile was blended with underground ore until February 2008, after which time the Songvang low grade stockpile was substituted. At fiscal year end, there were 124,000 tons of ore remaining at Songvang stockpile, which is expected to be depleted in the second quarter of fiscal 2009.

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. This project was considered marginal and the ore development and subsequent processing proved this to be the case. As a result, the majority of the exploration drive at Claudius has since ended.

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 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.

During fiscal 2008, exploration at Agnew focused on three main areas: the Waroonga Complex, Turret North and Cinderella. Exploration to extend existing reserves at Waroonga included down-dip extensions to the high-grade Kim South resource and the commencement of drilling into the 450 South prospect which sits south of the Main Lode orebody. Exploration in fiscal 2009 is expected to increase following successful land access campaigns around the lease.

Underground mining is performed by Byrnecut Mining Limited, or Byrnecut. 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. In fiscal 2007, the terms of a three-year extension to Byrnecut s agreement, to May 2010, were agreed and formal ratification occurred in the first quarter of fiscal 2008.

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

	Year ended June 30,		
	2006	2007	2008
Production			
Tons (000)	1,323	1,323	1,315
Recovered grade (g/t)	5.2	5.0	4.8
Gold produced (000 oz)	222	212	204
Results of operations ($ million)			
Revenues	116.1	136.3	169.0
Total production costs[1][2]	72.4	98.2	109.6
Total cash costs[3]	59.7	84.7	84.4
Cash profit[4]	56.4	51.6	84.6
Cost per ounce of gold ($)			
Total production costs	326	462	538
Total cash costs	268	399	414
Notional cash expenditure per ounce of gold produced ($)[5]	445	487	606

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.

(5) For a reconciliation of Gold Fields notional cash expenditure to its production costs for fiscal 2008, 2007 and 2006, see Operating and Financial Review and Prospects Costs Notional Cash Expenditure.

In fiscal 2008, 1.3 million tons of ore were processed and 0.2 million ounces of gold were produced. Tons processed were similar to those in fiscal 2007 while gold production was lower than in fiscal 2007 due to the decline in grade which occurred on the depletion of Songvang high grade stockpiles in February 2008. Total cash costs per ounce increased during fiscal 2008, as a result of the diminished grade coupled with increases in costs including salaries, the underground mining contract and accommodation costs in the township of Leinster.

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 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, 2008 proven and probable reserves of 0.615 million ounces will be sufficient to maintain production through approximately fiscal 2012. 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 and limited production stockpile surface mining and is thus subject to all of the underground and surface mining risks discussed in Risk Factors. The primary safety risk at

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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 2006, 2007, 2008 or to date in fiscal 2009. The serious injury frequency rate for fiscal 2008, 2007 and 2006 was 0.0, 0.0 and 0.0 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 2008 or to date in fiscal 2009.

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, 2008 for the plant:

		Processing Techniques				
Plant	**Year commissioned**	**Comminution phase**	**Treatment phase**	**Capacity[1] (tons/month)**	**Average milled for the year ended June 30, 2008 (tons/month)**	**Approximate recovery factor for the year ended June 30, 2008[2]**
Main Plant	1986	2-stage ball milling	CIP treatment	100,000	110,000	93%

Notes:

(1) Nameplate capacity as designed. 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.

Capital Expenditure

Gold Fields spent approximately U.S.$24 million on capital expenditures at Agnew in fiscal 2008, primarily on further development of the Kim South and Main Lode underground mines and employee accommodations. Gold Fields has budgeted approximately U.S.$34 million for capital expenditures at Agnew for fiscal 2009, primarily for exploration and further development of the Kim underground mine and employee accommodations.

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 U.S.$413 million.

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 and currently represents 36.2% 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 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 (a wholly-owned subsidiary of Gold Fields until the sale), and CVG Ferrominera Orinoco, C.A., or FMO, a subsidiary of Corporación Venezolana de Guayana, or CVG, a governmental development entity for the Guayana region.

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.

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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. Operations consisted of open pit mining and a processing plant comprising conventional comminution and carbon-in-pulp processing. The Choco 10 mine 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 was being developed and commissioned while Gold Fields owned the mine. For the period beginning July 1, 2007 and ended November 30, 2007, the date on which the sale agreement was executed, the Choco 10 mine produced approximately 0.03 million ounces of gold.

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 the four-month period from March 1, 2006 to June 30, 2006 (the period of Gold Fields ownership of the mine in fiscal 2006), for fiscal 2007 and for the period beginning July 1, 2007 and ended November 30, 2007.

	Four months ended June 30, 2006	Year ended June 30, 2007	Period ended November 30, 2007
Production			
Tons (000)	454	1,001	761
Recovered grade (g/t)	1.7	1.7	1.4
Gold produced (000 oz)[1]	25	55	34
Results of operations ($ million)			
Revenues	16.9	36.0	41.2
Total production costs[2]	11.3	36.7	24.1
Total cash costs[3]	8.3	31.3	24.1
Cash profit[4]	8.6	4.7	17.1
Cost per ounce of gold ($)[5]			
Total production costs	399	659	726
Total cash costs	293	562	726

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. In fiscal 2008, production was reported from July 1, 2007 until November 30, 2007, the date of sale of the mine to Rusoro, and for this period 0.032 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 engaged in open pit and production stockpile surface mining and was 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, it 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 2008 while the mine was owned by Gold Fields was 2.0 serious injuries per million hours worked.

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Processing

All processing at Choco 10 was 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 period beginning July 1, 2007 and ended November 30, 2007 for the plant:

		Processing Techniques				
Plant	**Year commissioned**	**Comminution phase**	**Treatment phase**	**Capacity[1] (tons/month)**	**Average milled for the period ended November 30, 2007 (tons/month)**	**Approximate recovery factor for the period ended November 30, 2007[2]**
Choco 10 Plant	2005	Single stage crushing with SAG and ball milling	CIP treatment	160,000	152,200	83.4%

Notes:

(1) Nameplate capacity as designed. 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 was 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

Prior to the execution of the sale of Choco 10 on November 30, 2007, Gold Fields spent approximately $7.4 million on capital expenditures at Choco 10 in fiscal 2008, primarily on water related projects, additional mining equipment and mine exploration.

Peru Operation

Gold Fields owns a 92% voting interest (80.7% economic interest) in the Cerro Corona Project through its shareholding in Gold Fields La Cima S.A., or La Cima.

Cerro Corona Project

Introduction

The Cerro Corona Project became operational the first quarter of fiscal 2009. 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). Cerro Corona s electricity is supplied by the local power supplier. Cerro Corona s water requirements are provided primarily by retention of rainfall and water is continuously recycled. As of June 30, 2008, Cerro Corona had approximately 400 employees on its payroll.

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History

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, Sociedad Minera Corona S.A., or SMC. The agreement called for a reorganization whereby the assets of the Cerro Corona Project were transferred to La Cima, in July 2004. Following approval of an environmental impact assessment on December 2, 2005, Gold Fields completed the purchase of the 92% voting interest (80.7% economic interest) in La Cima in January 2006, for a total consideration of $40.5 million. La Cima subsequently acquired all requisite additional permits to construct the mine and construction commenced in May 2006.

Geology

The Cerro Corona gold-copper deposit is hosted by a 600- to 700-metre diameter sub-vertical cylindrical-shaped quartz diorite porphyry stock emplaced into mid-Cretaceous limestone and marls. Within the porphyry, gold-copper mineralization is primarily hosted by extensive zones of stockwork veining. There are at least two phases of diorite placement, only one of which is mineralized. The non-mineralized diorite is generally regarded as the last phase, and is referred to as barren core . The latest re-modeling suggests that the Cerro Corona porphyry is probably comprised of four or five satellite stocks with the last two being barren The intrusive has been emplaced at the intersection of Andean-parallel and Andeannormal (transandean) structures. Supergene oxidation and leaching processes at Cerro Corona have led to the development of a weak to moderate copper enrichment blanket, allowing for the subdivision of the deposit, from the surface downward, into an oxide zone, a mixed oxide-sulphide zone, a secondary enriched (supergene) sulphide zone and a primary (hypogene) sulphide zone.

Mining

The Cerro Corona deposit will be mined by conventional, bulk surface mining methods. The Cerro Corona Project involves a single surface mine. 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 treated at smelters in Japan, Korea and Europe. At June 30, 2008, the Cerro Corona Project had attributable reserves of approximately 3.017 million ounces of gold and 1.061 million pounds of copper.

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, amounting to U.S.$421 million, which included an additional contingency of U.S.$20 million, and the scheduled commencement of the treatment of ore was delayed until the fourth quarter of fiscal 2008. In August 2008, La Cima announced a further revised capital forecast for the Cerro Corona Project amounting to U.S.$550 million, with the first shipment of concentrate scheduled for September 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

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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.

The mine is expected to employ a total of 550 personnel, consisting of approximately 300 employees with the remainder consisting of contractors. The single largest contractor employer will be Minera San Martin. Minera San Martin will carry out all mining activities under the direction of the La Cima mining and geology department. All mine planning, excavation and head grade and engineering specifications to meet the required design performance through the life of mine will be directly managed by La Cima personnel. Other contractors will provide camp administration and catering, security and laboratory operations.

Assuming that Gold Fields does not increase or decrease reserves estimates at Cerro Corona and that there are no changes to the current mine plan at Cerro Corona, Cerro Corona s June 30, 2008 proven and probable reserves of 3.017 million ounces of gold and 1,061 million pounds of copper (of which, 2.625 million ounces of gold and 856 million pounds of copper were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Peru operation) will be sufficient to maintain production through approximately fiscal 2024. 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 Cerro Corona mine involves 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.

There was one fatality at Cerro Corona in fiscal 2008 and none to date in fiscal 2009. The serious injury frequency rate at Cerro Corona for fiscal 2008, 2007 and 2006 was 0.4, 0.1 and 0.0 serious injuries for every million hours worked, respectively. Cerro Corona has implemented a health and safety management system in accordance with the Gold Fields Full Compliance Health and Safety Management System and in accordance with the OHSAS 18001. The environmental management system implementation started in June 2008. Certification to the ISO 14001-2004 standard is expected in January 2009.

Currently, La Cima s employees at the mine are not unionized and there were no strikes in fiscal 2008 or to date in fiscal 2009. However, road access to the mine has been blocked on occasion by members of local communities. No blockades or demonstrations occurred during fiscal 2008 or to date in fiscal 2009.

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. Following lifting of the blockade the community contractor selection, communication, contracting and certification processes were enhanced while La Cima also developed extensive capacity in its project management team to manage and support these contractors.

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Processing

The following table sets forth year commissioned, processing techniques and processing capacity per month, for the processing plant at Cerro Corona:

	Processing Techniques			
Plant	**Year commissioned**	**Comminution phase**	**Treatment phase**	**Capacity[(1)] (tons/month)**
Processing Plant	2008	SAG/ball milling	Conventional sulphide flotation circuit	510,000

Note:

(1) Nameplate capacity as designed. 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.

Gold Fields has a concentrate storage warehouse at the port of Salaverry in Trujillo city, approximately 400 kilometers from Cerro Corona. Concentrate is shipped from the Salaverry port in bulk carrier vessels. Gold Fields entered into a five-year contract with Transporters Carranza in the third quarter of fiscal 2008 pursuant to which it handles the logistics of trucking concentrate from the mine to the warehouse and then transferring it to the ships.

Capital Expenditure

Gold Fields spent approximately U.S.$348 million on capital expenditures at Cerro Corona in fiscal 2008, primarily on engineering services for the construction of a processing plant and site development, including tailing dam works, and a concentrate storage warehouse and ship loading facility at the Salaverry port. Gold Fields has budgeted approximately U.S.$112 million for capital expenditures at Cerro Corona for fiscal 2009, consisting of approximately U.S.$42 million on project expenditure primarily to complete construction of the processing plant and U.S.$70 million on life of mine capital primarily on ongoing tailings facilities.

Exploration

Gold Fields holds a diverse portfolio of active gold exploration projects and assets in Africa, Asia, the Americas and Australasia. 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 run out of two exploration hubs in Perth, Western Australia, and Denver, Colorado. The company also has offices in Santiago, Chile; Lima, Peru; Vancouver, Canada and Accra, Ghana. As of June 30, 2008, Gold Fields exploration team included 52 full-time and contract geoscientists, who provide the key exploration capability in the regions of focus around the world.

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 initial drill target definition in grassroots stage projects through to full feasibility study phase. Gold Fields focuses its exploration activities on finding quality, high margin 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 costs of production, 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, which has a knock-on effect with regard to minimum project size criteria.

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Gold Fields has successfully 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 historically applied this strategy to exploration projects in Burkina Faso, China, the Dominican Republic, Kyrgyzstan and Slovakia, among others.

Generally, Gold Fields budgets to spend $15 to $20 per ounce of gold it produces on greenfield exploration (distinct from brownfield exploration which refers to exploration around Gold Fields mine sites), provided the 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.

Owing to the shortage of large, viable gold projects, Gold Fields has lowered its size selection criteria compared to previous years. 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 2,000,000 (formerly 5,000,000) ounces of reserves; production rates in the range of 200,000 (formerly 500,000) gold equivalent ounces per year; and a real cash return at long-term gold prices that Gold Fields models conservatively. Gold Fields is prepared to consider projects with a higher risk profile if it believes they will offer superior returns. This position could result in consideration of additional multi-commodity targets such as copper-gold deposits or gold-silver type deposits.

Outside South Africa, the three key regions of West Africa, Australasia and South America have been identified as containing prospective emerging gold and mineral belts with medium to long term potential and where Gold Fields has existing operational capabilities. The objective of Gold Fields presence is to grow each of these and to develop one million ounce per annum production profiles in each region. Emphasis is placed on reviewing non-geological aspects of prospective projects, such as social, political, environmental and commercial risks, ensuring that an appropriate risk versus reward tradeoff analysis is factored into the decision. In appropriate circumstances, Gold Fields will also consider opportunities outside its key regions of focus.

Gold Fields divides the different phases of an exploration target s development into what it refers to as the resource triangle. An exploration project normally comprises several distinct exploration targets and the resource triangle provides for the progression of the exploration targets in five stages: (1) target definition, (2) initial drilling, (3) advanced drilling, (4) resource development and (5) bankable feasibility study. To be successful, exploration targets need to be drill tested and moved up to the next exploration phase, or be dropped. There is, therefore, a renewed focus on turning over targets as quickly and as effectively as possible by drill testing and also progressing targets in a timely manner. 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. Gold Fields has established a Project Generation Team to conduct prospective gold evaluations and develop new project areas with targets for exploration. Each exploration region continuously monitors and reviews projects, targeting projects at all stages of development. Once a project reaches the feasibility stage, a team from Gold Fields corporate development office evaluates the project, providing feedback regarding the project s strategic merits and implications.

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Gold Fields Greenfield Exploration Targets

The table below provides a breakdown of the number of targets in Gold Fields three main exploration regions for each of the five stages of the resource triangle as of June 30, 2008. The table does not include exploration projects on sites adjacent to Gold Fields existing operations in South Africa, Ghana, Australia and Peru.

Phase	Eurasia and Africa	Australasia	The Americas
Bankable Feasibility Study	1		
Resource Development			
Advanced Drilling	1	1	
Initial Drilling	8	8	2
Target Definition	23	10	1

Gold Fields spent $39.8 million on greenfield exploration projects not adjacent to its mining operations and $14.1 million on equity investments in exploration related, third party companies (not including investments in Sino Gold) during fiscal 2008. Gold Fields total exploration budget for greenfields projects for fiscal 2009 is approximately $75 million, including for equity investments, which will be evaluated as identified throughout the year.

At the Mt Carlton joint venture in northeast Queensland, Australia, Gold Fields is earning a 51% stake in eight exploration tenements owned by Conquest Mining Limited, surrounding Conquest s Silver Hill discovery. Exploration drilling includes drilling geophysics anomaly coincident with a zoned soil geochemical anomaly at the Powerline Target. At the Capsize Target, a follow-up geophysics survey has better defined drill targets surrounding the alteration and mineralization intersected in previous scout drilling. Four holes have been planned to test an east-west trending anomaly located immediately north of the previously drilled scout holes which returned anomalous results.

At the Clancy joint ventures in New South Wales, Australia, where Gold Fields is earning into an 80% interest in three project areas from Clancy Exploration Ltd, exploration included ground geophysical surveys which defined anomalies consistent with porphyry copper-molybdenum-gold mineralization analogous to Newcrest s nearby Cadia and Ridgeway Mines. At the Eurowie Target, the initial diamond drill hole intersected altered mineralized rocks. A second hole intersected chalcopyrite-bearing quartz-carbonate veins and hydrothermal breccias within a broad halo of pyrite and hematite (assays are pending). Two diamond drill holes completed at the Keston and Purseglove Targets respectively cut intervals of strong magnetite and hematite alteration, zones of quartz and carbonate veining and disseminated pyrite (assays are pending).

At the 51% owned Sankarani joint venture with Glencar Mining plc in south-western Mali, field work has resumed after the wet season. The program will advance six target areas (Bada, Fie, FR14, BM East, Sindo, Selen 1) from target definition to the initial drilling and complete initial drilling on four targets (Bokoro Main West and East, Fingouana, Sanioumale West and East and Kabaya).

Gold Fields and Orsu Metals Corporation are finalizing a joint venture agreement on the Talas joint venture in Kyrgyzstan which will grant Gold Fields the right to earn-in up to a 70% interest. An aggressive exploration program is underway. Ongoing activities include diamond drilling, road and drill platform construction, metallurgical testing, soil and trench sampling and ground geophysical surveys (all assay results are pending).

Essakane Project

On November 26, 2007, Gold Fields sold its 60% stake in the Essakane project to Orezone Resources Inc. See History.

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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 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 provides services to the APP.

The Acquisition Agreement granted NAP 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 upon satisfaction of certain conditions on or before August 31, 2008. During the option period NAP was the operator with the responsibility to manage and fund the project.

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.

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 tons per annum. Based on positive results of the scoping study NAP proceeded into the feasibility study phase. NAP 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 included the results of the NAP Phase Two drilling comprising a total of 89 holes for 12,693 meters at Suhanko. The definitive feasibility study was discontinued in the fourth quarter of fiscal 2008.

On September 10, 2008, NAP declined to exercise its right to acquire 60% of the APP. Therefore, the APP has reverted to Gold Fields.

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See also Additional Information Material Contracts Arctic Platinum Project.

Sino Gold Alliance

In November 2006, Gold Fields wholly-owned subsidiary Gold Fields Australasia BVI, or GF Australasia, entered into an alliance, or the Alliance, with Sino Gold Mining Limited, or Sino Gold, for the purposes of exploring and developing geological belts within the People s Republic of China, or PRC. Gold Fields has agreed that it can undertake activities in the PRC only through the Alliance while the Alliance remains in place.

The Alliance historically adopted a rule of fives approach, seeking to identify deposits that would host at least five million ounces of gold or gold equivalent with annual production capability of 500,000 ounces of gold or gold equivalent. Once an Alliance asset is identified, the parties jointly fund exploration costs with Sino Gold retaining management control until the delineation of a three million ounce resource, after which Gold Fields can take control of the underlying project.

During fiscal 2008, the focus of the Alliance was broadened to identify deposits hosting at least three million ounces of gold or gold equivalent with an annual production capability of 300,000 ounces of gold or gold equivalent. The agreement to broaden the Alliance s focus formed part of the commercial arrangements surrounding Gold Fields agreement to increase its shareholding position in Sino Gold to 19.9%. During fiscal 2008, Gold Fields, through GF Australasia, entered into a private placement agreement with Sino Gold as well as fully participating in Sino Gold s accelerated renounceable entitlements offer. Gold Fields spent approximately U.S.$90.2 million in acquiring shares in the private placement investment, $77.8 million of which was accounted for in fiscal 2008 with the balance of $12.4 million to be accounted for in fiscal 2009. In addition to the $77.8 million private placement accounted for in fiscal 2008, Gold Fields invested an additional $31.6 million into Sino Gold resulting in a total investment of $109.4 million in fiscal 2008. As a result, Gold Fields, through GF Australasia, is the single largest shareholder of Sino Gold.

The Alliance s historical rule of fives has not been completely replaced by the new rule of threes. The Alliance now distinguishes between three principal types of geographic area: excluded areas; project areas; and the broader PRC area. The Alliance does not apply to, and does not entitle Gold Fields to a direct interest in, Sino Gold s operations at White Mountain, Jinfeng, Eastern Dragon, Sanjianfang and Beyinhar (including a 10 kilometer buffer zone around these projects). These areas are referred to as excluded areas. The Alliance s historical rule of fives focus continues to apply to the areas which fall within a 40 kilometer buffer zone surrounding each excluded area, referred to as project areas. The new rule of threes applies to all other parts of the PRC that are outside the excluded and project areas and which is known as the broader PRC area.

There has also been a commensurate change in the point at which Gold Fields may move to take control of development of an underlying project. In relation to project areas, Gold Fields may take control only once a three million ounce resource is defined. In relation to deposits within the broader PRC area, however, this threshold has been reduced to 1.8 million ounces.

The Alliance is due to expire on November 22, 2009. If it is not extended, Gold Fields will be precluded from undertaking activities in the PRC until at least May 22, 2010.

Near Mine Exploration

At Cerro Corona in Peru, district exploration continues under a 50:50 joint venture with Buenaventura Mining Company, Inc. An airborne geophysical survey has been tendered and will be flown early in the December quarter. At the Titan-Arabe Target, negotiations are continuing with the local communities to gain drilling access to this attractive copper-gold anomaly. It is hoped that drilling can commence in the second quarter of fiscal 2009.

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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, 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 2008, Living Gold produced approximately 18.5 million stems and had revenue of approximately R18.8 million ($2.35 million).

Recent Developments

On August 21, 2008, Gold Fields Operations Limited, formerly known as Western Areas Limited, or WAL, a wholly-owned subsidiary of Gold Fields, received a summons from R&E, and African Strategic Investment (Holdings) Limited. The summons claims that during the period that WAL was under the control of Brett Kebble, Roger Kebble and others, WAL was allegedly part of a scam whereby JCI Limited unlawfully disposed of shares owned by R&E in Randgold Resources Limited and Afrikander Lease Limited, now known as Uranium One. For further information, see Legal Proceedings .

On September 10, 2008 Gold Fields announced that the Arctic Platinum Project in Finland had reverted to Gold Fields after North American Palladium Limited, a Canadian platinum metals group producer, had declined to follow its rights in terms of a Letter of Intent entered into between the parties and announced on October 18, 2005 and an Acquisition and Framework Agreement subsequently entered into between the parties. See Operating Review and Prospects Recent Developments Reversion of Arctic Platinum Project to Gold Fields .

On October 2, 2008, Gold Fields entered into an agreement with Bateman Engineering N.V., or Bateman Engineering, to sell its Biox® Technology Business to Bateman Engineering for a net cash consideration of U.S.$8.8 million. The Biox® business is the owner of a proprietary and patented technology, known as the Biox® process, which is used for the pretreatment of refractory ores and concentrates prior to gold recovery through conventional cyanide leaching techniques. Included in the sale is a second technology called ASTER (Activated Sludge Tailings Effluent Remediation), currently in development, for the efficient removal of thiocyanate and cyanide from leach solutions. Gold Fields chose to dispose of this business as it does not form part of its core business activities. The transaction is conditional, among other things, upon the approval of the South African Reserve Bank.

As part of the proceeds on disposal of its assets in Venezuela on November 30, 2007, Gold Fields received 140 million shares in Rusoro, a junior gold producer listed on the TSX Venture Exchange. Gold Fields accounts for its 36% investment under the equity method and, due to the decrease in market value of the investment since acquisition, also recorded an impairment of $61.3 million on June 30, 2008. See Operating Review and Prospects Results of Operations Year ended June 30, 2008 and 2007 Impairment of Investment in Equity Investee . Subsequent to year-end, the market value of the investment in Rusoro continued to decline, and amounted to $36.2 million on November 14, 2008. This represents a further decrease of $129.5 million in the market value of the investment.

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 or insurance cover is not available in the global insurance markets. 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.

Environmental and Regulatory 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 September 30, 2008, Gold Fields had contributed more than Rand 745 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 is in the process of implementing an EMS that is ISO14001 compliant, with certification expected during calendar 2008.

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 authorized 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 authorization 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 Nuclear 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

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catchment area in the West Wits Basin. This may lead to action being taken against Gold Fields, individually or collectively with other mining companies, and/or against the regulator. In March 2008, Gold Fields and two other mining companies received letters of demand from attorneys representing Duffuel (Pty) Ltd claiming substantial damages in the sum of ZAR50 million based on this alleged pollution. Although intimated, no formal action has as yet been instituted against Gold Fields.

During fiscal 2008, a decision was taken by the Executive Committee to consolidate and contextualize the environmental and associated legal risks at the South African operations. This is being done through a due diligence exercise conducted by two external firms that specialize in environmental risk and environmental law, respectively. The main reasons for selecting these firms were to ensure objectivity and to maintain an irreproachable level of credibility. The exercise is expected to fully identify the South African operation s current risk profile in terms of environmental and associated legal risks.

The results of this exercise are now being finalized and will, after being fully analyzed, form the basis upon which existing strategies will be reviewed and modified so as to reduce any risks that have been identified. Gold Fields intends to undertake mitigating action, provided it is deemed necessary, focused on reducing existing risks and preventing future risks.

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 (which is now part of the DME) 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.

On September 23, 2008, the Mine Health and Safety Amendment Bill was passed by the National Assembly and the bill has now been transmitted to the National Council of Provinces for concurrence. If this bill is signed by the President and becomes law, Gold Fields may be subject to more stringent regulations regarding mine health and safety. Four of the more important new provisions in the Bill as approved by the National Assembly are:

An obligation on inspectors to impose a prohibition on the further functioning of a site where a person s death, serious injury or illness, or a health threatening occurrence has occurred;

A new offense for any person who contravenes or fails to comply with the provisions of the MHSA thereby causing a person s death or serious injury or illness to a person;

A new offense of vicarious liability for the employer where a chief executive officer, manager, agent or employee of the employer commits an offense and the employer either connived at or permitted the performance or an omission by the person concerned or did not take all reasonable steps to prevent the performance or an omission; and

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An increase in the maximum fines. Any owner convicted in terms of the above offenses may have its mining permits withdrawn or suspended, be fined R3 million and/or be imprisoned for a period not exceeding five years, while the maximum fine for other offenses and administrative fines are increased, with the highest fine being R1 million.

In October 2007, as a result of a spate of accidents at various mining operations in South Africa, including Gold Fields operations, former President Thabo Mbeki ordered the Department of Minerals and Energy to conduct an occupational health and safety audit at all mines. The department developed audit protocols and divided them into two parts: (1) Legal Audit and (2) Technical Audit of certain installations and practices at mines. The intention of the audits was 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 legal audits were begun in December 2007 and completed in the first half of 2008. A report detailing the results of the legal audits is expected to be made public in the near future. The technical audits have not yet been conducted and it is unclear if and when the government will undertake such audits. The audit process was intended to 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.